ascom

ANNUAL REPORT 2013

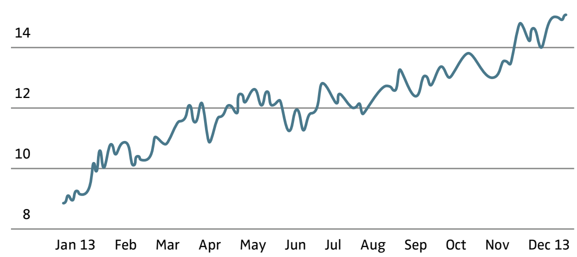
KEY FIGURES
ASCOM GROUP

Ascom is an international solutions provider with comprehensive technological know-how in Mission-Critical Wireless Communication. The company focuses on the areas of Wireless Solutions (an international leader in high-value, wireless and customer-specific on-site Communication and workflow optimization solutions) and Network Testing (a global leader in mobile network testing, monitoring, post-processing, and performance optimization solutions).

Share information

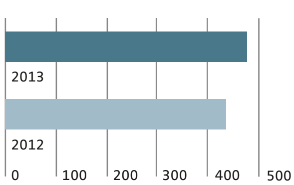
	2013	2012
Share price at 31.12. in CHF	15.00	8.86
Market capitalization at 31.12. in CHFm	540.00	318.96
Nominal value per share in CHF	0.50	0.50

Performance in CHF

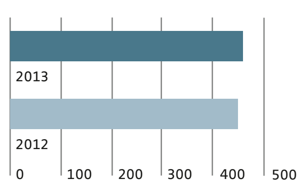


Summary of key figures*

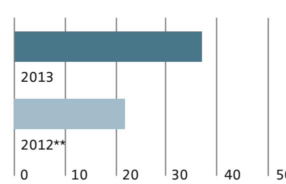
Incoming orders in CHFm



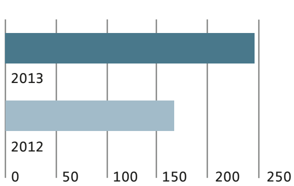
Revenue in CHFm



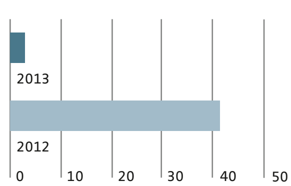
Group profit in CHFm



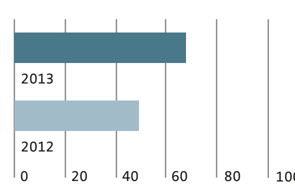
Shareholders' equity in CHFm



Net debt in CHFm



EBITDA in CHFm



* Continuing operations.
** Including discontinued operations.

LETTER TO SHAREHOLDERS

Dear Shareholders

Ascom is looking back to a successful 2013 and is proud to present a good result to its shareholders. We succeeded to increase Group profit by about 70% to CHF 36.9 million (2012: CHF 21.8 million). Operating cash-flows were strong and amounted to CHF 63.3 million. Net debt of the Group was reduced to CHF 2.9 million (2012: CHF 41.3 million) while the equity ratio increased to 51.6%.

The core business (including Wireless Solutions, Network Testing and Corporate, but excluding the non-core activities related to real estate) achieved an EBITDA margin of 15.7% – the best EBITDA margin ever reached in the history of Ascom. In view of the excellent results, the Board of Directors will propose to the Annual General Meeting an increased dividend of CHF 0.40 per share.

The stock market honored the positive development of the Company, and the market capitalization of Ascom increased during the year by about 70% to CHF 540 million as of 31 December 2013.

Ascom Wireless Solutions further strengthened and expanded its leading global market position in the healthcare segment, and the division further increased its high level of profitability. Ascom Network Testing confirmed the turnaround that was successfully implemented in 2012. The division recorded profitable growth and reached a double-digit EBITDA margin. Ascom Group generated for the core business, which includes Wireless Solutions, Network Testing and Corporate, revenue of CHF 439.2 million, representing a growth rate of 2.7%. Substantially increased incoming orders and order backlog form the basis for profitable growth of the Group in 2014.

Ascom has defined specific growth initiatives for both divisions in order to reach revenue growth of 5–10% p.a. in its core business for 2014 as well as for 2015. This growth plan includes selected smaller acquisitions. Ascom has set its EBITDA margin targets for the core business at 15–16% for 2014 and at 16–17% for 2015. These EBITDA targets reflect the Group's strong intention to grow also inorganically and hence anticipate costs related to the integration of the acquired businesses in the first twelve months.

EBITDA margin of 15.7% for the Ascom core business

Ascom realized a strong improvement in the results during fiscal year 2013. In its core business, which includes Wireless Solutions, Network Testing and Corporate, but excludes the non-core activities related to real estate, incoming orders rose by 10.6% year-on-year, also due to a strong order intake

Ascom Group key figures

	2013	2012
Revenue in CHFm	**459.7**	**449.8**
EBITDA[1] in CHFm	**67.6**	**49.0**
Group profit [1] in CHFm	36.9	21.8
Earnings per share (EPS)[1] in CHF	1.07	0.64
Employees (FTE) at 31.12.	1,586	1,771

[1] Previous year numbers are restated as a result of the adoption of IAS 19.

in December 2013. Order backlog increased by 12.4% year-on-year, creating a very good basis for further revenue growth. In 2013, Ascom generated in its core business revenue of CHF 439.2 million, representing a growth rate of 2.7%. Moreover, Ascom closed the year under review with a substantial hike in profitability and posted in its core business EBITDA of CHF 68.9 million, corresponding to an EBITDA margin of 15.7%.

Including the non-core activities related to real estate, Ascom Group generated in 2013 total revenues of CHF 459.7 million (2012: CHF 449.8 million) corresponding to a growth rate of 2.2%. EBITDA amounted to CHF 67.6 million (2012: CHF 49.0 million), and the EBITDA margin increased to 14.7% (2012: 10.9%). Non-core activities contributed with a loss of CHF 1.3 million at EBITDA level.

Group profit increased by 70%

Ascom reported a Group profit for 2013 at CHF 36.9 million, which is about 70% higher than in the previous year (2012: CHF 21.8 million). In view of the excellent results, the Board of Directors will propose to the Annual General Meeting an increased dividend of CHF 0.40 per share.

As of 31 December 2013, the Ascom Group reduced its net debt substantially to CHF 2.9 million compared to the previous year (2012: CHF 41.3 million); cash and cash equivalents came to CHF 58.2 million (2012: CHF 63.1 million), and the equity ratio increased to 51.6%.

Ascom Wireless Solutions – the solution provider for workflow optimization in healthcare

Wireless Solutions closed fiscal year 2013 with strong growth in incoming orders and further improved its already high profitability by achieving an EBITDA margin of 17.3%, the highest margin ever. The division was able to strengthen and expand its excellent position in the healthcare segment, in particular in patient systems. During the year, the division successfully completed the integration of the GE Nurse Call business, which has strengthened Ascom's position in healthcare as well as its value proposition in the US. Furthermore, Wireless Solutions won significant orders in important healthcare markets, in particular in the UK and in Germany. In December 2013, the division announced the acquisition of the Australian company Integrated Wireless, which closed on 2 January 2014. This acquisition is an excellent strategic step to gain access to the Asia Pacific markets and to further expand the division's leading position in the global healthcare market.

Wireless Solutions continued to steadily develop with a high profitability level. The division recorded revenue growth of 2.8% year-on-year to CHF 306.1 million (2012: CHF 297.7 million), and exceeded its already strong incoming orders from the previous year. Incoming orders increased by 7.6% to CHF 318.7 million, and order backlog rose by 14.4% to CHF 102.6 million. In terms of profitability, Wireless Solutions further improved its already high EBITDA margin and achieved the best year ever. In 2013, the division recorded an EBITDA of CHF 53.1 million (2012: CHF 48.2 million) corresponding to an outstanding margin of 17.3% (2012: 16.2%).

Wireless Solutions positions itself as ''the solution provider for workflow optimization in healthcare''. With its leading market position, its broad and comprehensive product portfolio and its excellent knowledge of customer needs, the division is in a prime position to capitalize on the growth opportu-

Key figures Wireless Solutions

CHFm	2013	2012
Incoming orders	318.7	296.1
Revenue	**306.1**	**297.7**
EBITDA	**53.1**	**48.2**
Employees (FTE) at 31.12.	1,109	1,247

Key figures Network Testing

CHFm	2013	2012
Incoming orders	139.6	118.6
Revenue	**133.3**	**130.4**
EBITDA	**17.9**	**(4.6)**
Employees (FTE) at 31.12.	462	507

nities in its addressed markets. Wireless Solutions has set the target to grow 5–10% in 2014. The division is well positioned due to the higher order backlog and the recently concluded acquisition of Integrated Wireless in Australia. Wireless Solutions initiated measures to penetrate further growth markets such as Middle East and Asia. Moreover, specific growth initiatives in the software and service business as well as in the nurse call business shall support the achievement of this goal.

Ascom Network Testing – a trusted partner in wireless network investment and management

With solid 2013 results, Ascom Network Testing confirmed its successful turnaround implemented in 2012. Having optimized its organizational structure and significantly reduced its cost base in 2012, the division was able to capitalize on the recovery of its addressed markets and succeeded in achieving its financial targets. Network Testing showed a strong growth in incoming orders and grew its revenue organically. The division defended its savings as identified in 2012, and delivered a substantial improvement in profitability, resulting in a double-digit EBITDA margin of 13.4%. In 2013, one of the main business drivers has been requests from customers to support capacity expansion in LTE networks. Network Testing has seen robust customer demand in the Americas as well as in the EMEA region (Europe, Middle East, and Africa), while market conditions in the Asia Pacific region were very disappointing. The division achieved in particular good growth in its product line Reporting & Analysis, this in line with its strategy.

The 2013 operating results demonstrate that Network Testing has made substantial progress. Revenue grew by 2.2% totaling CHF 133.3 million (2012: CHF 130.4 million), and incoming orders increased by 17.7% to CHF 139.6 million (2012: CHF 118.6 million). The division recorded a strong improvement in profitability with an EBITDA of CHF 17.9 million, corresponding to an EBITDA margin of 13.4% after a loss of CHF 4.6 million for fiscal year 2012.

Network Testing positions itself as "trusted partner in wireless network investment and management". Network Testing has a strong market position and a widespread organizational footprint with its truly global customer base that provides a solid basis for further organic growth. The division has the ambition to bounce back in Asia Pacific and take advantage in particular of the LTE opportunities in China. In addition, Network Testing is in a good position to capitalize from the continuing strong market conditions in particular in Middle East, Africa, Europe, and the Americas. The division also plans to further grow the software and service content of its business. For 2014, Network Testing has the ambition to grow revenue by 5–10% and to further increase its EBITDA margin.

Broader shareholder structure for Ascom

Zürcher Kantonalbank divested its 26.86% stake as of 1 November 2013 in a private placement. The placement was well received, and numerous new investors as well as current shareholders from Switzerland and abroad invested about CHF 120 million in the acquisition of Ascom shares what is a strong sign of trust for the Ascom management. The company reports now a 100% free float of shares.

The stock market honored the positive development of Ascom, and the market capitalization of Ascom increased during the year by about 70% to CHF 540 million as of 31 December 2013.

Implementation of the new ordinance against excessive compensation

As of 1 January 2014, a new Swiss ordinance, ''Ordinance against excessive compensation in listed corporations'' became effective that aims to further strengthen shareholders' rights. The new rules will give the General Meeting of Shareholders, inter alia, substantial voting power on Board elections and on compensation for the members of the Board of Directors and the Executive Board.

Ascom has decided to comply with the new ordinance earlier than required and will propose all necessary changes to the Articles of Incorporation at the upcoming Annual General Meeting. The Board of Directors wants to avoid any uncertainties and to find appropriate solutions for Ascom. As a principle, compensation of the members of the Board of Directors and of the members of the Executive Board shall be adequate, competitive and performance oriented, and shall be set in line with the strategic goals, the success of the company as well as long-term interests of the shareholders.

As of 1 November 2013, the Ascom Head Office has been relocated to Baar (Canton of Zug). The Board of Directors proposes to the shareholders at the Annual General Meeting to transfer the legal domicile of Ascom Holding AG to Baar as well.

Renewal of the Board of Directors

Ascom wants to strengthen its position in the global healthcare industry as well as continue to grow in new markets. Therefore the Board of Directors proposes with Christina Stercken and Dr Harald Deutsch two new candidates to be elected as Members of the Board of Directors. Both candidates have an impressive international track record.

Paul E. Otth, Vice Chairman of the Board, has reached the Company's age limit and therefore cannot stand for re-election. Kenth-Ake Jönsson decided not to stand for re-election for personal reasons. The Board of Directors thanks the leaving Board Members for their precious contributions to Ascom.

A word of thanks

The positive development of Ascom and the convincing results achieved in fiscal year 2013 would not have been possible without the excellent work of our employees. On behalf of the entire Board of Directors and the Executive Board, we would like to express our gratitude to all our employees. Special thanks go to all our customers for their confidence in our products, solutions and services. Finally, we would like to thank you, our valued shareholders, for your trust and interest in Ascom.

We are confident that the Ascom Group is well positioned to continue its path and to further achieve profitable growth.

Juhani Anttila
Chairman

Fritz Mumenthaler
CEO

ASCOM WIRELESS SOLUTIONS
INTERNATIONAL LEADER IN ON-SITE COMMUNICATION FOR HEALTHCARE


NURSE CALL
ALARM
FUTURE PROOF
DISTRIBUTING ALARMS
PURPOSE-BUILT HANDSETS
Unite Axess
Patient monitor

ASCOM WIRELESS SOLUTIONS

Wireless Solutions further improved its profitability and continued to expand its business

Wireless Solutions achieved strong operating results in fiscal year 2013, and further strengthened its already excellent market position in the healthcare segment. The division successfully completed the integration of the GE Nurse Call business and was awarded with significant orders in important healthcare markets, such as the US, UK, Germany as well as Finland and Norway. With the closing of the acquisition of the Australian company Integrated Wireless as of 2 January 2014, Wireless Solutions has taken another important step to expand its geographical footprint and to strengthen its leading position in the global healthcare market. The division increased its incoming orders by 7.6% to CHF 318.7 million in 2013. Given the fact that some substantial orders came in later in the year, revenue grew by 2.8% to CHF 306.1 million. In terms of profitability, Wireless Solutions increased its already high EBITDA level to an outstanding EBITDA margin of 17.3%.

Ascom Wireless Solutions is the leading specialist in workflow management based on wireless on-site communication solutions. The systems, solutions and services provided by the division optimize customers' business processes in the market segments hospitals, elderly care, industry, retail, and secure establishments. The product portfolio concentrates primarily on four application areas: voice services/telephony, professional messaging (data transmission), alarming and localization to optimize workflows primarily in the healthcare environment. Wireless Solutions' systems are customized and therefore require extensive knowledge of our customers' business processes. The division differentiates itself in its addressed markets by providing integration based on its own middleware and software competence.

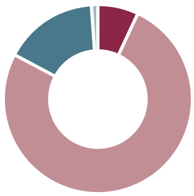
Very good business results 2013

In fiscal year 2013, Wireless Solutions continued to successfully pursue its strategic focus on its key market, the healthcare segment. Wireless Solutions was able to strengthen its strategic position in important healthcare markets such as Germany and UK and to record first major wins. In the UK, the division was awarded a large order from King's Health Partners while it secured in Germany another important hospital project (Klinikum Stuttgart). In addition, in Finland and Norway, Wireless Solutions has been selected to deliver integrated communication solutions for the Helsinki City hospitals (Malmi and Laakso), and for a new regional hospital in southern Norway (Nytt Ostfoldsykehus).The nurse call business in US, Finland and other European countries developed very positively. The division also continued its good performance in the retail, industry and security segment during fiscal year 2013, and was able to win important contracts (e.g. from Vattenfall in Germany).

In December 2013, Wireless Solutions announced the acquisition of the Australian company Integrated Wireless, which is a specialist provider for wireless communication systems and workflow solutions, mainly for the healthcare and elderly care market. This acquisition is an excellent strategic step to expand geographically and to gain access to the markets in Australia and New Zealand and a foothold to the Asia Pacific markets.

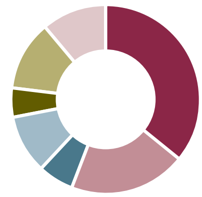
The direct sales channel performed well in important strategic markets, such as the UK and the German-speaking countries. However, in some European countries, investment activities within the healthcare sector continued to be affected by the still challenging economic environment, in particular in France and the Benelux countries. In the US, the patient systems business showed good growth; the market in general appreciated the value proposition of

Revenue by region



Switzerland	7%
EMEA excl. Switzerland	76%
Belgium	3%
France	8%
Germany	12%
Netherlands	22%
Scandinavia	21%
United Kingdom	8%
Rest of EMEA	2%
Americas	16%
Asia Pacific	1%

Revenue by segment



Hospitals	36%
Elderly care	20%
Hotel & Retail	6%
Industry	10%
Secure establishments	5%
OEM	12%
Other	11%

Ascom after the acquisition of the GE Nurse Call business in 2012. On the other hand, the mobility business in US was slower than expected as the hospitals set the first priority in fulfilling the "Obamacare" requirements such as "meaningful use" of electronic medical records of patients. As a consequence, investments planned by US hospitals in mobility solutions were postponed. Sales with OEM partners developed according to plan, while the performance of the indirect sales channel improved after Wireless Solutions focused the international expansion on growth markets, mainly in Asia Pacific. The division continued to grow its service business and increased its share of revenue to about 35% in line with its strategy.

The division continued also to implement its asset light strategy and concluded an agreement with the Polish Fideltronik Group to outsource production and repair in its Swedish factory in Herrljunga.

In 2013, Wireless Solutions exceeded the already strong incoming order situation in 2012. The division reported growth of 7.6% in incoming orders to CHF 318.7 million (2012: CHF 296.1 million). As some of the larger projects came in later in the year, the order backlog rose by 14.4% to 102.6 million (2012: CHF 89.7 million). Moreover, the book-to-bill ratio improved to 104% (2012: 99%). In 2013, the division generated revenue of CHF 306.1 million (2012: CHF 297.7 million).

Wireless Solutions further increased operational efficiency throughout the division, and delivered once again a substantial increase in its already high profitability. In 2013, the EBITDA rose to CHF 53.1 million (2012: 48.2 million), representing an increase of the EBITDA margin by 1.1 percentage points to 17.3% compared with 16.2% in 2012.

Market trends, innovation, customers

In the course of the next few years, the most important growth drivers in Wireless Solutions' addressed markets will remain the ageing population worldwide, resulting in higher demand for overall care and healthcare communication. The healthcare market in particular will face additional challenges to further improve efficiency as cost pressure in the sector continues to be high, to comply with new regulatory requirements and respond to an increasing demand for security. As a market leader in workflow management based on wireless on-site communication solutions, the division offers the broadest product portfolio and has an in-depth knowledge of its customers' needs, which enables the division to fully capitalize on the substantial potential in this industry.

During 2013, Wireless Solutions successfully completed the implementation of the new organizational structure. The division focuses on three product lines, Patient systems, Unite Software and Mobility. With this now more focused set-up, the division can react more quickly and flexibly to changes in customer demand or on market environments, and will be able to better capitalize on its R&D investments. The division spent 8.7% of revenue in R&D. The main innovation focus was on software applications based on Ascom's Unite middleware, next generation IP wireless nurse call and the next generation ruggedized dual mode smart devices for the healthcare industry.

Strategic focus and outlook

Ascom Wireless Solutions has a clear growth strategy in order to become the global leader in workflow management based on wireless on-site communication in its key segment healthcare. With the acquisition of the Australian company Integrated Wireless, the division has taken another important step in strengthening its leading position in the global healthcare market. Moreover, Wireless Solutions will continue to focus on innovation to optimize solutions and professional services for direct and indirect business globally. The division targets to increase the number of mobile operator partnerships in order to offer workflow solutions based on Ascom software, devices and know-how together with the operators for the healthcare segment.

In 2014, Wireless Solutions expects revenue to grow by 5–10% and aims to keep its high level of profitability. In addition, growing its business by targeted acquisitions with a strategic fit continues to be a priority.

ASCOM NETWORK TESTING

TRUSTED BY OPERATORS WORLDWIDE TO VALIDATE MOBILE NETWORK PERFORMANCE


VoLTE
OCS
CUSTOMER EXPERIENCE MANAGEMENT
IMS
LTE-A
BLIXT™
CAPACITY MANAGEMENT
TD-LTE
BENCHMARK

ASCOM NETWORK TESTING

In 2013, Network Testing confirmed successful turnaround

Ascom Network Testing confirmed with its 2013 results the successful turnaround started in 2012. Having optimized its organizational structure and significantly reduced its cost base during 2012, Ascom Network Testing leveraged its position as the global market leader and fully capitalized on the recovery in its addressed markets. The division showed an impressive growth in incoming orders by 17.7 % to CHF 139.6 million and revenue increased by 2.2% to CHF 133.3 million, which was in line with Ascom's expectations. Further cost and efficiency improvements along with higher revenue resulted in a remarkable increase in profitability with an EBITDA margin of 13.4% for fiscal year 2013.

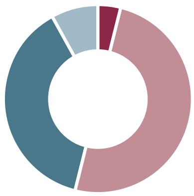
As an industry leader with a global sales presence and an innovative, integrated product portfolio, Ascom Network Testing positioned itself as the mobile industry's independent authority for validating network performance and customer experience across disparate network infrastructures, technologies, and devices. Network Testing offers expertise and solutions that enable wireless operators to expand network capacity, improve operational efficiency and deliver premium customer experiences. The division develops its own line of mobile network testing, monitoring and post-processing solutions that have been trusted by mobile operators for decades under the TEMS brand. Today, these solutions enable field testing (drive, in-building, autonomous) of mobile networks, automated post processing of data collected via these – and other third-party – probes, OSS-based network troubleshooting and optimization, and application testing and monitoring.

Improved market conditions and good business results in 2013

After very challenging market conditions in 2012, Network Testing has seen its global markets improving and managed to strongly capitalize on the recovery. One of the main business drivers in 2013 has been requests from customers to support capacity expansion in LTE networks, including Voice over LTE (VoLTE) technology. The division experienced strong customer demand in Europe, the Middle East and Africa, and also has seen robust demand in the Americas region. However, market conditions in the Asia Pacific region continued to remain disappointing during the entire year, as the region was characterized by price pressure, the prevalence of software piracy, and regulatory uncertainties, which impacted Network Testing's business opportunities negatively. In China, the delay of awarding LTE licenses for the Chinese operators also put a damper on the business for 2013. The division targets to realize these opportunities in 2014.

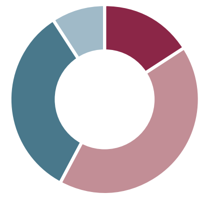
Growth in the product unit Reporting & Analysis is one of the cornerstones in Network Testing's strategy. As expected, this product unit performed very well during fiscal year 2013 and showed substantial growth in both, incoming orders and revenue. The Benchmarking & Monitoring product unit achieved extraordinary strong revenue growth and was able to win important contracts in Europe, the Middle East, and Africa. The product unit also enjoyed a significant order volume for benchmarking solutions and a service assurance solution, including VoLTE capabilities, from Tier One mobile operators in the United States. After a promising first half-year 2013, the market for Test & Measurement was impacted during the second half primarily by the market environment in the Asia Pacific region. The Systems & Solutions product unit was able to win important

Revenue by region



Switzerland	4%
EMEA excl. Switzerland	50%
Germany	15%
Scandinavia	3%
United Kingdom	4%
Rest of EMEA	28%
Americas	38%
Asia Pacific	8%

Revenue by segment



Systems & Solutions	16%
Test & Measurement	42%
Benchmarking & Monitoring	33%
Reporting & Analysis	9%

multi-year contracts from one of the largest mobile and fix net operators in Europe, which will be delivered over a 36 months period.

The 2013 operating results demonstrate that Network Testing has made substantial progress. Incoming orders grew strongly by 17.7% to CHF 139.6 million. The book-to-bill-ratio has improved significantly from 91% in 2012 to 105% in 2013, and order backlog going into 2014 was 6.8% higher than at year-end 2012. As expected, revenue showed a single-digit growth rate of 2.2% and came to CHF 133.3 million (2012: CHF 130.4 million). As a result of the restructuring activities initiated and completed in 2012, gross profit margin improved from 47.2% in 2012 to 55.5% in 2013. The restructuring and further efficiency measures also delivered a reduction in functional costs by about 17%. The combination of higher revenue, improved gross margin and substantial cost reductions resulted in a significant improvement in profitability. In 2013, Network Testing reached a profit at EBITDA level of CHF 17.9 million, after a loss of CHF 4.6 million in 2012. The EBITDA margin of 13.4% for fiscal year 2013 is the result of the consequent implementation of the cost measures taken in 2012.

Market trends, innovation, customers

In 2013, Network Testing continued to invest significantly in innovation. The total R&D investments correspond to 14.9% of revenue. The division provides significant developments within the existing product lines in terms of support for new network technologies such as TD-LTE, VoLTE and RCSe, features that drive efficiencies in customers' work processes.

Network Testing had further important product releases during 2013. Among the long list of "market firsts" enjoyed by the division, Network Testing is the first and so far the only one who provides test solutions designed for testing with iPhone, which enables mobile network operators to optimize network performance for iPhone users worldwide. Based on analysis of customer needs, Network Testing also expanded its portfolio with solutions for Capacity Management that enable customers to more accurately plan the expansion of capacity and thereby more effectively manage network expansions and associated CapEx. On a special note, Network Testing received the "Fierce Innovation Award" from Fierce Wireless for its Blixt technology for non-intrusive measurement of mobile broadband bandwidth.

