



**Press release:
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Zellik, 31 March 2006

Investments in market share grow Zenitel's top-line by 7% to EUR 125 million

Following the major restructurings in 2005, no positive effect on EBITDA achieved.

The launch of a new intercom product (Voice over IP) and the roll-out of a digital radio network in the Netherlands (TETRA - MCCN BV) are important steps towards sustainable growth.

1. YEAR 2005 VERSUS YEAR 2004

Group turnover¹ increased by 6,9% from EUR 117 million in 2004 to EUR 125 million in 2005.

The main reason for the increase was higher sales by the business unit Wireless Solutions, particularly in Belgium and the Netherlands, to the police and fire brigades. Forecasted increase in turnover was estimated to be around 10%. This increase was not realized due to a revision in the percentage of completion for a number of projects and the postponement of deliveries by customers.

Recurrent EBITDA did not grow in line with turnover as a result of decreased margins in WS on the one hand, and flat sales in high-margin CSS countries Germany, US and UK offset by low-margin sales in Czech Republic on the other hand.

The recurrent EBITDA² amounted to EUR -1.8 million compared to EUR 0.4 million in 2004. Included in recurrent EBITDA for 2005, Zenitel Wireless France EBITDA of EUR -2 million following restructuring; costs of EUR -1.3 million related to the resolution of a number of problematic projects; the effect of the first time adoption of IFRS 2 on stock-based compensation amounting to EUR -0.2 million; and approximately EUR -0.4 million attributable to smaller reorganizations. Excluding these adjustments, financial year 2005 was slightly better than 2004.

¹ Turnover: Sales and change in contracts in progress

² Recurrent EBITDA (Earnings Before Interest, Taxes, Depreciations and Amortizations) : Profit/ (Loss) from operating activities plus depreciation & amortization and plus impairment losses on current assets, excluding the one-time items



EBITDA³ in 2005, including one-time items to the amount of EUR -3.8 million, amounted to EUR -5.6 million compared to EUR -11.7 million in 2004. One-time items in 2005 consist of restructuring costs in mainly WS France, WS Norway and CSS Sweden, start-up costs for the Dutch TETRA network, a provision for litigation; and, on the positive side, the capital gain realized on the sale of a building. In 2004, the divestment of Servoteknikk, a capital gain on a building and a pension adjustment resulted in a one-time cost of EUR -12 million.

	YTD	
	31/12/2005	31/12/2004
<i>One-time-items</i>	3.784	12.044
Total restructuring	4.094	1.300
Start-up MCCN	282	
Capital gains building	- 1.378	- 580
Legal case	785	
Sale subsidiary	-	- 251
Pension adjustment	-	11.217
Other	-	358

Including impairments, depreciation and amortizations, EBIT⁴ in 2005 amounted to EUR -8.5 million, versus EUR -14.3 million in 2004.

The consolidated net result of the Zenitel Group showed a loss of EUR 10.9 million compared to a loss of EUR 12.9 million in 2004.

³ EBITDA : Profit/ (Loss) from operating activities plus depreciation & amortization and plus impairment losses on current assets

⁴ EBIT(Earnings Before Interest and Taxes) : Profit/(Loss) from operating activities



Zenitel – Consolidated income statement per 31 December 2005

Consolidated Income Statement

Analysis of operating results by nature

in thousands €	YTD	
	31/12/2005	31/12/2004
Turnover		
Sales	123.571	116.619
Change in contracts in progress	1.467	332
Total turnover	125.038	116.951
Other operating incomes		
Capital gain	1.378	831
Other operating incomes	825	369
Total other operating income	2.203	1.200
Total revenues	127.241	118.151
Depreciation and amortization	1.935	1.736
Impairment on goodwill	401	
Amortization losses on current assets	588	890
Other operating charges	132.825	129.840
Total operating expenses	135.749	132.466
Profit/(Loss) from operating activities	(8.508)	(14.315)
Finance income/(cost)	(1.267)	(1.562)
Profit/(losses) from ordinary operating activities before tax and minority i	(9.775)	(15.877)
Tax	(1.170)	2.992
Minority interests	0	0
Net result for the period	(10.945)	(12.885)

