ascom

ANNUAL REPORT 2014

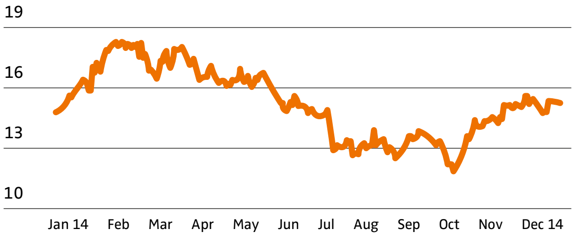
ASCOM IS AN INTERNATIONAL SOLUTIONS PROVIDER WITH COMPREHENSIVE KNOW-HOW IN HEALTHCARE WORKFLOWS AND TELECOMMUNICATIONS. THE COMPANY IS ACTIVE IN WIRELESS SOLUTIONS (AN INTERNATIONAL LEADER IN HIGH-VALUE, WIRELESS AND CUSTOMER-SPECIFIC ON-SITE COMMUNICATION AND WORKFLOW OPTIMIZATION SOLUTIONS) AND NETWORK TESTING (A GLOBAL LEADER IN MOBILE NETWORK TESTING, MONITORING, POST-PROCESSING, AND PERFORMANCE OPTIMIZATION SOLUTIONS).

KEY FIGURES
ASCOM GROUP

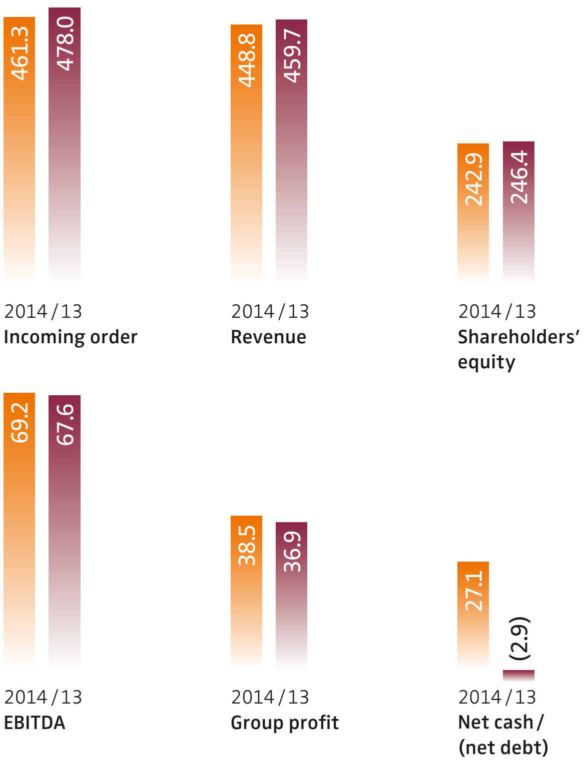
Share information

	2014	2013
Share price at 31.12. in CHF	15.25	15.00
Market capitalization at 31.12. in CHFm	549.00	540.00
Nominal value per share in CHF	0.50	0.50

Share price in CHF



Summary of key figures in CHFm



ASCOM IS LOOKING BACK TO A VERY SUCCESSFUL BUSINESS YEAR 2014. WITH A HIGHER GROUP PROFIT, THE COMPANY PROOFED ONCE MORE TO BE ON THE RIGHT TRACK TO ACHIEVE SUSTAINABLE PROFIT GROWTH AS A SOPHISTICATED INTERNATIONAL TECHNOLOGY GROUP. FURTHERMORE, ASCOM WIRELESS SOLUTIONS STRENGTHENED THE MARKET POSITION IN THE HEALTHCARE INDUSTRY WHILE ASCOM NETWORK TESTING SHARPENED ITS PROFILE AS A TRUSTED PARTNER IN THE NETWORK TESTING BUSINESS.

LETTER TO SHAREHOLDERS

Fritz Mumenthaler, CEO (l.), Juhani Anttila, Chairman (r.)

Dear Shareholders

We are looking back to a strategically important year for Ascom. Major milestones were achieved and Ascom is well positioned to become the leading provider for integrated workflow solutions in healthcare and to further transform into a healthcare ICT company.

We are also looking back to a financially successful year with good results. Due to excellent business development in the second half-year, we succeeded in increasing Group profit to CHF 38.5 million (2013: CHF 36.9 million). In view of this good result, the Board of Directors will propose to the Annual General Meeting an increased dividend payment of CHF 0.45 per share, offering a dividend yield of about 3%.

Ascom further increased its profitability in 2014 and reached an EBITDA margin of 15.4% (2013: 14.7%) at Group level, while the revenue development was in line with the previous year at constant currencies.

We were able to pay back further loans and the Ascom Group showed a net cash position of CHF 27.1 million as of 31 December 2014 (2013: net debt of CHF 2.9 million) and reported an equity ratio of 51.8% (2013: 51.6%). Thus, Ascom is a financially very sound global technology group.

Ascom Wireless Solutions (which accounts for 71% of the Group's net sales) recorded revenue growth of 6.4% year-on-year at constant currencies and posted its best year ever in terms of profitability, achieving an EBITDA margin of 18.0%. After a very difficult first half-year, the performance of Ascom Network Testing improved considerably in the second half-year 2014. For the full year, the division achieved an EBITDA margin of 9.4% in spite of the revenue decline of 8.9% at constant currencies. In the second half-year, Network Testing reached an EBITDA margin of 13.4% and increased its revenues by 25.8% compared to the first half-year. This gives a strong platform for the 2015 development.

Supported by the ongoing strong momentum in market, growth and profit development, we have decided to accelerate the implementation of our strategy with an additional investment program on top of normal investments of around CHF 10 million for 2015, mainly for Wireless Solutions. A key element of this plan, which includes the addition of up to 100 employees, is a deeper and more targeted focus on healthcare ICT markets, where we see excellent opportunities.

For 2015, we set the target to reach organic revenue growth in our core business of 3–7% at constant rates while achieving an EBITDA margin in the range of 13–16% due to the additional investments. For the period 2016/2017, we set the goal of reaching average organic revenue growth of 5–10% at constant currencies while achieving an EBITDA margin in the range of 14–18%.

EBITDA margin of 15.4% at Group level

Ascom generated revenues of CHF 448.8 million in fiscal year 2014 (2013: CHF 459.7 million) and thus achieved stable revenue development at constant currencies. Incoming orders were slightly lower and came to CHF 461.3 million (2013: CHF 478.0 million). The order backlog increased year-on-year by 9.9% in constant currencies, providing a good basis for revenue growth in 2015. EBITDA on Group level increased year-on-year by 2.4% and amounted to CHF 69.2 million (2013: CHF 67.6 million), with an EBITDA margin of 15.4% (2013: 14.7%).

In its core business (including Wireless Solutions, Network Testing and Corporate, but excluding the activities related to the non-core real estate), Ascom generated revenues of CHF 437.6 million (2013: CHF 439.2 million), representing growth of 1.8% at constant currencies. Ascom posted in its core business EBITDA of CHF 66.5 million with an EBITDA margin of 15.2% (2013: 15.7%).

In spite of higher investments in R&D (2014: 10.8% of revenue), Ascom closed the year with a higher Group profit of CHF 38.5 million for 2014 (2013: CHF 36.9 million). In view of this good result, the Board of Directors will propose to the Annual General Meeting a dividend payment of CHF 0.45 per registered share (2013: CHF 0.40), offering a dividend yield of about 3% and reflecting an increased payout ratio of 42% (2013: 39%).

Following continuing loan repayments, the Ascom Group showed a net cash position of CHF 27.1 million as of 31 December 2014 (2013: net debt of CHF 2.9 million), and reported an equity ratio of 51.8% (2013: 51.6%).

Ascom Wireless Solutions – a leading provider for integrated workflow solutions in healthcare

Wireless Solutions continues to position itself as the solution provider for workflow optimization in healthcare and offers a very broad product portfolio in the healthcare segment. Wireless Solutions was able to further strengthen its strong market position in the healthcare segment. The division won important orders in the healthcare market in Norway and Sweden as well as in the Netherlands. In addition, the division further strengthened its position in the UK healthcare market by winning a long-term service contract, and successfully completed the integration of its two acquisitions in Australia and Malaysia.

Wireless Solutions experienced a very strong second half-year and ended the financial year 2014 with excellent results. The division grew its revenue to CHF 318.9 million, reflecting 6.4% growth year-on-year at constant currencies. The book-to-bill rate amounts to 1.05. Wireless Solutions achieved its best ever year in terms of profitability, achieving an EBITDA margin of 18.0%.

Innovation is a major growth driver for Wireless Solutions. The main innovation focus was on the design of Ascom Myco, a smart hand-held device, which is purpose-built for the healthcare industry. The launch of this new product in autumn 2014 was a key strategic milestone for the division and will be an important mid-term business catalyst; first revenues are expected in 2015.

With its leading market position and the in-depth knowledge of its customer needs, Wireless Solutions is excellently positioned to fully capitalize on the substantial potential in the healthcare industry. In order to capture significant growth opportunities, an investment plan with focus on healthcare ICT will be launched in 2015. The target is to accelerate the investment into solutions, software and professional services. Ascom has the vision to be present in every tier 1 hospital worldwide by 2020.

Ascom Network Testing solidifies its leading market position in Test & Measurement

In 2014, Network Testing was able to regain market share in Asia Pacific and showed very good results in the Middle East and Africa. However, a difficult market environment mainly in North America affected the division during the fourth quarter due to postponement of offers. The division succeeded in further solidifying its leading market position in Test & Measurement while the Systems & Solutions product unit suffered from a slower market development and changes in customer behavior.

After a very difficult first half-year, the performance of Network Testing improved considerably in the second half-year 2014. For fiscal year 2014, the division generated revenues of CHF 119.0 million showing a decline of 8.9% year-on-year at constant currencies. With lower revenues, Network Testing achieved an EBITDA margin of 9.4%. The division showed a stronger second half-year with revenues of CHF 66.3 million achieving growth of 25.8% compared to the first half-year.

With attention centered on the recovery in North America, Network Testing will focus on expanding its global leading position in Test & Measurement while continuing the development of its Network Analytics solutions. The division plans to further expand up the mobile operator value chain supported by the success of its customer experience and analytics solutions.

Ascom is transforming into a healthcare ICT company

Maintaining the strategic focus and supported by the strong momentum experienced in the second half-year 2014, Ascom has decided to accelerate the healthcare strategy implementation with a plan called "Ascom 2020", including an accelerated investment program of up to CHF 10 million in addition to regular investments for 2015. As part of this program, up to 100 employees are planned to be added, expanding Sales, Marketing and Technology capabilities and creating a new Global Solutions Center. A key element of this plan is a deeper and more targeted focus on the healthcare ICT markets, where the Group has seen continuing strong development. In this fast-growing space, Ascom is increasingly uniquely positioned through its portfolio of solutions, products and integration capabilities to capture significant growth opportunities. With added and dedicated resources to expand its software, solutions and hardware propositions, the Wireless Solutions division will transform into a provider for integrated workflow solutions in healthcare to generate long-term, sustainable shareholder returns.

Guidance

Ascom sets a target to reach organic revenue growth in its core business of 3–7% at constant currencies in 2015 while achieving an EBITDA margin in the range of 13–16% due to the additional investments. For the period 2016/2017, Ascom sets a goal of reaching average organic revenue growth of 5–10% at constant currencies while achieving an EBITDA margin in the range of 14–18%.

Impact of the Swiss franc appreciation in January 2015

The expansion of Ascom's international presence and the various acquisitions and divestments made in past years have significantly reduced the exposure of Ascom's business operations to fluctuations of the Swiss franc vis-à-vis other major currencies. With less than 100 employees currently employed in Switzerland (approximately 6% of Ascom's employee base), Ascom's Swiss cost base is largely matched by earnings generated in Switzerland. However, the Swiss franc's substantial appreciation in January 2015 will have translational repercussions in the range of about 10% on the future revenue, operating results, cash flows and balance sheet of Ascom Group when reported in Swiss francs. Importantly, Ascom does not expect a material impact from the translation of local currencies into Swiss francs on revenue growth rates or profitability margins.

Strengthened management team

Ascom strengthened its management team and created the new position of Head of Strategy & Business Development at Executive Board level. Francis Schmeer, a global executive with a solid track record in strategy and business development in various industries and regions, took up this position as of 1 September 2014.

Annual General Meeting 2015

In order to implement the requirements of the Swiss ordinance "Ordinance against excessive compensation in listed companies", the Board of Directors will propose all necessary changes to the Articles of Association at the upcoming Annual General Meeting.

The Board of Directors proposes with Urs Leinhäuser a new candidate to be elected as a Member of the Board of Directors. As a former CFO in various publicly listed companies and current Board Member of several companies, Urs Leinhäuser has broad experience and knowledge as well as a strong international background.

Cornelia Gehrig decided not to stand for re-election as she cannot comply, as an operational Group CFO of Bystronic, with the revised Articles of Association of Ascom (limitation of number of external mandates at affiliated companies within the same Group). The Board of Directors thanks Cornelia Gehrig for her valuable contribution to Ascom.

A word of thanks

On behalf of the entire Board of Directors and the Executive Board, we would like to thank you, our valued shareholders, for the trust and interest you have shown in Ascom. A special thank-you goes out to our customers and business partners for the confidence in our products, solutions and services. We would also like to thank our employees for their commitment and dedication to Ascom.

Juhani Anttila
Chairman

Fritz Mumenthaler
CEO

Wireless Solutions (71% of the Ascom business) grew 6.4% at constant currencies year-on-year and achieved an EBITDA margin of 18.0%

Ascom Group key figures

	2014	2013
Revenue in CHFm	448.8	459.7
EBITDA in CHFm	69.2	67.6
Group profit in CHFm	38.5	36.9
Earnings per share (EPS) in CHF	1.10	1.07
Employees (FTE) at 31.12.	1,696	1,586

Key figures Wireless Solutions

CHFm	2014	2013
Incoming orders	333.3	318.7
Revenue	**318.9**	**306.1**
EBITDA	**57.3**	**53.1**
Employees (FTE) at 31.12.	1,196	1,109

Key figures Network Testing

CHFm	2014	2013
Incoming orders	117.3	139.6
Revenue	**119.0**	**133.3**
EBITDA	**11.2**	**17.9**
Employees (FTE) at 31.12.	485	462


ascom
My Patients
1:1
3:2
1:2
Saturation Low
3:1
2:1
2:2

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

ASCOM WIRELESS SOLUTIONS

EXCELLENT YEAR FOR WIRELESS SOLUTIONS IN TERMS OF BOTH REVENUE AND PROFITABILITY

Wireless Solutions recorded revenue growth of 6.4% year-on-year at constant currencies and generated revenues of CHF 318.9 million for the full-year 2014 (2013: CHF 306.1 million). Furthermore, Wireless Solutions posted its best year ever in EBITDA margin terms, achieving a margin of 18.0% (2013: 17.3%). The excellent full-year result was supported by a very strong second half-year where the division generated a revenue of CHF 178.1 million achieving growth of 26.5% compared to the first half-year. Wireless Solutions reached for the second half-year an outstanding EBITDA margin of 23.5%.

Maintaining the strategic focus and supported by the strong momentum experienced in the second half-year 2014, the Group has decided to accelerate from 2015 on the healthcare strategy implementation with a plan called "Ascom 2020", including an investment program of up to CHF 8 million for Wireless Solutions. A key element of this plan is a deeper and more targeted focus on the healthcare ICT markets, where the Group has seen continued strong development. In this fast-growing space, Wireless Solutions is increasingly uniquely positioned through its portfolio of solutions, products and integration capabilities to capture significant growth opportunities. With added and dedicated resources to expand its software, solutions and hardware propositions, the Wireless Solutions Division will transform into a workflow intelligence solutions provider to generate long-term, sustainable shareholder returns.

Excellent operating results in 2014

Business performance improved significantly during the second half of 2014, and Wireless Solutions closed the full financial year with an increase in revenue of 4.2% to CHF 318.9 million (2013: CHF 306.1 million). At constant exchange rates, revenue increased by 6.4%, the division achieved 3.6% of this growth organically, while the remaining 2.8% were a result of the two acquisitions in Australia and Malaysia.

Incoming orders also rose significantly during the second half of 2014 compared to the first six months. For the full financial year, the division recorded a growth rate of 4.6% (in local currencies: 6.9%) in incoming orders to CHF 333.3 million (2013: CHF 318.7 million). The order backlog came to CHF 116.7 million, representing an increase of 13.7%, and the book-to-bill ratio of 105% reached a similar level as at the end of financial year 2013.

In addition to important projects and contracts won during the first six months – e.g., in Norway with Sykehuspartner, in the Netherlands with four distinguished hospitals, and in Sweden with the new Swedish hospital Nya Karolinska Solna – Wireless Solutions secured important customer contracts in all segments during the second half of 2014. An OEM customer awarded Wireless Solutions a substantial order following fierce competition. This order contains a comprehensive DECT wireless network solution and handsets for mission-critical communication. In Sweden, the division won a strategically important project with the Swedish system integrator Cygate and the Swedish National Courts Administration. Moreover, the division strengthened its position in the UK healthcare market by winning a long-term service contract with South London & Maudsley NHS Foundation Trust, one of the largest mental health trusts in the UK.

All regions contributed to the division's success with positive results. Highest growth rates were achieved in the UK, Finland, Germany and Switzerland. Sales with OEM partners were very strong, mainly during the second half of 2014. The Benelux region succeeded defending its high market share despite a challenging market environment. In general, as the trend of improving healthcare efficiency continues in the sector, healthcare facilities are becoming more regionalized and concentrated in larger hospitals, which leads to more digital and larger orders but also to longer decision-making processes. In the US, the mobility business was still restrained during the better part of 2015, as hospitals continued to prioritize fulfilling the "Obamacare" requirements. The Growth Markets segment further expanded and recorded a positive development, in particular in the Middle East. Finally, the division successfully completed the integration of its two acquisitions in Australia and Malaysia, which contributed to the good result.

High profitability again increased

In terms of profitability, Wireless Solutions closed the financial year with an outstanding result: The division was able to increase its gross margin from 50.7% to 51.4%. Due to the expansion through acquisitions and organic growth, total costs including personnel expenses increased during the year under review. By the end of 2014, Wireless Solutions had a total workforce of 1,196 employees, compared to 1,109 people by year-end 2013. Thanks to strict cost management, the increase in total costs was below revenue growth. Overall, the combination of higher revenue, solid cost management and a positive impact from regional efficiency programs resulted once more in an increase in profitability. In 2014, Wireless Solutions raised its profitability by about 8% and reached an EBITDA of CHF 57.3 million (2013: CHF 53.1 million), representing an EBITDA margin of 18.0% for fiscal year 2014 (2013: 17.3%).

