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ANNUAL REPORT 2010



BOUNCE BACK TO
PROFITABLE GROWTH

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**BOUNCE BACK TO
PROFITABLE GROWTH**

KEY FIGURES OF THE ASCOM GROUP

Share information

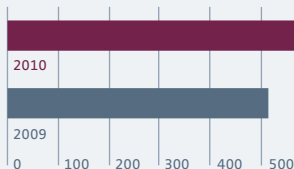
	2010	2009	2008
Share price 31.12. in CHF	14.70	9.75	8.19
Market capitalization in CHFm	529.20	351.00	294.84
Nominal value per share in CHF	0.50	0.50	0.50

Performance in CHF

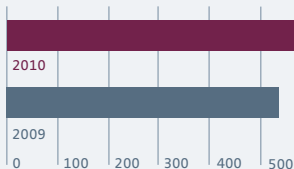


Summary of key figures

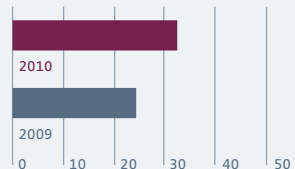
Incoming orders in CHFm



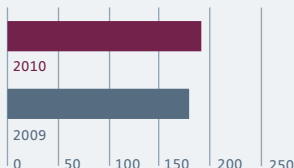
Revenue in CHFm



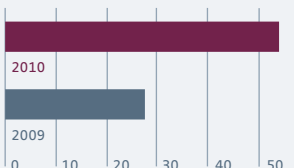
Group profit in CHFm



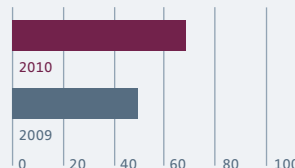
Shareholders' equity in CHFm



Net cash in CHFm



EBITDA in CHFm



The Mission-Critical Communication Company

Ascom is a strong, competent and reliable partner. Our niche strategy geared toward Mission-Critical Communication is focused on business-to-business activities in the areas of Wireless Solutions (on-site and wireless communication solutions in healthcare communication and in other market segments), Network Testing (benchmarking, testing, and optimization solutions for wireless networks), and Security Communication (tactical communication for national and civilian security organizations).

Investment in new products, markets, and technologies is aimed at further consolidating and expanding its leading market position in the respective markets. Our corporate strategy focuses on creating sustainable values.

LETTER TO SHAREHOLDERS



Dear Shareholders

Ascom can look back on a very successful 2010 financial year. At CHF 32.5 million, Group profit is one third higher than in the previous year. Both the Wireless Solutions and Network Testing divisions significantly improved profitability. With Group EBITDA rising to CHF 68.4 million (2009: CHF 49.8 million), EBITDA margin therefore increased from 9.3% to 12.0%, despite lower profit for Security Communication. At CHF 571.2 million,

Group revenue grew by 9.5% (at constant exchange rates) and in Swiss franc terms by 6.3%, while incoming orders rose by 15.2% at constant exchange rates (11.8% in Swiss francs) to CHF 575.1 million.

Ascom is a financially sound technology group, and at 31 December 2010 held cash and cash equivalents amounting to CHF 129.0 million, with an increased equity ratio of 32.6%. Given the marked improvement in profit, the Board of Directors proposes to the 2011 Annual General Meeting a dividend of CHF 0.25 per share, corresponding to a payout ratio of 28%.

Over the next years, Ascom will continue to pursue the corporate strategy it adopted in 2004 and focus consistently on Mission-Critical Communication in its business-to-business activities. Targeted investment in new products, technologies and markets in 2011 will provide the basis for accelerated growth in 2012 and 2013. From 2012, we are aiming for average annual organic growth of 5–10% in the Wireless Solutions and Network Testing divisions. High priority is also accorded to increasing profitability in all three divisions. For 2013, we have set ourselves the goal of achieving a Group EBITDA margin of 14–15%.

Fritz Mumenthaler, Deputy CEO and General Manager of the largest division Wireless Solutions, will succeed Riet Cadonau as CEO of Ascom on 1 April 2011.

Revenue – organic growth of 5.3%

In fiscal 2010, Ascom achieved organic growth of 5.3%, despite slightly lower revenue for Security Communication. At constant exchange rates, Group revenue grew by 9.5% (6.3% in Swiss francs) to CHF 571.2 million (2009: CHF 537.2 million).

Wireless Solutions achieved excellent results, increasing revenue by 6.7% to CHF 282.9 million and, at constant exchange rates, posting double-digit revenue growth of 11.6%. Wireless Solutions profited from investments made in products and sales and succeeded in increasing revenue in all sales channels (direct, indirect and OEM).

The integration of Network Testing was successfully completed and the division recorded encouraging revenue of CHF 168.5 million compared to CHF 133.3 million in the previous year. Network Testing posted organic growth of 11.1%. In the USA, the division has been showing significant revenue growth since the beginning of 2010, while demand in other regions picked up only in the second half-year.

Ascom key figures

CHFm	2010		2009
Incoming orders	575.1	+11.8%	514.4
Revenue	571.2	+6.3%	537.2
EBIT	48.4	+47.6%	32.8
EBITDA	68.4	+37.3%	49.8
Group profit	32.5	+33.2%	24.4
Number of employees (FTE) as of 31.12.	2,093	-3.2%	2,162

Security Communication generated revenue of CHF 122.5 million, which was lower compared to CHF 138.1 million in 2009.

Incoming orders for the Ascom Group were 15.2% higher at constant exchange rates (11.8% in Swiss francs), ending the year at CHF 575.1 million.

Profitability – EBITDA margin increased to 12.0%

Ascom recorded a significant improvement in profitability in 2010, growing EBITDA by more than one third to CHF 68.4 million compared to CHF 49.8 million in 2009. At the same time, the EBITDA margin increased to a remarkable level of 12.0%. EBIT amounted to CHF 48.4 million (2009: CHF 32.8 million), resulting in a significantly higher EBIT margin of 8.5% compared to 6.1% in 2009. In addition, R&D spending was increased to 10.0% of revenue (2009: 8.7%).

Wireless Solutions posted excellent results, increasing EBITDA to CHF 37.2 million versus CHF 30.0 million in 2009 and improving the EBITDA margin from 11.3% to 13.1%. Network Testing also saw substantial improvement in its results, posting EBITDA of CHF 27.7 million (2009: CHF 18.1 million) and increasing the EBITDA margin from 13.6% in 2009 to 16.4%. Security Communication closed the 2010 financial year with lower profit. Provisions to cushion operational risks reduced EBITDA from CHF 4.8 million in the previous year to CHF 2.2 million, corresponding to an EBITDA margin of 1.8% (2009: 3.5%).

Group profit – double-digit profit growth and payment of a dividend

Due to the further improvement in operating results, Ascom increased Group profit by about one third to CHF 32.5 million in 2010 (2009: CHF 24.4 million). In recognition of this encouraging performance, the Board of Directors proposes to the 2011 Annual General Meeting the payment of a dividend of CHF 0.25 per share.

Balance sheet structure – technology group with solid financing

At 31 December 2010, Ascom had cash and cash equivalents of CHF 129.0 million (2009: CHF 127.7 million) and an equity ratio of 32.6% (2009: 29.4%). Ascom is therefore a financially sound technology group.

Clear profitability targets “in 13: 14 to 15”

In recent years, Ascom has proved that it is capable of profitable growth. In acquiring TEMS in 2009, Ascom took a strategically important step which enabled the company to set up a new Division Network Testing and create a world market leader in this field. We have set ourselves the goal of achieving average organic growth of 5–10% in 2012 and 2013 in both the Wireless Solutions and Network Testing Divisions. At a Group level, Ascom is aiming for an EBITDA margin of 14–15% in 2013.

Wireless Solutions – focus on Mission-Critical Communication for the healthcare sector

Wireless Solutions intends to expand its already strong position in the healthcare market and become the international market leader in Mission-Critical Communication for this sector. The market it addresses is set to continue growing as a result of global demographic trends and pressure to further improve efficiency in healthcare. At the same time, the need for elderly and chronically ill people to receive healthcare and support in their own home (Home Care) is increasing significantly. Parallel to this, Wireless Solutions will continue to develop business in other target segments such as industry, retail, hotels and security institutions, where the division already is very well positioned.

Wireless Solutions will continue its research and development efforts at a high level in order to broaden the product range and to differentiate itself from the competition. Indirect sales channels in the United States, Southern and Eastern Europe as well as the Middle East will be systematically expanded. We also intend to underpin our growth initiatives by targeted acquisitions, preferably in the healthcare sector.

The target for Wireless Solutions in 2013 is an EBITDA margin of 12–15% and an average annual growth of 5–10% in the years 2012 and 2013. Wireless Solutions is expected to show slight revenue growth in 2011.

Network Testing – further expansion of global market position in the fields of benchmarking and optimization of mobile networks

Network Testing is a global market leader in the fields of benchmarking and mobile network optimization, with a market share of more than 30% in the addressed market. The forthcoming introduction of the new LTE (Long Term Evolution) mobile standard, which is being driven by increased demand for mobile broadband services, is expected to boost investment spending by mobile network operators from 2012 onwards, although investment levels are likely to vary from region to region. The new LTE standard will enable higher bandwidths and ensure the efficient transfer of data. Rising demand for LTE in mobile networks will be a key driver of growth for Network Testing in 2012 and 2013.

Network Testing has set itself the goal of achieving an EBITDA margin of 16–19% in 2013. In 2012 and 2013, the target for Network Testing is an average organic growth of 5–10%, while in 2011, revenue is predicted to remain stable.

Security Communication – focus as national champion in secure communications

With a sizeable installed base, Security Communication holds a strong position in the Swiss market for many years. Security Communication is aiming to further consolidate its position as a leading provider of secure communications for national and civilian security institutions. The main focus will be on enhancing offerings and life cycle management for the Swiss market in order to reduce the volatility and cyclical nature of the business.

Security Communication has set itself the goal of achieving an EBITDA margin of 7–10% in 2013. The division expects slightly lower revenue but improved profitability in 2011.

Outlook for 2011

The priority in 2011 is on targeted investments which will enable accelerated growth from 2012 onwards, provided the economic climate remains stable. In addition, we will examine the possibility of targeted value-adding acquisitions that meet our clearly defined criteria. We are convinced that this approach will generate further profitable growth and enhance Ascom's value sustainably. We launched projects in Security Communication at the beginning of 2011 in order to reduce the risks and to improve the profitability already this year.

Changes in the Executive Board

The Board of Directors appointed Fritz Mumenthaler to succeed Riet Cadonau as CEO of Ascom with effect from 1 April 2011. Fritz Mumenthaler is a respected leader with a wealth of international experience and sound knowledge of the industry. Since 2005, he has been managing Wireless Solutions with great success. In 2010, the division accounted for about half of Group revenue and an even larger share of Group EBITDA. Fritz Mumenthaler will remain in charge of the division ad interim until a successor is appointed.

At the same time, the Board of Directors would like to congratulate Riet Cadonau on his appointment as CEO of the Kaba Group and thank him for his very successful work as CEO of Ascom.

A word of thanks

Ascom's good results for 2010 are due to the commitment and dedication of our employees. On behalf of the Board of Directors and the Executive Board, we thank all of our employees for their professionalism and the way they identify with our company. Special thanks go also to our customers, whose trust in our products and services encourages us. Thanks go also to you, our valued shareholders, for your loyalty. Leveraging Ascom's great potential is a task that we at Ascom approach with enthusiasm and energy.



Juhani Anttila
Chairman



Riet Cadonau
CEO until 31 March 2011



Fritz Mumenthaler
CEO as of 1 April 2011

WIRELESS SOLUTIONS WHEN EVERY SECOND COUNTS

Leading provider of on-site wireless communication aiming for international market leadership in healthcare communication

Ascom Wireless Solutions has achieved very strong results in fiscal year 2010 with an increase in revenue by 6.7% to CHF 282.9 million; adjusted for currency translation effects, revenues even rose by 11.6%. The division achieved a remarkable EBITDA margin of 13.1%. All three sales channels were able to grow their business and performed better than expected. In 2011 and the years to come, Wireless Solutions intends to continue to grow its business with a clear focus on the healthcare segment.

In the medium-term, the division expects top-line growth above the general market growth and continuous operational improvement shall lead to an EBITDA margin of 12–15% in 2013.

Ascom Wireless Solutions is a leading provider of on-site wireless communication solutions for key segments such as healthcare (hospitals and elderly care), manufacturing industries, retail, hotels, secure establishments (such as prisons) and psychiatric clinics. The division offers a broad range of state-of-the-art on-site mobility solutions, purpose-built handsets, wireless voice- and message transmission systems, and customized alarm and positioning applications, as well as a complete range of services. These offerings create value for customers by supporting and optimizing their mission-critical business processes. The solutions are based on VoWiFi, IP-DECT, Nurse Call and paging technologies, smartly integrated into existing enterprise systems through Ascom Wireless Solutions own middleware.

Business results 2010

The division has achieved very good results in fiscal year 2010, despite negative currency effects, which occurred mainly in the second half of 2010. Wireless Solutions generated more than 70% of its revenue in Europe, and therefore the result was affected by the substantial and rapid weakening of the Euro against the Swiss franc and the Swedish krona. Nevertheless, the division recorded a significant increase in incoming orders and revenue as well as in profitability.

In the year under review, Wireless Solutions achieved growth of 6.7% and generated revenue of CHF 282.9 million compared to CHF 265.2 million in 2009. Adjusted for currency translations effects (i.e. at constant exchange rates) revenue grew by 11.6%. All three sales channels performed very well in 2010. In the direct channel, most regions were able to grow their business. The OEM business bounced strongly back after a drop in 2009, as sales with new OEM partners developed particularly well during the entire year. On another positive note, the indirect sales channel with international sales partners also grew very satisfactorily and investments in the channel during the recent years started to payback.

Ascom i62 is the world's first VoWiFi handset working on 802.11n, the latest generation in WLAN. Technical standards interoperability and seamless integration to hospital systems ensures Mission-Critical Communication to technical and clinical staff. Security in communications guarantees a smooth running hospital with increased patient satisfaction as a result.

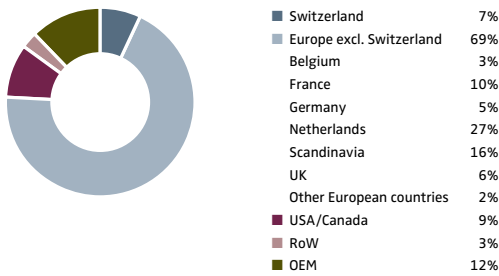
Learn more about Ascom i62 online: www.ascom.com/i62



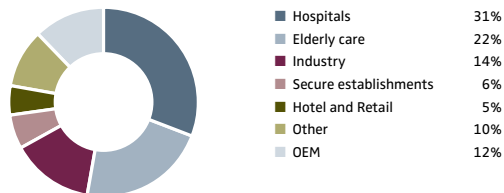
WIRELESS SOLUTIONS

- VERY STRONG RESULTS IN FISCAL YEAR 2010
- SUCCESSFUL LAUNCH OF NEW PRODUCTS
- GROWTH STRATEGY WITH A FOCUS ON THE HEALTHCARE SEGMENT AND FURTHER INCREASE IN PROFITABILITY

Revenue by region



Revenue by segment



In 2010, Wireless Solutions invested 6.9% of its revenue in R&D to secure organic growth. The division reported EBIT of CHF 30.5 million compared to CHF 23.2 million in 2009, and the EBIT margin increased to 10.8% in 2010, compared to 8.7% last year. The result at EBITDA level amounted to CHF 37.2 million, corresponding to an EBITDA margin of 13.1% compared with an EBITDA of CHF 30.0 million and EBITDA margin of 11.3%, in the previous year.

Incoming orders for fiscal year amounted to CHF 289.3 million, corresponding to an increase of 5.1% (at constant exchange rates: 10.1%) over incoming orders of CHF 275.3 million reached in 2009. After the severe recession in 2009, the market environment has improved considerably in 2010, and the demand for mobility solutions as part of the enterprise communication systems bounced back. Especially in the US but also in Western Europe, many projects that were put on hold or postponed by customers at the end of 2008 and in 2009 were realized in 2010, and capital spending in all segments has increased. Incoming orders from the healthcare segment (hospitals and elderly care) increased the most during 2010. But also the industry segment has performed well, mainly in the second half of 2010, as companies started to invest again.

Market trends and innovation

Wireless Solutions was able to gain market share in the US, and improved its competitive position in most markets during 2010. The division remained at its number one position with regard to IP-DECT solutions and paging, and kept its number three position in the DECT market behind Alcatel and Siemens.

During 2010, Wireless Solutions had further important product launches, e.g. it successfully launched the new VoWiFi handset i62, which supports the latest networking standard. The i62 secures that data and voice are handled in the fastest possible means in terms of coverage, throughput and sound quality. The device is especially targeted for the hospital segment with specific features addressing the nursing staff's requirements, such as prioritized, color coded alarms, easiness to clean and disinfect.

Technology trends in the global market continued to move towards increased use of the IP standard. GSM technology is recently gaining acceptance as an enterprise solution in the division's market sectors and has become an alternative to the traditional IP-DECT and WiFi solutions. However, IP-DECT and WiFi still capture the majority of the market with an estimated 95% of all applications sold.

Strategic priorities

Wireless Solutions intends to expand its already strong position in the healthcare market and is aiming for international market leadership in Mission-Critical Communication for healthcare. The market it addresses is expected to continue growing as a result of demographic developments, pressure to further improve efficiency in healthcare, and social trends toward home care (the need for elderly and sick people to receive healthcare and support in their own homes). At the same time, businesses in other target segments such as industry, retail, hotels and high-security buildings will be developed further.

The division will continue to keep its research and development efforts at a competitive level. In 2011, Wireless Solutions will undertake additional investment to advance the use of GSM technology in on-site communications. These investments will broaden its product range and give it a competitive edge. Furthermore, the division’s indirect sales channels in the United States, Southern and Eastern Europe and the Middle East will be expanded systematically.

Key figures Wireless Solutions

CHFm	2010	2009
Incoming orders	289.3	275.3
Revenue	282.9	265.2
EBIT	30.5	23.2
EBITDA	37.2	30.0
Number of employees (FTE)	1,148	1,155

Outlook

In 2011, Wireless Solutions plans further growth in selected markets with a focus on the healthcare segment. To trigger momentum and gain additional market share, the division also plans targeted add-on acquisitions.

For 2011, Wireless Solutions has set itself the goal of achieving further organic revenue growth. As a mid-term target, the division is striving for sustainable revenue growth of between 5 and 10% from 2012 onward and an EBITDA margin between 12 and 15% in 2013.

NETWORK TESTING

EVOLVING NETWORKS. TRUSTED SOLUTIONS.

A global market leader in the fields of benchmarking and optimization of mobile networks benefiting from LTE investments

Ascom Network Testing achieved very satisfactory results and generated revenue of CHF 168.5 million and EBITDA of CHF 27.7 million. This result is highly remarkable considering the substantial impact from the weakness of the US dollar and Euro against the Swiss Franc. Furthermore, the integration process of the newly formed division (as of 1 January 2010) could be successfully completed until end of the year. Network Testing continued to invest significantly in innovation and development of solutions and devices for next generation mobile broadband networks such as LTE.

As a result, Network Testing is well positioned to capture future growth opportunities capitalizing on its installed base, market leadership and early entry into LTE.

Ascom Network Testing is a global market leader for benchmarking and optimization of mobile networks. The TEMS Portfolio provides a complete set of trusted solutions for testing, benchmarking, monitoring, and analyzing network performance. These state-of-the-art offerings facilitate the deployment, optimization, and maintenance of mobile networks and are supplied to the world's top mobile operators, equipment vendors, and professional service providers. With the division's technology leadership, experience, and global presence, Network Testing enables operational excellence, cost efficiency, and technology evolution for customers around the world.

Business results 2010

Network Testing posted very satisfactory results for fiscal year 2010 and generated revenue in the amount of CHF 168.5 million vs. CHF 133.3 million in 2009. While North America showed dynamic growth in customer demand already during the first half of 2010, most of the other markets started to pick up again during the second half of the year. Very good results were recorded in the US where Network Testing was awarded the first major LTE rollouts. Strong results, mainly by year end, were posted also in India, Latin America and Europe. In China, strategic customer relations showed stable results, especially in the last few months of 2010, but local competition continued to be a challenge. Customers in other regions still remained reluctant with investments in new technologies. However, during the last months of 2010 an overall improvement in capital expenditure was observed.

Ascom TEMS™ Symphony is a powerful and versatile wireless network benchmarking solution that enables mobile operators to address all of their benchmarking needs. Using this flexible, portable platform, operators can perform wireless quality-of-service comparisons across vehicular, indoor, stationary, or nomadic environments, legacy, 3G, or LTE networks, and voice or data services, enabling them to measure the availability, coverage, and quality of their networks.

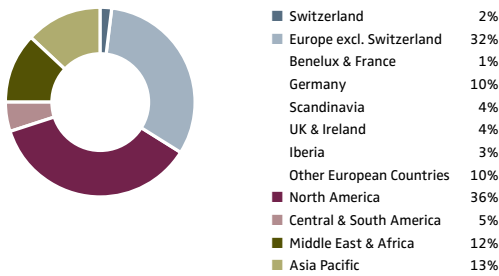
Learn more about Ascom TEMS™ Symphony online: www.ascom.com/en/tems-symphony



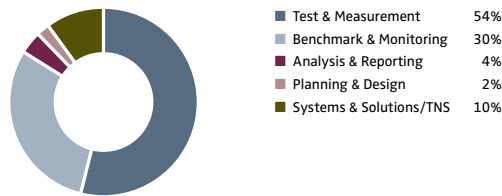
NETWORK TESTING

- VERY ENCOURAGING RESULTS IN FISCAL YEAR 2010
DESPITE NEGATIVE CURRENCY IMPACT
- ALL INTEGRATION PROJECTS SUCCESSFULLY COMPLETED ON TIME
- INVESTMENTS IN LTE TECHNOLOGY TO BE A KEY DRIVER
FOR FUTURE GROWTH

Revenue by region



Revenue by segment



Network Testing was able to win important projects across all product segments. Overall, incoming orders amounted to CHF 177.5 million in 2010, corresponding to an increase of 36.0% (at constant exchange rates: 37.4%) over incoming orders of CHF 130.5 million reached in 2009.

The division closed 2010 with an EBIT of CHF 15.7 million, corresponding to a margin of 9.3%. EBIT was positively affected by one-time gains of CHF 2.9 million as a result of two divestments (TelcoNet Services and Network Planning Business) that was offset by integration costs of CHF 1.9 million and amortization costs of CHF 10.5 million. In the fourth quarter, Ascom Network Testing recorded also a restructuring expense of CHF 4.4 million mainly related to centralization of supply chain and support functions in Switzerland for Europe, Middle East and Africa (EMEA), and in Reston, VA, for USA. On an adjusted basis, without these effects, EBIT margin was at 17.6%. At EBITDA level the division reached a result of CHF 27.7 million and an EBITDA margin of 16.4%.

Ascom Network Testing results were mainly in the second half of the year strongly impacted by unfavorable currency development. Adjusted for currency translation effects (i.e. at constant exchange year rates) revenue grew by 28.1%.

At the end of 2010, Network Testing had successfully completed all 33 integration projects, as planned. The overall integration costs, in conjunction with the acquisition of TEMS in 2009, were about 20% below the overall expectation. With the rollout of the new IT infrastructure, the establishment of the new regional business support centers in APAC and EMEA, and the new globally standardized ERP system, the division laid the basis for future efficiency improvements across the whole value chain.

Market trends and innovation

Worldwide deployment of LTE technology is being driven by strong demand for wireless broadband services, creating a need to increase bandwidth significantly and cost effectively. Although the rollout of LTE networks is just in its infancy, Network Testing has already built a rich array of LTE capabilities into its industry-leading tools. In order to offer a strong product portfolio for LTE, the division has established in 2010 new relationships with Samsung and LG Electronics. Our continued focus on working with such market leading handset and chipset vendors will result in new solutions, expanded capabilities and stronger support to the network operators.

In line with the commitment to providing best-in-class products and solutions, Network Testing made substantial investments of CHF 29.0 million in R&D (17.2% of revenue) during 2010. The new product release TEMS Investigation 12.0 with unique, customer-required features was well received by the market and contributed substantially to the strong second half year results. Network Testing also improved its position in the Reporting and Analysis segment with the new TEMS Discovery offering.

Apart from LTE, HSPA+ (High Speed Packed Access) is another proven technology, both marketed under the "4G" label, for providing broadband wireless network services. Also for this technology Network Testing offers a comprehensive and market leading range of solutions.

Strategic priorities

Network Testing puts focus on extending its market reach by executing on its channel strategy in order to gain new customers, and to strengthen the offering in Reporting & Analysis.

Network Testing aims to consolidate its position as global market leader in the fields of benchmarking and optimization of mobile networks, and to benefit from the anticipated investments in LTE. The future introduction of the new LTE mobile standard, which is being driven by increased demand for mobile broadband services, is expected to boost investment spending by mobile network operators from 2012 onwards, although investment levels are likely to vary from region to region. Network Testing's aim to consolidate and expand on its global market leadership for the use of LTE in mobile networks will be a key driver of growth in 2012 and 2013.

Key figures Network Testing

CHFm	2010	2009
Incoming orders	177.5	130.5
Revenue	168.5	133.3
EBIT	15.7	9.3
EBITDA	27.7	18.1
Number of employees (FTE)	572	590

Outlook

In 2012 and 2013 the target for Network Testing is an average organic growth of 5–10%, while revenue is predicted to remain stable in 2011. Network Testing has set itself the goal of delivering EBITDA margins of 16–19%.

SECURITY COMMUNICATION

SERVING CUSTOMERS ANYWHERE, AT ANY TIME

Swiss national champion focuses on solutions for national and civilian security institutions

Ascom Security Communication closed the 2010 financial year with lower profit. Provisions to cushion operational risks reduced EBITDA to CHF 2.2 million. Incoming orders rose by 2.6% compared to the previous year, and revenue reached CHF 122.5 million versus CHF 138.1 million in 2009.

As national champion in Switzerland, Security Communication focuses on secure communication for national and civilian security institutions working with partners to exploit possible opportunities on the international market.

The division has set itself the goal of achieving an EBITDA margin of 7–10% in the medium-term.

Ascom Security Communication is a recognized provider of reliable, secure communication solutions for tactical communications, alarm systems and mobilization. The division delivers specialized solutions for command and control and in-house communications as well as emergency call systems for defense forces, public and private security institutions, rescue services and infrastructure operators; solutions the customers can trust to function very reliably and securely in a challenging environment.

Security Communication holds a very strong position in the Swiss market for many years. The division is represented by its own subsidiaries in Austria, the Czech Republic and Finland, and also operates in other countries through partner companies.

