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HALF-YEAR REPORT 2010

COMMITMENT IN
CHALLENGING TIMES

LETTER FROM THE CHAIRMAN AND THE CEO



Dear Shareholders

Ascom looks back on a strong first half-year of 2010 with very good results. Group revenue grew by 19.6% to CHF 281.2 million, while incoming orders rose by 31.8% to CHF 308.2 million. Ascom generated on EBITDA level CHF 33.9 million (prior-year: CHF 12.3 million) with an EBITDA margin of 12.1%. Thus, the profitability has been more than doubled compared to last year. At CHF 17.1 million, Group profit was well above the prior-year result of CHF 11.9 million.

The EBITDA guidance for fiscal year will be raised to 11-12%. The results approve that Ascom is a financially sound technology group with a clear strategic focus. At 30 June 2010, the Company held cash and cash equivalents amounting to CHF 112.4 million and, provided a well ongoing course of business, intends to pay an annual dividend starting from 2011.

The consistent implementation of Ascom's niche strategy with its focus on Mission-Critical Communication proved to be remarkably successful also during the first half of 2010. The investments in new businesses, but also in research and development as well as in the expansion of the sales channels paid off in an increase of revenue of almost 20%. With all three divisions posting encouraging results, Group profitability has more than doubled compared to 2009. The process of integration in the newly created Network Testing Division is on schedule and will be completed by the end of this year.

Significant increase in revenue and incoming orders

In the first six months of 2010, Ascom was able to increase Group revenue by 19.6% to CHF 281.2 million compared to CHF 235.2 million in the prior-year period. Wireless Solutions achieved substantial growth, increasing revenue by 9.5% to CHF 138.2 million. At constant exchange rates, revenue even rose by 11.3%. Whereas customers' reluctance to invest, which was

mainly attributable to the economy, could be felt in the previous year, the market showed, among others in the OEM business, a pleasant recovery in the first half of 2010. Due to the acquisition of TEMS, Network Testing almost doubled revenue year-on-year to CHF 80.1 million. The strongest demand was recorded in the North American market. As expected, revenue generated by the Security Communication Division from Swiss business and international customers was on a par with the prior-year result at CHF 64.3 million.

At Group level, incoming orders for the first half of 2010 were 31.8% higher at CHF 308.2 million. All three divisions experienced a significant increase in incoming orders. Ascom started the second half of 2010 with a comfortable order backlog of CHF 248.6 million.

EBIT and EBITDA margins more than doubled

In the first half of 2010, Ascom achieved a rise in profitability in all three divisions. At EBIT level, the Group recorded a result of CHF 24.0 million (prior-year: CHF 7.3 million), which includes one-off integration costs of CHF 1.6 million as well as amortization costs of CHF 5.3 million related to acquisitions. At 8.5%, the EBIT margin more than doubled compared to the first six months of 2009. Ascom also increased EBITDA from CHF 12.3 million in the first half of 2009 to CHF 33.9 million. At the same time, EBITDA margin substantially rose from 5.2% to 12.1%.

With EBIT of CHF 13.9 million (prior-year: CHF 6.7 million) and an EBIT margin of 10.1%, Wireless Solutions recorded a very good result. At EBITDA level, the division posted a result of CHF 17.3 million with an EBITDA margin of 12.5%.

The division Network Testing also closed the first half of 2010 with encouraging results, achieving EBIT of CHF 6.4 million and an EBIT margin of 8.0%. This result was influenced by integration and amortization costs of CHF 6.9 million as well as positive and negative one-off effects related to the sale of the Network Planning Business and TelcoNet Services. Excluding integration and amortization costs as well as one-off effects, EBIT margin amounts to 14.7%. At EBITDA level, the division posted a result of CHF 12.3 million, with margin of 15.4%.