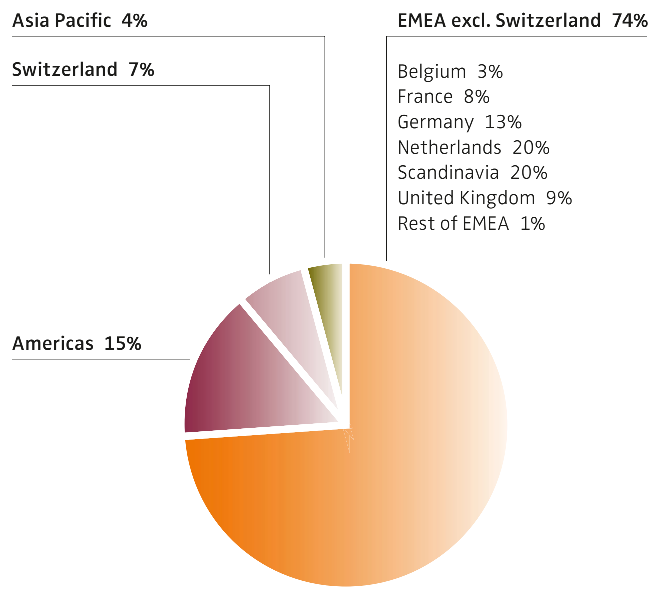
Innovation as an important growth driver

Innovation is one of the division's growth drivers. In financial year 2014, Wireless Solutions invested 9.2% of revenue in R&D. The main innovation focus was on the design of Ascom Myco, a smart device, which is purpose-built for the healthcare industry and was launched in autumn 2014; first revenues are expected in 2015. In addition, Wireless Solutions invested substantially in the UNITE software product line. During 2014, the division successfully launched UNITE Axess for smart devices, bringing Ascom workflow intelligence functionality to smartphones.

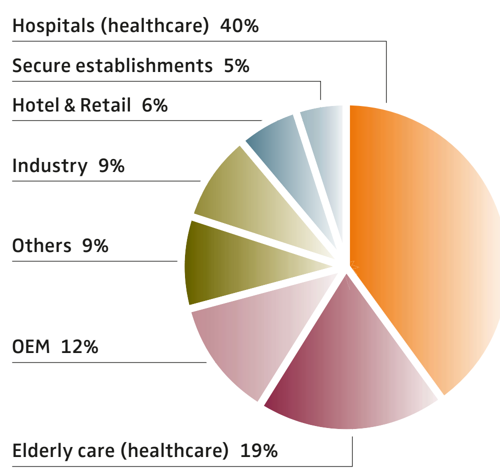
Strategic focus and outlook

Wireless Solutions has a strategically unique position through its portfolio of solutions, products and integration capabilities. In order to capture significant growth opportunities, an investment plan with focus on ICT healthcare will be launched in 2015. The target is to accelerate the investment into solutions, software and professional services. Up to 100 employees are planned to be added as part of this program, expanding Sales, Marketing and Technology capabilities, whilst also creating a new Global Solutions Center. Wireless Solutions is well positioned to lead the market for workflow optimization and to become the leading provider for integrated workflow solutions in healthcare. Wireless Solutions has the ambition to be present in every tier 1 hospital in the world in 2020.

Revenue by region



Revenue by segment



Wireless Solutions benefits from the growing demand for clinical software and applications

Wireless Solutions is a leading specialist in workflow management based on dedicated 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. Our systems are customized and therefore require extensive knowledge of our customers' business challenges and of their highly complex business processes. The division differentiates itself in addressed markets through its trusted quality brand and a broad portfolio of products and solutions, which provide or enable integration across different systems based on our in-house middleware and software competence.

Market trends and strategic focus in healthcare

During the past five years, Wireless Solutions' annual revenue generated in the healthcare segment has grown at a CAGR of 8%. In the course of the next few years, the most important growth drivers in our markets continue to be in the healthcare sector. The ageing population worldwide results in higher demand for overall care, while at the same time the industry is faced with an increasing shortage of qualified caregivers. Growing regulatory requirements and increasing demand for security pose additional challenges in the healthcare sector. These factors lead to increasing complexity in business processes and workflows, as well as continuously growing cost pressure within hospitals and care centers, requiring more sophisticated IT solutions for healthcare communication. At the same time, the trend of IT and telecoms convergences necessitates technology change at our customers in all market segments.

As a market leader in workflow management based on wireless on-site communication solutions, the division offers one of the broadest product portfolio in the healthcare segment. Our offerings seamlessly range from the nurse call at the patient's bedside to the mobile device in the palm of the care giver, connected and enabled by an integrated set of devices, software platforms and innovative technology features able to connect multiple hospital systems and transporting the right information to the right person at the right time all the time.

The growth in hospital clinical software and applications accelerates the market growth for solutions across these platforms. Through its established market position in particular in North America, Europe and Australia and due to the breadth of its portfolio of products, services and modular solutions, Wireless Solutions continues to gain direct exposure and access to new markets within the healthcare segment, substantially expanding its addressed market beyond traditional devices and technological features. Today and going forward, our addressable market includes the workflow solutions market and the adjacent market for healthcare ICT services, representing a combined addressable market in excess of USD 16 billion, with the growth of the healthcare ICT market expected to continue over the mid-term at a low double-digit rate. Combined with Wireless Solutions' in-depth knowledge of our customers' needs, the division is positioned to fully capitalize on the substantial potential in the healthcare industry.

Innovation and transformation towards our Vision 2020

Ascom in every tier 1 hospital in the world – that is our Vision "Ascom 2020". Wireless Solutions has embarked on a path of strategic transformation to become a leading global provider of integrated workflow intelligence solutions in the healthcare sector. The division will continue to invest into technology agnostic solutions based on cellular, VoWifi, IP-DECT, nurse call, and narrow-band paging technologies, smartly integrated into enterprise systems via Ascom's Unite platform. The investment into the development and launch of Ascom Myco – the first purpose-built smartphone for the healthcare sector – represents a key strategic milestone for the division and an important mid-term business catalyst.

Important cornerstones of the strategic transformation of Wireless Solutions also include the building of a new global solutions practice and pursuing a dedicated partner strategy to deliver full value by optimizing solutions and professional services for direct and indirect business globally. The new global solutions practice will focus on addressing the basic needs of healthcare facilities: increasing patient satisfaction and patient outcome, enhancing caregiver experience and improving efficiency and financial performance. Today, Wireless Solutions has over 150 eco-system partners across the healthcare sector. To strengthen our global value proposition, our partner strategy aims to increase the number of partners within the eco-system going forward, covering healthcare partners, technology partners, medical applications partners and solutions partners.

Our focused M&A strategy will complement the organic growth initiatives within the division and is targeted to provide additional healthcare competencies, market access and scale in the areas of software, IT solutions and system integration as well as selected consolidation of system and technology players.

myco
At the heart of care


ASCOM NETWORK TESTING
TRUSTED BY OPERATORS WORLDWIDE TO VALIDATE MOBILE NETWORK PERFORMANCE

ASCOM NETWORK TESTING

CONSIDERABLE IMPROVEMENT FOR NETWORK TESTING IN THE SECOND HALF-YEAR

After a very difficult first half-year, the performance of Network Testing improved considerably in the second half-year 2014. For fiscal year 2014, the division generated revenues of CHF 119.0 million (2013: CHF 133.3 million), showing a decline of 8.9% at constant currencies. With lower revenues, Network Testing achieved an EBITDA margin of about 9.4% (2013: 13.4%). The division showed a stronger second half-year with revenues of CHF 66.3 million achieving growth of 25.8% compared to the first half-year.

Network Testing was able to regain market share in the Asia Pacific region and showed very good results in the Middle East and Africa. However, a difficult market environment mainly in North America affected the division during the fourth quarter. While Network Testing succeeded in further solidifying its leading market position in Test & Measurement, the Systems & Solutions product unit suffered from slower market development and changed customer behavior.

With attention centered on the recovery in North America, Network Testing will focus on expanding its global leading position in Testing & Measurement while continuing the development of its Network Analytics solutions. The division plans to expand further up the mobile operator value chain through the success of its customer experience and analytics solutions.

Strong recovery in the Asia Pacific region

After facing headwinds in the first half-year 2014, Network Testing was able to show encouraging improvements in its business performance in the second half of the year. However, mainly due to substantially weakening demand in the US market late in the year and a difficult market environment in the Systems & Solutions product unit, the results did not completely compensate for the unsatisfactory first half-year performance.

As expected, the second half of 2014 showed a substantial recovery in the Asia Pacific region, and Network Testing was able to regain market share. In order to support business recovery in this region, the division successfully implemented a dedicated plan, with special emphasis to specific Asia Pacific R&D requirements. As a result, the Asia Pacific region showed a double-digit increase in revenue year-on-year. Furthermore, Network Testing reported strong growth in the Middle East and Africa.

In the US market, business development was according to plan during the first six months 2014; however, towards the end of the year, the division was confronted by a significant softening in market conditions. Large operators were engaged in intense competition for subscriber business and consequently, major customers decided to delay their investments. Due to this change in market conditions, it also took longer than expected to launch new growth products, which are key to the long-term success of Network Testing. As a result, in the region Americas, the division closed the second half-year 2014 with less revenue than anticipated.

Business development in Europe was impacted by a slowdown of the Systems & Solutions product unit. Systems & Solutions as a system integration business with focus on the German and Swiss markets experienced a difficult market environment and faced changes in customer behavior, resulting in an overall decline year-on-year.

During the year under review, the Test & Measurement product unit benefited from the recovery in the Asia Pacific region and the strong growth in the Middle East and Africa and therefore closed financial year 2014 with solid results. The division was able to secure important orders in the Benchmarking & Monitoring product unit as well. Due to the softening in market conditions in the US, it was not possible to compensate for the extraordinary strong revenue growth achieved in 2013. The Reporting & Analysis business continued its growth compared to the previous year.

Performance review

Network Testing showed an encouraging improvement in its performance during the second half of 2014. Compared to the first six months, revenue increased by 25.8% during the second half-year and came to CHF 119.0 million for the full year 2014 (2013: CHF 133.3 million). Incoming orders came to CHF 117.3 million (2013: CHF 139.6 million) for the full year 2014. It should be noted that the decline compared to the previous year is also due to a large three-year order achieved by Systems & Solutions during 2013 of around CHF 12.5 million, which could not be compensated in 2014.

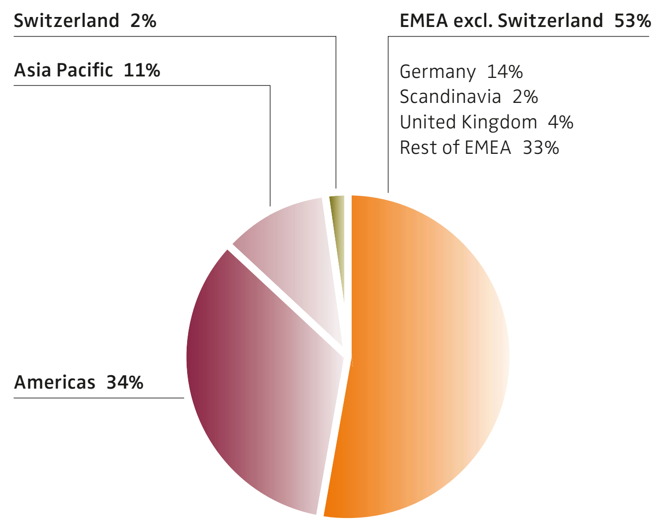
Network Testing continued to closely control its operating costs and achieved further reductions in comparison to 2013; total functional costs decreased during 2014 by about 4%. Despite the lower revenues, the gross margin could be kept in the range of 55%. However, the EBITDA margin decreased to 9.4% (2013: 13.4%).

Technological developments continued to drive customer interest, in particular in LTE and associated technologies such as Voice over LTE, Voice over WiFi and Carrier Aggregation. Network Testing continues to invest in R&D, with the focus on these customer-driven technology requirements. In terms of solutions, the division places emphasis on the new TEMS Capacity Manager solution. Additional new solutions include TEMS Mobile Insight for customer experience measurement as well as innovative service assurance solutions for IMS (IP Multimedia System)/ RCS (Rich Communications Suites) deployments.

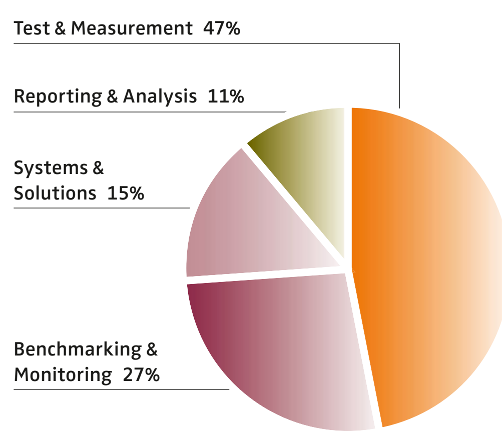
Strategic priorities and outlook

Network Testing is the market leader in testing, optimization, benchmarking, monitoring solutions for mobile networks and offers a comprehensive suite of software-centric solutions across the value chain. The division is convinced that network testing is one of the most attractive growth segments within the wireless infrastructure market. Network Testing set the target to further improve its competitive position to accelerate further growth. The division strives for a market share expansion in Test & Measurement, in particular in the Asia Pacific region, and targets to establish significant revenue streams from analytics.

Revenue by region



Revenue by product group



Continuing demand for network capacity leads to major investments

Network Testing is an industry leader in mobile network testing with a global sales presence and an innovative, integrated product portfolio. Uniquely positioned 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. Our software solutions require extensive knowledge of our customers' business challenges and of their highly complex network infrastructure and business processes.

The division develops mobile network testing, monitoring and post-processing solutions that have been trusted by mobile operators for decades under the TEMS brand. These solutions enable field testing (drive, in-building, autonomous) of mobile networks, automated post-processing of data collected via these – and other third-party – products, OSS-based network troubleshooting and optimization, and application testing and monitoring.

Network Testing ensures closeness to customers – mobile network operators, network infrastructure vendors and their service partners – through our market-leading direct sales organization with representation in all regions of the world, coupled with an extensive network of distributors. This enables us to meet the demand and needs of customers in more than 180 countries.

Market trends and strategic focus

In the course of the next few years, the most important growth drivers in wireless communications markets continue to be subscriber demand for network capacity. We expect to see significant ongoing investment in LTE and associated technologies such as Voice over LTE, Voice over WiFi and Carrier Aggregation, and we will continue our focus on these enabling technologies.

The continuing battle for subscriber spending, involving mobile network operators but also ''over-the-top'' offerings such as Skype and WhatsApp, places a premium on a better understanding of the actual customer experience of the subscriber. Network Testing has significant expertise in this area and has addressed quality of experience metrics successfully for many years, including participation in standardization efforts.

Mobile phones are integrated in our solutions and act as measurement devices. The number of variants of popular phone models has risen dramatically, as capacity demand drives operators to use more and more permutations of frequency spectrum and technologies. The competition to supply solutions specific to a customer or to a country through integration of such devices represent both opportunities and challenges in this increasingly complex environment. As the industry's largest player, Network Testing has major advantages in these efforts, balanced by integration needs that require optimal scaling.

At the same time, mobile operators are looking for efficiencies, which leads to opportunities in innovative automation but also pricing pressure in this highly competitive business. Newer offering from Network Testing, such as TEMS Capacity Manager, target the needs for efficiency and offer our customers unique opportunities to optimize not only their network but also their business.

In the short- and mid-term, the strategic focus of Network Testing will be on strengthening our core Testing & Measurement business, while accelerating specifically targeted new product and service revenues. In order to gain further market share in our core products and establish revenue streams from new products, we will also focus on further strengthening our support for operators and reposition our product portfolio into areas of growth.

Innovation and transformation towards our Vision 2020

Network Testing continuously offers enhancements to current product lines, including extensive support for new important technologies and market drivers. With two to four major releases or updates per year in each product line, we introduce innovative features and concepts that enhance the value for our customers, as they strive to better understand, for example, perceived video quality from a subscriber perspective as video represents a significant driver of pure network capacity needs.

In terms of new solutions, Network Testing places emphasis on the recently introduced TEMS Capacity Manager solution which enables network operators to more effectively translate just-in-time capital expenditures in their Radio Access Networks (RAN) into improved subscriber experience. This capability allows network operators to optimize required capital expenditure to achieve a certain level of subscriber experience or to get a better subscriber experience for the capital deployed. As such, it meets the trend of mobile network operators seeking truly efficiency-enhancing solutions. The innovation of TEMS MobileInsight nicely complements our customer experience measurement capabilities, while our innovative service assurance solution for Rich Communication Services (RCS) for inter-operator communication based on IP Multimedia Subsystem (IMS) deployments rounds out our offering.

Looking ahead, Network Testing is actively engaged in the development of future mobile network technologies as a member of the 5G Innovation Center located in Guildford, UK. Longer-term trends tend towards the expectation that in the future, mobile connectivity will extend beyond people to all types of devices and electronic equipment, further driving the need for ubiquitous wireless technologies in support.


Controlled Agents
Agent Serving Cells
Controller
Galaxy S4
F0:6B:CA:C0:D6:54
LTE
4G
SAMSUNG-SGH-I317
14:89:FD:1E:CC:65
WCDMA
HSPA+
GT-I9305
14:89:FD:96:DA:DE
WCDMA
HSPA+
Test Status
Location
WiFi
WCDMA RSCP (dBm)
GSM RxLev (dBm)
LTE RSRP (dBm)
CDMA Ec (dBm)
11:14
SONY

SUSTAINABILITY

INNOVATIVE PRODUCTS AND SOCIALLY AND ENVIRONMENTALLY CONSCIOUS BEHAVIOR FOR THE BENEFIT OF ALL OUR STAKEHOLDERS

Ascom considers sustainability as an important concern for the Group and all its stakeholders. Therefore, the company put the focus in the past financial year on this crucial complex of topics even more and expanded the sustainability reporting considerably. The main sustainability efforts of the Group in the fiscal year 2014 are summarized on the following two pages. A detailed sustainability report of the Group can be viewed on the Group's website.

Sustainability and stakeholder management

Ascom's sustainability management is based on the company's materiality matrix from 2012 which identified the most relevant sustainability issues for Ascom and its key stakeholders. Derived from this matrix, the Executive Board defined four key action areas signifying Ascom's four major stakeholder groups: products (i.e. customers), employees, supply chain (i.e. suppliers and/or business partners), and investors. In May 2014, the Executive Board approved the sustainability roadmap as a strategic point of reference that highlights major issue areas (opportunities and risks) and identifies core initiatives and/or actions in 2014/2015 to further advance sustainability management within Ascom.

Our sustainability working group, headed by the CEO and bringing together decision makers from both, divisions as well as group level, gathered twice, once in April and again in September. During its first meeting, the working group finalized the sustainability roadmap for the attention of the Executive Board. The second meeting was dedicated to assessing current efforts and achievements as well as to approving the updated sustainability reporting approach which takes into account the Global Reporting Initiative's G4 guidelines.

Compliance as a key topic for Ascom

For Ascom, compliance is the backbone of doing business. Compliance, however, is not only about ensuring the observance of applicable legislation as well as committing to self-regulatory standards such as company directives. We also look at it as a state of integrity expected by our different stakeholders based on our social responsibility as a global company. Our operations are guided by our Code of Ethical Business Conduct. In place since 2003, the Code lays down our core legal and ethical standards for all Ascom employees throughout the world. Our commitment towards the ten principles of the UN Global Compact forms an integral part of the Code. Every manager has to ensure that the standards of the Code are implemented, communicated to employees and lived by on a daily basis.

We address compliance in three dimensions: educate, examine and enforce. At the kick-off meeting for the top 40 management in January, the Company Secretary (who also serves as a Compliance Officer) informed about the compliance rules of Ascom. In June, a compliance session was held as a part of the finance conference participating all finance managers of the Ascom Group. In December, specific compliance trainings for both divisions with a focus on Asia Pacific took place in Kuala Lumpur.

