

[ ]

HALF-YEAR REPORT 2008

# COMMITMENT

CUSTOMER SATISFACTION

ENGAGEMENT

RESPONSIBILITY

COST EFFICIENCY

COMMITMENT

## MESSAGE FROM THE CHAIRMAN OF THE BOARD AND THE CEO

### Dear Shareholders

**In the first six months of 2008 Ascom posted growth of 5.8 % in its core business, and doubled the EBIT margin from 3.3 % to 6.7%. The Ascom Group is again profitable and has succeeded in growing revenue further despite negative currency effects. It is worth emphasizing that both Divisions improved profitability and, in particular that Security Solutions has achieved a return to profits.**

**Until the end of August 2008 we were also able to announce that three of the four divestments announced in November 2007 have been done, and we are confident that the portfolio streamlining will be carried out by the end of the year.**

**Acquisitions are an important part of our growth and internationalization strategy. The acquisition recently announced in the field of Mobile Test Solutions shows that Ascom is also growing by acquisitions again. Ascom is free from debt and has a net cash position of CHF 200 million.**

As expected, the good half-year results achieved by both Divisions, Wireless Solutions and Security Solutions, were boosted by our efficient, on-schedule implementation of the VITESSE investment program announced in November 2007. Ascom is pressing ahead with the sale of non-core business activities, and in the first six months of 2008 succeeded in disposing of the business units Industry (Switzerland) and Traffic in Switzerland. In addition, a new owner was found for the Toll business unit after the balance sheet date.

Thanks to the acquisition of Argo Group Ascom has further expanded its position in the global market for Mobile Test Solutions. We have set ourselves the goal of further value-enhancing acquisitions.

### Healthy volume of incoming orders in core business

Ascom's core business grew at an encouraging rate in the first half of 2008, with Group revenue increasing by 5.8% to CHF 249.1 million compared with CHF 235.4 million in the previous year. Wireless Solutions reported a 5.1% increase in revenue (in Swiss francs). Adjusted for currency movements, i.e. at constant exchange rates compared to the prior-year period, the increase amounted to 8.3%. Security Solutions performed well, growing revenue by 7.1% compared to the same period in 2007. 4.5% of this growth is attributable to the acquisition of Argo Group which has been consolidated within Ascom Group since March 2008.

At CHF 292.4 million (up 5% year-on-year), incoming orders were remarkable and at the end of June 2008 the order backlog amounting to CHF 301.4 million was almost 19% above the prior-year level. This provides a good basis for future revenue growth.

### Operating result and EBIT margin doubled

In the first six months of 2008 Ascom more than doubled its operating result and EBIT compared to the same period last year. Operating result amounted to CHF 14.4 million compared to CHF 6.2 million in the previous year, while profit at EBIT level was CHF 16.7 million compared to CHF 7.8 million for the first six months of 2007. The EBIT margin rose to 6.7% from 3.3% in the previous year period. Thanks to more efficient processes, streamlined organizational structures and an effective cost management, the higher investments in marketing, sales and R&D as well as integration costs related to the acquisition of Argo Group were more than offset.

### Sharp rise in Group profit

Consistent implementation of the investment program VITESSE has enabled Ascom, among other things, to post a substantial increase in Group profit for the first half of 2008. Continuing operations generated profit of CHF 14.1 million in the first half of 2008, thereby doubling the amount posted in the previous year of CHF 6.9 million.



Group profit for Ascom in the period under review amounted to CHF 7.1 million compared to CHF 1.1 million for the first half of 2007. This includes one-off losses in a total amount of CHF 8.9 million from the two divested business units Industry (Switzerland) and Traffic in Switzerland.

**Solid balance sheet**

Ascom is debt-free and, thanks to a low level of tied-up capital, can be developed further with relatively low capital expenditure. The Group's balance sheet structure is solid and healthy. At 30 June 2008 the Group's net cash position was furthermore high at CHF 200.6 million and the equity ratio amounted to 33.2%.

**Further consistent implementation of strategy**

With the niche strategy that focuses on the two Divisions Wireless Solutions and Security Solutions, and operating under one umbrella of "mission-critical communication", we have set ourselves the goal of completing the structural streamlining process announced in November 2007 by the end of 2008 and to sell the remaining discontinued operation, Payphones, at the earliest opportunity.

The interim results 2008 clearly demonstrate that Ascom is well-placed to grow organically as well as through targeted acquisitions, and to improve profitability. In order to achieve our 2010 growth and profitability targets, we remain committed to ongoing investments in our innovative capabilities and continue to accord high priority to cost management.

