Sunrise Communications Holdings S.A.

Interim Financial Report for the nine months and three months period ended September 30, 2011

Facts & Figures

	January 1 – September 30, 2011	Pro forma January 1 – September 30, 2010	July 1 – September 30, 2011	Pro forma July 1 – September 30, 2010
Results of Operations				
(in ‘000 CHF, except where indicated)				
Revenue				
Mobile	963,907	908,758	337,593	330,975
Landline Services	389,497	485,952	127,762	158,439
thereof voice hubbing	*93,794*	*151,668*	*30,942*	*48,653*
Landline Internet	132,070	132,356	44,609	43,570
Total Revenue	1,485,474	1,527,066	509,964	532,984
Revenue (excluding hubbing)	*1,391,680*	*1,375,398*	*479,022*	*484,331*
EBITDA	465,720	421,166	178,301	141,272
EBITDA margin (%)	31.4	27.6	35.0	26.5
EBITDA margin (excluding voice hubbing) (%)	33.5	30.6	37.2	29.2
Subscriber Base (at end of period)				
(in thousands)				
Mobile subscriber base (excl. M2M)	2,071.1	1,952.0	-	-
Landline voice subscriber base	528.6	585.9	-	-
Landline internet subscriber base	370.9	356.1	-	-
thereof XDSL	365.9	346.7	-	-
thereof LLU	270.1	215.3	-	-
ARPU				
(in CHF/month)				
Mobile Services	45.8	46.8	47.8	48.5
Landline Voice Services	44.0	43.5	44.1	43.2
Landline Internet Services	36.0	37.3	36.2	36.7
Employees				
FTEs (end of period)	1,641	1,506	-	-

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Business

Overview

Sunrise Communications Holdings S.A. (the “Group” or the “Company”) was incorporated and existing under the laws of Luxembourg as of September 9, 2010. The main operating entity of the Group is Sunrise Communications AG based in Zürich, Switzerland which is the second largest telecommunications provider in Switzerland based on revenues for the nine months ended September 30, 2011. Our integrated national mobile and landline network provides us with a strong competitive position. We offer mobile voice and data, landline services (retail voice, business services and wholesale voice) and landline internet to both residential and business customers, as well as to other operators. We are the leading non-incumbent operator in both the mobile and landline retail voice markets, with approximately 2,071.1 thousand and 528.6 thousand subscribers, respectively, as of September 30, 2011. We are also the third-largest landline internet provider with 370.9 thousand subscribers as of September 30, 2011. We provide our landline services through our national landline network and our mobile services through our own mobile network based on GSM/GPRS/EDGE and UMTS/HSPA technologies.

Financial Data

The financial data in this report covers the period from January 1 to September 30, 2011.

Since there is no set of historical financial information available for the Group, comparative figures for the nine month period ended September 30, 2010 are based on pro-forma condensed combined financial statements of the Group.

Shareholders

Sunrise Communications Holdings S.A. is ultimately owned by Mobile Challenger Intermediate Group S.A. – Luxembourg.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Revenue
Our total revenue was CHF 1,485.5 million for the nine months ended September 30, 2011, a decrease of CHF 41.6 million, or 2.7%, from CHF 1,527.1 million for the nine months ended September 30, 2010. Our total revenue was CHF 510.0 million for the three months ended September 30, 2011, a decrease of CHF 23.0 million, or 4.3%, from CHF 533.0 million for the three months ended September 30, 2010.

Mobile revenue was CHF 963.9 million for the nine months ended September 30, 2011, an increase of CHF 55.2 million, or 6.1%, from CHF 908.7 million for the nine months ended September 30, 2010. Mobile revenue was CHF 337.6 million for the three months ended September 30, 2011, an increase of CHF 6.6 million, or 2.0%, from CHF 331.0 million for the three months ended September 30, 2010. The increase in mobile revenue was primarily attributable to increased postpaid customer base and higher handset sales, partly offset by slightly lower prepaid and termination revenues.

Landline services revenue was CHF 389.5 million for the nine months ended September 30, 2011, a decrease of CHF 96.5 million, or 19.9%, from CHF 486.0 million for the nine months ended September 30, 2010. Landline services revenue was CHF 127.8 million for the three months ended September 30, 2011, a decrease of CHF 30.7 million, or 19.4%, from CHF 158.4 million for the three months ended September 30, 2010. The decrease in landline services revenue was primarily attributable to lower low-margin hubbing revenues and slightly lower voice and data revenues driven by a reduced customer base.

Landline internet revenue was CHF 132.1 million for the nine months ended September 30, 2011, a decrease of CHF 0.3 million, or 0.2%, from CHF 132.4 million for the nine months ended September 30, 2010. Landline internet revenue was CHF 44.6 million for the three months ended September 30, 2011, an increase of CHF 1.0 million, or 2.4%, from CHF 43.6 million for the three months ended September 30, 2010. The slight decrease in landline internet for the nine months ended September 30, 2011, was primarily attributable to the increase in LLU customer base, which resulted in part of the COGS savings being passed on to the customers (i.e. retail price reduction in exchange for higher underlying gross profit contribution). The increase in landline internet for the three months ended September 30, 2011, was primarily attributable to increasing ADSL customer base and an increasing share of high value contracts.

Transmission Costs and Cost of Goods Sold
Transmission costs and cost of goods sold was CHF 443.4 million for the nine months ended September 30, 2011, a decrease of CHF 121.7 million, or 21.5%, from CHF 565.1 million for the nine months ended September 30, 2010. Transmission costs and cost of goods sold was CHF 149.5 million for the three months ended September 30, 2011, a decrease of CHF 50.4 million, or 25.2%, from CHF 199.9 million for the three months ended September 30, 2010. The decrease in transmission costs and cost of goods sold was primarily attributable to lower hubbing costs, the reduction in mobile termination rates and lower costs for fixed line services resulting from the migration of customers to our LLU network.

Other External Expenses
Other external expenses were CHF 447.6 million for the nine months ended September 30, 2011, an increase of CHF 31.9 million, or 7.7%, from CHF 415.8 million for the nine months ended September 30, 2010. Other external expenses were CHF 146.2 million for the three months ended September 30, 2011, a decrease of CHF 0.1 million, or 0.1%, from CHF 146.4 million for the three months ended September 30, 2010. The increase in other external expenses is primarily attributable to higher marketing cost.

Wages, Salaries and Pension Costs
Wages, salaries and pension costs were CHF 140.0 million for the nine months ended September 30, 2011, an increase of CHF 5.3 million, or 3.9%, from CHF 134.8 million for the nine months ended September 30, 2010. Wages, salaries and pension costs were CHF 49.9 million for the three months ended September 30, 2011, an increase of CHF 4.4 million, or 9.6%, from CHF 45.5 million for the three months ended September 30, 2010. The increase in wages, salaries and pension costs was primarily attributable wage inflation, sales commissions and an increase in FTEs from 1,529 to 1,641.

Other Income and Expenses

Other income and expenses were a net income of CHF 11.3 million for the nine months ended September 30, 2011, an increase of CHF 1.5 million, from a net income of CHF 9.8 million for the nine months ended September 30, 2010. Other income and expenses were a net income of CHF 13.9 million for the three months ended September 30, 2011, in comparison to nil for the three months ended September 30, 2010. The other income was primarily attributable to the settlement of interconnection charging disputes relating to prior years. The other expense represents accruals for the termination of the Alcatel-Lucent outsourcing contract and cost related to management one-time incentive payments and retention programs in the nine month period ended September 30, 2011.