	YTD	
	31/12/2005	31/12/2004
Weighted average number of ordinary shares in issue ('000)	8.874	5.328
Basic earnings per share	(1,23)	(2,42)
Diluted earnings per share	(1,23)	(2,42)

- All subsidiaries are fully consolidated.
- The accounting policies and methods of computation followed in the annual financial statements 2005 are the same as those followed in the annual financial statement of December 31, 2004, with the exception of IFRS 2, which has been adopted for the first time. The effect on the results of this change amounts to approximately EUR 0.2 million.
- A total of 493.482 warrants have been distributed, including 54.842 during 2005.



Segment Reporting

Wireless Solutions

The Business Unit Wireless Solutions provides customer-specific solutions and system integration for professional markets with a need for immediate, efficient and reliable voice and data communication as well as a full suite of solutions and services for integrated wireless communication systems and networks in areas with specialized and/or critical communication. The main markets are Norway, Denmark, Finland, Sweden, France, Belgium, the Netherlands and the Caribbean.

The turnover of this business unit amounted to EUR 74.1 million compared to EUR 66.2 million in 2004, an increase of 11.9 %. The increase was mainly caused by substantial deliveries of TETRA terminals in Belgium and the Netherlands. The recurrent EBITDA amounted to EUR -1.0 million compared to a break-even in 2004. This result is mainly caused by the negative recurrent EBITDA result in WS France (EUR -2 million) and the revision of several long lasting projects (EUR -1.3 million).

In the second half of 2005 and in the beginning of 2006, the BU WS continued the positive trend of order intake from 2004. In Belgium, Zenitel was a successful supplier of solutions on and equipment to the ASTRID communication network, including a large confined area coverage project. Also, several coastal station projects in Cabo Verde, Ireland and France were completed in 2005.

In Denmark, Zenitel was selected by the Danish railways as their outsourcing partner for the next 5 years to operate and maintain their radio communication network. A prestigious confined area coverage project for TETRA networks was completed at the Øresund Bridge.

During February 2006, Zenitel Wireless France signed a contract of EUR 4.7 million for the supply of radio communication to the Metro of Caracas in Venezuela.

On the islands of St-Maarten, Aruba and Curacao, Zenitel is continuing the extension of its digital trunking network ("Chuchubi") in replacement of the legacy analogue system. The Chuchubi network allows Zenitel to offer extensive services to the public safety and private users. Operating results are satisfactory and serve as a blueprint for the development of a TETRA network in the Netherlands ("MCCN"). MCCN (Mission Critical Communication Networks) is live since January 1, 2006 and the initial customer feedback has been positive.

Communication and Security Systems

The Business Unit Communication and Security Systems provides integrated communication, information and security solutions to professional user groups involved in the protection of life, health, environment and tangible assets. The main market segments are Building Security, Health, Banking and Finance, Police and Prison, Infrastructure and Onboard Marine.



This business unit reached a total turnover of EUR 51.1 million compared to EUR 50.9 million in 2004. The slight increase was caused by a EUR 2 million increase in turnover at Colsys in the Czech Republic, partially offset by a slight decrease in intercom sales in the Germany, US and UK. The recurrent EBITDA amounted to EUR 1.8 million compared to EUR 2.9 million in 2004. This decrease is mainly due to the fact that the higher margin businesses in the Germany, US and the UK have been replaced by lower margin business in the Czech Republic.

IP based communication is now replacing more traditional technologies and Zenitel has invested heavily in the development of a new intercom communication system called AlphaCom E. The platform offers the customers considerable advantages because network configurations can be done through IP lines rather than wired connections, and because it is easy to integrate the platform into total communication solutions.

In Norway, administration and personnel costs reduced following the merger of the WS and CSS business units. In Sweden the administrative and logistic activities of Zenitel Marine were integrated with the Norwegian operation of CSS.