Business results 2010

Security Communication recorded revenue of CHF 122.5 million compared to CHF 138.1 million in 2009. Provisions to cushion operational risks reduced profitability. Security Communication achieved EBIT of CHF 1.0 million with a margin of 0.8% versus an EBIT margin of 2.5% posted in the previous year. At EBITDA level, the division achieved a result of CHF 2.2 million, corresponding to a margin of 1.8% compared to EBITDA of CHF 4.8 million and an EBITDA margin of 3.5% in the 2009 financial year.

In 2010 Security Communication made substantial investments of CHF 8.9 million in R&D. In a consistently challenging environment, Security Communication succeeded in winning important orders both in the civilian and military sectors. As a result, incoming orders increased to CHF 111.0 million compared to CHF 108.2 million in the previous year. Due to the sizeable installed base, Swiss business remained stable in 2010, largely on account of follow-up orders.

Ascom openAccess® Nodes are integrated voice and data switches that provide the essential foundation for today's tactical communications infrastructures. They are used by national and international military forces, peace keeping troops and crisis management teams.

Learn more about Ascom openAccess® Nodes online: www.ascom.com/en/openaccess-node-overview.pdf

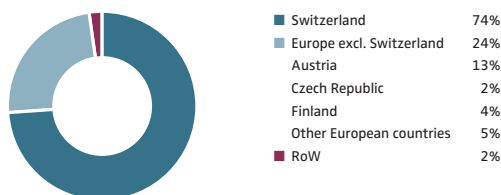


SECURITY COMMUNICATION

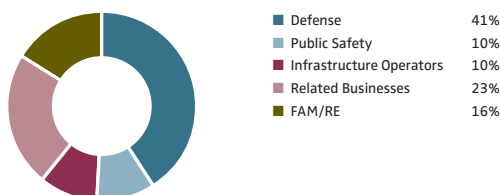
- LEADING POSITION IN THE HOME MARKET SWITZERLAND
- FOCUS ON SECURITY COMMUNICATION FOR NATIONAL AND CIVILIAN SECURITY ORGANIZATIONS



Revenue by region



Revenue by segment



In the year under review, Security Communication won an important contract from Israel Railways, while various international customers showed continuing reluctance to invest in large-scale projects. Nevertheless, given the increased incidence of natural disasters and sustained threat of terrorist attacks, interest in investing in special projects is set to grow in the medium term.

Market trends and innovation

In the year under review the division made substantial investments in its product portfolio, continued to expand its product platforms and adapt them to meet the different needs and requirements of its customers. In 2011, the focus will be on rolling out the next generation of the openAccess® Node, which is designed for use in tactical communications for defense forces. Ascom openAccess® is a versatile, flexibly scalable, modular IP communications platform for complex communications applications.

Strategic priorities

Security Communication intends to further consolidate its leading position as a system integrator in the Swiss home market with its important installed base, and focuses on secure communications for national and civilian security institutions. Product sales via international partners in other countries are also targeted as a growth option. In 2010, the division gained various sales partners with a global reach, who integrate Security Communication's technologies in their own product offerings and are aiming to market them internationally.

Key figures Security Communication

CHFm	2010	2009
Incoming orders	111.0	108.2
Revenue	122.5	138.1
EBIT	1.0	3.4
EBITDA	2.2	4.8
Number of employees (FTE)	356	399

Outlook

In 2011, the division will apply a strict cost management to improve its profitability, even though slightly lower revenue is expected. For 2013 Security Communication is aiming for an EBITDA margin of 7–10%.

SUSTAINABILITY

Commitment to widely accepted sustainability principles and talent management through HR development programs

As an internationally active technology Group, Ascom takes its business, environmental and social responsibilities seriously. A sustainable, responsible approach means delivering our products and services in an environmentally friendly, secure and reliable manner while remaining committed to business success. In 2010, Ascom became a member of the UN Global Compact, and we are fully committed to promoting the key principles. In addition, Ascom has implemented a Sustainability Directive as of 1 January 2011, which applies to all employees worldwide and includes company-specific sustainability standards.

In its business activities, Ascom focuses on sustainable growth and value creation based on innovation and quality management.

Furthermore, ongoing professional training for employees is another top priority for Ascom. In addition, Ascom feels committed to a respectful and tolerant workplace culture.

For Ascom, sustainability means a combination of economic necessity, with ecological and social responsibility. Ascom's membership in the UN Global Compact (www.unglobalcompact.org) testifies our commitment to the support of human rights, labor norms, and environmental protection as well as the fight against corruption. The key principles of the United Nations are an integral part of Ascom's Sustainability Directive, which specifies our company rules for sustainable management and applies to all employees.

We are implementing the principles of the UN Global Compact and have set ourselves the goal of improving our company-specific standards continuously. The achievements will be summarized in a progress report, once a year.

Sustainable growth based on innovation and quality management

Continuous improvements in our products, solutions and services are important requirements for our success as a technology leader. Therefore in 2010, Ascom increased its investments in R&D significantly to 10.0% of total revenue (2009: 8.7%). To create and deliver cutting-edge products with outstanding environmental performance, we continually invest in our technical skills across our business activities.

Quality management is considered another top priority at Ascom. All three divisions operate a fully-integrated management system that covers environmental management (ISO-14001 certified), quality management (ISO-9001 certified), and an internal control system. To ensure that our products and solutions meet the high requirements of our customers concerning functionality, safety, timely availability, and that they comply with the prevailing regulations and standards, all our processes are regularly reviewed and improved. Our management system is constantly adjusted in keeping up with international standards.

Specific Ascom Group Standards

Enhancement of energy and resource efficiency through:

- Newly rented or built offices and production sites need to meet best practices with regard to building energy efficiency standards
- Reduction of heating- and cooling costs through constant indoor climate management
- Use of green technology such as low consumption automatic lightning systems
- Reduction of printing and promotion of more paperless office

Reduction of waste and recycling through:

- Considerable reduction of waste to the minimum
- Recycling of all non-hazardous waste such as paper, PET und aluminum
- Possibility for customers to recycle old devices with us will be offered proactively

Reduction of CO₂ emissions through:

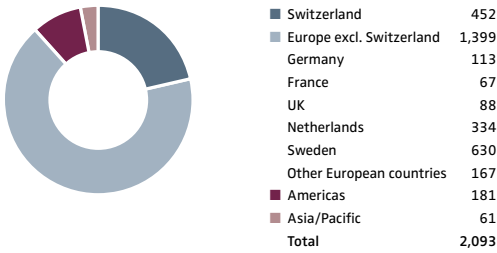
- More video and telephone conferences to avoid air travel
- Encouraging employees to use public transportation for commuting and short business traveling
- Ascom to buy or lease new company cars only with CO₂ emission of less than 140g/km (8oz/mile)

Talent management through targeted human resources development program

Talented and motivated employees are vital to Ascom's growth strategy and its success in the markets. Our business is built on lasting relationships between customers and our employees, and on superior products from our technical teams. Maintaining an interesting working environment is core to our development, retention and recruitment actions. Each year, we invest in individual development plans, division specific and Group level training initiatives.

In 2009, we launched the Talent Development Program (TDP). A key part of this program was the extensive support and active contribution of the Ascom Executive Board. In addition, the real business challenges worked on by the participants generated substantial value for the Company. A second group of TDP participants will finish the program in 2011. Another initiative to support our internationalization is company-wide access to English training via an e-learning platform. In 2010, over 150 employees used e-learning to deliver personalized training at their own pace. E-learning also provides for product training and supports the introduction of new employees, including training on the Ascom Code of Conduct. For 2011, more group level initiatives for business-focused training are being planned (e.g. negotiation and recruitment training programs).

Employees by region



Commitment to a respectful and tolerant workplace culture

Creating a workplace culture where talented people feel motivated starts at the top. The leadership team of Ascom actively demonstrates and supports employees to deliver their best at their day-to-day work and to achieve the aims set out in our strategy. For the majority of our employees we conduct each year a planning session for their own training, and a personal development plan that is tracked during the year. These plans are aligned between the individual’s career goals and the business requirements.

Since 2009, we conduct an employee survey covering many themes with a core focus on commitment and satisfaction. In 2010, the Ascom Group Employee Survey was conducted for the second time. The result – with an employee participation rate of 73% – compared to last year’s outcome was a substantial improvement of the ratings with regard to the perception of Company Values and Corporate Principles & Guidelines, which both were key focus topics for the 2010 training. In 2011, we will enhance and launch our Group level development initiatives and seek to further inspire and motivate our employees.

Ascom is fully committed to a diverse workforce and takes specific action to increase the diversity and encourage people to learn from the strengths of their colleagues with differing backgrounds, nationalities, upbringings and experiences. Gender diversity is especially important for an engineering based business. During 2010, we have conducted several analyses on gender discrimination, and we are pleased to confirm that there was no systemic discrimination observed in any of our businesses or processes.

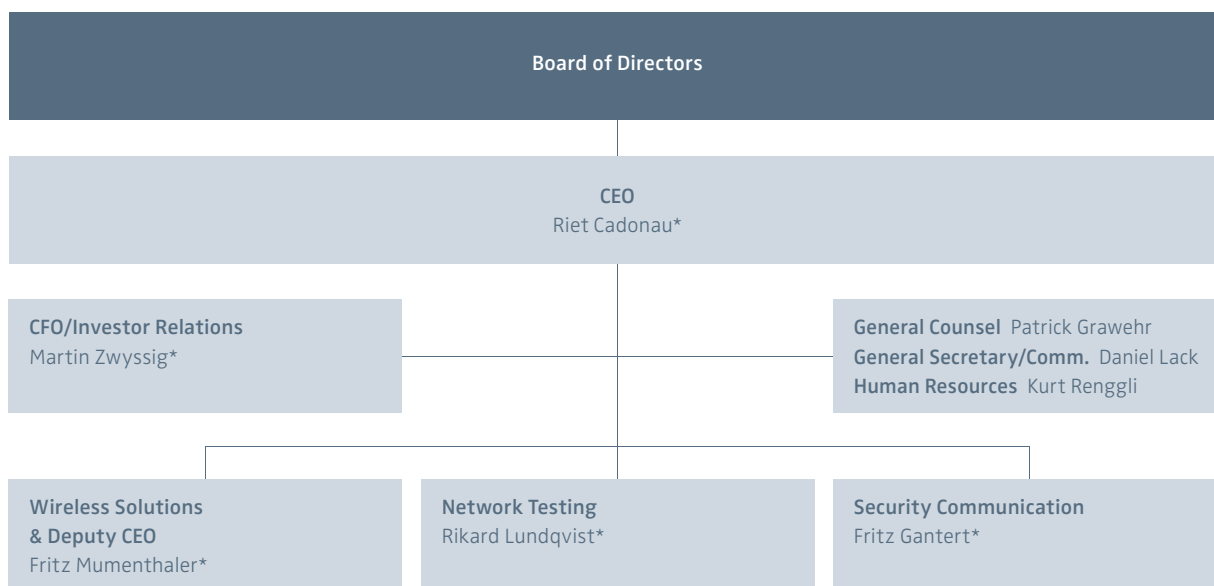
Apprenticeship training

For Ascom as a technology Group, providing young people with a basic vocational training (apprenticeship) is a long-term investment and a systematic means of promoting and fostering young talents. In Switzerland, companies are largely responsible for the organization and cost of vocational training. In view of the importance attached to this task, Ascom has defined vocational training as part of its strategic human resources policy and personnel marketing. Ascom, Swiss Post and login apprenticeship training jointly operate a vocational training center in Berne, where instruction is given to apprentices from these and approx. 40 other partner companies. In recent years, the training center has evolved to become a regional “center of competence for technical professions” with approx. 160 apprentices at present. In 2010, Ascom provided training for 42 apprentices in the fields of electronics, IT and office administration. This corresponds to 7% of our entire workforce in Switzerland which is above the common industry standard.

CORPORATE GOVERNANCE

1. CORPORATE STRUCTURE AND SHAREHOLDERS

Operating corporate structure (as of 1 January 2011)



* Member of the Executive Board

Listed corporation: Ascom Holding Ltd.

Ascom Holding Ltd. (Ascom Holding SA, Ascom Holding AG) is a joint-stock company headquartered in Berne, Switzerland. It has a share capital of CHF 18,000,000, divided into 36,000,000 registered shares with a par value of CHF 0.50 per share.

The company's registered shares are traded on the SIX Swiss Exchange Main Standard under Securities No. 1133920, symbol ascn.

Ticker symbols:

- **Bloomberg:** ASCN SW
- **Reuters:** ASCN.S

Market capitalization as of 31 December 2010 was CHF 529.2 million.

Unlisted Group companies: Ascom Holding Ltd.

The following companies belong to the Ascom Holding Ltd. scope of consolidation (see table on page 21).

Country	Company	Location	Capital	Investment
Austria	Ascom Austria GmbH	Vienna	EUR 3,635,000	Ascom Holding Ltd.: 100%
Belgium	Ascom (Belgium) NV	Brussels	EUR 1,424,000	Ascom Holding Ltd.: 100%
Brazil	Ascom Soluções em Telefonia Móvel Limitada	São Paulo	BRL 1,000	Ascom (Sweden) Holding AB: 100%
China	Ascom (Beijing) Network Testing Service Co., Ltd.	Beijing	CNY 2,594,450	Ascom (Sweden) Holding AB: 100%
Czech Republic	Ascom (CZ) s.r.o.	Prague	CZK 200,000	Ascom (Switzerland) Ltd.: 100%
Denmark	Ascom Danmark A/S	Silkeborg	DKK 1,200,000	Ascom Holding Ltd.: 100%
Finland	Ascom (Finland) Oy	Vantaa	EUR 562,000	Ascom Holding Ltd.: 100%
France	Ascom Holding SA	Nanterre	EUR 80,000	Ascom Holding Ltd.: 100%
	Ascom (France) SA	Nanterre	EUR 2,000,000	Ascom (Sweden) AB: 100%
Germany	Ascom Deutschland GmbH	Frankfurt a. M.	EUR 2,137,000	Ascom Unternehmensholding GmbH: 100%
	Technologiepark Teningen GmbH	Teningen	EUR 6,136,000	Ascom Unternehmensholding GmbH: 94%, Ascom (Switzerland) Ltd.: 6%
	Ascom Unternehmensholding GmbH	Frankfurt a. M.	EUR 5,113,000	Ascom Holding Ltd.: 100%
India	Ascom Network Testing Pvt. Ltd.	Mumbai	INR 1,000,000	Ascom (Sweden) Holding AB: 100%
Malaysia	Ascom Network Testing Sdn Bhd	Subang	MYR 500,000	Ascom (Sweden) Holding AB: 100%
Netherlands	Ascom (Nederland) BV	Utrecht	EUR 1,361,000	Ascom (Sweden) AB: 100%
	Mocsa Real Estate BV	Utrecht	EUR 454,000	Ascom (Nederland) BV: 100%
	Ascom Tateco BV	Hoofddorp	EUR 18,000	Ascom (Nederland) BV: 100%
Norway	Ascom (Norway) A/S	Oslo	NOK 1,250,000	Ascom (Sweden) AB: 100%
Poland	Ascom Poland Sp. z o.o.	Warsaw	PLN 2,405,200	Ascom Holding Ltd.: 100%
South Africa	Ascom Network Testing (PTY) Ltd.	Durban	ZAR 1,000	Ascom (Sweden) Holding AB: 100%
Sweden	Ascom (Sweden) AB	Gothenburg	SEK 96,154,000	Ascom (Sweden) Holding AB: 100%
	Ascom (Sweden) Holding AB	Gothenburg	SEK 70,000,000	Ascom (Switzerland) Ltd.: 100%
	Ascom Network Testing AB	Skellefteå	SEK 100,000	Ascom (Sweden) Holding AB: 100%
Switzerland	Ascom (Switzerland) Ltd.	Berne	CHF 28,002,000	Ascom Holding Ltd.: 100%
	Ascom Network Testing Ltd.	Solothurn	CHF 200,000	Ascom Holding Ltd.: 100%
United Kingdom	Ascom Croydon Ltd.	Sevenoaks	GBP 1	Ascom UK Group Ltd.: 100%
	Ascom Network Testing Ltd.	Elstead	GBP 2	Ascom UK Group Ltd.: 100%
	Ascom (UK) Ltd.	Sevenoaks	GBP 50,000	Ascom (Sweden) AB: 100%
	Ascom UK Group Ltd.	Croydon	GBP 5,000,000	Ascom Holding Ltd.: 100%
USA	Ascom Holding Inc.	Rockaway NJ	USD 10	Ascom Holding Ltd.: 100%
	Ascom (US) Inc.	Morrisville NC	USD 1	Ascom (Sweden) AB: 100%
	Ascom Network Testing Inc.	Lake Forest CA	USD 1	Ascom Holding Ltd.: 100%

Shareholders

Registered shareholders

As of 31 December 2010, there were 6,270 shareholders registered in the share register of Ascom Holding Ltd.

Share ownership as of 31 December 2010:

Number of shares	Number of shareholders
1 to 100	1,367
101 to 1,000	3,508
1,001 to 5,000	1,118
5,001 to 10,000	126
More than 10,000	151
Total	6,270

Changes subject to disclosure requirements during the 2010 financial year

In an announcement dated 22 April 2010, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Ascom Holding Ltd. disclosed that it held treasury shares representing voting rights of 4.1% as well as sales positions (employee options as call options) with voting rights conferred of 4.0% (SIX notice dated 23 April 2010).

In an announcement dated 12 October 2010, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Vontobel Fonds Services AG, Zurich, disclosed that it held Ascom securities representing 3.0015% of the voting rights (SIX notice dated 14 October 2010).

Details of disclosure notices can be viewed on the SIX Swiss Exchange disclosure platform at http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

Significant shareholders

The following significant shareholder as defined by Art. 663c of the Swiss Code of Obligations, holding more than 5% of the share capital and voting rights, was recorded in the share register at 31 December 2010:

Zürcher Kantonalbank: 26.74%

This does not cover shares which are not registered in the share register (dispo shares). Dispo shares amounted to 18.6% as of 31 December 2010.

In accordance with the disclosure announcements made, the following parties are regarded as significant shareholders in Ascom:

- Zürcher Kantonalbank, Zurich: Ascom securities representing 25.89% of voting rights as well as sale positions with voting rights conferred of 2.57% (announcement dated 7 December 2007)
- Bank Julius Baer & Co. Ltd., Zurich: Ascom securities representing 3.74% of voting rights as well as sale positions with voting rights conferred of 4.99% (announcement dated 8 February 2008)
- Vontobel Fonds Services AG, Zurich: Ascom securities representing 3.0015% of voting rights (announcement dated 14 October 2010)

The company held 1,437,033 treasury shares as of balance sheet date.

There are no known shareholders' agreements.

Cross-shareholdings

The Ascom Group has not entered into cross-shareholdings with other companies in terms of capital or voting rights.

2. CAPITAL STRUCTURE

Ordinary share capital

Since 6 April 2006, the share capital has amounted to CHF 18,000,000, divided into 36,000,000 registered shares with a par value of CHF 0.50 per share.

At the Annual General Meeting held on 6 April 2006, the company's share capital was reduced from CHF 198,000,000 to CHF 18,000,000 (par value reduced to CHF 0.50). Par value of CHF 5 per registered share was repaid on 28 June 2006.

At the Extraordinary General Meeting held on 4 December 2003, the share capital was reduced in two stages from CHF 225,000,000 to CHF 123,750,000 (par value reduced to CHF 5.50) and subsequently increased by CHF 74,250,000 to CHF 198,000,000 through the issue of 13,500,000 new shares with a par value of CHF 5.50 per share. In a resolution passed on 22 December 2003, the Board of Directors noted that the capital increase had been implemented.

The share capital is fully paid up. The participation capital in the amount of CHF 38,875,000 in existence at the time was dissolved on the occasion of the General Meeting held on 11 June 1991.

In 2000, uniform registered shares with a par value of CHF 10 were introduced by splitting the existing registered shares with a par value CHF 100 and bearer shares with a par value of CHF 500. Each share carries one vote and all shares carry the same claim to dividend payments.

Share structure

	31.12.10		31.12.09	
	Number	(CHFm)	Number	(CHFm)
Registered shares par value CHF 0.50	36,000,000	18	36,000,000	18
Registered shareholders	6,270		6,436	

Ascom Holding Ltd. and its subsidiaries held 1,437,033 treasury shares as of the balance sheet date.

Bonus certificates

Ascom Holding Ltd. has not issued any bonus certificates.

Authorized share capital/conditional share capital

The Annual General Meeting of Ascom Holding Ltd. held on 15 April 2009 approved the creation of authorized capital. The Board of Directors is authorized at any time up to 15 April 2011 to create additional share capital of no more than CHF 3,600,000, by issuing up to 7,200,000 shares with a par value of CHF 0.50 per share, to be fully paid up.

Increases by firm underwriting as well as partial increases are permissible. Registered shares are subject to the restriction on registration set out in Art. 4, Sect. 4 of the Articles of Incorporation.

New registered shares are issued subject to the conditions laid down by the Board of Directors. The issue price, type of contribution, conditions governing the exercising of subscription rights and the date of dividend entitlement are determined by the Board of Directors.

New registered shares are intended for placement with existing shareholders. However, the Board of Directors is authorized to exclude the preferential subscription rights of shareholders in favor of third parties if the new shares are used for the acquisition of companies, segments of companies or participations, or in the event of share placement with a view to financing such transactions and corporate investment projects. Preferential subscription rights may also be excluded if shares are issued to acquire participations in strategic partners or in the case of employee share ownership programs. Shares for which subscription rights have been granted but not exercised remain at the disposal of the Board of Directors, which uses them in the interests of the company.

The subscription and acquisition of the new registered shares, as well as any subsequent transfer of such shares, shall moreover be governed by the company's Articles of Incorporation.

The company has no conditional share capital.

Changes in equity

The equity of Ascom Holding Ltd. has changed as follows:

in CHF	2010	2009	2008	2007
Share capital	18,000,000	18,000,000	18,000,000	18,000,000
Legal reserves	27,276,000	27,276,000	27,276,000	27,277,000
Retained earnings	350,657,000	75,875,000	69,927,000	73,338,000
Total	395,933,000	121,151,000	115,203,000	118,615,000

Since 6 April 2006, the share capital has amounted to CHF 18,000,000, divided into 36,000,000 registered shares with a par value of CHF 0.50 per share.

Limitations on transferability and nominee registrations

- In principle, the Articles of Incorporation of Ascom Holding Ltd. contain no limitations on transferability and no statutory privileges.
- The share registration guidelines are published on the company's website (<http://www.ascom.com/en/share-registration-guidelines.pdf>).
- Every person recorded in the share register is regarded as a shareholder or beneficiary vis-à-vis the company.
- For registered shares, a share register is maintained in which the names and addresses of the owners and beneficiaries are entered. Changes must be reported to the company.
- Entry in the share register requires proof of acquisition of title to the shares or of beneficiary status.
- A purchaser of registered shares is entered in the share register upon request as a voting shareholder if he/she expressly declares that he/she acquired the registered shares in his/her own name and on his/her own account. If the purchaser is not prepared to make such a declaration, the Board of Directors may refuse registration as a voting shareholder.
- After consulting the party involved, the company may delete entries in the share register if such entries occurred in consequence of false statements by the purchaser. The purchaser must be informed immediately of the deletion.
- Admission of nominees is decided by the Board of Directors. No applications in this regard were submitted in 2010.

Options/convertible bonds

Options

Ascom stock option plans are listed in the Remuneration Report on pages 41 to 46.

Convertible bonds

Ascom Holding Ltd. has not issued any convertible bonds.

Management transactions

The listing rules of the SIX Swiss Exchange stipulate a disclosure obligation in respect of management transactions. To ensure compliance with these provisions, the Board of Directors has issued an Annex to the Organization Regulations. Members of the Board of Directors and the Executive Board as well as the General Secretary are required to make a disclosure to the company. Four individual disclosures (see table) and seven collective disclosures were submitted in 2010. Therefore, it cannot be concluded from the individual disclosures only, how many shares and derivatives are being held by members of the Board of Directors and Executive Board.

Transaction date	Number of shares	Type of transaction	Amount in CHF
12./24.3.2010	14,000	Disposal	160,000
12.3.2010	28,900	Disposal	339,575
14.4.2010	11,000	Disposal	144,100
19.10.2010	10,000	Disposal	127,806

MEMBERS OF THE BOARD OF DIRECTORS

Juhani Anttila Chairman

Nationality: Finnish | Born 1954 | Place of residence: Baar, Switzerland
| Member since 2001 | Chairman since 14 May 2002 | Elected until AGM in 2011

> Studied law at the University of Helsinki, Finland (1976 Bachelor's degree, 1978 Master's degree) > Moved to Switzerland in 1978
> 1981–1985 Managing Partner at CA Corporate Advisers, Zurich
> 1985 Appointed Managing Director of Nokia GmbH, Zurich, and responsible for various activities for the Nokia Group
> 1990–1995 Chairman of the Executive Board of Nokia (Deutschland) GmbH in Pforzheim > 1996–2002 CEO of the Swisslog Group
> Since 14 May 2002 Chairman of the Board of Directors of Ascom Holding Ltd. > 1 January 2003–31 May 2004 also CEO of the Ascom Group > Since 2004 Managing Partner of ValCrea AG, Zug

Paul E. Otth Vice-Chairman

Nationality: Swiss | Born 1943 | Place of residence: Zurich, Switzerland
| Member since 2002 | Elected until AGM in 2011

> Certified public accountant > 1974–1988 Various management functions at the Corange Group (Boehringer Mannheim) in Switzerland and abroad > 1988–1989 Partner and member of the Executive Board of Budliger Treuhand AG > From 1989 worked for Landis+Gyr
> From 1994 CFO and member of the Group Executive Board of Landis+Gyr > 1996–1998 CFO and member of the Group Executive Board of Elektrowatt, Zurich > 1998–2000 CFO and member of the Division Board of Siemens Building Technologies, Zurich
> 2000–2002 CFO and member of the Group Executive Board of Unaxis Holding AG, Zurich > Since 2003 Business Consultant

Dr J.T. Bergqvist

Nationality: Finnish | Born 1957 | Place of residence: Helsinki, Finland
| Member since 2005 | Elected until AGM in 2011

> 1981 Master of Science (Helsinki University of Technology)
> 1987 Doctorate in Computer Science (Helsinki University of Technology) > 1980–1987 Various positions as software specialist, project and export manager at Nokia Group, Helsinki > 1988 Assistant Professor at Helsinki School of Economics > 1988 Manager, Overseas Marketing South East Asia, Nokia Cellular Systems, Kuala Lumpur > 1990 Area Manager & Assistant Vice President Marketing South Europe, Nokia Cellular Systems, Paris > 1993 Area General Manager, Nokia Telecommunications, Paris > 1995 Vice President Cellular Transmission Business, Nokia Telecommunications
> 1997 Senior Vice President Radio Access Systems, Nokia Telecommunications > 2000 Senior/Executive Vice President & General Manager Nokia Networks, IP Mobility Networks
> 2003–2004 Senior/Executive Vice President & General Manager, Nokia Networks, Global Business Units > 2001–2005 Member of the Strategy Panel of the Group Executive Board, Nokia Corporation > 2002–2005 Member of the Group Executive Board, Nokia Corporation > Since 2010 CEO of K. Hartwall Oy AB in Söderkulla, Finland

Kenth-Ake Jönsson

Nationality: Swedish | Born 1951 | Place of residence Växjö, Sweden
 | Member since 2009 | Elected until AGM in 2011

> 1976 Master of Science in Industrial Economics > 1976–1978 Sales Manager, Lectrostatic AB, Skara > 1978–1990 Sales Manager/ Vice President of Sales and Marketing/CEO Sarnefa AB, Kungsör > 1990–1995 CEO Telub AB, Växjö > 1995–2000 Deputy CEO of Enator AB Tietoenator OY, Stockholm > 2000–2002 Managing Director of Atle IT, 3i Technology, Stockholm > 2002–2008 Senior Vice President/ Executive Vice President of the Group and Chairman of a Group of Business Units Saab AB, Stockholm

Andreas V. Umbach

Nationality: German | Born 1963 | Place of residence: Zug, Switzerland
 | Member since 2010 | Elected until AGM in 2011

> 1989 Master of Science in Mechanical Engineering, Technische Universität Berlin > 1991 Master of Business Administration (MBA), University of Texas, Austin, TX > 1991–1995 Management Audit, Corporate Planning and Developing Department, Siemens AG, Munich > 1995–1999 Commercial Manager, Business Unit Pilot and Sensing Devices, Drives and Automation Group, Siemens AG, Erlangen > 1999–2002 General Manager Business Unit Digital, subsequently Division President of Metering, Power Transmission and Distribution Group, Siemens Metering AG, Zug > Since 2002 President & Chief Operating Officer, Landis+Gyr AG, Zug

From left: Kenth-Ake Jönsson, Andreas V. Umbach, Juhani Anttila, J.T. Bergqvist, Paul E. Otth



3. BOARD OF DIRECTORS

Primary tasks of the Board of Directors

The Board of Directors holds ultimate decision-making authority and determines the strategic, organizational and financial planning guidelines for the Group as well as the company objectives. The Board of Directors is responsible for the overall direction as well as the supervision and control of the management. It sets guidelines for business policies and ensures that it is regularly informed on the course of business.

