# PRESS RELEASE

For Immediate Release

# Aastra Reports Record Revenues

**TORONTO, ONTARIO (Marketwire - February 24, 2009)** -- Aastra Technologies Limited - (TSX: "AAH") is pleased to report it generated record revenues in the fourth quarter and for the year ended December 31, 2008 as part of announcing its unaudited financial results for these periods.

Although net earnings in the fourth quarter were impacted by a non-cash asset impairment of certain long-lived assets and goodwill aggregating to $14.1 million and restructuring costs aggregating to $11.3 million, Aastra is pleased to report its 43rd consecutive quarter of profitability this quarter. Excluding these charges, Aastra's fourth quarter operating results reflect a marked improvement from previous quarters in 2008 as Aastra prepares to face the difficult economic environment ahead in 2009.

Net revenue for the three months ended December 31, 2008 was a record $261.8 million compared to $155.2 million for the same quarter in 2007. The Company experienced a significant increase in revenue in all regions as a result of the Ericsson acquisition which closed on April 30, 2008. Excluding the impact of this acquisition, net revenue would have increased 13.2% to $175.8 million for the fourth quarter. Net sales from the former Ericsson product lines were $86.0 million, an increase of 16.2% from sales of $74.0 million in the third quarter of 2008.

Sales for the year ended December 31, 2008 were $832.1 million compared to $606.6 million for 2007, also a record for the Company. Excluding the revenue from the product lines acquired from Ericsson, sales would have increased by 1.7% from 2007 to $617.0 million in 2008.

Gross margin increased to 47.0% of sales in the fourth quarter of 2008 compared to 42.8% of sales in the same period in 2007. Gross margin for the year ended December 31, 2008 was 44.9% compared to 42.5% for the year in 2007. This significant increase in gross margin in the quarter and year over the same periods in 2007 is a result of the positive effect of several factors including lower overhead ratios and a favourable mix of product and service revenues.

Research and development expenses in the fourth quarter of 2008 were $27.7 million or 10.6% of sales, compared to $12.9 million or 8.4% of sales in the same quarter of 2007. Research and development expenses for the year ended December 31, 2008 increased to $98.0 million or 11.8% of sales from $54.6 million or 9.0% of sales in 2007. R&D cost reductions were obtained throughout the second half of the year in several product lines, including the former Ericsson products.

Selling, general and administrative expenses were $67.9 million or 25.9% of sales in the fourth quarter of 2008 compared to $35.0 million or 22.5% of sales in the fourth quarter of 2007. Selling, general and administrative expenses for the year ended December 31, 2008 were $218.1 million or 26.2% of sales compared to $145.1 million or 23.9% of sales for the year in 2007.

Included in the operating results this quarter were severance charges totaling $11.3 million from the restructuring efforts undertaken in the fourth quarter of 2008.

Amortization expense recorded in operating expenses was $9.6 million in the fourth quarter of 2008 compared to $3.1 million in the fourth quarter of 2007. For the year, amortization expenses recorded in operating expenses were $26.4 million compared to $13.4 million for the year in 2007 as a result of the Ericsson acquisition completed earlier in the year. In addition, in the fourth quarter the Company recorded a non-cash charge on the impairment of certain long-lived assets and goodwill of $14.1 million.

As a result, net earnings for the three months ended December 31, 2008 were $1.5 million or $0.10 diluted earnings per share compared to $12.3 million or $0.75 diluted earnings per share in the same period in 2007. Net earnings for the year ended December 31, 2008 were $11.5 million or $0.74 diluted earnings per share compared to $35.8 million or $2.17 diluted earnings per share in 2007.

Cash and short-term investments totaled $98.2 million at the end of 2008 compared to a balance of $133.2 million at the end of 2007. During the fourth quarter of 2008, the Company generated $17.8 million in cash flow from operations, net of working capital increases. In addition, the Company repurchased 775,000 of its own common shares for $7.8 million during the fourth quarter. As announced last month, subsequent to the end of 2008, the Company completed its substantial issuer bid in which it repurchased an additional 1,417,738 of its common shares for a total purchase amount of $17.7 million.

**About Aastra Technologies Limited**

Aastra Technologies Limited (TSX:AAH) is a global company at the forefront of the Enterprise Communication market. Headquartered in Concord, Ontario, Canada, Aastra develops and delivers innovative and integrated solutions that address the communication needs of businesses small and large around the world. Aastra enables Enterprises to communicate and collaborate more efficiently and effectively by offering customers a full range of open standard IP-based and traditional communications networking products, including terminals, systems, and applications. For additional information on Aastra, visit our website at http://www.aastra.com.