**Outlook**

In its core business, offering products and system solutions for mission-critical communication, Ascom commands a promising position. Supported by the VITESSE investment program, the Company is set for further profitable growth. Given the successful first half-year performance, we can confirm the targets set for full fiscal year of 2008. Ascom's business is mainly of non-cyclical nature.

It should therefore be possible to compensate the impacts of the currently conceivable economic trends on the fiscal year 2008 results. We target an organic growth rate of 5% for both Divisions for the entire year of 2008, provided there is no further deterioration in currency relations. We are confident that the goal to achieve EBIT margins of 9–11% for Wireless Solutions and 4–6% for Security Solutions will be reached in 2008. We also remain committed to our mid-term target of achieving an EBIT margin of 10% at Group level by 2010, accompanied by organic growth of 5% in our core business.

The successes reached by Ascom during the first six months of 2008 have boosted employee motivation and commitment and reinforced our overall market position. We are pleased to announce the appointment of Dr. Martin Zwysig, an experienced CFO with a long track record in the industry, as the new Chief Financial Officer of Ascom (with effect from 1 September 2008).

We are confident that the strategic and operational measures already in place can sustainably enhance Ascom's value.

**Juhani Anttila**  
Chairman of the Board of Directors

**Riet Cadonau**  
CEO

## REPORTING

### Successful first half-year for the Ascom Group

The Ascom Group has posted a successful first half-year 2008, recording encouraging growth and doubling profit at EBIT level for the continuing operations thanks to the investment program VITESSE, effective cost management and optimization of organizational processes and structures. For the first six months of 2008 Ascom reported a further increase in incoming orders, resulting in an excellent order situation with an order backlog at 30 June 2008 almost 19% above the previous-year level.

### Wireless Solutions

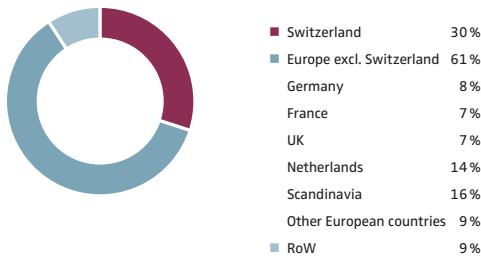
Once more Wireless Solutions recorded remarkable results in the first half of 2008, with incoming orders up year-on-year by 6% to CHF 175.5 million, at constant exchange rates this amounts to an increase of 9%. Incoming orders grew at double-digit rates in most European countries as well as in the US. Encouraging growth was also recorded in indirect sales through local value adding resellers (VARs). Cooperation with new OEM partners announced in March and July 2008 is also expected to have a positive impact on revenue and profitability as from the 2009 reporting year. Overall, the division closed the first half-year at 30 June 2008 with a comfortable order backlog of CHF 101.1 million, which will largely impact revenue over the next few months.

In the first half of 2008 Wireless Solutions increased revenue by 5.1% to CHF 147.4 million, corresponding to 8.3% growth at constant exchange rates. The operating result improved by 25% to CHF 15.3 million. Operating costs rose by 3.6% compared to the same period in 2007, primarily due to higher investments in R&D related to the development of a new line of DECT handsets, which are scheduled for market rollout in the fourth quarter of 2008. Investments aimed at reinforcing the sales team in all three sales channels also resulted in slightly higher marketing and sales costs in the period under review. Wireless Solutions succeeded in improving profit at EBIT level by more than 30% to CHF 12.3 million (previous year CHF 9.3 million). At the same time, EBIT margin came to 8.3%, which reflected an increase by 1.7 percentage points compared to EBIT margin recorded for the first half of 2007.

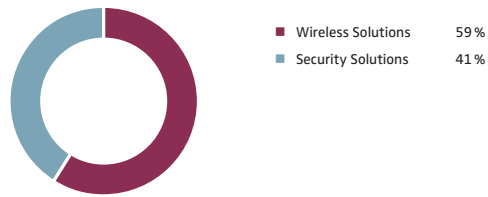
The good order situation at Wireless Solutions is a clear indication that the division is well-positioned in the US and European markets with its competitive range of products, solutions and services. Although the new VoWiFi technology is still not as widely accepted in Europe as in the USA, the division was able to install VoWiFi systems successfully in various European markets. The expanded range of IP-DECT offerings from Wireless Solutions attracted customers both in the US and Europe, and the division won a contract from a Swedish car manufacturer for the world's largest IP-DECT installation.

Despite signs of a slowdown in the world economy, Ascom remains committed to its 2008 growth and profitability targets for Wireless Solutions. The division is aiming to end 2008 with revenue growth of 5% and an EBIT margin of 9–11%. As with Security Solutions, the revenue target can be achieved assuming that no further deterioration in currency relations will occur.