Depreciation, Amortization and Impairment Losses

Depreciation, amortization and impairment losses were CHF 273.0 million for the nine months ended September 30, 2011, a decrease of CHF 26.1 million, or 8.7%, from CHF 299.2 million for the nine months ended September 30, 2010. Depreciation, amortization and impairment losses were CHF 91.9 million for the three months ended September 30, 2011, a decrease of CHF 6.1 million, or 6.2%, from CHF 98.0 million for the three months ended September 30, 2010. The decrease in depreciation, amortization and impairment losses was primarily attributable to lower asset base on office facilities and GSM equipment and lower loss on asset scrapping.

EBITDA

Our EBITDA was CHF 465.7 million for the nine months ended September 30, 2011, an increase of CHF 44.6 million, or 10.6%, from CHF 421.2 million for the nine months ended September 30, 2010. Our EBITDA was CHF 178.3 million for the three months ended September 30, 2011, an increase of CHF 37.0 million, or 26.2%, from CHF 141.3 million for the three months ended September 30, 2010.

Liquidity and Capital resources

As of September 30, 2011, the cash balance for the Group was CHF 259.8 million. Additionally, the Group had CHF 323.5 million in term deposit accounts of less than 12 month.

As of September 30, 2011, our total indebtedness, consisting of Senior Secured and Unsecured Notes, Term Loans and capital leases amounted to CHF 2,494.1 million out of which CHF 58.4 million are expected to be paid within 12 months.

Certain other contractual commitments

As of September 30, 2011 our other contractual commitments excluding those mentioned above amounted to CHF 328.3 million consisting mainly of operating lease agreements and outsourcing of network operation as well as open purchase commitments.

Purchase Price Allocation (PPA)

The acquisition of Sunrise Communications AG, which gave rise to a change of control, was accounted for using the purchase method of accounting. As such, the cost of the acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill. Our valuation studies to allocate the purchase price to identifiable net assets were done in Q4'2010 and finalized in Q1'2011.

For clarity of the underlying operational performance, the following table shows the condensed consolidated interim statements of income excluding PPA.

Effect of purchase price allocation on the Condensed Consolidated Interim Statements of Income
This table has been added for clarity reasons on the operational income of the Group

CHFk

	January 1 – September 30, 2011 Before PPA adjustment	January 1 – September 30, 2011 PPA adjustment	January 1 – September 30, 2011 Including PPA adjustment
Revenue	**1,487,284**	**(1,810)**	**1,485,474**
Transmission costs and cost of goods sold	(443,391)	-	(443,391)
Other external expenses	(447,637)	-	(447,637)
Wages, salaries and pension costs	(140,021)	-	(140,021)
Total operating expenses before other expenses, depreciation, amortization and impairment losses and net special items	**(1,031,049)**	**-**	**(1,031,049)**
Other income and (expenses), net	11,295	-	11,295
Income before depreciation, amortization and impairment losses, net special items, net financial items and income taxes	**467,530**	**(1,810)**	**465,720**
Depreciation, amortization and impairment losses	(172,485)	(100,560)	(273,045)
Net special items	-		
Operating income	**295,045**	**(102,370)**	**192,675**
Net financial items	**(141,002)**	**(371)**	**(141,373)**
Income/(loss) before income taxes	**154,043**	**(102,741)**	**51,302**
Income taxes	(38,430)	10,499	(27,931)
Net income/(loss)	**115,613**	**(92,242)**	**23,371**

Principal Factors Affecting Mobile Services Revenues

Mobile Subscriber Base and ARPU Development

The table below sets forth selected subscriber data for our mobile business for the periods indicated, including an analysis by type of subscriber.

Mobile Subscriber Base		'000
	September 30, 2011	September 30, 2010
Subscribers at end of period(1)	2,071.1	1,952.0
Subscriber growth from prior equivalent period	*6.1%*	-
Of which:		
Postpaid(1)(2)	1,070.2	938.0
Prepaid(1)(3)	1,000.8	1,013.9

(1) Excludes MVNO subscribers but includes reseller-originated and yallo subscribers. Excludes machine-to-machine SIM cards (M2M).
(2) Postpaid mobile subscribers are counted in our subscriber base as long as they have an active contract.
(3) Prepaid mobile subscribers are counted in our subscriber base if they have had an activity event, such as a usage or refill, within the last 91 days.

Mobile ARPU				CHF/month
	January 1 – September 30, 2011	January 1 – September 30, 2010	July 1 – September 30, 2011	July 1 – September 30, 2010
Mobile ARPU(1)	45.8	46.8	47.8	48.5
Increase/(decrease) from prior equivalent period	*(2.1)%*	-	*(1.5)%*	-

(1) We define mobile ARPU as the total mobile revenue in the period divided by the average number of mobile subscribers in the period. The average number of mobile subscribers during a period is calculated by adding together the number of active mobile SIM cards at the beginning and end of each month during the period, dividing by two and then averaging the results from all months during the period.

The total number of our mobile subscribers increased by approximately 119.1 thousand or 6.1%, to 2.07 million as of September 30, 2011 from 1.95 million as of September 30, 2010. We estimate our total mobile market share, including MVNOs and resellers on our network, increased to 24.1% as of September 30, 2011, from 23.0% as of September 30, 2010. We believe new subscriber activations during this period were primarily attributed to our competitive flat rate and mobile data plans as well as the introduction of new handsets, i.e. the iPhone.

Mobile ARPU decreased by CHF 1.0, or 2.1%, to CHF 45.8 for the nine months ended September 30, 2011, from CHF 46.8 for the nine months ended September 30, 2010. Mobile ARPU decreased by CHF 0.7, or 1.5%, to CHF 47.8 for the three months ended September 30, 2011, from CHF 48.5 for the three month ended September 30, 2010. We attribute this decrease primarily to lower mobile termination rates and volumes.

Mobile Churn

Our prepaid and postpaid blended mobile churn rate for the nine months ended September 30, 2011 increased to 27.5% from 24.1% for the nine months ended September 30, 2010, which we attribute primarily to increased churn in our Yallo prepaid subscriber base.

For several reasons, churn is relatively high in the prepaid market, particularly for prepaid mobile data subscribers. Although we could take steps to reduce prepaid churn, the benefits of reducing the churn would not in many cases justify the costs of doing so. For example, we frequently offer promotions that include free benefits for new prepaid subscribers. These promotions increase our subscriber base but also generate high churn due to the portion of customers who only use their lines until the free benefits are gone. Similarly, we sell SIM cards to visitors from other countries during the Swiss ski season who often stop using them upon returning home.

Mobile Voice Traffic Volume

Voice traffic volume for a given period measures the number of minutes of calls over our network for the period, including outgoing mobile-to-mobile, outgoing mobile-to-fixed off-network, incoming off-network mobile-to-mobile and incoming fixed-to-mobile calls. Calls from Sunrise landlines to Sunrise mobile numbers are accounted for under landline calls and are not included in mobile voice traffic. The table below sets forth the total voice traffic for our mobile business.