From time to time, we make written or oral forward-looking statements within the meaning of applicable Canadian securities legislation. We may make such statements in this press release, in other filings with Canadian regulators in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to our objectives, and strategies to achieve our objectives, as well as statements with respect to our beliefs, outlooks, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and words and expressions of similar import are intended to identify forward-looking statements. By their very nature, forward-looking statements involve numerous factors and assumptions, and are subject to inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements.

As described in detail under the heading "Risk Factors" in our Annual Information Form filed on www.sedar.com, the material factors that could cause our actual results to differ materially from the forward-looking statements in this press release include: the global economical and financial crisis impacting businesses worldwide, exchange rate fluctuation of the Canadian dollar against other currencies, particularly with respect to the Swiss franc, Euro and US dollar; product concentration and limited range of products; continued demand for our products; geographic market concentration in Europe; reliance on third party manufacturers and component suppliers; longer credit terms to customers; continued implementation of our enterprise resource planning system; potential fluctuations in quarterly financial results, particularly as a result of seasonality and geographic market concentration; risks associated with product returns and defects; consolidation, reorganization and rapid technological change in our market; competition and the risk of third party claims for infringement; and other risk factors that our business faces.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about these factors that may affect future results can be found under the "Risk Factors" section and in our 2007 Annual Information Form. We do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

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# AASTRA TECHNOLOGIES LIMITED

***CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)***

***Stated in thousands of Canadian dollars, except per share amounts***

| | YEAR-TO-DATE Twelve months ended December 31st | | 4th QUARTER Three months ended December 31st | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| Sales | $ **832,070** | $ 606,589 | $ **261,778** | $ 155,208 |
| Cost of goods sold | **458,149** | 349,051 | **138,753** | 88,786 |
| | **373,921** | 257,538 | **123,025** | 66,422 |
| Expenses (income): | | | | |
| Selling, general and administrative | **218,064** | 145,094 | **67,880** | 34,976 |
| Research and development | **97,984** | 54,629 | **27,731** | 12,962 |
| Depreciation and amortization | **26,434** | 13,422 | **9,606** | 3,144 |
| Interest expense | **2,405** | 135 | **903** | 17 |
| Foreign exchange loss | **3,113** | 400 | **2,112** | 644 |
| Investment income | **(3,645)** | (3,535) | **(1,040)** | (1,045) |
| Other income | **(389)** | (170) | **(1,524)** | (170) |
| Impairment of goodwill and long-lived assets | **14,123** | - | **14,123** | - |
| Earnings from continuing operations before income taxes | **15,832** | 47,563 | **3,234** | 15,894 |
| Income taxes | **4,355** | 11,655 | **1,733** | 3,635 |
| Net earnings from continuing operations | **11,477** | 35,908 | **1,501** | 12,259 |
| Net loss from discontinued operations | **-** | (141) | **-** | - |
| Net earnings for the period | $ **11,477** | $ 35,767 | $ **1,501** | $ 12,259 |
| Earnings per share from continuing operations: | | | | |
| Basic | $ **0.74** | $ 2.24 | $ **0.10** | $ 0.77 |
| Diluted | $ **0.74** | $ 2.18 | $ **0.10** | $ 0.75 |
| Earnings per share: | | | | |
| Basic | $ **0.74** | $ 2.23 | $ **0.10** | $ 0.77 |
| Diluted | $ **0.74** | $ 2.17 | $ **0.10** | $ 0.75 |

* *Actual common shares outstanding as at December 31, 2008 – 14,765,573 (2007 – 16,015,323)*

** *Weighted average common shares outstanding for the twelve months and three months ended December 31, 2008 – 15,427,900 and 15,161,497 (2007 – 16,012,866 and 16,013,790)*

The interim consolidated financial statements for the twelve months and three months ended December 31, 2008 have not been reviewed by an auditor.

