

PRESS RELEASE

For Immediate Release

Aastra Reports Fourth Quarter Financial Results

TORONTO, ONTARIO (March 2, 2006) -- Aastra Technologies Limited - (TSX: "AAH") today announced its unaudited financial results for the fourth quarter and year ended December 31, 2005. During the fourth quarter of 2005 Aastra continued to implement its restructuring plans and work actively on integrating both the EADS Enterprise Telephony business acquired on February 28, 2005 as well as the DeTeWe Telecommunication Systems business acquired on July 31, 2005.

Net earnings for the three months ended December 31, 2005 were \$9.2 million or \$0.51 diluted earnings per share compared to \$10.2 million or \$0.58 diluted earnings per share in the same period in 2004. The fourth quarter results for 2005 include three months of operations from both the EADS Enterprise Telephony business as well as the DeTeWe Telecommunication Systems business. Net income for the year ended December 31, 2005 was \$26.3 million or \$1.46 diluted earnings per share compared to \$24.2 million or \$1.38 diluted earnings per share in 2004. Excluding acquisitions, net income for 2005 would have been approximately \$33.2 million or \$1.84 diluted earnings per share, an increase of 37% when compared to 2004 actual results.

In addition, these fourth quarter and year-end 2005 financial results include a significant negative impact from the rapid increase in the value of the Canadian dollar during 2005. During 2005, the Canadian dollar appreciated significantly against both the Euro and Swiss Franc while it also continued to strengthen against the U.S. dollar.

Sales for the three months ended December 31, 2005 were \$171.9 million compared to sales of \$66.7 million for the same period in 2004, an increase of approximately 158%. Excluding the impact of the EADS and DeTeWe acquisitions as well as changes in foreign exchange, sales in the fourth quarter of 2005 would have increased by more than 11% over the fourth quarter of 2004.

Sales for the year ended December 31, 2005 were \$522.6 million compared to \$256.1 million for the same period in 2004, an increase of approximately 104%. Again, excluding the impact of acquisitions as well as changes in foreign exchange, sales would have increased by 7% in 2005 from the year ended December 31, 2004.

Including sales from the U.S. operations acquired in the EADS acquisition, sales in the Enterprise Communications - North America segment were \$27.3 million in the fourth quarter compared to \$15.9 million in the same period in 2004. Including sales from the EADS and DeTeWe acquisitions, sales in the Enterprise Communications - Europe segment were \$133.3 million in the fourth quarter compared to \$42.3 million for the three months ended December 31, 2004. Sales from the Network Access segment, primarily sales of digital video equipment, were \$11.3 million in the fourth quarter compared to \$8.5 million in the same period last year.

Gross profit margin was 40% of sales for the three months ended December 31, 2005 compared to 51% of sales in the same quarter last year. While the gross margin on our existing product lines continued to be consistent to last year, this decrease is a result of lower gross margins experienced on the newly acquired product lines as expected.

Research and Development expenses in the fourth quarter of 2005 were \$16.2 million or 9.5% of sales, compared to \$4.9 million or 7.4% of sales in the comparable quarter of 2004. Selling, general and administrative expenses were \$33.1 million or 19.2% of sales in the quarter compared to \$16.8 million or 25.2% of sales in the fourth quarter of 2004. In both cases, the increase over the fourth quarter of 2004 is a result of the increased operating costs added as a result of the EADS and DeTeWe acquisitions.

Primarily as a result of bringing certain foreign cash balances back to Canadian dollars from its European operations, Aastra recorded a foreign currency loss of \$2.8 million during the fourth quarter compared to a foreign exchange gain of \$1.4 million in the fourth quarter of 2004. In addition, as a result of the significant appreciation of the Canadian dollar against both the Euro and the Swiss franc throughout 2005, the Company has recorded a decrease of \$25.5 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.