Voice Traffic — Millions of minutes

Voice Traffic Volume (millions of minutes)	January 1 – September 30, 2011	January 1 – September 30, 2010	July 1 – September 30, 2011	July 1 – September 30, 2010
Total mobile voice traffic				
Outgoing voice				
Off-network	1,236.5	1,072.0	430.1	368.1
thereof to national mobile	396.7	331.2	133.3	112.7
thereof to other (national landline, international and roaming off)	839.8	740.8	296.9	255.4
On-network	808.9	750.4	262.0	240.0
Incoming voice				
Off-network	671.2	551.6	226.0	171.0
Total landline				
Outgoing voice				
Off-network	1,405.9	1,716.0	431.4	517.3
thereof to national mobile	122.6	156.8	38.8	50.1
thereof to other (national landline and international)	1,283.3	1,559.3	392.6	467.2
On-network (to Sunrise mobile)	61.0	57.5	20.4	19.0

The increase in mobile voice traffic for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010 is primarily due to the customer base growth and the implementation of flat fee offers for outgoing mobile-to-mobile, both on-network and off-network, and outgoing mobile-to-fixed calls.

Mobile Termination Rates

The rates in effect for 2009 were CHF 0.15 per minute for mobile calls terminating on the Swisscom's mobile network and CHF 0.18 per minute for mobile calls terminating on either our or Orange's networks. Rates during the first nine months of 2010 had dropped to CHF 0.14 per minute for mobile calls terminating on Swisscom's mobile network and CHF 0.17 per minute for mobile calls terminating on either our or Orange's networks. Rates dropped again on October 1, 2010 to CHF 0.08 per minute for mobile calls terminating on Swisscom's mobile network and CHF 0.10 per minute for mobile calls terminating on either of Sunrise's or Orange's networks. A further drop took place on January 1, 2011 to CHF 0.07 per minute for mobile calls terminating on Swisscom's mobile network and CHF 0.0875 per minute for mobile calls terminating on either Orange's network or our network, resulting in a corresponding decline in our revenue from mobile termination rates.

Principal Factors Affecting Landline Services Revenues

Subscriber Base

The table below sets forth selected subscriber data for our landline retail voice subscribers.

Retail Voice Subscriber Base (1)		'000
	September 30, 2011	September 30, 2010
Retail Voice	528.6	585.9
Subscriber growth/ (decrease) from prior equivalent period	*(9.8%)*	-
Of which:		
LLU	270.1	215.3

(1) In our retail voice business, we report subscribers based on activity within the last month.

The total number of our retail voice subscribers decreased by about 57,327, or 9.8%, as of September 30, 2011 to 0.53 million from 0.59 million as of September 30, 2010. We attribute the decreases primarily to the departure of retail voice-only CPS customers, including customers acquired as part of the acquisition of Tele2 Switzerland in 2008..

ARPU

The table below sets forth our retail voice ARPU for the periods indicated.

Landline Services ARPU				CHF / month
	January 1 – September 30, 2011	January 1 – September 30, 2010	July 1 – September 30, 2011	July 1 – September 30, 2010
Retail Voice ARPU (1)	44.0	43.5	44.1	43.2
Increase/(decrease) from prior equivalent period	1.3%	-	2.1%	-

(1) We define landline retail voice ARPU as the total retail voice revenue in the period divided by the average number of retail voice subscribers in the period. The average number of retail voice subscribers in a period is calculated by adding together the number of retail voice subscribers at the beginning and end of each month during the period, dividing by two and then averaging the results from all months during the period.

Retail voice ARPU increased by CHF 0.6, or 1.3%, to CHF 44.0 for the nine months ended September 30, 2011, from CHF 43.5 for the nine months ended September 30, 2010. Retail voice ARPU increased by CHF 0.9, or 2.1%, to CHF 44.1 for the three months ended September 30, 2011, from CHF 43.2 for the three months ended September 30, 2010. We attribute the increase primarily to increased fees resulting from the migration of subscribers from carrier preselect based services to access rebilling and LLU based services.

Principal Factors Affecting Landline Internet Revenues

Subscriber Base

The table below sets forth selected subscriber data for our landline internet subscribers.

Landline Internet Subscriber Base(1) '000

	September 30, 2011	September 30, 2010
Landline internet	370.9	356.1
Increase/(decrease) from prior equivalent period	*4.2%*	
Of which:		
Narrowband (dial-up)	5.0	9.4
Broadband BBCS	95.8	131.4
Broadband LLU	270.1	215.3

(1) In our landline internet business, we report broadband connectivity services (BBCS) subscribers without ARB based on technical installations, while we report BBCS subscribers with ARB and LLU subscribers based on the number of active contracts. We currently pay fees to Swisscom of CHF 18.40 per month for each LLU line and CHF 28.00 per month for each BBCS line.

The total number of our landline internet subscribers increased by 14,878, or 4.2%, as of September 30, 2011 to 370,936 from 356,058 as of September 30, 2010. The total number of broadband subscribers, including both LLU and BBCS services, likewise increased by 19,220, or 5.5%, as of September 30, 2011 to 365,905 from 346,685 as of September 30, 2010. We attribute these increases primarily to our attractive LLU and bundled mobile and landline offerings.

We have seen a decrease of 46.3% in our narrowband (dial-up) subscriber base to 5,031 as of September 30, 2011 from 9,373 as of September 30, 2010. This decrease is consistent with the decline in narrowband services across Europe and was substantially offset by the increase in broadband subscribers. We attribute the decrease in our number of narrowband subscribers primarily to the trend of migration to broadband services that enables subscribers to get better quality services at more attractive prices (mainly as a result of flat-rate offers) and to the fact that we stopped actively marketing narrowband internet access. The dial-up subscriber base has reached an insignificant level and we will discontinue reporting those subscribers as per 31.12.2011.

ARPU

The table below sets forth our landline internet ARPU for the periods indicated.

Landline Internet ARPU CHF / month

	January 1 – September 30, 2011	January 1 – September 30, 2010	July 1 – September 30, 2011	July 1 – September 30, 2010
Landline Internet ARPU (1)	36.0	37.3	36.2	36.7
Increase/(decrease) from prior equivalent period	(3.4)%	-	(1.6)%	-

(1) We define landline internet ARPU as the total landline internet ADSL revenue in the period divided by the average number of landline internet ADSL subscribers in the period. The average number of landline internet ADSL subscribers in a period is calculated by adding together the number of landline internet ADSL subscribers at the beginning and end of each month during the period, dividing by two and then averaging the results from all months during the period. For purposes of calculating landline internet ARPU, landline internet revenue includes revenue generated from monthly subscription fees but does not include dial-up revenue and revenue from the sale of customer premises equipment, such as modems.

Landline internet ARPU decreased by CHF 1.3, or 3.4%, to CHF 36.0 for the nine months ended September 30, 2011, from CHF 37.3 for the nine months ended September 30, 2010. Landline internet ARPU decreased by CHF 0.6, or 1.6%, to CHF 36.2 for the three months ended September 30, 2011, from CHF 36.7 for the three months ended September 30, 2010. We attribute the decreases primarily to the increase in LLU customer base, which resulted in part of the COGS savings being passed on to the customers (i.e., retail price reduction in exchange for higher underlying gross profit contribution) and increased mobile and fixnet bundles for which part of the discount is attributed to landline internet ARPU.

Material Contractual Arrangements
During the period ended September 30, 2011, the Group has terminated the service contract with Alcatel-Lucent for the construction and maintenance of its entire telecommunications network. The Group did not enter into any new material contractual arrangements.

Material Debt Instruments
In June 2011, the Company made the first scheduled repayment on Term Loan A in the amount of CHF 18.8 million in June 2011. Additionally, the Group drew two additional term loans on August 30, 2011 in the amounts of CHF 101.9 million and EUR 184.0 million equivalent to CHF 220.6 million.

Material Risk Factors
Sunrise operates a centralized risk management system which distinguishes between strategic and operating risks.
All identified risks are quantified (according to their realization probability and impact) and noted on a risk schedule. This risk schedule is subject to an annual detailed discussion by the Board of Directors.

