

PRESS RELEASE

For Immediate Release

Aastra Reports Third Quarter Financial Results

TORONTO, ONTARIO (October 24, 2006) -- Aastra Technologies Limited - (TSX: "AAH") today announced its unaudited financial results for the third quarter ended September 30, 2006. Net earnings for the three months ended September 30, 2006 were \$4.7 million or \$0.27 diluted earnings per share compared to \$3.6 million or \$0.20 diluted earnings per share in the same period last year. The results of continuing operations for the third quarter of 2005 have been adjusted to exclude sales and expenses of the Digital Video group. As previously announced, Aastra completed the sale of its Digital Video group on May 31, 2006 and as a result its results of operations have been presented separately as discontinued operations in the consolidated financial statements.

Sales for the three months ended September 30, 2006 were \$142.8 million compared to sales of \$138.4 million for the same period last year, an increase of approximately 3.2%. Sales in the North American Enterprise Segment were \$25.2 million in the quarter compared to sales of \$26.6 million in the third quarter last year, a decrease of 5.1%. Sales in the European Enterprise Communication Segment were \$117.5 million in the third quarter compared to \$111.8 million, an increase of 5.1%.

Gross margin was 40.5% of sales for the three months ended September 30, 2006, a decrease from a gross margin of 42.1% in the third quarter last year. The decrease in gross margins is primarily a result of lower gross margins in Europe resulting from an unfavorable shift in product mix as well as increased inventory provisions in this region.

Research and development expenses in the third quarter of 2006 were \$14.3 million or 10.0% of sales, compared to \$13.7 million or 9.9% of sales in the same quarter of 2005. Selling, general and administrative expenses were \$35.4 million or 24.8% of sales in the quarter compared to \$34.9 million or 25.2% of sales in the third quarter of 2005.

Amortization of capital and intangible assets, excluding tooling, was \$4.0 million for the third quarter compared to \$4.3 million in the same period last year. The Company recorded investment income of \$1.5 million in the third quarter compared to \$0.3 million for the third quarter last year as a result of substantially higher average interest rates on larger excess cash and short-term investment cash balances this quarter. The Company recorded a foreign exchange gain of \$0.2 million in the third quarter of 2006 compared to a foreign exchange loss of \$1.9 million in the same period last year. During the third quarter in 2005 the Canadian dollar appreciated rapidly against the Euro while it moved mildly weaker against the Euro in the third quarter this year.

During the third quarter the Company repurchased 700,000 of its own common shares for gross costs of \$19.7 million under the terms of the Normal Course Issuer bid that it previously announced. A total of \$4.2 million of the cost of this share repurchase has been recorded as a reduction to share capital while the remainder of the repurchase cost has been recorded as a reduction to retained earnings during the quarter.

The Company continued to generate positive cash flow from operations of approximately \$11.3 million in the third quarter. At the end of the third quarter, Aastra had cash, cash equivalent and short-term investment balances of \$144.0 million compared to \$102.0 million at the end of December last year. The Company expects to see continued positive cash flows from operations in the quarters ahead.

About Aastra Technologies Limited

Aastra Technologies Limited (TSX: "AAH"), headquartered in Concord, Ontario, Canada, develops, markets, and supports a comprehensive portfolio of products, systems, and applications for building and accessing communication networks. Aastra's products include a full range of both open-standard Internet Protocol (IP)-based and traditional networking solutions including; Enterprise Private Branch Exchanges (PBXs), gateways, digital and analog telephone terminals, VoIP telephones, wireless handsets, and advanced software applications. Aastra serves the majority of telephone companies in North America and Europe, with a growing presence in South America and Asia. For more information on Aastra, visit our Web site at <http://www.aastra.com/>

