

PRESS RELEASE

For Immediate Release

Aastra Reports Third Quarter Financial Results

TORONTO, ONTARIO (October 25, 2005) -- Aastra Technologies Limited - (TSX: "AAH") today announced its unaudited financial results for the third quarter ended September 30, 2005. Net earnings for the three months ended September 30, 2005 were \$3.6 million or \$0.20 diluted earnings per share compared to \$3.7 million or \$0.21 diluted earnings per share in the same period last year. The third quarter results for this year include three months of operations from the EADS Enterprise Telephony acquisition that was completed on February 28th as well as two months operating results of the DeTeWe Telecommunication Systems business acquired on July 31st of this year. Net income for the nine months ended September 30, 2005 was \$17.1 million or \$0.96 diluted earnings per share compared to \$14.0 million or \$0.80 diluted earnings per share for the same period last year.

Net sales for the three months ended September 30, 2005 were \$144.0 million compared to net sales of \$60.5 million for the same period last year, an increase of approximately 138%. Excluding the impact of the EADS and DeTeWe acquisitions as well as the change in foreign exchange, net sales would have increased by approximately 8%.

Net sales for the nine months ended September 30, 2005 were \$350.7 million compared to \$189.4 million for the same period in 2004, an increase of approximately 85%. In addition, excluding the impact of acquisitions as well as changes in foreign exchange, net sales would have increased by 7% in 2005 from the same nine month period in 2004.

Net sales in the Enterprise Communications segment, including sales from the EADS and DeTeWe acquisitions, were \$135.7 million in the third quarter compared to \$51.7million for the three months ended September 30, 2004. Net sales from the Network Access segment were \$8.3 million in the third quarter compared to \$8.8 million in the same period last year. While sales of the digital video products increased over the comparable period last year, revenue from the CVX product line continued to decline as expected.

Gross profit margin was 42% of sales for the nine months ended September 30, 2005 compared to 46% of sales in the same quarter last year. While the gross margin on our existing product lines continued to consistent to last year, this decrease is a result of lower gross margins experienced on the new acquired product lines as expected.

Research and development expenses in the third quarter of 2005 were \$14.4 million or 10% of sales, compared to \$6.2 million or 10% of sales in the comparable quarter of 2004. Selling, general and administrative expenses were \$35.9 million or 25% of sales in the quarter compared to \$15.7 million or 26% of sales in the third quarter of 2004.

Earnings before income taxes, amortization, foreign exchange and investment income for the quarter were \$12.0 million or 8.3% of sales compared to \$8.0 million or 13.2% of sales in the same period of 2004. Amortization of capital and intangible assets, excluding tooling, was \$4.6 million for the third quarter compared to \$2.9 million in the same period last year.

As a result of the completion of two acquisitions in 2005, the Company's excess cash and short term investment balances were significantly lower during the third quarter and as a result Aastra recorded investment income of \$0.3 million in the third quarter compared to \$0.7 million for the third quarter last year.

During the third quarter, in anticipation of closing the DeTeWe acquisition, the Company chose to repatriate certain excess funds from its foreign subsidiaries. Primarily as a result of bringing this excess cash back to Canadian dollars, the Company recorded a foreign currency loss of \$1.9 million during the third quarter compared to \$Nil in the third quarter last year. In addition, as a result of the significant appreciation of the Canadian dollar against both the Euro and the Swiss franc in the past few months, the Company has recorded a potential loss of \$21 million in its cumulative translation adjustment account in the equity section of its balance sheet. This implies that, in absence of a decline in the value of the Canadian dollar, the Company would incur additional foreign exchange losses as and when it repatriates additional excess cash from its many foreign subsidiaries.

Income tax expense was \$0.8 million in the third quarter or 19.2% of pre-tax profits compared to \$0.4 million or 8.8% of pre-tax profits in the third quarter last year. While income tax rates have continued to be impacted by profits in lower tax jurisdictions, there was a continued shift towards more of the Company's taxable income coming from higher tax jurisdictions in Europe.

Cash and short-term investments totaled approximately \$82.5 million at the end of the third quarter compared to a balance of approximately \$129.0 million at the end of December 2004. On July 31st, the Company used cash resources of \$21.4 (€14.4 million) to purchase the Telecommunication Systems business from DeTeWe Deutsche Telephonwerke AG while early in the 3rd quarter Aastra and EADS agreed on certain adjustments that resulted in an \$11.1 million (€6.8 million) reduction in the previously announced purchase price. Finally, the Company generated \$32.2 million of positive cash flow from operating profits as well as significant improvements in working capital.