During the period ended September 30, 2011, no change has occurred to any material risk factor associated to the Group.

Material Recent Developments
In August 2011, Sunrise Communications AG announced that André Krause has been appointed as Chief Financial Officer (CFO) and Member of the Management Board as of October 1, 2011.

In August 2011, the Group obtained consent from its Senior Lenders to make certain amendments to the Senior Facility Agreement ("SFA") based on an application submitted on July 18, 2011. The amendment was initiated in anticipation of the expected auction of mobile spectrum licenses in Switzerland in 2012.

In addition, the Group secured CHF 322.5 million equivalent of additional commitments from its Senior Lenders. The Group drew the facilities in third quarter 2011.

Material acquisition, dispositions and recapitalizations
During the reporting period, no material acquisitions, dispositions and recapitalizations occurred.

Sunrise Communications Holdings S.A.

Condensed consolidated interim financial statements for the nine months and three months period ended September 30, 2011 (unaudited nor reviewed)

Condensed Consolidated Interim Statements of Income CHFk

	Note	January 1– September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	July 1– September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited
Revenue	**6, 7**	**1,485,474**	**1,527,066**	**509,964**	**532,984**
Transmission costs and cost of goods sold		(443,391)	(565,136)	(149,531)	(199,907)
Other external expenses		(447,637)	(415,756)	(146,216)	(146,351)
Wages, salaries and pension costs		(140,021)	(134,768)	(49,857)	(45,471)
Total operating expenses before other expenses, depreciation, amortization and impairment losses and net special items		(1,031,049)	(1,115,660)	(345,604)	(391,729)
Other income and (expenses), net	8	11,295	9,760	13,941	17
Income before depreciation, amortization and impairment losses, net special items, net financial items and income taxes		**465,720**	**421,166**	**178,301**	**141,272**
Depreciation, amortization and impairment losses		(273,045)	(299,173)	(91,851)	(97,960)
Net special items		-	(1,786)	-	12
Operating income		**192,675**	**120,207**	**86,450**	**43,324**
Foreign currency gains/(losses), net		33,868	1,012	5,482	1,263
Financial income		125,987	669	22,707	64
Financial expenses		(301,228)	(138,812)	(72,779)	(45,954)
Net financial items	**9**	**(141,373)**	**(137,131)**	**(44,590)**	**(44,627)**
Income/(loss) before income taxes		**51,302**	**(16,924)**	**41,860**	**(1,303)**
Income taxes		(27,931)	(11,668)	(14,335)	(2,419)
Net income/(loss)		**23,371**	**(28,592)**	**27,525**	**(3,722)**
Net income/(loss) attributable to equity holders of the Company		**23,371**	**(28,592)**	**27,525**	**(3,722)**

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income CHFk

	January 1 – September 30, 2011 Unaudited	July 1 – September 30, 2011 Unaudited
Net income	**23,371**	**27,525**
Actuarial losses related to defined benefit pension plans	(11,287)	(14,135)
Cash flow hedge gains/(losses)	(3,924)	14'161
Income tax relating to components of other comprehensive income	3,040	2,958
Other comprehensive income/(loss)	(12,171)	2,984
Total comprehensive income	11,200	30,509
Comprehensive income attributable to equity holders of the Company	11,200	30,509

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Financial Position

Assets			CHFk
	Note	September 30, 2011 Unaudited	December 31, 2010
Non-current assets			
Intangible assets		2,460,954	2,580,992
Property, plant and equipment		921,203	991,380
Derivative assets	12	98	1,087
Other non-current assets	14	13,304	151
Total non-current assets		**3,395,559**	**3,573,610**
Current assets			
Inventories		20,987	20,048
Receivables	13	405,295	389,466
Prepaid expenses		22,069	27,461
Other financial assets	16	323,507	-
Cash		259,812	126,754
Total current assets		**1,031,670**	**563,729**
Total assets		**4,427,229**	**4,137,339**

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Financial Position

Equity and liabilities CHFk

	Note	September 30, 2011 Unaudited	December 31, 2010
Equity			
Common shares, share premium and PECs	10	932,574	932,574
Other reserves		(77,814)	(65,643)
Retained earnings		(8,766)	(32,137)
Total equity		**845,994**	**834,794**
Non-current liabilities			
Borrowings	11	2,430,949	2,166,455
Deferred tax liabilities		246,621	260,159
Provisions		93,765	87,546
Pension liabilities		53,246	43,490
Derivative liabilities	12	209,872	167,289
Deferred income		22,815	23,717
Total non-current liabilities		**3,057,268**	**2,748,656**
Current liabilities			
Current portion of borrowings	11	58,416	45,916
Trade and other payables	13	396,243	411,645
Income tax payable		28,341	41,373
Deferred income		20,748	27,901
Provisions		18,676	25,560
Other current liabilities	14	1,543	1,494
Total current liabilities		**523,967**	**553,889**
Total liabilities		**3,581,235**	**3,302,545**
Total equity and liabilities		**4,427,229**	**4,137,339**

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flow

CHFk

	Note	January 1– September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	July 1– September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited
Income before depreciation, amortization and impairment losses, net special items, net financial items and income taxes		465,720	421,166	178,301	141,272
Reversal of items without cash flow effect		15,548	(757)	6,747	2,719
Pension contributions		(9,030)	(11,306)	(2,136)	(4,638)
Payments related to provisions		(33)	(605)		203
Cash flow related to net special items		(15,988)	(2,357)	6	(625)
Change in working capital		(37,984)	(115,707)	20,665	9,376
Cash flow from operating activities before net financials and tax		418,233	290,434	203,583	148,307
Interest received		69,595	669	2,849	64
Interest paid		(187,302)	(103,692)	(16,355)	(13,141)
Foreign currency gains/(losses), net		31	4,174	2,662	2,318
Cash flow from/(used in) operating activities before tax		300,557	191,585	192,739	137,548
Corporate income and withholding taxes paid		(66,806)	(37,527)	(26,271)	(26,856)
Total cash flow from operating activities		233,751	154,058	166,468	110,692
Investment in property, plant and equipment		(58,575)	(78,110)	(23,021)	(21,169)
Investment in intangible assets		(18,484)	(31,071)	(7,111)	(10,540)
Sale of property, plant and equipment		111	27,617	39	16
Cash flow from investing activities	4, 16	(323,507)		(323,507)	
Total cash flow used in investing activities		(400,455)	(81,564)	(353,600)	(31,693)
Proceeds of long-term loans		318,922		318,922	
Repayments of long-term borrowings	11	(22,338)	(3,817)	(1,337)	(2,062)
Total cash flow used in financing activities		296,584	(3,817)	317,585	(2,062)
Total cash flow		129,880	68,677	130,453	76,937
Cash and cash equivalents at January 1		126,754	197,471	-	-
Cash and cash equivalents at July 1		-	-	126,058	189,211
Foreign currency impact on cash		3,178	-	3,301	-
Cash and cash equivalents at September 30		259,812	266,148	259,812	266,148