Ascom key figures

CHFm 1 st half-year	2010	2009
Incoming orders	308.2	233.8
Revenue	281.2	235.2
EBIT	24.0	7.3
EBITDA	33.9	12.3
Group profit	17.1	11.9

Strict cost and process management coupled with one-off effects of CHF 1.7 million had a positive impact on profitability at Security Communication. The division increased EBIT to CHF 5.2 million with a margin of 8.1%, and with CHF 5.8 million and a margin of 9.0%, the division also achieved a good result at EBITDA level.

Substantial rise in Group profit

Ascom consistently developed its operative potential in the first six months of 2010, increasing Group profit by 43.3% to CHF 17.1 million compared to CHF 11.9 million in the prior-year period. It should be considered that substantial foreign exchange gains have occurred in the previous year, which was not the case in 2010. Moreover, in the first half-year of 2010, amortization costs of CHF 5.3 million (prior-year: CHF 1.4 million) related to acquisitions incurred. Thus, the current half-year result is enhanced additionally.

Improvement in equity ratio

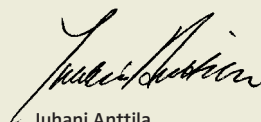
At 30 June 2010, Ascom held cash and cash equivalents of CHF 112.4 million. The equity ratio increased to 31.4%. This is a clear indication that Ascom is a financially sound technology group and has sufficient cash and cash equivalents to pursue its chosen corporate strategy resolutely and successfully.

Strong position in promising markets

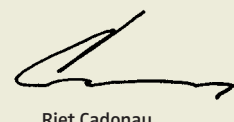
Thanks to our niche strategy with its clear focus on Mission-Critical Communication, Ascom has succeeded in growing and substantially increasing profitability. Ascom has still substantially invested in research and development and increased its R&D expenses to 9.5% of revenue (prior-year: 7.8%). All three divisions operate in important and attractive markets. Wireless Solutions commands a strong position in the healthcare market, which, given by the demographic trends alone, is set to grow further. Network Testing is a global market leader in the fields of benchmarking and optimization of mobile networks. The foreseeable introduction of the new LTE mobile standard is expected to boost investment spending by mobile network operators, and we are confident that the division will be able to benefit from this trend in the medium term. Security Communication holds a leading position in the home market, and is also working with partners to force internationalization.

Outlook

In view of our successful performance in the first half-year, we can look ahead to the 2010 full-year results with confidence. Barring any negative economic trends or adverse exchange rate developments, we expect to grow organically compared to the prior-year. Based on this assumption, our EBITDA guidance for fiscal year 2010 will be raised to 11-12%. It is also encouraging to note that Ascom's results have brought us significantly closer to our medium-term goal of a double-digit EBIT margin. The Company intends to pay an annual dividend starting from 2011, provided a well ongoing course of business.



Juhani Anttila
Chairman of the Board of Directors



Riet Cadonau
CEO

BUSINESS RESULTS

Strong first half-year results of Ascom Group

The Ascom Group performed very well and closed the first half-year 2010 with a Group profit of CHF 17.1 million, representing an increase by 43.3%. Ascom was able to capitalize on its prior investments in new businesses, but also in research and development as well as in sales and marketing. Beside that it also benefited from a selective market recovery. The Group reported a remarkable increase in incoming orders, strong revenue growth and substantial improvements in EBIT and EBITDA. All three divisions were able to increase their profitability during the period under review.

Wireless Solutions

The division posted a very good first half-year performance. Wireless Solutions recorded revenues of CHF 138.2 million, compared to CHF 126.1 million last year, and achieved a growth rate of 9.5%. Adjusted for currency translation effects (i.e. at prior-year rates), revenues rose by 11.3%. All three sales channels made positive contributions to this development. In the direct channel, all regions were able to grow their business; sales in the US noticeably recovered in the first half-year. The OEM business grew considerably compared to last year, mainly due to the ramp-up of the OEM partners won in 2009 and the release of new products for them. In addition, sales with existing OEM partners stabilized. The indirect sales channel for the international sales partners developed satisfactorily as well.