As a result of the lower average cash balances, investment income declined to \$0.3 million in the fourth quarter of 2005 compared to \$0.6 million in the fourth quarter of 2004. Income tax expense was \$2.7 million in the fourth quarter or 22.6% of pre-tax profits compared to \$1.7 million or 14.5% of pre-tax profits in the fourth quarter of 2004. 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 \$102 million at the end of 2005 compared to a balance of approximately \$129 million at the end of December 2004. During 2005, the Company spent \$97.6 million on the EADS and DeTeWe business acquisitions while also investing \$11.4 million on new capital assets. However, during 2005 Aastra also generated \$80.0 million in cash flow from its operations.

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>.

This press release contains 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 the Aastra's restructuring and integration plans for the EADS Enterprise Telephony business acquired on February 28, 2005 as well as the DeTeWe Telecommunications Systems 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 acquisitions of EADS' enterprise telephony business and 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 businesses); 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 EADS Enterprise Telephony business and the DeTeWe Telecommunications Systems business; that the DeTeWe's workers' council will not prevent Aastra from implementing its restructuring plans without any material amendments; and that, after the implementation of the restructuring and integration plans, no further changes will be required in order to return the EADS Enterprise Telephony business and the DeTeWe Telecommunications, respectively, to profitability based upon expected revenues for each.

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 ended December 31 ST		4 TH QUARTER Three months ended December 31 ST	
	2005	2004	2005	2004
Sales	\$ 522,561	\$ 256,119	\$ 171,887	\$ 66,717
Cost of goods sold	298,734	130,894	103,471	32,422
	\$ 223,827	\$ 125,225	\$ 68,416	\$ 34,295
Selling, general and administrative	119,390	66,526	33,062	16,823
Research and development	50,931	23,599	16,247	4,945
Amortization	17,496	11,320	4,751	2,698
Foreign exchange loss (gain)	4,278	(1,229)	2,768	(1,431)
Investment income	(1,145)	(2,364)	(277)	(616)
Earnings before income taxes	\$ 32,877	\$ 27,373	\$ 11,865	\$ 11,876
Income taxes	6,562	3,175	2,682	1,724
Net earnings for the period	\$ 26,315	\$ 24,198	\$ 9,183	\$ 10,152
Basic earnings per share for the period (note 4)	\$ 1.52	\$ 1.42	\$ 0.53	\$ 0.59
Diluted earnings per share for the period (note 4)	\$ 1.46	\$ 1.38	\$ 0.51	\$ 0.58

* Actual common shares outstanding as at December 31, 2005 – 17,473,784 (2004 – 17,206,634)

** Weighted average common shares outstanding for the year and three months ended December 31, 2005 – 17,330,423 and 17,447,870
(2004 – 17,093,740 and 17,155,317)

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Stated in thousands of Canadian dollars

	Year ended December 31 ST		4 TH QUARTER Three months ended December 31 ST	
	2005	2004	2005	2004
Cash and cash equivalents provided by (used for) operations:				
Net earnings for the period	\$ 26,315	\$ 24,198	\$ 9,183	\$ 10,152
Amortization of capital assets	13,582	9,856	2,939	1,758
Amortization of intangible assets	7,335	6,206	1,998	1,326
Future income taxes	1,762	1,611	1,152	2,943
Stock-based compensation expense	777	248	241	62
Loss on sale of short term investments	739	-	(461)	-
Loss (gain) on sale of capital assets	1,112	(86)	723	(23)
Pension asset amortization	98	93	30	16
Net change in non-cash operating working capital	25,473	12,351	1,913	(6,210)
	77,193	54,477	17,718	10,024
Cash and cash equivalents provided by (used in) financing activities:				
Bank indebtedness	4,928	(6,610)	4,875	(16)
Issuance of common shares	2,962	1,708	611	970
	7,890	(4,902)	5,486	954
Cash and cash equivalents provided by (used for) investing activities:				
Short-term investments	13,468	(8,541)	(28,340)	(3,511)
Net purchase of capital assets	(11,399)	(2,242)	(6,554)	(830)
Business acquisitions (note 2)	(97,601)	-	1,652	-
	(95,532)	(10,783)	(33,242)	(4,341)
Foreign exchange loss on cash held in foreign currency	(3,092)	(490)	1,219	(48)
Increase (decrease) in cash and cash equivalents	(13,541)	38,302	(8,819)	6,589
Cash and cash equivalents, beginning of period	64,181	25,879	59,459	57,592
Cash and cash equivalents, end of period	\$ 50,640	\$ 64,181	\$ 50,640	\$ 64,181