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity CHFk

	Common shares	Share premium	PECs	Other reserves	Retained earnings	Total
Equity at September 9, 2010	**55**	**-**	**-**	**-**	**-**	**55**
Net loss for the period	-	-	-	-	(31,395)	(31,395)
Transactions with owners						
Increase in share capital	945	125,876	-	-	-	126,821
Injection of PECs	-	-	879,025	-	-	879,025
Redemption of PECs	-	-	(73,327)	-	(742)	(74,069)
Other comprehensive income						
Changes in actuarial gains and losses, net of tax	-	-	-	2,308	-	2,308
Hedge reserve – cash flow hedges	-	-	-	(67,951)	-	(67,951)
Equity at December 31, 2010	**1,000**	**125,876**	**805,698**	**(65,643)**	**(32,137)**	**834,794**
Net income for the period	-	-	-	-	23,371	23,371
Other comprehensive income						
Actuarial losses related to defined benefit pension plans, net of tax	-	-	-	(8,894)	-	(8,894)
Hedge reserve – cash flow hedge losses, net of tax	-	-	-	(3,277)	-	(3,277)
Equity at September 30, 2011 (unaudited)	**1,000**	**125,876**	**805,698**	**(77,814)**	**(8,766)**	**845,994**

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

Overview

Note 1 General information

Sunrise Communications Holdings S.A. (the "Company" or the "Group") has its registered office at Avenue Monterey 20, L-2163 Luxembourg. Sunrise Communications Holdings S.A. is indirectly holding 100% of its principal operating company, Sunrise Communications AG, which has its registered office at Binzmühlestrasse 130, CH-8050 Zürich, Switzerland.

Sunrise Communications AG is the second-largest full-range telecommunications provider in Switzerland, and offers mobile telephony, landline telephony and internet services. Sunrise has its own national backbone landline and ISP network, as well as its own mobile network based on GSM/EDGE and UMTS/HSDPA technology. In connection with the provision of services Sunrise resells handsets manufactured by well known suppliers.

Since there is no set of historical comparative financial information available for the Group, comparative figures are based on pro-forma condensed combined financial statements of the Group. Please refer to note 2 for further details.

The present consolidated interim financial statements are not the Group's statutory accounts. The statutory accounts of the previous year have been audited by the Group's auditors.

These financial statements were approved for issue by the Company's Board of Directors on November 23, 2011.

Note 2 Basis of preparation

The condensed consolidated interim financial statements include both the historical unaudited condensed consolidated interim financial statements of Sunrise Communication Holdings S.A. as of and for the nine and three month period ended September 30, 2011, and the pro forma condensed combined interim financial statements of Sunrise Communications Holdings S.A as of and for the nine and three month period ended September 30, 2010, since there is no full set of historical financial information available as comparatives for Sunrise Communications Holdings S.A., Sunrise Communications International S.A., and Skylight S.à r.l. for the period January 1, 2010 to September 30, 2010.

The historical unaudited condensed consolidated interim financial statements for the nine and three month periods ended September 30, 2011 have been prepared in accordance with IAS 34, "Interim financial reporting".

Pro forma condensed combined interim financial statements (comparatives)

The pro forma condensed combined interim financial statements have been provided as comparatives for informational purposes only and do not purport to represent or to be indicative of the consolidated results of operations or financial position that the Company would have reported had the transactions been completed as of the dates presented, and should not be taken as representative of the Company's future consolidated results of operations or financial position, nor does it purport to project the Company's financial position as of any future date or results of operations for any future period. The unaudited pro forma financial data was not prepared in accordance with IFRS, the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards. However, these unaudited pro forma condensed combined interim financial statements have been prepared on a basis consistent with the accounting policies of the Sunrise Communications Holdings S.A. Group.

The unaudited pro forma condensed combined income statement and cash flow statement give effect to the acquisition of Sunrise Communications AG as if it had occurred on January 1, 2009 and as a result are not comparable to the historical results of the Group for the nine and three months ended September 30, 2011, where the acquisition of Sunrise Communications AG is reflected as of the date of acquisition which occurred on October 28, 2010.

Due to the simplified basis of preparation used in the pro forma condensed combined financial statements, comparative information for statement of comprehensive income and net financial items is not given since the same level of detail is not available for the nine and three month period ended September 30, 2010.

These condensed consolidated interim financial statements should be read in conjunction with:

a) the consolidated financial statements for the period ended December 31, 2010, which have been prepared in accordance with IFRS, as adopted by the European Union.

b) the pro forma condensed combined financial statements for the twelve month and three month periods ended December 31, 2010 which were unaudited but examined in accordance with International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Information.

Foreign currency translation
The consolidated financial statements are presented in CHF. CHF is the functional currency of the Parent Company and each of its subsidiaries.
At September 30, 2011 the Euro to CHF exchange rate used was 1.21565 and the US Dollar to CHF exchange rate used was 0.9082.

Note 3 Critical accounting estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the period ended December 31, 2010, with the exception of determining the provision for income taxes (see Note 5).

Note 4 New significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except as described below.

Financial assets

Loans and receivables

Classification
Loans and receivables are interest bearing term deposits held with financial institutions for periods of more than 3 months. They are included in current assets, except for deposits with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Recognition and measurement
Loans and receivables are initially measured at fair value and subsequently carried at amortized cost using the effective interest method. Foreign exchange gains and losses are taken into the consolidated income statement.

Note 5 New accounting standards

The Group applied all standards and interpretations which had become effective before the financial period beginning January 1, 2011.

The accounting policies are consistent with those of the annual financial statements for the period ended December 31, 2010, except as described in Note 4 and below.

Income taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

a) New and amended standards adopted by the Group

The following new standards and amendments to standards are effective for the first time for the financial year beginning January 1, 2011.

Revised IAS 24, “Related party disclosures”, issued in November 2009. It supersedes IAS 24, “Related party disclosures”, issued in 2003. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities; and clarifies and simplifies the definition of a related party. The revised IAS 24 is required to be applied from January 1, 2011. The amendment did not impact the Group’s result and financial position
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“Prepayments of a minimum funding requirement” (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, “IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction”. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. The amendments are effective for annual periods beginning January 1, 2011. The amendment did not impact the Group’s result and financial position.

Amendments to IFRS 7 “Disclosures - Transfers of financial assets” requires additional disclosures in respect of risk exposures arising from transferred financial assets (e.g. factoring, securitization), any associated liabilities and it includes additional disclosure requirements in respect to those transfers. The amendment is effective for annual periods beginning on or after July 1, 2011. The Group has adopted this standard effective January 1, 2011. The amendment did not impact the Group’s result and financial position.

b) Standards, amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

“Classification of rights issues” (Amendment to IAS 32), issued in October 2009. The amendment should be applied for annual periods beginning on or after February 1, 2010.

IFRIC 19, “Extinguishing financial liabilities with equity instruments”. The interpretation is effective for annual periods beginning on or after July 1, 2010.

Improvements to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard by standard but most are effective January 1, 2011.

c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

IFRS 9, “Financial instruments”, effective January 1, 2013: this standard comprises two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. Management has an option to present in other comprehensive income unrealized and realized fair value gains and losses on equity investments that are not held for trading. A debt instrument is at amortized cost only if it is the entity’s business model to hold the financial asset to collect contractual cash flows and the cash flows represent principal and interest. It will otherwise need to be considered at fair value through profit or loss. The Group is currently assessing the impact of such standard and will determine the date at which it will be adopted.

IFRS 10, “Consolidated financial statements“, effective January 1, 2013: this standard replaces all of the guidance on control and consolidation in IAS 27 and SIC-12. IAS 27 is renamed and continues to be a standard dealing solely with separate financial statements. There are four key changes. The first is the definition of control: focus on the need to have both power and variable returns before control is present and power is the current ability to direct the activities that significantly influence returns. As SIC-12 criteria no longer exist, existing relationships are in the scope of this standard. The second change is a new concept of De facto control. The third change is in regards of Principal-agent relationships: new factors for an entity to consider in determining if it is acting as a principal or an agent, which has a direct impact on the decision who has control. The fourth change is in regards of potential voting rights: Only substantive potential voting rights have to be considered. The Group is currently assessing the impact of such standard.