The primary tasks of the Board of Directors under the Swiss Code of Obligations and the Articles of Incorporation of Ascom Holding Ltd. are

- Overall management of the company and the Group, including setting the strategic direction as well as issuing directives as required
- Defining the organization and management structure
- Laying out the forms of accounting and financial control as well as financial planning
- Appointing and discharging persons entrusted with the management and representation of the company and determining who is entitled to sign on behalf of the company
- Ultimate supervision of business activities
- Drawing up the Annual Report as well as preparing the Annual General Meeting and carrying out its resolutions
- Informing the courts in the event of excessive indebtedness
- Passing resolutions on the financing of business, and in particular deciding on capital increases and IPOs and the consequent changes to the Articles of Incorporation
- Passing resolutions on participations of major/strategic significance
- Determining the compensation for members of the Board of Directors and the Executive Board

Composition of the Board of Directors of Ascom Holding Ltd.

In accordance with the Articles of Incorporation, the Board of Directors of Ascom Holding Ltd. consists of one or more members who are elected for a one-year term of office (amendment to the Articles approved by the 2006 Annual General Meeting).

Since the Annual General Meeting of Ascom Holding Ltd. held on 21 April 2010, the Board of Directors has consisted of the following members:

	Member since AGM in	Elected until AGM in
Juhani Anttila, Chairman	2001	2011
Paul E. Otth, Vice-Chairman	2002	2011
Dr J.T. Bergqvist	2005	2011
Kenth-Ake Jönsson	2009	2011
Andreas Umbach	2010	2011

Secretary to the Board of Directors: Dr Daniel Lack (since 16 May 2001)

All members of the Board of Directors are non-executive members. No member of the Board of Directors has any significant business relationship with Ascom Holding Ltd. or its subsidiaries.

Changes to the Board of Directors

Dr Wolfgang Kalsbach decided not to stand for re-election and stepped down from the Board of Directors at the 2010 Annual General Meeting. Andreas Umbach was elected to the Board of Directors.

Election and terms of office

- Since the 2006 Annual General Meeting, members of the Board of Directors have been appointed by the Annual General Meeting for a term of one year. Prior to this, members of the Board of Directors served for three years. In this context, one year is understood to be the period from one Annual General Meeting to the next. Members may be re-elected.
- Members are elected or re-elected to the Board of Directors individually.
- Members of the Board of Directors leave the Board at the Annual General Meeting held in the year in which they reach their 70th birthday.

Internal organization

- The Board of Directors is self-constituting and designates its own Chairman and Secretary. The latter needs not be a member of the Board.
- The Board of Directors is quorate when the majority of members are present. In the event of capital increases, such a quorum is not required for decisions concerning definition of the capital increase, amendments to the Articles of Incorporation or resolutions regarding the capital increase report.
- The Board of Directors passes its resolutions by a majority of the votes cast. The Chairman holds the casting vote.
- Resolutions may also be adopted by written consent to a proposal circulated by the Chairman among all members and passed by a majority of all members of the Board of Directors.
- Minutes are kept of deliberations and resolutions, and are signed by the Chairman and the Secretary.
- Members of the Board of Directors may exercise a consulting mandate for the Ascom Group alongside their activity on the Board, subject to the unanimous consent of the Board of Directors. There were no such consulting mandates as of the balance sheet date.

Other mandates of members of the Board of Directors

Juhani Anttila also acted as CEO of the Ascom Group concurrently from 1 January 2003 to 31 May 2004. None of the other members of the Board of Directors previously worked for the Ascom Group, nor does any member of the Board of Directors perform any permanent management or consultancy functions for important Swiss or foreign interest groups or hold any official positions or political offices.

The members of the Board of Directors hold the following positions on the boards of other exchange-listed companies: Juhani Anttila is a member of the Board of Directors of Actelion Ltd., Allschwil. Paul E. Otth is Vice-Chairman of the Board of Directors of Inficon Holding AG, Bad Ragaz, as well as a member of the Board of Directors of Swissquote Group Holding AG, Gland. Dr J.T. Bergqvist is Chairman of the Board of Norvestia OYJ, Helsinki (Finland). Kenth-Ake Jönsson is Chairman of the Board of PV Enterprise Sweden AB, Vilshult (Sweden), and a member of the Board of Directors of Generic Sweden AB, Nacka (Sweden).

The members of the Board of Directors are involved in the following activities in governing or supervisory bodies of important Swiss and foreign public- and private-law corporations, institutions and foundations: Juhani Anttila is Chairman of the Board of ValCrea AG in Zug and a member of the Board of Directors of ArgYou AG in Baar. Paul E. Otth is Chairman of the Board of Directors of EAO Holding AG, Olten. Dr J.T. Bergqvist is CEO of K. Hartwall Oy AB in Söderkulla (Finland). Kenth-Ake Jönsson is a member of the Board of Directors of Litorina Kapital 1998 AB and of Litorina Kapital 2001 AB, both in Stockholm (Sweden), as well as Chairman of the Board of Directors of Ravnarp Invest AB, Växjö (Sweden), and of Nordic Heat & Vent AB in Hälleforsnäs (Sweden). Andreas Umbach is a member of the Board of Directors of Landis+Gyr AG in Zug as well as President & COO of the Landis+Gyr Group.

Mode of operation of the Board of Directors

As a rule, the Board of Directors meets on a monthly basis. Additional meetings or conference calls are held as and when necessary. Twelve meetings were held in 2010: eight ordinary full- or half-day meetings and four telephone conferences. Board attendance was 85%. The ordinary meetings of the Board of Directors last a full day. The CEO and CFO attended all ordinary meetings of the Board of Directors. Other members of the Executive Board as well as external experts were invited to attend meetings to address specific topics.

Self-evaluation of the Board of Directors

Since 2005, the Board of Directors has carried out a self-evaluation at year-end on the basis of a standardized process using a comprehensive questionnaire. The results are discussed at the first meeting in the new year, and any measures necessary for improvements are discussed and implemented as required.

Committees of the Board of Directors

To ensure the efficient and effective organization of its duties, the Board of Directors of Ascom Holding Ltd. has set up the following committees whose primary role is to prepare materials as a basis for decisions by the Board of Directors in specialized areas. The authority to make decisions lies with the Board of Directors. All members of the Board are entitled to attend any meetings of these committees.

Audit Committee

Members:

Paul E. Otth (Chairman) and Kenth-Ake Jönsson

The Audit Committee is composed of two non-executive members of the Board of Directors and generally meets between four times a year, although the Chairman may convene meetings as often as business requires. Four Audit Committee meetings were held in 2010, lasting half a day each, two of which were attended by the external auditors and one of which attended by Internal Audit. The Chairman of the Board of Directors also attended all these meetings. The CEO and CFO attended all ordinary meetings of the Audit Committee, and other members of the executive management attended as and when required. No external consultants were invited to attend meetings in 2010.

The Secretary to the Board of Directors prepares meetings and records minutes. The full Board of Directors is kept informed of the Audit Committee's activities following each meeting, and also receives a copy of the minutes.

The Audit Committee's main activities are:

- Evaluating processes in the company's risk and control environment
- Supervising financial reporting
- Evaluating internal and external auditing

Compensation & Nomination Committee

Members:

Juhani Anttila (Chairman) and Andreas Umbach (prior to this until AGM in 2010: Dr Wolfgang Kalsbach [Chairman] and Dr J.T. Bergqvist)

The Compensation & Nomination Committee is composed of two non-executive members of the Board of Directors and is convened by the Chairman as often as business requires. Five meetings were held in 2010, generally lasting several hours. The CEO attended four meetings and the Director of Corporate Human Resources attended as and when required. The full Board of Directors is briefed on the Compensation & Nomination Committee's activities following each meeting. External experts were invited to attend to address specific topics.

The main activities performed by the Compensation & Nomination Committee are to formulate proposals to the full Board of Directors with regard to

- The Ascom Group's salary policy
- Defining compensation models for members of the Board of Directors and the Executive Board
- Implementation and supervision of stock option plans
- Selecting candidates for election to the Board of Directors
- Reviewing candidates for appointment to the Executive Board
- Annual appraisals of top management

Strategy Committee

Members:

Juhani Anttila (Chairman) and Dr J.T. Bergqvist

The Strategy Committee is composed of two non-executive members of the Board of Directors and is convened by the Chairman as often as business requires. Four meetings were held in 2010, generally lasting several hours. The CEO attended two meetings in 2010. The full Board of Directors is briefed on the Strategy Committee's activities following each meeting. No external consultants were invited to attend meetings in 2010.

The main activities performed by the Strategy Committee are to formulate proposals for the full Board of Directors with regard to:

- Portfolio of business activities, mergers and acquisitions, monitoring of technology trends, structure of the Ascom Group
- Performance planning, in particular cost structure and value-enhancing measures

Areas of responsibility

The Board of Directors has delegated the management of ongoing business to the CEO who, together with the Executive Board as an advisory body, is responsible for overall management of the Ascom Group. A detailed definition of areas of responsibility is set down in the Annex to the Organization Regulations.

The Board of Directors explicitly reserves the power to decide the following matters:

- Authorizing important acquisitions and divestments
- Appointing, discharging and regulating compensation for members of the Executive Board and the extended Executive Board (Executive Committee)
- Approving the budget
- Arranging public bonds and important framework credit agreements
- Substantial investments
- Issuing the Organization Regulations and their Annexes
- Defining internal audits
- Issuing and implementing stock option plans

Information and control instruments in respect of the Executive Board/management instruments

The Ascom Group's management information system (MIS) consists of management reporting and financial consolidation.

Each month the balance sheet, income statement, incoming orders, order backlog and employee headcount for the individual companies are entered in the management reporting system. This information is consolidated for the various divisions and for the Group as a whole, and compared against the previous year's figures and the current budget. The Executive Board discusses the results in detail on a monthly basis and decides on actions to be taken.

Financial consolidation in compliance with IFRS is performed on a quarterly basis by all subsidiaries, which are consolidated by segment, region and the Group as a whole.

Financial reports are submitted to the Board of Directors on a monthly basis. Additional management instruments for monitoring management processes include strategic medium-term planning (MTP), annual planning and quarterly forecasts.

A quarterly report on pending law suits is submitted to the Audit Committee. As part of Business Risk and Opportunity Management (BROM), an updated risk map for the Group and the individual divisions is submitted to the Board of Directors on a quarterly basis. The meetings of the Board of Directors and the Audit Committee are attended by the CEO and CFO as well as, and where necessary, by other members of management.

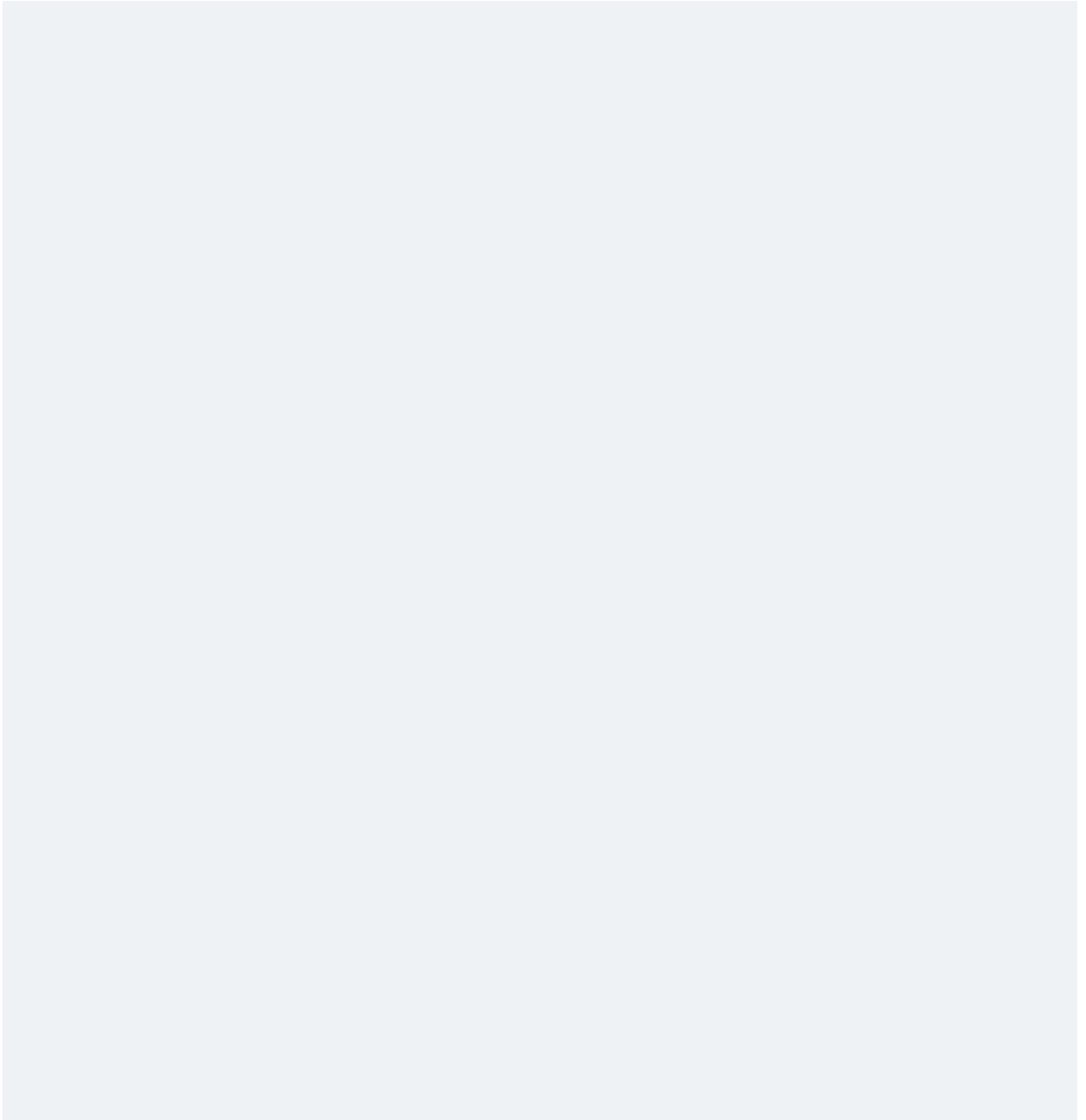
Organization of the internal audit

Internal auditing is performed on a mandate basis by Ernst & Young in accordance with the instructions of the Audit Committee. The internal audit plan is revised on an annual basis in conjunction with the external auditors and management, and approved by the Audit Committee. No special audits were commissioned in 2010.

Fees are based on the scope of services rendered. In 2010 Ernst & Young performed various individual audits. Ernst & Young were paid remuneration totaling CHF 211,600 (including expenses) for these services.

Internal Control System (ICS)

A Board directive and the ICS manual govern the Internal Control System (ICS). The ICS ensures the implementation of appropriate procedures and measures for the purpose of identifying and monitoring the main risks to which the company is exposed. In particular, the aim of the ICS is to ensure the integrity and completeness of accounting and bookkeeping, to provide timely and reliable financial reporting, and to prevent, minimize and identify errors and irregularities in the financial statements.



MEMBERS OF THE EXECUTIVE BOARD

Riet Cadonau Chief Executive Officer of the Ascom Group
(until 31 March 2011)

Nationality: Swiss | Born 1961

> 1988 Master of Business Administration, University of Zurich (lic. oec. publ.) > 1988 Executive Marketing Assistant, Swiss Bank Corporation, Basel > 1990 Various sales and management positions incl. Account Executive (worldwide); Head of Banking business unit, IBM Switzerland, Zurich > 1998 Member of the Executive Board and Head of Global Services, IBM Switzerland, Zurich > 2001 Ascom Group, General Manager of the Integrated Services Division and member of the Executive Board > 2002 General Manager of the Transport Revenue Division, Deputy CEO of the Ascom Group > 2005 After completion of the divestment: Managing Director Transport Revenue, ACS; from 2006 also Senior Vice President, ACS Europe > 2007 Studies at INSEAD (AMP) in Fontainebleau/Paris > 20 August 2007–31 March 2011 CEO of the Ascom Group

Fritz Mumenthaler General Manager Wireless Solutions
& Deputy CEO (CEO as of 1 April 2011)

Nationality: Swiss | Born 1958

> 1985 Degree in business administration from the Universities of Berne and Neuchâtel (lic. rer. pol.) > 1985 Manager Human Resources, Credit Suisse > 1988 MBA from INSEAD, Fontainebleau/Paris > 1989 Assistant Director, Swissphone Telecommunications > 1992 Project Manager Corporate Development, Landis+Gyr > 1994 Head of Marketing Europe, subsequently Head of Global Marketing of Landis+Gyr Building Control, Siemens Building Technologies, Building Automation Division > 2000 Head of Zone Europe, Member of the Division Management Team, Siemens Building Technologies, Building Automation Division > Since 1 June 2005 General Manager Wireless Solutions and member of the Executive Board of the Ascom Group > Since 20 August 2007 also Deputy CEO > From 1 April 2011 CEO of the Ascom Group

From left: Fritz Gantert, Martin Zwysig, Fritz Mumenthaler, Riet Cadonau, Rikard Lundqvist



Dr Martin Zwysig Chief Financial Officer
of the Ascom Group

Nationality: Swiss | Born 1965

- > 1992 MBA from the University of St. Gallen (lic. oec. HSG)
- > 1995 PhD in Economics (Dr. oec.), University of St. Gallen
- > 1995–1997 Corporate Controlling, Swiss Bank Corporation, Zurich
- > 1997–2001 Divisional Controller, Sarnatech/Sarnamotive, Sarna Kunststoff Holding AG, Sarnen
- > 2001–2002 Senior Vice President Finance & Controlling, EMS-TOGO Group, Romanshorn
- > 2003–2008 CFO, Schaffner Holding AG, Luterbach
- > Since 1 September 2008 CFO of the Ascom Group and member of the Executive Board

Dr Fritz Gantert General Manager Security Communication

Nationality: Swiss | Born 1958

- > 1982 Degree in mechanical process engineering, construction and industrial management, Federal Institute of Technology (ETH), Zurich
- > 1983–1987 Assistant at the Institute of Industrial Management before transferring to the Stiftung BWI für Forschung und Beratung (Foundation for Research and Consulting)
- > 1987 PhD, ETH Zurich
- > 1988–1998 Various management positions, Ascom AG, Berne, including Head of Electronics Production and Head of the Paysys Division; latterly as Head of Ascom Service Automation Switzerland
- > 1991–1992 Executive MBA from the Graduate School of Business Administration, Zurich
- > 1998–2001 Member of the Group Executive Board, Sarna Kunststoff Holding AG, Sarnen, Head of the Sarnatech Division, subsequently set up the Sarnamotive Division
- > 2001–2006 Delegate to the Board of Directors and CEO of Schaffner Holding AG, Luterbach
- > Since 1 October 2007 General Manager Security Communication (formerly Security Solutions) and member of the Executive Board of the Ascom Group

Rikard Lundqvist General Manager Network Testing

Nationality: Swedish | Born 1967

- > 1991 Master of Science in Computer Science and Engineering (University of Luleå, Sweden)
- > 1994–1996 Manager Product Market Strategies Ericsson Erisoft AB, Skellefteå (Sweden)
- > 1996–1999 Regional Sales Manager TEMS, Dallas, TX (USA)
- > 1999–2005 Director Global Product Management TEMS, Reston, VA (USA)
- > 2005–2006 Chief Technology Officer TEMS, Reston, VA (USA)
- > 2006–2008 Head of Strategy and Business Development TEMS, Reston, VA (USA)
- > 2008–2009 Vice President and General Manager TEMS, Reston, VA (USA)
- > Since 1 January 2010 General Manager Network Testing and Member of the Executive Board of the Ascom Group

4. EXECUTIVE BOARD

The Executive Board of the Ascom Group

The Executive Board is responsible for operational management of the Ascom Group within the framework of the delegation of responsibilities. Its duties are set down in the Organizational Regulations and the corresponding Annexes.

Composition of the Ascom Executive Board

The Ascom Group Executive Board comprised the following members as of 1 January 2011:

		Executive Board member since
Riet Cadonau	CEO (until 31.3.2011)	2001–2005 and as CEO since 20.8.2007
Fritz Mumenthaler	Deputy CEO/General Manager Wireless Solutions (CEO from 1.4.2011)	1.6.2005
Dr Fritz Gantert	General Manager Security Communication	1.10.2007
Dr Martin Zwyszig	CFO	1.9.2008
Rikard Lundqvist	General Manager Network Testing	1.1.2010

Changes in the Executive Board

None.

Other mandates of members of the Executive Board

The members of the Executive Board hold the following positions on the boards of other exchange-listed companies: Riet Cadonau is a member of the Board of Directors of Kaba Holding AG, Rümlang, and Dr Fritz Gantert is a member of the Board of Directors of Datacolor AG, Lucerne.

The members of the Executive Board are involved in following activities in governing or supervisory bodies of important Swiss and foreign public- and private-law corporations, institutions and foundations: Riet Cadonau is a member of the Board of Directors of Griesser Holding AG, Aadorf, and Dr Fritz Gantert is a member of the Board of Directors of Fraisa Holding AG, Bellach, and of Wandfluh Holding AG, Frutigen. Dr Martin Zwyszig is a member of the Board of Directors of Sputnik Engineering AG in Biel/Bienne.

Dr Fritz Gantert is Chairman of the Swiss Association for Technology and the Army (STA). The other members of the Executive Board do not exercise any permanent managerial or consultancy functions for important Swiss or foreign interest groups or hold any official positions or political offices.

Mode of operation of the Executive Board

The Executive Board generally convenes on a monthly basis for a half- or full-day meeting. Additional meetings or conference calls are held as and when necessary. Twelve meetings were held in 2010.

Management contracts

There are no management contracts within the Ascom Group.

Business relationships with closely related companies and persons

No significant business transactions exist with closely related companies or persons.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

All details of compensation, shareholdings and loans are listed in the Remuneration Report on pages 41 to 46 of this Annual Report. This information can also be found in note 9 to the financial statements of Ascom Holding Ltd. (page 106 of this Annual Report).

6. SHAREHOLDERS' PARTICIPATION RIGHTS

Voting rights and protective rights

Shareholders in Swiss joint-stock companies have extensive participation and protective rights governed in principle by the Swiss Code of Obligations (OR) and supplemented by the respective company's Articles of Incorporation. The main rights enjoyed by shareholders of Ascom Holding Ltd. are listed below.

Annual General Meeting

Voting rights and representation

- Each share entitles the holder to one vote represented at the Annual General Meeting. There are no voting right restrictions.
- Each shareholder may be represented by proxy at the Annual General Meeting by another shareholder who holds a power of attorney and is recorded in the share register as a voting shareholder.
- Sole proprietorships, partnerships and legal entities may be represented by authorized signatories, natural persons by their legal representatives and married persons by their spouses, even if these representatives are not shareholders.

- The Board of Directors makes the requisite arrangements to determine voting rights and to establish the results of votes and elections.

Resolutions and elections

- The Annual General Meeting has a quorum for transaction of business regardless of the number of votes represented.
- Unless otherwise stipulated by law, the Annual General Meeting adopts resolutions and carries out votes by an absolute majority of valid votes cast. Elections are decided by the relative majority of votes in a second ballot.
- The Chairman holds the casting vote.
- The Board of Directors determines the voting procedure. Shareholders representing registered shares with a par value of CHF 100,000 are entitled to demand a written ballot. This threshold corresponds to 0.5% of the votes.

Convocation of the Annual General Meeting

- The Annual General Meeting is convened by the Board of Directors or, if need be, by the auditors.
- Convocation is effected no later than 20 days before the date of the meeting by a single announcement in the company's publication of record (the Swiss Official Gazette of Commerce – SOGC) and by letter to the shareholders.

Agenda

- In accordance with Art. 699 Para. 3 of the Swiss Code of Obligations, requests to place an item on the agenda must be submitted to the Board of Directors no later than 45 days before the date of the Annual General Meeting.
- The invitation to submit agenda items is published in a single announcement in the company's publication organ (the SOGC).

Registration in the share register

- All shareholders recorded in the share register as voting shareholders 10 days before the date of the Annual General Meeting are admitted to the meeting and entitled to vote.
- Shareholders who dispose of their shares before the Annual General Meeting are no longer entitled to vote.

7. CHANGE OF CONTROL AND DEFENSIVE MEASURES

Obligation to submit a purchase offer

The Articles of Incorporation of Ascom Holding Ltd. contain neither an opting-out nor an opting-up clause. Anyone who acquires one-third (33⅓%) of the share capital in Ascom Holding Ltd. is obliged under the Stock Exchange Act (Art. 32, SESTA) to submit a public purchase offer for the remaining shares.