At EBIT level, Wireless Solutions reported a profit of CHF 13.9 million, compared to CHF 6.7 million in 2009, and has almost doubled the EBIT margin to 10.1%. The division implemented measures to accelerate organic growth and to enhance the division's efficiency early and consistently. The result at EBITDA level reached CHF 17.3 million, corresponding to a margin of 12.5%.

Incoming orders increased strongly by 13.2% and reached CHF 157.9 million, compared to CHF 139.5 million in the previous year. The market environment in the US has improved and capital spending in hospitals recovered after the significant drop in investments experienced during 2009. Wireless Solutions received a number of substantial orders during the first half of 2010, part of which had been put on hold by customers in 2009

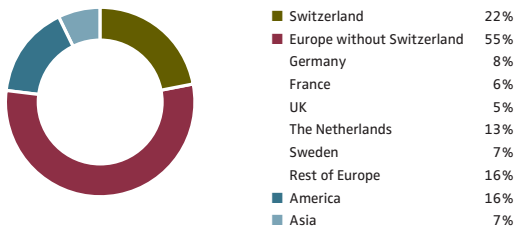
due to the recession. The demand for mobility solutions as part of the enterprise communication systems bounced back. In Western Europe, private companies increased their investments versus the first half of 2009, whereas spending by public institutions remained about in line with the previous year's level. However, some customers continue to operate on investment budgets that are lower than before the financial crisis. Overall, incoming orders from the hospital and elderly care segments increased significantly during the first half of 2010, whereas the industry segment was still feeling the effects of the economic downturn.

In the second half of 2010, Wireless Solutions will launch the new VoWiFi handset i62 which will offer to the customers an improved service quality in crowded areas with many interferences. The new release of the next generation of IP-Nurse-Call systems will allow the nurses an immediate call back to the patients. The division further focuses on expanding its international presence with its new OEM partners and in the indirect sales channel for international sales partners. The division will continue to implement the regional structure and prepare further growth initiatives.

Network Testing

Network Testing has achieved remarkable results in the first half of 2010. The division generated revenue of CHF 80.1 million. North America in particular showed dynamic growth rates driven by a strong demand for higher network capacity. A rapid rise in the adoption of smart phones in developed markets drove increases in data usage, resulting in revised pricing models and numerous network expansions. On the other hand, customers delayed major investments in new technologies in emerging markets such as China and India. This was partly due to delayed spectrum awards, and was also impacted by current cyclical uncertainties. In general, fewer large-scale opportunities were available due to CapEx spending contraction, as well as a pause between already implemented network expansions and new technology rollouts. Ascom succeeded in securing important direct sales relationships with end customers during the first half of the year, thereby reducing its dependence on Ericsson as a reseller for Network Testing solutions.

Revenue by region



The division reported an EBIT of CHF 6.4 million and an EBIT margin of 8.0% for the first six months of 2010. The divestments of TelcoNet Services, which took place at the end of January 2010, and of the Network Planning Business (at the end of May 2010) resulted in an overall one-time gain of CHF 1.5 million. EBIT also includes amortization expenses of CHF 5.3 million and integration costs of CHF 1.6 million. On an adjusted basis, the EBIT margin amounted to 14.7%. On EBITDA level, the division reached a result of CHF 12.3 million and an EBITDA margin of 15.4%.

Network Testing achieved major milestones in its integration process and implemented a worldwide standardized IT environment in May 2010. The majority of the integration tasks have been finalized up to now, including the setup of the sales structure and processes, and a clear definition of the product road map. With the rollout of the new ERP system during the second half of the year, the integration tasks will be completed by the end of 2010. Overall, integration costs are in line with the expected amount, which was disclosed in conjunction with the acquisition of TEMS in spring 2009.

Incoming orders for the first half of 2010 amounted to CHF 86.4 million. Network Testing has been awarded with various projects from key customers in all regions, and has exploited strategically important business through the recently introduced TEMS Discovery offering in the Reporting & Analysis business. The solutions offered allow the customers an accurate identification and analysis of network problems.

