

PRESS RELEASE

For Immediate Release

Aastra Reports Second Quarter Earnings

TORONTO, ONTARIO (Marketwire - July 20, 2010) -- Aastra Technologies Limited - (TSX: "AAH") today reported its unaudited financial results for the second quarter ended June 30, 2010.

Sales for the three months ended June 30, 2010 were \$171.2 million compared to \$197.2 million for the same quarter in 2009, a decline of approximately 13%. As a result of the continued strength of the Canadian dollar against most other currencies, the Company experienced a significant sales drop of \$29.0 million directly from changes in foreign exchange when compared to the second quarter of 2009. Excluding the impact of foreign exchange, sales would have increased approximately \$3 million or 1.6% in the second quarter from the same period last year. In addition, as a result of higher sales in Germany and several other regions, sales would have increased approximately \$12 million or 7.0% when compared to the first quarter of this year if changes in the foreign exchange were excluded.

Gross margin was 44.1% of sales in the second quarter of 2010 compared to 45.6% of sales in the same period in 2009. While the weaker Euro is still having a negative impact compared to last year, gross margin for the quarter was relatively stable to gross margin of 44.2% of sales realized in the first quarter of this year.

Research and development expenses in the second quarter of 2010 were \$16.6 million or 9.7% of sales, compared to \$21.8 million or 11.1% of sales in the same quarter of 2009. The decrease was primarily related to the impact of foreign exchange rates on European development costs, while the decrease as a percentage of revenue is the result of a continued streamlining of development costs across all major product lines.

Selling, general and administrative ("SG&A") expenses were \$46.1 million or 26.9% of sales in the first quarter of 2010 compared to \$56.0 million or 28.4% of sales in the second quarter of 2009. SG&A expenses decreased as a result of the impact of foreign exchange rates on European SG&A costs as well as general reduction in over-all expenses.

Foreign exchange losses of \$1.6 million were recognized in the second quarter of 2010, primarily in our European operations, where a continued weakening of the Euro to the Swiss Franc and the Canadian dollar occurred during the quarter. Amortization expense recorded in operating expenses decreased to \$5.1 million in the second quarter of 2010 compared to \$5.6 million in the second quarter of 2009 as a result of foreign exchange rates as well as the fact that certain intangible assets have become fully amortized during the past year.

The Company recorded interest expense of \$0.1 million in the second quarter of 2010 compared to \$0.2 million in the second quarter last year as both the outstanding principal balance and variable interest rates on the company's term loan are lower. Investment income totaled \$0.6 million in the second quarter, down slightly from \$0.7 million in the same quarter of 2009. Income tax expense was recognized at \$1.4 million or 20.4% of pre-tax earnings in the quarter compared to \$1.2 million or 18.2% of pre-tax earnings in the first quarter last year.

As a result of the above, net earnings were \$5.3 million or \$0.37 diluted earnings per share in the second quarter in 2010 compared to \$5.5 million or \$0.40 diluted earnings per share in the same period in 2009.

Cash and short-term investments totaled \$104.4 million at the end of June 2010 compared to \$116.9 million at December 31, 2009 and \$118.8 million at the end of the first quarter this year. During the second quarter of 2010, the Company used \$7.1 million of cash in operating activities as, despite continued cash flow from earnings, there was a reduction of \$18.6 million in the quarter from an increase in non-cash working capital. The working capital increase was mainly driven by an increase of \$6.6 million in inventory and a decrease in accounts payable by \$10.8 million during the quarter. In addition, the Company used \$2.8 million to pay dividends to shareholders while an additional \$2.8 million was invested in capital asset during the second quarter.

The Company is also pleased to announce that it will pay a dividend to its shareholders of \$0.20 per share for this quarter, payable on August 24, 2010 to all shareholders of record on August 3, 2010. The dividend declared today has been designated as an “eligible” dividend for the purposes of the Income Tax Act (Canada) and similar provincial legislation. Shareholders of Aastra are entitled to receive dividends only if and when such dividends have been declared and there is no entitlement to any dividends prior to any declaration thereof by Aastra’s Board of Directors.

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 solutions, including terminals, systems, and applications. For additional information on Aastra, visit our website at <http://www.aastra.com>.

Certain statements made herein may be forward-looking statements within the meaning of applicable Canadian securities legislation. These forward-looking statements include, among others, statements with respect to our Board of Directors declaring any future quarterly dividends and, if so declared, the amount of such dividends. 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 such forward-looking statements will not be achieved.