Network Testing has an extensive product road map for 2014 based on requirements from customers around the world and on its own research activities. The addressed market is primarily driven by network evolution, i.e. new and upgrade business is generated by operators adopting new technological capabilities with associated testing, monitoring, optimization, and benchmarking needs. In terms of R&D investments, Ascom sees growth in its Reporting & Analysis product area and invests accordingly in expanding the capabilities and value proposition of its offerings.

Strategic priorities and outlook

Network Testing has a strong market position with a truly global customer base that provides a solid basis for further organic growth. Main growth drivers for the product areas Test & Measurement and Benchmarking & Monitoring are the further evolutions in network technologies, whereas Reporting & Analysis will mainly profit from the operators needs to fully understand their network infrastructure and improve customer services and experience.

Network Testing is set to continue its good performance during fiscal year 2014, and has the ambition to grow revenue by 5–10% and to further increase its EBITDA margin. Network Testing has the strategic ambition to become a trusted partner in wireless network investment and management.

SUSTAINABILITY

Innovative products and socially and environmentally conscious behavior for the benefit of all our stakeholders

WE RENEW AND STRENGTHEN OUR COMMITMENT TO A RESPONSIBLE AND SUSTAINABLE ASCOM.

"After a 2012 with challenging market environments and the successful turnaround of our Network Testing Division, we took our time in 2013

As a truly global technology leader with operations on all five continents, Ascom is more than ever committed to living up to both its environmental and social responsibilities. As a member of the UN Global Compact Group (www.unglobalcompact.org), we focus our sustainability initiatives in four areas: products, employees, supply chain and investors. In 2013, we discussed our sustainability risks and opportunities at a meeting with our senior managers in January. Moreover we prepared a sustainability vision, a revised mission statement and developed a sustainability roadmap to advance our efforts in key areas such as energy-efficient and safe products and solutions, employee engagement and responsible sourcing. As of mid-2013, our CEO is in charge of sustainability affairs and therefore heads our sustainability working group himself in order to drive the momentum and commitment within our Group.

Compliance: the backbone of doing business

Our global operations are guided by our Code of Ethical Business Conduct which lays down core legal and ethical standards for all Ascom employees throughout the world. Every manager has to ensure that the ten principles of our code are implemented, communicated to employees and lived by on a daily basis. To that end, 2013 saw two interactive workshops with sales representatives of both divisions organized by the General Secretary in Dubai and Gothenburg. Part of these workshops were group discussions of contentious issues and risky (sales) situations as well as practical application aspects related to the Ascom contracting checklist.

One of the most pivotal rules for Ascom is Principle 1 of our Code: "We do not tolerate any form of corruption including bribery". Corruption can be detrimental to our reputation, our most valuable asset. Consequently, Ascom operates a whistle-blowing scheme, alongside the Code. In 2013, one conflict of interest case was reported, investigated and dealt with through specific corrective actions.

Innovation, quality and environmental responsibility: constant pillars of success

In the reporting year, we stay committed to being an innovation leader and creating and delivering products that are not only cutting-edge, but also resource and energy-efficient. Consequently, Ascom once again invested substantially in R&D which amounted to around 10% of total net revenue.

Ascom Network Testing offered its customer's new software features such as TEMS Blixt that allow for a reduction of test cases and therefore less network tuning, i.e. resulting among others in less vehicular driving activities for our customers. Other product features released in 2013 provided enhanced functionality to track network traffic utilization on cell sites and identify periods of low utilization so that cell sites can be powered off during such periods to reduce power consumption. In 2014, Network Testing will make strides to improve its software to run on lower powered servers and desktops. Ascom Wireless Solutions remains committed to its overall objective of reducing the power consumption of its mobile (IP-DECT) infrastructure during use. Wireless Solutions offers its expertise to continually optimize the communication system as a whole and will release a whitepaper to help customers focus on efficient power management.

to revisit and strengthen our commitment to sustainability management taking advantage of our UN Global Compact group membership. In the second half of 2013, I took over the lead of our sustainability working group and in 2014, the Executive Board will introduce an integrated sustainability roadmap that formalizes our focus areas, targets and efforts for 2014 and beyond. I am convinced that this roadmap will help us align current and jumpstart future initiatives in our two divisions to the benefit of all our stakeholders: customers, suppliers, employees, investors and ultimately, the consumers at large whose lives we touch through our technologies and solutions." Fritz Mumenthaler, CEO Ascom

Quality and environmental management is of utmost importance at Ascom. Both divisions operate a fully-integrated management system that covers environmental management (ISO 14001 certified), quality management (ISO 9001 certified), and an internal control system. Additionally, Wireless Solutions' operations are also ISO 13485 certified (quality management for medical devices). Moreover, both divisions reclaim and recycle all used products that are not disposed of by our customers. We also look for the same standards at our suppliers. Wireless Solutions aims at a rate of 72% of suppliers being ISO 14001 certified in 2014. Moreover, suppliers are expected to ensure that parts and products supplied to Ascom do not contain metals derived from so-called "conflict minerals". In 2014, 75% of all applicable sourced items should have a corresponding declaration. Network Testing incorporates the Ascom Code of Ethical Business Conduct in all new contracts and renewal contracts with its suppliers.

Engaged employees: our relentless ambition

The proven fact that engaged employees positively influence customer satisfaction, retention rates and ultimately Ascom's performance lies at the heart of Ascom's annual employee engagement survey. An impressive, above benchmark 90% of our workforce participated in the survey that was conducted by an independent service provider for the fifth consecutive time in late 2013. Employee satisfaction levels are generally very good and above the benchmark of some 150 companies from the production and service industries. However, Ascom's employee engagement rate, especially at Network Testing, leaves room for improvement. This is where both of the divisions took their first immediate actions. A myriad of employee focus groups have been established to discuss the survey results, to identify and develop tailored action plans with targets that are then monitored on a regular basis. The majority of our employees already have personal development plans, in line with business requirements. As a direct result of the engagement survey the appraisal process was reviewed and will be improved as well. Additionally, both divisions have declared employee development a priority for 2014. Specific action plans will be carried out on an individual basis.

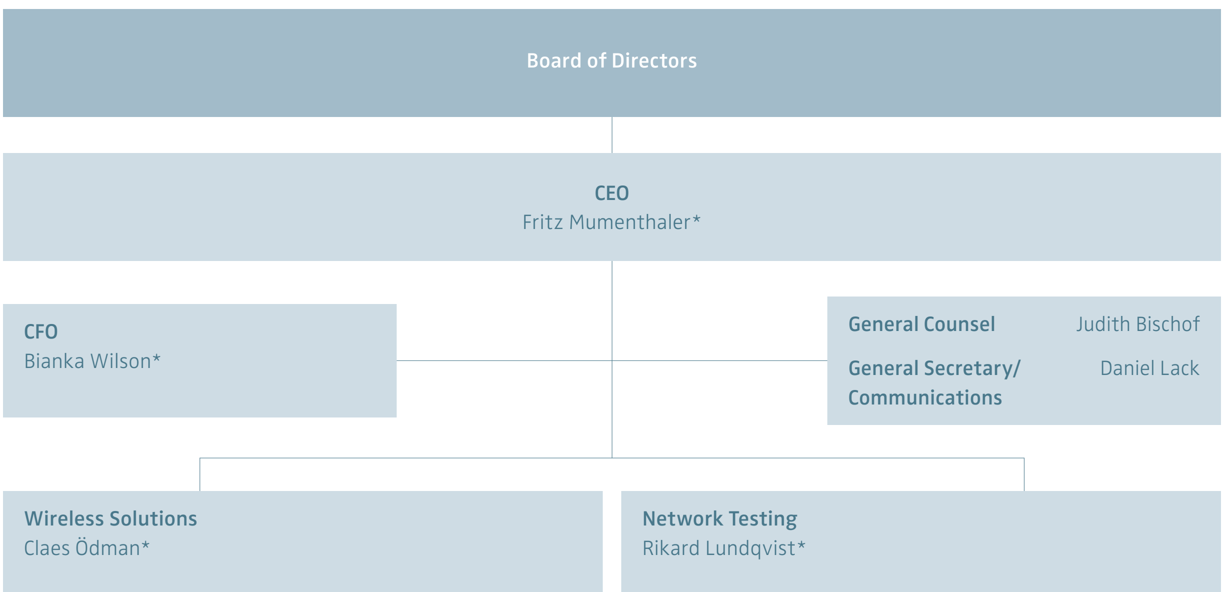
Investor confidence: renewed commitment

As a public company, we are particularly concerned with the level of confidence our investors share in our business and in our management team. We aim to attract and retain investors interested in capitalizing on the mid- and long-term opportunities offered by the demographic and technological mega trends in healthcare and wireless communication. In the second half of 2013 and continuing into 2014, the Ascom Executive Board renewed its commitment to proactive, frequent and transparent communication with the international investment community, while observing strict compliance with applicable rules and regulations. Our integrated Annual Report, combining corporate governance, sustainability and financial reporting, is an example of our commitment to clear and concise communication with the investor community where we aim for continuous improvement.

CORPORATE GOVERNANCE

1. CORPORATE STRUCTURE AND SHAREHOLDERS

Operating corporate structure (as of 1 January 2014)



* Member of the Executive Board.

Ascom is fully committed to good Corporate Governance. The information published in the Corporate Governance report follows the SIX Swiss Exchange directives on standards relating to Corporate Governance. All information within this Corporate Governance report refers to rules and regulations that were in effect as of 31 December 2013.

Chapter 1 of the Remuneration Report gives an overview about the status of implementation of the new rules and regulations based on the "Ordinance against Excessive Compensation in listed companies" (OaEC).

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 ISIN CH0011339204, symbol ascn. Ticker symbols:

- Bloomberg: ASCN SW
- Reuters: ASCN.S

Market capitalization as of 31 December 2013 was CHF 540 million.

Unlisted Group companies: Ascom Holding Ltd.

The following companies belong to the Ascom Holding Ltd. scope of consolidation (see table on page 17).

Country	Company	Location	Capital		Investment
Belgium	Ascom (Belgium) NV	Brussels	EUR	1,424,181	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	17,000,000	Ascom (Sweden) Holding AB: 100%
Denmark	Ascom Danmark A/S	Brøndby	DKK	1,200,000	Ascom Holding Ltd.: 100%
Finland	Ascom Miratel Oy	Turku	EUR	33,638	Ascom Holding Ltd.: 100%
France	Ascom Holding SA	Annonay	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	2,137,200	Ascom Unternehmensholding GmbH: 100%
	Technologiepark Teningen GmbH	Emmendingen	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	31,504,938	Ascom (Sweden) Holding AB: 100%
Malaysia	Ascom Network Testing Sdn Bhd	Subang Jaya	MYR	500,000	Ascom (Sweden) Holding AB: 100%
Netherlands	Ascom (Nederland) BV	Utrecht	EUR	1,361,000	Ascom (Sweden) AB: 100%
	Ascom Tateco BV	Hoofddorp	EUR	18,151	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 Holding Ltd.: 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 Management Ltd.	Berne	CHF	200,000	Ascom Holding Ltd.: 100%
	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 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	600,000	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.	Reston VA	USD	1	Ascom Holding Ltd.: 100%

Shareholders

Registered shareholders

As of 31 December 2013, there were 5,143 shareholders registered in the share register of Ascom Holding Ltd.

Share ownership as of 31 December 2013

Number of shares	Number of shareholders
1 to 100	1,067
101 to 1,000	2,782
1,001 to 5,000	1,018
5,001 to 10,000	116
More than 10,000	160
Total	**5,143**

Changes subject to disclosure requirements during the 2013 financial year

In an announcement dated 8 January 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), UBS Fund Management (Switzerland) AG, Basel, disclosed that it held Ascom securities representing 3.4% of the voting rights.

In an announcement dated 5 November 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Zürcher Kantonalbank, Zurich, disclosed that its share of voting rights in Ascom had fallen to below 3%.

In an announcement dated 5 November 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), UBS Fund Management (Switzerland) AG, Basel, disclosed that it held Ascom securities representing 6.54% of the voting rights.

In an announcement dated 5 November 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Lombard Odier Asset Management (Switzerland) SA, Petit-Lancy GE, disclosed that it held Ascom securities representing 5.437% of the voting rights.

In an announcement dated 6 November 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 3.74% of the voting rights.

In an announcement dated 20 December 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Ascom Holding AG, Berne, disclosed that its share of voting rights (own shares) in Ascom had fallen to below 3%.

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 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 2013:

- UBS Fund Management (Switzerland) AG, Basel: 6.25%
- Lombard Odier Asset Management (Switzerland) AG, Petit-Lancy GE: 5.44%

This does not cover shares which are not registered in the share register (dispo shares). Dispo shares amounted to 33.87% as of 31 December 2013.

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

- UBS Fund Management (Switzerland) AG, Basel: Ascom securities representing 6.54% of the voting rights (announcement dated 5 November 2013)
- Lombard Odier Asset Management (Switzerland) AG, Petit-Lancy GE: Ascom securities representing 5.437% of the voting rights (announcement dated 5 November 2013)

- BlackRock Inc., New York, USA: Ascom securities representing 3.74% of the voting rights (announcement dated 6 November 2013)
- Bank Julius Bär & 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 20 February 2008)

The free float of the shares of Ascom Holding AG is 100% since 1 November 2013.

As of the balance sheet date, the company held 1,073,169 treasury shares, representing 2.98% of voting rights. The company only held own shares to back the ongoing long-term incentive plans (option plans, share matching plan).

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. The share capital is fully paid up.

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.

Share structure

		31.12.13		31.12.12
	Number	(CHFm)	Number	(CHFm)
Registered shares par value CHF 0.50	36,000,000	18.0	36,000,000	18.0
Registered shareholders	5,143		5,720	

Ascom Holding Ltd. and its subsidiaries held 1,073,069 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 company has no authorized or conditional share capital.

Changes in equity

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

in CHF	2013	2012	2011	2010
Share capital	18,000,000	18,000,000	18,000,000	18,000,000
Legal reserves	17,577,000	34,477,000	42,719,000	27,276,000
Retained earnings	384,232,000	354,770,000	331,957,000	350,657,000
Total	**419,809,000**	**407,247,000**	**392,676,000**	**395,933,000**

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 2013.

Options/convertible bonds

Options

Ascom stock option plans as well as the share matching plan are listed in the Remuneration Report on pages 45 and 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, including exercise of options, acquisitions and sales of Ascom shares. 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. In 2013, 19 individual disclosures (see table) were submitted as follows:

Transaction date	Number of shares	Type of transaction	Amount in CHF
07.01.2013	24,000[1]	Sale	33,600
26.02.2013	22,000	Acquisition	169,400
27.02.2013	22,000	Acquisition	169,400
28.02.2013	8,000	Acquisition	61,600
25.03.2013	6,000	Sale	68,100
12.04.2013	20,000	Acquisition	240,000
17.04.2013	21,000	Sale	234,071
18.04.2013	7,000	Sale	78,750
19.04.2013	5,000	Sale	56,250
25.04.2013	5,000	Sale	57,750
26.04.2013	5,000	Sale	57,750
29.05.2013	10,000	Acquisition	125,000
17.06.2013	1,000	Acquisition	11,200
21.06.2013	8,650	Acquisition	100,340
02.10.2013	8,000	Acquisition	72,000
09.10.2013	1,600	Acquisition	18,240
18.10.2013	4,000	Acquisition	54,600
19.12.2013	27,000	Sale	94,500
20.12.2013	19,000	Sale	112,647

[1] Cash-settled options.

MEMBERS OF THE BOARD OF DIRECTORS

JUHANI ANTTILA
CHAIRMAN

Nationality: Finnish | Born 1954 | Place of residence: Zug, Switzerland | Member since 2001 | Chairman since 14 May 2002 | Elected until AGM in 2014

> 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, 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 2014

> 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

CORNELIA GEHRIG

Nationality: Swiss | Born 1966 | Place of residence: Wohlen/Berne, Switzerland | Member since 2013 | Elected until AGM in 2014

> 1991 Master in Economics (lic.rer.pol.), University of Berne > 1996 Certified Accountant, Institut of Auditors, Berne > 1992–1994 Audit and Advisory Services Assistant Arthur Andersen AG, Berne > 1994–1999 Audit and Advisory Services Manager STG Coopers & Lybrand AG, Berne > 2000 Head of International Accounting IT Coordination and Investments, Allianz Group Switzerland, Berne and Zurich > 2000–2004 Head of Group Treasury & Accounting, then Head of Group Controlling & Accounting, Mikron Technology Group, Biel > 2004–2006 Finance Director Cablecom, Zurich > 2006 –2009 CFO Ionbond Group, Olten > 2009–2011 CFO Precious Woods Group, Zug > Since 2011 CFO Bystronic Group, Niederönz

ANDREAS UMBACH

Nationality: Swiss/German | Born 1963 | Place of residence: Zug, Switzerland | Member since 2010 | Elected until AGM in 2014

> 1989 Master 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, subsequently Division President of Metering, Power Transmission and Distribution Group, Siemens Metering AG, Zug > Since 2002 President & COO/CEO, Landis+Gyr Group, Zug

KENTH-AKE JÖNSSON

Nationality: Swedish | Born 1951 | Place of residence Växjö, Sweden | Member since 2009 | Elected until AGM in 2014

> 1976 Master of Science in Industrial Economics, Linköping Technical University > 1976–1978 Sales Manager, Lectrostatic AB, Skara, Sweden > 1978–1990 Sales Manager/Vice President of Sales and Marketing/CEO Sarnefa AB, Küngsör, Sweden > 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

DR J.T. BERGQVIST

Nationality: Finnish | Born 1957 | Place of residence: Helsinki, Finland | Member since 2005 | Elected until AGM in 2014

> 1981 Master of Science, Helsinki University of Technology > 1987 Doctorate in Computer Science, Helsinki University of Technology > 1980–1987 Software specialist and Project Manager at Nokia > 1988 Assistant Professor at Helsinki School of Economics > 1988–1995 Area General Manager, Nokia Networks > 1995 Vice President, Cellular Transmission, Nokia Networks > 1997 Senior Vice President, Radio Access Systems, Nokia Networks > 2000–2005 Senior/Executive Vice President & General Manager, Global Business Units, Nokia Networks > 2002–2005 Member of the Group Executive Board, Nokia Corporation > 2009–2012 CEO of K. Hartwall Oy AB, Söderkulla, Finland

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 10 April 2013, the Board of Directors has consisted of the following members:

	Member since AGM in	Elected until AGM in
Juhani Anttila, Chairman	2001	2014
Paul E. Otth, Vice-Chairman	2002	2014
Dr J.T. Bergqvist	2005	2014
Cornelia Gehrig	2013	2014
Kenth-Ake Jönsson	2009	2014
Andreas Umbach	2010	2014

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.

Secretary to the Board of Directors

Dr Daniel Lack has served as Secretary of the Board of Directors since May 2001.

Changes to the Board of Directors

Cornelia Gehrig was elected to the Board of Directors at the Annual General Meeting 2013.

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 reelected.
- Members are elected or reelected 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

The following members of the Board of Directors hold positions on the boards of other public listed companies or are involved in activities in governing or supervisory bodies of important Swiss and foreign public- and private-law corporations, institutions and foundations:

	Mandates of public listed companies	Mandates of non-public listed companies
Juhani Anttila	Actelion Ltd., Allschwil	ArgYou AG, Baar Valcrea AG, Zug (Chairman) Anttila & Co Advisors, Zug
Paul E. Otth	Swissquote Group Holding AG, Gland	EAO Holding AG, Olten (Chairman)
Dr J.T. Bergqvist	Norvestia Ovi, Helsinki, (Chairman)	K. Hartwall Capital Oy Ab, Helsinki
Cornelia Gehrig		Visana Group, Berne
Kenth-Ake Jönsson	Diamorph AB, Stockholm Generic Sweden AB, Nacka (Sweden)	Ravnarp Invest AB, Växjö (Sweden) (Chairman) Litorina Kapital 2001 AB, Stockholm
Andreas Umbach	Wasserwerke Zug AG, Zug	Lichtblick AG, Hamburg

Juhani Anttila also acted as CEO of the Ascom Group concurrently from 1 January 2003 to 31 May 2004. The combination of the Chairman and CEO function was an absolute exception due to existential problems of the Company.

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.

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. In general, the CEO and CFO attend all ordinary meetings of the Board of Directors. In addition, executive sessions are held. Other members of the Executive Board as well as external experts are invited to attend meetings to address specific topics if necessary.

Thirteen meetings (including both physical meetings and conference calls) were held in 2013. Board attendance was 97%. The ordinary meetings of the Board of Directors last one full day and strategy meetings last two days.

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 agreed and implemented as required.

Committees of the Board of Directors

To support 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), Cornelia Gehrig and Kenth-Ake Jönsson

The Audit Committee is composed of three non-executive members of the Board of Directors and generally meets four times a year (at least one meeting per quarter), although the Chairman may convene meetings as often as business requires. Four half-day Audit Committee meetings were held in 2013, three of which were attended by the external auditors. The Chairman of the Board of Directors as well as the CEO and CFO attended all meetings of the Audit Committee. Other members of the executive management attended as and when required. 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
- Ensuring corporate governance
- Supervising financial reporting
- Evaluating internal and external auditing

Compensation & Nomination Committee
Members:
Andreas Umbach (Chairman) and Juhani Anttila

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. Six meetings were held in 2013, generally lasting several hours. The CEO attended two meetings and the Director of Corporate Human Resources attended as and when required. The Secretary of the Board of Directors prepares the meetings and records the minutes. The full Board of Directors is kept informed of the Compensation & Nomination Committee's activities following each meeting, and also receives a copy of the minutes. External experts were invited to attend meetings to address specific topics (compensation plans including long-term incentive).

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
- Implementing and supervising long-term incentive plans
- Selecting candidates for election to the Board of Directors
- Reviewing candidates for appointment to the Executive Board and as Heads of Corporate Functions
- Annual appraisals of top management

Strategy Committee
Members:
Dr J.T. Bergqvist (Chairman) and Juhani Anttila

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 2013, whereof two full-day meetings with each division. The CEO attended three meetings in 2013. The full Board of Directors is briefed on the Strategy Committee's activities following each meeting.

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 the day-to-day business to the CEO who, together with the Executive Board, 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 on the following matters:

- Authorizing important acquisitions and divestments
- Appointing and discharging members of the Executive Board and the Heads of Corporate Functions
- Defining compensation models for members of the Board of Directors and the Executive Board
- Approving the budget
- Arranging public bonds and important framework credit agreements
- Substantial investments
- Issuing the Organization Regulations and their Annexes
- Defining the internal audit and submitting the proposal to the Annual General Meeting for election of the auditors
- Submitting proposals on dividends to the Annual General Meeting
- Issuing and implementing long-term incentive 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 based on IFRS and 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.

Full financial consolidation (including cash flow statement) in compliance with IFRS is performed on a quarterly basis.

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 semi-annual basis. The meetings of the Board of Directors and the Audit Committee are attended by the CEO and CFO as well as, whenever necessary, by other members of management.

Internal audit

The Group does not have an in-house internal audit function. The Board of Directors empowered the Audit Committee to mandate an external audit firm to carry out special focus audits, as needed. Accordingly, such internal audits are conducted from time to time as mandated by the Audit Committee. During 2013, no special focus audits have been commissioned. Internal audit fees are based on the scope of services rendered. Fees incurred were nil (2012: CHF 106,266).

Risk management

As an internationally active group, Ascom is exposed to a variety of risks arising from its operations in the normal course of business. Risk management is therefore an integral part of Group management and hence also part of the business processes. Financial risks (liquidity, foreign currency, interest rate, credit risks) are centrally monitored by Group Treasury in accordance with written guidelines. Capital risk is also monitored using defined thresholds for the debt ratio and the equity ratio.

Further information on risk management can be found in note 25 to the financial statements of the Ascom Group on page 93 of this Annual Report.

Internal Control System (ICS)

A Board directive of 11 December 2008 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 financial risks to which the company is exposed. In particular, the aim of the ICS is to ensure the integrity and completeness of accounting, to provide timely and reliable financial reporting, and to prevent, minimize and identify errors and irregularities in the financial statements.

In order to achieve these targets, Group companies in scope are determined annually. Hereby, it is ensured that at least 80% of the revenue and of total assets of the Group are covered. The external audit confirms the existence of the ICS in connection with the year-end audit. Additionally, external audit submits improvement suggestions on a yearly basis which are implemented in the following year.