Only one whistleblower case was reported in 2014. No fraud has been identified and interactions with local management have not identified any concerns with integrity. In addition to the existing whistleblower channel on intranet, we introduced also a "compliance hotline" for employee questions regarding compliance issues.

Value-adding products, solutions and services

Ascom is a trusted partner and solution provider for healthcare and telecom customers all over the world. Our two divisions are committed to helping customers increase their operational efficiency through trailblazing hardware, software and accompanying services. Moreover, our service offering supports our clients in leveraging scarce resources such as staff, radio frequencies or energy.

Wireless Solutions on the one hand, helps its customers to optimize the workflow of qualified staff in healthcare institutions with potential positive impacts on both quality and reliability of healthcare services. Ascom Myco, the new cutting-edge and purpose-built smartphone solution for healthcare (see section Wireless Solutions), clearly showcases this. Its mission is to bring the right information to the right person at the right point in time. The new solution not only improves the quality of mission-critical communication and the efficiency of workflows and thus saves costs. It also reduces the demand on the nurses so that they get a chance to spend more time with their patients and thereby increase patient safety and satisfaction.

Network Testing, on the other hand, offers resource-efficient and mobile network performance and customer experience analytics with cost and environmental benefits.

TEMS Pocket for example, the division's ultraportable network testing solution for indoor, supports wireless operators to obtain network information to test and measure coverage and quality in indoor environments where energy-intensive drive testing is not an option. More than half of today's estimated data traffic and calls generated are being made from indoor environments. Using TEMS Pocket, operators can easily test inside locations such as restaurants, shopping malls or trains while using the device as a regular phone.

Engaged employees

Ascom seeks to attract, develop and retain the best people. Accordingly, we focus on four different action areas:

- Diversity: Foster a culture of diversity and non-discrimination
- Development: Offer career growth and opportunities for every employee
- Health and safety: Create a healthy and safe working environment
- Engagement: Continually improve our employees' engagement level

The principle of non-discrimination, and thus inherently also our commitment to a diverse workforce, is laid down in the Ascom Code of Ethical Business Conduct. Diversity, particularly gender, ethnicity, and generation, is a core value in all our recruiting, promotion and development activities.

Based on our last biennial and group-wide employee survey in 2013, both divisions declared employee development a priority for 2014. In consequence of the survey results, a myriad of ad hoc employee focus groups developed tailored action plans which have been initiated or carried out in 2014.

Although Ascom subcontracts manufacturing to its key suppliers, creating a work environment which complies with health and safety is essential. Occupational health, safety and business continuity plans based on local requirements are established, maintained and trained at the various sites of Ascom's global operation.

To positively drive employee engagement, we do not stop at offering attractive and meaningful job and career opportunities in a diverse, healthy and challenging working environment. Equally important is our solid value base as well as an open and proactive communication with and among employees. To find further and more detailed information about Ascom and our sustainability efforts, please visit our sustainability section at www.ascom.com. The section also features a reference table to a selection of Global Reporting Initiative's G4 indicators.

"We are on track to further embedding sustainability into our core business and processes."

In 2014, Ascom's two divisions continued to offer their customers value-adding products, solutions and services; also from a sustainability point of view. On the one hand, Wireless Solutions enables its customers to optimize their workflows with positive impacts on both quality and reliability of healthcare services. Our Network Testing Division, on the other hand, offers resource-efficient mobile network performance and customer experience analytics with cost and environmental benefits. Apart from our core business, we also took our own sustainability management seriously: Our efforts internally and along the supply chain as well as our different engagements with stakeholders are described in detail in our new sustainability section at www.ascom.com.

Fritz Mumenthaler, CEO Ascom

THE GLOBAL COMPACT

CORPORATE GOVERNANCE

1. CORPORATE STRUCTURE AND SHAREHOLDERS

Operating corporate structure (as of 1 January 2015)

Board of Directors	
CEO Fritz Mumenthaler*	
CFO Bianka Wilson*	**General Counsel** Dr Judith Bischof
Head of Strategy & Business Development Francis Schmeer*	**Company Secretary/ Communications** Dr Daniel Lack
Wireless Solutions Claes Ödman*	**Network Testing** Rikard Lundqvist*

* 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 2014.

As of 1 January 2014, the new Swiss "Ordinance against excessive compensation" (OaEC) became effective. Chapter 1 of the Remuneration Report gives an overview about the status of implementation of the new rules and regulations.

Listed corporation: Ascom Holding Ltd.
Ascom Holding Ltd. (Ascom Holding SA, Ascom Holding AG) is a joint-stock Company headquartered in Baar, 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 2014 was CHF 549 million.

Unlisted Group companies
The following companies belong to the Ascom Holding Ltd. scope of consolidation (see table on page 19).

Shareholders

Registered shareholders
As of 31 December 2014, there were 5,006 shareholders registered in the share register of Ascom Holding Ltd.

Share ownership as of 31 December 2014

Number of shares	Number of shareholders
1 to 100	991
101 to 1,000	2,673
1,001 to 5,000	1,073
5,001 to 10,000	121
More than 10,000	148
Total	**5,006**

Changes subject to disclosure requirements during the 2014 financial year
In an announcement dated 6 March 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 5.00% of the voting rights.

In an announcement dated 6 March 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 4.96% of the voting rights.

In an announcement dated 8 March 2014, 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 5.981% of the voting rights.

In an announcement dated 18 March 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 5.00% of the voting rights.

In an announcement dated 30 April 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Norges Bank (Central Bank of Norway), Oslo, Norway, disclosed that it held Ascom securities representing 3.16% of the voting rights.

Unlisted Group companies: Ascom Holding Ltd.

Country	Company	Location	Capital		Investment
Australia	GTM Resources Pty. Ltd.	Chippendale	AUD	3	Ascom Holding Ltd.: 100%
	Ascom Integrated Wireless Pty. Ltd.	Chippendale	AUD	3,000,000	GTM Resources Pty. Ltd.: 100%
	Integrated Wireless Software Pty. Ltd.	Chippendale	AUD	120	GTM Resources Pty. Ltd.: 100%
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 Private Limited	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%
	Ascom (Malaysia) Sdn Bhd	Ampang	MYR	250,000	Ascom Holding Ltd.: 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 Holding Ltd.: 100%
	Ascom Network Testing AB	Skellefteå	SEK	100,000	Ascom (Sweden) Holding AB: 100%
Switzerland	Ascom Management Ltd.	Baar	CHF	200,000	Ascom Holding Ltd.: 100%
	Ascom (Switzerland) Ltd.	Berne	CHF	28,002,000	Ascom Holding Ltd.: 100%
	Ascom Solutions Ltd.	Solothurn	CHF	10,000,000	Ascom Holding Ltd.: 100%
United Kingdom	Ascom Network Testing Ltd.	Elstead	GBP	2	Ascom UK Group Ltd.: 100%
	Ascom (UK) Ltd.	Birmingham	GBP	50,000	Ascom (Sweden) AB: 100%
	Ascom UK Group Ltd.	Birmingham	GBP	600,000	Ascom Holding Ltd.: 100%
UAE	Ascom MEA FZ-LLC	Dubai	AED	50,000	Ascom (Sweden) Holding AB: 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%

In an announcement dated 11 June 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 4.87% of the voting rights.

In an announcement dated 23 July 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Schroders plc., London, UK, disclosed that it held Ascom securities representing 3.072% of the voting rights.

In an announcement dated 7 October 2014, 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 5.971% of the voting rights.

In an announcement dated 21 November 2014, 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 4.921% of the voting rights.

In an announcement dated 28 November 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 5.04% of the voting rights.

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, were recorded in the share register at 31 December 2014:

- UBS Fund Management (Switzerland) AG, Basel: 6.27%
- Lombard Odier Asset Management (Switzerland) AG, Petit-Lancy GE: 4.71%

This does not cover shares, which are not registered in the share register (dispo shares). Dispo shares amounted to 34.26% as of 31 December 2014.

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)
- BlackRock Inc., New York, USA: Ascom securities representing 5.04% of the voting rights (announcement dated 28 November 2014)
- Lombard Odier Asset Management (Switzerland) AG, Petit-Lancy GE: Ascom securities representing 4.921% of the voting rights (announcement dated 21 November 2014)
- 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)
- Norges Bank, Oslo, Norway: Ascom securities representing 3.16% of the voting rights (announcement dated 30 April 2014)
- Schroders plc, London, UK: Ascom securities representing 3.072% of the voting rights (announcement dated 23 July 2014)

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 890,894 treasury shares, representing 2.47% 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

	Number	31.12.14 (CHFm)	Number	31.12.13 (CHFm)
Registered shares par value CHF 0.50	36,000,000	18.0	36,000,000	18.0
Registered shareholders	5,006		5,143	

Ascom Holding Ltd. and its subsidiaries held 890,894 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	2014	2013	2012	2011
Share capital	18,000,000	18,000,000	18,000,000	18,000,000
Legal reserves	15,729,000	17,577,000	34,477,000	42,719,000
Retained earnings	422,847,000	384,232,000	354,770,000	331,957,000
Total	**456,576,000**	**419,809,900**	**407,247,000**	**392,676,000**

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 Association 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 2014.

Options/convertible bonds

Options/share matching plans

Ascom stock option plans as well as the share matching plan are listed in the Remuneration Report on pages 39 and 40.

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 Company Secretary are required to make a disclosure to the company. In 2014, 11 individual disclosures (see table) were submitted as follows:

Transaction	Number of shares	Type of transaction	Amount in CHF
07.03.2014	27,000[1]	Sale	170,100
10.04.2014	2,000	Acquisition	35,000
11.04.2014	5,100	Acquisition	88,230
24.04.2014	9,000	Sale	18,000
13.05.2014	1,695	Sale	2,627
19.05.2014	10,000	Acquisition	73,500
27.05.2014	595	Acquisition	9,758
27.05.2014	495	Acquisition	8,118
03.06.2014	470	Acquisition	7,637
27.08.2014	1,000	Acquisition	13,200
10.10.2014	1,000	Acquisition	12,600

[1] Cash-settled options.

MEMBERS OF THE BOARD OF DIRECTORS

30 years of executive leadership, including 9 years as CEO in two listed companies. 20 years Chairman or board member in listed companies in Switzerland and abroad. Global technology business expert including over 100 M&A transactions.

Juhani Anttila
CHAIRMAN

Nationality: Finland | Born 1954 | Place of residence: Zug, Switzerland | Member since 2001 | Chairman since 2002 | Elected until AGM in 2015

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

Global market and technology strategist. 25 years executive leadership in technology, sales and as CEO. Over 10 years Chairman or board member in listed companies.

Dr J.T. Bergqvist

Nationality: Finland | Born 1957 | Place of residence: Helsinki, Finland | Member since 2005 | Elected until AGM in 2015

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

CFO both in listed and private companies. 10 years Chairwoman of the Audit Committee in health insurance group. Strong Finance and Control experience in globally operating businesses.

Cornelia Gehrig

Nationality: Switzerland | Born 1966 | Place of residence: Wohlen/Berne, Switzerland | Member since 2013 | Elected until AGM in 2015

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 Senior 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, before 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

Profound consulting expertise in M&A, Strategy and Operational Excellence. 20 years of management experience across various industries. Considerable knowledge of Asian markets and healthcare industry.

Christina Stercken

Nationality: Germany | Born 1958 | Place of residence: Munich, Germany | Member since 2014 | Elected until AGM in 2015

1982 Master in Economics, University of Bonn; **1983–1984** BMW Pty Ltd., Isando, South Africa: Marketing Consultant; **1985–1987** Siemens AG, Munich: Consultant Strategic Planning and Marketing for Communication and Information Technology Group; **1988–1989** Siemens AG, Munich: Consultant Management Tools and Training, Corporate Development & Strategy; **1989–1994** Siemens AG, Munich: Senior Consultant Corporate Projects (Inhouse Consulting) Corporate Development & Strategy; **1994–1995** Siemens AG, Munich: Head of Regional Strategy, Corporate Development & Strategy; **1995–1997** Siemens Ltd. China, Beijing: Head of Task Force China; **1998–2000** Siemens Business Services GmbH & OHG, Munich: Head of Business Unit Public Sector; **2000–2006** Siemens AG, Munich: Managing Director Corporate Finance, Mergers & Acquisitions; **Since 2006** EAC – Euro Asia Consulting PartG, Munich, Shanghai, Mumbai, and Moscow: Partner

20 years executive leadership in global industrial businesses. Strategy execution/value creation in private equity environment. Strong experience in emerging markets including M&A.

Andreas Umbach

Nationality: Switzerland/Germany | Born 1963 | Place of residence: Zug, Switzerland | Member since 2010 | Elected until AGM in 2015

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

13 years as Partner/Vice President in global Consulting companies with international roles. 25 years of management and consulting experience in the entire healthcare industry. Extensive knowledge in strategy and digitalization programs.

Dr Harald Deutsch

Nationality: Germany | Born 1962 | Place of residence: Schwalbach am Taunus, Germany | Member since 2014 | Elected until AGM in 2015

1987 Graduation as physician. Medical exam, University of Cologne; **1988** Approbation, and member of German Medical Association; **1988** Graduation as Master of Science (MSc) in Physics, University of Cologne; **1989** Promotion to Medical Doctor (MD), University of Cologne; **1988–1989** Bundeswehr (Germany Armed Forces): Military Surgeon; **1990–1998** Behringwerke AG, Marburg, Germany: Software Director; **1998–2003** Booz Allen & Hamilton, Frankfurt/M.: Principal and Member of the German Board; **2003–2008** Accenture, Kronberg, Germany: Executive Partner and Managing Director; **2008–2012** CSC Computer Sciences Corporation, Aldershot, UK, and Wiesbaden, Germany: Vice President healthcare EMEA; **Since 2012** BearingPoint GmbH, Frankfurt/M. and Amsterdam: Partner and Industry Lead healthcare

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 Association 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 Association
- 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 Association, the Board of Directors of Ascom Holding Ltd. consists of one or more members who are elected for a one-year term of office.

At the Annual General Meeting of Ascom Holding Ltd. held on 1 April 2014, the shareholders elected the following Members of the Board of Directors individually and for a term of one year until the Annual General Meeting 2015:

	Member since	Elected until AGM
Juhani Anttila, Chairman	2001	2015
Dr J.T. Bergqvist	2005	2015
Dr Harald Deutsch	2014	2015
Cornelia Gehrig	2013	2015
Christina Stercken	2014	2015
Andreas Umbach	2010	2015

The shareholders re-elected Juhani Anttila as a Chairman of the Board for a term of one year.

Andreas Umbach and Dr J.T. Bergqvist were elected by the shareholders as members of the Compensation Committee for a term of one year.

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 of 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

Paul E. Otth and Kenth-Ake Jönsson decided not to stand for re-election and stepped down from the Board of Directors as of the Annual General Meeting 2014.

Dr Harald Deutsch and Christina Stercken were elected as new members to the Board of Directors at the Annual General Meeting 2014 for a term of one year.

Election and terms of office

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

Internal organization

- Except for the election of the Chairman and the Members of the Compensation Committee, the Board of Directors is self-constituting and designates its other committees and the 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 Association 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 important non-listed companies
Juhani Anttila	Actelion Ltd., Allschwil	Valcrea AG, Zug
Dr J.T. Bergqvist	Norvestia Ovi, Helsinki Innofactor Ov, Espoo, Finland	Huurre Group Oy, Vantaa, Finland Redla Industriförvaltning Ab, Helsinki (incl. mandate in 1 affiliated Group company)
Dr Harald Deutsch	–	–
Cornelia Gehrig	–	Bystronic Group, Niederönz (incl. mandates in various affiliated Group companies) Visana Group, Berne, (incl. mandates in 6 affiliated Group companies)
Christina Stercken	–	–
Andreas Umbach	Wasserwerke Zug AG, Zug	Landis+Gyr AG, Zug (incl. mandates in various affiliated Group companies) Lichtblick SE, Hamburg

Clause 20d of the future Articles of Association (to be approved by the shareholders at the AGM 2015) says that Members of the Board of Directors shall not occupy or exercise more than four positions in other companies against compensation (including public-listed companies) and not more than five uncompensated positions. The Chairman of the Board may exercise a total of up to three positions in other public traded companies. All Members of the Board are committed to adjust the number of external Board memberships to the new legislation until 15 April 2015 at the latest.

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.

Twelve meetings (including both physical meetings and conference calls) were held in 2014. Board attendance was 98%. 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 quarter 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 has set up a structure with two permanent committees whose primary role is to prepare materials as a basis for decisions by the Board of Directors in specialized areas. The two permanent committees are the Audit Committee and the Compensation Committee. 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.

The nomination of candidates for election to the Board of Directors and the selection of candidates for appointment to the Executive Board and as Head of Corporate Functions is done by the entire Board.

The Board of Directors further decided to discontinue the Strategy Committee in order to discuss and to decide strategic topics in the whole Board.

Audit Committee
Members:
Cornelia Gehrig (Chairperson) and Christina Stercken

The Audit Committee is composed of two non-executive members of the Board of Directors and generally meets four times a year (at least one meeting per quarter), although the Chairperson may convene meetings as often as business requires. Four half-day Audit Committee meetings were held in 2014, three of which were attended by the external auditors. The Chairman of the Board of Directors as well as the CEO attended three meetings of the Audit Committee while the CFO attended all meetings. The Secretary of 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 Committee
Members:
Andreas Umbach (Chairperson) and Dr J.T. Bergqvist
The Compensation Committee is composed of two non-executive members of the Board of Directors and is convened by the Chairperson as often as business requires. Six meetings were held in 2014, generally lasting several hours. The Chairman of the Board attended four meetings in 2014. The CEO attended the meetings 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 Committee's activities following each meeting, and also receives a copy of the minutes.

The main activities performed by the Compensation 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
- Annual appraisals of top management

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 2014, one special focus audit has been commissioned to Ernst & Young. Internal audit fees are based on the scope of services rendered. Fees incurred in 2014 were CHF 62,550 (2013: nil).

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 cur-

rency, 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 81 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.

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	01.06.2005 (CEO since 01.04.2011)
Bianka Wilson	CFO	01.10.2013
Rikard Lundqvist	General Manager Network Testing	01.01.2010
Claes Ödman	General Manager Wireless Solutions	14.06.2011
Francis Schmeer	Head of Strategy & Business Development	01.09.2014

Changes in the Executive Board

Francis Schmeer joined the Executive Board as Head of Strategy & Business Development as of 1 September 2014.

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.

Clause 20d of the future Articles of Assocation (to be approved by the shareholders at the AGM 2015) says that Members of the Executive Board shall not occupy or exercise more than one position in other companies against compensation (including public-listed companies) and not more than five uncompensated positions (subject to the approval of the Board of Directors). The Members of the Executive comply with this new regulation.