# AASTRA TECHNOLOGIES LIMITED

***CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)***

***Stated in thousands of Canadian dollars***

| | YEAR-TO-DATE Twelve months ended December 31st | | 4th QUARTER Three months ended December 31st | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| Cash and cash equivalents provided by (used in): | | | | |
| Operations: | | | | |
| Net earnings for the period | $ **11,477** | $ 35,767 | $ **1,501** | $ 12,259 |
| Net loss from discontinued operations | **-** | 141 | **-** | - |
| Depreciation of property and equipment | **12,632** | 10,803 | **3,857** | 2,692 |
| Amortization of intangible assets | **18,209** | 6,404 | **6,979** | 1,454 |
| Future income taxes | **(6,534)** | 2,818 | **(1,499)** | 2,710 |
| Stock-based compensation expense | **2,536** | 1,882 | **684** | 382 |
| Loss on short-term investments | **-** | 955 | **-** | (89) |
| Loss on sale of property and equipment | **432** | 554 | **149** | 317 |
| Other income | **(389)** | (170) | **(1,524)** | (170) |
| Impairment of goodwill and long-lived assets | **14,123** | - | **14,123** | - |
| Change in pension liabilities | **3,827** | 849 | **2,355** | 232 |
| Change in non-cash operating working capital | **(29,465)** | (12,274) | **(8,784)** | 1,434 |
| | **26,848** | 47,729 | **17,841** | 21,221 |
| Discontinued operations | **-** | (141) | **-** | - |
| Financing: | | | | |
| Issuance of common shares on exercise of options | **193** | 1,259 | **-** | 39 |
| Repurchase of shares | **(20,564)** | (2,328) | **(7,818)** | - |
| Receipt of acquired lease receivables | **7,159** | 10,775 | **1,480** | 3,156 |
| Payment of loan to Seller | **(7,159)** | (10,995) | **(1,480)** | (3,376) |
| Increase (decrease) in loans payable | **57,876** | 454 | **(849)** | (73) |
| (Decrease) increase in bank indebtedness | **(16)** | (2,261) | **-** | 40 |
| | **37,489** | (3,096) | **(8,667)** | (214) |
| Investments: | | | | |
| Maturity of short-term investments | **40,624** | 85,105 | **18,705** | 7,395 |
| Purchase of short-term investments | **(20,631)** | (48,498) | **-** | - |
| Purchase of long-term investment | **-** | (8,514) | **-** | - |
| Proceeds on disposal of property and equipment | **5** | 222 | **(11)** | 50 |
| Purchase of property and equipment | **(18,785)** | (13,086) | **(6,496)** | (4,855) |
| Business acquisitions, net of cash acquired | **(90,255)** | (527) | **7,224** | - |
| Change in non-cash investing working capital | **(2,663)** | - | **(2,663)** | - |
| | **(91,705)** | 14,702 | **16,759** | 2,590 |
| Foreign exchange on cash held in foreign currency | **12,203** | (4,105) | **8,547** | (108) |
| Increase (decrease) in cash and cash equivalents | **(15,165)** | 55,089 | **34,480** | 23,489 |
| Cash and cash equivalents, beginning of period | **112,802** | 57,713 | **63,157** | 89,313 |
| Cash and cash equivalents, end of period | $ **97,637** | $ 112,802 | $ **97,637** | $ 112,802 |

The interim consolidated financial statements for the twelve months and three months ended December 31, 2008 have not been reviewed by an auditor.

# AASTRA TECHNOLOGIES LIMITED

## *CONSOLIDATED BALANCE SHEETS (UNAUDITED)*

***Stated in thousands of Canadian dollars***

| | DECEMBER 31st 2008 | DECEMBER 31st 2007 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ **97,637** | $ 112,802 |
| Short-term investments | **519** | 20,365 |
| Accounts receivable | **234,021** | 123,010 |
| Income taxes receivable | **8,201** | 215 |
| Inventories | **108,000** | 77,745 |
| Net investment in leases | **7,389** | 1,731 |
| Acquired lease receivables | **3,729** | 5,931 |
| Prepaid expenses and other assets | **8,751** | 4,201 |
| Future income tax assets | **9,615** | 8,935 |
| | **477,862** | 354,935 |
| Long-term investment | **5,416** | 6,996 |
| Future income tax assets | **4,430** | 2,853 |
| Net investment in leases | **19,456** | 3,532 |
| Acquired lease receivables | **3,718** | 6,992 |
| Property and equipment | **48,859** | 35,703 |
| Goodwill | **50,269** | 10,802 |
| Intangible assets | **70,239** | 24,221 |
| Other assets | **441** | 651 |
| | $ **680,690** | $ 446,685 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities: | | |
| Indebtedness | $ **337** | $ 14 |
| Accounts payable and accrued liabilities | **218,933** | 98,384 |
| Income taxes payable | **28,509** | 25,048 |
| Deferred revenue | **22,898** | 11,900 |
| Contingent consideration payable | **-** | 1,744 |
| Current portion of loans payable | **27,276** | 5,986 |
| Future income tax liabilities | **1,121** | 1,015 |
| | **299,074** | 144,091 |
| Pensions | **27,556** | 19,784 |
| Loans payable | **35,537** | 7,905 |
| Future income tax liabilities | **21,645** | 7,633 |
| Other long-term liabilities | **3,071** | 2,225 |
| | **386,883** | 181,638 |
| Shareholders' equity: | | |
| Share capital | **90,951** | 98,442 |
| Contributed surplus | **6,484** | 4,029 |
| Accumulated other comprehensive income (loss) | **19,588** | (15,530) |
| Retained earnings | **176,784** | 178,106 |
| | **293,807** | 265,047 |
| | $ **680,690** | $ 446,685 |