The business unit Systems & Solutions signed a substantial contract in Germany covering the operations of the international routing and billing application and system extensions.

Due to the increasing demand of mobile broadband services, network operators are planning to introduce the new mobile network standard LTE to offer more bandwidth and to ensure a more efficient data transfer. Network Testing will capture these growth opportunities through the expansion of LTE support across its portfolio, and has during the period secured significant license agreements with notable LTE device and chipset vendors in order to offer the industry's strongest product portfolio for LTE. Driving the LTE portfolio leadership and market recognition to exploit LTE network deployments will

serve as a major growth driver for the business in 2012/2013. In addition, the division continues to focus on securing and gaining additional global sales channels and will refine its go-to-market model for developing markets.

Security Communication

The division reported solid results and closed the first half of 2010 with a strong order backlog. Thanks to the important order of Israel Railways and recurring orders from Armasuisse, incoming orders increased by 16.1% and reached CHF 65.2 million, compared to CHF 56.2 million in the first half of 2009.

Security Communication recorded revenue of CHF 64.3 million for the period under review, versus CHF 66.3 million in the first half of last year. The Swiss business as well as the international business were on track. The division closed the first half-year with a profit of CHF 5.2 million at EBIT level, corresponding to an EBIT margin of 8.1%. At EBITDA level, Security Communication achieved CHF 5.8 million and an EBITDA margin of 9.0%. The division benefited from a strictly applied cost and process management, and from positive one-time effects of CHF 1.7 million.

Security Communication is pursuing its internationalization strategy, and continues to develop new markets via indirect channels (defense and civil sectors). Several selected field trials with different partners have been set up. In addition, the division strives to maintain its leading position in the home market.

Security Communication further continues to invest in its own product platforms to secure the readiness even better for international markets. Mid-term, top-line growth and continuous operational improvements should further strengthen profitability.

CONSOLIDATED BALANCE SHEET

CHFm		30.6.2010	31.12.2009	30.6.2009
ASSETS	Property, plant and equipment	27.6	29.1	29.3
	Intangible assets	229.3	238.8	244.5
	Deferred income tax assets	3.5	4.3	2.7
	Financial assets	5.1	5.5	10.4
	Other non-current assets	3.9	2.7	2.6
	Non-current assets	269.4	280.4	289.5
	Inventories and work in progress	45.2	47.3	58.2
	Trade receivables	96.3	108.2	85.1
	Other current assets	56.8	45.1	60.8
	Financial assets held for trading purposes	0.5	0.5	0.6
	Cash and cash equivalents	112.4	127.7	131.4
	Current assets	311.2	328.8	336.1
	Total assets	580.6	609.2	625.6
	LIABILITIES AND SHAREHOLDERS' EQUITY	Equity attributable to owners of the parent	182.5	179.3
Minority interests		–	–	0.1
Shareholders' equity		182.5	179.3	160.1
Borrowings		56.3	75.1	110.0
Deferred income tax liabilities		19.0	20.9	24.8
Retirement benefit obligations		15.6	15.9	14.5
Provisions		14.7	17.4	18.5
Other liabilities		0.8	1.4	1.2
Non-current liabilities		106.4	130.7	169.0
Borrowings		18.8	25.1	10.0
Provisions		29.7	34.1	32.9
Trade payables		28.9	29.9	30.5
Liabilities for income taxes		5.1	6.6	3.8
Other liabilities		209.2	203.5	219.3
Current liabilities	291.7	299.2	296.5	
Total liabilities	398.1	429.9	465.5	
Total liabilities and shareholders' equity	580.6	609.2	625.6	

The notes on pages 10 to 14 are an integral part of the consolidated interim financial statements.