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	Company Secretary & Chief Communications Officer	01.01.2003
Dr Judith Bischof	General Counsel	01.09.2011

MEMBERS OF THE EXECUTIVE BOARD (AS OF 1 JANUARY 2015)

Fritz Mumenthaler
CHIEF EXECUTIVE OFFICER

Nationality: Switzerland | 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: Switzerland/Germany | 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; **2007** 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

Francis Schmeer
HEAD OF STRATEGY & BUSINESS DEVELOPMENT

Nationality: USA | Born 1972
1994 Bachelor of Marketing Georgetown University, Washington DC (USA); **1994–1999** Goldman Sachs, Associate New York/London; **2001** Master of Business Administration, London Business School; **2001–2003** Samsung Group, Global Strategist, Seoul; **2003–2005** T-Mobile International, International Marketing Head of SMS and IP Messaging London/Bonn; **2005–2006** Empower Interactive, Chief Marketing Officer, London/Singapore; **2006–2009** Sony Ericsson Mobile Communications, Vice President & Global Head of Strategy and Corporate Development, London/Lund (Sweden); **2010–2013** OC Oerlikon Group Executive Vice President & Head of Group Business Development, Member of Executive Leadership Team, Pfäffikon (Switzerland); **Since 1 September 2014** Head of Strategy & Business Development and member of the Executive Board of the Ascom Group

LTR: Bianka Wilson, Rikard Lundqvist, Fritz Mumenthaler, Francis Schmeer, Claes Ödman

Claes Ödman

GENERAL MANAGER WIRELESS SOLUTIONS

Nationality: Sweden | 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: Sweden/USA | Born 1967
1991–1994 Software Engineer TEMS, Skellefteå (Sweden); **1992** Master of Science in Computer Science and Engineering (University of Luleå, Sweden); **1994–1996** Manager Product Market Strategies TEMS, 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 Advise Group, Ericsson Global Services, 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

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. Twelve meetings were held in 2014.

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 33 to 41 to 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.

Independent proxy

The election and the duties of the independent proxy will be regulated in Clause 11a of the future Articles of Association.

The shareholders elected at the Annual General Meeting 2014 Franz Müller, Berne, as independent proxy for a term of one year until the completion of the Annual General Meeting 2015, and Dr Gian Sandro Genna, Berne, as his representative.

All shareholders have the possibility to register on the Sherpany platform and to give on-line instructions to the independent proxy (www.ascom.com/en/index/investor-relations/annual-general-meeting.htm). Details of the electronic proxies and voting instructions to the independent proxy are explained in the invitation to the Annual General Meeting.

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. Clause 9 para. 2 of the proposed future Articles of Association foresees to extend this delay to 30 days.

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 explicitly state 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 Association 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 maximal 12 months.

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

The auditors are appointed by the Annual General Meeting for a term of one year. 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. Martin Kennard is auditor-in-charge since 2014.

Auditing fee

PricewaterhouseCoopers Ltd was paid compensation of CHF 901,800 (previous year: CHF 811,100) 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 2014.

Additional fees

PricewaterhouseCoopers Ltd was paid the following additional fees in 2014:

Tax consulting	CHF 396,700 (previous year: CHF 461,700)
Miscellaneous	CHF 11,300 (previous year: CHF 89,200)
Total	CHF 408,000 (previous year: CHF 550,900)

The level of the non-audit fees of PricewaterhouseCoopers Ltd amounting to CHF 408,000 corresponds to 45.2% of the total audit fees of CHF 901,800.

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 2014, 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 2014.

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 2014 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.

Donations/Sponsoring

The main focus of the donation policy of the Group is on UNICEF in order to support children all over the world.

Moreover, Ascom is sponsoring together with other reputable Swiss companies the project "venture" to support innovation in Swiss industry and 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 Association 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 2015 and Corporate Communications and Investor Relations contacts is provided on page 106 of this Annual Report.

REMUNERATION REPORT

Note
PricewaterhouseCoopers as statutory auditors have audited the Remuneration Report according to Clause 17 of the Ordinance against Excessive Compensation (''OaEC''). The audit was limited to the information contained in the sections II/1, II/2 (Table ''Compensation Executive Board 2014''), II/2 lit.g and II/2 lit.h; all marked as ''audited information''.

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 Management are committed to good Corporate Governance in order to ensure 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 SIX Swiss Exchange
- 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 electorate 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.

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	Implemented since AGM 2014
Election of the members of the Compensation Committee (individually) by the General Meeting for a term of office of one year	Implemented since AGM 2014
Delegation of management to natural persons only	No issue for Ascom
Corporate proxies and proxies of deposited shares are prohibited	Implemented as of 1 January 2014
Election of independent proxy by the General Meeting for a term of office of one year	Implemented since AGM 2014
Enabling the grant of proxies and instructions to the independent proxy by electronic means	Implemented as of 1 January 2015
Amendment of Articles of Association	AGM 2015
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	Implemented since 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	Implementation ongoing
Adaption of employment agreements of the Executive Board	Implemented as of 1 January 2015

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

The new provisions are applicable for all Swiss publicly listed companies. The Swiss Federal Council enacted the Ordinance against Excessive Compensation with respect to stock exchange listed companies ("OaEC") as of 1 January 2014. 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 on the previous page gives an overview of the implementation of the new "Ordinance against Excessive Compensation with respect to stock exchange listed companies (OaEC)".

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 the Annual General Meeting. 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 about 40% of his working time, and the mandate of the other Board members to about 10% of their working time.

b) Number of external mandates and functions

Clause 20d of the future Articles of Association states that Members of the Board of Directors shall not occupy or exercise more than four positions in other companies against compensation (including public-listed companies) and not more than five uncompensated positions. The Chairman of the Board may exercise a total of up to three positions in other publicly traded companies. The actual Chairman only has one mandate in another publicly traded company.

All members of the Board of Directors are committed to adjust the number of external Board memberships to the new legislation by 15 April 2015 at the latest.

4. Remuneration principles for the Executive Board

a) Appointment of Members of the Executive Board

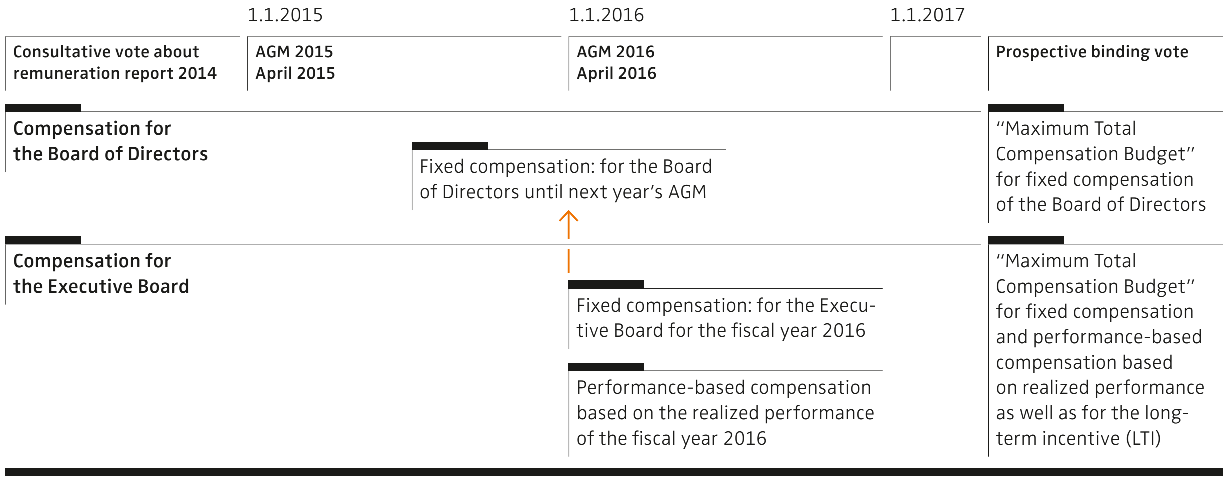
As Members of the Executive Board are considered the CEO and each further person, which is explicitly appointed as such by the Board of Directors. As of 1 January 2015, the Executive Board consists of five members: CEO, CFO, General Manager Wireless Solutions Division, General Manager Network Testing Division, and Head of Strategy & Business Development.

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 Revenue, EBIT or EBITDA, NWC as determined by the Board of Directors. The goals shall be in line with the yearly budgets of the Company. Performance-related variable compensation cannot exceed the fixed compensation.
- Long-term incentive: The long-term incentive consists of a retention part and a performance-related part. The members of the Executive Board as beneficiaries have 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. The beneficiaries receive a certain percentage of the number of their Investment Shares as Matching Shares after a three-year vesting period for free ("retention part"), 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 are achieved ("performance-related part"). As a maximum, the Company will honor each Investment Share with one Matching Share.

Ascom Compensation Approval Mechanism



System of CEO Compensation

Salary part	Target salary CEO
Long-term incentive (share matching plan)	Opportunity to invest Investment Shares up to a maximum of CHF 325,000
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

Clause 20d of the future Articles of Association says 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. The Members of the Executive Board comply with this new regulation.

d) Employment agreements with members of the Executive Board

Clause 20c of the future Articles of Association states 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 were adapted to the new legislation as of 1 January 2015. The employment agreements do not contain any non-competition clauses against additional compensation. Contracts of employment with members of the Executive Board provide for no special severance payment.

5. Approval Mechanism

a) Statutory approval mechanism

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.

b) Approvals of the Annual General Meeting 2014

The shareholders approved the following maximum amounts for future compensations at the Annual General Meeting 2014:

- Board of Directors: maximal amount of CHF 900,000 for the period until the Annual General Meeting 2015
- Executive Board: maximal amount of CHF 2,300,000 as fixed compensation (including contributions to pension funds and other social benefits) for the business year 2015. In addition, maximal amount of CHF 1,700,000 as variable compensation and a maximal amount of CHF 800,000 as long-term incentive both for the business year 2015.

6. Articles of Association of Ascom Holding AG
(as submitted to the Annual General Meeting 2015)

The future Articles of Association of Ascom Holding regulate the remuneration principles 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). The amount of the performance-related compensation of a member of the Executive Board (excluding the long-term incentive) cannot exceed the fixed compensation of such member.
  - Long-term incentive (allocation of equity securities, conversion rights, option rights or other rights with securities as underlying). The total value of the long-term incentive for a member of the Executive Board cannot exceed 50% of the fixed compensation of such member
- 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 four positions in other companies against compensation (including public-listed companies) and not more than five uncompensated positions. The Chairman of the Board may exercise a total of up to three positions in other publicly traded companies.
- 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 (subject to the approval of the Board of Directors).

II. REMUNERATION IN FISCAL YEAR 2014

This part of Remuneration Report provides information on remuneration paid by Ascom in fiscal year 2014 and will be presented to the 2015 Annual General Meeting for approval.

1. Board of Directors (audited information)

Members of the Board of Directors were paid remuneration totaling CHF 915,000 in fiscal year 2014 (2013: CHF 927,033).

	2014	2013
Juhani Anttila, Chairman	300,000	300,000
Dr J.T. Bergqvist	120,000	120,000
Andreas Umbach	120,000	120,000
Cornelia Gehrig [1]	120,000	87,033
Dr Harald Deutsch [2]	90,000	–
Christina Stercken [2]	90,000	–
Paul E. Otth [3]	45,000	180,000
Kenth-Ake Jönsson [3]	30,000	120,000

[1] Since Annual General Meeting 2013.
[2] Since Annual General Meeting 2014.
[3] Until Annual General Meeting 2014.

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

No member of the Board of Directors received any additional remuneration as defined by Art. 663b^{bis} of the Swiss Code of Obligations.

EAC Euro Asia Consulting, Munich/Shanghai (where Christina Stercken is one of six partners), got a mandate to collect and analyze China market data for Ascom Wireless Solutions. The mandate had a value of EUR 28,500 and has been closed. No other remuneration was 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 nor do such loans exist.

2. Executive Board

a) Members of the Executive Board
In 2014, the Executive Board consisted of the following members:

- Fritz Mumenthaler, CEO
- Bianka Wilson, CFO
- Claes Ödman, General Manager Wireless Solutions
- Rikard Lundqvist, General Manager Network Testing
- Francis Schmeer, Head of Strategy & Business Development (since 1 September 2014)

b) Fixed compensation

The basic salaries (including social benefits) paid to the five members (Head of Strategy & Business Development only started as of 1 September 2014) of the Executive Board in the 2014 financial year totaled CHF 1,748,199 (2013: CHF 1,710,351 for four members).

c) Performance-related variable compensation

- **Principles**

Targets are defined at the beginning of each year in alignment with the budget targets by the full Board of Directors. 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 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.

The CFO receives a variable salary component of 40% of her basic salary on fully achieving all targets, and thus gets a performance-related variable compensation corresponding to 40% of her 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 her basic salary.

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.

Performance-related variable compensation cannot exceed the fixed compensation of a Member of the Executive Board.

- **Performance-related targets 2014**

The Board of Directors set the performance targets for 2014 with the aim to incentivize profitable growth of the Group and to assure financial stability.

The performance-related variable compensation for the CEO and the CFO in 2014 was linked to the achievement of the following measurable quantitative targets (incl. weighting):

- Revenue: 30%
- EBITDA: 40%
- Networking Capital: 30%

In agreement with the budget, the targets were defined as follows:

- Revenue Group: CHF 484.7 million
- EBITDA Group: CHF 73.2 million
- Networking Capital Group: 16.7%

The CEO and the CFO overall achieved 58.1% of the performance-related targets set for 2014. Thus, the CEO receives a performance-related variable compensation of CHF 188,668 corresponding to 29.0% of his basic salary whilst the CFO receives a performance-related variable compensation of CHF 75,467 corresponding to 23.2% of her basic salary.

The performance-related variable compensation for the Divisional General Managers for 2014 was linked to the achievement of the following measurable quantitative targets (incl. weighting):

- EBITDA Group: 20%
- Revenue division 45%
- EBITDA division: 25%
- Networking Capital division: 10%

In agreement with the budget, the targets were defined as follows:

- EBITDA Group: CHF 73.2 million
- Revenue division: Wireless Solutions: CHF 333.3 million; Network Testing: CHF 140.5 million
- EBITDA division: Wireless Solutions: CHF 54.0 million; Network Testing: CHF 21.8 million
- Networking Capital division: Wireless Solutions 14.1%; Network Testing: 23.0%

In 2014, the General Manager Wireless Solutions achieved 84.8% of the targets set. Thus, he receives a performance-related variable compensation of CHF 108,493 corresponding to 33.9% of his basis salary. The General Manager Network Testing achieved 4.0% of the targets set. Thus, he receives a performance-related variable compensation of CHF 5,302 corresponding to 1.6% of his basis salary.

The Head of Strategy & Business Development only joined the Company as of 1 September 2014. He achieved the contractually set individual targets for the first four months and thus receives a performance-related variable compensation of CHF 47,290 corresponding to 40% of his basis salary.

According to the principles of the performance-related variable compensation, the variable salary component was lower year-on-year, amounting to CHF 425,220 for five members of the Executive Board in 2014 (2013: CHF 726,062 for four members). The variable salary component will be paid in April 2015 following the approval of the 2014 financial statements at the Annual General Meeting.

In 2014, the variable salary component (performance-related part) corresponds to 29% of the basic salary of the CEO (2013: 50%) and on average to 22% of the basic salary in the case of the other four Executive Board members (2013: 38% for three members).

Compensation Executive Board 2014 (audited information)

in CHF	Basic salary	Variable salary component	Miscellaneous [1]	Pension contributions	LTI [2]	Total
CEO	650,000	188,668	–	86,679	164,140	1,089,487
CFO	325,000	75,467	15,000	28,834	7,714	452,015
GM Wireless Solutions	320,160	108,493	6,670	95,600	9,766	540,689
GM Network Testing	334,815	5,302	17,868	10,343	–	368,328
Head of Strategy & Business Development (since 1.9.2014)	118,224	47,290	–	8,245	–	173,759
Total Executive Board	1,748,199	425,220	39,538	229,701	181,620	2,624,278

[1] Contributions to medical benefit plans and special premiums.
[2] Weighted average fair value of the Matching Shares at grant (1 investment share = CHF 16.414).

Compensation Executive Board 2013

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 (1 investment share = CHF 11.34).

d) Long-term incentive

The Board of Directors decided to introduce a share-matching plan as a long-term incentive instead of options. The long-term incentive consists of a retention part and a performance-related part. 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 number 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.

The beneficiaries get 35% of the number of their Investments Shares as Matching Shares after a three-year vesting period for free (''retention part''), if their employment contract with Ascom has not been terminated at this point in 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 are achieved (''performance-related part''). The Board of Directors linked the mid-term profitability targets to the EBITDA margin of the Ascom core business achieved in fiscal year 2016. In order to receive additional Matching Shares, the Ascom core business must achieve at least an EBITDA margin of 15.7% in 2016. Every participant will receive the maximum of 65% of additional Investment Shares in case that the EBITDA margin of the Ascom core business in 2016 amounts to 17.2% or higher. As a maximum, the Company will honor each Investment Share with one Matching Share.

The CEO invested 10,000 Investment Shares and the other members of the Executive Board in total invested 1,065 Investment Shares. The fair value of a Matching Share at grant amounts to CHF 16.41 (weighted average fair value). Thus, the fair value of all Matching Shares allocated to the Executive Board amounts to CHF 181,620 whereof an amount of CHF 164,140 for the Matching Shares is allocated to the CEO, assuming full achievement of all performance targets.

e) Total compensation of the Members of the Executive Board

Adjusted for the additional member, the overall compensation for the Executive Board decreased by about 23% year over year. The total compensation for all five members of the Executive Board amounted to CHF 2,624,278 (2013: CHF 3,166,313 for four members).

f) Highest compensation

The highest total remuneration within the Ascom Group was paid to the CEO. The total remuneration for the CEO in 2014, consisting of the basic salary and variable salary component, amounted to CHF 838,668 (2013: CHF 975,000). The employers' pension contributions amounted to CHF 86,679 (2013: CHF 96,627). The value of the Matching Shares allocated to the CEO are valued at a total of CHF 164,140 (2013: CHF 340,080), 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 1,089,487 (2013: CHF 1,411,707).

g) Additional payments (audited information)

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 nor do such loans exist.

h) Severance payments (audited information)

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 maximal 12 months. All employment contracts with members of the Executive Board were adapted to the new legislation as of 1 January 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

No former members of the Executive Board or parties closely related to them received any payments or loans from the Company in 2014.

4. Share ownership

Number of shares and options held in Ascom Holding Ltd. as of 31 December 2014:

a) Board of Directors

All members of the Board of Directors and closely related parties, in total: 148,750 shares.

	Shares [1]
Juhani Anttila, Chairman	100,000
Dr J.T. Bergqvist	10,000
Dr Harald Deutsch	2,000
Cornelia Gehrig	3,000
Christina Stercken	–
Andreas Umbach	33,750

[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: 45,065 shares and 217,000 options (all employee options).

	Shares [1]	Options	Employee options (exercisable) [2]	Employee options (not exercisable) [2]
Fritz Mumenthaler, CEO	40,000	–	86,000	29,000
Bianka Wilson, CFO	4,470	–	–	–
Claes Ödman, GM WS	595	–	15,000	27,000
Rikard Lundqvist, GM NT	–	–	27,000	27,000
Francis Schmeer, Head of Strategy & Business Dev.	–	–	–	–
Total Executive Board	**45,065**	**–**	**128,000**	**83,000**

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

c) Share allotment in the year under review

Ascom Holding Ltd. allotted no shares in 2014.

5. Long-term incentive plans

a) 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).

90,823 of the remaining 476,000 options outstanding at the beginning of the year were exercised in 2014. Thus, 385,177 options are still outstanding.

b) 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).