The interim consolidated financial statements for the twelve months and three months ended December 31, 2008 have not been reviewed by an auditor.

# AASTRA TECHNOLOGIES LIMITED

## *CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (UNAUDITED)*

***Stated in thousands of Canadian dollars, except share amounts***

| | Common Shares | Share Capital | Contributed Surplus | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total | Comprehensive Income (Loss) |
|---|---|---|---|---|---|---|---|
| Balance, December 31, 2007 | 16,015,323 | $ 98,442 | $ 4,029 | $ (15,530) | $ 178,106 | $ 265,047 | $ - |
| Shares issued on exercise of options | 12,250 | 193 | - | - | - | 193 | - |
| Stock-based compensation | - | - | 1,852 | - | - | 1,852 | - |
| Shares repurchased for cancellation | (487,000) | (2,996) | - | - | (9,750) | (12,746) | - |
| Translation of self-sustaining operations | - | - | - | 5,045 | - | 5,045 | 5,045 |
| Net earnings | - | - | - | - | 9,976 | 9,976 | 9,976 |
| Balance, September 30, 2008 | 15,540,573 | $ 95,639 | $ 5,881 | $ (10,485) | $ 178,332 | $ 269,367 | $ 15,021 |
| Stock-based compensation | - | - | 684 | - | - | 684 | - |
| Shares repurchased for cancellation | (775,000) | (4,769) | - | - | (3,049) | (7,818) | - |
| Transfer from contributed surplus to share capital | - | 81 | (81) | - | - | - | - |
| Translation of self-sustaining operations | - | - | - | 30,073 | - | 30,073 | 30,073 |
| Net earnings | - | - | - | - | 1,501 | 1,501 | 1,501 |
| Balance, December 31, 2008 | 14,765,573 | $ 90,951 | $ 6,484 | $ 19,588 | $ 176,784 | $ 293,807 | $ 46,595 |

| | Common Shares | Share Capital | Contributed Surplus | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total | Comprehensive Income (Loss) |
|---|---|---|---|---|---|---|---|
| Balance, December 31, 2006 | 16,009,573 | $ 97,513 | $ 2,244 | $ (1,549) | $ 144,125 | $ 242,333 | $ - |
| Change in accounting policy related to financial instruments, net of income taxes of $65 | - | - | - | - | 115 | 115 | - |
| Adjusted balance, December 31, 2006 | 16,009,573 | 97,513 | 2,244 | (1,549) | 144,240 | 242,448 | - |
| Shares issued on exercise of options | 72,750 | 1,220 | - | - | - | 1,220 | - |
| Stock-based compensation | - | - | 1,500 | - | - | 1,500 | - |
| Shares repurchased for cancellation | (70,000) | (427) | - | - | (1,901) | (2,328) | - |
| Translation of self-sustaining operations | - | - | - | (16,355) | - | (16,355) | (16,355) |
| Net earnings | - | - | - | - | 23,508 | 23,508 | 23,508 |
| Balance, September 30, 2007 | 16,012,323 | $ 98,306 | $ 3,744 | $ (17,904) | $ 165,847 | $ 249,993 | $ 7,153 |
| Shares issued on exercise of options | 3,000 | 39 | - | - | - | 39 | - |
| Stock-based compensation | - | - | 382 | - | - | 382 | - |
| Transfer from contributed surplus to share capital | - | 97 | (97) | - | - | - | - |
| Translation of self-sustaining operations | - | - | - | 2,374 | - | 2,374 | 2,374 |
| Net earnings | - | - | - | - | 12,259 | 12,259 | 12,259 |
| Balance, December 31, 2007 | 16,015,323 | $ 98,442 | $ 4,029 | $ (15,530) | $ 178,106 | $ 265,047 | $ 21,786 |

The interim consolidated financial statements for the twelve months and three months ended December 31, 2008 have not been reviewed by an auditor.