CONSOLIDATED INCOME STATEMENT

CHFm	1 st half-year 2010	1 st half-year 2009	Fiscal year 2009
Revenue	281.2	235.2	537.2
Cost of goods sold	(149.4)	(143.0)	(309.9)
Gross profit	131.8	92.2	227.3
Marketing and distribution	(57.2)	(48.2)	(104.2)
Research and development	(26.6)	(18.3)	(47.0)
Administration	(23.3)	(18.0)	(40.5)
Amortization of intangible assets from acquisition ¹	(5.3)	(1.4)	(7.9)
Other income/(expenses), net	4.6	1.0	5.1
Earnings before interest and income taxes (EBIT)	24.0	7.3	32.8
Financial income	9.7	12.6	5.3
Financial expenses	(11.2)	(7.0)	(5.6)
Earnings before income taxes (EBT)	22.5	12.9	32.5
Income taxes	(5.4)	(1.0)	(8.1)
Group profit for the period	17.1	11.9	24.4

¹ This line item exclusively includes 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	17.1	11.9	24.5
Minority interests	–	–	(0.1)

Earnings per share in CHF

Basic	0.49	0.34	0.70
Diluted	0.49	0.34	0.70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CHFm	1 st half-year 2010	1 st half-year 2009	Fiscal year 2009
Group profit for the period	17.1	11.9	24.4
Currency translation adjustments	(12.0)	(0.9)	5.8
Total comprehensive income for the period	5.1	11.0	30.2

Total comprehensive income for the period attributable to

Owners of the parent	5.1	11.0	30.3
Minority interests	–	–	(0.1)

The notes on pages 10 to 14 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

CHFm	1 st half-year 2010	1 st half-year 2009	Fiscal year 2009
Group profit for the period	17.1	11.9	24.4
+ Depreciation and impairment of property, plant and equipment	3.2	3.1	7.1
+ Amortization and impairment of intangible assets	6.7	1.9	9.9
- (Profit)/loss from disposal of property, plant and equipment	-	-	(0.2)
- (Profit)/loss from divestment of a subsidiary or business	(2.9)	-	(3.6)
+ Share-based payments	0.7	0.5	1.4
+/- Increase/(release) of provisions	0.2	(4.9)	2.2
- Provisions paid	(6.6)	(6.6)	(16.9)
+/- Change in inventory and work in progress	(0.3)	(3.8)	6.7
+/- Change in trade receivables	7.6	16.9	(6.7)
+/- Change in trade payables	1.7	(12.0)	(5.7)
+/- Change in other operating assets and liabilities	(2.9)	11.4	2.8
+/- Interest (income)/expenses, net	1.4	(0.3)	2.0
+ Interests received	0.3	0.8	1.1
- Interests paid	(1.4)	(0.3)	(2.5)
+ Income tax expenses, net	5.4	1.0	8.1
- Income taxes paid	(7.0)	(2.9)	(5.9)
+/- Foreign currency translation differences from intra-group positions	(1.5)	0.1	0.3
Net cash flow from operating activities	21.7	16.8	24.5
- Purchase of property, plant and equipment	(4.3)	(2.4)	(6.4)
+ Proceeds from sale of property, plant and equipment	0.1	0.6	0.5
- Purchase of intangible assets	(4.5)	(1.8)	(3.0)
- Acquisition of a subsidiary or business	-	(184.5)	(181.4)
+ Proceeds from divestment of a subsidiary or business	1.2	-	4.1
+/- Change in financial assets and other non-current assets	0.8	1.1	6.1
Net cash flow from investing activities	(6.7)	(187.0)	(180.1)
+ Increase in borrowings	-	120.0	120.2
- Repayment of borrowings	(25.1)	-	(20.0)
+ Proceeds from sale of own shares	0.8	-	0.1
- Purchase of own shares	(3.4)	(0.1)	(0.8)
Net cash flow from financing activities	(27.7)	119.9	99.5
+/- Effect of foreign exchange rate fluctuations on cash and cash equivalents	(2.6)	(0.9)	1.2
Net increase/(decrease) in cash and cash equivalents	(15.3)	(51.2)	(54.9)
+ Cash and cash equivalents at the beginning of the period	127.7	182.6	182.6
Cash and cash equivalents at the end of the period	112.4	131.4	127.7