10,000 of the remaining 453,000 options outstanding at the beginning of the year were exercised in 2014 and 21,000 options were forfeited. Thus, 422,000 options are still outstanding.

c) Share matching plan 2013

The Board of Directors decided in its Board Meeting of 14 August 2013 to introduce a share matching plan 2013 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 in 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 number 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 in 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 are achieved. The Board of Directors linked the mid-term profitability targets to the EBITDA margin of the Ascom core business achieved in fiscal year 2015. In order to distribute additional Matching Shares to the beneficiaries, the Ascom Group must achieve at least an EBITDA margin of 16% in 2015. Every participant will receive the maximum of 65% of additional Investment Shares in case the EBITDA margin of the Ascom Group in 2015 amounts to 18% or higher. 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. During the period under review, 1,000 Investment Shares were forfeited. Thus, 60,720 Investment Shares still may qualify for Matching Shares.

d) Share matching plan 2014

The Board of Directors decided in its Board Meeting of 31 March 2014 to introduce a share matching plan 2014 for the Ascom senior management as a long-term incentive. The beneficiaries had the opportunity to buy Company shares during a defined subscription period at market price as Investment Shares up to a certain number 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 in 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 are achieved. The Board of Directors linked the mid-term profitability targets to the EBITDA margin of the Ascom core business achieved in fiscal year 2016. In order to distribute additional Matching Shares to the beneficiaries, the Ascom core business must achieve at least an EBITDA margin of 15.7% in 2016. Every participant will receive the maximum of 65% of additional Investment Shares in case the EBITDA margin of the Ascom core business in 2016 amounts to 17.2% or higher. As a maximum, the Company will honor each Investment Share with one Matching Share.

36 members of the Ascom senior management decided to participate and they invested in total 36,427 Investments Shares.

e) Options and Investment Shares held as of 31 December 2014

SOP	Duration in years	Strike price in CHF	Issued options	Exercised options	Expired options	Retained options
2011	5	15.00	491,000	90,823	15,000	385,177
2012	5	9.00	486,000	37,000	21,000	422,000

As of 31 December 2014, 60,720 Investment Shares according to the share matching plan 2013 and 36,427 Investment Shares according to the share matching plan 2014 were held. Each of those 97,147 Investment Shares may entitle the holder to a maximum of one Matching Share.

The 807,177 shares subject to exercise of issued and outstanding options as of 31 December 2014, together with the 97,147 outstanding Matching Shares, correspond in total to 2.51% of the total share capital of the Company.

To the general meeting of Ascom Holding Ltd., Baar

Report of the statutory auditor to the General Meeting

We have audited the information marked as ''Audited information'' in the accompanying remuneration report for the year ended 31 December 2014.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the information marked as ''Audited information'' in the remuneration report of Ascom Holding AG for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Martin Kennard	Thomas Wallmer
Audit expert	Audit expert
Auditor in charge	

Zurich, 25 February 2015

FINANCIAL STATEMENTS 2014

CONSOLIDATED BALANCE SHEET

Assets

CHFm	Note	31.12.2014	31.12.2013
Property, plant and equipment	5	15.2	14.6
Intangible assets	6	217.4	222.6
Deferred income tax assets	22	11.6	9.3
Financial assets	7	1.3	3.5
Post-employment benefit assets	14	–	6.1
Other assets	10	0.9	1.1
Non-current assets		**246.4**	**257.2**
Inventories and work in progress	8	24.8	24.9
Trade receivables	9	110.5	95.5
Income tax receivables		2.4	2.9
Other assets	10	32.8	37.6
Financial assets	7	1.5	1.5
Cash and cash equivalents	11	50.2	58.2
Current assets		**222.2**	**220.6**
Total assets		**468.6**	**477.8**

Liabilities and shareholders' equity

CHFm	Note	31.12.2014	31.12.2013
Equity attributable to owners of the parent		242.9	246.4
Shareholders' equity		**242.9**	**246.4**
Borrowings	13	23.1	61.1
Deferred income tax liabilities	22	2.2	9.9
Employee benefit obligations	14	44.1	22.2
Provisions	15	6.0	6.9
Other liabilities		0.5	1.8
Non-current liabilities		**75.9**	**101.9**
Provisions	15	7.1	11.4
Trade payables		32.9	24.1
Income tax payables		7.9	3.7
Other liabilities	16	101.9	90.3
Current liabilities		**149.8**	**129.5**
Total liabilities		**225.7**	**231.4**
Total liabilities and shareholders' equity		**468.6**	**477.8**

The notes on pages 48 to 91 are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

CHFm	Note	2014	2013
Revenue	17	448.8	459.7
Cost of goods sold		(221.2)	(232.6)
Gross profit		**227.6**	**227.1**
Marketing and sales		(98.0)	(96.5)
Research and development		(40.4)	(41.5)
Administration		(32.4)	(32.9)
Amortization of intangible assets from acquisition [1]	6	(10.6)	(11.8)
Other income/(expenses), net	18	5.4	3.2
Earnings before interest and income tax (EBIT)		**51.6**	**47.6**
Financial income	21	1.1	0.5
Financial expenses	21	(2.9)	(6.5)
Earnings before income tax		**49.8**	**41.6**
Income tax	22	(11.3)	(4.7)
Group profit for the period [2]		**38.5**	**36.9**

[1] This line item exclusively contains amortization of intangible assets initially capitalized due to a purchase price allocation at acquisition date.
[2] Attributable to the owners of the parent.

Earnings per share in CHF

CHFm	Note	2014	2013
Basic	23	1.10	1.07
Diluted	23	1.09	1.06

Consolidated statement of comprehensive income

CHFm	2014	2013
Group profit for the period [1]	**38.5**	**36.9**
Currency translation adjustments	(10.4)	(0.8)
Other comprehensive income that will be reclassified subsequently to profit or loss	**(10.4)**	**(0.8)**
Remeasurement gains/(losses) on defined benefit plans	(27.4)	65.5
Income tax effect	6.6	(16.3)
Other comprehensive income that will not be reclassified subsequently to profit or loss	**(20.8)**	**49.2**
Total comprehensive income for the period [1]	**7.3**	**85.3**

[1] Attributable to the owners of the parent.

The notes on pages 48 to 91 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent						
CHFm	Share capital[1]	Own shares[1]	Share premium	Other capital reserves	Currency translation adjustments	Retained earnings	Total shareholders' equity
Balance at 1.1.2013	**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**
Group profit for the period	–	–	–	–	–	38.5	38.5
Other comprehensive income	–	–	–	–	(10.4)	(20.8)	(31.2)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(10.4)**	**17.7**	**7.3**
Share-based payments	–	–	–	0.4	–	–	0.4
Purchase of own shares	–	(0.1)	–	–	–	–	(0.1)
Disposal of own shares	–	2.0	–	0.9	–	–	2.9
Dividends paid	–	–	–	–	–	(14.0)	(14.0)
Total transactions with owners	**–**	**1.9**	**–**	**1.3**	**–**	**(14.0)**	**(10.8)**
Balance at 31.12.2014	**18.0**	**(9.2)**	**1.1**	**11.5**	**(47.1)**	**268.6**	**242.9**

[1] Refer to note 12.

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

CHFm	Note	2014	2013
Group profit for the period		38.5	36.9
+ Depreciation and impairment of property, plant and equipment	5	3.7	4.3
+ Amortization and impairment of intangible assets	6	13.9	15.7
+/- (Profit)/loss from disposal of property, plant and equipment	18	(4.8)	(0.2)
+/- (Profit)/loss from divestment of a subsidiary or business	18	–	(1.4)
+/- (Profit)/loss from disposal of investments in third parties	18	(0.9)	–
+ Share-based payments	19	0.7	1.6
+/- Addition/(release) of provisions		1.3	2.0
- Provisions paid	15	(7.1)	(13.3)
+/- Change in employee benefit obligations and post-employment benefit assets		1.4	0.1
+/- Change in inventory and work in progress		0.2	5.5
+/- Change in trade receivables		(14.0)	18.4
+/- Change in trade payables		9.0	1.4
+/- Change in other assets and other liabilities		2.5	(9.0)
- Interest income	21	(0.6)	(0.5)
+ Interest expenses	21	1.7	3.6
+ Interest received		0.4	0.4
- Interest paid		(0.5)	(1.2)
+ Income tax expenses [1]	22	11.3	4.7
- Income tax paid		(9.9)	(8.2)
+/- Foreign currency translation differences on intra-group positions		0.2	2.5
Net cash flow from operating activities		**47.0**	**63.3**
- Purchase of property, plant and equipment	5	(4.3)	(2.8)
+ Proceeds from disposal of property, plant and equipment		5.2	0.8
- Purchase of intangible assets	6	(9.2)	(5.8)
- Acquisition of a subsidiary or business [2]	3	(0.4)	(12.2)
+ Proceeds from divestment of a subsidiary or business		–	0.2
+ Proceeds from disposal of investments in third parties		1.8	–
+/- Change in financial assets and other non-current assets		3.5	1.4
Net cash flow from investing activities		**(3.4)**	**(18.4)**
+ Proceeds from borrowings		20.2	12.7
- Repayment of borrowings		(60.1)	(55.6)
+ Proceeds from disposal of own shares		2.9	7.3
- Purchase of own shares	12	(0.1)	(1.7)
- Dividends paid/distribution of share premium		(14.0)	(12.2)
Net cash flow from financing activities		**(51.1)**	**(49.5)**
+/- Foreign currency translation differences on cash and cash equivalents		(0.5)	(0.3)
Net increase/(decrease) in cash and cash equivalents		**(8.0)**	**(4.9)**
+ Cash and cash equivalents at 1.1.		58.2	63.1
Cash and cash equivalents at 31.12.	**11**	**50.2**	**58.2**

[1] Recognized in profit or loss.
[2] This line item comprises CHF 1.4 million cash outflow attributable to the contingent purchase price payment relating to the technology-related business of Veelong Corp. acquired in 2012, furthermore CHF 2.1 million cash inflow attributable to the cash and cash equivalents overtaken at acquisition date of Integrated Wireless, and CHF 1.1 million net cash outflow attributable to the acquisition of Scanditronic (M) Sdn Bhd, both in the period under review (see note 3).

The notes on pages 48 to 91 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 know-how in healthcare workflow solutions and telecommunications. 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 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 Baar (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 2014:

IAS 32 (amendment) – ''Offsetting Financial Assets and Financial Liabilities'', IFRS 10, IFRS 12 and IAS 27 (amendments) – ''Investment Entities'', IAS 39 (amendment) – ''Novation of Derivatives and Continuation of Hedge Accounting'', and IFRIC 21 – ''Levies''. 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.

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

Standard	Assess-ment	Effective date	Planned application by Ascom
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 15 – "Revenue from Contracts with Customers"	***	1.1.2017	2017
IFRS 9 – "Financial Instruments"	***	1.1.2018	2018

* No impact or no significant impact expected on the consolidated financial statements.
** The impact on the consolidated financial statements is expected to result in additional disclosures or changes in presentations.
*** The impact on the consolidated financial statements cannot yet be determined with sufficient reliability.

2.3 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

CHFm	ISO code	Unit	31.12.2014	Average 2014	31.12.2013	Average 2013
Euro	EUR	1	1.203	1.214	1.228	1.227
Pound sterling	GBP	1	1.538	1.507	1.472	1.449
Swedish krona	SEK	1	0.127	0.133	0.139	0.142
US dollar	USD	1	0.989	0.917	0.890	0.923

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 sales 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 sales 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

Acquisition of Integrated Wireless

On 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 is a specialist provider of wireless communication systems in Australia and New Zealand and is headquartered in Sydney with additional offices in Melbourne, Brisbane, Perth and Auckland. All 62 employees were taken over at their existing locations. Prior to closing the acquisition, Integrated Wireless was the exclusive distributor of Ascom Wireless products in 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. At 31 December 2014, the fair value of the contingent consideration amounts to nil, based on assumed revenue and profitability for the earn-out period.

CHFm	Book value	Fair value adjustments	Fair value
Goodwill	–	6.3	6.3
Intangible assets from acquisition	–	2.1	2.1
Trade receivables	2.1	–	2.1
Cash and cash equivalents	2.1	–	2.1
Other current and non-current assets	3.4	–	3.4
Total assets	**7.6**	**8.4**	**16.0**
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. Acquisition-related costs of CHF 0.1 million were recorded in administration expenses of the reporting period under review and CHF 0.1 million in 2013. Since the acquisition date, the acquired business has contributed revenue of CHF 8.3 million. Due to acquisition-related costs, integration costs and amortization of intangible assets from acquisition, the business has contributed only a minor profit of CHF 0.1 million to the Group's performance in 2014.

Acquisition of Scanditronic (M) Sdn Bhd

On 4 August 2014, Ascom Wireless Solutions acquired the Malaysian distributor Scanditronic (M) Sdn Bhd, a privately held specialist provider of wireless end-to-end communication solutions for increased workflow efficiency. Until the acquisition, the company was distributor of Ascom Wireless Solutions products in Malaysia and the Southeast Asia region, with a customer base in healthcare, retail, hospitality and shipping. Scanditronic (M) Sdn Bhd is headquartered in Kuala Lumpur, and all eight of the company's employees were taken over.

In 2014, CHF 1.3 million of the total purchase price of CHF 1.5 million were offset by cash. Further CHF 0.2 million are attributable to an agreed earn-out payment, payable after 31 December 2015, dependent on the achievement of agreed revenue targets. The goodwill of CHF 0.8 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. Acquisition-related costs of CHF 0.1 million were recorded in administration expenses of the reporting period under review. Since the acquisition date, the acquired business has contributed revenue of CHF 0.4 million and a profit of CHF 0.1 million to the Group's performance in 2014.

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 provides high-value, wireless and customer-specific on-site communication and workflow optimization 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 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		Network Testing		Other		Corporate		Consolidation		Total Ascom	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Incoming orders	333.3	318.7	117.3	139.6	10.9	19.9	–	–	(0.2)	(0.2)	461.3	478.0
Order backlog	116.7	102.6	32.7	34.5	–	0.2	–	–	–	–	149.4	137.3
Revenue	**318.9**	**306.1**	**119.0**	**133.3**	**11.2**	**20.5**	**–**	**–**	**(0.3)**	**(0.2)**	**448.8**	**459.7**
of which with other segments	0.3	0.2	–	–	–	–	–	–	(0.3)	(0.2)	–	–
Cost of goods sold	(155.0)	(150.9)	(54.1)	(59.3)	(11.5)	(21.7)	–	–	(0.6)	(0.7)	(221.2)	(232.6)
Gross profit/(loss)	**163.9**	**155.2**	**64.9**	**74.0**	**(0.3)**	**(1.2)**	**–**	**–**	**(0.9)**	**(0.9)**	**227.6**	**227.1**
as % of revenue	51.4%	50.7%	54.5%	55.5%	n/a	n/a	n/a	n/a	n/a	n/a	50.7%	49.4%
Marketing and sales	(73.1)	(70.3)	(25.0)	(25.9)	–	(0.1)	(0.6)	(0.4)	0.7	0.2	(98.0)	(96.5)
Research and development	(21.1)	(21.6)	(19.3)	(19.9)	–	–	–	–	–	–	(40.4)	(41.5)
Administration	(12.2)	(11.9)	(8.4)	(8.9)	(0.2)	(0.3)	(11.8)	(12.5)	0.2	0.7	(32.4)	(32.9)
Amortization of intangible assets from acquisition	(1.2)	(0.9)	(9.4)	(10.9)	–	–	–	–		–	(10.6)	(11.8)
Other income/(expenses), net	(4.1)	(3.4)	(3.6)	(4.0)	2.8	(0.2)	10.3	10.8	–	–	5.4	3.2
EBIT	**52.2**	**47.1**	**(0.8)**	**4.4**	**2.3**	**(1.8)**	**(2.1)**	**(2.1)**	**–**	**–**	**51.6**	**47.6**
as % of revenue	16.4%	15.4%	n/a	3.3%	20.5%	n/a	n/a	n/a	n/a	n/a	11.5%	10.4%
Financial income/(expenses), net											(1.8)	(6.0)
Earnings before income tax											**49.8**	**41.6**
Income tax											(11.3)	(4.7)
Group profit for the period											**38.5**	**36.9**
EBITDA	**57.3**	**53.1**	**11.2**	**17.9**	**2.7**	**(1.3)**	**(2.0)**	**(2.1)**	**–**	**–**	**69.2**	**67.6**
as % of revenue	18.0%	17.3%	9.4%	13.4%	24.1%	n/a	n/a	n/a	n/a	n/a	15.4%	14.7%
Capital expenditures	11.3	6.9	1.8	1.2	0.4	0.4	–	0.1	–	–	13.5	8.6
Employees (FTE) at 31.12.	1,196	1,109	485	462	–	–	15	15	–	–	1,696	1,586

Transactions between Ascom's operating segments are priced comparable to external customers. Intersegment revenues are eliminated on consolidation.

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

CHFm	Wireless Solutions		Network Testing		Other		Corporate		Consolidation		Total Ascom	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Reportable segments' assets	**168.1**	**133.9**	**225.9**	**233.7**	**6.4**	**11.6**	**3.5**	**26.4**	**(2.3)**	**(3.2)**	**401.6**	**402.4**
Deferred income tax assets											11.6	9.3
Financial assets											2.8	5.0
Income tax receivables											2.4	2.9
Cash and cash equivalents											50.2	58.2
Total assets at 31.12.											**468.6**	**477.8**

Key figures by region

CHFm	Switzerland		Europe, Middle East and Africa [1]		Americas		Asia Pacific		Total Ascom	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Incoming orders	36.0	47.1	310.7	311.4	86.8	106.7	27.8	12.8	461.3	478.0
Revenue	33.9	44.3	301.8	300.4	88.3	100.7	24.8	14.3	448.8	459.7
Non-current assets at 31.12. [2]	4.1	15.6	183.3	190.0	35.4	32.2	10.7	0.5	233.5	238.3
Employees (FTE) at 31.12.	83	113	1,191	1,133	261	253	161	87	1,696	1,586

[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 location of the customers.

CHF 58.4 million of the total revenue is attributable to Germany (previous year: CHF 58.4 million), CHF 65.0 million to the Netherlands (previous year: CHF 68.5 million) and CHF 80.1 million to the US (previous year: CHF 90.8 million).

Of the non-current assets disclosed in the table above, CHF 154.9 million are attributable to Sweden (previous year: CHF 161.5 million) and CHF 35.4 to the US (previous year: CHF 32.2 million).