About Aastra Technologies Limited

Aastra Technologies Limited (TSX: "AAH"), headquartered in Concord, Ontario, Canada, develops and markets products and systems for accessing communication networks. Aastra's products include a full range of residential and business telephone terminals, Enterprise Private Branch Exchanges (PBX), network access servers and high quality digital video gateways. Aastra serves the majority of telephone companies and certain broadcasters in North America and Europe. For more information on Aastra, visit our Web site at <http://www.aastra.com>.

Certain information discussed in this press release is forward-looking and is subject to important risks and uncertainties. Forward-looking statements include statements of plans, objectives, strategies and expectations. The words "anticipate", "believe", "estimate", and "expect" and similar expressions are intended to identify forward looking statements. The results or events predicted in these statements may differ materially from actual results or events. Please refer to reports filed by Aastra with securities regulatory authorities in Canada for an identification of factors which could cause results or events to differ from current expectations. Aastra disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

For further information contact: **Allan Brett, CFO**

905-760-4160

abrett@aastra.com

AASTRA TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

Stated in thousands of Canadian dollars except per share data

	YEAR-TO-DATE Nine months ended September 30 TH		3 rd QUARTER Three months ended September 30 TH	
	2005	2004	2005	2004
Sales	\$ 350,674	\$ 189,402	\$ 143,969	\$ 60,537
Cost of goods sold	195,263	98,472	83,004	32,458
	\$ 155,411	\$ 90,930	\$ 60,965	\$ 28,079
Selling, general and administrative	86,328	49,703	35,886	15,713
Research and development	34,684	18,654	14,392	6,161
Amortization	12,745	8,622	4,598	2,862
Foreign exchange loss	1,510	202	1,934	73
Investment income	(868)	(1,748)	(263)	(735)
Earnings before income taxes	\$ 21,012	\$ 15,497	\$ 4,418	\$ 4,005
Income taxes	3,880	1,451	849	352
Net earnings for the period	\$ 17,132	\$ 14,046	\$ 3,569	\$ 3,653
Basic earnings per share for the period (note 4)	\$ 0.99	\$ 0.82	\$ 0.21	\$ 0.21
Diluted earnings per share for the period (note 4)	\$ 0.96	\$ 0.80	\$ 0.20	\$ 0.21

* Actual common shares outstanding as at September 30, 2005 – 17,423,059 (2004 – 17,106,184)

** Weighted average common shares outstanding for the nine months and three months ended September 30, 2005– 17,290,844 and 17,365,024 (2004 – 17,072,989 and 17,096,222)

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Stated in thousands of Canadian dollars

	YEAR-TO-DATE Nine months ended September 30 TH		3 rd QUARTER Three months ended September 30 TH	
	2005	2004	2005	2004
Cash and cash equivalents provided by (used for) operations:				
Net earnings for the period	\$ 17,132	\$ 14,046	\$ 3,569	\$ 3,653
Amortization of capital assets	10,643	8,098	4,230	2,641
Amortization of intangible assets	5,337	4,880	1,646	2,051
Future income taxes	610	(1,332)	502	(501)
Stock compensation expense	536	186	254	62
Pension asset amortization	68	77	17	26
Net change in non-cash operating working capital	25,149	18,498	21,969	8,361
	59,475	44,453	32,187	16,293
Cash and cash equivalents provided by (used in) financing activities:				
Bank indebtedness	53	(6,594)	5	(767)
Issuance of common shares	2,351	738	1,367	183
	2,404	(5,856)	1,372	(584)
Cash and cash equivalents provided by (used for) investing activities:				
Short-term investments	41,808	(5,030)	(22,928)	(34,003)
Net purchase of capital assets	(4,845)	(1,412)	(1,447)	(397)
Business acquisition (note 2)	(99,253)	-	(12,444)	-
	(62,290)	(6,442)	(36,819)	(34,400)
Foreign exchange on cash held in foreign currency	(4,311)	(442)	(1,705)	(741)
Increase (decrease) in cash and cash equivalents	(4,722)	31,713	(4,965)	(19,432)
Cash and cash equivalents, beginning of period	64,181	25,879	64,424	77,024
Cash and cash equivalents, end of period	\$ 59,459	\$ 57,592	\$ 59,459	\$ 57,592

The interim Consolidated Financial Statements for the nine months and three months ended September 30, 2005 have not been reviewed by an auditor.