SEGMENT REPORT YTD

(in EUR '000)

	WS		CSS	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Turnover (sales incl. WIP)	74.076	66.205	51.138	50.932
Recurrent (*) EBITDA	-1.047	-5	1.765	2.947
Recurrent (*) EBIT	-2.677	-761	955	1.600

* Before restructuring costs, excluding capital gain from divestments or other one-time items and before allocation of corporate expenses



2. MAJOR EVENTS

MCCN

On August 4, 2005, Zenitel announced that its subsidiary, Zenitel Finance Netherlands BV, and Vialis/Combonet, part of Koninklijke Volker Wessel Stevin, obtained a license to roll-out a TETRA radio communication network for the Dutch market. This roll-out should enable both partners to cover the current and future demands of companies and organizations in the area of critical and safe mobile communication. The network is incorporated in Mission Critical Communication Networks BV and has started in the region of Amsterdam and the Randstad. Zenitel has the majority of the shares. MCCN is live since January 1, 2006 and is used by the Civil Guards in Amsterdam. In February 2006, we have also won our first customer contract in the Rotterdam harbour area. The initial investment is estimated at approximately EUR 2.5 million.

Chuchubi

After having operated an analogue network in Curacao for the last ten years, we started to deploy our digital TETRA network in the Caribbean in 2005. The roll-out of this network is currently in its final stage and will also feature full coverage of St. Maarten. Moreover, Zenitel is looking to expand its footprint in the Caribbean even further during the coming years. As of February 2006, Zenitel counts the police force of Curacao as one of its subscribers.

VOIP (Voice over IP)

CSS is currently developing a new IP intercom solution, Stentofon AlphaCom Evolution, an integrated audio and video platform that enables their customers to use intercom products and solutions via their existing IP network. The solution is fully backwards compatible, thus enabling CSS to further work with its existing customer base. It offers new functionalities and enables the development of software solutions. In the long run, this move towards a single platform should result in cost and working capital reductions. The commercial launch of the solution is expected in the first semester of 2006. To date, CSS has sold more than 100 systems.

France

Zenitel WS France on July 7, 2005 signed a restructuring plan to reduce the staff in France to 16 employees, a reduction of 50%. This should enable Zenitel to further align its resources to the sales portfolio in the country. Zenitel Wireless France realized a recurrent EBITDA of EUR -2 million in 2005.

Sweden

The logistics and administrative department of CSS Sweden (Marine) has been transferred to Norway and cost reductions are expected to realize as of January 2006. The total cost of the reorganization amounted to EUR 0.5 million.



Norway

Following the reorganization of Zenitel in October 2005, the CSS and WS offices in Norway have merged, effective 28 December, 2005. Total headcount was reduced by 8 employees.

Review of ongoing projects

At the same time as the operations were restructured, comprehensive efforts were made to stop or turn around projects and undertakings in the Netherlands, Denmark and France where serious problems had led to unacceptable costs or consequences. Most costs related to the close-down or turn-around of these projects are included in the recurrent EBITDA (Earnings Before Interest, Tax, Depreciations and Amortizations) and amount to approximately EUR 1.3 million in the Netherlands and Denmark. The recurrent EBITDA of France amounted to EUR -2 million.

Litigations and administrative processes

The follow-up of a number of old litigations had also been a priority for management. It was decided to make a provision of EUR 0.8 million in one-time costs and EUR 0.4 million in recurrent EBITDA to provide for some of these litigations.

On the positive side, Zenitel finalized the sale of one of its former buildings located in Deurne, Belgium. This resulted in a one time positive result of EUR 1.4 million EUR.

Extension of Subway Contract in Caracas

In February 2006 Zenitel Wireless France SA, a subsidiary of Zenitel NV, announced that it signed a contract with 'C.A. Metro de Caracas' in Venezuela for the supply of a radio communication covering line 1. In total, the contract amounts to EUR 4.7 million. Apart from the traditional security communication, this radio system also provides safety signs, and integrates both radio- and intercom technology. Zenitel Belgium N.V. will support the implementation of this project. Zenitel Wireless France SA had also supplied communication for the other 3 lines.



3. OUTLOOK 2006

There is reason to expect that the strategies and priorities implemented in 2005 will have positive effects on the development of Zenitel in 2006. Management believes that the actions taken in 2005 will generate better results in 2006. Nevertheless, the impact of the initiatives taken regarding building and operating the company's own networks and the new IP based platform is expected to be stronger in the years after 2006.