5. PROPERTY, PLANT AND EQUIPMENT

CHFm	Land and buildings	Plant and equipment	Equipment under construction	Total
Cost				
Balance at 1.1.2013	**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**
Additions	0.4	2.7	1.2	4.3
Disposals	(0.5)	(14.1)	–	(14.6)
Acquisition of a subsidiary or business	0.5	0.2	–	0.7
Reclassifications	–	0.2	(0.2)	–
Currency translation adjustments	(0.5)	(2.5)	(0.1)	(3.1)
Balance at 31.12.2014	**30.4**	**58.5**	**1.1**	**90.0**
Accumulated depreciation and impairment				
Balance at 1.1.2013	**24.3**	**66.1**	**0.5**	**90.9**
Depreciation charge	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**
Depreciation charge	0.6	3.1	–	3.7
Disposals	(0.1)	(14.1)	–	(14.2)
Currency translation adjustments	(0.3)	(2.5)	–	(2.8)
Balance at 31.12.2014	**22.6**	**52.2**	**–**	**74.8**
Net carrying amount at 31.12.2013	**8.1**	**6.3**	**0.2**	**14.6**
Net carrying amount at 31.12.2014	**7.8**	**6.3**	**1.1**	**15.2**

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 2014 amounts to CHF 104.1 million (previous year: CHF 122.1 million). As at 31 December 2014, 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 1.1.2013	**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)
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**
Additions	–	0.1	–	8.2	0.9	9.2
Acquisition of a subsidiary or business	7.1	–	2.5	–	–	9.6
Currency translation adjustments	(6.6)	(0.1)	(6.0)	(1.4)	(1.4)	(15.5)
Balance at 31.12.2014	**169.0**	**1.3**	**85.4**	**18.9**	**19.4**	**294.0**
Accumulated amortization and impairment						
Balance at 1.1.2013	**–**	**2.4**	**35.1**	**6.1**	**40.8**	**84.4**
Amortization charge	–	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**
Amortization charge	–	–	10.6	0.3	3.0	13.9
Disposals	–	–	–	–	–	–
Currency translation adjustments	–	–	(3.8)	(0.6)	(1.0)	(5.4)
Balance at 31.12.2014	**–**	**1.1**	**53.0**	**6.5**	**16.0**	**76.6**
Net carrying amount at 31.12.2013	**168.5**	**0.2**	**42.7**	**5.3**	**5.9**	**222.6**
Net carrying amount at 31.12.2014	**169.0**	**0.2**	**32.4**	**12.4**	**3.4**	**217.4**

As at 31 December 2014, 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	31.12.2014	31.12.2013
Wireless Solutions	36.0	28.1
Network Testing	133.0	140.4
Total	**169.0**	**168.5**

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 0.4% terminal value growth rate (previous year: 1.3%). 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	2014	2013
Revenue growth rate (CAGR) [1]		
– Wireless Solutions	6.7%	6.7%
– Network Testing	10.0%	8.4%
EBIT margin [1]		
– Wireless Solutions	12%–15%	14%–15%
– Network Testing	2%–14%	6%–15%
Pre-tax discount rate		
– Wireless Solutions	12.0%	12.8%
– Network Testing	11.7%	13.0%

[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 14.5% (previous year: 15.3%) 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 3.8 percentage points (previous year: 2.5 percentage points) would not lead to an impairment of goodwill.

Intangible assets from acquisition consist of customer relations of CHF 18.9 million (previous year: CHF 21.6 million), technology of CHF 13.2 million (previous year: CHF 20.1 million) and trademarks of CHF 0.3 million (previous year: CHF 1.0 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 relief from royalty 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 10.6 million (previous year: CHF 11.8 million), shown as a 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 4.6 million (previous year: CHF 5.5 million) to marketing and sales, as well as CHF 6.0 million (previous year: CHF 6.3 million) to research and development.

In the period under review, development costs in the amount of CHF 8.2 million (previous year: CHF 4.9 million) were capitalized under internally generated intangibles, and research and development expenses in the amount of CHF 40.4 million (previous year: CHF 41.5 million) were charged to profit or loss.

Other intangible assets include mainly software.

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: nil).

7. FINANCIAL ASSETS

CHFm	31.12.2014	31.12.2013
Investments in third parties	–	0.9
Loans	0.6	1.1
Finance leases	0.7	1.5
Total non-current portion	**1.3**	**3.5**
Loans	0.5	0.5
Finance leases	0.5	0.7
Current fixed deposits	0.5	–
Derivative financial instruments	–	0.3
Total current portion	**1.5**	**1.5**

The Group sold its stake in CSEM AG, Neuchâtel (previous year: CHF 0.9 million), in the period under review (see note 18). 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 31.12.2014
Gross investment in leases	0.6	0.8	–	1.4
Unearned interest income	(0.1)	(0.1)	–	(0.2)
Present value of the net minimum lease payments	**0.5**	**0.7**	**–**	**1.2**

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**

8. INVENTORIES AND WORK IN PROGRESS

CHFm	31.12.2014	31.12.2013
Raw materials and components	3.6	7.2
Work in progress	7.4	5.6
Finished goods and goods for resale	13.8	12.1
Total	**24.8**	**24.9**

The amounts above are stated after an inventory provision amounting to CHF 7.2 million at 31 December 2014 (previous year: CHF 5.9 million).

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

CHFm	2014	2013
Balance at 1.1.	**5.9**	**9.3**
Additions	1.8	1.2
Amounts used	(0.3)	(3.1)
Release of unused amounts	(0.1)	(1.5)
Currency translation adjustments	(0.1)	–
Balance at 31.12.	**7.2**	**5.9**

9. TRADE RECEIVABLES

CHFm	31.12.2014	31.12.2013
Receivables from third parties	113.3	98.2
Less provision for doubtful debts	(2.8)	(2.7)
Total	**110.5**	**95.5**

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	31.12.2014	31.12.2013
Current/past due less than 1 month	95.0	85.9
Past due between 1 and 3 months	9.1	5.7
Past due between 3 and 12 months	6.4	3.9
Past due more than 12 months	–	–
Total	**110.5**	**95.5**

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

CHFm	2014	2013
Balance at 1.1.	**2.7**	**2.7**
Additions	1.9	1.4
Receivables written off during the year as uncollectible	(1.2)	(1.0)
Release of unused amounts	(0.6)	(0.4)
Currency translation adjustments	–	–
Balance at 31.12.	**2.8**	**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 1.3 million (previous year: CHF 1.0 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 sales 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	31.12.2014	31.12.2013
Other prepaid expenses	0.9	1.1
Total non-current portion	**0.9**	**1.1**
Other receivables	16.2	31.7
Accrued income	16.6	5.9
Total current portion	**32.8**	**37.6**

Other receivables include recoverable withholding tax and value added tax totaling CHF 7.9 million (previous year: CHF 6.8 million). At 31 December 2013, other receivables included an escrow deposit of CHF 11.1 million for the acquisition of Integrated Wireless on 2 January 2014 (see note 3). 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	31.12.2014	31.12.2013
Cash, postal and bank current accounts [1]	50.2	58.2
Total cash and cash equivalents	**50.2**	**58.2**

[1] For cash restrictions refer to note 25.1.

The average interest rate on cash and cash equivalents in the year under review was 0.2% (previous year: 0.3%).

12. SHARE CAPITAL AND OWN SHARES

Composition of share capital

CHFm	Number 31.12.2014	Amount 31.12.2014	Number 31.12.2013	Amount 31.12.2013
Registered shares nom. CHF 0.50	36,000,000	18.0	36,000,000	18.0
Number of registered shareholders	5,006		5,143	0.923

The total authorized number of ordinary shares is 36,000,000 of which 35,109,106 are outstanding at 31 December 2014 (previous year: 34,926,831). 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 2014	Amount 2014	Number 2013	Amount 2013
Balance at 1.1.	**1,073,169**	**11.1**	**1,568,202**	**15.9**
Additions	4,730	0.1	143,617	1.7
Disposals	(187,005)	(2.0)	(638,650)	(6.5)
Balance at 31.12.	**890,894**	**9.2**	**1,073,169**	**11.1**

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

13. BORROWINGS

At 31 December 2014, the Group's total credit facilities comprised cash lines of CHF 143.8 million and guarantee lines of CHF 47.2 million available from financial institutions and banks worldwide (previous year: cash lines of CHF 143.4 million and guarantee lines of CHF 47.3 million). At 31 December 2014, Ascom used the cash lines as shown in the table below:

CHFm	Current portion		Total	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Non-current loans from financial institutions and banks	–	–	23.1	61.1
Current loans from financial institutions and banks	–	–	–	–
Total	**–**	**–**	**23.1**	**61.1**

The total borrowings consist mainly of one revolving multi-currency 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 2014, non-current loans of CHF 17.8 million are denominated in USD (previous year: CHF 16.0 million) and CHF 5.0 million in CHF (previous year: CHF 45.1 million). The fair value of the borrowings is equal to the carrying amount.

14. EMPLOYEE BENEFIT OBLIGATIONS

CHFm	31.12.2014	31.12.2013
Defined benefit plan liabilities	43.2	21.7
Other long-term employee benefits	0.9	0.5
Total	**44.1**	**22.2**

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 90% 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. Based on the fundamental principle of the strict legal and economic separation between employer and pension fund entities in Swiss pension law, the Swiss pension fund is independent from Ascom, and accordingly, supported also by independent legal opinion, the Group is of the view that Ascom has no legal obligation based on Swiss pension law to fund the pension entitlements of Ascom retirees within the Swiss pension fund and will also not accept such responsibility. 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 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 2014, the statutory funding ratio of the Swiss plan is estimated at 115%.

As of 1 January 2014, Ascom discontinued its founder role in relation to the Swiss pension plan and entered into a standard participation agreement, consistent with all other employers participating. In connection with this change, Ascom reassessed in detail the legal basis and following accounting treatment of the allocation of plan participants to the Group. As a result, the defined benefit plan assets as well as the defined benefit plan obligations of the Swiss plan were reduced. The movement tables below present this effect in a separate line item. The accounting treatment of the allocation of plan participants to the Group is influenced by, and consistent with, established common IFRS accounting practice for Swiss pension plans and should not give rise to the expectation that Ascom has a financial obligation towards retirees or will fund retirees' pensions post-retirement. This assessment led to an exclusion of a group of pensioners affiliated with Group companies divested in several transactions in previous years.

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

CHFm	Plan in Switzerland		Other plans		Total	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Present value of funded plan obligations	(566.7)	(768.5)	(22.5)	(19.8)	(589.2)	(788.3)
Fair value of plan assets	552.7	780.9	19.2	17.0	571.9	797.9
Funded status	**(14.0)**	**12.4**	**(3.3)**	**(2.8)**	**(17.3)**	**9.6**
Present value of unfunded plan obligations	–	–	(25.8)	(18.7)	(25.8)	(18.7)
Unrecognized plan assets	–	(6.3)	(0.1)	(0.2)	(0.1)	(6.5)
Net asset/(liability) in the balance sheet	**(14.0)**	**6.1**	**(29.2)**	**(21.7)**	**(43.2)**	**(15.6)**
Post-employment benefit assets	–	6.1	–	–	–	6.1
Defined benefit plan liabilities	(14.0)	–	(29.2)	(21.7)	(43.2)	(21.7)

At 31 December 2014, the Swedish pension plan shows 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		Other plans		Total	
	2014	2013	2014	2013	2014	2013
Balance at 1.1.	**(768.5)**	**(845.3)**	**(38.5)**	**(44.2)**	**(807.0)**	**(889.5)**
Current service cost	(1.3)	(1.7)	(0.7)	(1.0)	(2.0)	(2.7)
Interest expenses	(14.8)	(14.2)	(1.6)	(1.6)	(16.4)	(15.8)
Contributions by plan participants	(0.9)	(1.1)	–	–	(0.9)	(1.1)
Remeasurement gains/(losses)	(49.8)	26.4	(10.2)	4.8	(60.0)	31.2
Benefits paid	70.7	66.7	1.2	1.4	71.9	68.1
Reallocation of pensioners	197.9	–	–	–	197.9	–
Curtailment/settlement	–	0.7	–	1.7	–	2.4
Currency translation adjustments	–	–	1.5	0.4	1.5	0.4
Balance at 31.12.	**(566.7)**	**(768.5)**	**(48.3)**	**(38.5)**	**(615.0)**	**(807.0)**
DBO attributable to active participants	(34.2)	(38.3)	(16.3)	(18.9)	(50.5)	(57.2)
DBO attributable to pensioners and deferred members	(532.5)	(730.2)	(32.0)	(19.6)	(564.5)	(749.8)

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

CHFm	Plan in Switzerland		Other plans		Total	
	2014	2013	2014	2013	2014	2013
Balance at 1.1.	**780.9**	**792.6**	**17.0**	**16.3**	**797.9**	**808.9**
Interest income	15.0	13.4	0.8	0.6	15.8	14.0
Remeasurement gains/(losses)	25.1	39.9	1.1	0.7	26.2	40.6
Employer contributions	–	1.2	0.7	0.7	0.7	1.9
Contributions by plan participants	0.9	1.1	–	–	0.9	1.1
Benefits paid	(70.7)	(66.7)	(0.7)	(0.9)	(71.4)	(67.6)
Reallocation of pensioners	(197.9)	–	–	–	(197.9)	–
Curtailment/settlement	–	–	–	(0.2)	–	(0.2)
Plan administration expenses	(0.6)	(0.6)	–	–	(0.6)	(0.6)
Currency translation adjustments	–	–	0.3	(0.2)	0.3	(0.2)
Balance at 31.12.	**552.7**	**780.9**	**19.2**	**17.0**	**571.9**	**797.9**

The defined benefit plan assets are comprised as follows:

CHFm	Plan in Switzerland		Other plans		Total	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Cash	60.8	94.5	0.4	0.3	61.2	94.8
Shares	117.7	170.2	6.6	6.2	124.3	176.4
Bonds	105.6	135.1	8.7	7.3	114.3	142.4
Property	219.4	337.3	0.3	0.3	219.7	337.6
Investment funds	–	–	2.3	2.0	2.3	2.0
Qualifying insurance policies	–	–	0.7	0.7	0.7	0.7
Other	49.2	43.8	0.2	0.2	49.4	44.0
Total	**552.7**	**780.9**	**19.2**	**17.0**	**571.9**	**797.9**

At 31 December 2014, pension plan assets include buildings occupied by the Group with a fair value of CHF 0.2 million (previous year: CHF 0.3 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	
	2014	2013	2014	2013	2014	2013
Current service cost	(1.3)	(1.7)	(0.7)	(1.0)	(2.0)	(2.7)
Interest income/(expenses), net	0.2	(0.8)	(0.8)	(1.0)	(0.6)	(1.8)
Curtailment/settlement	–	0.7	–	1.5	–	2.2
Plan administration expenses	(0.6)	(0.6)	–	–	(0.6)	(0.6)
Remeasurement gains/(losses)	(24.7)	66.3	(9.1)	5.5	(33.8)	71.8
Change unrecognized plan assets (IAS 19.64 limitation)	6.4	(6.3)	–	–	6.4	(6.3)
Total pension costs	**(20.0)**	**57.6**	**(10.6)**	**5.0**	**(30.6)**	**62.6**
Pension costs recognized in profit or loss	(1.7)	(2.4)	(1.5)	(0.5)	(3.2)	(2.9)
Pension costs recognized in other comprehensive income	(18.3)	60.0	(9.1)	5.5	(27.4)	65.5

The income statement reflects the total charge of CHF 3.2 million (previous year: total credit of CHF 2.9 million) as follows:

CHFm	Plan in Switzerland		Other plans		Total	
	2014	2013	2014	2013	2014	2013
Cost of goods sold	(0.3)	(0.2)	(0.1)	(0.1)	(0.4)	(0.3)
Marketing and sales	(0.3)	(0.2)	(0.3)	(0.3)	(0.6)	(0.5)
Research and development	–	(0.1)	(0.2)	(0.3)	(0.2)	(0.4)
Administration	(1.3)	(1.1)	(0.1)	(0.1)	(1.4)	(1.2)
Other income/(expenses), net	–	–	–	1.3	–	1.3
Financial income/(expenses), net	0.2	(0.8)	(0.8)	(1.0)	(0.6)	(1.8)
Pension costs recognized in profit or loss	**(1.7)**	**(2.4)**	**(1.5)**	**(0.5)**	**(3.2)**	**(2.9)**

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

CHFm	Plan in Switzerland		Other plans		Total	
	2014	2013	2014	2013	2014	2013
Experience adjustments on plan obligations	2.7	7.9	(1.0)	0.5	1.7	8.4
Change in demographic assumptions on plan obligations	–	–	(1.3)	(0.1)	(1.3)	(0.1)
Change in financial assumptions on plan obligations	(52.5)	18.5	(7.9)	4.4	(60.4)	22.9
Return on plan assets, excluding amounts included in interest income	25.1	39.9	1.1	0.7	26.2	40.6
Changes in the effect of limiting a net defined benefit asset to the asset ceiling, excluding amount included in interest income	6.4	(6.3)	–	–	6.4	(6.3)
Total remeasurement gains/(losses)	**(18.3)**	**60.0**	**(9.1)**	**5.5**	**(27.4)**	**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:

CHFm	Plan in Switzerland		Other plans		Total	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Discount rate in %	0.90	2.00	3.59	4.13	1.11	2.10
Future salary increases in %	2.00	2.00	1.61	1.52	1.97	1.98
Future pension increases in %	–	0.10	2.48	2.63	0.20	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	24.3	24.2	21.7	21.6	24.1	24.1
– Female	26.9	26.8	24.4	24.3	26.7	26.7
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	26.1	26.00	22.7	22.1	25.8	25.8
– Female	28.6	28.50	25.4	24.7	28.3	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 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		Other plans		Total	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Increase in discount rate by 0.25%	-2.5%	-2.3%	-4.6%	-4.4%	-2.6%	-2.4%
Increase in future salary increases by 0.25%	–	–	1.5%	1.3%	0.1%	0.1%
Increase in future pension increases by 0.25%	2.4%	2.4%	4.5%	4.4%	2.6%	2.5%
Increase in life expectancy by 1 year	6.7%	6.4%	4.0%	3.6%	6.5%	6.3%
Decrease in discount rate by 0.25%	2.6%	2.4%	5.0%	4.7%	2.8%	2.5%
Decrease in future salary increases by 0.25%	–	–	-1.3%	-1.3%	-0.1%	-0.1%
Decrease in future pension increases by 0.25%	–	-0.9%	-4.1%	-4.1%	-0.3%	-1.1%
Decrease in life expectancy by 1 year	-7.7%	-6.9%	-4.0%	-3.6%	-7.5%	-6.7%

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 expected employer contributions to defined benefit plans for the year ending 31 December 2015 are CHF 1.7 million. The expected benefit payments for the year ending 31 December 2015 are CHF 60.7 million and the weighted average duration of the defined benefit obligations amounts to 10.9 years (previous year: 10.1 years).

In the period under review, CHF 13.6 million are recognized as an expense for defined contribution plans (previous year: CHF 15.3 million).

15. PROVISIONS

CHFm	Restructuring	Onerous contracts	Warranties	Other provisions	Total
Balance at 1.1.2013	**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**
Additions	–	–	0.7	2.9	3.6
Increase in present value	–	0.3	–	–	0.3
Payments	(0.2)	(3.5)	(0.4)	(3.0)	(7.1)
Release of unused amounts	–	–	(0.5)	(1.5)	(2.0)
Acquisition of a subsidiary or business	–	–	0.1	–	0.1
Currency translation adjustments	–	–	(0.1)	–	(0.1)
Balance at 31.12.2014	**0.4**	**2.3**	**3.7**	**6.7**	**13.1**

Expected payment

CHFm	Restructuring	Onerous contracts	Warranties	Other provisions	Total
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**
Within 12 months	0.3	2.3	2.6	1.9	7.1
Later	0.1	–	1.1	4.8	6.0
Balance at 31.12.2014	**0.4**	**2.3**	**3.7**	**6.7**	**13.1**

At the balance sheet date, CHF 0.4 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 1.0 million), provisions for environmental costs relating to premises (CHF 3.8 million), provisions in relation to termination of labor contracts (CHF 0.3 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 2014, the addition of CHF 2.9 million relates to various individual cases, including an increase of a provision in relation to activities in the segment "Other" in the amount of CHF 1.7 million. 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 2014. Cash outflows of other provisions in the amount of CHF 3.2 million are expected within five years and the residual portion after five years. In 2014, a historical provision relating to potential claims of employees due to an unfavorable change of a pension scheme in the amount of CHF 1.0 million could be completely released. Remaining releases of CHF 0.5 million are related to many individual cases which were individually not material.