Change of control clauses

No change of control clauses have been agreed in covenants with members of the Board of Directors. The period of notice for members of the Executive Board is 12 months while the acting CEO has a notice period of 24 months. In certain cases a change of control can result being granted to the CEO the right to be released with continued payment of salary during the notice period or the right to a special payment up to the amount of one year's salary.

In the event of a takeover of the company, all exercise hurdles for existing option plans are null and void as of the takeover date and all options granted may be exercised.

8. AUDITORS

Auditors

PricewaterhouseCoopers Ltd, Zurich (formerly STG Coopers & Lybrand Ltd), have acted as auditors since 1987. Stefan Räsamen has been auditor-in-charge since 2007. The auditors are appointed by the Annual General Meeting for a term of one fiscal year.

Auditing fee

PricewaterhouseCoopers was paid compensation of CHF 964,275 (previous year: CHF 1,071,788) for services in connection with auditing the annual financial statements of Ascom Holding Ltd. and Group companies and the consolidated statements of the Ascom Group for the year ended 31 December 2010.

Additional fees

In 2010, PricewaterhouseCoopers was paid the following additional fees in 2010:

Tax consulting	CHF 341,381 (previous year: CHF 159,449)
Miscellaneous	CHF 157,372 (previous year: CHF 107,875)
Total	CHF 498,753 (previous year: CHF 267,324)

Monitoring and control instruments

As a committee of the Board of Directors, the Audit Committee evaluates the performance, fees and independence of the external auditors each year.

The external auditors prepare a detailed audit report at least once a year and report in detail to the Audit Committee. The main findings and recommendations contained in the audit reports of the external auditors are then discussed in detail with the CFO.

In 2010, the external auditors drew up two detailed management reports (for the Half-Year Report and the Annual Report). The external auditors attended two of the Audit Committee meetings held in 2010.

Each year, the Board of Directors reviews the selection of auditors in order to propose them to shareholders for appointment at the Annual General Meeting. The aim is to ensure the general independence of the auditors as well as the personal independence of the auditor-in-charge and determine their understanding of Ascom's business activities and the specific business risks relevant for Ascom, the nature of collaboration between the external auditors and the Audit Committee, and the manner in which support is provided for implementation of the legal provisions as well as IFRS requirements.

The Audit Committee assesses the effectiveness of the auditors in compliance with the legal provisions in Switzerland. The Board of Directors bases the rotation cycle for the auditor-in-charge on the relevant provisions of the Swiss Code of Obligations, according to which the auditor-in-charge may perform this mandate for no more than seven years.

The Audit Committee also examines the ratio between the fee for the annual audit and fees for additional services performed by the auditors, in order to ensure that the auditors' independence is not impaired. For the 2010 reporting year, the Board of Directors concluded that the auditors' independence was fully assured.

9. INFORMATION POLICY

The Board of Directors of Ascom Holding Ltd. and the Executive Board have undertaken to align their organizational structure in compliance with the latest corporate governance standards.

Ascom's information policy is based on commitment to a high degree of transparency and equal treatment of all stakeholder groups. Corporate Communications come under the remit of the General Secretary. Ascom Holding Ltd. provides a wide range of communication tools to keep its shareholders, the media, analysts and other stakeholder groups informed:

Publications

- Annual Report
- Half-Year Report
- The official publication organ is the Swiss Official Gazette of Commerce (SOGC)

Events

- Annual Media Conference and Half-Year Media Conference for media representatives and analysts
- Ad hoc media conferences
- Analyst & Media Day
- Annual General Meeting of Shareholders
- Roadshows for institutional investors

Media releases

In accordance with the provisions of the SIX Swiss Exchange, Ascom publishes information on an ad hoc and regular basis. Furthermore, Ascom publishes Ascom media releases on significant business activities and on important product and service innovations.

Sponsorship

The main focus of Group level sponsorship is on UNICEF.

Internet

The Ascom website (www.ascom.com) provides a comprehensive overview of the company's structure and activities and the offerings of the individual business units.

All media releases and presentations at media conferences can be downloaded from the website at www.ascom.com/en/index/news-corporate.htm and www.ascom.com/en/index/investor-relations/ir-reports-presentations.htm. Media releases may also be received by e-mail by subscribing to the News Service on the website, or via News Feed (www.ascom.com/en/index/news-corporate/news-service/hugin-subscription-form.htm).

The Articles of Incorporation of Ascom Holding Ltd., the Organizational Regulations, a current extract from the Commercial Register, the Code of Business Conduct and the share registration guidelines can be downloaded from the website under "Corporate Governance" (www.ascom.com/en/index/investor-relations/about-the-group/corporate-governance.htm). The minutes of past Annual General Meetings are available at www.ascom.com/de/index/investor-relations/annual-general-meeting.

Implementation of publication requirements under stock exchange regulations

The Board of Directors has issued an Annex to the Organization Regulations entitled "Corporate Policy and Procedure on Insider Trading", which in particular prohibits Ascom employees and governing bodies of Ascom from engaging in insider trading. An absolute ban on trading applies during a period of four weeks prior to the publication of the annual results and half-year results.

Information on management transactions is published at www.six-swiss-exchange.com/shares/companies/management_transactions_en.html.

Detailed information on disclosure announcements can be viewed at www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html.

Dates and contacts

A list of important dates in 2011 and Corporate Communications and Investor Relations contacts is provided on page 117 of this Annual Report.

REMUNERATION REPORT

This Remuneration Report provides information on remuneration paid by Ascom in fiscal year 2010. This report is an integral part of the Annual Report, which will be presented to the 2011 Annual General Meeting for approval.

1. Content and method of determining remuneration and stock option plans

a) Board of Directors

Members of the Board of Directors receive a fee in accordance with the Remuneration Regulations (Annex to the Organization Regulations [www.ascom.com/en/index/investor-relations/about-the-group/corporate-governance.htm]). The fee is paid in cash. No other remuneration is paid. Members of the Board of Directors receive no severance payment.

The fees for members of the Board of Directors are reviewed on an annual basis and are set at the discretion of the full Board of Directors. Fees paid to members of the Board of Directors are not tied to any corporate objectives or targets.

Since 2007, the fee for a regular member of the Board of Directors has been CHF 100,000 per annum.

The fees for the Chairman and Vice-Chairman of the Board of Directors have not changed since 2004. The Chairman receives a basic fee of CHF 240,000 per annum. The Vice-Chairman, who is also Chairman of the Audit Committee, receives a fee of CHF 160,000 per annum.

b) Executive Board

▪ Method of determination

The remuneration packages for all members of the Executive Board are set by the full Board of Directors on the recommendation of the Compensation & Nomination Committee. The Compensation & Nomination Committee is made up exclusively of independent members of the Board of Directors. In 2010, the CEO attended parts of the meetings of the Compensation & Nomination Committee but was not present for the discussion and decision concerning his own remuneration package.

The Executive Board was enlarged from four to five members on 1 January 2010 (appointment of Rikard Lundqvist, General Manager Network Testing).

Remuneration for members of the Executive Board is reviewed on an annual basis and set at the discretion of the full Board of Directors on the basis of the function, responsibility, experience and performance of the individual Executive Board members.

Total remuneration for each member consists of a basic salary and a performance-related bonus as a variable component. The basic salary and variable component are paid in cash.

In addition, since 2003 the Board of Directors has approved an option program for senior management on an annual basis, with a view to rewarding behavior geared towards medium and long-term success with remuneration elements that are only available at a later point in time.

▪ Basic salary

The basic salary for members of the Executive Board was increased at the beginning of 2010 by an average of 6% due to Ascom's good business performance in the previous year. The basic salaries for 2009 were unchanged. In 2010, the basic salaries paid to the five members of the Executive Board totaled CHF 2,203,000 (2009: CHF 1,770,000 for the four Executive Board members).

▪ **Variable salary component (bonus)**

The variable salary component (bonus) is linked solely to the attainment of clearly measurable quantitative targets (incoming orders, net revenue, EBIT, net working capital) which are defined at the beginning of each year. The individual incentive targets used to determine the variable salary component (bonus calculation) for members of the Executive Board are defined annually by the full Board of Directors at the request of the Compensation & Nomination Committee. On fully achieving all defined targets, the respective member of the Executive Board receives a pre-determined percentage of his basic salary as a bonus.

The CEO receives a bonus of 50% of his basic salary on fully achieving all targets. In cases where the targets set are exceeded, the CEO is paid an increased bonus of up to a maximum of potentially doubling the target bonus of 50% of the basic salary. The other members of the Executive Board receive a bonus of 40% of their basic salary on fully achieving all defined targets. In cases where the targets set within the respective member's area of responsibility as well as the Group targets are exceeded, the other members of the Executive Board are paid an increased bonus in line with the individually defined incentive target up to a maximum of potentially doubling the target bonus of 40% of the basic salary.

While the incentive targets set for 2009 were only partly achieved, those set for 2010 were clearly exceeded by all members of the Executive Board due to the very good business results. Accordingly, the provision for the variable salary component for the five members of the Executive Board amounts to CHF 1,461,000 for 2010 compared to CHF 382,000 for the four Executive Board members in 2009. The calculation and payment of bonuses will be made in April 2011 following the approval of the 2010 financial statements.

In 2010, the variable salary component (bonus) corresponded to 83% of the basic salary for the CEO (2009: 23%) and to 58% of the basic salary for the other Executive Board members (2009: 21%).

▪ **Options**

Options are allocated on the basis of stock option plans set up each year and agreed in writing. The conditions for exercising such options are defined when they are allocated, with no subsequent changes being made and in particular no re-pricing. The strike price corresponds at least to the market price on the exercise date or to the average market price over a defined number of trading days before this date. The management of the Ascom Stock Option Plans is within the responsibility of the Board of Directors.

In 2010, the CEO received options under the Ascom Stock Option Plan worth 18% of the total of basic salary and 100% potential bonus. The other members of the Executive Board received options worth 20% of the total of their basic salaries and target bonuses. The value of the options was determined by an independent third party.

If a participant to an Ascom Stock Option Plan terminates his/her contract of employment, all outstanding options are forfeited upon termination of the contract of employment. Outstanding options may still be exercised within three months of the date on which the contract of employment expires, following which they are forfeited.

▪ **Severance payments**

Contracts of employment with members of the Executive Board provide for no special severance payments. The period of notice for members of the Executive Board is 12 months, while the CEO has a notice period of 24 months. In certain cases a change of control can result being granted to the CEO the right to be released with continued payment of salary during the notice period or the right to a special payment up to the amount of one year's salary.

In the event of a takeover of the company, all exercise hurdles for existing option plans are null and void as of the takeover date and all options granted may be exercised.

If a participant to an Ascom Stock Option Plan terminates his contract of employment, all outstanding options are forfeited upon termination of the contract of employment. Outstanding options may still be exercised within three months of the date on which the contract of employment expires, following which they are forfeited.

2. Remuneration for acting members of governing bodies

The following remuneration was paid in 2010:

a) Board of Directors

Members of the Board of Directors were paid remuneration totaling CHF 700,000 in 2010.

	CHF
Juhani Anttila, Chairman	240,000
Paul E. Otth, Vice-Chairman	160,000
Dr J.T. Bergqvist	100,000
Kentth-Ake Jönsson	100,000
Andreas Umbach (from 21.4.2010)	69,160
Dr Wolfgang Kalsbach (until 21.4.2010)	30,840

No members of the Board of Directors received any additional payments as defined by Art. 663b^{bis} of the Swiss Code of Obligations, nor were any payments made to parties closely related to the Board of Directors.

No members of the Board of Directors or closely related parties were granted any loans by the company.

b) Executive Board

The total paid to all five members of the Executive Board in fiscal 2010 amounted to CHF 4,653,990 (2009: CHF 2,883,590 for four members). The total amount includes employer's contributions to the occupational pension scheme in the amount of CHF 248,000 as well as provisions of CHF 1,461,000 in respect of the contractually agreed bonus entitlements (variable salary components) for the five Executive Board members currently in office.

Executive Board members' bonus entitlements for 2010 will be calculated and paid in April 2011 following approval of the annual financial statements. The criteria governing payment of the 2010 bonus are measurable solely on a quantitative basis and are contractually regulated. In addition, members of the Executive Board were allocated a total of 173,000 options under the 2010 Ascom Stock Option Plan. These options are valued at a total of CHF 697,190, based on the value at the time they were granted.

in CHF	Basic salary	Bonus provision	Miscellaneous ²	Pension contributions	Options ¹	Total
CEO	720,000	598,000	–	91,000	261,950	1,670,950
Other members	1,483,000	863,000	44,800	157,000	435,240	2,983,040
Total Executive Board	2,203,000	1,461,000	44,800	248,000	697,190	4,653,990

¹ Fair value of the options granted in 2010, calculated at the time they were granted using a binomial model

² Contributions to medical benefit plans and special premiums

The highest total remuneration within the Executive Board was paid to the CEO. The total remuneration for 2010 amounted to CHF 1,318,000 (basic salary and bonus provision). Pension contributions from the employer amounted to CHF 91,000. The CEO was also allocated 65,000 options under the 2010 Ascom Stock Option Plan. These options are valued at a total of CHF 261,950 based on the value at the time they were granted. All options which are not vested or exercised will be null and void as of 30 June 2011 due to the leave of Riet Cadonau.

No members of the Executive Board received any additional payments as defined by Art. 663b^{bis} of the Swiss Code of Obligations, nor were any payments made to parties closely related to the Executive Board.

No members of the Executive Board or closely related parties were granted any loans by the company.

3. Former members of the Executive Board

No former members of the Executive Board or parties closely related to them received any payments or loans from the company in 2010.

4. Share ownership

Number of Ascom Holding Ltd. shares held as of 31 December 2010:

a) Board of Directors

- All members of the Board of Directors and closely related parties, in toto: 35,500 shares.

	Shares
Juhani Anttila, Chairman	35,500
Paul E. Otth, Vice-Chairman	–
Dr J.T. Bergqvist	–
Kentth-Ake Jönsson	–
Andreas Umbach	–

- No members of the Board of Directors or closely related parties hold any conversion or option rights.

b) Executive Board

- All members of the Executive Board and closely related parties, in toto: 98,000 shares and 682,700 options (all employee options).

c) Share allotment in the year under review

Ascom Holding Ltd. allotted no shares in 2010.

Number	Shares	Options	Employee options (exercisable) ¹	Employee options (not exercisable) ¹
Riet Cadonau, CEO	22,000	–	154,100	145,600
Fritz Mumenthaler, GM WS & Deputy CEO	21,000	–	88,166	58,334
Dr Fritz Gantert, GM SeCom	55,000	–	50,166	58,334
Rikard Lundqvist, GM NT	–	–	8,000	43,000
Dr Martin Zwysig, CFO	–	–	18,666	58,334
Total Executive Board	98,000	–	319,098	363,602

¹ In accordance with the provisions of Ascom Stock Option Plans 2007/I, 2007/II, 2008, 2009 and 2010. Ratio 1:1

5. Options

a) Ascom Stock Option Plan 2007/I

In accordance with the resolution passed by the Board of Directors on 5 March 2007, a total of 95,400 options were issued to three members of Ascom senior management on 5 March 2007 and 14 May 2007 respectively, each option entitling the holder to purchase one share with a par value of CHF 0.50. The strike price is CHF 19.85. The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period to 4 March 2009.

None of the 95,400 options still outstanding was exercised in 2010. 17,900 were forfeited, and the remaining 77,500 are still outstanding.

b) Ascom Stock Option Plan 2007/II

In accordance with the resolution passed by the Board of Directors on 25 September 2007, a total of 360,000 options were issued to 26 members of Ascom senior management on 1 October 2007, each option entitling the holder to purchase one share with a par value of CHF 0.50 (cash-settled options allocated to US residents entitle the holder to receive the difference between exercise and strike price in cash). The strike price is CHF 13.00. The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year).

18,000 of the 342,000 options outstanding at the beginning of the year were exercised in 2010, 26,000 were forfeited, and the remaining 298,000 are still outstanding.

c) Ascom Stock Option Plan 2008

In accordance with the resolution passed by the Board of Directors on 3 March 2008, a total of 170,400 options were issued to six members of Ascom senior management on 3 March 2008, 28 July 2008 and 4 August 2008 respectively, each option entitling the holder to purchase one share with a par value of CHF 0.50. The strike price is CHF 12.50. The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year).

8,000 of the 165,400 options outstanding at the beginning of the year were exercised in 2010, and the remaining 157,400 are still outstanding.

d) Ascom Stock Option Plan 2009

In accordance with the resolution passed by the Board of Directors on 2 March 2009, a total of 490,200 options were issued to 33 members of Ascom senior management on 2 March 2009, 1 June 2009, 12 June 2009, 29 June 2009, 3 August 2009 and 12 August 2009 respectively, each option entitling the holder to purchase one share with a par value of CHF 0.50 (cash-settled options allocated to US residents entitle the holder to receive the difference between exercise and strike price in cash). The strike price is CHF 7.70. The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year).

126,900 of the 490,200 options outstanding at the beginning of the year were exercised in 2010, 4,000 were forfeited and the remaining 359,300 are still outstanding.

e) Ascom Stock Option Plan 2010

In accordance with the resolution passed by the Board of Directors on 3 March 2010, a total of 512,000 options were issued to 42 members of Ascom senior management on 12 March 2010 and 10 May 2010 respectively, each option entitling the holder to purchase one share with a par value of CHF 0.50 (cash-settled options allocated to US residents entitle the holder to receive the difference between exercise and strike price in cash). The strike price is CHF 11.40. The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year).

All 512,000 options are still outstanding.

f) Options held as of 31 December 2010

SOP	Duration in years	Strike price CHF	Exercised options	Expired options	Retained options
2007/I	4	19.85	–	17,900	77,500
2007/II	4	13.00	18,000	44,000	298,000
2008	4	12.50	13,000	–	157,400
2009	4	7.70	126,900	4,000	359,300
2010	4	11.40	–	–	512,000

The 1,404,200 options issued and not yet exercised or expired as of 31 December 2010 correspond to 3.90% of the total share capital.

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CONSOLIDATED BALANCE SHEET

	CHFm	Note	31.12.2010	31.12.2009
ASSETS				
	Property, plant and equipment	5	25.3	29.1
	Intangible assets	6	221.5	238.8
	Deferred income tax assets	23	3.9	4.3
	Financial assets	7	5.3	5.5
	Other assets	10	5.4	2.7
	Non-current assets		261.4	280.4
	Inventories and work in progress	8	42.3	47.3
	Trade receivables	9	103.8	108.2
	Other assets	10	43.8	45.1
	Financial assets held for trading purposes		–	0.5
	Cash and cash equivalents	11	129.0	127.7
	Current assets		318.9	328.8
	Total assets		580.3	609.2
LIABILITIES AND SHAREHOLDERS' EQUITY				
	Equity attributable to owners of the parent		189.0	179.3
	Shareholders' equity		189.0	179.3
	Borrowings	14	37.5	75.1
	Deferred income tax liabilities	23	16.7	20.9
	Employee benefit obligations	15	15.9	15.9
	Provisions	16	13.6	17.4
	Other liabilities		0.2	1.4
	Non-current liabilities		83.9	130.7
	Borrowings	14	37.6	25.1
	Provisions	16	35.0	34.1
	Trade payables		28.0	29.9
	Liabilities for income tax		7.2	6.6
	Other liabilities	17	199.6	203.5
	Current liabilities		307.4	299.2
	Total liabilities		391.3	429.9
	Total liabilities and shareholders' equity		580.3	609.2

The notes on pages 52 to 98 are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

CHFm	Note	2010	2009
Revenue	18	571.2	537.2
Cost of goods sold		(301.9)	(309.9)
Gross profit		269.3	227.3
Marketing and distribution		(116.3)	(104.2)
Research and development		(56.9)	(47.0)
Administration		(44.3)	(40.5)
Amortization of intangible assets from acquisition ¹	6	(10.5)	(7.9)
Other income/(expenses), net	19	7.1	5.1
Earnings before interest and income tax (EBIT)		48.4	32.8
Financial income	22	1.0	5.3
Financial expenses	22	(6.9)	(5.6)
Earnings before income tax (EBT)		42.5	32.5
Income tax	23	(10.0)	(8.1)
Group profit for the period		32.5	24.4

¹ This line item exclusively contains amortization of intangible assets initially capitalized due to a purchase price allocation at acquisition date.

Group profit for the period attributable to

Owners of the parent		32.5	24.5
Non-controlling interests	13	–	(0.1)

Earnings per share in CHF

Basic	24	0.94	0.70
Diluted	24	0.94	0.70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CHFm	Note	2010	2009
Group profit for the period		32.5	24.4
Currency translation adjustments		(22.0)	5.8
Total comprehensive income for the period		10.5	30.2

Total comprehensive income for the period attributable to

Owners of the parent		10.5	30.3
Non-controlling interests		–	(0.1)

The notes on pages 52 to 98 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

CHFm	Note	2010	2009
Group profit for the period		32.5	24.4
+ Depreciation and impairment of property, plant and equipment	5	6.2	7.1
+ Amortization and impairment of intangible assets	6	13.8	9.9
+/- (Profit)/loss from disposal of property, plant and equipment	19	(0.1)	(0.2)
+/- (Profit)/loss from divestment of a subsidiary or business	3	(2.9)	(3.6)
+ Share-based payments	20	1.7	1.4
+/- Increase/(release) of provisions		9.9	2.2
- Provisions paid	16	(12.6)	(16.9)
+/- Change in inventory and work in progress		1.5	6.7
+/- Change in trade receivables		(5.2)	(6.7)
+/- Change in trade payables		1.4	(5.7)
+/- Change in other current assets and other liabilities		1.8	2.8
- Interest income	22	(1.0)	(1.5)
+ Interest expenses	22	3.1	3.5
+ Interest received		0.8	1.1
- Interest paid		(2.2)	(2.5)
+ Income tax expenses	23	10.0	8.1
- Income tax paid		(11.7)	(5.9)
+/- Foreign currency translation differences from intra-group positions		(0.8)	0.3
Net cash flow from operating activities		46.2	24.5
- Purchase of property, plant and equipment	5	(6.0)	(6.4)
+ Proceeds from sale of property, plant and equipment		0.4	0.5
- Purchase of intangible assets	6	(8.5)	(3.0)
- Acquisition of a subsidiary or business		-	(181.4)
+ Proceeds from divestment of a subsidiary or business	3	2.1	4.1
+/- Change in financial assets and other non-current assets		0.6	6.1
Net cash flow from investing activities		(11.4)	(180.1)
+ Increase in borrowings		-	120.2
- Repayment of borrowings		(25.1)	(20.0)
+ Proceeds from sale of own shares		1.3	0.1
- Purchase of own shares	12	(3.4)	(0.8)
Net cash flow from financing activities		(27.2)	99.5
+/- Effect of foreign exchange rate fluctuations on cash and cash equivalents		(6.3)	1.2
Net increase/(decrease) in cash and cash equivalents		1.3	(54.9)
+ Cash and cash equivalents at 1.1.		127.7	182.6
Cash and cash equivalents at 31.12.	11	129.0	127.7

The notes on pages 52 to 98 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHFm	Attributable to owners of the parent						Non-controlling interests ²	Total shareholders' equity
	Share capital ¹	Own shares ¹	Share premium	Other capital reserves	Currency translation adjustments	Retained earnings		
Balance at 1.1.2009	18.0	(13.2)	21.9	4.4	(25.7)	143.2	0.1	148.7
Group profit for the period	–	–	–	–	–	24.5	(0.1)	24.4
Other comprehensive income	–	–	–	–	5.8	–	–	5.8
Total comprehensive income for the period	–	–	–	–	5.8	24.5	(0.1)	30.2
Share-based payments	–	–	–	1.1	–	–	–	1.1
Purchase of own shares	–	(0.8)	–	–	–	–	–	(0.8)
Disposal of own shares	–	0.1	–	–	–	–	–	0.1
Total transactions with owners	–	(0.7)	–	1.1	–	–	–	0.4
Balance at 31.12.2009	18.0	(13.9)	21.9	5.5	(19.9)	167.7	–	179.3
Group profit for the period	–	–	–	–	–	32.5	–	32.5
Other comprehensive income	–	–	–	–	(22.0)	–	–	(22.0)
Total comprehensive income for the period	–	–	–	–	(22.0)	32.5	–	10.5
Share-based payments	–	–	–	1.3	–	–	–	1.3
Purchase of own shares	–	(3.4)	–	–	–	–	–	(3.4)
Disposal of own shares	–	1.6	–	(0.3)	–	–	–	1.3
Total transactions with owners	–	(1.8)	–	1.0	–	–	–	(0.8)
Balance at 31.12.2010	18.0	(15.7)	21.9	6.5	(41.9)	200.2	–	189.0

¹ Refer to note 12.

² Refer to note 13.

Share premium

The share premium represents the excess of the issued share capital's fair value over its nominal value.

Other capital reserves

For equity-settled employee share-based payment transactions, IFRS requires entities to recognize an increase in equity when services are received. The Group has chosen to recognize an expense with a related credit in other capital reserves. The Group provides own shares to employees exercising stock options and elected to recognize the excess or shortfall of cash received over the acquisition cost of those own shares in other capital reserves.

Currency translation adjustment

Shareholders' equity of Group companies with financial statements in foreign currency is carried at historical exchange rates. The resulting foreign exchange differences are recognized directly in shareholders' equity under currency translation adjustments until the disposal of the subsidiary in question.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ascom is an international solution provider with comprehensive technological know-how in Mission-Critical Communication. The company focuses on the areas of Wireless Solutions (high-value, customer-specific on-site communication solutions), Network Testing (a global market leader in testing and optimization solutions for mobile networks) and Security Communication (secure, reliable communication solutions for alerts, mobilization and tactical communication).

Ascom Holding Ltd., the parent company of the Group, is a public limited company and is domiciled in Berne (Switzerland). Ascom registered shares (symbol ASCN) are listed on the SIX Swiss Exchange in Zurich (Switzerland).

2. SUMMARY OF THE GENERAL GROUP ACCOUNTING POLICIES

2.1 Basis of preparation

The functional and presentation currency of Ascom Holding Ltd. is Swiss francs (CHF). Ascom's consolidated financial statements are prepared based on the individual financial statement of each Group company. These are based on historical costs except for the revaluation of certain financial assets at fair value, and are prepared in accordance with International Financial Reporting Standards (IFRS) including the standards and interpretation guidelines issued by the International Accounting Standards Board as well as the valuation and accounting policies described below. These policies have been consistently applied.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.25.

The closing date for the Group and the individual Group companies is 31 December.

2.2 Changes in accounting policy and disclosures

a) The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2010:

IFRS 3 (revised) – "Business combinations" and consequential amendments to IAS 27 – "Consolidated and separate financial statements", IAS 28 – "Investments in associates" and IAS 31 – "Interests in joint ventures" are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. IFRS 3 (revised) and the consequential amendments to the related standards had no impact on the current period, as there have been no business combinations.