The notes on pages 10 to 14 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHFm	Attributable to owners of the parent							Total shareholders' equity
	Share capital	Own shares	Legal and special reserves	Other reserves	Currency translation adjustments	Retained earnings	Minority interests	
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	–	–	–	–	–	11.9	–	11.9
Currency translation adjustments	–	–	–	–	(0.9)	–	–	(0.9)
Total comprehensive income for the period	–	–	–	–	(0.9)	11.9	–	11.0
Share-based payments	–	–	–	0.5	–	–	–	0.5
Purchase of own shares	–	(0.1)	–	–	–	–	–	(0.1)
Total transactions with owners	–	(0.1)	–	0.5	(0.9)	11.9	–	11.4
Balance at 30.6.2009	18.0	(13.3)	21.9	4.9	(26.6)	155.1	0.1	160.1
Group profit for the period	–	–	–	–	–	12.6	(0.1)	12.5
Currency translation adjustments	–	–	–	–	6.7	–	–	6.7
Total comprehensive income for the period	–	–	–	–	6.7	12.6	(0.1)	19.2
Share-based payments	–	–	–	0.6	–	–	–	0.6
Purchase of own shares	–	(0.7)	–	–	–	–	–	(0.7)
Disposal of own shares	–	0.1	–	–	–	–	–	0.1
Total transactions with owners	–	(0.6)	–	0.6	6.7	12.6	(0.1)	19.2
Balance at 31.12.2009	18.0	(13.9)	21.9	5.5	(19.9)	167.7	–	179.3
Group profit for the period	–	–	–	–	–	17.1	–	17.1
Currency translation adjustments	–	–	–	–	(12.0)	–	–	(12.0)
Total comprehensive income for the period	–	–	–	–	(12.0)	17.1	–	5.1
Share-based payments	–	–	–	0.7	–	–	–	0.7
Purchase of own shares	–	(3.4)	–	–	–	–	–	(3.4)
Disposal of own shares	–	0.8	–	–	–	–	–	0.8
Total transactions with owners	–	(2.6)	–	0.7	(12.0)	17.1	–	3.2
Balance at 30.6.2010	18.0	(16.5)	21.9	6.2	(31.9)	184.8	–	182.5

The notes on pages 10 to 14 are an integral part of the consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS FOR PREPARATION

These unaudited consolidated interim financial statements of Ascom Holding Ltd. and its subsidiaries cover the period from 1 January to 30 June 2010 and were prepared in accordance with the International Accounting Standard for interim financial reporting (IAS 34). These consolidated interim 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 2009.

Preparation of the consolidated interim 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. The impact of such changes is recorded in the profit or loss of the relevant period.

Ascom Group's business activities are not subject to pronounced seasonal fluctuations. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Ascom Holding Ltd., the parent company of the Group, is domiciled in Berne, Switzerland.

2. ACCOUNTING PRINCIPLES

The consolidated interim financial statements were prepared according to the same accounting principles as those applied for the consolidated financial statements for the year ended 31 December 2009, except as described below.

The following new standards, new interpretations and amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010 and have been adopted by the Group:

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 re-measured through the income statement. 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.

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), "Consolidated and separate financial statements", at the same time. IAS 27 (revised) 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. There has been no impact of IAS 27 (revised) on the current period, as the Group does not own any non-controlling interests.

Other new standards, new interpretations and amendments to standards and interpretations have no significant impact on the Group's financial statements.

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 preliminary deferred payment of CHF 0.9 million, which will be due 90 days after closing date of the deal. As the purchase price adjustment is not finally assessed, the accounting of this divestment is deemed provisional.

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	0.2	2.6	2.8
Deferred payment	–	0.9	0.9
Net result included	(0.2)	3.1	2.9

4. DIVIDEND PAYOUT, CHANGES IN SHAREHOLDERS' EQUITY, SHARE OPTIONS

As of 21 April 2010, the Annual General Meeting of Ascom Holding Ltd. decided not to distribute dividends and approved to carry forward the statutory profit for the year 2009 of CHF 6.0 million to the retained earnings.