IFRS 11, “Joint arrangements“, effective January 1, 2013: The definition new standard introduces new terminology – joint arrangements is now the umbrella term used to describe all of the arrangements, and there exist only two types i.e. Joint operations and joint ventures. The classification is purely based on substance not on legal form. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting according to IAS 28 is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The new accounting standard will not impact the Group’s results and financial position.

IFRS 12, “Disclosure of interests in other entities“, January 1, 2013: The standard sets out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11 and replaces the disclosure requirements currently found in IAS 28 'Investments in associates'. IFRS 12 requires entities to disclose information about the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Group is currently assessing the impact of such standard.

IFRS 13, “Fair value measurement“, January 1, 2013: The standard explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value of a liability therefore reflects non-performance risk (that is, own credit risk). The Group is currently assessing the impact of such standard.

IAS 27 (revised) “Separate financial statements'“, January 1, 2013: The revised standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The new accounting standard will not impact the Group’s results and financial position.

IAS 28 (revised) “Investments in associates and joint ventures“, January 1, 2013: The revised standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The new accounting standard will not impact the Group’s results and financial position.

IAS 19 (revised) “Employee benefits“, January 1, 2013: Under the amendment the ‘corridor and spreading’ option to account for actuarial gains and losses (now called re-measurements) will be replaced by the requirement to present those re-measurements including other changes in DBO and plan assets and asset ceiling effects in OCI.

Annual expense for funded benefit plans will include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This will replace the finance charge and expected return on plan assets.

Additional disclosures are required to present the characteristics of benefit plans, the amounts recognized in the financial statements and risks arising on from defined-benefit and multi-employer plans. The definition of a termination benefit is amended: A liability for a termination benefit is recognized when the entity can no longer withdraw the offer of the termination benefit or recognizes any related restructuring costs. The Group is currently assessing the impact of such standard.

Amendments to IAS 1 “Presentation of items of other comprehensive income“, July 1, 2012: The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on PP&E or re-measurements of net pension assets or liabilities will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The Group is currently assessing the impact of such standard.

Note 6 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. The operating segments have been determined based on the management reports reviewed by the Board of Directors.

The accounting policies of the reportable segments are the same as the Group's accounting policies described above. Income before interest tax, depreciation, amortization (EBITDA) represents the profit earned by each segment without allocation of interest, tax, depreciation, amortization and impairment losses, net financial items and income taxes. EBITDA is the measure reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance.

Assets and liabilities are not allocated to operating segments in the management reports reviewed by the Board of Directors, as the review focuses on the development in net working capital for the Group.

Over the course of the 2011, Sunrise has adapted its internal management of the business. Mainly, the wholesale part within the business segment was carved out as a stand-alone operating segment and is now headed by an Executive Director who is also member of the management board of Sunrise. The internal management reporting was adapted to this change.

Therefore, Sunrise Communications Holdings S.A. changed its operating segments reflecting these recent changes in the management structure of Sunrise Communications AG, as of September 30, 2011. Comparative figures for 2010 have been restated accordingly.

Sunrise Group's internal reporting is structured in the following segments: Residential, Business and Wholesale.

Residential is the contact partner for fixed-line and mobile customers for residential end-users. Through the Sunrise investments in LLU, higher focus is now on selling value for money bundled offers in fixnet/internet and mobile.

Business consists of the single office and home office businesses, SME and large businesses. It serves the whole of Switzerland, providing the full range of products and services, from fixed-line and mobile communications to internet and data services.

Wholesale includes MVNO's, carrier and roaming services for national and international telecom service providers. The product portfolio covers voice, data, internet and infrastructure services.

The small office and home office businesses were previously reported on as a part of the Residential segment. These businesses are now internally monitored as part of the Business segment.

The column “Head Office activities” consists of all support units such as Network, IT and Customer Care as well as staff functions like Finance, HR and Strategy. Furthermore certain fees and sundry revenues from services for the police and payment reminder fees are also included in this column.

Activities CHFk

	Residential		Business		Wholesale[2]		Head Office activities[1]		Total	
	January 1 – September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	January 1 – September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	January 1 – September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	January 1 – September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	January 1 – September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited
External revenue	1,093,368	1,073,947	181,089	170,901	203,128	273,441	7,889	8,777	1,485,474	1,527,066
Intra-segment revenue	-	384	-		16,648	16,681	-		16,648	17,065
Revenue	1,093,368	1,074,331	181,089	170,901	219,776	290,122	7,889	8,777	1,502,122	1,544,131
Transmission costs and cost of goods sold	(276,857)	(321,967)	(48,767)	(56,969)	(134,415)	(203,410)	-	145	(460,039)	(582,201)
Other external charges	(244,083)	(225,205)	(30,302)	(23,765)	(3,884)	(6,806)	(169,368)	(159,980)	(447,637)	(415,756)
Wages, salaries and pension costs	(34,873)	(32,335)	(20,131)	(18,833)	(5,947)	(4,932)	(79,070)	(78,668)	(140,021)	(134,768)
Other income and expenses	-	-	-	-	-	-	11,295	9,760	11,295	9,760
EBITDA	537,555	494,824	81,889	71,334	75,530	74,974	(229,254)	(219,966)	465,720	421,166

1) Including Headquarters
2) Including hubbing revenue of CHFk 93,794 for the nine months ended September 30, 2011 and CHFk 151,668 for the nine months ended September 30, 2010.

Activities CHFk

	Residential		Business[2]		Wholesale		Head Office activities[1]		Total	
	July 1 – September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited	July 1 – September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited	July 1 – September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited	July 1 – September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited	July 1 – September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited
External revenue	377,000	379,480	62,277	58,252	67,321	91,934	3,366	3,317	509,964	532,984
Intra-segment revenue	-	86	-	-	4,785	5,508	-	-	4,785	5,594
Revenue	377,000	379,566	62,277	58,252	72,106	97,443	3,366	3,317	514,749	538,578
Transmission costs and cost of goods sold	(93,597)	(118,791)	(16,361)	(19,124)	(44,358)	(67,734)	-	148	(154,316)	(205,501)
Other external charges	(80,190)	(81,936)	(9,407)	(7,529)	(1,015)	(1,379)	(55,604)	(55,507)	(146,216)	(146,351)
Wages, salaries and pension costs	(12,228)	(10,823)	(6,909)	(6,374)	(2,076)	(1,663)	(28,644)	(26,611)	(49,857)	(45,471)
Other income and expenses	-	-	-	-	-	-	13,941	17	13,941	17
EBITDA	190,985	168,016	29,600	25,224	24,657	26,667	(66,941)	(78,636)	178,301	141,272

1) Including Headquarters
2) Including hubbing revenue of CHFk 30,942 for the three months ended September 30, 2011 and CHFk 48,653 for the three months ended September 30, 2010.