MEMBERS OF THE EXECUTIVE BOARD (AS OF 1 JANUARY 2014)

FRITZ MUMENTHALER
CHIEF EXECUTIVE OFFICER

Nationality: Swiss | Born 1958

> 1985 Master of Economics (major) & Law (minor) from the University of Berne (lic. rer. pol.) > 1985 Manager HR, Credit Suisse; Zurich > 1988 MBA from INSEAD, Fontainebleau (France) > 1989 Assistant Director, Swissphone Telecommunications, Samstagern ZH > 1992 Project Manager Corporate Development, Landis & Gyr, Zug > 1994 Marketing Manager, subsequently Head of Marketing Europe Landis & Gyr Building Control/Landis & Stäfa, Zug > 2000 Executive VP, Head of Global Marketing, member of the Executive Board Siemens Building Technologies, Building Automation Division, Zug > 2002 Executive VP, Head of Zone Europe, member of the Executive Board Siemens Building Technologies, Building Automation Division, Zug > 1 June 2005 General Manager Wireless Solutions and member of the Executive Board of the Ascom Group > From 20 August 2007 also Deputy CEO > Since 1 April 2011 CEO of the Ascom Group

BIANKA WILSON
CHIEF FINANCIAL OFFICER

Nationality: German | Born 1967

> 1993 Bachelor of Business Administration from Cameron University, Lawton OK (USA) > 1994 Master of Professional Accounting from University of Texas, Austin TX (USA) > 1995–2000 Audit Manager KPMG, Houston TX (USA) > 1997 US Certified Public Accountant > 2000–2007 Senior Manager KPMG (Transaction Services, International Accounting & Reporting), Zurich > Executive MBA, KPMG EMBA Program, ENPC School of International Management, Paris/University of Edinburgh (UK) > 2007–2013 Partner of KPMG (Advisory), Zurich > Since 1 October 2013 CFO and member of the Executive Board of the Ascom Group

CLAES ÖDMAN
GENERAL MANAGER WIRELESS SOLUTIONS

Nationality: Swedish | Born 1965

> 1990 Master of Science in Engineering Physics and Master of Business Administration (Chalmers University Gothenburg) > 1990–1994 Area Manager Saab Marine Electronics AB, Gothenburg > 1994–1998 Area Manager Ericsson Radio Systems, Stockholm > 1998–2001 Vice President Ericsson Taiwan Ltd., Taipei (Taiwan) > 2001–2005 President & Country Manager Ericsson Telecom PTE Ltd., Singapore > 2005–2011 Vice President Ericsson AB, Stockholm (2005–2008: Multimedia Solutions; 2008–2009: Head of Sales and Marketing; 2010: Head of Region Project; 2010–2011: Engagement Practices Region Northern Europe and Central Asia) > Since 14 June 2011 General Manager Wireless Solutions and member of the Executive Board of the Ascom Group

RIKARD LUNDQVIST
GENERAL MANAGER NETWORK TESTING

Nationality: Swedish/US | 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 Board of Directors has delegated the management of the day-to-day business to the CEO who, together with the Executive Board, is responsible for the overall management of the Ascom Group. The duties are determined in the Organization Regulations and the corresponding Annexes. The competences of the Divisional General Managers are defined in a "Delegation of Authority".

Composition of the Ascom Executive Board

The Ascom Group Executive Board comprised the following members as of 1 January 2014:

		Executive Board member since
Fritz Mumenthaler	CEO	1.6.2005 (CEO since 1.4.2011)
Bianka Wilson	CFO	1.10.2013
Rikard Lundqvist	General Manager Network Testing	1.1.2010
Claes Ödman	General Manager Wireless Solutions	14.6.2011

Changes in the Executive Board

Bianka Wilson replaced Dr Martin Zwyssig as CFO of the Ascom Group as of 1 October 2013.

Other mandates of members of the Executive Board

Claes Ödman is a member of the Board of Directors of Sensys Traffic System AB, Jönköping (Sweden). The other members of the Executive Board do not hold Board positions of other public listed companies.

The members of the Executive Board are not involved in activities in governing or supervisory bodies of important Swiss and foreign public- and private-law corporations, institutions and foundations. In addition, they do not exercise any permanent managerial or consultancy functions for important Swiss or foreign interest groups or hold any official positions or political offices.

Heads of Corporate Functions

The Heads of Corporate Functions are invited as permanent guests to the meetings of the Executive Board.

		In this function since
Dr Daniel Lack	General Secretary & Chief Communications Officer	1.1.2003
Dr Judith Bischof	General Counsel	1.9.2011

Mode of operation of the Executive Board

As a rule, a half- or full-day meeting of the Executive Board is held on a monthly basis. The meeting is subdivided in a general part including guests and a closed session for the members of the Executive Board. Additional meetings or conference calls are held as and when necessary. Ten meetings were held in 2013.

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 37 to 46 of this Annual Report. This information can also be found in note 9 to the financial statements of Ascom Holding Ltd. (page 113 of this Annual Report).

6. SHAREHOLDERS' PARTICIPATION RIGHTS

Voting rights and protective rights

Shareholders in Swiss public listed 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 Association. 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 needed, 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 party submitting such request must represent shares of at least CHF 100,000 par value.
- 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.
- The future Articles of Association say explicitly that the Board of Directors may delete shareholders from the share register in case the registration was done by misrepresentation.
- 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. Any party who acquires one-third (33⅓%) of 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

Contracts of employment with members of the Executive Board, the Head of Corporate Functions or other members of the senior management provide for no special severance payment.

The period of notice for members of the Executive Board is 12 months. The CEO has a notice period of 12 months as well. In case that a change of control leads directly to a separation from the CEO, the notice period will be extended to 24 months. The employment contract with the CEO will be adapted to the new Swiss legislation (Ordinance against Excessive Compensation with respect to stock exchange listed companies "OaEC") in due time.

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. According to the Swiss Code of Obligations, the lead auditor has to be rotated at least every seven years. Stefan Räbsamen has been auditor-in-charge since 2007. The auditors are appointed by the Annual General Meeting for a term of one fiscal year. The Board of Directors will propose reelection of PricewaterhouseCoopers Ltd, Zurich, for fiscal year 2014 at the Annual General Meeting 2014. Martin Kennard is planned to be the lead auditor as of fiscal year 2014.

Auditing fee

PricewaterhouseCoopers was paid compensation of CHF 811,090 (previous year: CHF 809,532) for services in connection with auditing the annual financial statements of Ascom Holding Ltd. and the Group companies as well as the consolidated statements of the Ascom Group for the year ended 31 December 2013.

Additional fees

PricewaterhouseCoopers was paid the following additional fees in 2013:

Tax consulting	CHF 461,683	(previous year: CHF 306,451)
Miscellaneous	CHF 89,164	(previous year: CHF 134,350)
Total	CHF 550,847	(previous year: CHF 440,801)

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 2013, the external auditors drew up two detailed management reports (for the Half-Year Report and the Annual Report). The external auditors attended three of the Audit Committee meetings held in 2013.

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 2013 reporting year, the Board of Directors concluded that the auditors' independence was fully assured.

9. INFORMATION POLICY

The Board of Directors and the Executive Board have undertaken to align their organizational structure 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 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 & Investor Day
- Annual General Meeting of Shareholders
- Road shows 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. In addition, Ascom is sponsoring together with other reputable Swiss companies the project "venture" to support young entrepreneurs in founding a company.

Online communication

The 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 http://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 (http://www.ascom.com/en/index/news-corporate/news-service/hugin-subscription-form.htm).

The Articles of Incorporation of Ascom Holding Ltd., the Organization Regulations, a current extract from the Commercial Register, the Code of Business Conduct and the share registration guidelines can also be downloaded from the website under "Corporate Governance" (http://www.ascom.com/en/index/group/company/corporate-governance.htm). The minutes of past Annual General Meetings are available at www.ascom.com/en/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 2014 and Corporate Communications and Investor Relations contacts is provided on page 124 of this Annual Report.

REMUNERATION REPORT

I. ASCOM REMUNERATION POLICY

1. Corporate Governance as basis of the remuneration policy

Remuneration is a part of Corporate Governance and Corporate Governance is a key topic for Ascom. Both the Board of Directors and the Management are committed to a good Corporate Governance in order to ensure a sustainable development of the company.

Basic rules and regulations to be followed are set out in:

- Swiss Code of Obligations
- Ordinance against Excessive Compensation with respect to stock exchange listed companies (''OaEC'')
- Listing Rules of Swiss Exchange SIX
- Articles of Association of Ascom Holding AG
- Organizational Regulations of Ascom Holding AG
- Ascom Code of Ethical Business Conduct
- Swiss Code of Best Practice for Corporate Governance

2. Implementation of Ordinance against Excessive Compensation (''OaEC'')

The Swiss people voted in March 2013 in a nationwide ballot in favor of the so called ''rip-off''-initiative against abusive salaries. As a result, the Swiss Constitution has been changed. The new provisions are applicable for all public companies listed in Switzerland. The Swiss Federal Council enacted the Ordinance against Excessive Compensation with respect to stock exchange listed companies (''OaEC'') as of 1 January 2014.

Ascom has opted for an early implementation of the new ordinance at the Annual General Meeting 2014, this in the best interest of the shareholders and the management. Ascom is committed to the principles of commensurability and legal certainty in order to enable a fruitful development of the company. The Ascom remuneration policy shall be transparent, controllable and aligned with the interests of long-term shareholders.

The table below gives an overview about the implementation of the new ''Ordinance against Excessive Compensation with respect to stock exchange listed companies (OaEC)'':

Provisions of the Ordinance against Excessive Compensation	Implementation by Ascom as of
Election of the members of the Board of Directors individually by the General Meeting for a term of office of one year	Implemented since AGM 2006
Election of the Chairman of the Board of Directors by the General Meeting for a term of office of one year	AGM 2014
Election of the members of the Compensation Committee (individually) by the General Meeting for a term of office of one year	AGM 2014
Delegation of management to natural persons only	No issue for Ascom
Corporate proxies and proxies of deposited shares are prohibited	1 January 2014
Election of independent proxy by the General Meeting for a term of office of one year	AGM 2014
Enabling the grant of proxies and instructions to the independent proxy by electronic means	AGM 2015
Amendment of Articles of Association	AGM 2014
Issuance of a remuneration report	Implemented since 2007; adaption to new legislation in 2014
Auditors' report on the remuneration report	Annual Report 2014
Binding votes by the General Meeting with respect to compensation to the Board of Directors and to the Group Executive Board	AGM 2014
Severance payments are prohibited	1 January 2014/Amendment of Articles[1]
Advance compensation prohibited	1 January 2014/Amendment of Articles[1]
Incentive fees for the acquisition or transfer of companies or parts thereof by the company or by enterprises being, directly or indirectly, controlled by the Company, are prohibited	1 January 2014/Amendment of Articles[1]
Grants of loans and credits to Board Members and Members of the Executive Board	Amendment of Articles[1] (to be excluded)
Amendment of internal regulations	Autumn 2014
Adaption of employment agreements of the Executive Board	31 December 2015 at the latest

[1] No contracts with members of the Board of Directors or members of the Executive Board provide for such compensation.

3. Remuneration principles for the Board of Directors

a) Compensation

Members of the Board of Directors receive a fee in accordance with the Remuneration Regulations (Annex to the Organization Regulations). The members of the Board of Directors receive a fixed fee without a variable component and this 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 by the full Board of Directors subject to the approval of Annual General Meeting (after implementation of the OaEC). The assessment of the fees is based on external (e.g. benchmark to other international stock-listed technology companies with similar market capitalization) and internal criteria (e.g. workload, request of availability). Committee work, additional meetings or special projects are not compensated with an additional fee and no attendance fees are paid out either. The mandate of the Chairman corresponds to 40% of his working time, the mandate of the Vice-Chairman to 15% and the mandate of the other Board members to 10% of their working time.

b) Number of external mandates and functions

The future Articles of Association say that members of the Board of Directors shall not occupy or exercise more than five positions in other companies against compensation (including public-listed companies) and not more than five uncompensated positions.

4. Remuneration principles for the Executive Board

a) Appointment of Members of the Executive Board

As Members of the Executive Board are considered the CEO and each further person which is explicitly appointed as such by the Board of Directors. Currently, the Executive Board consists of four members: CEO, CFO, General Manager Wireless Solutions Division, and General Manager Network Testing Division.

b) Determination of the remuneration of the Executive Board Members

The remuneration of the members of the Executive Board consists of three parts:

- Base Salary (fixed compensation in cash) including social benefits: according to market benchmarks of the peer group (other international stock-listed technology companies with similar market capitalization)
- Performance-related variable compensation (in cash): dependent on the quantitative goals and parameters such as Net Revenue, EBIT or EBITDA, NWC as determined by the Board of Directors. The goals shall be in line with the yearly budgets and mid-term plans of the company. Performance-related variable compensation cannot exceed the fixed compensation.
- Long-term incentive: The members of the Executive Board as beneficiaries get the opportunity to buy company shares during a defined subscription period as part of a "Share Matching Plan" at market price as Investment Shares up to a certain amount as determined by the Board of Directors. The Company will match the Investment Shares with additional shares based on the fulfillment of defined employment- and performance-based criteria. Beneficiaries have to keep the Investment Shares for a period of three years in order to benefit from the plan. They get a certain percentage of the number of their Investments Shares as Matching Shares after a three-years vesting period for free, if their employment contract with Ascom has not been terminated at this point of time. Moreover, the beneficiaries may get – up to a certain percentage of the number of their Investment Shares – Matching Shares in addition, provided that defined mid-term profitability targets will be achieved. As a maximum, the company will honor each Investment Share with one Matching Share.

System of CEO Compensation

Salary part	Target salary CEO
Long-term Incentive (Share Matching Plan)	Opportunity to invest Investment Shares as decided annually by the Board of Directors.
Variable Compensation (performance-related)	Minimal variable salary: CHF 0 Target variable salary: CHF 325,000 Maximal variable salary: CHF 650,000
Fixed Compensation	CHF 650,000

c) Number of external mandates and functions

The future Articles of Association say that members of the Executive Board shall not hold or exercise more than one position in other companies for compensation (including public-listed companies) and not more than three uncompensated positions.

d) Employment agreements with members of the Executive Board

The future Articles of Association say that the employment agreements with members of the Executive Board are entered into for a fix term of not more than one year or for an indefinite term with a termination period of not more than twelve months. All employment agreements with members of the Executive Board will be adapted to the new legislation until 31 December 2015.

5. Approval Mechanism

a) Current approval mechanism

The fees for members of the Board of Directors are reviewed on an annual basis and are set by the full Board of Directors.

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.

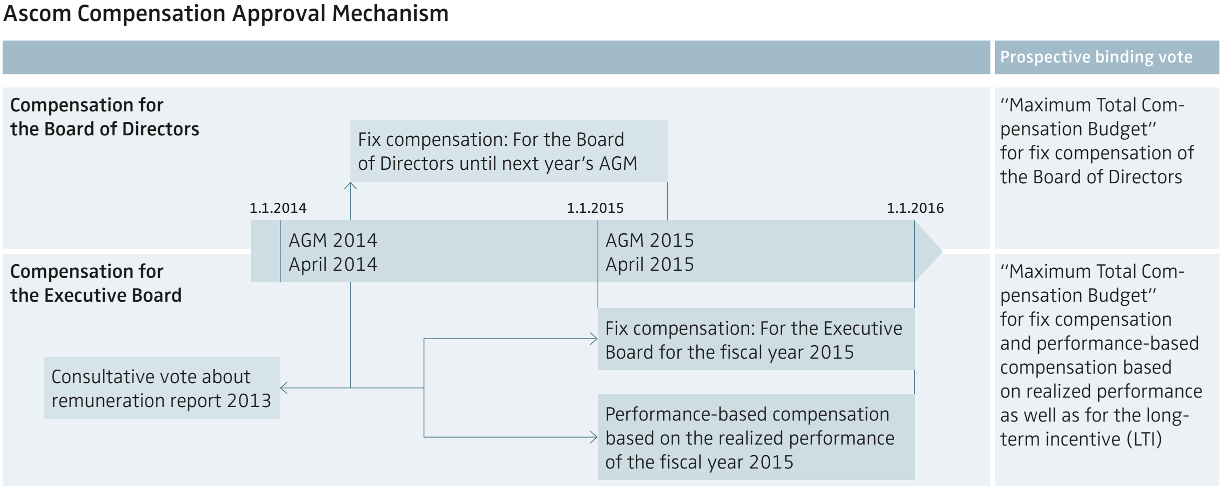
b) New approval mechanism (according to "Ordinance against Excessive Compensation with respect to stock exchange listed companies "OaEC"):

According to the proposed amendment of the Articles of Association, the General Meeting votes annually, separately and in a binding manner on the maximum total amounts proposed by the Board of Directors for:

- The compensation of the Board of Directors for the year of office following the ordinary General Meeting until the next General Meeting
- The fixed compensation of the Executive Board for the next financial year (1 January–31 December) following the ordinary General Meeting
- The variable and other compensation of the Executive Board (allocation of equity securities, conversion rights, option rights or other rights with equity securities as underlying) for the same period

In addition, the Board of Directors submits the remuneration report for the past business year to the General Meeting for a consultative vote.

Ascom Compensation Approval Mechanism



6. Amendment of the Articles of Association of Ascom Holding AG

The Board of Directors proposes to the Shareholders to fix the remuneration principles in the Articles of Association of Ascom Holding AG as follows:

- The compensation of the members of the Board of Directors and the members of the Executive Board shall be adequate, competitive and performance oriented and shall be set in line with the operative and strategic goals, the success of the company as well as long-term interests of the shareholders
- The compensation of the Executive Board consists of three elements:
  - Base salary (including social benefits)
  - Performance-related compensation (dependent on the quantitative goals and parameters as determined by the Board of Directors)
  - Long-term incentive (Allocation of equity securities, conversion rights, option rights or other rights with securities as underlying)
- The General Meeting votes annually, separately and in a binding manner on the maximum total amounts proposed by the Board of Directors for:
  - The compensation of the Board of Directors for the year of office following the ordinary General Meeting
  - The fixed compensation of the Executive Board for the next financial year (1 January–31 December) following the ordinary General Meeting
  - The variable and other compensation of the Executive Board for the same approval period
- The Board of Directors submits the remuneration report for the past business year to the General Meeting for a consultative vote
- The employment agreements with members of the Executive Board are entered into for a fix term of not more than one year or for an indefinite term with a termination period of not more than twelve months
- Members of the Board of Directors shall not occupy or exercise more than five positions in other companies against compensation (including public listed companies) and not more than five uncompensated positions
- Members of the Executive Board shall not hold or exercise more than one position in other companies against compensation (including public listed companies) and not more than three uncompensated positions

II. REMUNERATION IN FISCAL YEAR 2013

This part of Remuneration Report provides information on remuneration paid by Ascom in fiscal year 2013 and will be presented to the 2014 Annual General Meeting for approval.

1. Board of Directors

Members of the Board of Directors were paid remuneration totaling CHF 927,033 in 2013 (2012: CHF 840,000).

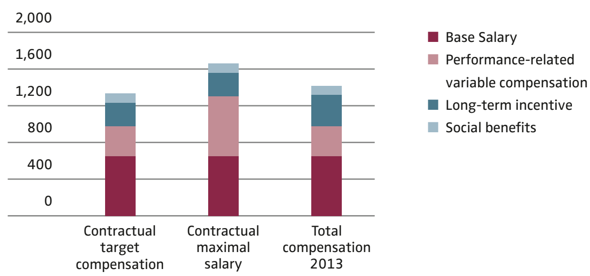
	2013	2012
Juhani Anttila, Chairman	300,000	300,000
Paul E. Otth, Vice-Chairman	180,000	180,000
Dr J.T. Bergqvist	120,000	120,000
Kenth-Ake Jönsson	120,000	120,000
Andreas Umbach	120,000	120,000
Cornelia Gehrig [1]	87,033	–

[1] Since Annual General Meeting 2013.

No member of the Board of Directors received any additional remuneration as defined by Art. 663b^{bis} of the Swiss Code of Obligations, nor were any remuneration 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.

System of CEO Compensation in CHF 1,000



The fees have remained unchanged since 1 January 2011. An ordinary member of the Board of Directors receives an annual fee of CHF 120,000. The Chairman receives an annual fee of CHF 300,000 while the Vice-Chairman is compensated with a fee of CHF 180,000 per annum.

2. Executive Board

a) Members of the Executive Board

In 2013, the Executive Board consisted of the following members:

- Fritz Mumenthaler, CEO
- Bianka Wilson, CFO (from 1 October 2013)
- Claes Ödman, General Manager Wireless Solutions
- Rikard Lundqvist, General Manager Network Testing
- Dr Martin Zwyssig, CFO (until 30 September 2013)

b) Fixed Compensation

The basic salaries paid to the members of the Executive Board in the 2013 financial year totaled CHF 1,710,351 (2012: CHF 1,721,784).

c) Performance-related variable compensation

The performance-related variable compensation in 2013 was linked to the achievement of the following measurable quantitative targets:

- Net Revenue
- EBIT
- Networking Capital

Targets are defined at the beginning of each year in alignment with the budget targets by the full Board of Directors at the request of the Compensation & Nomination Committee. If all defined targets are achieved in full, the respective member of the Executive Board receives a predetermined percentage of his basic salary as a variable component (performance-related part). If the results fall short, no variable salary component is paid.

The achievement of the performance-related targets for the CEO and the CFO for 2013 was weighted as follows:

- Net Revenue Group: 30%
- EBIT Group: 40%
- Networking Capital Group: 30%

The CEO receives a variable salary component of 50% of his basic salary on fully achieving all targets. In cases where the targets set are exceeded, the CEO is paid a higher variable salary component (performance-related part) up to 100% of his basic salary. Performance-related variable compensation cannot exceed the fixed compensation. In 2013, the CEO and the CFO achieved 100% of the targets set. Thus the CEO receives a performance-related variable compensation of CHF 325,000 corresponding to 50% of his basic salary.

The CFO receives a variable salary component of 40% of his basic salary on fully achieving all targets, and thus gets a performance-related variable compensation corresponding to 40% of his basic salary. In cases where the targets set are exceeded, the CFO is paid a higher variable salary component (performance-related part) up to a maximum of 80% of his basic salary.

The achievement of the performance-related targets for the Divisional General Managers for 2013 was weighted as follows:

- EBIT Group: 20%
- Revenue Division: 45%
- EBIT Division: 25%
- Networking Capital Division: 10%

The Divisional General Managers receive a variable salary component of 40% of their basic salary on fully achieving all targets. In cases where the targets set are exceeded, the General Manager are paid a variable salary component (performance-related part) up to a maximum of 80% of their basic salaries. In no case, performance-related variable compensation can exceed the fixed compensation. In 2013, the General Managers achieved on average 91.31% of the targets set and thus receive a performance-related variable compensation corresponding to 36.52% of their basis salaries.

According to the principles of the performance-related variable compensation, the variable salary component was higher year-on-year due to better business performance compared to the previous year, amounting to CHF 726,062 for all Executive Board members in 2013 (2012: CHF 374,617). The variable salary component will be paid in April 2014 following the approval of the 2013 financial statements at the Annual General Meeting.

In 2013, the variable salary component (performance-related part) corresponds to 50% of the basic salary of the CEO (2012: 19%) and on average to 38% of the basic salary in the case of the other three Executive Board members (2012: 23%).

d) Long-term Incentive

The Board of Directors decided to introduce a share matching plan as a long-term incentive instead of options. During a defined subscription period, the members of the Executive Board as beneficiaries had the opportunity to buy company shares at market price as Investment Shares up to a certain amount of shares as determined by the Board of Directors. The Company will match the Investment Shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the Investment Shares for a period of three years in order to benefit from the plan. They get 35% of the number of their Investments Shares as Matching Shares after a three-years vesting period for free, if their employment contract with Ascom has not been terminated at this point of time. In addition, the beneficiaries may get up to 65% of the number of their Investment Shares as Matching Shares in addition, provided that defined mid-term profitability targets will be achieved. As a maximum, the company will honor each Investment Share with one Matching Share.

The CEO invested 30,000 Investment Shares and the other three Members of the Executive Board in total invested 4,000 Investment Shares. The fair value of a Matching Share at grant amounts to CHF 11.34 (weighted average fair value). Thus the fair value of all Matching Shares allocated to the Executive Board amounts to CHF 385,424 whereof an amount of CHF 340,080 for the Matching Shares allocated to the CEO, assuming full achievement of all performance targets.

in CHF	Basic salary	Variable salary component	Miscellaneous [1]	Pension contributions	LTI [2]	Total
CEO	650,000	325,000	–	96,627	340,080	1,411,707
Other members	1,060,351	401,062	64,175	183,674	45,344	1,754,606
Total Executive Board	**1,710,351**	**726,062**	**64,175**	**280,301**	**385,424**	**3,166,313**

[1] Contributions to medical benefit plans and special premiums.
[2] Weighted average fair value of the Matching Shares at grant.

e) Total compensation of the Members of the Executive Board

The overall compensation for the Executive Board increased by about 12% due to the better business performance year over year. The total compensation for all Members of the Executive Board amounted to CHF 3,166,313 (2012: CHF 2,836,826).

f) Highest compensation

The highest total remuneration within the Ascom Group was paid to the CEO. The total remuneration for the CEO in 2013, consisting of the basic salary and variable salary component, amounted to CHF 975,000 (2012: CHF 772,883). The employers' pension contributions amounted to CHF 96,627 (2012: CHF 90,106). The value of the Matching Shares allocated to the CEO are valued at a total of CHF 340,080 (2012: Options CHF 215,180), based on the value at the time they were granted and assuming all performance targets will be achieved. Thus the total CEO remuneration amounted to CHF 1,411,707 (2012: CHF 1,078,169).

g) Additional payments

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.

h) Severance payments

Contracts of employment with members of the Executive Board provide for no special severance payment. The period of notice for members of the Executive Board is 12 months. The CEO has a notice period of 12 months as well. In case that a change of control leads directly to a separation from the CEO, the notice period will be extended to 24 months. All employment contracts with members of the Executive Board will be adapted to the new legislation until 31 December 2015.

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

3. Former members of the Executive Board

In 2013, Dr Martin Zwyssig (CFO until 30 September 2013) was paid an amount of CHF 157,257 in compliance with commitments set down in his contract of employment. In 2014, Dr Martin Zwyssig will be paid an additional amount of CHF 82,999, thereby settling all claims.