The interim Consolidated Financial Statements for the year and the three months ended December 31, 2005 have not been reviewed by an auditor.

AASTRA TECHNOLOGIES LIMITED

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Stated in thousands of Canadian dollars

	DECEMBER 31 ST 2005	DECEMBER 31 ST 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 54,140	\$ 64,181
Short-term investments	47,885	64,853
Accounts receivable	144,480	50,149
Income taxes receivable	801	2,039
Net investment in leases	20,029	756
Inventories	59,941	47,229
Prepaid expenses and other assets	9,519	2,193
Future income taxes	4,422	1,326
	\$ 341,217	\$ 232,726
Future income taxes	7,729	9,690
Net investment in leases	26,861	1,793
Capital assets, net	39,378	16,974
Accrued pension asset	725	1,046
Goodwill	17,512	6,353
Intangible assets	32,406	13,875
	\$ 465,828	\$ 282,457
Liabilities and Shareholders' Equity		
Current liabilities:		
Indebtedness	5,640	-
Accounts payable and accrued liabilities	121,434	44,095
Short term loan payable	17,959	-
Restructuring accrual	16,609	-
Income taxes payable	11,823	8,972
Deferred revenue	13,960	2,339
Future income taxes	262	-
	\$ 187,687	\$ 55,406
Contingent consideration payable	5,313	6,300
Pension liability	16,506	707
Future income taxes	4,829	-
Loan payable	24,067	-
Other long term accruals	622	99
Restructuring accrual	2,527	-
	\$ 241,551	\$ 62,512
Shareholders' equity:		
Share capital	105,370	102,407
Contributed surplus	1,110	333
Cumulative translation adjustments	(25,512)	211
Retained earnings	143,309	116,994
	224,277	219,945
	\$ 465,828	\$ 282,457

The interim Consolidated Financial Statements for the year and the three months ended December 31, 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	216,425	2,351	-	-	-	2,351
Stock option compensation	-	-	536	-	-	536
Translation of self sustaining operations	-	-	-	(21,177)	-	(21,177)
Net income	-	-	-	-	17,132	17,132
Balance, September 30, 2005	17,423,059	104,758	869	(20,966)	134,126	218,787
Shares issued on exercise of options	50,725	612	-	-	-	612
Stock option compensation	-	-	241	-	-	241
Translation of self sustaining operations	-	-	-	(4,546)	-	(4,546)
Net income	-	-	-	-	9,183	9,183
Balance, December 31, 2005	17,473,784	\$ 105,370	\$ 1,110	\$ (25,512)	\$ 143,309	\$ 224,277
	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	74,075	738	-	-	-	738
Stock option compensation	-	-	124	-	-	124
Translation of self sustaining operations	-	-	-	(909)	-	(909)
Net income	-	-	-	-	14,046	14,046
Balance, September 30, 2004	17,106,184	101,437	209	192	106,842	208,680
Shares issued on exercise of options	100,450	970	-	-	-	970
Stock option compensation	-	-	124	-	-	124
Translation of self sustaining operations	-	-	-	19	-	19
Net income	-	-	-	-	10,152	10,152
Balance, December 31, 2004	17,206,634	\$ 102,407	\$ 333	\$ 211	\$ 116,994	\$ 219,945

The interim Consolidated Financial Statements for the year and three months ended December 31, 2005 have not been reviewed by an auditor.