Reconciliation of revenue CHFk

	January 1– September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	July 1– September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited
Reportable segments	1,502,122	1,544,131	514,749	538,578
Elimination of intra-segment items	(16,648)	(17,065)	(4,785)	(5,594)
Revenue	**1,485,474**	**1,527,066**	**509,964**	**532,984**

Reconciliation of transmission costs and cost of goods sold CHFk

	January 1– September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	July 1– September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited
Reportable segments	(460,039)	(582,201)	(154,316)	(205,501)
Elimination of intra-segment items	16,648	17,065	4,785	5,594
Transmission costs and cost of goods sold	**(443,391)**	**(565,136)**	**(149,531)**	**(199,907)**

Reconciliation of net income /(loss) before interest, tax, depreciation and amortization (EBITDA) CHFk

	January 1– September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	July 1– September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited
EBITDA from reportable segments	465,720	421,166	178,301	141,272
Unallocated:				
Depreciation, amortization and impairment losses	(273,045)	(299,173)	(91,851)	(97,960)
Net special items	-	(1,786)	-	12
Net financial items	(141,373)	(137,131)	(44,590)	(44,626)
Consolidated net income /(loss) before income taxes	51,302	(16,924)	41,860	(1,302)

Note 7 Revenue

CHFk

	January 1– September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	July 1– September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited
Landline telephony	389,497	485,952	127,762	158,439
thereof hubbing	*93,794*	*151,668*	*30,942*	*48,653*
Mobile services	963,907	908,759	337,593	330,976
Internet services	132,070	132,356	44,609	43,570
Total	**1,485,474**	**1,527,066**	**509,964**	**532,984**

	January 1 – September 30, 2011 Unaudited	Pro forma January 1 – September 30, 2010 Unaudited	July 1 – September 30, 2011 Unaudited	Pro forma July 1 – September 30, 2010 Unaudited
Sales of goods	61,597	48,369	21,081	28,253
Sales of services	1,423,877	1,478,697	488,883	504,731
Total	**1,485,474**	**1,527,066**	**509,964**	**532,984**

Note 8 Other income and (expenses)

The income before taxes for the nine and three month period ended September 30, 2011 includes income from LRIC settlements related to previous years, cost related to management one-time incentive payments and retention programs and accruals for the termination of the outsourcing-contract with Alcatel-Lucent.

The income before taxes for the nine and three months ended September 30, 2010 included a profit of CHF 5.8 million due to a gain on sales of property, plant and equipment and a gain due to reversal of ARO provision of CHF 3.9 million.

Note 9 Net financial items

CHFk

July 1 – September 30, 2011 Unaudited

	Interest	Swiss capital tax	Fair value adjustments	Total financial income and (expenses) before foreign currency	Net foreign currency gains/(losses)	Total
Income						
Cash and cash equivalents	299	-	-	299	3,301	3,600
Financial liabilities measured at amortized cost	-	-	-	-	5	5
Derivatives – used for hedging	22,184	-	-	22,184	-	22,184
Derivatives – held for trading	45	-	-	45	-	45
Other	-	179	-	179	2,176	2,355
Total Income	**22,529**	**179**	**0**	**22,707**	**5,482**	**28,189**
Expenses						
Cash and cash equivalents	-	-	-	-	-	-
Financial liabilities measured at amortized cost	(42,029)	-	-	(42,029)	-	(42,029)
Derivatives – used for hedging	(24,167)	-	(3,127)	(27,294)	-	(27,294)
Derivatives – held for trading	(199)	-	(1,578)	(1,777)	-	(1,777)
Other	(1,679)	-	-	(1,679)	-	(1,679)
Total Expenses	**(68,074)**	**0**	**(4,705)**	**(72'779)**	**-**	**(72,779)**
Net financial items	**(45,546)**	**179**	**(4,705)**	**(50,072)**	**5,482**	**(44,590)**

January 1 – September 30, 2011 Unaudited

	Interest	Swiss capital tax	Fair value adjustments	Total financial income and (expenses)before foreign currency	Net foreign currency gains/(losses)	Total
Income						
Cash and cash equivalents	462	-	-	462	3,177	3,639
Financial liabilities measured at amortized cost	-	-	-	-	30,978	30,978
Derivatives – used for hedging	72,312	-	51,055	123,368	-	123,367
Derivatives – held for trading	133	-	1,488	1,621	-	1,621
Other	-	537	-	537	-	537
Total Income	**72,907**	**537**	**52,543**	**125,987**	**34,155**	**160,142**
Expenses						
Cash and cash equivalents	-	-	-	-	-	-
Financial liabilities measured at amortized cost	(130,649)	-	-	(130,649)	-	(130,649)
Derivatives – used for hedging	(72,206)	-	(88,124)	(160,330)	-	(160,330)
Derivatives – held for trading	(592)	-	(4,066)	(4,658)	-	(4,658)
Other	(4,989)	(602)	-	(5,591)	(287)	(5,878)
Total Expenses	**(208,436)**	**(602)**	**(92,190)**	**(301,228)**	**(287)**	**(301,485)**
Net financial items	**(135,529)**	**(65)**	**(39,647)**	**(175,241)**	**33,868**	**(141,373)**

Due to the simplified basis of preparation used in the pro forma condensed combined financial statements, comparative information for net financial items is not given since the same level of detail is not available for the nine month period ended September 30, 2010.

In preparing the comparative financials for the nine months ended September 30, 2010, and consistent with the basis of preparation of the pro forma condensed combined financial statements, we have used the actual interest rate, adjusting for cross currency interest rate swaps and historical CHF LIBOR rates where appropriate, in connection with debt incurred under the Senior Credit Facilities, the original Senior Notes and the Senior Secured Notes.

Additional pro forma adjustments are included to reflect non-cash amortization of debt issuance costs and debt discount and premium. These costs are amortized over the term of the related facility, which is approximately six years for the Term Loan A, revolving credit facility and acquisition facility, seven years for Term Loan B and the Senior Secured Notes and eight years for the Senior Notes, including the additional Senior. Total interest expense for the period ended September 30, 2010, was CHF 138.8 million.

Note 10 Equity CHFk

	Shares (number) September 30, 2011 Unaudited	Nominal value September 30, 2011 Unaudited	Equity September 30, 2011 Unaudited	Equity Dec 31, 2010
Class A Shares	90,000,000	900	900	900
Class B Shares	10,000,000	100	100	100
Share premium			125,876	125,876
Series A Preferred Equity Certificates (PECs)	71,896,603,100	-	718,966	718,966
Series B Preferred Equity Certificates (PECs)	8,673,191,900	-	86,732	86,732
At September 30, 2011		**1,000**	**932,574**	**932,574**

Share capital
The total authorized and issued number of ordinary shares is 100,000,000 with a nominal value of CHF 0.01 each.

The Equity Securities were subscribed to by entities beneficially owned by funds managed or advised by CVC (the acquisition was consummated on October 28, 2010). Following the issue of €56 million of additional Senior Notes on November 8, 2010, CHF 74 million of Series B Preferred Equity Certificates (‘PECs’) were redeemed by the Company.

The Series A and Series B Preferred Equity Certificates (PECs) have no maturity date but are redeemable solely at the option of the Company, subject to terms of an intercreditor agreement, or on the liquidation of the Company. They are interest bearing, but interest is not payable until their redemption. The PECs are structurally and contractually subordinated to all debt, including the Senior Secured Notes and the Senior Notes. They have no covenants, events of default, no right to security / guarantees or other features that could trigger an early repayment.

Other reserves
Other reserves record fair value changes in derivatives deferred in equity as qualifying cash flow hedges and accumulated actuarial gains and losses, net of taxes.