No other former members of the Executive Board or parties closely related to them received any payments or loans from the company in 2013.

4. Share ownership

Number of shares and options held in Ascom Holding Ltd. as of 31 December 2013:

a) Board of Directors

- All members of the Board of Directors and closely related parties, in total: 141,650 shares.

	Shares [1]
Juhani Anttila, Chairman	100,000
Paul E. Otth, Vice-Chairman	2,000
Dr J.T. Bergqvist	10,000
Cornelia Gehrig	1,000
Kenth-Ake Jönsson	–
Andreas Umbach	28,650

[1] Acquired by the Board Members from the market.

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 total: 34,000 shares and 248,000 options (all employee options).

	Shares [1]	Options	Employee options (exercisable) [2]	Employee options (not exercisable) [2]
Fritz Mumenthaler, CEO	30,000	–	45,333	79,667
Bianka Wilson, CFO	4,000	–	–	–
Rikard Lundqvist, GM NT	–	–	27,000	54,000
Claes Ödman, GM WS	–	–	–	42,000
Total Executive Board	**34,000**	**–**	**72,333**	**175,667**

[1] Acquired by the Members of the Executive Board from the market.
[2] According to the provisions of the Ascom Stock Option Plans 2010, 2011, and 2012. Ratio 1:1.

c) Share allotment in the year under review

No shares were allotted by Ascom Holding Ltd. in 2013.

5. Long-term incentive plans

a) 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's 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 term 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).

219,000 of the 315,000 options outstanding at the beginning of the year were exercised in 2013; 21,000 were forfeited, and the remaining 75,000 are still outstanding.

b) Ascom Stock Option Plan 2011

In accordance with the resolution passed by the Board of Directors on 13 April 2011, a total of 491,000 options were issued to 42 members of Ascom's senior management on 13 April 2011, 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 15.00. The options have a term of five years and are subject to a fixed vesting period of three years (one participant is entitled under the terms of his contract of employment to exercise one third of the options after one year) and an exercise hurdle (the share price must be at least CHF 16.50 at the time of exercising the option, and must have outperformed the SMI index within any given 12-month period).

None of the remaining 476,000 options outstanding at the beginning of the year was exercised in 2013. Thus 476,000 options are still outstanding.

c) Ascom Stock Option Plan 2012

In accordance with the resolution passed by the Board of Directors on 18 April 2012, a total of 486,000 options were issued to 36 members of Ascom's senior management on 18 April 2012, 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 9.00. The options have a term of five years and are subject to a fixed vesting period of three years (one participant is entitled under the terms of his contract of employment to exercise one third of the options after one year) and an exercise hurdle (the share price must have outperformed the SMI index within any given 12-month period).

27,000 of the remaining 480,000 options outstanding at the beginning of the year were exercised in 2013. Thus 453,000 options are still outstanding.

d) Share Matching Plan 2013

The Board of Directors decided in its Board Meeting of 14 August 2013 to introduce a Share Matching Plan for the Ascom senior management as a long-term incentive instead of options. With this new long-term incentive plan, the Board of Directors would like to encourage the management to become investors of Ascom in order to ensure an alignment with the interests of the long-term shareholders.

The beneficiaries had the opportunity to buy company shares during a defined subscription period at market price as Investment Shares up to a certain amount of shares as determined by the Board of Directors. The Company will match the Investment Shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the Investment Shares for a period of three years in order to benefit from the plan. They get 35% of the number of their Investments Shares as Matching Shares after a three-years vesting period for free, if their employment contract with Ascom has not been terminated at this point of time. In addition, the beneficiaries may get up to 65% of the number of their Investment Shares as Matching Shares in addition, provided that defined mid-term profitability targets will be achieved. As a maximum, the company will honor each Investment Share with one Matching Share.

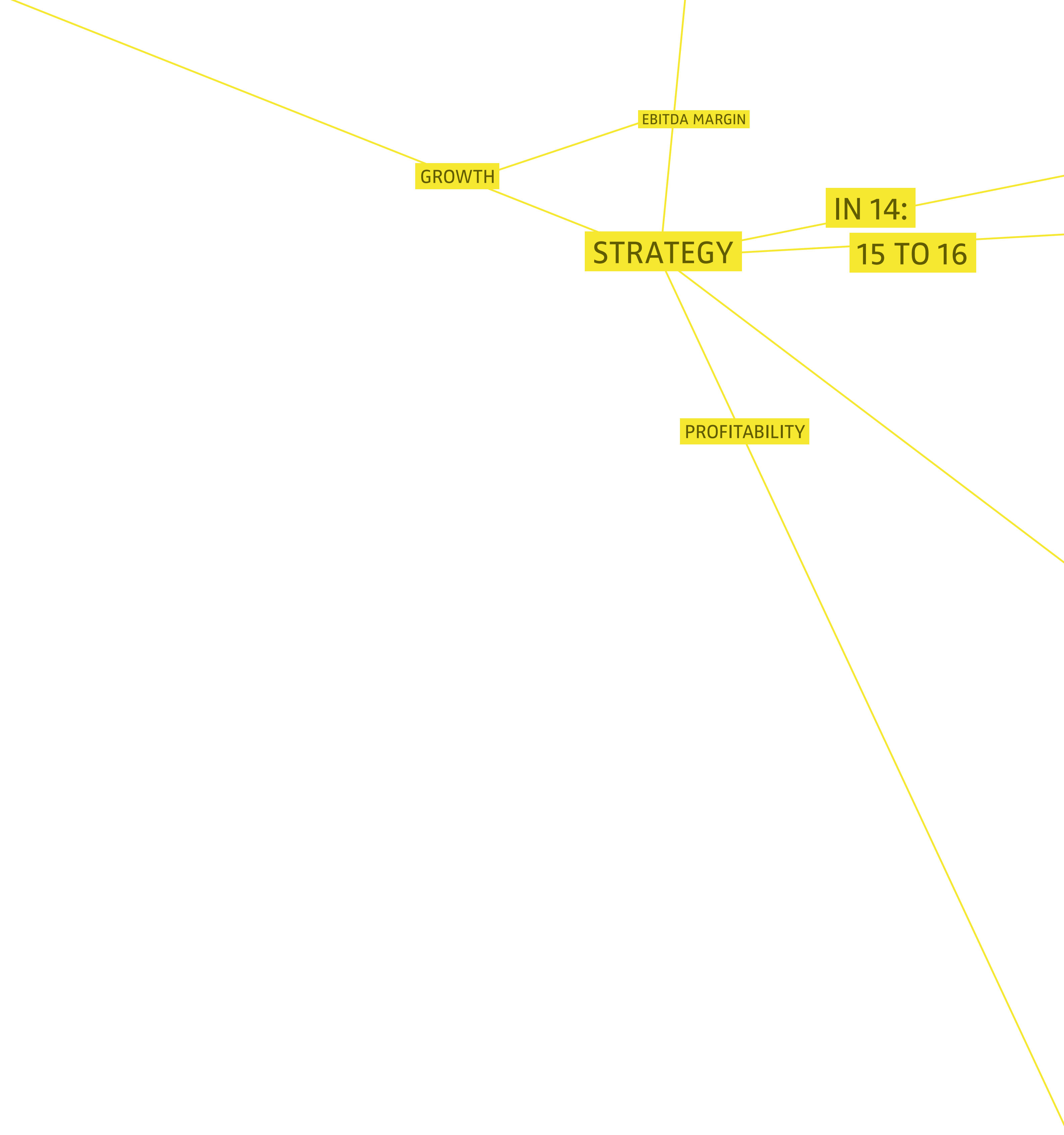
13 members of the Ascom senior management decided to participate and they invested in total 61,720 Investments Shares.

e) Options and Investment Shares held as of 31 December 2013

SOP	Duration in years	Strike price in CHF	Issued options	Exercised options	Expired options	Retained options
2010	4	11.40	512,000	333,000	104,000	75,000
2011	5	15.00	491,000	–	15,000	476,000
2012	5	9.00	486,000	27,000	–	453,000

As of 31 December 2013, 61,720 Investment Shares were held. Each Investment Share may entitle to one Matching Share in maximum.

The 1,004,000 shares subject to exercise of issued and outstanding options as of 31 December 2013, together with the 61,720 outstanding Matching Shares, correspond in total to 2.96% of the total share capital of the Company.


EBITDA MARGIN
GROWTH
IN 14:
STRATEGY
15 TO 16
PROFITABILITY


NET PROFIT
OPERATING CASH FLOW
EBITDA
INCOMING ORDERS
PAY-OUT RATIO
MARGINS
CONSOLIDATED INCOME STATEMENT
CONSOLIDATED BALANCE SHEET
REVENUE
EARNINGS PER SHARE
EQUITY RATIO

FINANCIAL STATEMENTS 2013

Ascom Group

Ascom Holding Ltd.

CONSOLIDATED BALANCE SHEET

	CHFm	Note	31.12.2013	31.12.2012 [1]	1.1.2012 [1]
ASSETS	Property, plant and equipment	5	14.6	18.2	20.4
	Intangible assets	6	222.6	235.5	215.0
	Deferred income tax assets	22	9.3	22.7	24.3
	Financial assets	7	3.5	4.8	5.7
	Post-employment benefit assets	14	6.1	–	–
	Other assets	10	1.1	1.3	1.3
	Non-current assets		**257.2**	**282.5**	**266.7**
	Inventories and work in progress	8	24.9	30.7	33.4
	Trade receivables	9	95.5	114.5	96.2
	Income tax receivables		2.9	1.0	0.2
	Other assets	10	37.6	27.9	33.2
	Financial assets	7	1.5	1.8	1.5
	Cash and cash equivalents	11	58.2	63.1	73.3
			220.6	**239.0**	**237.8**
	Assets of disposal group classified as held for sale		–	–	13.2
	Current assets		**220.6**	**239.0**	**251.0**
	Total assets		**477.8**	**521.5**	**517.7**
LIABILITIES AND SHARE-HOLDERS' EQUITY	Equity attributable to owners of the parent		246.4	166.8	142.8
	Shareholders' equity		**246.4**	**166.8**	**142.8**
	Borrowings	13	61.1	103.5	17.5
	Deferred income tax liabilities	22	9.9	8.2	11.8
	Employee benefit obligations	14	22.2	81.3	90.4
	Provisions	15	6.9	10.9	12.1
	Other liabilities		1.8	1.8	0.5
	Non-current liabilities		**101.9**	**205.7**	**132.3**
	Borrowings	13	–	0.9	–
	Provisions	15	11.4	19.4	13.9
	Trade payables		24.1	23.0	28.4
	Income tax payables		3.7	2.2	4.6
	Other liabilities	16	90.3	103.5	105.9
			129.5	**149.0**	**152.8**
	Liabilities of disposal group classified as held for sale		–	–	89.8
	Current liabilities		**129.5**	**149.0**	**242.6**
	Total liabilities		**231.4**	**354.7**	**374.9**
	Total liabilities and shareholders' equity		**477.8**	**521.5**	**517.7**

[1] Previous year numbers are restated as disclosed in note 2.2.

The notes on pages 54 to 105 are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

CHFm	Note	2013	2012 [1]
Revenue	17	459.7	449.8
Cost of goods sold		(232.6)	(232.7)
Gross profit		**227.1**	**217.1**
Marketing and distribution		(96.5)	(98.0)
Research and development		(41.5)	(49.8)
Administration		(32.9)	(33.5)
Amortization of intangible assets from acquisition [2]	6	(11.8)	(11.3)
Other income/(expenses), net	18	3.2	2.0
Earnings before interest and income tax (EBIT)		**47.6**	**26.5**
Financial income	21	0.5	0.9
Financial expenses	21	(6.5)	(7.5)
Earnings before income tax		**41.6**	**19.9**
Income tax	22	(4.7)	(1.4)
Profit for the period from continuing operations		**36.9**	**18.5**
Profit for the period from discontinued operations		–	3.3
Group profit for the period [3]		**36.9**	**21.8**

[1] Previous year numbers are restated as disclosed in note 2.2.
[2] This line item exclusively contains amortization of intangible assets initially capitalized due to a purchase price allocation at acquisition date.
[3] Attributable to the owners of the parent.

Earnings per share in CHF

Group – basic	23	1.07	0.64
Continuing operations – basic	23	1.07	0.54
Group – diluted	23	1.06	0.64
Continuing operations – diluted	23	1.06	0.54

Consolidated statement of comprehensive income

CHFm	Note	2013	2012 [1]
Profit for the period from continuing operations		36.9	18.5
Profit for the period from discontinued operations		–	3.3
Group profit for the period [2]		**36.9**	**21.8**
Currency translation adjustments		(0.8)	7.3
Other comprehensive income that will be reclassified subsequently to profit or loss		**(0.8)**	**7.3**
Remeasurement gains/(losses) on defined benefit plans		65.5	4.8
Income tax effect		(16.3)	(1.5)
Other comprehensive income that will not be reclassified subsequently to profit or loss		**49.2**	**3.3**
Total comprehensive income for the period [2]		**85.3**	**32.4**

[1] Previous year numbers are restated as disclosed in note 2.2.
[2] Attributable to the owners of the parent.

The notes on pages 54 to 105 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHFm	Attributable to owners of the parent						
	Share capital [1]	Own shares [1]	Share premium	Other capital reserves	Currency translation adjustments	Retained earnings	Total shareholders' equity
Balance at 1.1.2012 [2]	**18.0**	**(15.5)**	**21.9**	**7.9**	**(43.2)**	**153.7**	**142.8**
Group profit for the period	–	–	–	–	–	21.8	21.8
Other comprehensive income	–	–	–	–	7.3	3.3	10.6
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**7.3**	**25.1**	**32.4**
Share-based payments	–	–	–	1.1	–	–	1.1
Purchase of own shares	–	(2.1)	–	–	–	–	(2.1)
Disposal of own shares	–	1.7	–	(0.5)	–	–	1.2
Dividends paid	–	–	(8.6)	–	–	–	(8.6)
Total transactions with owners	**–**	**(0.4)**	**(8.6)**	**0.6**	**–**	**–**	**(8.4)**
Balance at 31.12.2012 [2]	**18.0**	**(15.9)**	**13.3**	**8.5**	**(35.9)**	**178.8**	**166.8**
Group profit for the period	–	–	–	–	–	36.9	36.9
Other comprehensive income	–	–	–	–	(0.8)	49.2	48.4
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(0.8)**	**86.1**	**85.3**
Share-based payments	–	–	–	0.9	–	–	0.9
Purchase of own shares	–	(1.7)	–	–	–	–	(1.7)
Disposal of own shares	–	6.5	–	0.8	–	–	7.3
Distribution of share premium	–	–	(12.2)	–	–	–	(12.2)
Total transactions with owners	**–**	**4.8**	**(12.2)**	**1.7**	**–**	**–**	**(5.7)**
Balance at 31.12.2013	**18.0**	**(11.1)**	**1.1**	**10.2**	**(36.7)**	**264.9**	**246.4**

[1] Refer to note 12.
[2] Restated as disclosed in note 2.2.

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 adjustments

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 foreign operation.

The notes on pages 54 to 105 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

CHFm	Note	2013	2012 [1]
Group profit for the period		36.9	21.8
+ Depreciation and impairment of property, plant and equipment	5	4.3	5.4
+ Amortization and impairment of intangible assets	6	15.7	17.1
+/- (Profit)/loss from disposal of property, plant and equipment	18	(0.2)	(0.3)
+/- (Profit)/loss from divestment of a subsidiary or business	18	(1.4)	(13.5)
+ Share-based payments	19	1.6	1.2
+/- Addition/(release) of provisions		2.0	22.4
- Provisions paid		(13.3)	(19.2)
+/- Change in employee benefit obligations and post-employment benefit assets		0.1	(6.7)
+/- Change in inventory and work in progress		5.5	5.5
+/- Change in trade receivables		18.4	(14.8)
+/- Change in trade payables		1.4	(8.0)
+/- Change in other assets and other liabilities		(9.0)	(1.7)
- Interest income	21	(0.5)	(0.9)
+ Interest expenses	21	3.6	4.8
+ Interest received		0.4	1.0
- Interest paid		(1.2)	(1.8)
+ Income tax expenses [2]	22	4.7	1.9
- Income tax paid		(8.2)	(8.9)
+/- Foreign currency translation differences on intra-group positions		2.5	0.1
Net cash flow from operating activities		**63.3**	**5.4**
- Purchase of property, plant and equipment	5	(2.8)	(3.2)
+ Proceeds from disposal of property, plant and equipment		0.8	0.5
- Purchase of intangible assets	6	(5.8)	(3.4)
- Acquisition of a subsidiary or business [3]		(12.2)	(24.9)
+/- Proceeds/(outflows) from divestment of a subsidiary or business		0.2	(64.1)
+/- Change in financial assets and other non-current assets		1.4	1.1
Net cash flow from investing activities		**(18.4)**	**(94.0)**
+ Proceeds from borrowings		12.7	109.1
- Repayment of borrowings		(55.6)	(21.2)
+ Proceeds from disposal of own shares		7.3	1.2
- Purchase of own shares	12	(1.7)	(2.1)
- Distribution of share premium/dividends paid		(12.2)	(8.6)
Net cash flow from financing activities		**(49.5)**	**78.4**
+/- Foreign currency translation differences on cash and cash equivalents		(0.3)	–
Net increase/(decrease) in cash and cash equivalents		**(4.9)**	**(10.2)**
+ Cash and cash equivalents at 1.1.		63.1	73.3
Cash and cash equivalents at 31.12.	**11**	**58.2**	**63.1**

[1] Previous year numbers are restated as disclosed in note 2.2.
[2] Recognized in profit or loss.
[3] CHF 11.1 million attributable to the escrow deposit for the acquisition of Integrated Wireless at 2 January 2014 as disclosed in notes 10 and 29, and CHF 1.1 million to the contingent purchase price payment relating to the technology-related business of Veelong Corp. acquired in previous year.

The notes on pages 54 to 105 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ascom is an international solutions provider with comprehensive technological know-how in Mission-Critical Wireless Communication. The company focuses on two core businesses, Wireless Solutions (an international leader in high-value, wireless and customer-specific on-site communication and workflow optimization solutions) and Network Testing (a global leader in mobile network testing, monitoring and post-processing and performance optimization solutions). In addition, the Group includes certain non-core real estate activities, mainly through long-term sale-leaseback agreements, which will end in 2014 and 2015 and relate to other businesses already disposed of in prior years.

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 statements 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 2.3.

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 2013:

IFRS 10 – "Consolidated Financial Statements", IFRS 11 – "Joint Arrangements", IFRS 12 – "Disclosure of Interests in Other Entities Joint Arrangements", IFRS 13 – "Fair Value Measurement", IAS 27 (revised) – "Separate Financial Statements", IAS 28 (revised) – "Investments in Associates and Joint Ventures", IAS 1 (amendment) – "Presentation of Items of Other Comprehensive Income", IFRIC 20 – "Stripping Costs in the Production Phase of a Surface Mine", IFRS 7 (amendment) – "Disclosures – Offsetting Financial Assets and Financial Liabilities", IFRS 1 (amendment) – "Government Loans", and Annual Improvements to IFRSs 2009–2011 Cycle. These standards have no effect on the consolidated balance sheet or statement of comprehensive income of Ascom Group, as they are either mostly disclosure related or of little significance to Ascom Group.

IAS 19 – "Employee Benefits" was amended in June 2011. The effects of this amendment on the consolidated financial statements are mainly based on the following modifications of IAS 19:

- Elimination of the corridor approach and recognition of all remeasurement gains or losses in other comprehensive income as they occur.

- Immediate recognition of all past service costs.
- Net interest amount that is calculated by applying the discount rate to the net defined benefit liability or asset (funded status) replaces interest cost and expected return on plan assets.

Ascom adopted the amended IAS 19 standard retrospectively from 1 January 2012 with the following major effects on the consolidated financial statements of the comparative period:

Restatement of consolidated balance sheet

CHFm	31.12.2012	1.1.2012
Increase in deferred income tax assets	15.5	18.7
Decrease in post-employment benefit assets	(13.1)	(7.8)
Net increase in total assets	**2.4**	**10.9**
Net decrease in total shareholders' equity	**(56.9)**	**(61.0)**
Decrease in deferred income tax liabilities	(3.3)	(1.9)
Increase in employee benefit obligations	62.6	73.8
Net increase in total liabilities	**59.3**	**71.9**

Restatement of consolidated income statement and statement of comprehensive income

CHFm	2012
Decrease in cost of goods sold	0.7
Decrease in marketing and distribution	0.4
Decrease in research and development	0.1
Decrease in administration	1.9
Increase in earnings before interest and income tax (EBIT)	**3.1**
Increase in financial expenses	(1.9)
Increase in income tax expenses	(0.3)
Net increase in Group profit for the period	**0.9**
Net increase in other comprehensive income	3.2
Net increase in total comprehensive income	**4.1**

Restatement of earnings per share

CHF	2012
Increase in basic earnings per share from Group profit	0.03
Increase in basic earnings per share from continuing operations	0.03
Increase in diluted earnings per share from Group profit	0.03
Increase in diluted earnings per share from continuing operations	0.03

Restatement of consolidated statement of cash flows

CHFm	2012
Net increase in Group profit for the period	0.9
Decrease in employee benefit obligations and post-employment benefit assets	(3.1)
Increase in interest expenses	1.9
Increase in income tax expenses	0.3
Net increase/(decrease) in cash flow from operating activities	**–**

b) The Group has early adopted IAS 36 (amendment) – "Recoverable Amount Disclosures for Non-Financial Assets". The early adoption of this amendment has minor disclosure-related effects on the consolidated financial statements.

c) The following standards and amendments to existing standards have been published but are not yet effective:

Standard	Assessment	Effective date	Planned application by Ascom
IAS 32 (amendment) – "Offsetting Financial Assets and Financial Liabilities"	**	1.1.2014	2014
IFRS 10, IFRS 12 and IAS 27 (amendments) – "Investment Entities"	*	1.1.2014	2014
IAS 39 (amendment) – "Novation of Derivatives and Continuation of Hedge Accounting"	*	1.1.2014	2014
IFRIC 21 – "Levies"	*	1.1.2014	2014
IAS 19 (amendment) – "Defined Benefit Plans: Employee Contributions"	*	1.7.2014	2015
Annual Improvements to IFRSs 2010–2012 Cycle	**	1.7.2014	2015
Annual Improvements to IFRSs 2011–2013 Cycle	**	1.7.2014	2015
IFRS 9 – "Financial Instruments"	***	1.1.2015	2015

* 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.

d) Based on a revision of the accounting policy, following prior year amounts have been reclassified in the income statement to conform with current presentation relating to Wireless Solutions Division:

CHFm	2012
Increase in cost of goods sold	(3.4)
Decrease in marketing and distribution	3.4
Increase in earnings before interest and income tax (EBIT)	**–**

2.3 Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

a) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 6 – determination of the Group's cash-generating units (CGU).
- Note 6 – internally generated intangible assets: whether the Group has met the criteria for recognition of internally generated development costs relating to the design and testing of new or improved products.

b) Main sources of uncertainty with regard to assumptions and estimates

Information about uncertainties related to assumptions and estimates that have a risk of resulting in a significant adjustment in the year ending 31 December 2014 is included in the following notes:

- Note 6 – measurement of intangibles: key assumptions and estimates underlying recoverability of intangible assets from acquisitions initially capitalized at their fair value at acquisition date, including achievement of the forecasted cash flows as used in the initial business plan.
- Note 6 – goodwill impairment test: key assumptions and estimates underlying recoverable amounts, including the expected future cash flows from the CGU to which the goodwill is allocated and the discount rate for calculation of the present value of these cash flows.
- Note 14 – measurement of defined benefit obligations related to defined benefit plans: key actuarial assumptions, including discount rate, future salary or pension increases and average life expectancy.
- Notes 15 and 27 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of net future outflow of economic benefits related to onerous lease contracts, including cash flow forecasts, discount rates and likelihood of finding tenants for vacant space in the foreseeable future.
- Note 22 – recognition and measurement of the worldwide provision for income tax and recognition of deferred income tax assets: availability of qualified future taxable profit against which tax loss carry-forwards can be used.

2.4 Consolidation

The consolidated financial statements cover Ascom Holding Ltd. and all subsidiaries over which the Group has control. Ascom controls a subsidiary when Ascom is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. 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 profit or loss. The list of the consolidated Group companies is included in note 32. 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 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.

Intercompany 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.

2.5 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 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.

Foreign currency translation

CHF	ISO code	Unit	31.12. 2013	Average 2013	31.12. 2012	Average 2012
Euro	EUR	1	1.228	1.227	1.207	1.205
Pound sterling	GBP	1	1.472	1.449	1.479	1.482
Swedish krona	SEK	1	0.139	0.142	0.141	0.139
US dollar	USD	1	0.890	0.923	0.915	0.933

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.

2.6 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).

2.7 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. Goods include hardware and software sold to customers in the two core divisions of the Group. 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.

In certain cases, an assignment of rights for a non-refundable amount under a non-cancellable software license contract permits the customer to use those rights freely and Ascom has no remaining obligations to perform. In these cases, the license sale is recognized on delivery or when the general revenue recognition conditions for the sale of goods are also met.

b) Rendering of services

Revenue from fixed-price contracts for delivery 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 more appropriate.

If the selling price of a product or solution includes an identifiable amount of post-sale services (multi-element transactions), that amount is deferred and recognized as revenue over the period during which the service is performed. The basis for the allocation of the total revenue arising from multi-element transactions is the fair value of the separable components, which is normally the price regularly charged for such a component when sold separately.