AASTRA TECHNOLOGIES LIMITED

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Stated in thousands of Canadian dollars

	SEPTEMBER 30 TH 2005	DECEMBER 31 ST 2004	SEPTEMBER 30 TH 2004
Assets			
Current assets:			
Cash and cash equivalents	\$ 59,459	\$ 64,181	\$ 57,592
Short-term investments	23,045	64,853	61,342
Accounts receivable	157,275	50,149	45,072
Income taxes receivable	-	2,039	-
Net investment in leases	746	756	398
Inventories	69,082	47,229	55,369
Deposits and prepaid expenses	5,761	2,193	1,949
Future income taxes	4,573	1,326	4,063
	\$ 319,941	\$ 232,726	\$ 225,785
Future income taxes	10,669	9,690	5,058
Net investment in leases	1,495	1,793	1,590
Capital assets, net	42,895	16,974	17,846
Investments	66	-	-
Accrued pension asset	842	1,046	1,029
Goodwill	6,353	6,353	6,353
Intangible assets	44,973	13,875	18,537
	\$ 427,234	\$ 282,457	\$ 276,198
Liabilities and Shareholders' Equity			
Current liabilities:			
Indebtedness	1,224	-	16
Accounts payable and accrued liabilities	164,815	44,901	50,297
Income taxes payable	11,128	8,972	5,147
Deferred revenue	8,984	2,339	4,837
	\$ 186,151	\$ 56,212	\$ 60,297
Contingent consideration payable	5,448	6,300	6,060
Pension liability	12,453	-	-
Future income taxes	1,075	-	1,161
Long term liability	3,320	-	-
	\$ 208,447	\$ 62,512	\$ 67,518
Shareholders' equity:			
Share capital	104,758	102,407	101,437
Contributed surplus	869	333	209
Cumulative translation adjustments	(20,966)	211	192
Retained earnings	134,126	116,994	106,842
	218,787	219,945	208,680
	\$ 427,234	\$ 282,457	\$ 276,198

The interim Consolidated Financial Statements for the nine months and three months ended September 30, 2005 have not been reviewed by an auditor.

AASTRA TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

Stated in thousands of Canadian dollars

	Common Shares	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Retained Earnings	Total
Balance, December 31, 2004	17,206,634	\$ 102,407	\$ 333	\$ 211	\$ 116,994	\$ 219,945
Shares issued on exercise of options	102,825	984	-	-	-	984
Stock option compensation	-	-	282	-	-	282
Translation of self sustaining operations	-	-	-	(11,451)	-	(11,451)
Net income	-	-	-	-	13,563	13,563
Balance, June 30, 2005	17,309,459	103,391	615	(11,240)	130,557	223,323
Shares issued on exercise of options	113,600	1,367	-	-	-	1,367
Stock option compensation	-	-	254	-	-	254
Translation of self sustaining operations	-	-	-	(9,726)	-	(9,726)
Net income	-	-	-	-	3,569	3,569
Balance, September 30, 2005	17,423,059	\$ 104,758	\$ 869	\$ (20,966)	\$ 134,126	\$ 218,787
	Common Shares	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Retained Earnings	Total
Balance, December 31, 2003	17,032,109	\$ 100,699	\$ 85	\$ 1,101	\$ 92,796	\$ 194,681
Shares issued on exercise of options	54,575	555	-	-	-	555
Stock option compensation	-	-	124	-	-	124
Translation of self sustaining operations	-	-	-	(577)	-	(577)
Net income	-	-	-	-	10,393	10,393
Balance, June 30, 2004	17,086,684	101,254	209	524	103,189	205,176
Shares issued on exercise of options	19,500	183	-	-	-	183
Stock option compensation	-	-	-	-	-	-
Translation of self sustaining operations	-	-	-	(332)	-	(332)
Net income	-	-	-	-	3,653	3,653
Balance, September 30, 2004	17,106,184	\$ 101,437	\$ 209	\$ 192	\$ 106,842	\$ 208,680

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