16. OTHER LIABILITIES (CURRENT)

CHFm	31.12.2014	31.12.2013
Prepayments from customers	31.3	21.7
VAT and other tax liabilities	9.8	9.8
Personnel-related accruals and liabilities	30.0	31.2
Derivative financial instruments	1.2	–
Deferred income	12.4	6.5
Other accruals and liabilities	17.2	21.1
Total	**101.9**	**90.3**

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	31.12.2014	31.12.2013
Contract revenue recognized in the reporting period	29.8	24.7
Aggregate amount of costs incurred, to date	11.3	6.3
Aggregate amount of recognized profits (less recognized losses), to date	7.5	3.9
Aggregate revenue for contract work, to date	**18.8**	**10.2**
Aggregate progress billings, to date	(6.6)	(4.7)
Currency translation adjustments	–	–
Net accrual for contract work	**12.2**	**5.5**
Contract costs recognized as inventory	0.7	0.1
Trade receivables from construction contracts	1.7	0.9
Accrued revenue from construction contracts	15.1	5.6
Prepayments from customers for contract work	(11.1)	(5.1)
Deferred revenue from construction contracts	(2.9)	(0.1)
Net liability for contract work	**3.5**	**1.4**
Gross amount due from customers for contract work	6.9	3.0
Gross amount due to customers for contract work	(3.4)	(1.6)

17. REVENUE

CHFm	2014	2013
Sale of goods [1]	316.8	309.3
Rendering of services [1]	120.4	131.6
Other revenue	11.6	18.8
Total	**448.8**	**459.7**

[1] Following a refinement of the allocation to line items "Sale of goods" and "Rendering of services" in the period under review, prior-year numbers were reclassified for comparability reasons.

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

18. OTHER INCOME/(EXPENSES), NET

CHFm	2014	2013
Net release/(increase) of provisions	(1.7)	–
Profit from disposal of property, plant and equipment [1]	4.8	0.2
Profit from divestment of a subsidiary or business	–	1.4
Profit from disposal of investments in third parties [2]	0.9	–
Net release/(increase) of acquisition-related contingent consideration [3]	0.6	1.3
Other operating income	0.8	0.3
Total	**5.4**	**3.2**

[1] Current-year number is mainly attributable to disposal of non-core properties in Switzerland.
[2] Refers to the disposal of the stake in CSEM AG, Neuchâtel, Switzerland.
[3] Current-year number refers to current year's acquisition of Integrated Wireless (release of CHF 0.9 million) and the acquisition of the technology-related business of Veelong Corp. in 2012 (increase of CHF 0.3 million) (see note 26).

19. SHARE-BASED PAYMENTS

In 2013, the Board of Directors decided to introduce a share matching plan for 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 management to become investors of Ascom in order to ensure an alignment with the interests of the long-term shareholders. The beneficiaries get 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 over a defined period in order to benefit from the plan. Beneficiaries receive 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 receive 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.

Ascom share matching plan 2014

In accordance with the resolution passed by the Board of Directors on 31 March 2014, 36 members of Ascom senior management decided to participate and they invested in a total 36,427 investment shares. They are required to hold the investment shares until 30 June 2017 in order to benefit from the plan. At 31 December 2014, matching shares equal to 35% of the investment shares are expected to vest, based on the best available estimate of the non-market vesting conditions. The 36,427 matching shares are still outstanding at 31 December 2014.

Ascom share matching plan 2013

In accordance with the resolution passed by the Board of Directors on 14 August 2013, 13 members of Ascom senior management decided to participate and they invested in a total 61,720 investment shares. They are required to hold the investment shares until 30 June 2016 in order to benefit from the plan. At 31 December 2014, matching shares equal to 35% of the investment shares are expected to vest, based on the best available estimate of the non-market vesting conditions (previous year: 58%). In 2014, 1,000 of the 61,720 matching shares outstanding at the beginning of the year were forfeited and the remaining 60,720 are still outstanding at 31 December 2014.

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

	Number of matching shares 2014	Number of matching shares 2013
Matching shares outstanding at 1.1.	**61,720**	**–**
Granted	36,427	61,720
Forfeited	(1,000)	–
Matching shares outstanding at 31.12.	**97,147**	**61,720**

	2014	2013
Remaining contractual life of the matching shares outstanding at 31.12. (years) [1]	1.90	2.50
Fair value of the matching shares granted during the year (CHF) [1]	14.18	11.34
Personnel expenses for equity-settled matching shares recognized as other reserves (equity) (CHFm)	(0.1)	–
Personnel income/(expenses) for cash-settled phantom matching shares recognized as liability (CHFm)	–	–

[1] At weighted average.

At 31 December 2014, a liability of CHF 0.1 million is recognized for phantom shares and cash-settled phantom matching shares (previous year: nil).

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 2014, 10,000 of the 453,000 options outstanding at the beginning of the year were exercised, 21,000 were forfeited and the remaining 422,000 are still outstanding at 31 December 2014.

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). In 2014, 90,823 of the 476,000 options outstanding at the beginning of the year were exercised and the remaining 385,177 are still outstanding at 31 December 2014.

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 2014, 66,000 of the 75,000 options outstanding at the beginning of the year were exercised, the remaining 9,000 options expired on 11 March 2014.

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

	Number of options 2014	Exercise price (CHF) [1] 2014	Number of options 2013	Exercise price (CHF) [1] 2013
Options outstanding at 1.1.	**1,004,000**	**12.03**	**1,463,500**	**11.30**
Exercised	(166,823)	13.22	(430,500)	9.66
Forfeited	(21,000)	9.00	(21,000)	11.40
Expired	(9,000)	11.40	(8,000)	7.70
Options outstanding at 31.12.	**807,177**	**11.86**	**1,004,000**	**12.03**
Options exercisable at 31.12.	406,177	14.69	120,333	12.66

[1] At weighted average.

	2014	2013
Range of exercise prices of the options outstanding at 31.12. (CHF)	9.00–15.00	9.00–15.00
Remaining contractual life of the options outstanding at 31.12. (years) [1]	1.81	2.58
Share price of the options exercised during the year (CHF) [1]	16.97	12.12
Personnel expenses for equity-settled options recognized as other reserves (equity) (CHFm)	(0.3)	(0.9)
Personnel income/(expenses) for cash-settled options recognized as liability (CHFm)	(0.2)	(0.7)

[1] At weighted average.

At 31 December 2014, the liability recognized for cash-settled options amounts to CHF 0.6 million (previous year: CHF 0.7 million). Thereof CHF 0.1 million (previous year: CHF 0.2 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 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 2014

	Exercise price (CHF)	Price at grant date (CHF)	Maximum option life[1] (years)	Expected volatility (%)	Interest rate[1] (%)	Dividend yield (%)	Withdrawal rate (%)	Expected option life[1] (years)
Allocation 2011	15.00	15.25	1.28	35.77	–	2.62	8.00	0.64
Allocation 2012	9.00	15.25	2.30	35.77	–	2.62	8.00	1.30

[1] At arithmetic average.

Parameters for cash-settled options at closing date 2013

	Exercise price (CHF)	Price at grant 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.

20. PERSONNEL EXPENSES

CHFm	2014	2013
Wages and salaries	(135.9)	(140.9)
Social security costs	(16.6)	(16.8)
Pension costs	(16.2)	(17.7)
Share-based payments	(0.6)	(1.6)
Other personnel expenses	(13.1)	(13.0)
Total	**(182.4)**	**(190.0)**

21. FINANCIAL INCOME AND EXPENSES

CHFm	2014	2013
Financial income		
Interest income	0.6	0.5
Net foreign exchange gains	0.5	–
Total	**1.1**	**0.5**
Financial expenses		
Interest expenses	(1.7)	(3.6)
Net foreign exchange losses	–	(1.9)
Other financial expenses	(1.2)	(1.0)
Total	**(2.9)**	**(6.5)**
Financial income/(expenses), net	**(1.8)**	**(6.0)**

22. INCOME TAX

CHFm	2014	2013
Current income tax charge	(14.8)	(7.9)
Adjustments in respect of current income tax of previous years	0.4	1.9
Deferred income tax	3.1	1.3
Total income tax	**(11.3)**	**(4.7)**

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

Analysis of income tax rate

CHFm	2014	2013
Total earnings before income tax	**49.8**	**41.6**
Weighted average expected income tax rate	26.1%	25.2%
Expected income tax	(13.0)	(10.5)
Utilization of previously unrecognized tax loss carry-forwards	3.9	3.9
Effect from recognition of previous years tax losses	2.9	5.9
Effect from first-time recognition of previous years temporary differences	(0.3)	(2.1)
Effect of non-recognized current-year tax losses	(0.8)	(1.3)
Adjustments in respect of current income tax of previous years	0.4	1.9
Effect of income/(expenses) taxed with a different rate or not taxed	(4.4)	(2.5)
Total income tax	**(11.3)**	**(4.7)**

The weighted average expected income tax rate of 26.1% (previous year: 25.2%) 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 1.1.2013	**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)**
Additions	12.9	(1.0)	11.9
Acquisition of a subsidiary or business	0.6	(0.7)	(0.1)
Reversal	(6.1)	3.9	(2.2)
Offsetting	(5.1)	5.1	–
Currency translation adjustments	–	0.4	0.4
Balance at 31.12.2014	**11.6**	**(2.2)**	**9.4**
Expected reversal within 12 months	2.7	(0.7)	2.0
Expected reversal later	8.9	(1.5)	7.4

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	31.12.2014	31.12.2013
Property, plant and equipment	(0.1)	0.3
Intangible assets	(7.5)	(10.1)
Financial assets	0.1	(2.3)
Post-employment benefit assets	–	(1.5)
Inventories and work in progress	2.3	1.5
Other current assets	(0.6)	(0.4)
Employee benefit obligations	7.1	1.9
Other non-current liabilities	–	0.5
Current liabilities	2.5	1.4
Tax loss carry-forwards and tax credits	5.6	8.1
Total	**9.4**	**(0.6)**
Recognized as deferred income tax assets	11.6	9.3
Recognized as deferred income tax liabilities	(2.2)	(9.9)

No tax losses (previous year: CHF 17.0 million) are recognized for Group companies which incurred losses in 2014 or 2013 (previous year: 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 368.1 million (previous year: CHF 377.7 million) and expire in the following years:

CHFm	31.12.2014	31.12.2013
2015 (2014)	1.2	7.7
2016 (2015)	0.6	4.8
2017 (2016)	–	0.7
2018 (2017)	0.4	–
2019 (2018)	0.2	0.5
2020 (2019)	3.9	3.6
Later	361.8	360.4

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.

	2014	2013
Group profit for the period attributable to owners of the parent (CHFm)	**38.5**	**36.9**
Weighted-average number of outstanding shares	35,058,294	34,599,352
Earnings per share from Group profit (CHF)	**1.10**	**1.07**

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.

	2014	2013
Group profit for the period attributable to owners of the parent (CHFm)	**38.5**	**36.9**
Weighted-average number of outstanding shares	35,058,294	34,599,352
Adjustment for the dilutive number of outstanding share options	161,409	88,278
Weighted-average number of diluted shares	**35,219,703**	**34,687,630**
Diluted earnings per share from Group profit (CHF)	**1.09**	**1.06**

24. TRANSACTIONS WITH RELATED PARTIES

The following remuneration expenses incurred for key management (including the Board of Directors and the Executive Board):

CHFm	2014	2013
Short-term employee benefits	(3.1)	(3.4)
Post-employment benefits	(0.2)	(0.3)
Share-based payments	(0.3)	(0.5)
Total	**(3.6)**	**(4.2)**

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

A legally independent fund provides for Swiss pensions (see note 14). In the reporting period, only minor lease payments were disbursed to the Swiss pension fund for premises occupied by the Group (previous year: CHF 0.2 million). Administrative and facility management services in the amount of CHF 0.2 million (previous year: CHF 0.4 million) were charged to the Swiss pension fund in the year under review. Due to repayment, no receivable was outstanding at the balance sheet date (previous year: CHF 4.6 million). The Swiss pension fund did not own any Ascom shares in 2014 (previous year: nil).

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 responsible for risk quantification and measures financial risks by means of at-risk-methodologies, sensitivity analysis and stress testing. Group companies are responsible for the proper 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	23.1	0.2	23.2	–	23.4
Trade payables	32.9	32.9	–	–	32.9
Foreign exchange derivatives, outflow	52.0	52.0	–	–	52.0
Foreign exchange derivatives, inflow	(50.8)	(50.8)	–	–	(50.8)
Other liabilities	2.9	2.7	0.2	–	2.9
Total at 31.12.2014	**60.1**	**37.0**	**23.4**	**–**	**60.4**

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	**88.8**	**26.7**	**63.3**	**–**	**90.0**

[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 2014 and 2013, respectively. Plan figures for future liabilities are not included.
- Foreign currency amounts are translated at the exchange rates prevailing at 31 December.
- Variable interest payments for financial instruments are based on the last interest rate fixed at 31 December 2014 and 2013, 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 2 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 2014, the balance under such limitations totals CHF 1.9 million (previous year: CHF 4.0 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. Analyses of past and expected future cash flows in foreign currencies are regularly 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 31.12.2014	Impact on net result 31.12.2014	Impact on equity 31.12.2014	Reasonable shift 31.12.2013	Impact on net result 31.12.2013	Impact on equity 31.12.2013
EUR/CHF	+/- 15%	-/+ 4.5	-/+ 0.9	+/- 10%	+/-0.2	+/-3.1
GBP/CHF	+/- 15%	+/- 0.2	+/- 1.8	+/- 10%	+/-0.1	+/-1.3
SEK/CHF	+/- 15%	+/- 4.5	+/- 29.5	+/- 10%	-/+1.0	+/-15.5
USD/CHF	+/- 15%	-/+ 0.1	+/- 2.6	+/- 10%	+/-0.9	+/-2.4
EUR/SEK	+/- 15%	+/- 1.8	+/- 1.8	+/- 10%	+/-0.8	+/-0.8
USD/SEK	+/- 15%	+/- 2.8	+/- 2.8	+/- 10%	+/-1.2	+/-1.2

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 multi-currency 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 2014, a 50 base point higher level of the market interest rates would lead to a CHF 0.1 million (previous year: CHF 0.1 million) lower net result as well as equity on an annual basis. A 50 base point lower level of the market interest rates would neither effect net result nor equity (previous year: CHF 0.1 million 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 customers 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:

Counterparty

CHFm	Rating[1]	Balance 31.12.2014
Bank A	A	8.6
Bank B	AA-	7.5
Bank C	A	5.5
Customer A	B-	6.8
Customer B	B+	2.1
Customer C	not rated	1.8

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

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

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

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	0.5	2.3	2.8
Cash and cash equivalents	50.2	–	50.2
Total at 31.12.2014	**50.7**	**2.3**	**53.0**

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**

[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:

	31.12.2014	31.12.2013
Net debt/(cash) including outstanding bank guarantees [1]	(15.9)	18.1
EBITDA	69.2	67.6
Debt service ratio	**(0.2)**	**0.3**
Total assets	468.6	477.8
Shareholders' equity	242.9	246.4
Equity ratio	**51.8%**	**51.6%**

[1] 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	–	2.8	–	–	–	2.8
Trade receivables	9	–	110.5	–	–	–	110.5
Cash and cash equivalents	11	–	50.2	–	–	–	50.2
Borrowings	13	–	–	–	–	(23.1)	(23.1)
Trade payables		–	–	–	–	(32.9)	(32.9)
Derivative financial instruments	26.3	–	–	–	(1.2)	–	(1.2)
Other liabilities		–	–	–	(2.4)	(0.5)	(2.9)
Balance at 31.12.2014		**–**	**163.5**	**–**	**(3.6)**	**(56.5)**	**103.4**
Net (increase)/release of provision for doubtful debts	9	–	(1.3)	–	–	–	(1.3)
Profit from disposal of investments in third parties	18	–	–	0.9	–	–	0.9
Net (increase)/release of acquisition-related contingent considerations	18	–	–	–	0.6	–	0.6
Interest income/(expenses)		–	0.5	–	(0.1)	(0.5)	(0.1)
Foreign exchange gains/(losses)		(0.3)	1.9	–	(1.4)	(0.1)	0.1
Net gains/(losses) in income statement		**(0.3)**	**1.1**	**0.9**	**(0.9)**	**(0.6)**	**0.2**
Foreign exchange gains/(losses) in other comprehensive income		–	–	–	–	–	–
Total net gains/(losses) 2014		**(0.3)**	**1.1**	**0.9**	**(0.9)**	**(0.6)**	**0.2**

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	–	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)
Net (increase)/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**	**–**	**–**

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 arrangements based on the acquisition of the technology-related business of Veelong Corp. in 2012 and the acquisition of Scanditronic (M) Sdn Bhd in the reporting period under review (see note 3). The contingent consideration relating to Veelong requires the Group to pay in cash about 20% of the revenue realized in the year 2014 in relation to the acquired technology. At closing date, the fair value of the contingent consideration arrangement of CHF 2.2 million is based on an assumed annual revenue of USD 11.4 million. Relating to the acquisition of Scanditronic (M) Sdn Bhd, the Group has agreed to an earn-out payment of up to MYR 0.7 million, payable after 31 December 2015, dependent on the achievement of agreed revenue targets for the period beginning 1 July 2014 and ending on 31 December 2015. At closing date, the fair value of the contingent consideration arrangement of CHF 0.2 million is based on an assumed annual revenue of not less than MYR 7.9 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
Financial assets and (liabilities) at fair value through profit or loss				
Derivative financial instruments, net	–	(1.2)	–	(1.2)
Other liabilities	–	–	(2.4)	(2.4)
Balance at 31.12.2014	**–**	**(1.2)**	**(2.4)**	**(3.6)**

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)**

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	31.12.2014	31.12.2013
Contract volume	50.8	37.3
Positive fair value	0.1	0.3
Negative fair value	1.3	–

Breakdown by currency (CHFm)	31.12.2014	31.12.2013
EUR/SEK	31.7	37.3
EUR/CHF	2.7	–
SEK/CHF	16.4	–
Total	**50.8**	**37.3**

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.

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	Operating leases	
	31.12.2014	31.12.2013
Within 12 months	11.9	14.3
Between 1 and 5 years	17.1	20.6
Later	3.6	5.0
Total	**32.6**	**39.9**

b) Lease commitments – Group as lessor

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

CHFm	**Operating leases**	
	31.12.2014	**31.12.2013**
Within 12 months	3.0	8.4
Between 1 and 5 years	0.6	1.1
Later	–	–
Total	**3.6**	**9.5**

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 2014, contingent liabilities amount to CHF 56.3 million (previous year: CHF 59.4 million), mainly related to holding company 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 divestment of the Defense business in 2012, the purchaser has agreed to an earn-out payment dependent on future success in the international business during the years 2012 to 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 2014, intangible assets with a total carrying amount of CHF 0.2 million (previous year: nil), property, plant and equipment with a total carrying amount of CHF 0.6 million (previous year: CHF 0.7 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

On 15 January 2015, the Swiss National Bank removed the currency ceiling against the euro which resulted in a significant strengthening of the Swiss franc against all major currencies in which the Group operates. The expansion of Ascom's international presence and the various acquisitions and divestments made in past years have significantly reduced the exposure of Ascom's business operations to fluctuations of the Swiss franc vis-à-vis other major currencies. With less than 100 employees currently employed in Switzerland (approximately 6% of Ascom's employee base), Ascom's Swiss cost base is largely matched by earnings generated in Switzerland. However, the Swiss franc's substantial appreciation in January 2015 will have translational repercussions in the range of 10% on the future revenue, operating results, cash flows and balance sheet of Ascom Group when reported in Swiss francs. Importantly, Ascom does not expect material impact from the translation of local currencies into Swiss francs on revenue growth rates or profitability margins.