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 units completed compared to the total number of contracted units, or if this approach is not applicable, on the costs incurred compared to the total costs to complete. 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 the 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.

2.8 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 2.20). 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. If there is any indication that an asset may be impaired an impairment test is carried out. 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 of disposal and value in use.

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 incur.

Items of property, plant and equipment are eliminated from the balance sheet from their date of disposal. All gains or losses arising from the disposal of such items are included in profit or loss.

2.9 Intangible assets

Intangible assets other than goodwill 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
Internally generated intangibles	3–5
Other	2–5

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the balance sheet date. If there is any indication that an asset may be impaired an impairment test is carried out. Where the carrying amount of intangible assets 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.

Purchased goodwill (the excess of the purchase price over the acquisition-date fair value of the acquired equity interests) that has an indefinite useful life and intangible assets not yet available for use are not subject to amortization and are tested for impairment at least once a year. Each cash-generating unit or group of cash-generating units to which goodwill or intangible assets not yet available for use are allocated represents the lowest level within the entity at which such assets are monitored for internal management purposes. Goodwill is monitored at operating segment level. Goodwill and intangible assets not ready to use are carried at cost less any accumulated impairment losses.

2.10 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.

2.11 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 at amortized cost''.

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. Derivative financial instruments with positive replacement values are classified as at fair value through profit or loss.

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. Derivative financial instruments with negative replacement values and contingent consideration arrangements relating to acquisitions are assigned to the category at fair value through profit or loss.

e) Other financial liabilities at amortized cost

Other financial liabilities measured at amortized cost specifically 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.

Loans and receivables are subsequently carried at amortized cost using the effective interest method. The carrying amount is tested for impairment if there are indications for a possible value reduction. Serious financial difficulties, insolvency proceedings of the debtor, financial reorganization and default or delinquency in payments (more than 90 days overdue) are considered as indicators.

Following initial recognition, available-for-sale financial assets are recognized at fair value and changes in value are charged to other comprehensive income. Material or sustained price reductions are indicators of potential impairment. Price reductions of 20% or more are considered material. Sustained price reductions are price reductions that last for at least six months. 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.

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

2.12 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 estimated selling costs. 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.

2.13 Trade receivables

Trade receivables are initially recognized at their fair value and subsequently at amortized cost less any provision for doubtful debts. A provision for doubtful debts is recognized when it becomes obvious that the receivable is not fully realizable. The amount of the provision is the receivable recognized at amortized cost 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 in marketing and distribution expenses. When a trade receivable is uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against marketing and distribution expenses.

2.14 Other current assets

Prepayments and accrued income are stated at nominal value.

2.15 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.

2.16 Equity

Registered shares are classified as equity. Own shares, expenses for equity-settled share-based payments, realized gains or losses from disposals of own shares as well as costs relating to capital increases and decreases are recorded in equity. Dividends are charged to equity in the period in which they are approved.

2.17 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 using the effective-interest method.

2.18 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 employee benefit plans). By contrast, plans that do not have their own assets (unfunded employee benefit plans) are backed by a corresponding employee benefit obligation in the balance sheet.

For defined benefit plans with separate funds, the defined benefit plan 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. Any assets resulting from surpluses in defined benefit plans are limited to the value of the maximum future savings from reduced contributions.

Remeasurement gains or losses result mainly from changes in actuarial assumptions, or from differences between actuarial assumptions and effective values (experience adjustments). Remeasurement gains or losses are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in profit or loss. Interest income or expenses relating to defined benefit plans are recognized as financial income or expenses.

Other long-term 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 remeasurement gains or losses being recognized immediately in profit or loss.

2.19 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. Where the effect of the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. For costs that are expected to arise in connection with site closures, the disposal of companies or business units and restructuring, provisions are made at the time of the announcement of approved measures. For onerous contracts, provisions are provided if the unavoidable costs of meeting the obligation exceed the economic benefit to be received.

2.20 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 2.8). The corresponding leasing obligations are shown as liabilities. Leasing payments are allocated 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 net minimum lease payments is recognized as a receivable under financial assets. The difference between the gross receivable (gross investment in leases) and the present value of the net minimum lease payments is recognized as unearned interest income. Each lease installment is allocated between the receivable and 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.

2.21 Share-based payments

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

For share matching plans, the costs of matching shares are measured initially at fair value at grant date, taking into consideration a deduction for the dividend yield as well as expected fluctuation of the plan participants.

For stock option plans, 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 19.

To the extent the vesting conditions in the plans are tied to market-conditions (such as the price of Ascom's shares), they are taken into consideration in determining the fair value of the plans. If the plans contain non-market vesting conditions (such as the company's EBITDA margin) Ascom revises its estimates of the number of instruments that are expected to vest based on the best available estimate of the non-market vesting conditions at the end of each reporting period up to and including the settlement date, with changes recognized as personnel expenses.

For equity-settled instruments, the initial 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 instruments is reflected as additional share dilution in the computation of diluted earnings per share (see note 23).

The fair value of cash-settled instruments 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.

2.22 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 (i.e. qualifying asset) are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

2.23 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 amounts 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 substantively 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. 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.

Deferred income tax assets and liabilities are offset, if the entity has a legally enforceable right to set off current income tax assets against current income tax liabilities, and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities which settle current income tax on a net basis.

2.24 Non-current assets (or disposal groups) 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. Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification. 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.

2.25 Definition of non-GAAP measures

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 EBIT before deduction of depreciation and impairment of property, plant and equipment as well as amortization and impairment of intangible fixed assets.

3. SIGNIFICANT TRANSACTIONS AND OPERATIONAL CHANGES

Outsourcing of production and repair at Ascom (Sweden) AB, Herrljunga

At 2 September 2013, Fideltronik Scandinavia AB took over the Wireless Solutions factory of Ascom (Sweden) AB in Herrljunga and will further develop the manufacturing business, also with external customers. Fideltronik is a privately owned technology solutions company with its headquarters in Sucha Beskidzka, Poland. Currently, the Fideltronik Group employs 1,400 people at four sites in Poland. Fideltronik Scandinavia AB is an affiliate of the Fideltronik Group, which already has a solid customer base in the Nordic region.

As part of the transaction 150 employees were transferred to Fideltronik. At the same time, Fideltronik and Ascom have entered into a strategic supply agreement to continue the existing production and repair of devices in Herrljunga. Ascom will continue to uphold a supply chain management function with about 20 employees.

The purchase price consisted of a cash payment of CHF 0.4 million, which was paid at the closing date of the deal.

CHFm	2.9.2013
Property, plant and equipment	1.4
Total assets	**1.4**
Employee benefit obligations	1.3
Other current liabilities	1.3
Total liabilities	**2.6**
Total net liabilities	**(1.2)**
Disposal of net liabilities	1.2
Directly attributable costs	(0.2)
Cash payment	0.4
Profit from divestment of a subsidiary or business [1]	**1.4**
Cash proceeds in the reporting period	**0.2**

[1] Refer to note 18.

As a second step of this outsourcing transaction in 2014, Fideltronik will take over related inventory at carrying value at the respective closing date, with no impact on profit or loss. The estimated cash payment to be received for the stock transfer is CHF 1.1 million.

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, defined as the Chief Executive Officer (CEO). Ascom's operating and reportable segments are the two focused core divisions: Wireless Solutions and Network Testing, each homogenous units under the common umbrella of Mission-Critical Wireless Communication. Wireless Solutions provides wireless and customer-specific communication solutions, primarily for healthcare but also for retail, industrial, hotel and secure establishments. Network Testing offers expertise and solutions that enable wireless operators to expand and optimize network capacity and operation through testing, benchmarking, measurement and ongoing network analysis. All other activities do not qualify as operating segment and are summarized in "Other". They comprise non-core activities related to businesses disposed of in prior years, mainly leasing and facility management of industrial properties under long-term sale-leaseback and service contracts ending in 2014 and 2015. Corporate includes Group activities that cannot be assigned directly to the operating segments, primarily corporate headquarters activities.

Key figures by segment

CHFm	Wireless Solutions[1]		Network Testing		Other		Corporate[1]		Consolidation		Total Ascom[1]	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Incoming orders	318.7	296.1	139.6	118.6	19.9	22.1	–	–	(0.2)	(0.4)	478.0	436.4
Order backlog	102.6	89.7	34.5	32.3	0.2	–	–	–	–	–	137.3	122.0
Revenue	**306.1**	**297.7**	**133.3**	**130.4**	**20.5**	**22.0**	**–**	**–**	**(0.2)**	**(0.3)**	**459.7**	**449.8**
of which with other segments	0.2	0.2	–	–	–	0.1	–	–	(0.2)	(0.3)	–	–
Cost of goods sold	(150.9)	(146.0)	(59.3)	(68.8)	(21.7)	(20.8)	–	3.2	(0.7)	(0.3)	(232.6)	(232.7)
Gross profit/(loss)	**155.2**	**151.7**	**74.0**	**61.6**	**(1.2)**	**1.2**	**–**	**3.2**	**(0.9)**	**(0.6)**	**227.1**	**217.1**
as % of revenue	50.7%	51.0%	55.5%	47.2%	n/a	5.5%	n/a	n/a	n/a	n/a	49.4%	48.3%
Marketing and distribution	(70.3)	(69.8)	(25.9)	(29.7)	(0.1)	–	(0.4)	1.5	0.2	–	(96.5)	(98.0)
Research and development	(21.6)	(23.2)	(19.9)	(27.0)	–	–	–	0.4	–	–	(41.5)	(49.8)
Administration	(11.9)	(11.9)	(8.9)	(9.3)	(0.3)	(1.0)	(12.5)	(11.9)	0.7	0.6	(32.9)	(33.5)
Amortization of intangible assets from acquisition	(0.9)	(0.6)	(10.9)	(10.7)	–	–	–	–	–	–	(11.8)	(11.3)
Other income/(expenses), net	(3.4)	(6.5)	(4.0)	(2.9)	(0.2)	0.1	10.8	11.3	–	–	3.2	2.0
EBIT	**47.1**	**39.7**	**4.4**	**(18.0)**	**(1.8)**	**0.3**	**(2.1)**	**4.5**	**–**	**–**	**47.6**	**26.5**
as % of revenue	15.4%	13.3%	3.3%	n/a	n/a	1.4%	n/a	n/a	n/a	n/a	10.4%	5.9%
Financial income/(expenses), net											(6.0)	(6.6)
Earnings before income tax											**41.6**	**19.9**
Income tax											(4.7)	(1.4)
Profit from continuing operations											**36.9**	**18.5**
Profit/(loss) from discontinued operations											–	3.3
Group profit for the period											**36.9**	**21.8**
EBITDA[2]	**53.1**	**48.2**	**17.9**	**(4.6)**	**(1.3)**	**0.7**	**(2.1)**	**4.7**	**–**	**–**	**67.6**	**49.0**
as % of revenue	17.3%	16.2%	13.4%	n/a	n/a	3.2%	n/a	n/a	n/a	n/a	14.7%	10.9%
Capital expenditures[2]	6.9	5.1	1.2	1.0	0.4	0.5	0.1	–	–	–	8.6	6.6
Employees (FTE) at 31.12.[2]	1,109	1,247	462	507	–	–	15	17	–	–	1,586	1,771

[1] Previous year numbers are restated as disclosed in note 2.2.

[2] Disclosed numbers relate to continuing operations.

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

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

CHFm	Wireless Solutions		Network Testing		Other		Corporate [1]		Consolidation		Total Ascom [1]	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Reportable segments' assets	**133.9**	**149.2**	**233.7**	**258.5**	**11.6**	**18.1**	**26.4**	**3.9**	**(3.2)**	**(1.6)**	**402.4**	**428.1**
Deferred income tax assets											9.3	22.7
Financial assets											5.0	6.6
Income tax receivables											2.9	1.0
Cash and cash equivalents											58.2	63.1
Total assets at 31.12.											477.8	**521.5**

[1] Previous year numbers are restated as disclosed in note 2.2.

Key figures by region

CHFm	Switzerland		Europe, Middle East and Africa [1]		Americas		Asia Pacific		Total Ascom	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Incoming orders	47.1	47.4	311.4	280.9	106.7	91.2	12.8	16.9	478.0	436.4
Revenue	44.3	47.4	300.4	288.4	100.7	94.7	14.3	19.3	459.7	449.8
Non-current assets at 31.12. [2]	15.6	16.7	190.0	204.1	32.2	33.6	0.5	0.6	238.3	255.0
Employees (FTE) at 31.12.	113	156	1,133	1,279	253	248	87	88	1,586	1,771

[1] Excluding Switzerland.

[2] This line item exclusively contains property, plant and equipment, intangible assets as well as other non-current assets.

The incoming orders and revenue information above is based on the locations of the customers.

CHF 58.4 million of the total revenue is attributable to Germany (previous year: CHF 54.7 million), CHF 68.5 million to the Netherlands (previous year: CHF 68.9 million) and CHF 90.8 million to the US (previous year: CHF 83.5 million).

Of the non current assets disclosed in the table above, CHF 161.5 million are attributable to Sweden (previous year: CHF 174.8 million) and CHF 32.2 to the US (previous year: CHF 33.6 million).

5. PROPERTY, PLANT AND EQUIPMENT

CHFm	Land and buildings	Plant and equipment	Equipment under construction	Total
Cost				
Balance at 1.1.2012	**33.3**	**76.5**	**1.0**	**110.8**
Additions	0.5	2.1	0.6	3.2
Disposals	–	(6.0)	–	(6.0)
Acquisition of a subsidiary or business	–	0.1	–	0.1
Reclassifications	–	0.7	(0.7)	–
Currency translation adjustments	–	1.0	–	1.0
Balance at 31.12.2012	**33.8**	**74.4**	**0.9**	**109.1**
Additions	0.4	1.8	0.6	2.8
Disposals	(3.9)	(4.4)	(0.5)	(8.8)
Reclassifications	–	0.9	(0.9)	–
Currency translation adjustments	0.2	(0.7)	0.1	(0.4)
Balance at 31.12.2013	**30.5**	**72.0**	**0.2**	**102.7**
Accumulated depreciation and impairment				
Balance at 1.1.2012	**23.6**	**66.8**	**–**	**90.4**
Additions	0.6	4.3	–	4.9
Impairment	–	–	0.5	0.5
Disposals	–	(5.8)	–	(5.8)
Currency translation adjustments	0.1	0.8	–	0.9
Balance at 31.12.2012	**24.3**	**66.1**	**0.5**	**90.9**
Additions	0.6	3.7	–	4.3
Disposals	(2.7)	(3.7)	(0.5)	(6.9)
Currency translation adjustments	0.2	(0.4)	–	(0.2)
Balance at 31.12.2013	**22.4**	**65.7**	–	**88.1**
Net carrying amount at 31.12.2012	**9.5**	**8.3**	**0.4**	**18.2**
Net carrying amount at 31.12.2013	**8.1**	**6.3**	**0.2**	**14.6**

At the balance sheet date, there were no assets under finance leases included in property, plant and equipment (previous year: nil). The fire insurance value of property, plant and equipment at 31 December 2013 amounts to CHF 122.1 million (previous year: CHF 124.5 million). As at 31 December 2013, there were no contractual commitments for acquisition of property, plant and equipment (previous year: nil).

6. INTANGIBLE ASSETS

CHFm	Goodwill	Licenses	Intangible assets from acquisition	Internally generated intangibles	Other	Total
Cost						
Balance at 1.1.2012	**155.5**	**2.6**	**71.0**	**6.5**	**49.7**	**285.3**
Additions	–	–	–	0.7	2.7	3.4
Disposals	–	–	–	–	(5.0)	(5.0)
Acquisition of a subsidiary or business	12.3	–	17.2	–	–	29.5
Reclassifications	–	–	–	–	–	–
Currency translation adjustments	3.1	0.1	1.9	0.3	1.3	6.7
Balance at 31.12.2012	**170.9**	**2.7**	**90.1**	**7.5**	**48.7**	**319.9**
Additions	–	–	–	4.9	0.9	5.8
Disposals	–	(1.4)	–	–	(29.7)	(31.1)
Reclassifications	–	–	–	–	–	–
Currency translation adjustments	(2.4)	–	(1.2)	(0.3)	–	(3.9)
Balance at 31.12.2013	**168.5**	**1.3**	**88.9**	**12.1**	**19.9**	**290.7**
Accumulated amortization and impairment						
Balance at 1.1.2012	**–**	**2.2**	**23.1**	**4.4**	**40.6**	**70.3**
Additions	–	0.2	11.3	1.5	2.7	15.7
Impairment	–	–	–	–	1.4	1.4
Disposals	–	–	–	–	(4.9)	(4.9)
Currency translation adjustments	–	–	0.7	0.2	1.0	1.9
Balance at 31.12.2012	**–**	**2.4**	**35.1**	**6.1**	**40.8**	**84.4**
Additions	–	0.1	11.8	0.9	2.9	15.7
Disposals	–	(1.4)	–	–	(29.7)	(31.1)
Currency translation adjustments	–	–	(0.7)	(0.2)	–	(0.9)
Balance at 31.12.2013	–	**1.1**	**46.2**	**6.8**	**14.0**	**68.1**
Net carrying amount at 31.12.2012	**170.9**	**0.3**	**55.0**	**1.4**	**7.9**	**235.5**
Net carrying amount at 31.12.2013	**168.5**	**0.2**	**42.7**	**5.3**	**5.9**	**222.6**

As at 31 December 2013, there were no contractual commitments for acquisition of intangible assets (previous year: nil).

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

CHFm	31.12.2013	31.12.2012
Wireless Solutions	28.1	28.4
Network Testing	140.4	142.5
Total	**168.5**	**170.9**

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 management, covering a four-year period. Cash flows beyond the four-year period are extrapolated using a 1.3% terminal value growth rate (previous year: 0.6%). The discount rate applied is based on a risk-free 10-year bond adjusted for risk. The following assumptions are based on experience, estimated sales volume, product mix and price growth for the next four years.

Applied in	2013	2012
Revenue growth rate (CAGR) [1]		
– Wireless Solutions	6.7%	6.1%
– Network Testing	8.4%	4.0%
EBIT margin [1]		
– Wireless Solutions	14%–15%	13%–15%
– Network Testing	6%–15%	4%–19%
Pre-tax discount rate		
– Wireless Solutions	12.8%	11.7%
– Network Testing	13.0%	11.1%

[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 pre-tax discount rate up to 15.3% (previous year: 16.5%) 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 2.5 percentage points (previous year: 8.0 percentage points) would not lead to an impairment of goodwill.

Intangible assets from acquisition consist of customer relations of CHF 21.6 million (previous year: CHF 25.7 million), technology of CHF 20.1 million (previous year: CHF 26.6 million) and trademarks of CHF 1.0 million (previous year: CHF 2.7 million). Customer relations are capitalized using the excess-earning method for valuation of the existing customers at acquisition date. Customer relations are amortized over their estimated useful life of 10 years, using the straight-line method. Technology and trademarks are capitalized using the royalty rate method for valuation. Technology is amortized over the estimated useful life of 7 years, and trademarks are amortized over the estimated useful life of 5 years, using the straight-line method.

Amortization of intangible assets from acquisition of CHF 11.8 million (previous year: CHF 11.3 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 function of expense method, this line item could be reassigned as follows:

CHF 5.5 million (previous year: CHF 5.3 million) to marketing and distribution, as well as CHF 6.3 million (previous year: CHF 6.0 million) to research and development.

In the period under review, development costs in the amount of CHF 4.9 million (previous year: CHF 0.7 million) were capitalized under internally generated intangibles and research and development expenses in the amount of CHF 41.5 million (previous year: CHF 49.8 million) were charged to profit or loss.

Other intangible assets include mainly software. During 2013, CHF 29.7 million of fully amortized other intangibles were removed following a functional reorganization within the Wireless Solutions Division.

A reassessment of the remaining expected life and expected future economic benefits to be generated for all other classes of intangible assets did not lead to an impairment charge during the period under review (previous year: CHF 1.4 million).

7. FINANCIAL ASSETS

CHFm	31.12.2013	31.12.2012
Investments in third parties	0.9	0.9
Loans	1.1	1.5
Finance leases	1.5	2.4
Total non-current portion	**3.5**	**4.8**
Loans	0.5	0.5
Finance leases	0.7	0.9
Derivative financial instruments	0.3	0.4
Total current portion	**1.5**	**1.8**

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 less any impairment. This refers to the stake in CSEM AG, Neuchâtel. Loans comprise mainly of a loan in connection with the sale of real estate in previous years in Switzerland.

Future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments are as follows:

CHFm	Within 12 months	Between 1 and 5 years	Later	Total 31.12.2013
Gross investment in leases	0.8	1.6	0.2	2.6
Unearned interest income	(0.1)	(0.3)	–	(0.4)
Present value of the net minimum lease payments	**0.7**	**1.3**	**0.2**	**2.2**

CHFm	Within 12 months	Between 1 and 5 years	Later	Total 31.12.2012
Gross investment in leases	1.0	2.4	0.4	3.8
Unearned interest income	(0.1)	(0.3)	(0.1)	(0.5)
Present value of the net minimum lease payments	**0.9**	**2.1**	**0.3**	**3.3**

8. INVENTORIES AND WORK IN PROGRESS

CHFm	31.12.2013	31.12.2012
Raw materials and components	7.2	7.3
Work in progress	5.6	7.6
Finished goods and goods for resale	12.1	15.8
Total	**24.9**	**30.7**

The amounts above are stated after an inventory provision amounting to CHF 5.9 million at 31 December 2013 (previous year: CHF 9.3 million).

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

CHFm	2013	2012
Balance at 1.1.	**9.3**	**7.6**
Additions	1.2	3.2
Amounts used	(3.1)	(1.4)
Release of unused amounts	(1.5)	(0.2)
Currency translation adjustments	–	0.1
Balance at 31.12.	**5.9**	**9.3**

9. TRADE RECEIVABLES

CHFm	31.12.2013	31.12.2012
Receivables from third parties	98.2	117.2
Less provision for doubtful debts	(2.7)	(2.7)
Total	**95.5**	**114.5**

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.

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	31.12.2013	31.12.2012
Current/past due less than 1 month	85.9	101.2
Past due between 1 and 3 months	5.7	6.2
Past due between 3 and 12 months	3.9	7.1
Past due more than 12 months	–	–
Total	**95.5**	**114.5**

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

CHFm	2013	2012
Balance at 1.1.	**2.7**	**2.1**
Additions	1.4	2.0
Receivables written off during the year as uncollectible	(1.0)	(0.8)
Release of unused amounts	(0.4)	(0.6)
Currency translation adjustments	–	–
Balance at 31.12.	**2.7**	**2.7**

Individually impaired receivables relate to customers which are in unexpectedly difficult economic situations. Derived from valuation adjustments, net expenses in the amount of CHF 1.0 million (previous year: CHF 1.4 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 expenses. Amounts are generally written off when there is no expectation of recovering the cash. The Group does not hold any collateral as security for trade receivables.

10. OTHER ASSETS

CHFm	31.12.2013	31.12.2012
Other prepaid expenses	1.1	1.3
Total non-current portion	**1.1**	**1.3**
Other receivables	31.7	17.5
Accrued income	5.9	10.4
Total current portion	**37.6**	**27.9**

At 31 December 2013, other receivables include an escrow deposit of CHF 11.1 million for the acquisition of Integrated Wireless on 2 January 2014 (see not 29). Furthermore, other receivables include recoverable withholding tax and value added tax totaling CHF 6.8 million (previous year: CHF 2.2 million). Beside other items, accrued income includes accrued revenue from construction contracts valued using the PoC method (see note 16). Other assets do not contain any classes of impaired assets. The Group does not hold any collateral as security for other assets.

11. CASH AND CASH EQUIVALENTS

CHFm	31.12.2013	31.12.2012
Cash, postal and bank current accounts [1]	58.2	63.1
Total cash and cash equivalents	**58.2**	**63.1**

[1] For cash restrictions refer to note 25.1.

The average interest rate on cash and cash equivalents in the year under review was 0.3% (previous year: 0.5%).

12. SHARE CAPITAL AND OWN SHARES

Composition of share capital

CHFm	Number 31.12.2013	Amount 31.12.2013	Number 31.12.2012	Amount 31.12.2012
Registered shares nom. CHF 0.50	36,000,000	18.0	36,000,000	18.0
Number of registered shareholders	5,143		5,720	

The total authorized number of ordinary shares is 36,000,000 of which 34,926,831 are outstanding at 31 December 2013 (previous year: 34,431,798). 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 2013	Amount 2013	Number 2012	Amount 2012
Balance at 1.1.	**1,568,202**	**15.9**	**1,430,040**	**15.5**
Additions	143,617	1.7	304,981	2.1
Disposals	(638,650)	(6.5)	(166,819)	(1.7)
Balance at 31.12.	**1,073,169**	**11.1**	**1,568,202**	**15.9**

The holdings of own shares stated under the changes in equity correspond to these registered shares.