In accordance with the resolution passed by the Board of Directors on 3 March 2010, a total of 512,000 new share options were issued to members of Ascom's senior management on 12 March 2010 and 10 April 2010 respectively. Each option entitles the holder to purchase one share of Ascom Holding Ltd. with a nominal value of CHF 0.50 for a predetermined strike price at exercise day (equity-settled stock options) or to get compensated by the difference between market and predetermined strike price at exercise date (cash-settled stock options). The predetermined 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 and another third in each consecutive year; after three years, all granted options can be exercised). During the period under review, 104,900 options of the Ascom Stock Option Plan 2009 were exercised.

5. BORROWINGS

As of 30 June 2010, the Group's total credit facility comprised a cash line of CHF 79.1 million and a guarantee line of CHF 67.0 million available from financial institutions and banks worldwide (31 December 2009: cash line of CHF 106.0 million and guarantee line of CHF 66.9 million). As of 30 June 2010, Ascom did use the cash credit line as shown in the table below.

CHFm	30.6.2010	31.12.2009	30.6.2009
Non-current	56.3	75.1	110.0
Current	18.8	25.1	10.0
Total borrowings and loans	75.1	100.2	120.0

The total borrowings consist mainly of one single Swiss francs credit facility agreement over CHF 120 million 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 financial covenants contained in this credit facility are fully complied with.

6. RESTRUCTURING PROVISIONS

In connection with the divestment of Ascom's TelcoNet Services Business on 31 January 2010, a current restructuring provision of CHF 1.4 million was recognized, of which CHF 0.5 million have been used in the period under review. Further CHF 0.5 million of other restructuring provisions in relation to formerly divested activities were used and CHF 0.2 million were released in the period under review.

7. CONTINGENT LIABILITIES

Guarantees related to business activities amounted to CHF 46.3 million (31 December 2009: CHF 46.7 million). There is no indication that these guarantees will lead to fulfillment payments. There are no other significant changes in the Group's contingent liabilities.

8. SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

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

9. TIME OF RELEASE FOR PUBLICATION

As of 17 August 2010, the Board of Directors approved the consolidated interim financial statements and gave permission for publication at the media conference on 25 August 2010.

10. FOREIGN CURRENCY TRANSLATION

Currency	ISO code	Unit	30.6.2010	31.12.2009	30.6.2009	Average 1 st half-year 2010	Average 1 st half-year 2009	Average fiscal year 2009
US dollar	USD	1	1.082	1.032	1.084	1.079	1.119	1.082
British pound sterling	GBP	1	1.629	1.669	1.791	1.653	1.668	1.679
Euro	EUR	1	1.322	1.487	1.524	1.433	1.506	1.508
Swedish krona	SEK	1	0.139	0.145	0.140	0.146	0.139	0.143

11. SHARE INFORMATION

	30.6.2010	31.12.2009	30.6.2009
Number of registered shares nom. CHF 0.50 in millions	36	36	36
Share price per registered share in CHF (high/low of the period under review)	13.25/9.60	14.05/6.60	14.45/6.50
Share price per registered share at period end in CHF	9.60	9.75	13.70
Stock exchange capitalization in CHFm	346	351	493

12. SEGMENT INFORMATION

IFRS 8 requires separate reporting of segmental information for operating segments. 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 onsite communication solutions. Network Testing offers a complete portfolio of solutions to measure, analyze, and optimize mobile networks. 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.

In comparison with last year's interim report, Ascom's segmentation was slightly amended. The operating segment Network Testing combines the formerly reported segment TEMS with Ascom's Telecom Solutions, which was part of the former Security Solutions Division. As a result of this amendment, comparative information has been restated accordingly.