This press release may contain forward-looking information or forward-looking statements within the meaning of applicable securities legislation ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potentials, future events or performance (often, but not always, using words or phrases such as "believes", "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", or "intends" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken or achieved) are not statements of historical fact, but are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Aastra, or developments in Aastra's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements may include, but are not limited to: expectations regarding Aastra's restructuring and integration plans for the DeTeWe Telecommunications business acquired on July 31, 2005. As described in detail under the heading "Risk Factors" in Aastra's 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: integration of Aastra's recent acquisition of DeTeWe's telephony business; continued demand for Aastra's recently-acquired products; Aastra's reliance on third party manufacturers and component suppliers (in general and related to the recently-acquired business); dependence on key personnel; risks related to expansion of Aastra's business operations-domestically and internationally; exchange rate fluctuations; risks related to future acquisitions; requirements for additional financing of Aastra's business; longer credit terms extended to Aastra's customers; continued implementation of an enterprise resource planning system; potential fluctuations in quarterly financial results; possible volatility to Aastra's share price; limited range of products that Aastra sells; risks associated with product returns and product defects; Aastra's ability to protect its intellectual property; Aastra's potential vulnerability to computer and information systems security breaches; competition from third parties; consolidation and reorganization in the telecommunications industry; rapid technological change; risk of third party claims for infringement of intellectual property rights by others; and risks related to technical standards and the certification our products. The material factors and assumptions that were applied in making the forward-looking statements in this press include: that Aastra will be able to continue with its restructuring and integration plans for the DeTeWe Telecommunications business; and that, after the implementation of the restructuring and integration plans, no further changes will be required in order to return the DeTeWe Telecommunications business to profitability based upon expected revenues.

It is important to note that: unless otherwise indicated, forward-looking statements in this press release describe Aastra's expectations as of the date of this press release; Aastra cautions readers not to place undue reliance on the forward-looking statements in this press release as actual results may differ materially from expectations if known and unknown risks or uncertainties affect Aastra's business, or if estimates or assumptions prove inaccurate. Therefore, Aastra cannot provide any assurance that forward-looking statements will materialize and Aastra assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or other reason.

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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	
	2006	2005	2006	2005
Sales	\$ 439,750	\$ 337,641	\$ 142,777	\$ 138,429
Cost of goods sold	256,413	189,119	84,911	80,122
	\$ 183,337	\$ 148,522	\$ 57,866	\$ 58,307
Selling, general and administrative	106,337	83,352	35,408	34,862
Research and development	43,636	31,736	14,265	13,651
Amortization	12,287	11,852	4,019	4,303
Foreign exchange (gain) loss	(1,035)	1,510	(228)	1,934
Investment income	(2,888)	(868)	(1,543)	(263)
Other charges	12,860	-	-	-
Earnings from continuing operations before income taxes	12,140	20,940	5,945	3,820
Income taxes	122	3,851	1,267	610
Net earnings from continuing operations	12,018	17,089	4,678	3,210
Earnings from discontinued operations, net of income taxes	853	43	-	359
Gain on sale of discontinued operations, net of income taxes and transaction costs	16,574	-	-	-
Net earnings for the period	\$ 29,445	\$ 17,132	\$ 4,678	\$ 3,569
Earnings per share from continuing operations:				
Basic	\$ 0.69	\$ 0.99	\$ 0.27	\$ 0.19
Diluted	\$ 0.67	\$ 0.96	\$ 0.27	\$ 0.18
Net earnings per share:				
Basic	\$ 1.69	\$ 0.99	\$ 0.27	\$ 0.21
Diluted	\$ 1.65	\$ 0.96	\$ 0.27	\$ 0.20

* Actual common shares outstanding as at September 30, 2006 – 16,930,209 (2005 – 17,423,059)

** Weighted average common shares outstanding for the nine months and three months ended September 30, 2006 - 17,472,594 and 17,284,497 (2005 – 17,290,844 and 17,365,024)

The interim consolidated financial statements for the nine months and three months ended September 30, 2006 and 2005 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 Nine months ended September 30 th		3 rd QUARTER Three months ended September 30 th	
	2006	2005	2006	2005
Cash and cash equivalents provided by (used in) operations:				
Net earnings for the period	\$ 29,445	\$ 17,132	\$ 4,678	\$ 3,569
(Earnings) loss from discontinued operations	(17,427)	(43)	-	(359)
Amortization of capital assets	10,288	9,750	3,091	3,935
Amortization of intangible assets	5,844	5,337	1,926	1,646
Future income taxes	4,638	820	1,334	502
Stock-based compensation expense	880	536	300	254
Other charges	12,860	-	-	-
Other	583	68	195	17
Change in non-cash operating working capital	(696)	25,149	(266)	21,969
	46,415	58,749	11,258	31,533
Cash and cash equivalents provided by discontinued operations				
	20,445	726	-	654
Cash and cash equivalents provided by (used in) financing activities:				
Bank indebtedness	(3,583)	53	(1,093)	5
Issuance of common shares on exercise of options	1,611	2,351	82	1,367
Repurchase of shares	(19,729)	-	(19,729)	-
Change in non-cash financing working capital	2,137	-	2,137	-
	(19,564)	2,404	(18,603)	1,372
Cash and cash equivalents provided by (used in) investing activities:				
(Purchase) maturity of short-term investments	(34,883)	41,808	(57,794)	(22,928)
Net purchase of capital assets	(5,512)	(4,845)	(377)	(1,447)
Business acquisitions	-	(99,253)	-	(12,444)
	(40,395)	(62,290)	(58,171)	(36,819)
Foreign exchange on cash held in foreign currency	155	(4,311)	(275)	(1,705)
Increase (decrease) in cash and cash equivalents	7,056	(4,722)	(65,791)	(4,965)
Cash and cash equivalents, beginning of period	54,140	64,181	126,987	64,424
Cash and cash equivalents, end of period	\$ 61,196	\$ 59,459	\$ 61,196	\$ 59,459