13. BORROWINGS

At 31 December 2013, the Group's total credit facilities comprised cash lines of CHF 143.4 million and guarantee lines of CHF 47.3 million available from financial institutions and banks worldwide (previous year: cash lines of CHF 143.5 million and guarantee lines of CHF 47.1 million). At 31 December 2013, Ascom used the cash lines as shown in the table below:

CHFm	Current portion		Total	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Non-current loans from financial institutions and banks	–	–	61.1	103.5
Current loans from financial institutions and banks	–	0.9	–	0.9
Total	**–**	**0.9**	**61.1**	**104.4**

The total borrowings consist mainly of one revolving multicurrency credit facility in an aggregate amount equal to CHF 140.0 million with a bank consortium at variable interest rates, with an option to fix the interest rate monthly for a maximum period of 12 months. The final maturity date of the credit facility is 24 May 2016. The credit facility includes financial covenants such as debt service ratio (calculated as the ratio of net debt and outstanding bank guarantees to EBITDA), net interest coverage (calculated as the ratio of interest expenses to EBITDA) and equity ratio (calculated as the ratio of shareholders' equity to total assets). The financial covenants are fully complied with.

At 31 December 2013, non-current loans of CHF 16.0 million are denominated in USD (previous year: CHF 16.5 million) and CHF 45.1 million in CHF (previous year: CHF 87.0 million). The fair value of the borrowings is equal to the carrying amount.

14. EMPLOYEE BENEFIT OBLIGATIONS

CHFm	31.12.2013	31.12.2012 [1]
Defined benefit plan liabilities	21.7	80.8
Other long-term employee benefits	0.5	0.5
Total	**22.2**	**81.3**

[1] Previous year numbers are restated as disclosed in note 2.2.

Defined benefit plans and defined contribution plans exist within the Group, covering employees and retirees, referred to as associates. In most cases the defined benefit plans are externally funded in entities which are legally separate from the Group. For certain Group companies, however, no independent plan assets exist for the pension and other post-employment benefit obligations of associates (primarily in the case of the German and Swedish companies). In these cases the related unfunded plan obligations are included in the balance sheet.

The defined benefit obligations of all major pension and other post-employment benefit plans are subject to annual valuation by qualified actuaries. The valuation methods used are described in note 2.18. Plan assets are recognized at fair value. The major plan of the Group is based in Switzerland, which represents more than 95% of the Group's total defined benefit obligations for pension plans, whereof details are provided below.

Certain features of the Swiss pension plan required by law preclude the plan from being categorized as a defined contribution plan. These factors include a minimum interest guarantee on retirement savings account balances, a pre-determined factor for converting the accumulated savings account balance into a pension annuity and embedded death and disability benefits.

All benefits granted under the Swiss pension plan are vested. Swiss legislation prescribes that the employer has to contribute a fixed percentage of the associate's insured salary to an external pension fund. Additional employer's contributions may be required whenever the plan's statutory funding ratio falls below a certain level. The associates also contribute to the plan. As required by Swiss law, the pension plan is run by a separate legal entity, governed by a Board of Trustees which consists of representatives nominated by the employers and by the active insured associates. The Board of Trustees is responsible for the plan design and the asset investment strategy. In Switzerland, all employees and pensioners of the Group are covered by the Swiss pension plan which is an independent self-governed multi-employer plan. Each employer participating in the fund has its own pension regulation, which defines the level of employee benefits to be provided and the related funding mechanism. As the Swiss pension plan does neither manage nor record the assets for each associate separately, the portion attributable to the associates of the Group is allocated based on the statutory pension obligation weighted with the plan's statutory funding ratio. In case of the Group's withdrawal from the plan, a partial settlement is performed, if the plan's statutory funding ratio exceeds 105% or is below 95%. If the plans' statutory funding ratio lies between 95% and 105%, partial settlement is not permitted by plan regulations and no surplus or deficit may be withdrawn from the plan in favor or disfavor of the associates of the Group. In case of the plan's or an employer's wind-up the Group has no right to any surplus of the plan which would be distributed to the associates of the plan. At 31 December 2013, the statutory funding ratio of the Swiss plan is estimated at 112%.

Due to the application of the amended IAS 19, previous year amounts in the following tables are restated as disclosed in note 2.2.

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

CHFm	Plan in Switzerland		Other plans		Total	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Present value of funded plan obligations	(768.5)	(845.3)	(19.8)	(20.7)	(788.3)	(866.0)
Fair value of plan assets	780.9	792.6	17.0	16.3	797.9	808.9
Funded status	**12.4**	**(52.7)**	**(2.8)**	**(4.4)**	**9.6**	**(57.1)**
Present value of unfunded plan obligations	–	–	(18.7)	(23.5)	(18.7)	(23.5)
Unrecognized plan assets	(6.3)	–	(0.2)	(0.2)	(6.5)	(0.2)
Net asset/(liability) in the balance sheet	**6.1**	**(52.7)**	**(21.7)**	**(28.1)**	**(15.6)**	**(80.8)**
Post-employment benefit assets	6.1	–	–	–	6.1	–
Defined benefit plan liabilities	–	(52.7)	(21.7)	(28.1)	(21.7)	(80.8)

The Swiss pension plan and one Swedish pension plan show a surplus which is only partially recognized on the basis that future economic benefits are not fully available to Ascom in the form of a reduction in future contributions or a cash refund.

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

CHFm	Plan in Switzerland 2013	2012	Other plans 2013	2012	Total 2013	2012
Balance at 1.1.	**(845.3)**	**(917.5)**	**(44.2)**	**(38.3)**	**(889.5)**	**(955.8)**
Current service cost	(1.7)	(2.8)	(1.0)	(1.0)	(2.7)	(3.8)
Interest expenses	(14.2)	(21.4)	(1.6)	(1.6)	(15.8)	(23.0)
Contributions by plan participants	(1.1)	(2.1)	–	–	(1.1)	(2.1)
Remeasurement gains/(losses)	26.4	(39.4)	4.8	(4.1)	31.2	(43.5)
Benefits paid	66.7	129.9	1.4	1.3	68.1	131.2
Plan amendment	–	1.0	–	–	–	1.0
Curtailment/settlement	0.7	7.0	1.7	–	2.4	7.0
Change in consolidation scope	–	–	–	0.4	–	0.4
Currency translation adjustments	–	–	0.4	(0.9)	0.4	(0.9)
Balance at 31.12.	**(768.5)**	**(845.3)**	**(38.5)**	**(44.2)**	**(807.0)**	**(889.5)**
DBO attributable to active participants	(38.3)		(18.9)		(57.2)	
DBO attributable to pensioners and deferred members	(730.2)		(19.6)		(749.8)	

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

CHFm	Plan in Switzerland 2013	2012	Other plans 2013	2012	Total 2013	2012
Balance at 1.1.	**792.6**	**851.5**	**16.3**	**14.1**	**808.9**	**865.6**
Interest income	13.4	19.7	0.6	0.7	14.0	20.4
Remeasurement gains/(losses)	39.9	47.7	0.7	0.6	40.6	48.3
Employer contributions	1.2	2.2	0.7	1.3	1.9	3.5
Contributions by plan participants	1.1	2.1	–	–	1.1	2.1
Benefits paid	(66.7)	(129.9)	(0.9)	(0.7)	(67.6)	(130.6)
Curtailment/settlement	–	–	(0.2)	–	(0.2)	–
Plan administration expenses	(0.6)	(0.7)	–	–	(0.6)	(0.7)
Currency translation adjustments	–	–	(0.2)	0.3	(0.2)	0.3
Balance at 31.12.	**780.9**	**792.6**	**17.0**	**16.3**	**797.9**	**808.9**

The defined benefit plan assets are comprised as follows:

CHFm	Plan in Switzerland 31.12.2013	31.12.2012	Other plans 31.12.2013	31.12.2012	Total 31.12.2013	31.12.2012
Cash	94.5	65.8	0.3	0.3	94.8	66.1
Shares	170.2	193.4	6.2	5.3	176.4	198.7
Bonds	135.1	92.7	7.3	6.9	142.4	99.6
Mortgages	–	32.5	–	–	–	32.5
Property	337.3	339.2	0.3	0.2	337.6	339.4
Investment funds	–	–	2.0	1.7	2.0	1.7
Qualifying insurance policies	–	–	0.7	0.7	0.7	0.7
Other	43.8	69.0	0.2	1.2	44.0	70.2
Total	**780.9**	**792.6**	**17.0**	**16.3**	**797.9**	**808.9**

At 31 December 2013, pension plan assets include buildings occupied by the Group with a fair value of CHF 0.3 million (previous year: CHF 2.9 million).

Cash, as well as most of the shares, bonds and investment funds have a quoted market price in an active market. Property, qualifying insurance policies and other, which includes hedge fund and private equity investments usually do not have a quoted market price.

The strategic allocation of assets of the different pension plans are determined with the objective of achieving an investment return which, together with the contributions paid by the affiliated companies and their associates, is sufficient to maintain reasonable control over the various funding risks of the plans. Based upon the market and economic environments, actual asset allocations may temporarily be permitted to deviate from policy targets.

The pension costs recognized for defined benefit plans consist of:

CHFm	Plan in Switzerland		Other plans		Total	
	2013	2012	2013	2012	2013	2012
Current service cost	(1.7)	(2.8)	(1.0)	(1.0)	(2.7)	(3.8)
Interest income/(expenses), net	(0.8)	(1.7)	(1.0)	(0.9)	(1.8)	(2.6)
Plan amendment	–	1.0	–	–	–	1.0
Curtailment/settlement	0.7	7.0	1.5	–	2.2	7.0
Plan administration expenses	(0.6)	(0.7)	–	–	(0.6)	(0.7)
Remeasurement gains/(losses)	66.3	8.3	5.5	(3.5)	71.8	4.8
Change unrecognized plan assets (IAS 19.64 limitation)	(6.3)	–	–	–	(6.3)	–
Total pension costs	**57.6**	**11.1**	**5.0**	**(5.4)**	**62.6**	**5.7**
Pension costs recognized in profit or loss	(2.4)	2.8	(0.5)	(1.9)	(2.9)	0.9
Pension costs recognized in other comprehensive income	60.0	8.3	5.5	(3.5)	65.5	4.8

Current gains from curtailment and settlement incurred mainly in connection with the divestment of the factory in Herrljunga (refer to note 3) and a plan reorganization in Switzerland.

The income statement reflects the total charge of CHF 2.9 million (previous year: total credit of CHF 0.9 million) as follows:

CHFm	Plan in Switzerland		Other plans		Total	
	2013	2012	2013	2012	2013	2012
Cost of goods sold	(0.2)	2.0	(0.1)	(0.3)	(0.3)	1.7
Marketing and distribution	(0.2)	1.0	(0.3)	(0.3)	(0.5)	0.7
Research and development	(0.1)	0.2	(0.3)	(0.3)	(0.4)	(0.1)
Administration	(1.1)	1.3	(0.1)	–	(1.2)	1.3
Other income/(expenses), net	–	–	1.3	–	1.3	–
Financial income/(expenses), net	(0.8)	(1.7)	(1.0)	(1.0)	(1.8)	(2.7)
Pension costs recognized in profit or loss	**(2.4)**	**2.8**	**(0.5)**	**(1.9)**	**(2.9)**	**0.9**

The total remeasurement gains or losses are composed of the following remeasurement effects:

CHFm	Plan in Switzerland 2013	Other plans 2013	Other plans 2013
Experience adjustments on plan obligations	7.9	0.5	8.4
Change in demographic assumptions on plan obligations	–	(0.1)	(0.1)
Change in financial assumptions on plan obligations	18.5	4.4	22.9
Return on plan assets, excluding amounts included in interest income	39.9	0.7	40.6
Changes in the effect of limiting a net defined benefit asset to the asset ceiling, excluding amount included in interest income	(6.3)	–	(6.3)
Total remeasurement gains/(losses)	**60.0**	**5.5**	**65.5**

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 on an aggregated weighted average basis are as follows:

	Plan in Switzerland		Other plans		Total	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Discount rate in %	2.00	1.75	4.13	3.66	2.10	1.85
Future salary increases in %	2.00	2.00	1.52	1.62	1.98	1.98
Future pension increases in %	0.10	0.10	2.63	2.50	0.22	0.22
Average life expectancy in years of someone retiring at 62 for Switzerland and 65 for the other plans at the balance sheet date						
– Male	24.2	24.0	21.6	21.2	24.1	23.9
– Female	26.8	26.7	24.3	24.0	26.7	26.6
Average life expectancy in years of someone retiring at 62 for Switzerland and 65 for the other plans in 20 years after the balance sheet date						
– Male	26.0		22.1		25.8	
– Female	28.5		24.7		28.3	

Changes in the above-mentioned actuarial assumptions can result in significant volatility in the accounting for the Group's pension plans in the consolidated financial statements. This can result in substantial changes in the Group's other comprehensive income, employee benefit obligations and post-employment benefit assets.

The defined benefit obligation is significantly impacted by assumptions regarding the rate that is used to discount the actuarially determined post-employment benefit liability. This rate is based on yields of high quality corporate bonds in the country of the plan. Decreasing corporate bond yields decreases the discount rate, so that the defined benefit obligation increases and the funded status decreases.

In Switzerland an increase in the defined benefit obligation due to lower discount rates is slightly offset by lower future benefits expected to be paid on the associate's savings account where the assumption on interest accrued changes in line with the discount rate.

The impact of decreasing interest rates on a plan's assets is more difficult to predict. A significant part of the plan assets is invested in bonds. Bond values usually rise when interest rates decrease and may therefore partially compensate for the decrease in the funded status. Furthermore, pension assets also include significant holdings of shares. Share prices tend to rise when interest rates decrease and therefore often counteract the negative impact of the rising defined benefit obligation on the funded status, although correlation of interest rates with equities is not as strong as with bonds, especially in the short term.

The expected rate for pension increases significantly affects the defined benefit obligation of most plans. Such pension increases also decrease the funded status although there is no strong correlation between the value of the plan assets and pension/inflation increases.

Assumptions regarding life expectancy significantly impact the defined benefit obligation. An increase in life expectancy increases the defined benefit obligation. There is no offsetting impact from the plan assets as no longevity bonds or swaps are held by the pension funds. Generational mortality tables are used where this data is available.

The following table shows the sensitivity of the defined benefit pension obligation to the principal actuarial assumptions on an aggregated weighted average basis:

Impact on defined benefit obligation in %	Plan in Switzerland 31.12.2013	Other plans 31.12.2013	Total 31.12.2013
Increase in discount rate by 0.25%	-2.3%	-4.4%	-2.4%
Increase in future salary increases by 0.25%	–	1.3%	0.1%
Increase in future pension increases by 0.25%	2.4%	4.4%	2.5%
Increase in life expectancy by 1 year	6.4%	3.6%	6.3%
Decrease in discount rate by 0.25%	2.4%	4.7%	2.5%
Decrease in future salary increases by 0.25%	–	-1.3%	-0.1%
Decrease in future pension increases by 0.25%	-0.9%	-4.1%	-1.1%
Decrease in life expectancy by 1 year	-6.9%	-3.6%	-6.7%

The expected employer contributions to defined benefit plans for the year ending 31 December 2014 are CHF 1.7 million. The expected benefit payments for the year ending 31 December 2014 are CHF 59.7 million and the weighted average duration of the defined benefit obligations amounts to 10.1 years.

In the period under review, CHF 15.3 million are recognized as an expense for defined contribution plans (previous year: CHF 17.6 million).

15. PROVISIONS

CHFm	Restructuring	Onerous contracts	Warranties	Other provisions	Total
Balance at 1.1.2012	**2.7**	**9.5**	**4.5**	**9.3**	**26.0**
Additions	12.7	5.2	3.6	3.0	24.5
Increase in present value	–	0.5	–	–	0.5
Payments	(8.9)	(4.6)	(3.2)	(2.1)	(18.8)
Release of unused amounts	(0.9)	–	(0.9)	(0.5)	(2.3)
Acquisition of a subsidiary or business	–	–	0.3	–	0.3
Currency translation adjustments	0.1	–	–	–	0.1
Balance at 31.12.2012	**5.7**	**10.6**	**4.3**	**9.7**	**30.3**
Additions	–	0.5	0.5	3.9	4.9
Increase in present value	–	0.5	–	–	0.5
Payments	(5.0)	(5.7)	(0.9)	(1.7)	(13.3)
Release of unused amounts	(0.1)	(0.4)	–	(3.6)	(4.1)
Currency translation adjustments	–	–	–	–	–
Balance at 31.12.2013	**0.6**	**5.5**	**3.9**	**8.3**	**18.3**

Expected payment

Within 12 months	5.0	6.0	3.3	5.1	19.4
Later	0.7	4.6	1.0	4.6	10.9
Balance at 31.12.2012	**5.7**	**10.6**	**4.3**	**9.7**	**30.3**
Within 12 months	0.3	3.2	2.9	5.0	11.4
Later	0.3	2.3	1.0	3.3	6.9
Balance at 31.12.2013	**0.6**	**5.5**	**3.9**	**8.3**	**18.3**

In 2012, Ascom launched a restructuring program for its Network Testing Division due to decline in revenue. The main goals were reducing the fixed cost base and enhancing customer focus by implementing a regional structure for the market-facing part of the division. A provision of CHF 12.4 million was initially recognized mainly covering costs related to termination of labor contracts across all functions and onerous license fee contracts. In the current period, CHF 4.6 million were paid out and CHF 0.1 million released. At the balance sheet date, no more provisions are left related to the 2012 restructuring program. At the balance sheet date, CHF 0.6 million restructuring provisions are left in connection with events recognized before 2012. Remaining balances are expected to be used within five years.

Provisions for onerous contracts mainly include onerous lease contracts for a number of leased properties that are partially vacant. Ascom does not use the vacant space and the Group is experiencing difficulties in subletting the premises. The value of the provisions is based on net cash flows using forecasts with a time horizon to 2015 (date of the expiration of the onerous contracts) and by discounting the costs with a market-related discount rate of 6.0% (previous year: 6.0%).

Provisions for warranties are project-related and are based on systematic extrapolation of historical payment patterns, which are verified and adjusted periodically.

Other provisions comprise obligations arising from claims or disputes in connection with the operational business of Ascom companies (CHF 2.1 million), provisions for environmental costs relating to premises (CHF 2.3 million), provisions in relation to termination of labor contracts (CHF 1.1 million), and obligations arising from cash-settled share-based payments (CHF 0.7 million). The residual amount represents an accumulation of several minor events. In 2013, the addition of CHF 3.9 million relates to various individual cases, including a provision in relation to activities in the segment "Other". After taking appropriate legal advice, the outcome of the legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2013. Cash outflows of other provisions are mainly expected within three years.

In June 2013, a tax case was decided in favor of Ascom and the related provision of CHF 1.8 million was released in the line item income tax in the consolidated income statement. Remaining releases of CHF 1.8 million are related to many individual cases individually not material.

16. OTHER LIABILITIES (CURRENT)

CHFm	31.12.2013	31.12.2012
Prepayments from customers	21.7	30.1
VAT and other tax liabilities	9.8	11.1
Personnel related accruals and liabilities	31.2	31.6
Derivative financial instruments	–	0.1
Deferred income	6.5	8.5
Other accruals and liabilities	21.1	22.1
Total	**90.3**	**103.5**

Besides other items, deferred income includes deferred revenue from construction contracts valued using the PoC method. The key data in connection with construction contracts are as follows:

CHFm	31.12.2013	31.12.2012
Contract revenue recognized in the reporting period	24.7	28.8
Aggregate amount of costs incurred, to date	6.3	13.9
Aggregate amount of recognized profits (less recognized losses), to date	3.9	2.3
Aggregate revenue for contract work, to date	**10.2**	**16.2**
Aggregate progress billings, to date	(4.7)	(7.0)
Currency translation adjustments	–	(0.1)
Net accrual for contract work	**5.5**	**9.1**
Contract costs recognized as inventory	0.1	0.8
Trade receivables from construction contracts	0.9	1.3
Accrued revenue from construction contracts	5.6	9.4
Prepayments from customers for contract work	(5.1)	(9.3)
Deferred revenue from construction contracts	(0.1)	(0.3)
Net liability for contract work	**1.4**	**1.9**
Gross amount due from customers for contract work	3.0	2.9
Gross amount due to customers for contract work	(1.6)	(1.0)

17. REVENUE

CHFm	2013	2012
Sale of goods	344.3	334.8
Rendering of services	96.6	96.5
Other revenue	18.8	18.5
Total	**459.7**	**449.8**

Sale of goods comprises sale of hardware and software. Rendering of services comprises professional and maintenance services.

18. OTHER INCOME/(EXPENSES), NET

CHFm	2013	2012
Net release of provisions	–	0.3
Profit from disposal of property, plant and equipment	0.2	0.3
Profit from divestment of a subsidiary or business [1]	1.4	0.1
Release of acquisition-related contingent consideration [2]	1.3	1.2
Other operating income	0.3	0.1
Total	**3.2**	**2.0**

[1] Refer to note 3.

[2] Current year number refers to prior year's acquisition of GE Healthcare's Nurse Call business.

19. SHARE-BASED PAYMENTS

Ascom Share Matching Plan 2013

The Board of Directors has decided in its Board Meeting on 14 August 2013 to introduce a share matching plan for the Ascom senior management as a long-term incentive instead of options. With this new long-term incentive plan, the Board of Directors would like to encourage the management to become investors of Ascom in order to ensure an alignment with the interests of the long-term shareholders. The beneficiaries got the opportunity to buy company shares (or phantom shares in the case of residents of the USA) at market price as investment shares up to a certain amount. They have to keep the investment shares until 30 June 2016 in order to benefit from the plan. Beneficiaries get 35% of the number of their investment shares as matching shares after a three-year vesting period for free if they are still employed with Ascom at this point of time. As a performance-related part, the beneficiaries may get up to 65% of the number of their investment shares as matching shares in addition, provided that defined mid-term profitability targets will be achieved. As a maximum, the company will honor each investment share with one matching share. 13 members of the Ascom senior management decided to participate and they invested in total 61,720 investment shares.

At 31 December 2013, matching shares equal to 58% of the investment shares are expected to vest, based on the best available estimate of the non-market vesting conditions.

In the following table the development of outstanding matching shares is presented:

	Number of matching shares 2013
Matching shares outstanding at 1.1.	**–**
Granted	61,720
Matching shares outstanding at 31.12.	**61,720**

	2013
Remaining contractual life of the matching shares outstanding at 31.12. (years) [1]	2.50
Fair value of the matching shares granted during the year (CHF) [1]	11.34
Personnel expenses for equity-settled matching shares recognized as other reserves (equity) (CHFm)	–
Personnel income/(expenses) for cash-settled phantom matching shares recognized as liability (CHFm)	–

[1] At weighted average.

At 31 December 2013, no liability is recognized for cash-settled phantom matching shares.

Ascom Stock Option Plan 2012

In accordance with the resolution passed by the Board of Directors on 18 April 2012, a total of 486,000 options (equity- as well as cash-settled options) were issued to 36 members of Ascom's senior management on 18 April 2012. 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 strike price and fair value at the exercise date in cash. The strike price is CHF 9.00. The options have a life of five years and are subject to an exercise hurdle (outperformance of the SMI index within a period of 12 months). The options are subject to a fixed vesting period of three years (one participant is entitled under the terms of his contract of employment to exercise one third of the options after one year and another third in each consecutive year). In 2013, 27,000 of the 480,000 options outstanding at the beginning of the year were exercised and the remaining 453,000 are still outstanding at 31 December 2013.

Ascom Stock Option Plan 2011

In accordance with the resolution passed by the Board of Directors on 13 April 2011, a total of 491,000 options (equity- as well as cash-settled options) were issued to 42 members of Ascom's senior management on 13 April 2011. 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 strike price and fair value at the exercise date in cash. The strike price is CHF 15.00. The options have a life of five years and are subject to two exercise hurdles (outperformance of the SMI index within a period of 12 months and a minimum share price of CHF 16.50 at the date of exercise). The options are subject to a fixed vesting period of three years (one participant is entitled under the terms of his contract of employment to exercise one third of the options after one year and another third in each consecutive year). The 476,000 options outstanding at the beginning of the year are still outstanding at 31 December 2013.

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 strike price and fair value at the exercise date 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 and another third in each consecutive year; after three years, all granted options can be exercised). In 2013, 219,000 of the 315,000 options outstanding at the beginning of the year were exercised, 21,000 were forfeited and the remaining 75,000 are still outstanding at 31 December 2013.

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 on 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 strike price and fair value at the exercise date 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 and another third in each consecutive year; after three years, all granted options can be exercised). In 2013, 184,500 of the 192,500 options outstanding at the beginning of the year were exercised, the remaining 8,000 options expired on 1 March 2013.

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

	Number of options 2013	Exercise price (CHF) [1] 2013	Number of options 2012	Exercise price (CHF) [1] 2012
Options outstanding at 1.1.	**1,463,500**	**11.30**	**1,202,330**	**12.11**
Granted	–	–	486,000	9.00
Exercised	(430,500)	9.66	(46,830)	7.70
Forfeited	(21,000)	11.40	(112,000)	10.90
Expired	(8,000)	7.70	(66,000)	12.50
Options outstanding at 31.12.	**1,004,000**	**12.03**	**1,463,500**	**11.30**
Options exercisable at 31.12.	120,333	12.66	425,167	9.91

	2013	2012
Range of exercise prices of the options outstanding at 31.12. (CHF)	9.00–15.00	7.70–15.00
Remaining contractual life of the options outstanding at 31.12. (years) [1]	2.58	2.76
Fair value of the options granted during the year (CHF) [1]	–	2.62
Share price of the options exercised during the year (CHF) [1]	12.12	8.61
Personnel expenses for equity-settled options recognized as other reserves (equity) (CHFm)	(0.9)	(1.14)
Personnel income/(expenses) for cash-settled options recognized as liability (CHFm)	(0.7)	(0.02)

[1] At weighted average.