IAS 27 (revised) – "Consolidated and Separate Financial Statements" requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the

accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. IAS 27 (revised) has had no impact on the current period, as non-controlling interests were not existent; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

In addition, Ascom introduced the following changes on 1 January 2010: IFRIC 17 – “Distributions of Non-cash Assets to Owners”, IAS 39 (amendment) – “Eligible Hedged Items”, IFRIC 18 – “Transfers of Assets from Customers”, IFRS 2 (amendment) – “Group Cash-settled Share-based Payment Transactions”, IFRS 1 (amendment) – “Additional Exemptions for First-time Adopters”, IFRIC 9 – “Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement” as well as IFRS Improvements published in April 2009 to various IFRSs. These standards have no effect on the consolidated balance sheet or statement of comprehensive income of Ascom Group, as they are either mostly disclosure regulations or are of little significance to Ascom Group.

b) The following standards and amendments to existing standards have been published but are not yet effective. The Group has not early adopted them.

Standard	As- sessment	Effective date	Planned application by Ascom
IAS 32 (amendment) – “Classification of Rights Issues”	*	1.2.2010	2011
IFRS 1 (amendment) – “First time adoption: Limited Exemption for IFRS 7 Disclosures”	*	1.7.2010	2011
IFRIC 19 – “Extinguishing Financial Liabilities with Equity Instruments”	*	1.7.2010	2011
IAS 24 (revised) – “Related Party Disclosures”	*	1.1.2011	2011
IFRIC 14 (amendment) – “Prepayments of a Minimum Funding Requirement”	*	1.1.2011	2011
IFRS 1 (amendment) – “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	*	1.7.2011	2012
IFRS 7 (amendment) – “Disclosures: Transfers of Financial Assets”	*	1.7.2011	2012
IAS 12 (amendment) – “Deferred Tax: Recovery of Underlying Assets”	*	1.1.2012	2012
IFRS 9 – “Financial Instruments”	***	1.1.2013	2013
Annual Improvements to IFRSs 2010 issued in May 2010 (various amendments)	**	1.7.2010 – 1.1.2011	2011

* No impact or no significant impact expected on the consolidated financial statements.

** The impact on the consolidated financial statements is expected to result in additional disclosures or changes in presentations.

*** The impact on the consolidated financial statements cannot yet be determined with sufficient reliability.

2.3 Consolidation

a) Subsidiaries

The consolidated financial statements cover Ascom Holding Ltd. and all companies over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Profits or losses from disposal of subsidiaries are recorded in net profit or loss. The list of the significant Group companies is included under note 33. Percentages of the Group’s interest in share

capital correspond to percentages in voting rights held. Group companies are included in the consolidated financial statements in their entirety.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Associates

Associates are all entities over which Ascom Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Foreign currency translation

The consolidated financial statements are presented in Swiss francs (CHF), which is the Group's presentation currency.

All assets and liabilities of foreign entities are translated into the Group's presentation currency at the exchange rates prevailing on 31 December. Income, expenses and cash flows of foreign entities

are translated at average exchange rates for the year where this is considered an appropriate approximation of the applicable period rates. Exchange differences arising from the reconversion of the net investment in subsidiaries or associated undertakings in foreign functional currencies are recorded as currency translation adjustments in other comprehensive income. Also taken to other comprehensive income are differences from the retranslation of borrowings that hedge such investments in foreign Group companies. Upon disposal of a foreign operation, accumulated currency translation adjustments are recognized in profit or loss as part of the profit or loss from divestment of a subsidiary or business.

Foreign currency translation

CHF	ISO-code	Unit	31.12. 2010	Average 2010	31.12. 2009	Average 2009
Euro	EUR	1	1.249	1.383	1.487	1.508
Pound sterling	GBP	1	1.448	1.611	1.669	1.679
Swedish krona	SEK	1	0.139	0.144	0.145	0.143
US dollar	USD	1	0.936	1.042	1.032	1.082

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate prevailing on the acquisition date. Transactions in foreign currencies are accounted for at the exchange rates prevailing on the transaction date. Gains and losses resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Such balances are converted into the functional currency of the foreign entity at the exchange rates prevailing on 31 December.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO).

2.6 Property, plant and equipment

Property, plant and equipment are recorded at purchase or manufacturing cost (i.e. historical cost) less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the items acquired. Leases of property, plant and equipment where the Group holds the risks and rewards incident to ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the lease payments (see note 2.19). Property, plant and equipment acquired under finance leases are depreciated over the lease period or, if shorter, the useful life of the asset. Land is valued at cost and is not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method based on the estimated useful life as shown in the following table:

	Useful life in years
Buildings	20–40
Installations and transport systems	7–10
Production equipment, measuring and test equipment, IT hardware, furniture	3–5
Tools and demo equipment	3

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Items of property, plant and equipment are eliminated from the balance sheet from their date of disposal, or written off when no further economic benefit can be expected from their use. All gains or losses arising from the disposal of such items are included in profit or loss. Where the carrying amount of property, plant and equipment is higher than the recoverable amount, these assets are impaired to the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.7 Intangible assets

Licenses, patents, trademarks, software and other similar rights are recorded at cost less accumulated amortization. The amortization charge is calculated on a straight-line basis over the period of its estimated useful economic life as shown in the following table:

	Useful life in years
Licenses	3–5
Customer relations	10
Technology	7
Trademarks	5
Other	2–5

Purchased goodwill (the excess of the purchase price over the fair value of the acquisition-date fair value of the acquired equity interests) is recorded as an intangible asset with an indefinite useful life that is tested for impairment at least once a year. For the purposes of testing for impairment, the goodwill is allocated to the corresponding cash generating units.

Goodwill is carried at cost less any accumulated impairment losses.

2.8 Research and development costs

All research costs are charged immediately to profit or loss. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the following criteria are fulfilled:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- Management intends to complete the intangible asset and use or sell it.

- There is an ability to use or sell the intangible asset.
- It can be demonstrated how the intangible asset will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available.
- The expenditure attributable to the intangible asset during its development can be measured reliably.

The capitalized assets are amortized on a straight-line basis over the estimated useful life of the respective product. Development costs that cannot be capitalized are charged to profit or loss in the period in which they occur. Property, plant and equipment used for research and development activities are capitalized in the same way as property, plant and equipment, and depreciated on a straight-line basis over their useful life.

2.9 Financial assets and liabilities

Financial assets are classified as “Financial assets at fair value through profit or loss”, “Loans and receivables” or “Financial assets available for sale”. Financial liabilities are classified as “Financial liabilities at fair value through profit or loss” or “Other financial liabilities”.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either held for trading purposes or designated as such. Financial assets held for trading are purchased with the intention of generating a profit from short-term fluctuations in the price. All derivative financial instruments are classified as at fair value through profit or loss. Derivative financial instruments comprise forward exchange contracts.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Financial assets available for sale

Available-for-sale financial assets are non-derivative financial instruments that are either allocated to this category or do not belong to any other category.

d) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are either held for trading purposes or designated as such. Derivatives with a negative replacement value are assigned to the category at fair value through profit or loss.

e) Other financial liabilities

Other financial liabilities particularly include trade payables, borrowings and other liabilities.

All financial assets are recorded initially at fair value including transaction costs, except for financial assets at fair value through profit or loss, for which such costs are immediately expensed. All purchases and sales are recognized on the trade date, i.e. on the day an agreement has been entered.

After initial recognition, financial assets at fair value through profit or loss are recorded at fair value and changes in fair value are charged to financial income or expenses in the appropriate reporting period. No hedge accounting is applied. The fair value of a quoted financial instrument is based on available stock exchange prices. If a financial instrument is not quoted in an active market, alternative

valuation methods are used based on recent transactions between willing and independent third parties, discounted cash flow analysis or similar.

Following initial recognition, available-for-sale financial assets are recognized at fair value and changes in value are charged to other comprehensive income.

Whenever there are indications of a possible impairment, the carrying amount of financial assets that are not measured at fair value through profit or loss are tested for objective substantial indications of impairment to identify concrete need for value reduction. Serious financial difficulties, insolvency proceedings of the debtor or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the financial asset is impaired.

For available-for-sale assets, material or sustained price reductions are indicators of potential impairment. If there is objective evidence that such a financial asset is impaired, the cumulative loss – measured as the difference between the cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Received dividends on available-for-sale financial assets are recognized in profit or loss as part of financial income.

Financial assets are derecognized when Ascom gives up its control over them, i.e. when the rights associated with them are sold or expired.

At their initial recognition and subsequently, financial liabilities at fair value through profit or loss are measured at fair value. The transaction costs directly identifiable to the purchase of these liabilities are immediately expensed.

Other financial liabilities are valued at their (amortized) costs. Valuation of the non-current portion of other financial liabilities is subsequently carried out at amortized cost value using the effective-interest method. In addition to actual interest payments, financial expenses include annual compound interests and pro rata transaction costs.

2.10 Inventories and work in progress

Inventories are stated at the lower of purchase costs/manufacturing costs or net realizable value. Net realizable value is the estimated selling price in the normal course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Manufacturing costs include direct material and production costs as well as material and production overheads. The costs are determined using the weighted average method.

Value adjustments are made for obsolete and slow-moving items. Construction contracts are recognized according to the stage of completion of the contract (percentage-of-completion method), and the respective effect is recognized in profit or loss. Provisions are made to cover all anticipated losses, as soon as these are identified.

2.11 Trade receivables

Trade receivables are carried at the invoiced amount less provision for doubtful debts. A provision for doubtful debts is recognized when it becomes obvious that the originally invoiced amount is not fully realizable. The amount of the provision is determined by reference to the originally invoiced amount less the amount of the expected realization. The carrying amount of the asset is reduced through the use of a provision account and the loss is recorded as marketing and distribution costs. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against marketing and distribution costs.

2.12 Other current assets

Prepayments and accrued income are stated at nominal value.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash, which is restricted for at least 12 months, is recognized as a financial asset.

2.14 Equity

Registered shares are classified as equity. Own shares and options to acquire own shares as well as realized gains or losses from disposals and costs relating to capital increases and decreases are recorded in equity. Dividends are charged to equity in the period in which they are approved.

2.15 Borrowings

Liabilities are stated as being current if they are settled within 12 months or if there is no unconditional right to extend the settlement to at least 12 months after the balance sheet date. Initial recognition is at fair value, net of transaction costs incurred. Valuation is subsequently carried out at amortized cost value using the effective-interest method.

2.16 Employee benefit obligations

Various employee benefit plans exist within the Group, which are individually tailored to suit the local conditions in their respective countries. For defined contribution plans, the costs to be recognized for the reporting period are the agreed contributions of the employer. In the case of defined benefit plans, the costs to be recognized for the reporting period are determined by external actuaries using the projected-unit-credit method. The liabilities are backed by assets which are managed separately from the assets of the Group by autonomous employee benefit funds (funded benefit plans). By contrast, plans that do not have their own assets (unfunded benefit plans) are backed by a corresponding employee benefit obligation in the balance sheet.

For defined benefit plans with separate funds, the defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled, together with adjustments for unrecognized past service costs. The amount recognized takes into account any unrecognized actuarial gains or losses or outstanding rights. Any assets resulting from surpluses in defined benefit plans are limited to the value of the maximum future savings from reduced contributions. Liabilities are fully provisioned.

Actuarial gains and losses result mainly from changes in actuarial assumptions, or from differences between actuarial assumptions and actual values. Actuarial adjustments that exceed the so-called corridor of 10% are debited or credited to profit or loss over the average remaining working life of the insured employees (provided that the criteria for capitalization are fulfilled). The effects of amendments to plans are recognized until the benefits become available to the employees.

Other employee benefits (e.g. service anniversary awards) are valued by the method described above and recognized in the balance sheet under employee benefit obligations, with any actuarial gains being recognized immediately.

2.17 Provisions

Provisions are made when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. If an outflow of resources to settle an obligation is not probable, a contingent liability is disclosed. Provisions for product warranties are made to the extent of the outflow of resources that can be expected to meet the obligation in full. For costs that are expected to arise in connection with plant closures, the disposal of companies or business units and restructuring, provisions are made at the time of the approval and announcement of the planned measures. For onerous contracts, provisions are provided if the unavoidable costs of meeting the obligation exceed the economic benefit to be received.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

a) Sales of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is recorded based on the price specified in the sales contracts, net of the estimated volume discounts, sales tax or value-added tax as well as credit notes for goods returned. Accumulated experience is used to estimate and provide for the discounts and returns.

b) Rendering of services

Revenue from fixed-price contracts for delivering of services is generally recognized in the period the services are provided, using a straight-line basis over the term of the contract. Such revenue could also be recognized based on the services performed to date as a percentage of the total services to be performed. If the selling price of a product includes an identifiable amount for subsequent servicing (multi-element transactions), that amount is deferred and recognized as revenue over the period during which the service is performed.

c) Construction contracts

Revenue from construction contracts is determined based on the stage of completion using the percentage-of-completion method (PoC) if the stage of completion and expected outcome can be measured reliably. The respective calculation is based either on the costs incurred compared to the total costs to complete or the units completed compared to the total number of contracted units. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to management. If it is probable that the contract costs will exceed the economic benefit, the potential loss is recognized in profit or loss regardless of the project progress.

2.19 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

a) Lessee accounting

Leases in which a significant portion of the risks and rewards of ownership are transferred from the lessor to the lessee are classified as finance leases. The leased assets are carried at cost not higher than the minimal lease payments and depreciated along with other property, plant and equipment (see note 2.6). The corresponding leasing obligations are shown as liabilities. Per period leasing installments are distributed accordingly as either capital repayments or interest expenses. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

b) Lessor accounting

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Per period leasing installments are distributed accordingly as either capital repayments or interest income. When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Operating lease income is recognized in profit or loss over the term of the lease on a straight-line basis.

2.20 Share-based payments

Selected members of Ascom's senior management receive remuneration in the form of share-based payment transactions (stock option plans), whereby employees render services as consideration for such equity instruments (equity-settled options). Employees which are residents of the USA are granted share appreciation rights, which can only be settled in cash (cash-settled options).

The costs of options are measured initially at fair value at the grant date using a binomial model, further details of which are given in note 20. For equity-settled options, this fair value is recognized over the vesting period under personnel expenses, together with a corresponding increase in other capital reserves in equity, adjusted to reflect actual versus expected levels of vesting. The dilutive effect of outstanding equity-settled options is reflected as additional share dilution in the computation of diluted earnings per share (see note 24). The fair value of cash-settled options is recognized under personnel expenses over the period until the vesting date with recognition of a corresponding liability included under other provisions. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized as personnel expenses.

2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

2.22 Income tax

Income tax is recorded based on the period to which it properly relates. Deferred income tax is recorded in full using the liability method. Deferred income tax assets and liabilities arise on temporary differences between carrying values of assets and liabilities for Group purposes and their related tax values. These temporary differences arise mainly from depreciation of property, plant and equipment, amortization of intangible assets, revaluation of certain non-current assets, employee benefit obligations and tax loss carry-forwards, and, in the case of acquisitions, the difference between the fair value of the net assets acquired and their tax base. The tax rates and laws enacted or substantially enacted at the balance sheet date are used to determine deferred income tax. Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary deductible differences can be offset.

Deferred income tax is recognized on temporary differences arising from investments in subsidiaries, associates and joint ventures. Exceptions are temporary differences for which the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.23 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets must be available for immediate sale in their present condition. Assets held for sale are measured at the lower of their carrying amount at the date of their first recognition as held for sale and fair value less costs to sell. Such assets are no longer depreciated or amortized systematically. A possible impairment is included in profit or loss.

A discontinued operation is a substantial component of the Group that either has been disposed of, or is classified as held for sale.

2.24 Definition of non-GAAP measures

Earnings before income tax (EBT) as a subtotal includes all operating income and expenses as well as financial income and expenses before deduction of income tax.

Earnings before interest and income tax (EBIT) as a subtotal includes all operating income and expenses before addition/deduction of financial income and expenses and income tax.

Earnings before interest, income tax, depreciation and amortization (EBITDA) as a subtotal includes earnings before interest and income tax (EBIT) before deduction of depreciation of property, plant and equipment as well as amortization of intangible fixed assets.

2.25 Main sources of uncertainty with regard to estimates

Below we explain important forward-looking assumptions and other main sources of uncertainty with regard to estimates, which could result in significant value adjustments in respect of assets and liabilities carried on the balance sheet in the coming financial year.

Intangible assets from acquisition are initially capitalized at their fair value due to a purchase price allocation at acquisition date. The fair value is determined using the respective methods as disclosed further in note 6. Future assessments of a potential impairment of such intangible assets is dependent on the achievement of the forecasted cash flows as used in the initial business plan.

This ultimately also applies to the goodwill that is recognized, since the purchase price allocation normally consists mainly of the portfolio value and goodwill. Goodwill is regarded as an intangible asset with an indefinite useful life that must be tested for impairment at least once a year. Determin-

ing the present value of goodwill requires an estimate of the expected future cash flows from the cash generating unit to which the goodwill is allocated and the setting of an appropriate discount rate for calculation of the present value of these cash flows. The estimates of the cash flows are based on medium-term plans. The discount rate applied reflects the risk arising in connection with the respective business activities. Further information on goodwill can be found in note 6.

For defined benefit plans, the defined benefit obligation is determined using the projected-unit-credit method. Actuarial valuations of significant defined benefit plans are obtained annually. Actuarial assumptions are used in determining the cost of funded and unfunded employee benefits. These actuarial assumptions, such as discount rate, expected return on assets, future salary or pension increases and average life expectancy, are estimates and therefore sources of uncertainty (see note 15).

Ascom management regularly monitors the net future outflow of economic benefits related to onerous lease contracts. In calculating the value of these provisions, net cash flows of forecasts with a time horizon to 2015 are used and the planned costs are amortized with market related discount rates. Management continuously updates the provisions for the likelihood of finding tenants for vacant space in the foreseeable future. Further information on onerous contracts can be found in note 16.

Restructuring provisions are created in connection with the discontinuation or reorganization of a line of business and the closure or relocation of business locations if there is a detailed formal plan and the implications are known and communicated. Significant judgment is required to determine the costs of restructuring plans (see note 16).

In connection with recording revenue from construction contracts it is necessary to reliably determine the project progress and costs. The respective calculation is based either on the costs incurred compared to the total costs to complete or the units completed compared to the total number of contracted units. The contracts are analyzed and reassessed at least at each balance sheet date (see note 17).

Ascom Group is subject to income tax in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. As of the balance sheet date, there were non-capitalized tax loss carry-forwards (see note 23). As a result of future positive developments with regard to income, the possibility may arise that deferred income tax assets in connection with these tax loss carry-forwards will be capitalized at least in part.

3. SIGNIFICANT TRANSACTIONS AND OPERATIONAL CHANGES

Divestment of Ascom's TelcoNet Services Business

As of 31 January 2010, Ascom transferred its TelcoNet Services (TNS) unit to Weiss+Appetito Holding AG, a construction and service company based in Berne. TNS was part of Ascom's Network Testing Division and offers services for the planning, implementation, operation and maintenance of telecom infrastructure. Weiss+Appetito acquired from Ascom all rights and obligations pertaining to this business. The majority of the staff of TNS in Switzerland and Germany was transferred to Weiss+Appetito. The purchase price consisted of a cash payment of CHF 0.2 million.

Divestment of Ascom's Network Planning Business

As of 31 May 2010, Ascom sold its Network Planning Business to the French company Mentum. This unit was a minor part of the network testing business TEMS, a business that Ascom acquired in June 2009. The business includes the products TEMS CellPlanner and TEMS LinkPlanner and is located in Kista, Sweden. At the date of divestment, the business employed 28 people and all employees were given the opportunity to transfer with the business. Under the agreement, Mentum will continue to maintain and market both TEMS CellPlanner and TEMS LinkPlanner. The purchase price consisted of an initial cash payment of CHF 2.6 million and a deferred payment of CHF 0.9 million, which was paid 90 days after closing date of the deal.

CHFm	TelcoNet Services Business 31.1.2010	Network Planning Business 31.5.2010	Total
Property, plant and equipment	0.1	0.2	0.3
Inventories and work in progress, trade receivables, other current assets	0.2	0.1	0.3
Cash and cash equivalents	–	1.0	1.0
Total assets	0.3	1.3	1.6
Current liabilities	0.1	1.3	1.4
Total liabilities	0.1	1.3	1.4
Total net assets	0.2	–	0.2
Disposal of net assets	(0.2)	–	(0.2)
Directly attributable costs	(0.2)	(0.4)	(0.6)
Cash payment at divestment date	0.2	2.6	2.8
Deferred cash payment	–	0.9	0.9
Net result included¹	(0.2)	3.1	2.9
Net cash inflow	–	2.1	2.1

¹ Refer to note 19.

4. SEGMENT INFORMATION

Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Group's chief operating decision-maker, which is defined as the Chief Executive Officer (CEO). Ascom has three clearly focused divisions as reportable segments: Wireless Solutions, Network Testing and Security Communication – all three being homogenous units under the common umbrella of Mission-Critical Communication.

Wireless Solutions comprises products and services in connection with client-specific on-site communication solutions. Network Testing offers a complete portfolio of software solutions for air interface monitoring, benchmarking, analysis and radio network planning. Security Communication comprises products and services for security organizations and the defense sector. The segment Corporate includes those Group activities that cannot be assigned directly to the divisions. No operating segments were aggregated.

Transfer prices between Ascom's operating segments are on an arm's length basis in a matter similar to transactions with third parties. Inter-segment revenues are eliminated on consolidation.

Key figures by segment

CHFm	Wireless Solutions		Network Testing		Security Communication		Corporate		Consolidation		Total Ascom	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Incoming orders	289.3	275.3	177.5	130.5	111.0	108.2	0.3	0.3	(3.0)	0.1	575.1	514.4
Order backlog	81.4	87.0	38.8	43.2	99.8	111.2	–	–	–	–	220.0	241.4
Revenue	282.9	265.2	168.5	133.3	122.5	138.1	0.3	0.3	(3.0)	0.3	571.2	537.2
of which with other segments	0.7	0.5	0.2	–	1.8	0.2	0.3	0.3	(3.0)	(1.0)	–	–
Cost of goods sold	(144.2)	(140.4)	(69.9)	(60.0)	(89.6)	(107.9)	0.4	(0.8)	1.4	(0.8)	(301.9)	(309.9)
Gross profit/(loss)	138.7	124.8	98.6	73.3	32.9	30.2	0.7	(0.5)	(1.6)	(0.5)	269.3	227.3
as % of revenue	49.0%	47.1%	58.5%	55.0%	26.9%	21.9%	n/a	n/a	n/a	n/a	47.1%	42.3%
Marketing and distribution	(71.8)	(66.6)	(30.2)	(22.1)	(14.7)	(14.8)	0.3	(0.2)	0.1	(0.5)	(116.3)	(104.2)
Research and development	(19.6)	(18.9)	(29.0)	(23.0)	(8.9)	(5.1)	0.6	–	–	–	(56.9)	(47.0)
Administration	(10.7)	(11.0)	(13.3)	(12.3)	(6.8)	(4.4)	(15.0)	(12.1)	1.5	(0.7)	(44.3)	(40.5)
Amortization of intangible assets from acquisition	–	–	(10.5)	(7.9)	–	–	–	–	–	–	(10.5)	(7.9)
Other income/(expenses), net	(6.1)	(5.1)	0.1	1.3	(1.5)	(2.5)	14.7	11.6	(0.1)	(0.2)	7.1	5.1
EBIT	30.5	23.2	15.7	9.3	1.0	3.4	1.3	(1.2)	(0.1)	(1.9)	48.4	32.8
as % of revenue	10.8%	8.7%	9.3%	7.0%	0.8%	2.5%	n/a	n/a	n/a	n/a	8.5%	6.1%
Financial income/(expenses), net											(5.9)	(0.3)
Earnings before income tax (EBT)											42.5	32.5
EBITDA	37.2	30.0	27.7	18.1	2.2	4.8	1.4	(1.2)	(0.1)	(1.9)	68.4	49.8
as % of revenue	13.1%	11.3%	16.4%	13.6%	1.8%	3.5%	n/a	n/a	n/a	n/a	12.0%	9.3%
Capital expenditures	5.6	5.5	8.0	1.1	0.7	2.0	0.2	0.8	–	–	14.5	9.4
Employees (FTE) at 31.12.	1,148	1,155	572	590	356	399	17	18	–	–	2,093	2,162

In 2010, revenues of CHF 54.0 million (previous year: CHF 67.2 million) are derived from a single external customer. These revenues are attributable to the segment Security Communication.

Reportable segments' assets are reconciled to total assets as follows:

CHFm	Wireless Solutions		Network Testing		Security Communication		Corporate		Consolidation		Total Ascom	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Reportable segments' assets	111.6	115.6	266.9	280.7	53.3	66.2	5.6	4.4	(0.7)	1.6	436.7	468.5
Deferred income tax assets											3.9	4.3
Financial assets											5.3	5.5
Other non-current assets											5.4	2.7
Financial assets held for trading purposes											–	0.5
Cash and cash equivalents											129.0	127.7
Total assets at 31.12.											580.3	609.2

Key figures by region

CHFm	Switzerland		Europe excl. Switzerland ¹		Americas		Asia Pacific		Total Ascom	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Incoming orders	107.2	108.4	325.7	310.8	97.3	62.4	44.9	32.8	575.1	514.4
Revenue	118.1	142.3	318.6	305.5	97.7	57.3	36.8	32.1	571.2	537.2
Non-current assets at 31.12. ²	8.4	6.2	217.3	239.6	20.3	22.1	0.8	–	246.8	267.9
Employees (FTE) at 31.12.	452	492	1,399	1,482	181	173	61	15	2,093	2,162

¹ Including Africa.

² This line item exclusively contains property, plant and equipment as well as intangible assets.

5. PROPERTY, PLANT AND EQUIPMENT

CHFm	Land and buildings	Plant and equipment	Equipment under construction and prepayments	Total
Cost				
Balance at 1.1.2009	36.6	94.6	1.3	132.5
Additions	1.4	2.8	2.2	6.4
Disposals	(0.4)	(8.3)	(0.2)	(8.9)
Acquisition of a subsidiary or business	0.1	0.8	–	0.9
Formerly classified as assets held for sale	8.8	0.2	–	9.0
Reclassifications	–	1.1	(1.1)	–
Currency translation adjustments	0.3	2.8	0.1	3.2
Balance at 31.12.2009	46.8	94.0	2.3	143.1
Additions	0.5	4.2	1.3	6.0
Disposals	(1.4)	(6.2)	–	(7.6)
Divestment of a subsidiary or business	–	(0.3)	–	(0.3)
Reclassifications	(0.2)	1.3	(1.1)	–
Currency translation adjustments	(4.3)	(6.2)	(0.1)	(10.6)
Balance at 31.12.2010	41.4	86.8	2.4	130.6
Accumulated depreciation and impairment				
Balance at 1.1.2009	22.4	81.2	–	103.6
Additions	0.8	6.3	–	7.1
Disposals	(0.1)	(8.2)	–	(8.3)
Formerly classified as assets held for sale	8.8	0.2	–	9.0
Reclassifications	(0.2)	0.2	–	–
Currency translation adjustments	0.1	2.5	–	2.6
Balance at 31.12.2009	31.8	82.2	–	114.0
Additions	0.8	5.4	–	6.2
Disposals	(1.4)	(5.9)	–	(7.3)
Reclassifications	–	–	–	–
Currency translation adjustments	(2.3)	(5.3)	–	(7.6)
Balance at 31.12.2010	28.9	76.4	–	105.3
Net carrying amount at 31.12.2009	15.0	11.8	2.3	29.1
Net carrying amount at 31.12.2010	12.5	10.4	2.4	25.3

At the balance sheet date, the carrying amount of assets under finance leases included in property, plant and equipment amounts to CHF 0.1 million (previous year: CHF 0.2 million). The fire insurance value of property, plant and equipment at 31 December 2010 amounts to CHF 161.6 million (previous year: CHF 159.7 million). As at 31 December 2010, there were contractual commitments for acquisition of property, plant and equipment of CHF 0.3 million (previous year: CHF 0.3 million).