The business of Zenitel is to a large extent project based, and there will always be seasonal variations in orders and revenues. Experience shows that business is particularly prosperous in the fourth quarter, and as a result the company expects the second half of 2006 to be significantly better than the first half.

The main criteria for the success of Zenitel are turnover, EBITDA, and the number of so-called revenue generating units on the company's networks. As for turnover, a level comparable with 2005 is expected. Restructuring in France, Norway and Sweden should lead to an improved EBITDA in 2006. Plans for the use of the company's networks indicate more than 10,000 revenue generating units by the end of 2006 and around 20,000 revenue generating units by the end of 2007.

Due to the major restructurings in 2005, there is no reason to expect that any significant one-time items will influence the results in the near future.

4. RISKS AND UNCERTAINTIES

Liquidity of the company – Compared to December 31st 2004, Zenitel's equity and debt position has improved. However, taking into account the capital increase in February 2005, and in view of the negative results of the Group during 2005, our balance sheet position and liquidity has continued to worsen after February 2005. We have therefore entered into negotiations with our main credit facilitator and have obtained their further support. At the same time, the company has also negotiated commitments with other financial investors in order to support the company, if and when necessary in the form of loans and given the same guarantees as our third party credit facilitator.

5. SHAREHOLDER ITEMS

The Board of Directors has approved the cooptation of VZH NV, represented by Mr. Eric Van Zele per March 10, 2006. Mr. Eric Van Zele is currently President and CEO of Pauwels Group. He is Director of Barco and Chairman Reynaers Aluminium. He previously served as CEO of Telindus and Vice President of Raychem.

The Board of Directors will propose to the General Assembly the nomination of Houterman Management Consultancy BV, represented by Mr. Ferry I.M. Houterman as director. Mr. Houterman is also a member on the Board of Philip Morris, RAI, Mediacenter, Holland Casino. He presides the Chamber of Commerce of Amsterdam.

The financial information has been approved by the Board of Directors per March 30th 2006.



6. FINANCIAL CALENDAR 2006

31/03/2006	Results 2005
28/04/2006	Annual General Shareholders' meeting
10/05/2006	Q1 Trading update
05/09/2006	Half-year results
09/11/2006	Q3 Trading Update
28/02/2007	Results 2006
30/04/2007	Annual General Shareholders' meeting



7. REPORT BY THE CERTIFIED AUDITOR

The statutory auditor confirmed that his audit work has been finalized in-depth and did not reveal any significant adjustments to the financial information included in the press release.

The statutory auditor will include an emphasis of matter paragraph in his opinion drawing the attention to the following uncertainty.

Although the company has incurred significant losses affecting the company's financial position, the consolidated financial statements have been prepared by the Board of Directors under the assumption of going concern. The Board of Directors has evaluated the net book value of capitalized development costs, positive consolidation differences and deferred tax assets and is of the opinion that the depreciations are sufficient. The assumption of going concern of the activities is only valid to the extent that the company can further have sufficient means for financing or can rely on other financing sources as exposed in the Board of Directors report. Moreover, this assumption is only justified to the extent that the company successfully realizes the financial, technical and commercial objectives and recovery measures as described in the business plan in order to be sufficiently profitable to justify the net book value of these assets.

Brussels, 30 March 2006

Deloitte Bedrijfsrevisoren
Certified auditor
Represented by
Mr. William Blomme

Zenitel is a leading player in the market for reliable, fast, secure and safe communication. Its customers are professional users for whom communication is critical because their work involves protecting human lives or very valuable activities. Zenitel is a listed company (Euronext). The headquarters of Zenitel are in Brussels. For more information: www.zenitel.biz.