CHFm 1 st half-year	Wireless Solutions		Network Testing ¹		Security Communication		Corporate		Consolidation		Total Ascom	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Incoming orders	157.9	139.5	86.4	37.7	65.2	56.2	0.2	0.8	(1.5)	(0.4)	308.2	233.8
Order backlog	96.7	89.6	39.6	37.9	112.4	130.9	–	1.4	(0.1)	–	248.6	259.8
Revenue	138.2	126.1	80.1	42.5	64.3	66.3	0.2	0.7	(1.6)	(0.4)	281.2	235.2
of which with other segments	0.2	0.3	0.1	–	0.9	–	0.2	0.1	(1.4)	(0.4)	0.0	–
Cost of goods sold	(70.3)	(68.1)	(33.9)	(23.6)	(45.7)	(50.4)	(0.2)	(1.0)	0.7	0.1	(149.4)	(143.0)
Gross profit/(loss)	67.9	58.0	46.2	18.9	18.6	15.9	–	(0.3)	(0.9)	(0.3)	131.8	92.2
as % of revenue	49.1%	46.0%	57.7%	44.5%	28.9%	24.0%	n/a	n/a	56.3%	75.0%	46.9%	39.2%
Marketing and distribution	(36.1)	(33.9)	(13.9)	(7.0)	(7.1)	(6.8)	(0.2)	(0.4)	0.1	(0.1)	(57.2)	(48.2)
Research and development	(9.7)	(8.8)	(14.6)	(7.2)	(2.3)	(2.3)	–	–	–	–	(26.6)	(18.3)
Administration	(5.2)	(5.8)	(6.9)	(3.4)	(3.6)	(2.5)	(8.3)	(6.6)	0.7	0.3	(23.3)	(18.0)
Amortization of intangible assets from acquisition	–	–	(5.3)	(1.4)	–	–	–	–	–	–	(5.3)	(1.4)
Other income/(expenses), net	(3.0)	(2.8)	0.9	(0.8)	(0.4)	(0.9)	7.0	5.4	0.1	0.1	4.6	1.0
EBIT	13.9	6.7	6.4	(0.9)	5.2	3.4	(1.5)	(1.9)	–	–	24.0	7.3
as % of revenue	10.1%	5.3%	8.0%	n/a	8.1%	5.1%	n/a	n/a	n/a	n/a	8.5%	3.1%
Financial income/(expenses), net											(1.5)	5.6
Earnings before income taxes (EBT)											22.5	12.9
EBITDA²	17.3	9.3	12.3	0.7	5.8	4.2	(1.5)	(1.9)	–	–	33.9	12.3
as % of revenue	12.5%	7.4%	15.4%	1.6%	9.0%	6.3%	n/a	n/a	n/a	n/a	12.1%	5.2%
Capital expenditures	3.0	2.7	5.4	0.9	0.4	0.6	–	–	–	–	8.8	4.2
Employees (FTE) at the end of the period	1,159	1,161	574	617	385	386	19	17	–	–	2,137	2,181

¹ Previous-year numbers contain only one month of TEMS business acquired from Ericsson on 2 June 2009.

² EBIT before deduction of depreciation and amortization.

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

CHFm	Wireless Solutions		Network Testing		Security Communication		Corporate		Consolidation		Total Ascom	
	30.6. 2010	31.12. 2009	30.6. 2010	31.12. 2009	30.6. 2010	31.12. 2009	30.6. 2010	31.12. 2009	30.6. 2010	31.12. 2009	30.6. 2010	31.12. 2009
Reportable segments' assets	116.1	115.6	271.0	280.7	63.2	66.2	5.5	4.4	(0.6)	1.6	455.2	468.5
Deferred income tax assets											3.5	4.3
Financial assets											5.1	5.5
Other non-current assets											3.9	2.7
Financial assets held for trading purposes											0.5	0.5
Cash and cash equivalents											112.4	127.7
Total assets											580.6	609.2

Important dates

09 March 2011	Annual Media Conference
13 April 2011	Annual General Meeting

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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.

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