6. INTANGIBLE ASSETS

CHFm	Goodwill	Licenses	Intangible assets from acquisition	Other	Total
Cost					
Balance at 1.1.2009	23.9	10.3	–	45.1	79.3
Additions	–	0.3	–	2.7	3.0
Disposals	–	–	–	(3.6)	(3.6)
Acquisition of a subsidiary or business	133.4	–	75.6	–	209.0
Formerly classified as assets held for sale	–	1.8	–	4.9	6.7
Currency translation adjustments	3.7	0.1	1.9	2.2	7.9
Balance at 31.12.2009	161.0	12.5	77.5	51.3	302.3
Additions	–	–	–	8.5	8.5
Disposals	–	–	–	(0.7)	(0.7)
Currency translation adjustments	(8.9)	(1.2)	(3.4)	(2.6)	(16.1)
Balance at 31.12.2010	152.1	11.3	74.1	56.5	294.0
Accumulated amortization and impairment					
Balance at 1.1.2009	–	10.1	–	38.1	48.2
Additions	–	0.2	7.9	1.8	9.9
Disposals	–	–	–	(3.5)	(3.5)
Formerly classified as assets held for sale	–	1.8	–	4.9	6.7
Currency translation adjustments	–	0.1	0.1	2.0	2.2
Balance at 31.12.2009	–	12.2	8.0	43.3	63.5
Additions	–	0.2	10.5	3.1	13.8
Disposals	–	–	–	(0.7)	(0.7)
Currency translation adjustments	–	(1.2)	(0.8)	(2.1)	(4.1)
Balance at 31.12.2010	–	11.2	17.7	43.6	72.5
Net carrying amount at 31.12.2009	161.0	0.3	69.5	8.0	238.8
Net carrying amount at 31.12.2010	152.1	0.1	56.4	12.9	221.5

As at 31 December 2010, there were contractual commitments for acquisition of intangible assets of CHF 0.3 million (previous year: nil).

Goodwill is allocated to the Group's cash-generating units (CGU) as shown in the table below:

CHFm	31.12.2010	31.12.2009
Wireless Solutions	8.6	11.0
Network Testing	143.5	150.0
Total	152.1	161.0

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a four-year period. Cash flows beyond the four-year period are extrapolated using a

1.5% growth rate. The discount rate applied is based on a risk-free 10-year bond adjusted for risk. The following assumptions based on experience are applied:

	2010	2009
Revenue growth rate (CAGR)¹		
– Wireless Solutions	7.9%	5.6%
– Network Testing	6.9%	4.3%
EBIT margin¹		
– Wireless Solutions	9%–14%	7%–12%
– Network Testing	6%–16%	7%–11%
Pre-tax discount rate		
– Wireless Solutions	10.3%	10.8%
– Network Testing	9.9%	10.8%

¹ Based on approved four-year financial budgets, excluding foreign exchange impacts.

Based on these calculations there is no need for impairment. Regarding the sensitivity of changes to underlying assumptions used, Ascom Group showed that even a possible change in the discount rate up to 17% (previous year: 13%) would still not result in an impairment of goodwill, neither in Wireless Solutions nor in Network Testing. Also a reduction in EBIT margin assumption of 8 percentage points (previous year: 2 percentage points) would not lead to an impairment of goodwill.

Intangible assets from acquisition consist mainly of customer relations (CHF 28.7 million), technology (CHF 22.1 million) and trademarks (CHF 5.0 million). Customer relations were capitalized the first time at 6 January 2009 respectively 2 June 2009 using the excess-earning method for valuation of the existing customers at acquisition date of Comarco WTS respectively TEMS. Customer relations are amortized over their estimated useful life of 10 years, using the straight-line method. Technology and trademarks were capitalized the first time at 6 January 2009 respectively 2 June 2009 using the royalty rate method for valuation of the trademark "TEMS" and the acquired technology "Air Interface Monitoring" and "US cdma". Technology is amortized over the estimated useful life of 7 years, the trademark is amortized over the estimated useful life of 5 years, using the straight-line method.

Amortization of intangible assets from acquisition of CHF 10.5 million (previous year: CHF 7.9 million) shown as separate line item in the income statement exclusively contains amortization and impairment of intangible assets initially capitalized due to a purchase price allocation at acquisition date. Taking into account the cost of sales method this line item could be reassigned as follows: CHF 6.2 million (previous year: CHF 5.3 million) to marketing and distribution as well as CHF 4.3 million (previous year: CHF 2.6 million) to research and development.

Other intangible assets include mainly software.

Following a reassessment of the remaining expected life and expected future economic benefits to be generated by other intangible assets, there was no need to impair intangible assets during the period under review (previous year: nil).

7. FINANCIAL ASSETS

CHFm	31.12.2010	31.12.2009
Investments in third parties	0.9	0.9
Loans and other financial investments	4.4	4.6
Total	5.3	5.5

Investments in third parties for which the fair value of the market prices cannot be reliably determined are shown in the balance sheet at cost. This refers to the stake in CSEM AG, Neuenburg. Loans and other financial investments primarily comprise loans in connection with the sale of real estate and divestment of a business in previous years.

8. INVENTORIES AND WORK IN PROGRESS

CHFm	31.12.2010	31.12.2009
Raw materials and components	10.8	8.8
Work in progress	13.1	16.6
Finished goods and goods for resale	18.4	21.9
Total	42.3	47.3

The above figures are after inventory provision amounting to CHF 12.2 million as of 31 December 2010 (previous year: CHF 13.7 million).

Movements on the Group's inventory provision are as follows:

CHFm	2010	2009
Balance at 1.1.	13.7	15.8
Additions	3.0	3.7
Amounts used	(3.0)	(5.4)
Release of unused amounts	(0.6)	(0.8)
Currency translation adjustments	(0.9)	0.4
Balance at 31.12.	12.2	13.7

9. TRADE RECEIVABLES

CHFm	31.12.2010	31.12.2009
Receivables from third parties	106.9	112.0
Less provision for doubtful debts	(3.1)	(3.8)
Total	103.8	108.2

The fair value of trade receivables equals the carrying amounts at year-end. The maximum exposure to credit risk at the reporting date is the carrying amount of trade receivables.

Trade receivables that are less than three months past due are not considered impaired. These relate to a number of independent customers for whom there is no recent history of default. The age analysis for the trade receivables is as follows:

CHFm	31.12.2010	31.12.2009
Current/past due less than 1 month	94.8	95.2
Past due between 1 and 3 months	5.8	9.0
Past due between 3 and 12 months	3.2	4.0
Past due more than 12 months	–	–
Total	103.8	108.2

Movements in the Group's provision for doubtful debts are as follows:

CHFm	2010	2009
Balance at 1.1.	3.8	2.5
Additions	1.2	1.8
Receivables written off during the year as uncollectible	(0.4)	(0.3)
Release of unused amounts	(1.1)	(1.3)
Acquisition of a subsidiary or business	–	0.5
Formerly classified as assets held for sale	–	0.6
Currency translation adjustments	(0.4)	–
Balance at 31.12.	3.1	3.8

Individually impaired receivables relate to customers which are in unexpectedly difficult economic situations. Derived from valuation adjustments net expenses in the amount of CHF 0.1 million (previous year: CHF 0.5 million) were recorded in profit or loss of the reporting period. Additions and releases of provision for doubtful debts have been included in marketing and distribution costs. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The Group does not hold any collateral as security for trade receivables.

10. OTHER ASSETS

CHFm	31.12.2010	31.12.2009
Finance leases	2.2	2.7
Prepayments for employee benefits ¹	3.2	–
Total non-current portion	5.4	2.7
Other receivables	20.6	18.2
Prepayments for goods	0.6	0.8
Accrued income	21.8	25.3
Finance leases	0.8	0.8
Total current portion	43.8	45.1

¹ Refer to note 15; in previous year the corresponding amount of CHF 0.9 million was included in other receivables.

Other receivables include recoverable withholding tax and value added tax totaling CHF 3.8 million (previous year: CHF 0.9 million). Besides other items, accrued income includes accrued revenues from construction contracts valued using the PoC method (see note 17). Other assets do not contain any classes of impaired assets. The Group does not hold any collateral as security for other assets.

A reconciliation of the finance lease assets is disclosed in note 28.

11. CASH AND CASH EQUIVALENTS

CHFm	31.12.2010	31.12.2009
Available without restrictions	129.0	126.5
Restricted	–	1.2
Total cash and cash equivalents	129.0	127.7

The average interest rate on cash and cash equivalents in the year under review was 0.4% (previous year: 0.2%).

12. SHARE CAPITAL AND OWN SHARES

Composition of share capital

CHFm	Number 31.12.2010	Amount 31.12.2010	Number 31.12.2009	Amount 31.12.2009
Registered shares nom. CHF 0.50	36,000,000	18.0	36,000,000	18.0
Number of registered shareholders	6,270		6,436	

The total authorized number of ordinary shares is 36,000,000 of which 34,562,967 (previous year: 34,716,067) are outstanding. Each share grants the owner one vote at the annual general meeting of the shareholders. All shares issued by the company were fully paid in.

Own shares

CHFm	Number 2010	Amount 2010	Number 2009	Amount 2009
Balance at 1.1.	1,283,933	13.9	1,209,589	13.2
Additions	300,000	3.4	79,344	0.8
Disposals	(146,900)	(1.6)	(5,000)	(0.1)
Balance at 31.12.	1,437,033	15.7	1,283,933	13.9

During 2010, Ascom bought 300,000 registered shares to hedge the issuance of shares in conjunction with the exercise of options under the Ascom Stock Option Plan 2010. In the previous year, Ascom bought 79,344 registered shares to hedge the Ascom Stock Option Plan 2009. The holdings of own shares stated under the changes in equity correspond to these registered shares.

13. NON-CONTROLLING INTERESTS

CHFm	2010	2009
Balance at 1.1.	–	0.1
Loss	–	(0.1)
Balance at 31.12.	–	–

At 31 December 2009, Ascom sold its 51% interest in Letus ZAO, St. Petersburg, therefore all related non-controlling interests were disposed of at the end of the year 2009.

14. BORROWINGS

As of 31 December 2010, the Group's total credit facility comprised a cash line of CHF 78.6 million and a guarantee line of CHF 65.8 million available from financial institutions and banks worldwide (previous year: cash line of CHF 106 million and a guarantee line of CHF 66.9 million). As of 31 December 2010, Ascom did use the cash credit line as shown in the table below:

CHFm	Current portion		Total	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Non-current loans from financial institutions and banks	37.5	25.0	75.0	100.1
Current loans from financial institutions and banks	0.1	0.1	0.1	0.1
Total	37.6	25.1	75.1	100.2

The total borrowings consist mainly of one single Swiss francs credit facility agreement with a bank consortium of eight Swiss banks at variable interest rates. The credit facility has to be repaid in stages over the period ending 31 December 2012. The credit facility agreement contains covenants. The Group is compliant with the agreed covenant clauses. The fair value of the borrowings is equal to the carrying amount.

15. EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans and defined contribution plans exist within the Group. Significant defined benefit plans are subject to annual valuation by qualified actuaries. The latest valuations took place on 31 December 2010. The valuation methods used are described in note 2.16. Unfunded plans exist primarily in the case of the German and Swedish companies.

The amounts recognized in the balance sheet for defined benefit plans are as follows:

CHFm	Plans in Switzerland		Other plans		Total	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009 ¹	31.12.2010	31.12.2009 ¹
Present value of funded plan obligations	(984.2)	(1,001.3)	(15.0)	(15.5)	(999.2)	(1,016.8)
Fair value of plan assets	921.7	916.9	13.6	14.0	935.3	930.9
Funded status	(62.5)	(84.4)	(1.4)	(1.5)	(63.9)	(85.9)
Present value of unfunded plan obligations	–	–	(21.2)	(21.5)	(21.2)	(21.5)
Unrecognized actuarial losses/(gains)	65.5	84.8	6.9	7.6	72.4	92.4
Unrecognized plan assets	–	–	(0.1)	–	(0.1)	–
Unrecognized past service costs	–	–	0.1	–	0.1	–
Net asset/(liability) in the balance sheet	3.0	0.4	(15.7)	(15.4)	(12.7)	(15.0)
Prepaid asset in the balance sheet	3.0	0.4	0.2	0.5	3.2	0.9
Employee benefit obligations in the balance sheet	–	–	(15.9)	(15.9)	(15.9)	(15.9)

¹ Previous year numbers contain a reclassification of CHF 16.9 million from funded to unfunded plan obligations.

The movement of the year in the defined benefit plan obligations is as follows:

CHFm	Plans in Switzerland		Other plans		Total	
	2010	2009	2010	2009	2010	2009
Balance at 1.1.	(1,001.3)	(973.1)	(37.0)	(32.6)	(1,038.3)	(1,005.7)
Current service costs	(4.6)	(3.7)	(1.1)	(1.3)	(5.7)	(5.0)
Past service costs	–	–	(0.1)	(0.5)	(0.1)	(0.5)
Interest costs	(29.2)	(33.1)	(1.6)	(1.6)	(30.8)	(34.7)
Contributions by plan participants	(4.0)	(4.2)	–	–	(4.0)	(4.2)
Actuarial (losses)/gains	(15.5)	(57.3)	(0.9)	0.6	(16.4)	(56.7)
Benefits paid	70.4	70.1	1.2	1.3	71.6	71.4
Change in consolidation scope	–	–	–	(0.9)	–	(0.9)
Currency translation adjustments	–	–	3.3	(2.0)	3.3	(2.0)
Balance at 31.12.	(984.2)	(1,001.3)	(36.2)	(37.0)	(1,020.4)	(1,038.3)

The movement of the year in the fair value of the defined benefit plan assets is as follows:

CHFm	Plans in Switzerland		Other plans		Total	
	2010	2009	2010	2009	2010	2009
Balance at 1.1.	916.9	907.9	14.0	10.7	930.9	918.6
Expected return on plan assets	36.4	36.0	0.8	0.7	37.2	36.7
Actuarial (losses)/gains	34.8	37.7	0.4	1.0	35.2	38.7
Employer contributions ¹	–	1.2	0.5	0.3	0.5	1.5
Employee contributions	4.0	4.2	–	–	4.0	4.2
Benefits paid	(70.4)	(70.1)	(0.7)	(0.6)	(71.1)	(70.7)
Change in consolidation scope	–	–	–	0.9	–	0.9
Currency translation adjustments	–	–	(1.4)	1.0	(1.4)	1.0
Balance at 31.12.	921.7	916.9	13.6	14.0	935.3	930.9

¹ Employer contributions are less than the employee contributions due to the company's use of its contribution reserve.

The defined benefit plan assets are comprised as follows:

CHFm	Plans in Switzerland		Other plans		Total	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Cash	71.9	53.2	–	–	71.9	53.2
Shares	252.5	350.3	4.5	4.7	257.0	355.0
Bonds	71.9	90.8	5.9	6.2	77.8	97.0
Mortgages	48.9	61.4	–	–	48.9	61.4
Property	392.6	356.7	–	–	392.6	356.7
Other	83.9	4.5	3.2	3.1	87.1	7.6
Total	921.7	916.9	13.6	14.0	935.3	930.9

Pension plan assets include buildings occupied by the Group with a fair value of CHF 5.7 million at 31 December 2010 (previous year: CHF 6.2 million).

The pension costs recognized for defined benefit plans consist of:

CHFm	Plans in Switzerland		Other plans		Total	
	2010	2009	2010	2009	2010	2009
Current service costs	4.6	3.7	1.1	1.3	5.7	5.0
Past service costs	–	–	0.1	0.5	0.1	0.5
Interest cost	29.2	33.1	1.6	1.6	30.8	34.7
Expected return on plan assets	(36.4)	(36.0)	(0.8)	(0.7)	(37.2)	(36.7)
Net actuarial losses/(gains) recognized under IAS 19.58	–	–	0.8	0.3	0.8	0.3
Change unrecognized plan assets (IAS 19.58b limitation)	–	–	0.1	–	0.1	–
Expenses/(income) recognized	(2.6)	0.8	2.9	3.0	0.3	3.8

Of the total charge of CHF 0.3 million (previous year: CHF 3.8 million), CHF 0.7 million income (previous year: CHF 0.7 million expense) was included in cost of goods sold, CHF 0.1 million expense in marketing and distribution (previous year: CHF 0.7 million expense), CHF 0.1 million income in research and development (previous year: CHF 0.7 million expense), CHF 0.1 million expense in administration (previous year: CHF 1.0 million expense), CHF 0.1 million as other expense (previous year: nil) and CHF 0.8 million as interest expense (previous year: CHF 0.7 million expense).

The principal actuarial assumptions used in determining the cost of the employee benefit plans vary according to local conditions. The assumptions applied in the valuation of the significant plans in Switzerland and abroad are as follows:

	Plans in Switzerland		Other plans	
	2010	2009	2010	2009
Discount rate in %	2.75	3.00	3.50–5.50	3.50–5.80
Expected return on assets in %	3.50	4.13	4.00–5.82	3.75–6.23
Future salary increases in %	2.00	2.00	1.00–4.50	1.00–3.75
Future pension increases in %	1.00	1.00	1.50–3.75	2.00–3.80
Average life expectancy in years of someone retiring at 62 for Switzerland and 65 for the other plans at the balance sheet date				
– Male	20.3	20.3	20.0–22.0	20.0–22.0
– Female	23.6	23.6	24.0	24.0

The actual return on the pension fund capital was CHF 72.4 million (previous year: CHF 72.1 million). The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return in the respective markets.

The expected contributions to defined benefit plans for the year ending 31 December 2011 are CHF 4.6 million.

For the Swiss pension plan the experience adjustments are as follows:

CHFm	2010	2009	2008	2007	2006
Fair value of plan assets at 31.12.	921.7	916.9	907.9	1,270.6	1,275.2
Present value of funded plan obligations at 31.12.	(984.2)	(1,001.3)	(973.1)	(1,123.8)	(1,183.6)
Funded status at 31.12.	(62.5)	(84.4)	(65.2)	146.8	91.6
Experience adjustments on plan obligations	6.8	(13.0)	(6.7)	13.6	(15.5)
Change in assumption adjustments on plan obligations	(22.3)	(44.3)	(11.5)	29.9	–
Experience adjustments on plan assets	34.8	37.7	(217.7)	(4.5)	62.1
Total actuarial gain/(loss)	19.3	(19.6)	(235.9)	39.0	46.6

The amount recognized as an expense for defined contribution plans was CHF 14.6 million (previous year: CHF 11.4 million).

16. PROVISIONS

CHFm	Restructuring	Onerous contracts	Warranties	Other provisions	Total
Balance at 1.1.2009	10.0	17.8	8.0	14.4	50.2
Additions	4.5	1.9	4.4	7.2	18.0
Payments	(9.2)	(3.0)	(2.7)	(2.0)	(16.9)
Release of unused amounts	(2.8)	(5.1)	(3.3)	(4.9)	(16.1)
Acquisition of a subsidiary or business	–	–	0.6	1.8	2.4
Formerly classified as liabilities in relation to assets held for sale	1.9	–	2.2	7.5	11.6
Reclassifications	(0.1)	3.4	0.5	(1.8)	2.0
Currency translation adjustments	–	–	0.1	0.2	0.3
Balance at 31.12.2009	4.3	15.0	9.8	22.4	51.5
Additions	7.7	0.9	3.3	10.3	22.2
Payments	(3.5)	(3.0)	(1.8)	(4.3)	(12.6)
Release of unused amounts	(1.1)	(0.8)	(2.7)	(5.8)	(10.4)
Reclassifications	–	0.3	–	(0.3)	–
Currency translation adjustments	(0.4)	–	(0.6)	(1.1)	(2.1)
Balance at 31.12.2010	7.0	12.4	8.0	21.2	48.6

Expected payment

Within 12 months	3.4	3.2	6.7	20.8	34.1
Later	0.9	11.8	3.1	1.6	17.4
Balance at 31.12.2009	4.3	15.0	9.8	22.4	51.5
Within 12 months	6.2	3.5	6.7	18.6	35.0
Later	0.8	8.9	1.3	2.6	13.6
Balance at 31.12.2010	7.0	12.4	8.0	21.2	48.6

In 2010, the following events have been recognized as restructuring provisions:

- For projects with focus on streamlining processes and centralizing shared services as well as supply chain within Network Testing Division an amount of CHF 4.4 million was recognized mainly related to redundancy payments.
- For the implementation of an efficiency-increase program within Security Communication Division total obligations of CHF 2.7 million were included mainly related to costs for termination of labor contracts.
- In order to optimize efficiency Wireless Solutions Division launched a project to combine two locations. For this event costs related to termination of labor contracts of CHF 0.4 million have been reserved.

The expected cash outflows under restructuring provisions are projected to occur mainly within one year but not later than within three years.

The provisions include onerous lease contracts for a number of leased properties that are partially vacant. Ascom does not use the vacant space and the Group experiences difficulties to sublet the premises. The value of the provisions is based on net cash flows using forecasts with a time horizon to 2015 and by discounting the costs with a market related discount rate of 6.5% (previous year: 6.5%).

Provisions for warranties are project-related and are based on systematic extrapolation of historical payment patterns, which are verified and adjusted periodically. The warranty provisions relate to outflows expected to occur within three years.

Other provisions mainly comprise obligations arising from claims or disputes in connection with the operational business of Ascom companies (CHF 5.8 million), provisions for environmental costs relating to certain premises (CHF 3.5 million), provisions for risks associated with activities divested in previous years (CHF 3.0 million), provisions in relation to termination of labor contracts (CHF 2.8 million), provisions in relation to open income tax cases (CHF 2.6 million), and obligations arising from cash-settled share-based payments (CHF 0.6 million). The residual amount represents an accumulation of several minor events. The cash outflows under other provisions are expected to be principally incurred within three years.

17. OTHER LIABILITIES (CURRENT)

CHFm	31.12.2010	31.12.2009
Prepayments from customers	44.3	67.2
VAT liabilities	7.7	8.3
Personnel related accruals and liabilities	41.0	36.0
Deferred revenue and accrued expenses from construction contracts	71.4	53.3
Other accruals and liabilities	35.2	38.7
Total	199.6	203.5

The key data in connection with construction contracts are as follows:

CHFm	31.12.2010	31.12.2009
Contract revenue recognized in the reporting period	63.3	78.3
Aggregate amount of costs incurred, to date	142.0	126.8
Aggregate amount of recognized profits (less recognized losses), to date	47.3	45.1
Aggregate revenue for contract work, to date	189.3	171.9
Aggregate progress billings, to date	(244.7)	(210.4)
Net accrual for contract work	(55.4)	(38.5)
Trade receivables from construction contracts	5.2	9.7
Accrued revenue from construction contracts	16.0	14.8
Prepayments from customers for contract work	(17.4)	(34.1)
Deferred revenue and accrued expenses from construction contracts	(71.4)	(53.3)
Net liability for contract work	(67.6)	(62.9)
Gross amount due from customers for contract work	5.4	9.0
Gross amount due to customers for contract work	(73.0)	(71.9)

18. REVENUE

CHFm	2010	2009
Sale of goods	442.2	399.6
Rendering of services	109.8	116.2
Other revenue	19.2	21.4
Total	571.2	537.2

19. OTHER INCOME/(EXPENSES), NET

CHFm	2010	2009
Net release of provisions	3.9	1.5
Profit from sale of property, plant and equipment	0.1	0.2
Trademark/management fees	0.1	0.1
Profit from divestment of a subsidiary or business ¹	2.9	3.6
Other operating income/(expenses)	0.1	(0.3)
Total	7.1	5.1

¹ Refer to note 3.

20. SHARE-BASED PAYMENTS

Ascom Stock Option Plan 2006

In accordance with the resolution passed by the Board of Directors on 6 April 2006 and 29 August 2006, a total of 135,400 options were issued to four members of Ascom's senior management on 1 March 2006 and 1 September 2006, each option entitles the holder to purchase one share with a nominal value of CHF 5.50 and CHF 0.50 respectively. The strike price was CHF 19.75 and CHF 14.75 respectively.

The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period to 28 February 2008.

The Board of Directors resolved on 30 June 2006 to lower the strike price by CHF 5 for all outstanding options with immediate effect due to the capital reduction of CHF 5 per share. The strike price for all options with regard to the Ascom Stock Option Plan 2006 was fixed at CHF 14.75.

45,900 options left of the Option Plan 2006 expired on 28 February 2010.

Ascom Stock Option Plan 2007/I

In accordance with the resolution passed by the Board of Directors on 5 March 2007 a total of 95,400 options were issued to three members of Ascom's senior management on 5 March 2007 and 14 May 2007, each option entitles the holder to purchase one share with a nominal value of CHF 0.50. The strike price is CHF 19.85.

The options have a life of four years and are subject both to an exercise hurdle (out performance of the SMI index within a period of 12 months) and to a vesting period to 4 March 2009. None of the 95,400 options outstanding at the beginning of the year was exercised in 2010. 17,900 were forfeited, and the remaining 77,500 are still outstanding at 31 December 2010.

Ascom Stock Option Plan 2007/II

In accordance with the resolution passed by the Board of Directors on 25 September 2007 a total of 360,000 options (equity- as well as cash-settled options) were issued to 26 members of Ascom's senior management on 1 October 2007. Each equity-settled option entitles the holder to purchase one share with a nominal value of CHF 0.50. Each cash-settled option entitles the holder to receive the difference between exercise and strike price in cash. The strike price is CHF 13.00.

The options have a life of four years and are subject both to an exercise hurdle (out performance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year and another third in each consecutive year; after three years, all granted options can be exercised).

In 2010, 18,000 of the 342,000 options outstanding at the beginning of the year were exercised, 26,000 were forfeited, and the remaining 298,000 are still outstanding at 31 December 2010.

Ascom Stock Option Plan 2008

In accordance with the resolution passed by the Board of Directors on 3 March 2008 a total of 170,400 options were issued to six members of Ascom's senior management on 3 March 2008 (I), on 28 July 2008 (II) and 4 August 2008 (III), each option entitles the holder to purchase one share with a nominal value of CHF 0.50 or to receive the difference between exercise and strike price in cash (cash-settled options). The strike price is CHF 12.50.