The interim consolidated financial statements for the nine months and three months ended September 30, 2006 and 2005 have not been reviewed by an auditor.

AASTRA TECHNOLOGIES LIMITED

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Stated in thousands of Canadian dollars

	SEPTEMBER 30 th 2006	DECEMBER 31 st 2005	SEPTEMBER 30 th 2005
Assets			
Current assets:			
Cash and cash equivalents	\$ 61,196	\$ 54,140	\$ 59,459
Short-term investments	82,768	47,885	23,045
Accounts receivable	131,386	144,480	157,275
Income taxes receivable	307	404	-
Inventories	65,133	59,941	69,082
Net investment in leases	1,340	2,071	746
Acquired lease receivables	10,420	18,789	-
Prepaid expenses and other assets	5,766	9,457	5,761
Future income tax assets	1,976	9,651	4,573
	\$ 360,292	\$ 346,818	\$ 319,941
Future income tax assets	5,687	5,932	10,669
Net investment in leases	2,849	2,793	1,495
Acquired lease receivables	16,308	24,031	-
Capital assets	34,602	39,378	42,895
Goodwill	18,448	18,147	6,353
Intangible assets	25,372	32,131	44,973
Other assets	794	787	908
	\$ 464,352	\$ 470,017	\$ 427,234
Liabilities and Shareholders' Equity			
Current liabilities:			
Indebtedness	2,033	5,640	1,224
Accounts payable and accrued liabilities	116,772	121,068	144,549
Restructuring accruals	6,461	16,973	17,330
Income taxes payable	14,106	11,426	11,128
Deferred revenue	14,401	13,960	8,984
Loan payable	10,420	18,789	-
Future income tax liabilities	1,703	262	-
	\$ 165,896	\$ 188,118	\$ 183,215
Contingent consideration payable	5,350	5,313	5,448
Pensions	16,820	16,506	12,453
Loan payable	17,057	24,031	-
Future income tax liabilities	6,659	8,623	1,075
Other long-term accruals	2,095	622	3,320
Restructuring accruals	1,999	2,527	2,936
	215,876	245,740	208,447
Shareholders' equity:			
Share capital	102,786	105,370	104,758
Contributed surplus	1,939	1,110	869
Cumulative foreign currency translation adjustment	(13,520)	(25,512)	(20,966)
Retained earnings	157,271	143,309	134,126
	248,476	224,277	218,787
	\$ 464,352	\$ 470,017	\$ 427,234

The interim consolidated financial statements for the nine months and three months ended September 30, 2006 and 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, 2005	17,473,784	\$ 105,370	\$ 1,110	\$ (25,512)	\$ 143,309	\$ 224,277
Shares issued on exercise of options	149,925	1,529	-	-	-	1,529
Stock option compensation	-	-	580	-	-	580
Translation of self sustaining operations	-	-	-	13,521	-	13,521
Net earnings	-	-	-	-	24,767	24,767
Balance, June 30, 2006	17,623,709	106,899	1,690	(11,991)	168,076	264,674
Shares issued on exercise of options	6,500	82	-	-	-	82
Stock option compensation	-	-	300	-	-	300
Shares repurchased for cancellation	(700,000)	(4,246)	-	-	(15,483)	(19,729)
Transfer from contributed surplus to share capital	-	51	(51)	-	-	-
Translation of self sustaining operations	-	-	-	(1,529)	-	(1,529)
Net earnings	-	-	-	-	4,678	4,678
Balance, September 30, 2006	16,930,209	102,786	1,939	(13,520)	157,271	248,476
	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 earnings	-	-	-	-	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 earnings	-	-	-	-	3,569	3,569
Balance, September 30, 2005	17,423,059	\$ 104,758	\$ 869	\$ (20,966)	\$ 134,126	\$ 218,787

The interim consolidated financial statements for the nine months and three months ended September 30, 2006 and 2005 have not been reviewed by an auditor.