Revenue by region



Revenue by division



**Security Solutions**

Security Solutions also reported good results for the first half of 2008, including in particular a return to profits. The division amassed a remarkable order backlog, ending the first half-year with higher revenue and an EBIT margin of 6.6 %. These good half-year figures are the result of Security Solutions' clear focus on the two business areas of Security Communication and Telecom Solutions. In addition, the UK-based Argo Group – a specialist in stationary testing for mobile networks – was acquired in spring 2008.

Security Solutions ended the first half of 2008 with incoming orders up by 4.4 % to CHF 117.4 million compared to CHF 112.7 million for the first half of 2007. Security Communication won numerous large orders (for example from Armasuisse and the Finnish Defence Force), while Telecom Solutions succeeded in acquiring new contracts from important customers in the US and North Africa. On this basis the division increased order backlog by 28.7 % to CHF 200.3 million for the period under review.

Revenue for the first six months of 2008 rose year-on-year by 7.1 %, 4.5 % of this growth is attributable to the acquisition of Argo Group, which has been consolidated since March 2008.

Security Communication reported encouraging revenue growth in the period under review. The first half of 2008 proved a challenging period for Telecom Solutions, and in particular the TelcoNet Services business unit (infrastructure services), whose revenue figures reflect the cautious investment approach currently adopted by telecoms companies. Telecom Solutions is nevertheless confident that the defined year-end targets will be met.

Operating result increased year-on-year by 180 % and came to CHF 8.4 million (CHF 3.0 million for the first half of 2007). Thanks to further streamlining of organizational processes and structures, coupled with disciplined cost management, the integration costs related to acquisition of the Argo Group were largely offset, with the result that operating costs for the first half of 2008 were around CHF 1.0 million lower than the same period in 2007.

Security Solutions has achieved a remarkable turnaround at EBIT level. After reporting a loss of CHF (0.1) million in the previous year, the division is once more profitable and ended the first half of 2008 with a profit of CHF 6.7 million and a healthy EBIT margin of 6.6 %.

The successful first half-year performance of Security Solutions confirms that it is on track to meet the 2008 year-end targets: organic revenue growth of 5 % and an EBIT margin between 4 % and 6 %.

## CONDENSED CONSOLIDATED BALANCE SHEET

CHFm		30.06.2008	31.12.2007	30.06.2007
<b>ASSETS</b>	Property, plant and equipment	35.3	37.2	43.2
	Intangible assets	27.8	17.0	27.5
	Other non-current assets	20.9	15.8	15.2
	<b>Non-current assets</b>	<b>84.0</b>	<b>70.0</b>	<b>85.9</b>
	Inventories and work in process	47.1	46.0	60.6
	Trade receivables	79.8	79.1	87.0
	Other current assets	58.9	53.6 <sup>1</sup>	62.4 <sup>1</sup>
	Cash and cash equivalents	200.6	223.6	188.5
	Assets held for sale	27.1	39.8	15.2
	<b>Current assets</b>	<b>413.5</b>	<b>442.1</b>	<b>413.7</b>
	<b>Total assets</b>	<b>497.5</b>	<b>512.1</b>	<b>499.6</b>
	<b>LIABILITIES AND EQUITY</b>	<b>Total equity</b>	<b>165.2</b>	<b>162.5<sup>1</sup></b>
<b>Non-current liabilities</b>		<b>50.1</b>	<b>49.3</b>	<b>46.2</b>
Liabilities in relation to assets held for sale		35.7	46.5	22.1
Other current liabilities		246.5	253.8	214.4
<b>Current liabilities</b>		<b>282.2</b>	<b>300.3</b>	<b>236.5</b>
<b>Total liabilities</b>		<b>332.3</b>	<b>349.6</b>	<b>282.7</b>
<b>Total liabilities and equity</b>		<b>497.5</b>	<b>512.1</b>	<b>499.6</b>
Cash and marketable securities less interest-bearing liabilities		200.6	223.6	188.5
Unrestricted cash		198.5	223.0	187.9

The activities of Payphones, LPS and Traffic Security were classified as held for sale as of December 2007. A material portion of the assets and liabilities held for sale in respect of LPS and Traffic Security were sold during the first half year 2008. The details on assets and liabilities held for sale are presented in Note 4 on discontinued operations.