The options have a life of four years and are subject both to an exercise hurdle (out performance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year and another third in each consecutive year; after three years, all granted options can be exercised).

In 2010, 8,000 of the 165,400 options outstanding at the beginning of the year were exercised, and the remaining 157,400 are still outstanding at 31 December 2010.

Ascom Stock Option Plan 2009

In accordance with the resolution passed by the Board of Directors on 2 March 2009 a total of 490,200 options (equity- as well as cash-settled options) were issued to 33 members of Ascom's senior management on 2 March 2009 (I), on 1 June 2009 (II), on 12 June 2009 (III), on 29 June 2009 (IV), on 3 August 2009 (V) and 12 August 2009 (VI). Each equity-settled option entitles the holder to purchase one share with a nominal value of CHF 0.50. Each cash-settled option entitles the holder to receive the difference between exercise and strike price in cash. The strike price is CHF 7.70.

The options have a life of four years and are subject both to an exercise hurdle (out performance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year and another third in each consecutive year; after three years, all granted options can be exercised).

In 2010, 126,900 of the 490,200 options outstanding at the beginning of the year were exercised, 4,000 were forfeited and the remaining 359,300 are still outstanding at 31 December 2010.

Ascom Stock Option Plan 2010

In accordance with the resolution passed by the Board of Directors on 3 March 2010 a total of 512,000 options (equity- as well as cash-settled options) were issued to 42 members of Ascom's senior management on 12 March 2010 (I) and on 10 May 2010 (II). Each equity-settled option entitles the holder to purchase one share with a nominal value of CHF 0.50. Each cash-settled option entitles the holder to receive the difference between exercise and strike price in cash. The strike price is CHF 11.40.

The options have a life of four years and are subject both to an exercise hurdle (out performance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year and another third in each consecutive year; after three years, all granted options can be exercised).

All 512,000 options are still outstanding at 31 December 2010.

In the following table the development of outstanding options is presented:

	Number of options 2010	Exercise price (CHF) ¹ 2010	Number of options 2009	Exercise price (CHF) ¹ 2009
Options outstanding at 1.1.	1,138,900	11.29	741,200	14.10
Granted	512,000	11.40	490,200	7.70
Exercised	(152,900)	8.58	(5,000)	12.50
Forfeited	(47,900)	15.12	(72,300)	14.46
Expired	(45,900)	14.75	(15,200)	17.25
Options outstanding at 31.12.	1,404,200	11.38	1,138,900	11.29
Options exercisable at 31.12.	516,600	13.51	432,765	14.63

	2010	2009
Range of exercise prices of the options outstanding at 31.12. (CHF)	7.70–19.85	7.70–19.85
Remaining contractual life of the options outstanding at 31.12. (years) ¹	2.02	2.31
Fair value of the options granted during the year (CHF) ¹	4.33	2.97
Share price of the options exercised during the year (CHF) ¹	12.13	14.00
Personnel expenses for equity-settled options recognized as other reserves (equity) (CHFm)	1.28	1.08
Personnel expenses for cash-settled options recognized as liability (CHFm)	0.39	0.28

¹ At weighted average.

At 31 December 2010, the liability recognized for cash-settled options amounts to CHF 0.6 million (previous year: CHF 0.3 million). Thereof CHF 0.1 million (previous year: nil) represent the total intrinsic value of liabilities for which the employee's right to cash had vested by the end of the period.

The Enhanced American Model (binomial model) was used to determine the fair value of the options. The expected volatility was estimated using the historical, long-term volatility, weighted with the implied volatility over a ten-year period to the issue date. The market-related exercise hurdle (market condition) was taken into account in calculating the fair value of the options. The following parameters were applied for the valuation:

Parameters for equity-settled options at grant date

	Exercise price (CHF)	Price at grant date ¹ (CHF)	Maximum option life ¹ (years)	Expected volatility (%)	Interest rate ¹ (%)	Dividend yield (%)	Withdrawal rate (%)	Expected option life ¹ (years)
Allocation 2006	17.25	16.48	3.75	51.4	2.19	1.46	8	2.75
Allocation 2007 / I	19.85	19.85	3.91	60.9	2.72	1.01	8	2.91
Allocation 2007 / II	13.00	11.80	4.00	58.5	3.00	1.68	8	3.11
Allocation 2008 / I	12.50	12.10	4.00	60.1	2.60	0.90	8	3.08
Allocation 2008 / II	12.50	9.20	3.59	57.3	3.19	1.19	8	2.85
Allocation 2008 / III	12.50	9.16	3.57	57.8	3.04	1.19	8	2.83
Allocation 2009 / I	7.70	6.60	4.00	65.6	1.25	1.21	8	3.14
Allocation 2009 / II	7.70	11.90	3.75	69.2	1.06	0.67	8	2.56
Allocation 2009 / III	7.70	14.05	3.72	58.6	1.19	0.57	8	2.30
Allocation 2009 / IV	7.70	13.55	3.67	60.2	1.08	0.59	8	2.29
Allocation 2009 / V	7.70	13.65	3.58	58.5	1.04	0.59	8	2.70
Allocation 2009 / VI	7.70	13.50	3.55	58.4	1.05	0.59	8	2.68
Allocation 2010 / I	11.40	11.40	4.00	59.3	1.14	0.88	8	3.09
Allocation 2010 / II	11.40	10.50	3.84	60.9	0.88	0.95	8	2.95

¹At arithmetic average.

Parameters for cash-settled options at closing date 2010

	Exercise price (CHF)	Price at closing date (CHF)	Maximum option life ¹ (years)	Expected volatility (%)	Interest rate ¹ (%)	Dividend yield (%)	Withdrawal rate (%)	Expected option life ¹ (years)
Allocation 2007 / II	13.00	14.70	0.75	50.5	0.23	1.02	8	0.38
Allocation 2009 / I	7.70	14.70	2.17	50.5	0.34	1.02	8	1.31
Allocation 2009 / II	7.70	14.70	2.17	50.5	0.34	1.02	8	1.31
Allocation 2009 / VI	7.70	14.70	2.17	50.5	0.34	1.02	8	1.31
Allocation 2010 / I	11.40	14.70	3.19	50.5	0.57	1.02	8	2.20
Allocation 2010 / II	11.40	14.70	3.19	50.5	0.58	1.02	8	2.24

¹At arithmetic average.

Parameters for cash-settled options at closing date 2009

	Exercise price (CHF)	Price at closing date (CHF)	Maximum option life ¹ (years)	Expected volatility (%)	Interest rate ¹ (%)	Dividend yield (%)	Withdrawal rate (%)	Expected option life ¹ (years)
Allocation 2007 / II	13.00	9.75	1.75	63.3	0.48	0.90	8	1.00
Allocation 2009 / I	7.70	9.75	3.17	63.3	0.94	0.90	8	2.27
Allocation 2009 / II	7.70	9.75	3.17	63.3	0.96	0.90	8	2.36
Allocation 2009 / VI	7.70	9.75	3.17	63.3	0.98	0.90	8	2.37

¹At arithmetic average.

21. PERSONNEL EXPENSES

CHFm	2010	2009
Wages and salaries	182.8	173.2
Social security costs	24.5	20.9
Share-based payments	1.7	1.4
Pension costs	14.9	15.2
Other personnel expenses	16.3	12.9
Total	240.2	223.6

22. FINANCIAL INCOME AND EXPENSES

CHFm	2010	2009
Financial income		
Interest income	1.0	1.5
Net foreign exchange gains	–	3.8
Total	1.0	5.3
Financial expenses		
Interest expenses	3.1	3.5
Net foreign exchange losses	2.8	–
Other financial expenses	1.0	2.1
Total	6.9	5.6
Net financial expenses	(5.9)	(0.3)

23. INCOME TAX

CHFm	2010	2009
Current income tax charge	13.8	11.7
Adjustments in respect of current income tax of previous years	(0.4)	(0.6)
Deferred income tax	(3.4)	(3.0)
Total income tax expenses	10.0	8.1

The following elements explain the difference between the expected income tax charge (using the weighted average tax rate based on earnings before income tax of each Group company) and the actual tax rate.

Analysis of income tax rate

CHFm	2010	2009
Earnings before income tax	42.5	32.5
Theoretically expected average income tax rate	25.4%	30.2%
Expected income tax expenses	10.8	9.8
Utilization of non-capitalized tax loss carry-forwards	(2.1)	(1.1)
Effect of current tax losses not capitalized	2.4	5.5
Adjustments in respect of current income tax of previous years	(0.4)	(0.6)
Effect of (income)/expenses taxed at lower rate or not taxed	(0.7)	(5.5)
Total income tax expenses	10.0	8.1

The weighted average expected income tax rate was 25.4% (previous year: 30.2%). The decrease is caused by a change in the profitability of the Group's subsidiaries in the respective countries.

Deferred income tax

CHFm	Deferred income tax assets	Deferred income tax liabilities	Net value
Balance at 1.1.2009	2.4	(3.1)	(0.7)
Additions	2.1	(1.5)	0.6
Reversal	(0.3)	2.7	2.4
Acquisition/divestment of a subsidiary or business	–	(18.4)	(18.4)
Currency translation adjustments	0.1	(0.6)	(0.5)
Balance at 31.12.2009	4.3	(20.9)	(16.6)
Additions	0.9	(0.8)	0.1
Reversal	(0.9)	4.2	3.3
Currency translation adjustments	(0.4)	0.8	0.4
Balance at 31.12.2010	3.9	(16.7)	(12.8)
Expected reversal within 12 months	2.5	(3.7)	(1.2)
Expected reversal later	1.4	(13.0)	(11.6)

Deferred income tax assets result from tax loss carry-forwards as well as valuation differences of assets and liabilities. They are recognized to the extent that realization through the future taxable profits is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax relates to the same tax authority. At 31 December 2010, deferred income tax liabilities in the amount of CHF 2.7 million (previous year: CHF 1.1 million) were offset with deferred income tax assets.

The deferred income tax assets and liabilities pertain to the following line items of the balance sheet:

CHFm	31.12.2010	31.12.2009
Property, plant and equipment	(0.1)	(1.1)
Intangible assets	(17.2)	(18.0)
Current assets	(0.3)	(1.0)
Liabilities	2.4	2.4
Tax loss carry-forwards	2.4	1.1
Total	(12.8)	(16.6)
Recognized as deferred income tax assets	3.9	4.3
Recognized as deferred income tax liabilities	(16.7)	(20.9)

Tax losses amounting to CHF 0.9 million are capitalized for Group companies which incurred losses in 2010 or 2009 supported by increased future profitability and synergies as a result of restructuring (previous year: nil). Tax loss carry-forwards which are not capitalized amount to CHF 395.0 million (previous year: CHF 503.1 million) and expire in the following years:

CHFm	31.12.2010	31.12.2009
2011 (2010)	22.6	116.2
2012 (2011)	0.7	22.4
2013 (2012)	0.1	0.8
2014 (2013)	35.2	0.4
2015 (2014)	7.4	52.0
2016 (2015)	3.0	10.5
2017 (2016)	15.8	17.6
Later	310.2	283.2

24. EARNINGS PER SHARE

Earnings per share are calculated by dividing the Group profit for the period attributable to owners of the parent by the time-weighted number of shares outstanding during the financial year. Own shares are not considered as outstanding shares.

	2010	2009
Group profit for the period attributable to owners of the parent (CHFm)	32.5	24.5
Weighted-average number of outstanding shares	34,554,333	34,778,764
Earnings per share (CHF)	0.94	0.70

For the purpose of calculating diluted earnings per share, the weighted-average number of ordinary shares is adjusted by the weighted-average number of ordinary shares which would be issued on the conversion of all potential dilutive share options into ordinary shares.

	2010	2009
Group profit for the period attributable to owners of the parent (CHFm)	32.5	24.5
Weighted-average number of outstanding shares	34,554,333	34,778,764
Adjustment for the dilutive number of outstanding share options	93,228	36,145
Weighted-average number of diluted shares	34,647,561	34,814,909
Diluted earnings per share (CHF)	0.94	0.70

25. TRANSACTIONS WITH RELATED PARTIES

The following remuneration was paid to the key management (including the Board of Directors and the Executive Board):

CHF 1,000	2010	2009
Short-term employee benefits	4,409.0	2,961.5
Post-employment benefits	248.0	229.0
Share-based payments	574.0	606.9
Total	5,231.0	3,797.4

No further remuneration was paid to key management during the year. At the balance sheet date, payables due to key management in the amount of CHF 1.5 million (previous year: CHF 0.4 million) existed.

Legally independent funds provide for Swiss pensions (see note 15). In the reporting period lease payments of CHF 0.4 million were disbursed to the Swiss pension fund for buildings occupied by the Group (previous year: CHF 0.4 million). At the balance sheet date, a current receivable of CHF 10.0 million (previous year: CHF 6.7 million) was outstanding, subject to an interest yield of 2.5% (previous year: 2.5%). The Swiss pension funds have not owned any Ascom shares in 2010 (previous year: nil).

26. RISK MANAGEMENT

26.1 Risk controlling using clearly defined management information systems

As an international company, Ascom is exposed to a variety of financial and non-financial risks that are directly associated with the Group's business operations. The Group's risk exposure is addressed in accordance with the principle of risk limitation. Our overall risk management is an integral part of corporate management and the long-term corporate strategy, and it is correspondingly incorporated in the framework of our business processes and procedures.

Ascom applies clearly defined management information and control systems to measure, monitor and control the risks to which it is exposed. Our management monitors the effectiveness and efficiency of our risk management activities and control systems at regular intervals and proposes adjustments as required.

26.2 Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the following parameters:

CHFm	31.12.2010	31.12.2009
Borrowings	75.1	100.2
EBITDA	68.4	49.8
Debt ratio	1.1	2.0
Total assets	580.3	609.2
Shareholders' equity	189.0	179.3
Equity ratio	32.6 %	29.4 %

The Group is targeted on a debt ratio not exceeding 2.5 and an equity ratio between 30% and 40%.

26.3 Financial risk

Financial risk management is carried out centrally by Group Treasury and is ensured by the relevant written principles and guidelines laid down by the management and approved by the Board of Directors. The Group has written policies in place to cover specific risk areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and management of (excess) liquidity. Group Treasury identifies, evaluates and selectively hedges certain financial risks in close co-operation with the Group's operating units/divisions. Group companies submit monthly reports on loans and cash positions.

Financial risk comprises liquidity risk, market risk and credit risk:

a) Liquidity risk

Forward-looking and prudent liquidity risk management implies maintaining sufficient cash and marketable securities as well as the ability to draw on committed credit lines. In general, the liquidity status is monitored by Group Treasury on a regular basis. In addition, bottom-up 12 month rolling liquidity and reserve forecasts are prepared on a monthly basis (development of cash and cash equivalents on the basis of expected cash flows).

An analysis of the Group's financial liabilities into the relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date, is set out below. Contractual commitments in relation to financial guarantees are further disclosed in note 28.

CHFm	Carrying amount	Cash flow			Total ¹
		Within 12 months	Between 1 and 5 years	Later	
Borrowings	75.1	38.5	37.9	–	76.4
Trade payables	28.0	28.0	–	–	28.0
Foreign exchange derivatives, outflow	3.1	3.1	–	–	3.1
Foreign exchange derivatives, inflow	(2.9)	(2.9)	–	–	(2.9)
Other financial liabilities	0.2	0.2	–	–	0.2
Total at 31.12.2010	103.5	66.9	37.9	–	104.8

CHFm	Carrying amount	Cash flow			Total ¹
		Within 12 months	Between 1 and 5 years	Later	
Borrowings	100.2	26.4	76.4	–	102.8
Trade payables	29.9	29.9	–	–	29.9
Foreign exchange derivatives, outflow	7.0	5.9	1.1	–	7.0
Foreign exchange derivatives, inflow	(6.7)	(5.6)	(1.1)	–	(6.7)
Other financial liabilities	1.1	–	1.1	–	1.1
Total at 31.12.2009	131.5	56.6	77.5	–	134.1

¹ The amounts in the table are contractual undiscounted cash flows.

The cash flows shown above are subject to the following conditions and exceptions:

- All financial instruments are included that were recognized on 31 December 2010 and 2009 respectively, and for which payments were already contractually agreed. Plan figures for future new liabilities are not included.
- Foreign currency amounts are translated at balance sheet rate.
- Variable interest payments for financial instruments are based on the last interest rate fixed on 31 December 2010 and 2009 respectively.
- Derivative financial instruments comprise derivatives with negative as well as positive replacement values. This takes into account, that all derivative financial instruments, and not only those with a negative replacement value, could have influence on individual timeframes.

b) Market risk

Market risk includes foreign currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk. Changes in the fair value of financial assets and financial liabilities can affect the Group's asset and income situation. It is not part of the Ascom investment policy to invest amounts in financial assets outside its operational activities. Apart from interest rate and foreign currency risk, the Group is not exposed to any other significant financial market risk.

Foreign currency risk

Due to the global nature of its activities, the Group is exposed to foreign exchange risk. Foreign exchange risk is continuously monitored and the necessary measures are taken as required, to hedge against impairment of value with respect to transactions and resulting assets or liabilities in foreign currencies. Foreign exchange gains or losses arise from commercial transactions as well as assets and liabilities denominated in foreign currencies (mainly EUR, USD, SEK and GBP) if these are not the entity's functional currency.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Foreign currency forward contracts are used to economically hedge against transaction risk from future operational activities at the closing date of the respective business. To this end, the Group companies are required to economically hedge their foreign exchange risk exposure with Group Treasury for individual exposures greater than CHF 250,000 or equivalent. The Group's treasury risk management policy is to economically hedge the anticipated cash flows of booked transaction exposures in each major foreign currency. Corresponding economic hedge transactions are stated at fair value.

The Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. The Group's Treasury Policy states that these types of translation risk are in general not hedged.

The currency risk at year end is shown in the following table:

CHFm	Reasonable shift 31.12.2010	Impact on net result 31.12.2010	Reasonable shift 31.12.2009	Impact on net result 31.12.2009
EUR/CHF	+/-10%	+/-2.5	+/-6%	+/-0.7
GBP/CHF	+/-10%	+/-0.1	+/-10%	+/-0.3
SEK/CHF	+/-10%	+/-0.4	+/-10%	+/-0.5
USD/CHF	+/-10%	+/-3.5	+/-10%	+/-3.4

The changes are mainly due to foreign exchange gains and losses on cash and cash equivalents, trade receivables, financial liabilities and forward foreign exchange contracts.

Interest rate risk

As the Group has no significant interest-bearing assets apart from temporary cash surpluses, the Group's income and operating cash flows from interest-bearing assets are substantially independent from changes in market interest rates.

In 2009 the Group entered into a long-term credit facility agreement over CHF 120 million with a bank consortium of eight Swiss banks. The credit facility has to be repaid in stages over the period ending 31 December 2012. The credit facility was issued at variable interest rates.

Changes in interest rates can impact the fair value of the Group's financial assets and liabilities. The Group is financing its long-term credit facility in short-term intervals. As the Group has cash surpluses, changes in interest rates are partially eliminated.

Based on the interest-bearing assets and liabilities existent at 31 December 2010 a 50 base point higher (lower) level of the market interest rates would lead to a CHF 0.3 million higher (lower) net result on an annual basis.

c) Credit risk

Credit risk is composed of the carrying amounts of financial assets (including derivative financial instruments) and guarantees (see note 28). Thus credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions. Credit risk may result in a financial loss if one party in a transaction is unable or unwilling to discharge its obligations. Credit risk is managed by Group entities and on divisional level for outstanding amounts arising from

goods delivered and services rendered. It is Group policy that all banks and financial institutions have to fulfill a minimum credit rating of "A", exceptions need Group Treasury approval. Credit worthiness of key customers is measured by using independent ratings if available; otherwise risk control assesses the credit quality of individual customers by taking into account their financial position, past experience and other factors. The utilization of credit limits is monitored by Group entities at local level.

The table below sets out the Group's six major counterparties at the balance sheet date, which excludes customers for which the credit risk is mitigated by way of customer prepayments:

CHFm	Rating ¹	Balance 31.12.2010	Balance 31.12.2009
Counterparty (Financial institution)			
Bank A	A+	35.3	55.9
Bank B	A+	35.7	20.2
Bank C	AA-	12.3	11.9

CHFm	Rating ¹	Balance 31.12.2010
Counterparty (Customer)		
Customer A	BBB+	8.0
Customer B	A-	3.8
Customer C	B-	3.7

CHFm	Rating ¹	Balance 31.12.2009
Counterparty (Customer)		
Customer A	BBB+	12.0
Customer D	AA-	2.4
Customer E	A-	2.1

¹ Long-term credit rating Standard & Poor's or Fitch.

The number of customers and their geographical distribution minimizes the risk of clustering. The management does not expect any losses from non-performance by financial institutions where funds have been invested by the Group during the reporting period.

The Group monitors the credit worthiness of its key customers by using independent ratings and by taking into account their financial position, past experience and other factors at subsidiary level. Each division has its own policy in place to manage the quality of trade receivables.

The credit quality of financial assets that are neither past due nor impaired at the balance sheet date can be assessed by reference to external credit ratings, if available, or to historical information about counterparty default rates:

CHFm	A or better rating ¹	Without public rating	Total
Financial assets	0.4	4.9	5.3
Cash and cash equivalents	127.9	1.1	129.0
Total at 31.12.2010	128.3	6.0	134.3

CHFm	A or better rating ¹	Without public rating	Total
Financial assets	0.8	4.7	5.5
Cash and cash equivalents	126.8	0.9	127.7
Financial assets held for trading purpose	–	0.5	0.5
Total at 31.12.2009	127.6	6.1	133.7

¹ Long-term credit rating Standard & Poor's or Fitch.

27. FINANCIAL INSTRUMENTS

27.1 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

CHFm	Note	Assets at fair value through profit or loss ¹	Loans and receivables	Available for sale financial assets ¹	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Total
Financial assets	7	–	3.9	1.4	–	–	5.3
Trade receivables	9	–	103.8	–	–	–	103.8
Finance leases	10	–	3.0	–	–	–	3.0
Cash and cash equivalents	11	–	129.0	–	–	–	129.0
Borrowings	14	–	–	–	–	75.1	75.1
Trade payables		–	–	–	–	28.0	28.0
Derivative financial instruments	27.3	–	–	–	0.2	–	0.2
Other liabilities		–	–	–	–	0.2	0.2
Balance at 31.12.2010		–	239.7	1.4	0.2	103.3	
Interest income/(expenses)		–	1.0	–	–	(2.1)	(1.1)
Foreign exchange gains/(losses)		–	(6.7)	–	(0.1)	7.1	0.3
Net (increase)/release of provision for doubtful debts		–	(0.1)	–	–	–	(0.1)
Net gain/(loss) in income statement		–	(5.8)	–	(0.1)	5.0	(0.9)
Foreign exchange gains/(losses) in other comprehensive income		–	(1.8)	–	–	–	(1.8)
Total net gain/(loss)		–	(7.6)	–	(0.1)	5.0	(2.7)

¹ In 2010, financial assets of CHF 0.5 million (mainly participations in investment funds) were reclassified from "Assets at fair value through profit or loss" to "Available for sale financial assets" as they were no longer held for trading purposes.

CHFm	Note	Assets at fair value through profit or loss	Loans and receivables	Available for sale financial assets	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Total
Financial assets	7	–	4.6	0.9	–	–	5.5
Trade receivables	9	–	108.2	–	–	–	108.2
Financial assets held for trading purposes		0.5	–	–	–	–	0.5
Finance leases	10	–	3.5	–	–	–	3.5
Cash and cash equivalents	11	–	127.7	–	–	–	127.7
Borrowings	14	–	–	–	–	100.2	100.2
Trade payables		–	–	–	–	29.9	29.9
Derivative financial instruments	27.3	–	–	–	0.3	–	0.3
Other liabilities		–	–	–	–	1.1	1.1
Balance at 31.12.2009		0.5	244.0	0.9	0.3	131.2	
Interest income/(expenses)		–	1.5	–	–	(2.5)	(1.0)
Foreign exchange gains/(losses)		–	3.2	–	0.3	(1.0)	2.5
Net (increase)/release of provision for doubtful debts		–	(0.5)	–	–	–	(0.5)
Impairment on financial assets		–	(1.3)	–	–	–	(1.3)
Net gain/(loss) in income statement		–	2.9	–	0.3	(3.5)	(0.3)
Foreign exchange gains/(losses) in other comprehensive income		–	0.3	–	–	–	0.3
Total net gain/(loss)		–	3.2	–	0.3	(3.5)	–

The carrying amount approximates the fair value of all financial assets and liabilities.

27.2 Fair value estimation

For financial instruments that are measured at fair value the following fair value measurement hierarchy has been applied:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The following tables present the Group's assets and liabilities that are measured at fair value at the balance sheet date:

CHFm	Based on quoted prices in active markets (Level 1)	Based on other observable inputs (Level 2)	Based on unobservable inputs (Level 3)	Total
Available for sale financial assets				
Investments in third parties	–	–	0.9	0.9
Other financial investments	0.5	–	–	0.5
Balance at 31.12.2010	0.5	–	0.9	1.4

Financial liabilities at fair value through profit or loss

Derivative financial instruments	–	0.2	–	0.2
Balance at 31.12.2010	–	0.2	–	0.2

CHFm	Based on quoted prices in active markets (Level 1)	Based on other observable inputs (Level 2)	Based on unobservable inputs (Level 3)	Total
Available for sale financial assets				
Investments in third parties	–	–	0.9	0.9
Balance at 31.12.2009	–	–	0.9	0.9

Financial assets at fair value through profit or loss

Other financial investments	0.5	–	–	0.5
Balance at 31.12.2009	0.5	–	–	0.5

Financial liabilities at fair value through profit or loss

Derivative financial instruments	–	0.3	–	0.3
Balance at 31.12.2009	–	0.3	–	0.3

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from a stock exchange. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily participations in investment funds available for sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Forward exchange contracts are allocated to this level.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. These inputs reflect the Group's own assumptions about market pricing using the best internal and external information available. Investments in third parties for which the fair value of the market prices cannot be reliably determined are allocated to this level and measured at cost less any impairment.

27.3 Derivative financial instruments

Foreign currencies are purchased and forward contracts are entered into at Group level as a economic hedge against foreign currency risk for -accounts outstanding or planned. The open contracts comprise the following forward exchange contracts in various currencies:

CHFm	31.12.2010	31.12.2009
Contract volume	3.1	7.8
Positive fair value	–	–
Negative fair value	0.2	0.3

Breakdown by currency (CHFm)	31.12.2010	31.12.2009
EUR	0.4	2.0
GBP	2.7	4.2
USD	–	1.6
Total	3.1	7.8

The negative fair value is included under other current liabilities. The changes in value are recognized in profit or loss under financial income and expenses.