At 31 December 2013, the liability recognized for cash-settled options amounts to CHF 0.7 million (previous year: CHF 0.2 million). Thereof CHF 0.2 million (previous year: CHF 0.1 million) 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 2009 / I	7.70	6.60	4.00	65.63	1.25	1.21	8.00	3.14
Allocation 2009 / II	7.70	11.90	3.75	69.21	1.06	0.67	8.00	2.56
Allocation 2009 / III	7.70	14.05	3.72	58.55	1.19	0.57	8.00	2.30
Allocation 2009 / IV	7.70	13.55	3.67	60.20	1.08	0.59	8.00	2.29
Allocation 2009 / V	7.70	13.65	3.58	58.50	1.04	0.59	8.00	2.70
Allocation 2009 / VI	7.70	13.50	3.55	58.40	1.05	0.59	8.00	2.68
Allocation 2010 / I	11.40	11.40	4.00	59.30	1.14	0.88	8.00	3.09
Allocation 2010 / II	11.40	10.50	3.84	60.90	0.88	0.95	8.00	2.95
Allocation 2011	15.00	14.40	5.00	53.00	0.38	1.74	8.00	3.58
Allocation 2012	9.00	8.79	5.00	51.80	0.26	2.84	8.00	3.60

[1] At arithmetic average.

Parameters for cash-settled options at closing date 2013

	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 2010 / I	11.40	15.00	0.19	36.63	–	2.33	8.00	0.10
Allocation 2011	15.00	15.00	2.28	36.63	0.08	2.33	8.00	1.28
Allocation 2012	9.00	15.00	3.30	36.63	0.19	2.33	8.00	2.30

[1] At arithmetic average.

Parameters for cash-settled options at closing date 2012

	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 2009 / II	7.70	8.86	0.16	45.64	–	2.82	8.00	0.08
Allocation 2010 / I	11.40	8.86	1.19	45.64	0.05	2.82	8.00	0.63
Allocation 2010 / II	11.40	8.86	1.19	45.64	0.05	2.82	8.00	0.63
Allocation 2011	15.00	8.86	3.28	45.64	0.08	2.82	8.00	2.28
Allocation 2012	9.00	8.86	4.30	45.64	0.13	2.82	8.00	3.30

[1] At arithmetic average.

20. PERSONNEL EXPENSES

CHFm	2013	2012[1]
Wages and salaries	(140.9)	(151.1)
Social security costs	(16.8)	(16.5)
Pension costs	(17.7)	(13.6)
Share-based payments	(1.6)	(1.2)
Other personnel expenses	(13.0)	(13.0)
Total	**(190.0)**	**(195.4)**

[1] Previous year numbers are restated as disclosed in note 2.2.

21. FINANCIAL INCOME AND EXPENSES

CHFm	2013	2012[1]
Financial income		
Interest income	0.5	0.9
Total	**0.5**	**0.9**
Financial expenses		
Interest expenses	(3.6)	(4.8)
Net foreign exchange losses	(1.9)	(1.8)
Other financial expenses	(1.0)	(0.9)
Total	**(6.5)**	**(7.5)**
Financial income/(expenses), net	**(6.0)**	**(6.6)**

[1] Previous year numbers are restated as disclosed in note 2.2.

Current year net foreign exchange losses includes a foreign exchange loss formerly recognized in equity under currency translation adjustments of CHF 2.1 million (previous year: loss of CHF 1.0 million) relating to the disposal of foreign operations.

22. INCOME TAX

CHFm	2013	2012 [1]
Current income tax charge	(7.9)	(6.0)
Adjustments in respect of current income tax of previous years	1.9	0.3
Deferred income tax	1.3	3.8
Total income tax	**(4.7)**	**(1.9)**
Less income tax from discontinued operations	–	0.5
Income tax from continuing operations	**(4.7)**	**(1.4)**

[1] Previous year numbers are restated as disclosed in note 2.2.

The following reconciliation explains the difference between the expected and the actual income tax charge:

Analysis of income tax rate

CHFm	2013	2012 [1]
Earnings before income tax from continuing operations	41.6	19.9
Earnings before income tax from discontinued operations	–	3.8
Total earnings before income tax	**41.6**	**23.7**
Weighted average expected income tax rate	25.2%	23.2%
Expected income tax	(10.5)	(5.5)
Utilization of previously unrecognized tax loss carry-forwards	3.9	8.2
Effect from recognition of previous years tax losses	5.9	1.4
Effect from first time recognition of previous years temporary differences	(2.1)	0.8
Effect of non-recognized current year tax losses	(1.3)	(4.7)
Effect of change in applicable income tax rate on temporary differences	–	1.3
Adjustments in respect of current income tax of previous years	1.9	0.3
Effect of income/(expenses) taxed with a different rate or not taxed	(2.5)	(3.7)
Total income tax	**(4.7)**	**(1.9)**
Less income tax from discontinued operations	–	0.5
Income tax from continuing operations	**(4.7)**	**(1.4)**

[1] Previous year numbers are restated as disclosed in note 2.2.

The weighted average expected income tax rate of 25.2% (previous year: 23.2%) is calculated using the expected tax rates based on earnings before income tax of the individual Group companies in each jurisdiction. These rates vary significantly. The increase in the weighted average expected income tax rate is mainly due to the different contributions of individual Group companies to the total earnings before income tax of the Group.

Deferred income tax

CHFm	Deferred income tax assets	Deferred income tax liabilities	Net value
Balance at 1.1.2012 [1]	**24.3**	**(11.8)**	**12.5**
Additions	6.5	(3.6)	2.9
Reversal	(4.7)	4.1	(0.6)
Offsetting	(3.4)	3.4	–
Currency translation adjustments	–	(0.3)	(0.3)
Balance at 31.12.2012 [1]	**22.7**	**(8.2)**	**14.5**
Additions	5.5	(5.2)	0.3
Reversal	(17.8)	2.3	(15.5)
Offsetting	(1.1)	1.1	–
Currency translation adjustments	–	0.1	0.1
Balance at 31.12.2013	**9.3**	**(9.9)**	**(0.6)**
Expected reversal within 12 months	4.0	(0.7)	3.3
Expected reversal later	5.3	(9.2)	(3.9)

[1] Previous year numbers are restated as disclosed in note 2.2.

Deferred income tax assets result from tax loss carry-forwards, tax credits as well as temporary 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.

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

CHFm	31.12.2013	31.12.2012 [1]
Property, plant and equipment	0.3	0.3
Intangible assets	(10.1)	(10.2)
Financial assets	(2.3)	–
Post-employment benefit assets	(1.5)	–
Inventories and work in progress	1.5	1.8
Other current assets	(0.4)	(0.5)
Employee benefit obligations	1.9	16.5
Other non-current liabilities	0.5	0.5
Current liabilities	1.4	1.0
Tax loss carry-forwards and tax credits	8.1	5.1
Total	**(0.6)**	**14.5**
Recognized as deferred income tax assets	9.3	22.7
Recognized as deferred income tax liabilities	(9.9)	(8.2)

[1] Previous year numbers are restated as disclosed in note 2.2.

Tax losses amounting to CHF 17.0 million (previous year: CHF 1.6 million) are recognized for Group companies which incurred losses in 2013 or 2012 supported by increased future profitability and synergies as a result of restructuring. Tax loss carry-forwards which are not recognized amount to CHF 377.7 million (previous year: CHF 422.1 million) and expire in the following years:

CHFm	31.12.2013	31.12.2012
2014 (2013)	7.7	0.8
2015 (2014)	4.8	11.5
2016 (2015)	0.7	7.7
2017 (2016)	–	2.9
2018 (2017)	0.5	2.9
2019 (2018)	3.6	1.6
Later	360.4	394.7

23. 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.

	2013	2012 [1]
Profit for the period from continuing operations (CHFm)	36.9	18.5
Profit/(loss) for the period from discontinued operations (CHFm)	–	3.3
Group profit for the period attributable to owners of the parent (CHFm)	**36.9**	**21.8**
Weighted-average number of outstanding shares	34,599,352	34,485,827
Earnings per share from continuing operations (CHF)	1.07	0.54
Earnings per share from discontinued operations (CHF)	–	0.10
Earnings per share from Group profit (CHF)	**1.07**	**0.64**

[1] Previous year numbers are restated as disclosed in note 2.2.

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.

	2013	2012 [1]
Profit for the period from continuing operations (CHFm)	36.9	18.5
Profit/(loss) for the period from discontinued operations (CHFm)	–	3.3
Group profit for the period attributable to owners of the parent (CHFm)	**36.9**	**21.8**
Weighted-average number of outstanding shares	34,599,352	34,485,827
Adjustment for the dilutive number of outstanding share options	88,278	4,939
Weighted-average number of diluted shares	**34,687,630**	**34,490,766**
Diluted earnings per share from continuing operations (CHF)	1.06	0.54
Diluted earnings per share from discontinued operations (CHF)	–	0.10
Diluted earnings per share from Group profit (CHF)	**1.06**	**0.64**

[1] Previous year numbers are restated as disclosed in note 2.2.

24. TRANSACTIONS WITH RELATED PARTIES

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

CHFm	2013	2012
Short-term employee benefits	(3.4)	(3.0)
Post-employment benefits	(0.3)	(0.3)
Share-based payments	(0.5)	(0.3)
Total	**(4.2)**	**(3.6)**

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 0.7 million (previous year: CHF 0.4 million) existed.

A legally independent fund provides for Swiss pensions (see note 14). In the reporting period, lease payments of CHF 0.2 million were disbursed to the Swiss pension fund for buildings occupied by the Group (previous year: CHF 0.2 million). Administrative and facility management services in the amount of CHF 0.4 million (previous year: CHF 0.6 million) were charged to the Swiss pension fund in the year under review. At the balance sheet date, a current receivable of CHF 4.6 million (previous year: CHF 5.1 million) was outstanding, subject to an interest yield of 1.5% (previous year: 1.5%). The Swiss pension fund did not own any Ascom shares in 2013 (previous year: nil).

At 1 November 2013, Zürcher Kantonalbank divested its stake of the share capital of Ascom Holding Ltd. and ceased being a significant shareholder (previous year: 26.74%). For its hedging and cash management needs Ascom enters into foreign exchange contracts with Zürcher Kantonalbank. At the prior years balance sheet date, forward contracts with a counter value of CHF 13.0 million were open leading to a positive replacement value at 31 December 2012 of CHF 0.1 million. Throughout the period, foreign exchange deals with counter value of CHF 23.7 million (previous year: CHF 132.2 million) were settled.

25. RISK MANAGEMENT

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.

25.1 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 management and approved by the Board of Directors. The Group's financial risk capacity and appetite for the various financial risk factors are defined in the treasury strategy. The treasury strategy specifies the limit architecture and thereby defines the extent to which risk exposures will be hedged, and the instruments and time-frame for implementation. All strategy proposals in the treasury strategy are reviewed and require annual approval by the Audit Committee.

Group Treasury is in charge of risk quantification and hereby measures financial risks by means of at-risk-methodologies, sensitivity analysis and stress testing. Group companies are responsible for the correct identification of the financial risk positions resulting from their business activities.

Transactions without underlying core business and all forms of speculation are prohibited.

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

a) Liquidity risk

The objective of liquidity risk management is to ensure that sufficient financial resources are available at any point in time in order to be able to completely and timely fulfill all payment obligations of the Group. As part of an integral budgeting and forecasting process Group Treasury centrally monitors the planned liquidity position of the Group. Group Treasury compares the planned liquidity requirements with the available funds to detect shortages in a timely manner. In addition, a liquidity reserve is held at all times for unplanned occurrences and undrawn credit facilities are available for financial flexibility. The total of committed credit facilities can be found in note 13.

An analysis of the Group's financial liabilities at the balance sheet date of the relevant maturity groupings, based on the remaining period to the contractual maturity date, is set out below. Contractual commitments in relation to financial guarantees are further disclosed in note 27.

CHFm	Carrying amount	Cash flow [1]			
		Within 12 months	Between 1 and 5 years	Later	Total
Borrowings	61.1	0.5	61.8	–	62.3
Trade payables	24.1	24.1	–	–	24.1
Foreign exchange derivatives, outflow	(37.0)	(37.0)	–	–	(37.0)
Foreign exchange derivatives, inflow	37.3	37.3	–	–	37.3
Other liabilities	3.9	2.4	1.5	–	3.9
Total at 31.12.2013	**89.4**	**27.3**	**63.3**	**–**	**90.6**

CHFm	Carrying amount	Cash flow [1]			
		Within 12 months	Between 1 and 5 years	Later	Total
Borrowings	104.4	2.7	107.8	–	110.5
Trade payables	23.0	23.0	–	–	23.0
Foreign exchange derivatives, outflow	(20.8)	(20.8)	–	–	(20.8)
Foreign exchange derivatives, inflow	21.1	21.1	–	–	21.1
Other liabilities	6.4	5.0	1.4	–	6.4
Total at 31.12.2012	**134.1**	**31.0**	**109.2**	**–**	**140.2**

[1] Numbers represent contractual undiscounted cash flows.

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

- All financial instruments are included for which payments were already contractually agreed on 31 December 2013 and 2012, respectively. Plan figures for future new liabilities are not included.
- Foreign currency amounts are translated at the exchange rates prevailing on 31 December.
- Variable interest payments for financial instruments are based on the last interest rate fixed on 31 December 2013 and 2012, 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 time frames.

In 2012, Ascom granted a credit line of CHF 2.0 million to a buyer of a divested business (refer to note 27). Earliest possible pay-outs would result in cash outflows of CHF 1.5 million within 12 months and another CHF 0.5 million in 1 to 3 years.

Local regulatory limitations related to the transfer of funds exist in a number of countries where Ascom operates, including Brazil, China, India and South Africa. As a consequence, these funds are not available within Group Treasury operations to meet short-term cash obligations outside the respective country. The above described funds are reported as cash and cash equivalents in the consolidated balance sheet. At 31 December 2013, the balance under such limitations totals CHF 4.0 million (previous year: CHF 4.6 million).

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. 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 gains or losses arise from transactions as well as from assets and liabilities denominated in foreign currencies (mainly EUR, USD, SEK and GBP) if these are not the entity's functional currency.

Group Treasury is responsible for managing group-wide foreign exchange transaction risk on an ongoing basis. Regularly, analyses of past and expected future cash flows in foreign currencies are carried out which is the basis for hedging transactions. Respective forward contracts are stated at fair value. All hedging activities are carried out centrally by Group Treasury.

The Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. These types of translation risk are currently not hedged.

The currency related sensitivity of the Group at year end is shown in the following table:

CHFm	Reasonable shift 31.12.2013	Impact on net result 31.12.2013	Impact on equity 31.12.2013	Reasonable shift 31.12.2012	Impact on net result 31.12.2012	Impact on equity 31.12.2012
EUR/CHF	+/- 10%	+/-0.2	+/-3.1	+/-15%	+/-0.1	+/-5.0
GBP/CHF	+/- 10%	+/-0.1	+/-1.3	+/-15%	+/-0.6	+/-2.8
SEK/CHF	+/- 10%	+/-1.0	+/-17.4	+/-15%	+/-1.7	+/-28.8
USD/CHF	+/- 10%	+/-0.9	+/-2.4	+/-15%	+/-1.0	+/-3.0
EUR/SEK	+/- 10%	+/-0.8	+/-0.8	+/-15%	+/-1.2	+/-1.2
USD/SEK	+/- 10%	+/-1.2	+/-1.2	+/-15%	+/-2.5	+/-2.5

The impact on net result is mainly due to foreign exchange gains and losses on cash and cash equivalents, trade receivables, trade payables and loans. The impact on equity additionally includes currency translation adjustments arising from the reconversion of the net investment in subsidiaries in foreign functional currencies.

Interest rate risk

Every interest position is subject to either a cash flow interest risk (associated with floating rate positions) or a market value risk (from fixed interest positions). The revolving multicurrency loan facility the Group entered into at 26 May 2011 (see note 13) is the main interest rate risk position in the balance sheet of Ascom. This risk is currently offset with cash surpluses.

The Group is holding non-current assets and liabilities which are discounted to reflect the time value of money. All these positions are exposed to interest market value risk. However, neither individually nor in total are these positions material.

Based on the interest-bearing assets and liabilities existent at 31 December 2013, a 50 base point higher (lower) level of the market interest rates would lead to a CHF 0.1 million (previous year: CHF 0.3 million) lower (higher) net result as well as equity on an annual basis.

c) Credit risk

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 meet its obligations. It is Ascom's objective to limit the impact of a default. Credit risk of financial counterparties is managed centrally by Group Treasury. For banks and financial institutions, only parties with a minimum Standard & Poor's credit rating of "A" are accepted. Individual risk limits are set by the Board of Directors. The utilization of credit limits and development of credit ratings are regularly monitored. Each Group company is responsible for analyzing the credit risk for each of their new customer and managing the quality of their trade receivables on an ongoing basis.

The table below sets out the Group's six major counterparties at the balance sheet date:

CHFm	Rating [1]	Balance 31.12.2013
Counterparty		
Bank A	A	15.1
Bank B	A	8.1
Bank C	AA-	4.0
Customer A	B-	4.5
Customer B	not rated	1.9
Customer C	BBB	1.6

CHFm	Rating [1]	Balance 31.12.2012
Counterparty		
Bank A	A	19.9
Bank B	A	11.2
Bank C	AA-	5.1
Customer A	B-	5.3
Customer D	not rated	5.0
Customer E	A-	4.9

[1] Long-term credit rating Standard & Poor's.

The number of customers and their geographical distribution reduces the risk of concentration. Management does not expect any losses from non-performance by financial institutions where funds are invested at the reporting date.

The Group monitors at subsidiary level the credit worthiness of its key customers by using independent ratings (if available) and by taking into account their financial position, past experience and other factors. 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	0.3	4.7	5.0
Cash and cash equivalents	58.2	–	58.2
Total at 31.12.2013	**58.5**	**4.7**	**63.2**

CHFm	"A" or better rating [1]	Without public rating	Total
Financial assets	0.4	6.2	6.6
Cash and cash equivalents	62.1	1.0	63.1
Total at 31.12.2012	**62.5**	**7.2**	**69.7**

[1] Long-term credit rating Standard & Poor's.

In 2012, Ascom granted a credit line of CHF 2.0 million to a buyer of a divested business (refer to note 27). No public rating is available for the borrower.

25.2 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 optimally leveraged capital structure to reduce the cost of capital. Ascom aims to maintain a stable investment grade rating as perceived by bank partners and debt investors.

For its capital management the Group monitors the following ratios:

CHFm	31.12.2013	31.12.2012 [1]
Net debt including outstanding bank guarantees [2]	18.1	58.2
EBITDA	67.6	52.7
Debt service ratio	**0.3**	**1.1**
Total assets	477.8	521.5
Shareholders' equity	246.4	166.8
Equity ratio	**51.6%**	**32.0%**

[1] Previous year numbers are restated as disclosed in note 2.2.
[2] Borrowings and outstanding bank guarantees less cash and cash equivalents.

The Group targets on a debt service ratio not exceeding 3.0 and an equity ratio not below 30%.

26. FINANCIAL INSTRUMENTS

26.1 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	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	–	3.8	0.9	–	–	4.7
Trade receivables	9	–	95.5	–	–	–	95.5
Cash and cash equivalents	11	–	58.2	–	–	–	58.2
Borrowings	13	–	–	–	–	(61.1)	(61.1)
Trade payables		–	–	–	–	(24.1)	(24.1)
Derivative financial instruments	26.3	0.3	–	–	–	–	0.3
Other liabilities		–	–	–	(2.8)	(1.1)	(3.9)
Balance at 31.12.2013		**0.3**	**157.5**	**0.9**	**(2.8)**	**(86.3)**	**69.6**
Net (increase)/release of provision for doubtful debts	9	–	(1.0)	–	–	–	(1.0)
Release of acquisition-related contingent considerations	18	–	–	–	1.3	–	1.3
Interest income/(expenses)		–	0.6	–	(0.2)	(1.0)	(0.6)
Foreign exchange gains/(losses)		(0.1)	(0.6)	–	0.1	1.0	0.4
Net gains/(losses) in income statement		**(0.1)**	**(1.0)**	**–**	**1.2**	**–**	**0.1**
Foreign exchange gains/(losses) in other comprehensive income		–	(0.1)	–	–	–	(0.1)
Total net gains/(losses) 2013		**(0.1)**	**(1.1)**	**–**	**1.2**	**–**	**–**

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	–	5.3	0.9	–	–	6.2
Trade receivables	9	–	114.5	–	–	–	114.5
Cash and cash equivalents	11	–	63.1	–	–	–	63.1
Borrowings	13	–	–	–	–	(104.4)	(104.4)
Trade payables		–	–	–	–	(23.0)	(23.0)
Derivative financial instruments	26.3	0.4	–	–	(0.1)	–	0.3
Other liabilities		–	–	–	(5.0)	(1.4)	(6.4)
Balance at 31.12.2012		**0.4**	**182.9**	**0.9**	**(5.1)**	**(128.8)**	**50.3**
Net (increase)/release of provision for doubtful debts	9	–	(1.4)	–	–	–	(1.4)
Release of acquisition-related contingent considerations	18	–	–	–	1.2	–	1.2
Interest income/(expenses)		–	0.5	–	(0.5)	(1.3)	(1.3)
Foreign exchange gains/(losses)		0.4	(0.7)	–	(0.1)	(0.1)	(0.5)
Net gains/(losses) in income statement		**0.4**	**(1.6)**	**–**	**0.6**	**(1.4)**	**(2.0)**
Foreign exchange gains/(losses) in other comprehensive income		–	–	–	–	–	–
Total net gains/(losses) 2012		**0.4**	**(1.6)**	**–**	**0.6**	**(1.4)**	**(2.0)**

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

26.2 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 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.

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. Other liabilities allocated to this level consist of the remaining contingent consideration arrangement relating to the prior year acquisition of the technology-related business of Veelong Corp. and requires the Group to pay in cash between 35% and 45% of the revenue realized in relation to the acquired technology in the years until 2014. At closing date, the fair value of the contingent consideration arrangement of CHF 2.8 million is based on a discount rate of 6% and assumed annual revenues between USD 12.4 million and USD 13.7 million.

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
Balance at 31.12.2013	**–**	**–**	**0.9**	**0.9**
Financial assets and liabilities at fair value through profit or loss				
Derivative financial instruments, net	–	0.3	–	0.3
Other liabilities	–	–	(2.8)	(2.8)
Balance at 31.12.2013	**–**	**0.3**	**(2.8)**	**(2.5)**

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 31.12.2012	**–**	**–**	**0.9**	**0.9**
Financial assets and liabilities at fair value through profit or loss				
Derivative financial instruments, net	–	0.3	–	0.3
Other liabilities	–	–	(5.1)	(5.1)
Balance at 31.12.2012	**–**	**0.3**	**(5.1)**	**(4.8)**

26.3 Derivative financial instruments

Foreign currencies are purchased and forward contracts are entered into at Group level as an economic hedge against foreign currency risk. The open contracts comprise the following forward contracts in various currencies:

CHFm	31.12.2013	31.12.2012
Contract volume	37.3	20.8
Positive fair value	0.3	0.4
Negative fair value	–	0.1

Breakdown by currency (CHFm)	31.12.2013	31.12.2012
EUR/SEK	37.3	–
EUR/CHF	–	8.5
SEK/CHF	–	6.1
USD/CHF	–	6.2
Total	**37.3**	**20.8**

The Group periodically reassesses its net foreign currency risk, evaluating the extent of natural foreign currency hedging achieved through ongoing development of Ascom's businesses. Accordingly, Group Treasury may propose to adapt the Group's hedging approach. In 2013, the Group changed its approach to hedging foreign currency risk. Based on Ascom's current global supply chain structure, the most significant foreign currency net risk exposure relates to the EUR/SEK exchange rate.

The fair value of derivative financial instruments is included under current financial assets or other current liabilities. The changes in value are recognized in profit or loss under financial income or expenses.

27. 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 31.12.2013	Finance leases 31.12.2012	Operating leases 31.12.2013	Operating leases 31.12.2012
Within 12 months	–	–	14.3	17.7
Between 1 and 5 years	–	–	20.6	21.1
Later	–	–	5.0	2.6
Total	**–**	**–**	**39.9**	**41.4**

Significant leasing agreements exist with regard to the sale and lease back of properties in Berne and Hombrechtikon (Switzerland) which are included in "Other" of the segment reporting (see note 4). These agreements expire in 2014 and 2015, respectively.

b) Lease commitments – Group as lessor

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

CHFm	Operating leases 31.12.2013	Operating leases 31.12.2012
Within 12 months	8.4	8.6
Between 1 and 5 years	1.1	5.7
Later	–	–
Total	**9.5**	**14.3**

c) Loan commitments

In 2012, Ascom granted a credit line in the amount of CHF 2.0 million to a buyer of a business unit of the former Security Communication Division. Under this commitment portions of CHF 0.5 million can be drawn quarterly. The full amount is due for repayment until 31 July 2016.

d) Contingencies

As an internationally active company, Ascom is exposed to a multitude of legal risks in the normal course of business. These relate particularly to risks associated with product liability, patent law, tax law, and competition law. Some Group companies are involved in legal proceedings. The results of currently pending and threatened law suits cannot be predicted with certainty which means that decisions of courts or other authorities can cause expenses that have significant consequences for the business and on future results. Wherever a reliable estimate of the financial consequences of a past event is possible and an outflow of resources is more likely than not, a corresponding provision is made.

At 31 December 2013, contingent liabilities amount to CHF 59.4 million (previous year: CHF 56.4 million), mainly related to parent guarantees. There is no indication that these liabilities will lead to fulfillment payments.