Since the balance sheet date, no subsequent adjusting events have occurred that impact the 2014 consolidated financial statements.

30. PROPOSAL OF THE BOARD OF DIRECTORS

For the year ended 31 December 2014, the Board of Directors proposes to the Annual General Meeting on 15 April 2015 a dividend of CHF 0.45 per share entitled to dividends. This represents a total distribution up to CHF 16.2 million. In 2014, a total dividend of CHF 14.0 million was distributed to the shareholders of Ascom Holding Ltd.

31. TIME OF RELEASE FOR PUBLICATION

The Board of Directors approved the 2014 consolidated financial statements on 25 February 2015 and authorized them for publication at the media conference on 11 March 2015.

32. CONSOLIDATED COMPANIES

Country	Company	Registered office		Share capital	Group's interest
Australia	GTM Resources Pty. Ltd.	Chippendale	AUD	3	100%
	Ascom Integrated Wireless Pty. Ltd.	Chippendale	AUD	3,000,000	100%
	Integrated Wireless Software Pty. Ltd.	Chippendale	AUD	120	100%
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 Private Limited	Mumbai	INR	31,504,938	100%
Malaysia	Ascom Network Testing Sdn Bhd	Subang Jaya	MYR	500,000	100%
	Ascom (Malaysia) Sdn Bhd	Ampang	MYR	250,000	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.	Baar	CHF	18,000,000	100%
	Ascom Management Ltd.	Baar	CHF	200,000	100%
	Ascom (Switzerland) Ltd.	Berne	CHF	28,002,000	100%
	Ascom Solutions Ltd.	Solothurn	CHF	10,000,000	100%
United Kingdom	Ascom Network Testing Ltd.	Elstead	GBP	2	100%
	Ascom (UK) Ltd.	Birmingham	GBP	50,000	100%
	Ascom UK Group Ltd.	Birmingham	GBP	600,000	100%
UAE	Ascom MEA FZ-LLC	Dubai	AED	50,000	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%

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To the general meeting of Ascom Holding Ltd., Baar

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 44 to 91), for the year ended 31 December 2014.

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 2014 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.

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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

Martin Kennard	Thomas Wallmer
Audit expert	Audit expert
Auditor in charge	

Zurich, 25 February 2015

SUMMARY OF KEY FINANCIAL DATA

CHFm	2014	2013	2012 [1]	2011 [1]	2010 [1]
Incoming orders	461.3	478.0	436.4	451.4	488.4
Order backlog [2]	149.4	137.3	122.0	136.2	120.2
Revenue	448.8	459.7	449.8	437.5	472.9
EBITDA	69.2	67.6	49.0	59.8	70.9
Earnings before interest and income tax (EBIT)	51.6	47.6	26.5	40.6	51.4
Personnel expenses	(182.4)	(190.0)	(195.4)	(207.4)	(209.2)
Depreciation, amortization and impairment	(17.6)	(20.0)	(22.5)	(19.2)	(19.5)
Profit for the period	38.5	36.9	21.8	30.6	35.8
Net cash flow from operating activities	47.0	63.3	5.4	12.3	48.0
Capital expenditures on property, plant and equipment	4.3	2.8	3.2	4.4	6.8
Capital expenditures on intangible assets	9.2	5.8	3.4	3.9	7.4
Research and development expenditures [3]	48.6	46.4	49.8	47.1	50.5
Balance sheet total [2]	468.6	477.8	521.5	506.8	580.3
Shareholders' equity [2]	242.9	246.4	166.8	203.8	189.0
Shareholders' equity in % of balance sheet total [2]	51.8	51.6	32.0	40.2	32.6
Net cash/(net debt) [2, 4]	27.1	(2.9)	(41.3)	55.8	53.9
Gearing in % [5]	9.5	24.8	62.6	8.6	39.7
Dividends paid/distribution of share premium	14.0	12.2	8.6	8.6	–
Number of employees (FTE) [2]	1,696	1,586	1,771	1,801	1,789

[1] Key figures based on income, expenses or cash flows are derived from continuing operations.
[2] At 31 December.
[3] Contains research and development expenditures either charged to profit or loss or recognized as intangible assets.
[4] Cash and cash equivalents less borrowings.
[5] Borrowings/shareholders' equity.

ASCOM HOLDING LTD. BALANCE SHEET

Assets

CHF 1,000	31.12.2014	31.12.2013
Investments	494,157	504,889
Loans to Group companies	74,115	45,650
Capitalized financing costs	489	834
Non-current assets	**568,761**	**551,373**
Accounts receivable from Group companies	2,160	3,154
Accounts receivable from third parties	91	11,367
Prepaid expenses	12	12
Current financial assets	–	259
Own shares	9,206	11,054
Cash and cash equivalents	5,827	10,464
Current assets	**17,296**	**36,310**
Total assets	**586,057**	**587,683**

Liabilities and shareholders' equity

CHF 1,000	31.12.2014	31.12.2013
Share capital	18,000	18,000
Legal reserves		
– General reserves		
– Other general reserves	5,400	5,400
– General reserves from capital contribution	1,123	1,123
– Reserves for own shares	9,206	11,054
Retained earnings	422,847	384,232
Shareholders' equity	**456,576**	**419,809**
Loans from Group companies	101,655	104,121
Bank loans	22,804	61,022
Provisions	95	17
Non-current liabilities	**124,554**	**165,160**
Accounts payable to Group companies	1,315	1,793
Accounts payable to third parties	109	36
Third-party accruals	113	126
Current financial liabilities	1,239	–
Provisions	2,151	759
Current liabilities	**4,927**	**2,714**
Total liabilities	**129,481**	**167,874**
Total liabilities and shareholders' equity	**586,057**	**587,683**

INCOME STATEMENT

CHF 1,000	2014	2013
Investment income	27,726	18,267
Financial income	2,642	9,704
Value adjustments on investments and loans	28,899	1,494
Other income	5,273	4,638
Total income	**64,540**	**34,103**
Financial expenses	(5,437)	(3,387)
Administration expenses	(6,236)	(5,381)
Earnings before tax	**52,867**	**25,335**
Tax	(2,104)	(665)
Profit for the period	**50,763**	**24,670**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. General

Ascom Holding Ltd., Baar, 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 55.2 million (previous year: CHF 52.0 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 31.12.2014	Interest 31.12.2013
GTM Resources Pty. Ltd. [1]	Chippendale, Australia	Holding company	AUD	3	100%	–
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%
Ascom Unternehmensholding GmbH	Frankfurt a.M., Germany	Holding company	EUR	5,113,000	100%	100%
Ascom (Malaysia) Sdn Bhd [1]	Ampang, Malaysia	Sales, installation, maintenance	MYR	250,000	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%	100%
Ascom (Sweden) Holding AB [1]	Gothenburg, Sweden	Holding company	SEK	70,000,000	100%	–
Ascom Management Ltd.	Baar, 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 Solutions Ltd. [2]	Solothurn, Switzerland	Production, sales, installation, maintenance	CHF	10,000,000	100%	100%
Ascom UK Group Ltd.	Birmingham, 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%

[1] Purchased in the period under review.
[2] Formerly Ascom Network Testing Ltd., share capital increased by CHF 9.8 million.

Direct and indirect investments are listed in note 32 of the consolidated financial statements.

5. Pledged assets

At 31 December 2014, 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 1.1.2013	**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**
Additions	4,730	78
Disposals	(187,005)	(1,926)
Balance at 31.12.2014	**890,894**	**9,206**

7. Authorized share capital

The company does not have authorized share capital.

8. Significant shareholders

8.1 Changes subject to disclosure requirements during the 2014 financial year

In an announcement dated 6 March 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 5.00% of the voting rights.

In an announcement dated 6 March 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 4.96% of the voting rights.

In an announcement dated 8 March 2014, 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 5.981% of the voting rights.

In an announcement dated 18 March 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 5.00% of the voting rights.

In an announcement dated 30 April 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Norges Bank (Central Bank of Norway), Oslo, Norway, disclosed that it held Ascom securities representing 3.16% of the voting rights.

In an announcement dated 11 June 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 4.87% of the voting rights.

In an announcement dated 23 July 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Schroders plc., London, UK, disclosed that it held Ascom securities representing 3.072% of the voting rights.

In an announcement dated 7 October 2014, 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 5.971% of the voting rights.

In an announcement dated 21 November 2014, 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 4.921% of the voting rights.

In an announcement dated 28 November 2014, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 5.04% of the voting rights.

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 2014:

UBS Fund Management (Switzerland) AG, Basel: 6.27%
Lombard Odier Asset Management (Switzerland) AG, Petit-Lancy GE: 4.71%

This does not cover shares, which are not registered in the share register (dispo shares). Dispo shares amounted to 34.26% as of 31 December 2014.

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).
- BlackRock Inc., New York, USA: Ascom securities representing 5.04% of the voting rights (announcement dated 28 November 2014).
- Lombard Odier Asset Management (Switzerland) AG, Petit-Lancy GE: Ascom securities representing 4.921% of the voting rights (announcement dated 21 November 2014).
- 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).
- Norges Bank, Oslo, Norway: Ascom securities representing 3.16% of the voting rights (announcement dated 30 April 2014).
- Schroders plc, London, UK: Ascom securities representing 3.072% of the voting rights (announcement dated 23 July 2014).

There are no known shareholders' agreements.

9. Participations at 31 December 2014

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 31.12.2014	Number of shares 31.12.2013	Number of options exercisable 31.12.2014 [1]	Number of options exercisable 31.12.2013 [1]	Number of options not exercisable 31.12.2014 [1]	Number of options not exercisable 31.12.2013 [1]
Board of Directors						
Juhani Anttila, Chairman of the Board of Directors	100,000	100,000	–	–	–	–
Paul E. Otth, Vice-Chairman of the Board of Directors [2]	n/a	2,000	n/a	–	n/a	–
Dr J.T. Bergqvist, Member of the Board of Directors	10,000	10,000	–	–	–	–
Dr Harald Deutsch, Member of the Board of Directors [3]	2,000	n/a	–	n/a	–	n/a
Cornelia Gehrig, Member of the Board of Directors	3,000	1,000	–	–	–	–
Kenth-Ake Jönsson, Member of the Board of Directors [2]	n/a	–	n/a	–	n/a	–
Christina Stercken, Member of the Board of Directors [3]	–	n/a	–	n/a	–	n/a
Andreas Umbach, Member of the Board of Directors	33,750	28,650	–	–	–	–
Executive Board						
Fritz Mumenthaler, CEO	40,000	30,000	86,000	45,333	29,000	79,667
Bianka Wilson, CFO	4,470	4,000	–	–	–	–
Francis Schmeer, Head of Strategy & Business Development	–	n/a	–	n/a	–	n/a
Claes Ödman, General Manager Wireless Solutions	595	–	15,000	–	27,000	42,000
Rikard Lundqvist, General Manager Network Testing	–	–	27,000	27,000	27,000	54,000
Total Board of Directors and Executive Board	**193,815**	**175,650**	**128,000**	**72,333**	**83,000**	**175,667**

[1] In accordance with the conditions of Ascom Stock Option Plans 2010, 2011 and 2012.
[2] Until 1 April 2014.
[3] Since 1 April 2014.

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 494.2 million (previous year: CHF 504.0 million). The investments were increased by an intra-group purchase of a Group company in the amount of CHF 19.7 million, by two acquisitions in the total amount of CHF 12.5 million, by a capital contribution to a Group company in the amount of CHF 9.8 million, and a reversal of value adjustments on investments in Group companies in the amount of CHF 1.6 million. The remainder relates to repaid capital contributions from a Group company in the amount of CHF 53.4 million and a sale of an investment in third parties in the amount of CHF 0.9 million.

In the year under review, loans to Group companies increased by CHF 28.5 million. This net increase is mainly related to reversals of value adjustments on Group loans in the amount of CHF 27.3 million. The loans are mainly denominated in CHF, EUR, USD and SEK.

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

Accounts receivable from Group companies consist mainly of short-term receivables denominated in CHF, EUR, USD and SEK.

Liabilities and equity

Due to the net decrease of own shares, an amount of CHF 1.8 million was transferred from reserves for own shares to retained earnings.

In the year under review, total loans from Group companies decreased by CHF 2.5 million.

Bank loans consist 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.

Current provisions are mainly related to current income tax.

Income statement

Investment income represents ordinary dividend payments from Group companies.

Financial income consists mainly of interest income from loans to Group companies of CHF 1.7 million (previous years: CHF 7.0 million) and profit from sale of own shares of CHF 0.9 million (previous year: CHF 0.8 million).

In the year under review, value adjustments on investments and loans consist of reversals of value adjustments on investments in Group companies in the amount of CHF 1.6 million and reversals of value adjustments on Group loans in the amount of CHF 27.3 million.

Other income comprises trademark fees charged to Group companies of CHF 4.4 million (previous year: CHF 4.6 million) and profit from sale of an investment in third parties of CHF 0.9 million.

Financial expenses mainly consist of interests paid to banks and Group companies and bank charges of CHF 1.3 million (previous year: CHF 2.0 million) and foreign exchange losses on Group loans and accounts receivable of CHF 4.1 million (previous year: CHF 1.4 million).

Administration expenses include CHF 1.4 million (previous year: CHF 1.3 million) of personnel-related costs.

Profit for the period

In 2014, Ascom Holding Ltd. records a net profit of CHF 50.8 million (previous year: CHF 24.7 million), while Ascom Group records a consolidated net profit of CHF 38.5 million (previous year: CHF 36.9 million).

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS 2014

CHF	2014
Retained earnings from previous year	384,231,952
Distribution of dividends	(13,995,892)
Allocation from reserves for own shares	1,848,094
Profit for the period	50,763,102
Retained earnings at 31.12.2014	**422,847,256**
Distribution of CHF 0.45 per share entitled to dividends	(16,200,000)
Balance to be carried forward	406,647,256

PROPOSAL FOR THE APPROPRIATION OF RESERVES FROM CAPITAL CONTRIBUTION 2014

CHF	2014
Distributable reserves from capital contribution from previous year	1,123,243
Distribution of reserves from capital contribution	–
Distributable reserves from capital contribution at 31.12.2014	**1,123,243**
Balance to be carried forward	1,123,243

To the general meeting of Ascom Holding Ltd., Baar

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 95 to 100), for the year ended 31 December 2014.

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 2014 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

Martin Kennard	Thomas Wallmer
Audit expert	Audit expert
Auditor in charge	

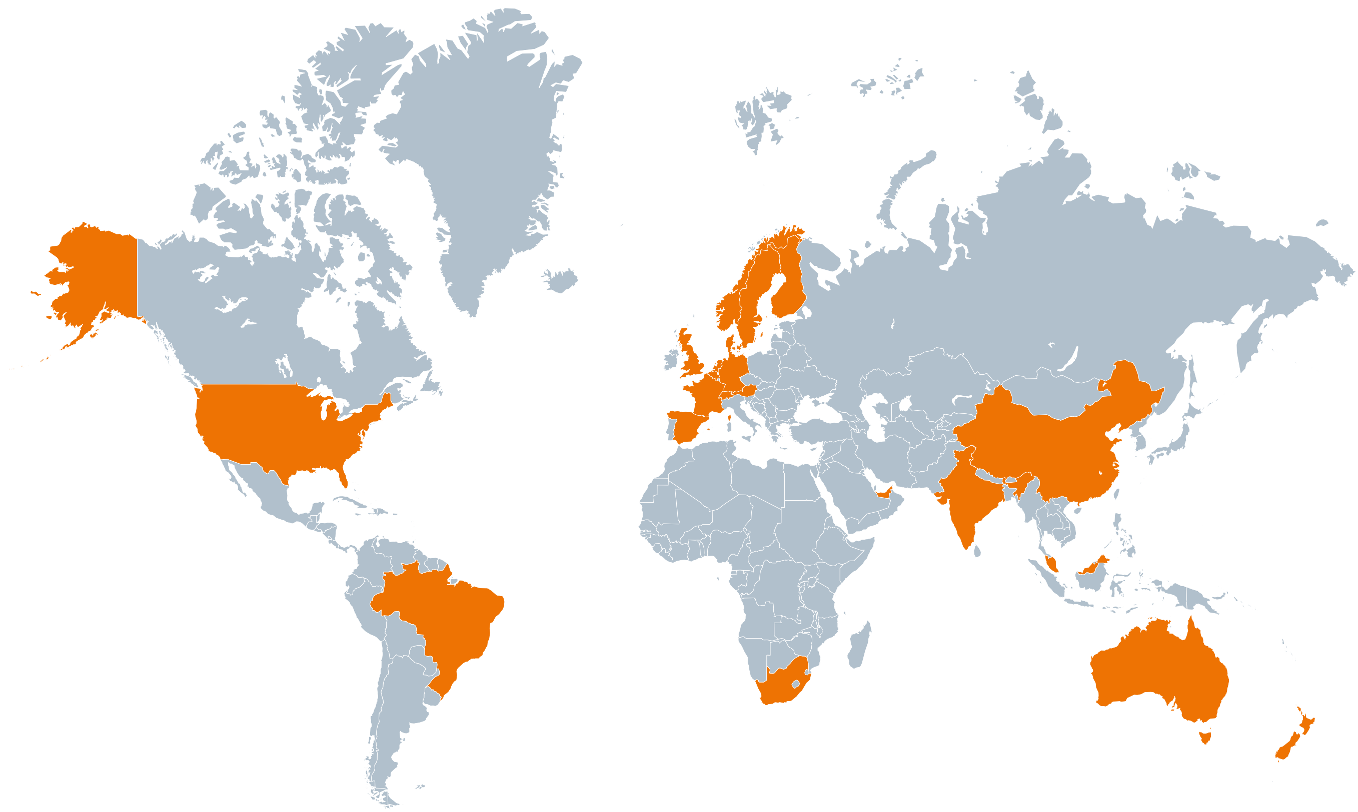
Zurich, 25 February 2015

KEY FINANCIAL DATA ON THE SHARE CAPITAL

CHF		2014	2013	2012	2011	2010
Dividend/distribution per share						
Registered shares	CHF 0.50	0.40	0.35	0.25	0.25	–
Equity per share [1, 2]						
Registered shares	CHF 0.50	6.75	7.12	4.48	5.90	5.47
Earnings per share [1]						
Registered shares	CHF 0.50	1.10	1.07	0.64	0.67	0.94
Share price (high/low of the period under review)						
Registered shares	CHF 0.50	18.29/11.85	15.00/8.60	9.60/6.60	15.10/7.67	14.70/9.50
Taxable values [1]						
Registered shares	CHF 0.50	15.25	15.00	8.86	8.40	14.70
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	890,894	1,073,169	1,568,202	1,430,040	1,437,033

[1] At 31 December.
[2] Based on the consolidated financial statements (excluding own shares).

WORLDWIDE CONTACTS



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DATES AND CONTACTS

Important dates

15 April 2015
Annual General Meeting
Theater Casino Zug, Zug

19 August 2015
Presentation of half-year results 2015
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 2014 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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