Shareholders are entitled to receive dividends only if and when such dividends have been declared and there is no entitlement to any dividends prior to any declaration thereof by our Board of Directors. The material factors that will be considered by our Board of Directors in determining whether it is appropriate to declare any future dividends, and the amount of any such dividends, include: our earnings, cash flow, quarterly fluctuations in financial results and financing requirements to fund acquisitions or other business opportunities. Please refer to our filings on the website maintained by the Canadian Securities Administrators at www.sedar.com, including our Annual Information Form and our annual and quarterly Management Discussion and Analyses for other material factors that may be considered by our Board of Directors in determining whether to declare any future dividends and the amount of any such dividends.

We caution readers not to place undue reliance on these forward-looking statements as our actual results may differ materially from our expectations if known and unknown risks or uncertainties affect our business, or if our estimates or assumptions prove inaccurate. Therefore, we cannot provide any assurance that forward-looking statements will materialize. Unless otherwise required pursuant to applicable Canadian securities legislation, we assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

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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		2 nd QUARTER	
	Six months ended June 30 th		Three months ended June 30 th	
	2010	2009	2010	2009
Sales	\$ 343,140	\$ 416,427	\$ 171,207	\$ 197,151
Cost of goods sold	191,638	221,346	95,729	107,222
	151,502	195,081	75,478	89,929
Expenses (income):				
Selling, general and administrative	92,550	116,260	46,107	55,987
Research and development	35,077	43,735	16,575	21,826
Depreciation and amortization	10,584	11,505	5,059	5,607
Interest expense	183	933	77	197
Foreign exchange loss (gain)	5,678	(562)	1,601	270
Investment income	(1,259)	(1,379)	(560)	(708)
Other income	(2,682)	-	-	-
Earnings before income taxes	11,371	24,589	6,619	6,750
Income taxes	2,159	4,937	1,350	1,231
Net earnings for the period	\$ 9,212	\$ 19,652	\$ 5,269	\$ 5,519
Earnings per share:				
Basic	\$ 0.66	\$ 1.44	\$ 0.38	\$ 0.41
Diluted	\$ 0.65	\$ 1.44	\$ 0.37	\$ 0.40

* Actual common shares outstanding as at June 30, 2010 – 14,034,385 (2009 – 13,674,710)

** Weighted average common shares outstanding for the six months and three months ended June 30, 2010 – 13,950,491 and 13,995,209 (2009 – 13,691,626 and 13,552,444)

*** Weighted average fully diluted common shares outstanding for the six months and three months ended June 30, 2010 – 14,155,472 and 14,165,398 (2009 – 13,691,626 and 13,635,143)

The interim consolidated financial statements for the six months and three months ended June 30, 2010 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		2 nd QUARTER	
	Six months ended June 30 th		Three months ended June 30 th	
	2010	2009	2010	2009
Cash and cash equivalents provided by (used in):				
Operations:				
Net earnings for the period	\$ 9,212	\$ 19,652	\$ 5,269	\$ 5,519
Depreciation of property, plant and equipment	5,674	6,035	2,622	3,099
Amortization of intangible assets	6,904	8,077	3,294	3,998
Future income taxes	(1,717)	(149)	(648)	1,762
Stock-based compensation expense	1,145	1,234	576	590
Loss on sale of property, plant and equipment	318	210	187	42
Other income	(2,682)	-	-	-
Change in non-cash pension liabilities	346	245	253	73
Change in non-cash operating working capital	(18,524)	(16,338)	(18,623)	(3)
	676	18,966	(7,070)	15,080
Financing:				
Dividends to shareholders	(5,580)	-	(2,793)	-
Issuance of common shares on exercise of options	3,063	3,395	847	2,588
Repurchase of shares	-	(17,722)	-	-
Receipt of acquired lease receivables	864	1,887	434	900
Payment of loan to Seller	(864)	(1,887)	(434)	(900)
Payment of loans payable	(7,193)	(14,978)	(69)	(79)
	(9,710)	(29,305)	(2,015)	2,509
Investing:				
Maturity of short-term investments	3,063	-	-	-
Purchase of short-term investments	-	(3,038)	-	-
Interest received from long-term investment	8	417	2	122
Proceeds on disposal of property, plant and equipment	-	27	-	25
Purchase of property, plant and equipment	(5,663)	(5,653)	(2,772)	(2,873)
Purchase of intangible assets	(536)	(705)	(316)	(284)
Business acquisition, net of cash acquired	-	2,663	-	-
Disposition, net of cash	3,649	-	-	-
Changes in non-cash investing working capital	-	-	(201)	-
	521	(6,289)	(3,287)	(3,010)
Foreign exchange on cash held in foreign currency	(970)	(4,066)	(2,058)	(968)
Increase (decrease) in cash and cash equivalents	(9,483)	(20,694)	(14,430)	13,611
Cash and cash equivalents, beginning of period	113,596	97,637	118,543	63,332
Cash and cash equivalents, end of period	\$ 104,113	\$ 76,943	\$ 104,113	\$ 76,943

The interim consolidated financial statements for the six months and three months ended June 30, 2010 have not been reviewed by an auditor.