The Company has indemnified certain purchasers of divested businesses for potential claims arising from the operations of the divested businesses. There are currently no ongoing proceedings in relation to indemnification.

In connection with the prior year divestment of the Defense business, the purchaser has agreed to an earn-out payment dependent on future success in the international business during the years 2012 till 2014, capped at an amount of CHF 8.3 million. At closing date, no receivable is recognized for this contingent consideration (previous year: nil).

28. PLEDGED ASSETS

At 31 December 2013, property, plant and equipment with a total carrying amount of CHF 0.7 million (previous year: CHF 0.6 million) and financial assets with a total carrying amount of CHF 0.2 million (previous year: CHF 0.2 million) were pledged.

29. EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of Integrated Wireless

At 2 January 2014, Ascom acquired all the shares of GTM Resources Pty. Ltd., which holds all the shares of Integrated Wireless Pty. Ltd. and Integrated Wireless Software Pty. Ltd. Integrated Wireless has its domicile in Sydney with additional offices in Melbourne, Brisbane, Perth and Auckland. All 62 employees were taken over at their existing locations. Integrated Wireless is a specialist provider of wireless communication systems for Australia and New Zealand. Integrated Wireless was until now also the exclusive distributor of Ascom Wireless products for Australia and New Zealand. This acquisition gives Ascom Wireless Solutions direct access to the Australian and New Zealand markets and creates opportunities to combine the business activities of Integrated Wireless with its existing portfolio. Moreover, Ascom gains a foothold to further develop its position in the Asia Pacific market.

In addition to the initial closing purchase price of AUD 14.0 million, Ascom has agreed to an earn-out payment of up to AUD 1.1 million, payable one year after closing, dependent on the achievement of agreed revenue and profitability targets. The total potential amount of all future payments that the Group could be required to make under this contingent consideration arrangement is between nil and AUD 1.1 million, whereas the fair value of the contingent consideration amounts to AUD 1.1 million, based on assumed revenue and profitability for the earn-out period.

The fair value of the acquired asset and liabilities disclosed below is provisional pending receipt of the final valuation.

CHFm	Book value	Fair value adjustments	Fair value
Property, plant and equipment	0.2	–	0.2
Goodwill	–	6.3	6.3
Deferred income tax assets	–	2.0	2.0
Intangible assets from acquisition	0.6	–	0.6
Non-current assets	**0.8**	**8.3**	**9.1**
Inventories and work in progress	0.6	–	0.6
Trade receivables and other current assets	2.2	–	2.2
Financial assets	2.0	–	2.0
Cash and cash equivalents	2.1	–	2.1
Current assets	**6.9**	**–**	**6.9**
Total assets	**7.7**	**8.3**	**16.0**
Current provisions	0.1	–	0.1
Deferred income tax liabilities	–	0.6	0.6
Trade payables and other current liabilities	3.3	–	3.3
Total liabilities	**3.4**	**0.6**	**4.0**
Total purchase price			**12.0**
Offset by			
Cash			11.1
Contingent consideration			0.9

The goodwill of CHF 6.3 million arising from the acquisition is attributable to the acquired workforce, additional growth potential in the Asia Pacific markets and other product portfolio synergies. The goodwill recognized is not deductible for income tax purposes. The gross contractual amount of the acquired trade receivables amounted to CHF 2.2 million of which CHF 0.1 million were not expected to be collectible. Therefore, these trade receivables were recorded with a fair value of CHF 2.1 million. At the date of acquisition, the Group held trade receivables with Integrated Wireless in the amount of CHF 0.2 million from sales performed in the year under review. These are included as trade payables in the table disclosed above. Acquisition-related costs of CHF 0.1 million were recorded in administration expenses of the reporting period under review.

Since the balance sheet date, no further events have occurred that have an influence on the 2013 consolidated financial statements.

30. PROPOSAL OF THE BOARD OF DIRECTORS

For the year ended 31 December 2013, the Board of Directors proposes to the Annual General Meeting on 1 April 2014, a dividend of CHF 0.40 per share entitled to dividends. This represents a total distribution up to CHF 14.4 million. In 2013, a total distribution of share premium of CHF 12.2 million was made to the shareholders of Ascom Holding Ltd.

31. TIME OF RELEASE FOR PUBLICATION

The Board of Directors approved the 2013 consolidated financial statements on 19 February 2014 and gave permission for publication at the media conference on 5 March 2014.

32. CONSOLIDATED COMPANIES

Country	Company	Registered office	Share capital		Group's interest
Belgium	Ascom (Belgium) NV	Brussels	EUR	1,424,181	100%
Brazil	Ascom Soluções em Telefonia Móvel Limitada	São Paulo	BRL	1,000	100%
China	Ascom (Beijing) Network Testing Service Co., Ltd.	Beijing	CNY	17,000,000	100%
Denmark	Ascom Danmark A/S	Brøndby	DKK	1,200,000	100%
Finland	Ascom Miratel Oy	Turku	EUR	33,638	100%
France	Ascom Holding SA	Annonay	EUR	80,000	100%
	Ascom (France) SA	Nanterre	EUR	2,000,000	100%
Germany	Ascom Deutschland GmbH	Frankfurt a.M.	EUR	2,137,200	100%
	Technologiepark Teningen GmbH	Emmendingen	EUR	6,136,000	100%
	Ascom Unternehmensholding GmbH	Frankfurt a.M.	EUR	5,113,000	100%
India	Ascom Network Testing Pvt. Ltd.	Mumbai	INR	31,504,938	100%
Malaysia	Ascom Network Testing Sdn Bhd	Subang Jaya	MYR	500,000	100%
Netherlands	Ascom (Nederland) BV	Utrecht	EUR	1,361,000	100%
	Ascom Tateco BV	Hoofddorp	EUR	18,151	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 Management Ltd.	Berne	CHF	200,000	100%
	Ascom (Switzerland) Ltd.	Berne	CHF	28,002,000	100%
	Ascom Network Testing Ltd.	Solothurn	CHF	200,000	100%
United Kingdom	Ascom Network Testing Ltd.	Elstead	GBP	2	100%
	Ascom (UK) Ltd.	Sevenoaks	GBP	50,000	100%
	Ascom UK Group Ltd.	Croydon	GBP	600,000	100%
USA	Ascom Holding Inc.	Rockaway NJ	USD	10	100%
	Ascom (US) Inc.	Morrisville NC	USD	1	100%
	Ascom Network Testing Inc.	Reston VA	USD	1	100%

pwc

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 50 to 105), for the year ended 31 December 2013.

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 2013 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

Stefan Räbsamen	Thomas Wallmer
Audit expert	Audit expert
Auditor in charge	

Zurich, 19 February 2014

SUMMARY OF KEY FINANCIAL DATA

CHFm	2013 [1]	2012 [1,5]	2011 [1]	2010 [1]	2009
Incoming orders	478.0	436.4	451.4	488.4	514.4
Order backlog [2]	137.3	122.0	136.2	120.2	241.4
Revenue	459.7	449.8	437.5	472.9	537.2
EBITDA	67.6	49.0	59.8	70.9	49.8
Earnings before interest and income tax (EBIT)	47.6	26.5	40.6	51.4	32.8
Personnel expenses	(190.0)	(195.4)	(207.4)	(209.2)	(223.6)
Depreciation, amortization and impairment	(20.0)	(22.5)	(19.2)	(19.5)	(17.0)
Profit/(loss) for the period	36.9	21.8	30.6	35.8	24.4
Net cash flow from operating activities	63.3	5.4	12.3	48.0	24.5
Capital expenditures on property, plant and equipment	2.8	3.2	4.4	6.8	6.4
Capital expenditures on intangible assets	5.8	3.4	3.9	7.4	3.0
Research and development expenses	(41.5)	(49.8)	(45.9)	(48.1)	(47.0)
Balance sheet total [2]	477.8	521.5	506.8	580.3	609.2
Shareholders' equity [2]	246.4	166.8	203.8	189.0	179.3
Shareholders' equity in % of balance sheet total [2]	51.6	32.0	40.2	32.6	29.4
Net debt/(net cash) [2, 3]	2.9	41.3	(55.8)	(53.9)	(27.5)
Gearing in % [4]	24.8	62.6	8.6	39.7	55.9
Distribution of share premium/dividends paid	12.2	8.6	8.6	–	–
Number of employees (FTE) [2]	1,586	1,771	1,801	1,789	2,162

[1] Key figures based on income, expenses or cash flows are derived from continuing operations.

[2] At 31 December.

[3] Borrowings less cash and cash equivalents.

[4] Borrowings/shareholders' equity.

[5] Previous year numbers are restated as disclosed in note 2.2.

ASCOM HOLDING LTD. BALANCE SHEET

	CHF 1,000	31.12.2013	31.12.2012
ASSETS	Investments	504,889	126,855
	Loans to Group companies	45,650	368,000
	Capitalized financing costs	834	1,180
	Non-current assets	**551,373**	**496,035**
	Accounts receivables from Group companies	3,154	3,720
	Accounts receivables from third parties	11,367	400
	Prepaid expenses	12	15
	Current financial assets	259	–
	Own shares	11,054	13,894
	Cash and cash equivalents	10,464	8,056
	Current assets	**36,310**	**26,085**
	Total assets	**587,683**	**522,120**
LIABILITIES AND SHARE-HOLDERS' EQUITY	Share capital	18,000	18,000
	Legal reserves		
	– General reserves		
	– Other general reserves	5,400	5,400
	– General reserves from capital contribution	1,123	13,231
	– Reserves for own shares	11,054	15,846
	Retained earnings	384,232	354,770
	Shareholders' equity	**419,809**	**407,247**
	Loans from Group companies	104,121	10,929
	Bank loan	61,022	103,470
	Provisions	17	56
	Non-current liabilities	**165,160**	**114,455**
	Accounts payable to Group companies	1,793	25
	Accounts payable to third parties	36	20
	Third-party accruals	126	68
	Provisions	759	305
	Current liabilities	**2,714**	**418**
	Total liabilities	**167,874**	**114,873**
	Total liabilities and shareholders' equity	**587,683**	**522,120**

INCOME STATEMENT

CHF 1,000	2013	2012
Investment income	18,267	10,547
Financial income	9,704	12,564
Value adjustments on investments and loans	1,494	–
Other income	4,638	35,700
Total income	**34,103**	**58,811**
Financial expenses	(3,387)	(2,311)
Administration expenses	(5,381)	(6,554)
Value adjustments on investments and loans	–	(26,155)
Loss from disposal of investments	–	(172)
Other expenses	–	(205)
Earnings before tax	**25,335**	**23,414**
Tax	(665)	(198)
Profit for the period	**24,670**	**23,216**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. General

Ascom Holding Ltd., Berne, which is listed on the SIX Swiss Exchange in Zurich (Switzerland), 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 value adjustments. Currency differences resulting from loans in foreign currencies are charged to the income statement. Provisions are recorded for unrealized currency gains.

Current assets are valued at nominal value less necessary value adjustments. Own shares are valued at the lower of cost and fair value.

Liabilities are valued at nominal value. Effects from foreign currencies are charged to the income statement.

3. Contingent liabilities

Parent guarantees in respect of third parties total CHF 52.0 million (previous year: CHF 48.0 million).

4. Investments

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

Company	Registered office	Business	Share capital		Interest 31.12.2013	Interest 31.12.2012
Ascom (Belgium) NV	Brussels, Belgium	Sales, installation, maintenance	EUR	1,424,181	100%	100%
Ascom Danmark A/S	Brøndby, Denmark	Sales, installation, maintenance	DKK	1,200,000	100%	100%
Ascom Miratel Oy	Turku, Finland	Sales, installation, maintenance	EUR	33,638	100%	100%
Ascom Holding SA	Annonay, France	Holding company	EUR	80,000	100%	100%
Sinop Mocsa Oy	Vantaa, Finland	Sales, installation, maintenance	EUR	561,756	–	100%
Ascom Unternehmensholding GmbH	Frankfurt a.M., 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	100%	–
Ascom Management Ltd.	Berne, Switzerland	Management services for Group companies	CHF	200,000	100%	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	600,000	100%	100%
Ascom Holding Inc.	Rockaway NJ, USA	Holding company	USD	10	100%	100%
Ascom Network Testing Inc.	Reston VA, USA	Production, Sales, installation, maintenance	USD	1	100%	100%

Ascom Sweden AB was purchased and Sinop Mocsa Oy was liquidated during the period under review. Direct and indirect investments are listed in note 32 of the consolidated financial statements.

5. Pledged assets

At 31 December 2013, no directly held assets are pledged (previous year: nil).

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 1.1.2012	**1,430,040**	**12,012**
Additions	304,981	2,112
Disposals	(166,819)	(1,709)
Value adjustments		1,479
Balance at 31.12.2012	**1,568,202**	**13,894**
Additions	143,617	1,744
Disposals	(638,650)	(6,536)
Value adjustments		1,952
Balance at 31.12.2013	**1,073,169**	**11,054**

7. Authorized share capital

The company does not have authorized share capital.

8. Significant shareholders

8.1 Changes subject to disclosure requirements during the 2013 financial year

In an announcement dated 8 January 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), UBS Fund Management (Switzerland) AG, Basel, disclosed that it held Ascom securities representing 3.4% of the voting rights.

In an announcement dated 5 November 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Zürcher Kantonalbank, Zurich, disclosed that its share of voting rights in Ascom had fallen to below 3%.

In an announcement dated 5 November 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), UBS Fund Management (Switzerland) AG, Basel, disclosed that it held Ascom securities representing 6.54% of the voting rights.

In an announcement dated 5 November 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Lombard Odier Asset Management (Switzerland) SA, Petit-Lancy GE, disclosed that it held Ascom securities representing 5.437% of the voting rights.

In an announcement dated 6 November 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 3.74% of the voting rights.

In an announcement dated 20 December 2013, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Ascom Holding AG, Berne, disclosed that its share of voting rights (own shares) in Ascom had fallen to below 3%.

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.

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 2013:

UBS Fund Management (Switzerland) AG, Basel: 6.25%

Lombard Odier Asset Management (Switzerland) AG, Petit-Lancy GE: 5.44%

This does not cover shares, which are not registered in the share register (dispo shares). Dispo shares amounted to 33.87% as of 31 December 2013 (previous year: 23.00%).

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:

- UBS Fund Management (Switzerland) AG, Basel: Ascom securities representing 6.54% of the voting rights (announcement dated 5 November 2013).
- Lombard Odier Asset Management (Switzerland) AG, Petit-Lancy GE: Ascom securities representing 5.437% of the voting rights (announcement dated 5 November 2013).
- BlackRock Inc., New York, USA: Ascom securities representing 3.74% of the voting rights (announcement dated 6 November 2013).
- Bank Julius Bär & 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 20 February 2008).

There are no known shareholders' agreements.

9. Remuneration and participations

9.1 Remuneration for the Board of Directors in 2013

Members of the Board of Directors receive a fee in accordance with the Remuneration Regulations (Annex to the Organization Regulations). The fees have remained unchanged since 1 January 2011. An ordinary member of the Board of Directors receives an annual fee of CHF 120,000. The Chairman receives an annual fee of CHF 300,000 while the Vice-Chairman is compensated with a fee of CHF 180,000 per annum.

Members of the Board of Directors were paid remuneration totaling CHF 927,033 in 2013 (previous year: CHF 840,000), as set out in the below table:

CHF	Cash fee	Long-term incentives	Variable component	Other benefits	Total 2013	Total 2012
Juhani Anttila, Chairman of the Board of Directors	300,000	–	–	–	300,000	300,000
Paul E. Otth, Vice-Chairman of the Board of Directors	180,000	–	–	–	180,000	180,000
Dr J.T. Bergqvist, Member of the Board of Directors	120,000	–	–	–	120,000	120,000
Cornelia Gehrig, Member of the Board of Directors (since 10 April 2013)	87,033	–	–	–	87,033	–
Kenth-Ake Jönsson, Member of the Board of Directors	120,000	–	–	–	120,000	120,000
Andreas Umbach, Member of the Board of Directors	120,000	–	–	–	120,000	120,000
Total	**927,033**	**–**	**–**	**–**	**927,033**	**840,000**

9.2 Remuneration for the Executive Board in 2013

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 variable component (performance-related part). The basic salary and variable component are paid in cash. The variable salary component (performance-related part) is linked solely to the achievement of measurable quantitative targets (incoming orders, net revenue, EBIT, net working capital) which are defined at the beginning of each year. The CEO receives a variable salary component of 50% of his basic salary on fully achieving all targets. The other members of the Executive Board receive a variable salary component of 40% of their basic salary on fully achieving all defined targets. If the targets set within the respective member's area of responsibility as well as the Group targets are exceeded a sum no more than twice the target variable salary component may be paid.

The Board of Directors has decided to introduce a share matching plan as a long-term incentive instead of options. The members of the Executive Board as beneficiaries get the opportunity to buy company shares at market price as investment shares up to a certain amount as determined by the Board of Directors. They have to keep the investment shares for a period of three years in order to benefit from the plan. Beneficiaries get 35% of the number of their investments shares as matching shares after a three-year vesting period for free if they are still employed with Ascom at this point of time. As a performance-related part, the beneficiaries may get up to 65% of the number of their investment shares as matching shares in addition, provided that defined mid-term profitability targets will be achieved. As a maximum, the company will honor each investment share with one matching share.

In 2013, the CEO invested 30,000 investment shares and the other three Members of the Executive Board in total invested 4,000 investment shares. The fair value of a matching share at grant amounts to CHF 11.34 (weighted average fair value). Thus the fair value of all Matching Shares allocated to the Executive Board amounts to CHF 385,424, whereof an amount of CHF 340,080 for the matching shares allocated to the CEO.

CHF	Basic salary	Variable salary component	Other benefits	Pension contribution	Long-term incentives	Total 2013
Fritz Mumenthaler, CEO (highest compensated member of the Executive Board)	650,000	325,000	–	96,627	340,080	1,411,707
Other members	1,060,351	401,062	64,175	183,674	45,344	1,754,606
Total Executive Board	**1,710,351**	**726,062**	**64,175**	**280,301**	**385,424**	**3,166,313**

CHF	Basic salary	Variable salary component	Other benefits	Pension contribution	Long-term incentives	Total 2012
Fritz Mumenthaler, CEO (highest compensated member of the Executive Board)	650,000	122,883	–	90,106	215,180	1,078,169
Other members	1,071,784	251,734	35,613	184,876	214,650	1,758,657
Total Executive Board	**1,721,784**	**374,617**	**35,613**	**274,982**	**429,830**	**2,836,826**

Explanatory notes

- In 2013, total other benefits include contributions to medical benefit plans and special premiums.
- Executive Board members' variable salary component for 2013 will be calculated and paid in 2014 after approval of the annual financial statements. The criteria governing payment of the 2013 variable salary component are measurable and contractually regulated. The variable salary component represents the accrued amount for services rendered during 2013.
- Pension contribution includes the employer's contribution to the pension funds. Contributions to mandatory social insurances are not included.
- No loans were granted to members of the Board of Directors or Executive Board in 2013.
- For members leaving the Executive Board in the course of the year, the total amount includes remuneration during their term of office including employer's contribution to the occupational pension scheme. In 2013, former CFO Dr Martin Zwyssig was paid an amount of CHF 157,257 in compliance with commitments set down in his contract of employment. In 2014, Dr Martin Zwyssig will be paid an additional amount of CHF 82,999, thereby settling all claims.

9.3 Participations at 31 December 2013

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	100,000	–	–
Paul E. Otth, Vice-Chairman of the Board of Directors	2,000	–	–
Dr J.T. Bergqvist, Member of the Board of Directors	10,000	–	–
Cornelia Gehrig, Member of the Board of Directors	1,000	–	–
Kenth-Ake Jönsson, Member of the Board of Directors	–	–	–
Andreas Umbach, Member of the Board of Directors	28,650	–	–
Executive Board			
Fritz Mumenthaler, CEO	30,000	45,333	79,667
Bianka Wilson, CFO	4,000	–	–
Rikard Lundqvist, General Manager Network Testing	–	27,000	54,000
Claes Ödman, General Manager Wireless Solutions	–	–	42,000
Total Board of Directors and Executive Board	**175,650**	**72,333**	**175,667**

[1] In accordance with the conditions of Ascom Stock Option Plans 2010, 2011 and 2012.

10. Risk management in compliance with Art. 663b of the Swiss Code of Obligations

Ascom Holding Ltd. is fully integrated into the group-wide risk and control process of Ascom Group (see note 25 of the consolidated financial statements).

COMMENTS ON THE FINANCIAL STATEMENTS

Assets

Investments include shares in Group companies amounting to CHF 504.0 million (previous year: CHF 126.0 million). The investments were increased by a intra-group purchase of a Group company in the amount of CHF 358.5 million and a capital contribution to a Group company in the amount of CHF 20.0 million. The remainder relates to the liquidation of a Group company in the amount of CHF 0.5 million.

In the year under review, loans to Group companies decreased by CHF 322.4 million. This net decrease is mainly related to repayments due to above mentioned intra-group acquisition. The loans are mainly denominated in CHF, EUR, USD and SEK.

Capitalized financing costs relate to the refinancing of the Group in 2011.

Accounts receivables from Group companies consist mainly of short-term receivables denominated in AUD, CHF, EUR, USD and SEK. At 31 December 2013, accounts receivables from third parties include an escrow deposit of CHF 11.1 million for the acquisition of Integrated Wireless on 2 January 2014 (see note 29 of the consolidated financial statements).

Liabilities and equity

Due to the net decrease of own shares, an amount of CHF 4.8 million was transferred from reserves for own shares to retained earnings.

In the year under review, loans from Group companies increased by CHF 93.2 million, mainly due to above mentioned purchase of a Group company.

Bank loan consists of a revolving multicurrency loan facility in an aggregate amount of CHF 140.0 million and is denominated in CHF and USD. The final maturity date of the loan facility is 24 May 2016.

Income statement

Investment income represents ordinary dividend payments from Group companies.

Financial income mainly consists of interest income from loans to Group companies. Additionally, gains from value adjustments on own shares of CHF 2.0 million are recognized as financial income (previous year: CHF 1.5 million). In period under review, no foreign exchange gains on Group loans and accounts receivables are included as financial income (previous year: CHF 3.7 million).

The income from value adjustments on investments and loans represents a reversal of a value adjustment on Group loans in the amount of CHF 1.5 million (previous year: loss from value adjustment on Group loans in the amount of CHF 25.0 million and impairment on investments in the amount of CHF 1.2 million).

Other income comprises trademark fees charged to Group companies of CHF 4.6 million (previous year: CHF 4.7 million)

Financial expenses mainly consist of interests paid to banks and Group companies and bank charges of CHF 2.0 million (previous year: CHF 1.8 million) and foreign exchange losses on Group loans and accounts receivables of CHF 1.4 million (previous year: nil).

Administration expenses include CHF 1.3 million (previous year: CHF 1.0 million) of personnel related costs.

Profit for the period

In 2013, Ascom Holding Ltd. records a net profit of CHF 24.7 million (previous year: CHF 23.2 million), while Ascom Group records a consolidated net profit of CHF 36.9 million (restated previous year: CHF 21.8 million).

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS 2013

CHF	2013
Retained earnings from previous year	354,770,152
Allocation from reserves for own shares	4,791,821
Profit for the period	24,669,979
Retained earnings at 31.12.2013	**384,231,952**
Distribution of CHF 0.40 per share entitled to dividends	(14,400,000)
Balance to be carried forward	369,831,952

PROPOSAL FOR THE APPROPRIATION OF RESERVES FROM CAPITAL CONTRIBUTION 2013

CHF	2013
Distributable reserves from capital contribution from previous year	13,231,056
Adjustment of previous year amount	(236)
Distribution of reserves from capital contribution	(12,107,577)
Distributable reserves from capital contribution at 31.12.2013	**1,123,243**
Balance to be carried forward	1,123,243

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 109 to 116), for the year ended 31 December 2013.

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 2013 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

Stefan Räbsamen	Thomas Wallmer
Audit expert	Audit expert
Auditor in charge	

Zurich, 19 February 2014

KEY FINANCIAL DATA ON THE SHARE CAPITAL

CHF		2013	2012[3]	2011	2010	2009
Dividend/distribution per share						
Registered shares	CHF 0.50	0.35	0.25	0.25	–	–
Equity per share[1, 2]						
Registered shares	CHF 0.50	7.12	4.48	5.90	5.47	5.16
Earnings per share[1]						
Registered shares	CHF 0.50	1.07	0.64	0.67	0.94	0.70
Share price (high/low of the period under review)						
Registered shares	CHF 0.50	15.00/8.60	9.60/6.60	15.10/7.67	14.70/9.50	14.05/6.60
Taxable values[1]						
Registered shares	CHF 0.50	15.00	8.86	8.40	14.70	9.75
Number of shares[1]						
Registered shares	CHF 0.50	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000
Of which own shares[1]						
Registered shares	CHF 0.50	1,073,169	1,568,202	1,430,040	1,437,033	1,283,933

[1] At 31 December.

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

[3] Previous year numbers are restated as disclosed in note 2.2 of the consolidated financial statements.

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DATES AND CONTACTS

Important dates

1 April 2014
Annual General Meeting
BERNEXPO, Berne

20 August 2014
Presentation of half-year results 2014
SIX Swiss Exchange, Zurich

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Declaration of forward-looking statements

This Annual Report contains 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.

The complete 2013 Annual Report of the Ascom Group is available in English only and can be viewed online at:

www.ascom.com/report-en

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