<sup>1</sup> Restatement as of 1.1.2007 due to the first-time application of IFRIC 14 (see Note 2)

## CONDENSED CONSOLIDATED INCOME STATEMENT

CHFm	1 <sup>st</sup> half-year 2008	1 <sup>st</sup> half-year 2007	Fiscal year 2007
Incoming orders	292.4	278.3	545.6
Order backlog	301.4	253.6	261.2
Revenue	249.1	235.4	490.5
Cost of goods sold	(150.5)	(146.3)	(313.4)
<b>Gross profit</b>	<b>98.6</b>	<b>89.1</b>	<b>177.1</b>
in % of revenue	39.6 %	37.9 %	36.1 %
Marketing and distribution	(50.7)	(48.7)	(104.4)
Research and development	(17.3)	(16.7)	(33.7)
Administration	(16.2)	(17.5)	(38.9)
<b>Operating result<sup>1</sup></b>	<b>14.4</b>	<b>6.2</b>	<b>0.1</b>
in % of revenue	5.8 %	2.6 %	n/a
Amortization and impairment of intangible assets	(0.1)	(0.9)	(8.9)
Other income/(expenses), net	2.4	2.5	(7.3)
<b>Profit/(loss) before interest and taxes (EBIT)</b>	<b>16.7</b>	<b>7.8</b>	<b>(16.1)</b>
in % of revenue	6.7 %	3.3 %	n/a
Financial income/(expenses), net	0.7	1.5	2.3
<b>Profit/(loss) before income taxes</b>	<b>17.4</b>	<b>9.3</b>	<b>(13.8)</b>
in % of revenue	7.0 %	4.0 %	n/a
Income taxes	(3.3)	(2.4)	(6.8)
<b>Profit/(loss) from continuing operations</b>	<b>14.1</b>	<b>6.9</b>	<b>(20.6)</b>
in % of revenue	5.7 %	2.9 %	n/a
Loss from discontinued operations	(7.0)	(5.8)	(27.5)
<b>Group profit</b>	<b>7.1</b>	<b>1.1</b>	<b>(48.1)</b>

<sup>1</sup> before amortization of intangible assets and other income/(expense)

### Earnings per share in CHF

Group	0.20	0.03	(1.35)
Continuing operations	0.40	0.19	(0.58)
Group diluted	0.20	0.03	(1.35)
Continuing operations diluted	0.40	0.19	(0.58)
EBITDA continuing operations in CHFm (Earnings before interest, tax, depreciation & amortization)	21.1	14.0	3.7
Investments in property, plant and equipment in CHFm	5.4	3.8	7.6

The 2008 first half-year figures include the results of the Argo Group, which was acquired on 10 March 2008 (refer to Note 4 for more details).

The 2007 first half-year results were restated to reflect the inclusion of the 2007 discontinued operations of Payphones, LPS and Traffic Security, in accordance with IFRS 5.

The loss from discontinued operations is shown in detail in Note 4.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

CHFm	1 <sup>st</sup> half-year 2008	1 <sup>st</sup> half year 2007	Fiscal year 2007
<b>Cash flow from operating activities before changes in net working capital</b>	<b>20.9</b>	<b>13.1</b>	<b>24.0</b>
Changes in inventory and work in process	(2.1)	(8.4)	0.5
Changes in trade receivables	1.9	22.5	18.2
Changes in trade payables	(10.0)	(12.8)	(5.8)
Other items, excluding cash	(6.4)	18.9	50.2
<b>Cash flow from operating activities</b>	<b>4.3</b>	<b>33.3</b>	<b>87.1</b>
Paid restructuring expenses	(5.7)	(2.2)	(4.4)
Paid warranty costs and guarantees	(0.9)	(2.2)	(5.4)
Paid other accrued costs	(3.5)	(3.6)	(5.5)
Other income/(expenses)	1.0	1.6	0.3
Interest (paid)/received	2.9	2.2	4.8
Other financial income/(expenses)	(1.4)	(0.1)	(1.7)
Income tax paid	(6.0)	(4.4)	(9.3)
<b>Net cash flow from operating activities</b>	<b>(9.3)</b>	<b>24.6</b>	<b>65.9</b>
(Acquisition)/sale of consolidated companies and business units	(8.1)	–	–
(Purchase)/disposal of property, plant and equipment and intangible assets	(4.8)	(3.7)	(5.2)
Other	0.8	0.3	(1.1)
<b>Net cash flow from investing activities</b>	<b>(12.1)</b>	<b>(3.4)</b>	<b>(6.3)</b>
<b>Net cash flow from financing activities</b>	<b>(1.9)</b>	<b>0.5</b>	<b>(2.7)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23.3)</b>	<b>21.7</b>	<b>56.9</b>
<b>Unrestricted cash at end of reporting period</b>	<b>198.5</b>	<b>187.9</b>	<b>223.0</b>

## CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

CHFm	Equity attributable to shareholders of the Holding company							Minority interests	Total
	Share capital	Own shares	Legal and special reserves	Other reserves	Retained earnings	Translation adjustments			
<b>Balance at 1.1.2007<sup>1</sup></b>	<b>18.0</b>	<b>(4.4)</b>	<b>21.9</b>	<b>2.1</b>	<b>183.1</b>	<b>(9.2)</b>	<b>0.1</b>	<b>211.6</b>	
Translation adjustments	–	–	–	–	–	2.5	–	2.5	
Group profit	–	–	–	–	1.1	–	–	1.1	
Total recognized income and expenses	–	–	–	–	–	–	–	3.6	
Cost of share-based payment	–	–	–	0.3	–	–	–	0.3	
Sale of own shares	–	1.4	–	–	–	–	–	1.4	
<b>Balance at 30.6.2007</b>	<b>18.0</b>	<b>(3.0)</b>	<b>21.9</b>	<b>2.4</b>	<b>184.2</b>	<b>(6.7)</b>	<b>0.1</b>	<b>216.9</b>	
Translation adjustments	–	–	–	–	–	(1.7)	–	(1.7)	
Group loss	–	–	–	–	(49.2)	–	–	(49.2)	
Total recognized income and expenses	–	–	–	–	–	–	–	(50.9)	
Cost of share-based payment	–	–	–	0.6	–	–	–	0.6	
Purchase of own shares	–	(4.2)	–	–	–	–	–	(4.2)	
Exercise of options	–	0.1	–	–	–	–	–	0.1	
<b>Balance at 31.12.2007</b>	<b>18.0</b>	<b>(7.1)</b>	<b>21.9</b>	<b>3.0</b>	<b>135.0</b>	<b>(8.4)</b>	<b>0.1</b>	<b>162.5</b>	
Translation adjustments	–	–	–	–	–	(3.2)	–	(3.2)	
Group profit	–	–	–	–	7.1	–	–	7.1	
Total recognized income and expenses	–	–	–	–	–	–	–	3.9	
Cost of share-based payment	–	–	–	0.7	–	–	–	0.7	
Purchase of own shares	–	(1.9)	–	–	–	–	–	(1.9)	
<b>Balance at 30.06.2008</b>	<b>18.0</b>	<b>(9.0)</b>	<b>21.9</b>	<b>3.7</b>	<b>142.1</b>	<b>(11.6)</b>	<b>0.1</b>	<b>165.2</b>	

<sup>1</sup> Please refer to Note 2 on the retrospective restatement of the prior year retained earnings in the amount of CHF 8.5 million. The restatement had no impact on 2007 recognized income and expenses.

## Summary of key financial data by segment

CHFm, 1 <sup>st</sup> half-year	Wireless Solutions		Security Solutions		Corporate		Total continuing operations	
	2008	2007	2008	2007	2008	2007	2008	2007
Incoming orders	175.5	165.6	117.4	112.7	–	–	292.9	278.3
Revenue	147.4	140.3	102.2	95.4	0.2	0.3	249.8	236.0
of which with other segments	0.4	0.1	0.1	0.3	0.2	0.2	0.7	0.6
Gross profit/(loss)	72.1	67.0	27.3	23.0	(0.4)	(0.5)	99.0	89.5
as % of revenue	48.9 %	47.8 %	26.7 %	24.1 %	n/a	n/a	39.6 %	37.9 %
Operating result	15.3	12.2	8.4	3.0	(9.1)	(8.9)	14.6	6.3
as % of revenue	10.4 %	8.7 %	8.2 %	3.1 %	n/a	n/a	5.8 %	2.7 %
Profit/(loss) before interest and taxes (EBIT)	12.3	9.3	6.7	(0.1)	(2.5)	(2.9)	16.5	6.3
as % of revenue	8.3 %	6.6 %	6.6 %	n/a	n/a	n/a	6.6 %	2.7 %
EBITDA	15.6	13.5	7.8	1.9	(2.5)	(2.9)	20.9	12.5
Investments	4.6	2.9	0.7	0.8	0.1	0.1	5.4	3.8
Employees	1,192	1,138	640	648	18	18	1,850	1,804

CHFm, 1 <sup>st</sup> half-year	Divested activities		Consolidation		Total Ascom	
	2008	2007	2008	2007	2008	2007
Incoming orders	–	–	(0.5)	–	292.4	278.3
Revenue	–	–	(0.7)	(0.6)	249.1	235.4
of which with other segments	–	–	(0.7)	(0.6)	–	–
Gross profit/(loss)	–	–	(0.4)	(0.4)	98.6	89.1
as % of revenue	–	–	n/a	n/a	39.6 %	37.9 %
Operating result	(0.2)	(0.1)	–	–	14.4	6.2
as % of revenue	n/a	n/a	–	–	5.8 %	2.6 %
Profit/(loss) before interest and taxes (EBIT)	0.2	1.5	–	–	16.7	7.8
as % of revenue	n/a	n/a	–	–	6.7 %	3.3 %
EBITDA	0.2	1.5	–	–	21.1	14.0
Investments	–	–	–	–	5.4	3.8
Employees	–	–	–	–	1,850	1,804

# NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2008

## 1. GENERAL

These unaudited consolidated half-year financial statements of Ascom Holding Ltd and its subsidiaries cover the period from 1 January to 30 June 2008 and were prepared in accordance with the International Accounting Standard for interim financial reporting (IAS 34). These half-year financial statements contain an update of information already published and must therefore be read in conjunction with the year-end financial statements dated 31 December 2007.

Ascom Group's business activities are not subject to any pronounced seasonal fluctuations. Preparation of the consolidated half-year financial statements demands certain estimates and assumptions that affect the reported assets, liabilities, income and expenses and contingent liabilities at the time the accounts are prepared. If at a later point in time variations should occur to such estimates and assumptions, which were decided upon by the management in good faith at the time the accounts were prepared, the original estimates and assumptions will be adapted accordingly in the accounting period in which the data changed.

This interim report may contain forward-looking statements relating to the Group's business operations, performance and profitability. Because such statements are subject to a number of risks, uncertainties and other important factors, actual future performance and results may differ significantly from the statements made in this document.

PricewaterhouseCoopers AG has carried out a review of the consolidated half-year financial statements. Their review report on the condensed consolidated financial statements at 30 June 2008 is shown on page 15.

## 2. ACCOUNTING PRINCIPLES

The consolidated half-year financial statements were prepared according to the same accounting principles as those applied for the consolidated financial statements for the year ended 31 December 2007.

The International Accounting Standards Board (IASB) revised or introduced various International Financial Reporting Standards (IFRS) effective on 1 January 2008. The following revised or new standards or interpretations as of 1 January 2008 which are relevant for Ascom were applied for the first time or adapted accordingly in the preparation of these half-year financial statements:

- IFRIC 11 Group and treasury share transactions
- IFRIC 12 Service concession arrangements
- IFRIC 14 IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction

IFRIC 14 applied as from 1 January 2008 provides guidance on how to determine the economic benefit resulting from a surplus of a defined benefit plan. Based on the transition provisions of IFRIC 14, the group reassessed the economic benefit of its defined benefit plan assets in Switzerland and determined that the previously reported benefit of CHF 8.5 million should be derecognized effective 1 January 2007. The application of IFRIC 14 neither impacted the loss for the year 2007 nor the earnings per share for 2007.

### 3. RETIREMENT BENEFIT OBLIGATIONS

As per 1 January 2008 Ascom's pension plans in Switzerland were restructured by merging the Ascom Pensionskasse, the Ascom-Kadervorsorgestiftung and the Alpha-Vorsorgestiftung and changing the plan from a defined benefit to a defined contribution scheme according to Swiss pension law. At the same time the affiliation agreements between the pension plan and non-Ascom companies were amended. Under the new affiliation agreements all risks related to active employees and pensioners are transferred to the respective companies. Accordingly, defined benefit obligations of CHF 120 million and plan assets of CHF 118.1 million were derecognized.

The actuarial calculations performed as 1<sup>st</sup> half-year 2008 had no impact on the income statement for the reporting period 2008.

### 4. SIGNIFICANT TRANSACTIONS AND OPERATIONAL CHANGES

#### Divestment of Traffic Security

On 7 March 2008 Ascom sold its Tunnel- & Inhouse Communication business (TIC) in Switzerland and Germany to Comlab AG, Ittigen. The divestment resulted in loss on disposal of CHF 0.7 million.

On 9 May 2008 Ascom sold the assets and liabilities of its Rolling Stock business in Switzerland at book value to Annax Information Systems AG, Berne. The transaction resulted in a loss on disposal of CHF 2.6 million after fees and provisions assumed by Ascom, mainly for warranties.

#### Divestment of Logistics & Plant Services (LPS)

On 31 March 2008 Ascom sold its LPS business in Switzerland to Adaxys Solutions AG, Hombrechtikon. The divestment resulted in a loss on disposal of CHF 5.6 million after fees and provisions assumed by Ascom, mainly for onerous contracts and warranties. All of the about 100 employees were taken over by Adaxys.