AASTRA TECHNOLOGIES LIMITED

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Stated in thousands of Canadian dollars

	JUNE 30 th 2010	DECEMBER 31 st 2009	JUNE 30 th 2009
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 104,113	\$ 113,596	\$ 76,943
Short-term investments	256	3,309	3,639
Accounts receivable	154,786	175,331	190,687
Income taxes receivable	4,264	5,986	8,847
Inventories	88,177	81,398	102,173
Net investment in leases	12,551	11,831	7,551
Acquired lease receivables	965	1,544	2,562
Prepaid expenses and other assets	8,850	7,088	8,448
Future income tax assets	5,684	6,395	6,264
	379,646	406,478	407,114
Long-term investment	4,517	4,525	4,999
Future income tax assets	3,625	3,901	4,709
Net investment in leases	26,441	28,597	32,330
Acquired lease receivables	945	1,597	2,642
Property, plant and equipment	37,901	41,920	45,508
Goodwill	43,153	46,391	48,498
Intangible assets	40,253	51,460	61,467
Other assets	676	611	709
	\$ 537,157	\$ 585,480	\$ 607,976
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 136,863	\$ 148,076	\$ 175,884
Income taxes payable	26,306	33,294	27,532
Deferred revenue	20,260	23,686	23,584
Current portion of loans payable	21,744	16,490	17,831
Future income tax liabilities	535	961	274
	205,708	222,507	245,105
Pensions	20,839	25,488	26,595
Loans payable	1,114	16,561	25,722
Future income tax liabilities	11,554	14,281	18,551
Other long-term liabilities	3,156	3,802	2,867
	242,371	282,639	318,840
Shareholders' equity:			
Share capital	93,551	90,488	85,613
Contributed surplus	8,610	7,465	7,718
Accumulated other comprehensive (loss) income	(21,351)	(5,456)	8,358
Retained earnings	213,976	210,344	187,447
	294,786	302,841	289,136
	\$ 537,157	\$ 585,480	\$ 607,976

The interim consolidated financial statements for the six months and three months ended June 30, 2010 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, 2009	13,852,335	\$ 90,488	\$ 7,465	\$ (5,456)	\$ 210,344	\$ 302,841	\$ -
Dividends	-	-	-	-	(2,787)	(2,787)	-
Shares issued on exercise of options	104,550	2,216	-	-	-	2,216	-
Stock-based compensation	-	-	569	-	-	569	-
Translation of self-sustaining operations	-	-	-	(11,896)	-	(11,896)	(11,896)
Net earnings	-	-	-	-	3,943	3,943	3,943
Balance, March 31, 2010	13,956,885	\$ 92,704	\$ 8,034	\$ (17,352)	\$ 211,500	\$ 294,886	\$ (7,953)
Dividends	-	-	-	-	(2,793)	(2,793)	-
Shares issued on exercise of options	77,500	847	-	-	-	847	-
Stock-based compensation	-	-	576	-	-	576	-
Translation of self-sustaining operations	-	-	-	(3,999)	-	(3,999)	(3,999)
Net earnings	-	-	-	-	5,269	5,269	5,269
Balance, June 30, 2010	14,034,385	\$ 93,551	\$ 8,610	\$ (21,351)	\$ 213,976	\$ 294,786	\$ (6,683)
	Common Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total	Comprehensive Income (Loss)
Balance, December 31, 2008	14,765,573	\$ 90,951	\$ 6,484	\$ 19,588	\$ 176,784	\$ 293,807	\$ -
Shares issued on exercise of options	85,000	807	-	-	-	807	-
Stock-based compensation	-	-	644	-	-	644	-
Shares repurchased for cancellation	(1,417,738)	(8,733)	-	-	(8,989)	(17,722)	-
Translation of self-sustaining operations	-	-	-	(3,787)	-	(3,787)	(3,787)
Net earnings	-	-	-	-	14,133	14,133	14,133
Balance, March 31, 2009	13,432,835	\$ 83,025	\$ 7,128	\$ 15,801	\$ 181,928	\$ 287,882	\$ 10,346
Shares issued on exercise of options	241,875	2,588	-	-	-	2,588	-
Stock-based compensation	-	-	590	-	-	590	-
Translation of self-sustaining operations	-	-	-	(7,443)	-	(7,443)	(7,443)
Net earnings	-	-	-	-	5,519	5,519	5,519
Balance, June 30, 2009	13,674,710	\$ 85,613	\$ 7,718	\$ 8,358	\$ 187,447	\$ 289,136	\$ 8,422

The interim consolidated financial statements for the six months and three months ended June 30, 2010 have not been reviewed by an auditor.