Note 11 Borrowings

CHFk

	Nominal value at inception	Cumulative foreign exchange movement Unaudited	Capitalized debt issuance cost Unaudited	Loan and finance lease repayments Unaudited	September 30, 2011 Carrying value Unaudited	December 31, 2010 Carrying value
Borrowings						
Floating rate						
Term Loan A – CHF denominated	500,000	-	(29,523)	(18,750)	451,727	468,878
Term Loan B1 – EUR denominated	100,000	(10,745)	(6,158)	-	83,097	85,534
Term Loan B2 – CHF denominated	220,000	-	(13,218)	-	206,782	206,246
Term Loan B3 – CHF denominated	101,930	-	(269)	-	101,661	-
Term Loan B4 – EUR denominated	220,579	3,100	(581)	-	223,098	-
Fixed rate						
Senior Secured Notes - CHF denominated	300,000	-	(13,192)	-	286,808	285,395
Senior Secured Notes - EUR denominated	500,256	(47,519)	(17,633)	-	435,104	445,691
Senior Notes - EUR denominated	755,942	(71,149)	(31,262)	-	653,531	669,482
Total loans and notes	**2,698,707**	**(126,313)**	**(111,836)**	**(18,750)**	**2,441,808**	**2,161,226**
Other						
Debt relating to finance leases				(3,588)	47,557	51,145
Total borrowings				**(22,338)**	**2,489,365**	**2,212,371**
Of which loans expected to be paid within 12 months					(58,416)	(45,916)
Total long-term borrowings					**2,430,949**	**2,166,455**

The borrowings are governed by a number of financial covenants specified in the Senior Facilities Agreement. The main covenants are leverage ratio, interest cover ratio, cash flow cover ratio and capital expenditure spending. Covenant testing has commenced as at June 30, 2011, and the Company is in compliance. Liabilities relating to finance leases are related primarily to lease agreements regarding renting of fiber networks.

The Senior Facilities were increased by CHF 322.5 million equivalents as an add-on to Term Loan B in second quarter 2011. The Company drew the facility in third quarter 2011 the loan is classified as non current borrowing. The drawings under the B4 Euro denominated loan have been held in Euros resulting in a foreign exchange gain of CHF 3,100k.

In preparation for the upcoming mobile license auction amendments were made to certain terms and covenants of our Senior Facilities Agreement. Costs related to these amendments have been capitalized against Term loan A and B1 to B4.

The Term Loan B3 Facility has a maturity of December 31, 2017 and bears a coupon of CHF LIBOR plus 4.75% per annum. The Term Loan B4 Facility has a maturity date of December 31, 2017 and bears a coupon of EURIBOR plus 4.75% per annum. The Group has entered into a cross currency interest rate swap related to the future interest payments of Term Loan B4 (note 12). Both the Term Loan B3 and B4 Facilities were fully drawn in third quarter 2011. The funds were invested in short term deposit (note 16 and note 4).

Debt pushdown

As already disclosed in the annual financial statements for 2010, Sunrise Communications AG approved to assume the debt obligations of Skylight S.à r.l. under the Senior Credit Facilities (the "Debt Pushdown"), in exchange for a reduction of its share capital from CHF 923.6 million to CHF 50.0 million.

The debt pushdown was duly signed and executed on March 2, 2011. The B3 and B4 loans have not been pushed down to Sunrise Communications AG.

Note 12 Derivatives CHFk

Derivative financial instruments are reported in the Consolidated Statement of Financial Position as follows:

	Notional amount CHFk	Carrying Value – Asset Unaudited	September 30, 2011 Carrying Value – Liability Unaudited	Carrying Value – Asset	December 31, 2010 Carrying Value – Liability
Cash flow hedges					
Cross currency interest rate swaps – fixed rate borrowings	1,256,198	-	(194,240)	-	(156,101)
Cross currency interest rate swaps – variable rate borrowings [1)]	100,000	-	(3,053)	-	(2,751)
Fair value hedges					
Cross currency interest rate swaps – variable rate borrowings [1)]	100,000	-	(10,745)	-	(8,193)
Hedges held for trading					
Interest rate cap	600,000	98	-	1,087	-
Interest rate swap	100,000	-	(1,834)	-	(244)
Cross currency interest rate swap	224,480	-	-	-	-
Total derivatives		**98**	**(209,872)**	**1,087**	**(167,289)**
The change in the fair value of derivatives in the period can be summarized as:					
Cash flow hedges – movement in hedge reserve			(32,387)		
Cash flow hedges – ineffectiveness			(2,131)		
Fair value hedges			(2,551)		
Total income statement impact of hedging derivatives (note 9)			**(37,069)**		
Income statement impact of interest rate derivatives – held for trading (note 9)			(2,578)		
Total income statement impact of derivatives (note 9)			**(39,647)**		
Other comprehensive Income – cash flow hedges			(3,924)		

[1)] Cross currency interest rate swaps related to Term Loan B EUR

Cross Currency Interest Rate Swaps – variable rate borrowings

On September 30, 2011, The Group entered into a cross currency interest rate swap agreement to hedge its future Euro interest payments on term loan B4. The notional value of the swap is equal to the entire amount drawn upon term loan B4 EUR 184,000k. Term loan B4 bears interest at EURIBOR +4.75% and is due December 31, 2017. Under the terms of the swap, the Group pays CHF LIBOR +5.8965% and receives EURIBOR +4.75%. The swap has a maturity date of September 30, 2014. At September 30, 2011, the cross currency interest rate swap had an initial fair value of nil and is classified as a held for trading derivative.

Note 13 Other balance sheet items

Receivables

Receivables increased by CHF 15.8 million in the nine months ended September 30, 2011, mainly related to the higher trade accounts receivables partially offset by the settlement of LRIC from prior years.

Trade and other payables

Trade and other payables decreased by CHF 15.4 million in the nine months ended September 30, 2011, as a result of reduced capital expenditure spending.

Note 14 Dividend Distribution within Sunrise Group

On June 30, 2011 Sunrise Communications AG distributed dividends in amount of CHF 263.0 million to its shareholders, Skylight S.à r.l., Luxembourg and Sunrise Communications International S.A., Luxembourg. The transaction did not have any impact outside of the Group except for withholding tax. CHF 13.2 million, representing the amount of withholding tax owed to the Swiss tax authorities, was paid in July 2011. The withholding tax is refundable to the Group after the completion of a designated holding period of two years.

No dividends were distributed outside of the Group.

Note 15 Contingencies

There have been no material changes in contingent liabilities since December 31, 2010.

Note 16 Financial risk management

In the third quarter 2011, Sunrise made a term deposit in amount of CHF 323 million for a period longer than 3 months. The term deposit is classified as current financial asset, respectively loans and receivables. Our Senior Facilities were increased by CHF 322.5 million equivalent as an add-on to Term Loan B in second quarter 2011. The Company drew the facility in third quarter 2011, the loan is classified as non current borrowing, please refer to Note 11.

The recent development on the FX market and the strong Swiss franc does not have a material effect on the Group, as Sunrise is predominantly active in the domestic market. A material part of the foreign currency risk arising from borrowings denominated in Euros and the interest rate risk arising from external borrowings have been hedged by the Group.

Note 17 Related parties

In August 2011, Sunrise Communications AG announced that André Krause has been appointed as Chief Financial Officer (CFO) and Member of the Management Board as of October 1, 2011.

Note 18 Events after the balance sheet date

On October 6, 2011 Sunrise Communications AG signed an agreement on the acquisition of 100% of the common shares of NextiraOne Switzerland GmbH, a network solutions provider, which came into binding effect at November 10, 2011. The analysis of the assets and liabilities acquired, of the consideration for the combination and of the intangible assets identified was not completed before the financial statements were authorized for issue.