28. COMMITMENTS AND CONTINGENCIES

a) Lease commitments – Group as lessee

The future minimum payments under non-cancellable lease obligations fall due as follows:

CHFm	Finance leases		Operating leases	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Within 12 months	0.1	0.1	18.5	22.0
Between 1 and 5 years	–	0.1	46.0	58.6
Later	–	–	4.4	4.7
Total	0.1	0.2	68.9	85.3

Significant leasing agreements exist with regard to the sale and lease back of properties used for operational purposes in Berne and Hombrechtikon.

b) Lease commitments – Group as lessor

The future minimum lease receivables under non-cancellable operating leases are as follows:

CHFm	31.12.2010	Operating leases 31.12.2009
Within 12 months	4.6	7.3
Between 1 and 5 years	16.1	20.2
Later	3.7	4.5
Total	24.4	32.0

Future minimum lease payments under finance leases contracts together with the present value of the net minimum lease payments are as follows (see note 10):

CHFm	Within 12 months	Between 1 and 5 years	Later	Total 31.12.2010
Gross investment in leases	0.9	2.1	0.4	3.4
Unearned interest income	(0.1)	(0.3)	–	(0.4)
Present value of the net minimum lease payments	0.8	1.8	0.4	3.0
CHFm	Within 12 months	Between 1 and 5 years	Later	Total 31.12.2009
Gross investment in leases	1.1	2.8	0.5	4.4
Unearned interest income	(0.3)	(0.6)	–	(0.9)
Present value of the net minimum lease payments	0.8	2.2	0.5	3.5

c) Contingencies

A number of Group companies issue warranties in connection with their ordinary business operations. Provisions are made for warranties where the likelihood of fulfillment is probable (see note 16).

At 31 December 2010, other contingent liabilities amount to CHF 40.3 million (previous year: CHF 46.7 million). These contingencies mainly relate to guarantees issued by Ascom Holding Ltd. There is no indication that these guarantees will lead to fulfillment payments.

29. PLEDGED ASSETS

As per 25 May 2009, the Group entered into a long-term credit facility agreement over CHF 120 million with a bank consortium of eight Swiss banks. The credit facility has to be repaid in stages over the period ending 31 December 2012. As of 31 December 2010, all shares of Ascom Network Testing AB were pledged to secure the mentioned credit facility (previous year: all shares of Ascom (Sweden) Holding AB and Ascom Network Testing AB were pledged to secure the mentioned credit facility).

As per 31 December 2010, property, plant and equipment with a total carrying amount of CHF 2.8 million (previous year: CHF 3.2 million) were pledged to secure further bank guarantee and credit lines.

30. EVENTS AFTER THE BALANCE SHEET DATE

Since the balance sheet date, no further events have occurred that have an influence on the 2010 financial statements.

31. PROPOSAL OF THE BOARD OF DIRECTORS

For the year ended 31 December 2010, the Board of Directors proposes to the Annual General Meeting on 13 April 2011 a dividend of CHF 0.25 per registered share (previous year: no dividend proposed). This represents a total dividend payment of CHF 9,000,000. No dividend was paid in 2010.

32. TIME OF RELEASE FOR PUBLICATION

The Board of Directors approved the 2010 financial statements on 2 March 2011 and gave permission for publication at the media conference on 9 March 2011.

33. CONSOLIDATED COMPANIES

Country	Company	Registered office	Share capital	Group's interest
Austria	Ascom Austria GmbH	Vienna	EUR 3,635,000	100%
Belgium	Ascom (Belgium) NV	Brussels	EUR 1,424,000	100%
Brazil	Ascom Soluções em Telefonia Móvel Limitada	São Paulo	BRL 1,000	100%
China	Ascom (Beijing) Network Testing Service Co., Ltd.	Beijing	CNY 2,594,450	100%
Czech Republic	Ascom (CZ) s.r.o.	Prague	CZK 200,000	100%
Denmark	Ascom Danmark A/S	Silkeborg	DKK 1,200,000	100%
Finland	Ascom (Finland) Oy	Vantaa	EUR 562,000	100%
France	Ascom Holding SA	Nanterre	EUR 80,000	100%
	Ascom (France) SA	Nanterre	EUR 2,000,000	100%
Germany	Ascom Deutschland GmbH	Frankfurt a.M.	EUR 2,137,000	100%
	Technologiepark Teningen GmbH	Teningen	EUR 6,136,000	100%
	Ascom Unternehmensholding GmbH	Frankfurt a.M.	EUR 5,113,000	100%
India	Ascom Network Testing Pvt. Ltd.	Mumbai	INR 1,000,000	100%
Malaysia	Ascom Network Testing Sdn Bhd	Subang	MYR 500,000	100%
Netherlands	Ascom (Nederland) BV	Utrecht	EUR 1,361,000	100%
	Mocsa Real Estate BV	Utrecht	EUR 454,000	100%
	Ascom Tateco BV	Hoofddorp	EUR 18,000	100%
Norway	Ascom (Norway) A/S	Oslo	NOK 1,250,000	100%
Poland	Ascom Poland Sp. z o.o.	Warsaw	PLN 2,405,200	100%
South Africa	Ascom Network Testing (PTY) Ltd.	Durban	ZAR 1,000	100%
Sweden	Ascom (Sweden) AB	Gothenburg	SEK 96,154,000	100%
	Ascom (Sweden) Holding AB	Gothenburg	SEK 70,000,000	100%
	Ascom Network Testing AB	Skellefteå	SEK 100,000	100%
Switzerland	Ascom Holding Ltd.	Berne	CHF 18,000,000	100%
	Ascom (Switzerland) Ltd.	Berne	CHF 28,002,000	100%
	Ascom Network Testing Ltd.	Solothurn	CHF 200,000	100%
United Kingdom	Ascom Croydon Ltd.	Sevenoaks	GBP 1	100%
	Ascom Network Testing Ltd.	Elstead	GBP 2	100%
	Ascom (UK) Ltd.	Sevenoaks	GBP 50,000	100%
	Ascom UK Group Ltd.	Croydon	GBP 5,000,000	100%
USA	Ascom Holding Inc.	Rockaway NJ	USD 10	100%
	Ascom (US) Inc.	Morrisville NC	USD 1	100%
	Ascom Network Testing Inc.	Lake Forest CA	USD 1	100%



To the general meeting of Ascom Holding Ltd., Berne

Report of the statutory auditors on the consolidated financial statements

As statutory auditors, we have audited the consolidated financial statements of Ascom Holding Ltd., which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes (pages 48 to 98), for the year ended 31 December 2010.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to read 'St. Räbsamen'.

Stefan Räbsamen
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'P. Riner'.

Patrick Riner
Audit expert

Zurich, 2 March 2011

SUMMARY OF KEY FINANCIAL DATA

CHFm	2010	2009	2008	2007	2006
Incoming orders	575.1	514.4	511.9	545.6	536.2
Order backlog ¹	220.0	241.4	243.1	261.2	205.7
Revenue	571.2	537.2	509.2	490.5	474.9
EBITDA	68.4	49.8	53.3	3.7	49.5
Earnings before interest and income tax (EBIT)	48.4	32.8	44.0	(16.1)	34.9
Personnel expenses	240.2	223.6	236.7	258.3	239.7
Depreciation, amortization and impairment	20.0	17.0	9.3	23.3	14.6
Group profit/(loss) for the period	32.5	24.4	8.2	(48.1)	17.1
Net cash flow from operating activities	46.2	24.5	(2.3)	65.9	14.9
Capital expenditures on property, plant and equipment	6.0	6.4	6.7	6.7	13.5
Capital expenditures on intangible assets	8.5	3.0	5.0	1.6	2.3
Research and development expenses	56.9	47.0	32.9	33.7	27.3
Balance sheet total ¹	580.3	609.2	451.2	512.1	492.8
Shareholders' equity ¹	189.0	179.3	148.7	162.5	220.1
Shareholders' equity in % of balance sheet total ¹	32.6	29.4	33.0	31.7	44.7
Net cash ^{1,2}	53.9	27.5	182.6	223.0	165.6
Gearing ³	39.7	55.9	n/a	n/a	n/a
Dividend paid ⁴	–	–	–	–	–
Number of employees (FTE) ¹	2,093	2,162	1,864	1,813	1,816

¹ At 31 December.

² Cash and cash equivalents less borrowings.

³ Borrowings/shareholders' equity.

⁴ At the proposal of the Board of Directors.

ASCOM HOLDING LTD. BALANCE SHEET

CHF 1,000		31.12.2010	31.12.2009
ASSETS	Investments	276,022	92,500
	Loans to Group companies	107,874	59,214
	Non-current assets	383,896	151,714
	Accounts receivables from Group companies	51,907	2,606
	Accounts receivables from third parties	68	1,538
	Prepaid expenses	727	1,091
	Own shares	15,688	12,518
	Cash and cash equivalents	8,513	2,219
	Current assets	76,903	19,972
	Total assets	460,799	171,686
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	18,000	18,000	
Legal reserves			
– General reserves			
– Other general reserves	5,400	5,400	
– General reserves from capital contribution	6,188	7,979	
– Reserves for own shares			
– Reserves for own shares from capital contribution	15,688	13,897	
Retained earnings	350,657	75,875	
Shareholders' equity	395,933	121,151	
Loans from Group companies	21,976	11,162	
Other non-current liabilities	200	1,126	
Non-current liabilities	22,176	12,288	
Provisions	31,718	31,821	
Accounts payable to Group companies	10,676	4,765	
Accounts payable to third parties	184	1,036	
Third-party accruals	112	625	
Current liabilities	10,972	6,426	
Total liabilities	64,866	50,535	
Total liabilities and shareholders' equity	460,799	171,686	

INCOME STATEMENT

CHF 1,000	2010	2009
Investment income	98,771	8,950
Profit from disposal of investments	166,024	139
Financial income	5,099	7,083
Depreciation and value adjustments on investments and loans	7,105	–
Other income	5,659	5,718
Total income	282,658	21,890
Financial expenses	(835)	(558)
Administration expenses	(7,041)	(6,750)
Depreciation and value adjustments on investments and loans	–	(8,594)
Profit before tax	274,782	5,988
Tax	–	(38)
Profit for the period after tax	274,782	5,950

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. General

Ascom Holding Ltd., Berne, which is listed on the Swiss stock exchange, is the holding company of the Ascom Group. The accounts are prepared in compliance with Swiss law. In the year under review there were no changes in the basic accounting policies compared to the previous year.

2. Accounting policies

Non-current assets: Investments and loans are recognized at cost less necessary provisions. Currency differences resulting from loans in foreign currencies are charged to the income statement. Provisions are recorded for unrealized currency gains.

Current assets: The positions are valued at nominal value less necessary provisions.

Own shares: The position is valued at the lower of cost and fair value.

Liabilities: The positions are valued at nominal value. Effects on foreign currencies are charged to the income statement.

3. Contingent liabilities

Guarantees in respect of third parties total CHF 31.0 million (previous year: CHF 39.2 million). No guarantees exist in favor of Group companies.

4. Investments

At balance sheet date, Ascom Holding Ltd. held the following direct investments in Group companies:

Company	Registered office	Business	Share capital	Interest 31.12.2010	Interest 31.12.2009
Ascom Austria GmbH	Vienna, Austria	Sales, installation, maintenance	EUR 3,635,000	100%	100%
Ascom (Belgium) NV	Brussels, Belgium	Sales, installation, maintenance	EUR 1,424,000	100%	100%
Ascom Danmark A/S	Silkeborg, Denmark	Sales, installation, maintenance	DKK 1,200,000	100%	100%
Ascom (Finland) Oy	Vantaa, Finland	Sales, installation, maintenance	EUR 562,000	100%	100%
Ascom Holding SA	Nanterre, France	Holding company	EUR 80,000	100%	100%
Ascom Unternehmensholding GmbH	Frankfurt, Germany	Holding company	EUR 5,113,000	100%	100%
Ascom Poland Sp. Z o.o.	Warsaw, Poland	Sales, installation, maintenance	PLN 2,405,200	100%	100%
Ascom (Sweden) AB	Gothenburg, Sweden	Production, sales, installation, maintenance	SEK 96,154,000	–	66.4%
Ascom (Sweden) Holding AB	Gothenburg, Sweden	Holding company	SEK 70,000,000	–	100%
Ascom (Switzerland) Ltd.	Berne, Switzerland	Production, sales, installation, maintenance	CHF 28,002,000	100%	100%
Ascom Network Testing Ltd.	Solothurn, Switzerland	Production, sales, installation, maintenance	CHF 200,000	100%	100%
Ascom UK Group Ltd.	Croydon, United Kingdom	Holding company	GBP 5,000,000	100%	100%
Ascom Holding Inc.	Rockaway NJ, USA	Holding company	USD 10	100%	100%
Ascom Network Testing Inc.	Lake Forest CA, USA	Production, Sales, installation, maintenance	USD 1	100%	100%

Direct and indirect investments are listed in note 33 of the consolidated financial statements.

As a result of an optimization of the Group structure, Ascom Holding Ltd. transferred its shareholdings in Ascom (Sweden) AB (including its subsidiaries) and Ascom (Sweden) Holding AB to Ascom (Switzerland) Ltd. The investment in Ascom (Switzerland) Ltd. increased its value accordingly. As a result, Ascom Holding Ltd. recorded a profit from disposal of investments.

5. Pledged assets

As of 31 December 2010, no directly held assets are pledged (previous year: all shares of Ascom (Sweden) Holding AB were pledged).

6. Own shares

Own shares held by Ascom Holding Ltd. (Swiss Code of Obligations Art. 659) have developed as follows:

CHF 1,000	Number	Carrying amount
Balance at 1.1.2009	1,209,589	9,907
Additions	79,344	808
Disposals	(5,000)	(63)
Release of value adjustments		1,866
Balance at 31.12.2009	1,283,933	12,518
Additions	300,000	3,388
Disposals	(146,900)	(1,598)
Release of value adjustments		1,380
Balance at 31.12.2010	1,437,033	15,688

7. Authorized share capital

The Annual General Meeting of Ascom Holding Ltd. held on 15 April 2009 approved the creation of authorized share capital. The Board of Directors is authorized at any time up to 15 April 2011, to increase the company's share capital by no more than CHF 3,600,000, by issuing up to 7,200,000 registered shares with a par value of CHF 0.50 per share, to be fully paid up.

8. Significant shareholders

8.1 Changes subject to disclosure requirements during the 2010 financial year

In an announcement dated 22 April 2010, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Ascom Holding Ltd. disclosed that it held own shares representing voting rights of 4.1% as well as sales positions (employee options as call options) with voting rights conferred of 4.0% (SIX notice dated 23 April 2010).

In an announcement dated 12 October 2010, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Vontobel Fonds Services AG, Zurich, disclosed that it holds Ascom securities accounting for 3.0015% of voting rights (SIX notice dated 14 October 2010).

8.2 Significant shareholders

The following significant shareholders as defined by Art. 663c of the Swiss Code of Obligations, holding more than 5% of the share capital and voting rights, were recorded in the share register at 31 December 2010:

Zürcher Kantonalbank: 26.74% (previous year: 26.74%).

This does not cover shares, which are not registered in the share register (Dispo shares). Dispo shares amounted to 18.6% as of 31 December 2010 (previous year: 27.2%).

The following parties are regarded as significant shareholders, as defined by Art. 663c Para. 2 of the Swiss Code of Obligations, in accordance with the disclosure announcements made:

- Zürcher Kantonalbank, Zurich: Ascom securities representing 25.89% of voting rights as well as sale positions with voting rights conferred of 2.57% (announcement dated 7 December 2007).

- Bank Julius Baer & Co. Ltd., Zurich: Ascom securities representing 3.74% of voting rights as well as sale positions with voting rights conferred of 4.99% (announcement dated 8 February 2008).

There are no known shareholders' agreements.

9. Remuneration and participations

Remuneration for the Board of Directors in 2010

Fees for members of the Board of Directors are set down in the Remuneration Regulations (as an appendix to the Organizational Regulations). The honorarium for a regular member of the Board of Directors has been fixed at CHF 100,000 per annum after the Annual General Meeting 2007. The Chairman of the Board of Directors receives a base honorarium of CHF 240,000 per annum. The Vice-Chairman of the Board of Directors, who also acts as Chairman of the Audit Committee, receives an honorarium of CHF 160,000 per annum.

Members of the Board of Directors were paid remuneration totaling CHF 700,000 in 2010 (previous year: CHF 700,000), as set out in the below table:

CHF	Cash	Base Number of options	Bonus	Variable Other benefits	Total 2010	Total 2009
Juhani Anttila, Chairman of the Board of Directors	240,000	–	–	–	240,000	240,000
Paul E. Otth, Vice-Chairman of the Board of Directors	160,000	–	–	–	160,000	160,000
J.T. Bergqvist, Member of the Board of Directors	100,000	–	–	–	100,000	100,000
Kenth-Ake Jönsson, Member of the Board of Directors (since 15 April 2009)	100,000	–	–	–	100,000	70,830
Andreas Umbach, Member of the Board of Directors (since 21 April 2010)	69,160	–	–	–	69,160	–
Wolfgang Kalsbach, Member of the Board of Directors (until 21 April 2010)	30,840	–	–	–	30,840	100,000
Axel Pæger, Member of the Board of Directors (until 15 April 2009)	–	–	–	–	–	29,170
Total	700,000	–	–	–	700,000	700,000

Remuneration for the Executive Board in 2010

The remuneration packages for all members of the Executive Board are set by the full Board of Directors based on the recommendation of the Compensation & Nomination Committee. Total remuneration for each member consists of a basic salary and a performance-related bonus as a variable component. The basic salary and variable component are paid in cash. The focus of the performance-related bonus is linked to the attainment of clearly measurable targets set at the beginning of the year. On achieving the defined targets, the respective member of the Executive Board shall receive a predetermined percentage of his basic salary as a bonus. In cases where the targets set in the member's respective area of responsibility are exceeded – and the Group targets are also achieved – a sum up to a maximum of double the target bonus may be paid.

In 2010 the CEO received options under the Ascom Stock Option Plan 2010 worth 18% of the total of basic salary and 100% potential bonus. The other members of the Executive Board received options worth 20% of the total of their basic salaries and target bonuses. The value of the options was determined by an independent third party.

The allocation of options is made on the basis of stock option plans set up each year and agreed in writing. The conditions regarding exercising are defined on allocation of the options, with no subsequent changes being made and in particular no re-pricing. The management of the Ascom Stock Option Plans is the responsibility of the Board of Directors.

CHF	Base						Total 2010
	Cash	Number of options	Value of options	Bonus provision	Other benefits	Variable Pension contribution	
Riet Cadonau, CEO (highest compensated member of the Executive Board)	720,000	65,000	261,950	598,000	–	91,000	1,670,950
Other members	1,483,000	108,000	435,240	863,000	44,800	157,000	2,983,040
Total Executive Board	2,203,000	173,000	697,190	1,461,000	44,800	248,000	4,653,990

CHF	Base						Total 2009
	Cash	Number of options	Value of options	Bonus provision	Other benefits	Variable Pension contribution	
Riet Cadonau, CEO (highest compensated member of the Executive Board)	650,000	86,700	183,515	147,000	–	82,000	1,062,515
Other members	1,120,000	99,000	209,550	235,000	109,525	147,000	1,821,075
Total Executive Board	1,770,000	185,700	393,065	382,000	109,525	229,000	2,883,590

Explanatory notes

- Cash compensation consists of base salary (gross).
- All options allocated during 2010 were granted on 12 March 2010 and have a vesting period of 1–3 years and expire 4 years following the grant date. Each option entitles the holder to buy one share of the Company with an exercise price of CHF 11.40.
- The value of the options has been calculated as grant date fair value (using a binomial model) for options granted in the current year. The average grant date fair value of the options granted in 2010 was CHF 4.03.
- In 2010, total other benefits include contributions to medical benefit plans and special premiums.
- Executive Board members' bonus claims for 2010 will be calculated and paid in 2011 after approval of the annual financial statements. The criteria governing payment of the 2010 bonus are measurable and contractually regulated. The bonus amounts represent the accrued bonuses for services rendered during 2010.
- Pension contributions include the employer's contribution to the pension funds. Contributions to mandatory social insurances are not included.
- No loans or credits were extended to members of the Board of Directors or Executive Board in 2010.
- For members leaving the Executive Board in the course of the year, the total amount includes remuneration during their term of office including all employer's contributions to the occupational pension scheme.

Participations as of 31 December 2010

The following table sets out the number of participations which were held by members of the Board of Directors and the Executive Board, including parties closely related to them:

Name	Number of shares	Number of options exercisable ¹	Number of options not exercisable ¹
Board of Directors			
Juhani Anttila, Chairman of the Board of Directors	35,500	–	–
Paul E. Otth, Vice-Chairman of the Board of Directors	–	–	–
J.T. Bergqvist, Member of the Board of Directors	–	–	–
Kenth-Ake Jönsson, Member of the Board of Directors	–	–	–
Andreas Umbach, Member of the Board of Directors	–	–	–
Executive Board			
Riet Cadonau, CEO	22,000	154,100	145,600
Fritz Mumenthaler, Deputy CEO/General Manager Wireless Solutions	21,000	88,166	58,334
Dr Martin Zwysig, CFO	–	18,666	58,334
Dr Fritz Gantert, General Manager Security Communication	55,000	50,166	58,334
Rikard Lundqvist, General Manager Network Testing	–	8,000	43,000
Total Board of Directors and Executive Board	133,500	319,098	363,602

¹ In accordance with the conditions of Ascom Stock Option Plans 2007/I and 2007/II, 2008, 2009, 2010.

Share allotment in the year under review

Ascom Holding Ltd. allotted no shares in 2010.

10. Risk management

Ascom Holding Ltd. is fully integrated into the group-wide risk assessment process of Ascom Group. This Group risk assessment process also addresses the nature and scope of business activities and the specific risks of Ascom Holding Ltd. in compliance with Art. 663b of the Swiss Code of Obligations (see note 26 of the consolidated financial statements).

COMMENTS ON THE FINANCIAL STATEMENTS

Assets

Investments include shares in Group companies amounting to CHF 275.2 million (previous year: CHF 91.6 million). The increase in investments is primarily attributable to the transactions described in note 4 as well as net released value adjustments on investments of CHF 2.0 million.

In the year under review, loans to Group companies increased by CHF 48.7 million mainly due to financing activities in relation with the transactions described in note 4. The loans are mainly denominated in CHF, EUR and USD.

Accounts receivable from Group companies consist mainly of short-term receivables denominated in CHF, EUR and USD. The increase in accounts receivables from Group companies is primarily attributable to additional receivables of CHF 50.0 million in relation with the transactions described in note 4.

Prepaid expenses consist of an upfront fee for the credit facility established in previous year.

Liabilities and equity

The special reserve from capital increase in the amount of CHF 21.9 million as per 31 December 2003 is recorded in the two following accounts as per 31 December 2010:

- General reserves from capital contribution: CHF 6.2 million
- Reserves for own shares from capital contribution: CHF 15.7 million

Due to the increase of own shares, an amount of CHF 1.8 million was transferred from general reserves from capital contribution to reserves for own shares from capital contribution.

The provisions primarily cover general valuation risks and warranties from the sale of companies as well as receivable risks and unrealized foreign exchange differences.

Based on a syndicated credit facility agreement a guarantee line of total CHF 60 million has been made available to Ascom Holding Ltd.

Income statement

The increase of investment income results mainly from an extraordinary dividend payment of CHF 80.8 million realized through the change of the Group structure as described in note 4. The remaining part of CHF 18.0 million represents ordinary dividend payments from Group companies.

Concerning the profit from disposal of investments refer to note 4.

The decrease in financial income results mainly from this year's absence of foreign exchange gains on Group loans and lower releases of value adjustments on own shares in comparison with previous year. This was partly offset by higher interest income on loans from Group companies.

Other income comprises trademark fees charged to Group companies.

Financial expenses increased due to interest expenses for additional loans from Group companies.

The administration expenses include CHF 1.0 million (previous year: CHF 0.9 million) of personnel related costs.

The net income from depreciation and value adjustments on investments and loans of CHF 7.1 million mainly consist of net released value adjustments on loans to Group companies of CHF 4.3 million, net releases of value adjustments on investments in Group companies of CHF 2.0 million and releases of investment related liabilities of CHF 0.8 million.

Annual result

In 2010, Ascom Holding Ltd. recorded a net profit of CHF 274.8 million (previous year: CHF 5.9 million), while Ascom Group recorded a consolidated Group profit of CHF 32.5 million (previous year: CHF 24.4 million).

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS 2010

CHF	2010
Retained earnings from previous year	75,875,244
Profit for the year	274,781,802
Retained earnings	350,657,046
Distribution of dividend	(9,000,000)
Allocation to reserves for own shares	(15,687,563)
Balance to be carried forward	325,969,483



To the general meeting of Ascom Holding Ltd., Berne

Report of the statutory auditors on the financial statements

As statutory auditors, we have audited the financial statements of Ascom Holding Ltd., which comprise the balance sheet, income statement and notes (pages 102 to 110), for the year ended 31 December 2010.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Handwritten signature of Stefan Räbsamen in black ink.

Stefan Räbsamen
Audit expert
Auditor in charge

Handwritten signature of Patrick Riner in black ink.

Patrick Riner
Audit expert

Zurich, 2 March 2011

KEY FINANCIAL DATA ON THE SHARE CAPITAL

CHF		2010	2009	2008	2007	2006
Dividend per share						
Registered shares	CHF 0.50	–	–	–	–	–
Equity per share^{1,2}						
Registered shares	CHF 0.50	5.47	5.16	4.23	4.79	6.17
Earnings per share²						
Registered shares	CHF 0.50	0.94	0.70	0.23	(1.35)	0.48
Stock quote high/low						
Registered shares	CHF 0.50	14.70/9.50	14.05/6.60	12.90/5.94	28.40/10.75	20.65/12.00
Taxable values¹						
Registered shares	CHF 0.50	14.70	9.75	8.19	12.35	15.35
Number of shares¹						
Registered shares	CHF 0.50	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000
Of which own shares¹						
Registered shares	CHF 0.50	1,437,033	1,283,933	1,209,589	580,800	317,600

¹ At 31 December.

² Based on the consolidated financial statements (excluding own shares).

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DATES AND CONTACTS

Important dates 2011

13 April 2011
Annual General Meeting
BEAexpo, Berne

18 August 2011
Presentation of half-year results 2011
SIX Swiss Exchange, Zurich

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Declaration of forward-looking statements

This Annual Report contains statements that constitute forward-looking statements relating to Ascom. Because these forward-looking statements are subject to risks and uncertainties, the reader is cautioned that actual future results may differ from those expressed in or implied by the statements, which constitute projections of possible developments. All forward-looking statements are based only on data available to Ascom at the time of preparing the Annual Report.

This Annual Report is also available in German. For the general part and Corporate Governance, the German version is binding. The full Annual Report of the Ascom Group can be viewed online at:

<http://www.ascom.com/report-en>

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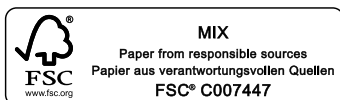
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