#### Assets and liabilities held for sale

	CHFm	Toll	Payphones	LPS	Traffic Security	Other <sup>1</sup>	30.06.2008
<b>ASSETS</b>							
Property, plant and equipment		–	0.5	–	–	–	0.5
<b>Non-current assets</b>		–	<b>0.5</b>	–	–	–	<b>0.5</b>
Inventories and work in progress		2.9	0.8	1.1	0.5	–	5.3
Trade receivables		3.4	3.8	0.8	4.0	0.2	12.2
Other current assets		1.2	2.6	2.5	1.2	1.6	9.1
<b>Current assets</b>		<b>7.5</b>	<b>7.2</b>	<b>4.4</b>	<b>5.7</b>	<b>1.8</b>	<b>26.6</b>
<b>Total assets</b>		<b>7.5</b>	<b>7.7</b>	<b>4.4</b>	<b>5.7</b>	<b>1.8</b>	<b>27.1</b>
<b>LIABILITIES</b>							
<b>Long-term liabilities</b>		<b>0.2</b>	<b>1.0</b>	<b>2.2</b>	<b>1.1</b>	<b>1.2</b>	<b>5.7</b>
<b>Short-term liabilities</b>		<b>5.4</b>	<b>8.7</b>	<b>3.6</b>	<b>4.4</b>	<b>7.9</b>	<b>30.0</b>
<b>Total liabilities</b>		<b>5.6</b>	<b>9.7</b>	<b>5.8</b>	<b>5.5</b>	<b>9.1</b>	<b>35.7</b>

<sup>1</sup> comprises activities of Network Integration Switzerland and Germany, Powerline Communications and Transport Revenue

The assets and liabilities held for sale are valued at the lower of book value or fair value minus selling costs.

### Further information on discontinued operations

CHFm	Toll	Payphones	LPS	Traffic Security	Other <sup>1</sup>	1 <sup>st</sup> half-year 2008
Incoming orders	6.7	5.8	6.3	2.1	0.2	21.1
Revenue	8.3	7.3	3.6	5.2	0.3	24.7
<b>Gross profit/(loss)</b>	<b>1.9</b>	<b>2.9</b>	<b>0.5</b>	<b>2.2</b>	<b>–</b>	<b>7.5</b>
<b>Operating result</b>	<b>0.3</b>	<b>0.3</b>	<b>–</b>	<b>–</b>	<b>(0.1)</b>	<b>0.5</b>
Loss from divestments	–	–	(5.6)	(3.3)	–	(8.9)
Other income/(expenses), net	(0.3)	0.2	(0.2)	–	1.7	1.4
<b>Profit/(loss) before interest and taxes (EBIT)</b>	<b>–</b>	<b>0.5</b>	<b>(5.8)</b>	<b>(3.3)</b>	<b>1.6</b>	<b>(7.0)</b>
EBITDA	–	0.5	(5.8)	(3.3)	1.6	(7.0)
Employees	69	79	–	16	4	168

CHFm	Toll	Payphones	LPS	Traffic Security	Other <sup>1</sup>	1 <sup>st</sup> half-year 2007
Incoming orders	8.8	12.3	8.3	22.4	0.2	52.0
Revenue	10.7	13.7	7.1	7.9	0.3	39.7
<b>Gross profit/(loss)</b>	<b>1.2</b>	<b>3.3</b>	<b>(1.1)</b>	<b>1.6</b>	<b>–</b>	<b>5.0</b>
<b>Operating result</b>	<b>(1.1)</b>	<b>(0.8)</b>	<b>(1.9)</b>	<b>(2.2)</b>	<b>(0.1)</b>	<b>(6.1)</b>
Revaluation of non-current assets to fair value	–	–	–	–	–	–
Other income/(expenses), net	(0.3)	(0.2)	(0.2)	(0.2)	1.1	0.2
<b>Profit/(loss) before interest and taxes (EBIT)</b>	<b>(1.4)</b>	<b>(1.0)</b>	<b>(2.1)</b>	<b>(2.4)</b>	<b>1.0</b>	<b>(6.9)</b>
EBITDA	(1.4)	(0.8)	(1.5)	(2.4)	1.0	(5.1)
Employees	75	97	120	45	3	340

CHFm	Toll	Payphones	LPS	Traffic Security	Other <sup>1</sup>	Fiscal Year 2007
Incoming orders	23.2	18.0	13.8	28.7	0.4	84.1
Revenue	18.2	23.1	15.6	19.6	0.6	77.1
<b>Gross profit/(loss)</b>	<b>1.2</b>	<b>4.3</b>	<b>(0.9)</b>	<b>(3.0)</b>	<b>(0.4)</b>	<b>1.2</b>
<b>Operating result</b>	<b>(3.0)</b>	<b>(5.3)</b>	<b>(2.3)</b>	<b>(12.6)</b>	<b>(0.6)</b>	<b>(23.8)</b>
Revaluation of non-current assets to fair value	(0.3)	–	(3.0)	–	–	(3.3)
Other income/(expenses), net	(0.5)	(0.2)	(0.3)	(0.7)	0.8	(0.9)
<b>Profit/(loss) before interest and taxes (EBIT)</b>	<b>(3.8)</b>	<b>(5.5)</b>	<b>(5.6)</b>	<b>(13.3)</b>	<b>0.2</b>	<b>(28.0)</b>
EBITDA	(3.5)	(5.1)	(1.1)	(13.2)	0.2	(22.7)
Employees	73	93	106	44	3	319