For further information, please contact :

Mrs. Rika Coppens: +32 2 370 56 32

APPENDIX 1

CONSOLIDATED BALANCE SHEET

ASSETS (in thousands €)	31/12/2005	31/12/2004
Non-current assets		
Intangible assets	10.230	9.142
Tangible assets	15.130	12.839
Available for sale investments	296	290
Receivables	3.095	2.818
Deferred taxes	2.381	3.420
Total non-current assets	31.132	28.509
Current assets		
Inventories	12.042	12.021
Contracts in progress	9.578	8.098
Trade debtors	26.894	23.851
Other amounts receivable	2.324	2.545
Deferred charges and accrued incomes	1.026	867
Cash and cash equivalent	6.642	4.793
Total current assets	58.506	52.175
TOTAL ASSETS	89.638	80.684
EQUITY AND LIABILITIES (in thousands €)	31/12/2005	31/12/2004
Equity		
Ordinary shares	14.850	33.631
Share premium account	6.795	40.456
Reserve for warrants	121	-
Consolidated reserves	731	-54.976
Translation differences (+) (-)	2.244	1.893
Treasury shares	-2.958	-2.958
Total equity	21.783	18.046
Minority interests		
Non-current liabilities		
Interest bearing loans and borrowings	7.255	6.285
Deferred tax liabilities	8	5
Retirement benefit obligation	5.266	5.214
Provisions	310	408
Other liabilities	103	242
Total non-current liabilities	12.942	12.154
Current liabilities		
Trade payables	26.102	24.150
Other payables	13.449	10.454
Current tax liabilities	1.546	2.198
Borrowings	7.648	8.994
Provisions	6.168	4.688
Total current liabilities	54.913	50.484
TOTAL LIABILITIES AND EQUITY	89.638	80.684

APPENDIX 2

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement (thousands of EUR)	Notes	Year ended	
		2005	2004
Cash flows from operations			
Cash flows generated from operations	27	-4.852	-3.090
Interest paid	3	-948	-1.519
Taxes paid	5	-81	-24
Net cash from operating activities		-5.881	-4.633
Cash flows from investing activities			
Acquisition of subsidiary, net of cash		-113	-
Purchase of property, plant and equipment	8	-4.928	-2.824
Purchase of intangible asset	7	-1.343	-354
Disposal of subsidiary, net of cash		-	-
Disposal of business	28,2	-	1.303
Disposal of available-for-sale investment		-	-
Proceeds from sale of plant, property and equipment		1.176	956
Interest received	3	74	269
Dividends received	3	0	0
Net cash used in investing activities		-5.134	-650
Cash flows from financing activities			
Proceeds from issue of ordinary shares		14.211	-
Proceeds from borrowings		1.861	2.072
Loan repayment received		-	355
Loans made		-638	-
Repayments of borrowings		-897	-953
Purchase of treasury shares		-	-
Net cash used in financing activities		14.537	1.474
(Decrease)/increase in cash and cash equivalents		3.522	-3.809
Movement in cash and cash equivalents			
At start of the year		-3.380	471
(Decrease)/increase		3.522	-3.809
Effect of exchange rate changes		-103	-42
At the end of the year		39	-3.380
Total Cash	16	6.642	4.793
(Bank overdrafts)	18	-608	-1.729
(Bank borrowings)	18	-5.995	-6.444
Net cash at the end of the year		39	-3.380

APPENDIX 3

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Consolidated statement of change in shareholders' equity							
(thousands of EUR)	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Reserve for warrants</i>	<i>Acc transl adjustments</i>	<i>Retained earnings</i>	<i>Total</i>
Period ended December 31, 2004							
Balance on January 1, 2004							
As previously reported	33.631	40.456	-2.958	0	1.611	-42.091	30.649
Currency translation difference					282		282
Net Result 2004						-12.885	-12.885
Balance on December 31, 2004	33.631	40.456	-2.958	0	1.893	-54.976	18.046
Period ended December 31, 2005							
Balance on January 1, 2005							
As previously reported	33.631	40.456	-2.958	0	1.893	-54.976	18.046
Capital increase	2.871	12.128					14.999
Cost of capital increase		-789					-789
Transfer from one heading to another	-21.652	-45.000				66.652	0
Currency translation difference					351		351
Net Result 2005				121		-10.945	-10.824
Balance on December 31, 2005	14.850	6.795	-2.958	121	2.244	731	21.783