<sup>1</sup> comprises activities of Network Integration Switzerland and Germany, Powerline Communications and Transport Revenue

### Acquisition of Argo Group

On 10 March 2008 Ascom acquired 100 % of the voting shares of UK based Argo Interactive Ltd, Elstead and Germany based Argogroup GmbH, Eningen for an undisclosed consideration. This strategic acquisition will strengthen Ascom's Security Solutions division and it evidences Ascom's worldwide leading position in mobile and stationary network testing. The details of the net carrying values acquired, excluding fair value adjustments, deal costs and group consolidation entries, are shown in the table on page 14.

CHFm	2008
Non-current assets	4.4
Current assets	3.9
Non-current liabilities	12.2
Current liabilities	8.6
<b>Net liabilities acquired</b>	<b>(12.5)</b>

Fair value adjustments in the amount of CHF 6.8 million were identified for Argo Group acquisition. The acquisition contributed revenue of CHF 4.3 million and a gross profit of CHF 2.4 million to the group results for the period 10 March until 30 June 2008. The acquisition had no significant impact on the Group's operating result.

## 5. DIVIDEND PAYOUT, CHANGES IN SHAREHOLDERS' EQUITY, SHARE OPTIONS

The Annual General Meeting of 16 April 2008 decided to distribute no dividends and approved the proposal to carry forward the total loss for the year 2007 of CHF 48.1 million to the retained earnings.

In accordance with the resolution passed by the Board of Directors on 3 March 2008, a total of 136,400 new options were issued to members of Ascom's senior management on 3 March 2008. The options entitle holders to purchase one registered share of Ascom at a strike price of CHF 12.50 and are valid until 2 March 2012. The options are subject to a market hurdle as well as a blocking period (one third of the options can be exercised after one year).

During the period under review, a total of 4,000 options were exercised under existing option plans.

## 6. CONTINGENT LIABILITIES

Guarantees related to business activities amounted to CHF 147.4 million (31 December 2007: CHF 191.2 million). There are no indications that these guarantees will result in obligations.

## 7. SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

No significant events took place after the end of the interim reporting period.

## 8. TIME OF RELEASE FOR PUBLICATION

The Board of Directors approved the interim financial statements on 22 August 2008 and released them for publication at the press conference on 3 September 2008.

### Foreign currency translation

Currency	Average 1 <sup>st</sup> half-year 2008	Average 1 <sup>st</sup> half-year 2007	Average fiscal year 2007	Balance sheet date 30.06.2008	Balance sheet date 31.12.2007	Balance sheet date 30.06.2007
US dollar	1.063	1.225	1.203	1.040	1.126	1.228
Pound sterling	2.114	2.421	2.411	2.050	2.248	2.456
Euro	1.616	1.625	1.639	1.622	1.657	1.654

### Share information

	30.06.2008	31.12.2007	30.06.2007
Number of registered shares nom CHF 0.50 in millions	36	36	36
Share price per registered share in CHF (high/low)	12.85/9.50	28.40/10.75	27.50/15.00
Stock exchange capitalization in CHFm	358	445	542

**Report to the Board of Directors of Ascom Holding Ltd, Berne, on the review of the condensed consolidated interim financial statements at 30 June 2008**

**Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements (condensed consolidated balance sheet, condensed consolidated income statement, condensed consolidated statement of cash flows, condensed consolidated statement of changes in shareholders' equity and notes to the condensed consolidated half-year financial statements on pages 6 to 14) of Ascom Holding Ltd for the half-year period ended 30 June 2008. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers AG



Stefan Räbsamen



Patrick Riner

Zurich, 22 August 2008

[ [www.ascom.com](http://www.ascom.com) ]

#### Important dates

11 March 2009	Annual Media Conference
15 April 2009	Annual General Meeting
2 September 2009	Presentation of half-year results 2009

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#### Declaration on forward-looking statements

This Half-year 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 this Half-year Report.

The Half-year Report of the Ascom Group can be viewed online at [www.ascom.com/report](http://www.ascom.com/report)

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