



When communication is critical



**Press release:
7 September 2007 – 8:20**

Zellik, 7 September 2007

Zenitel announces its first semester results

Operational results reflect the implementation of the chosen strategy and the weaker than expected distribution of 3rd party end-user products.

The investment in an end-to-end VoIP AlphaCom-E platform continues to excel, resulting in double digit revenue growth and a doubling of the EBITDA¹ contribution for Zenitel's Intercom offering.

TETRA network operations² delivered an EBITDA break-even result, reflecting our sales and marketing focus on long term contracts which, by nature, have longer lead times in an emerging segment of the security market.

Zenitel experienced weaker than expected demand in the traditional system integration business. The planned shift towards higher margin solutions was yet unable to compensate the faster than expected decline of the lower margin turnover of 3rd party products.

Colsys was successfully divested as announced previously.

Following the capital increase and the conclusion of a long term loan from an institutional investor, Zenitel has substantially improved its balance sheet and liquidity position.

Erik Hoving, Chief Executive Officer of Zenitel commented:

"We are very proud of our decision two years ago to invest in VoIP Intercom technologies. Our team delivered strong operational and financial results and STENTOFON®'s reputation has been extended into the market place of digital voice. In a recent 2007 Security 50 list of all security vendors worldwide, Zenitel was ranked amongst the top 15 security technology companies.

During the last two years, we successfully obtained TETRA licenses for the Netherlands and Belgium. We continue to roll out our base stations which will more than double by year-end compared to 31 December 2006.

¹ EBITDA – (Earnings Before Interests and Taxes, Depreciation and Amortization) Profit/ (Loss) from operating activities plus depreciation & amortization plus write-offs on current assets.

² TETRA network operations – Caribbean (ChuChubi) & Belgium & the Netherlands (MCCN)



The Caribbean operations delivered the expected mild growth. However, in the Netherlands and Belgium the acquisition of new customers takes longer than expected. The size and long term nature of these commitments require longer lead times. We are more than pleased with the reception in the market.

In the past, we have announced our intention to refocus and streamline our system integration activities. However, weaker demand for 3rd party mobile radio equipment primarily in the Netherlands has materially impacted our bottom line. Therefore, we have accelerated our plans to integrate the Benelux operations.“

1. FIRST HALF YEAR 2007 VERSUS FIRST HALF YEAR 2006

Turnover³ in the first semester of 2007 decreased to EUR 48.7 million compared to 59.1 million in the first half of 2006. The lower revenues on a year-on-year basis reflect the divestments of Colsys (in 2007) and Zenitel UK (in 2006) (total impact EUR –3.5 million) and the one time character related to the roll-out sales of LARA and Astrid in the Benelux (EUR -9 million).

The abovementioned effects have been partially offset by the growth in the Intercom business.

Consolidated income statement per 30 June 2007 (Condensed)

Analysis of operating results by nature

	YTD 30/06/2007	30/06/2006
	<i>In thousands €</i>	
Turnover		
Sales	46,424	60,787
Change in contracts in progress	2,251	(1,643)
Total turnover	48,675	59,144
Other operating income		
Capital gain	0	0
Other operating incomes	263	197
Total other operating income	263	197
Total revenues	48,938	59,341
Change in inventories of finished goods and work in progress	(421)	431
Cost of goods & services sold	25,385	33,204
Salaries and employee benefits	17,976	18,084
Depreciation and amortization	1,346	1,228
Impairment on goodwill	0	0
Write-offs on current assets	241	186
Other operating charges	8,108	7,798
Total operating expenses	52,635	60,931
Profit/(Loss) from operating activities	(3,697)	(1,590)
Finance income/(cost)	(926)	(893)
Profit/(losses) from ordinary operating activities before tax and minority interests	(4,623)	(2,483)
Tax	(54)	(114)
Minority interests	0	0
Net result for the period	(4,677)	(2,597)
Weighted average number of ordinary shares in issue ('000)	11,496	9,614
Basic earnings per share	(0.41)	(0.27)
Diluted earnings per share	(0.41)	(0.27)

³ Turnover – Sales and changes in Contracts in Progress



EBITDA for the first half of 2007 was at EUR – 2.1 million, compared to EUR -0.2 million in the first semester of 2006. The first semester of 2007 included EUR 0.9 million one-time items, resulting in a recurrent EBITDA⁴ for the first semester 2007 of EUR –1.2 million EUR. This also includes investments in operational expenses for MCCN, which are EUR -0.6 million higher than last year.

The one-time items of 2007 firstly relate to the divestment of Colsys. Secondly, management also decided to further provide (EUR 0.5 million) for one out of two old (2004) troublesome projects, which is in the course of renegotiation (a project in Algeria).

EBIT⁵ amounts to EUR -3.7 million loss from operating activities, compared to a loss of EUR – 1.6 million in 2006.

Net results of the group for the first half-year of 2007 amounted to a loss of EUR 4.7 million as opposed to a loss of EUR 2.6 million in the first half year of 2006. This deterioration is due to decrease in EBITDA realized compared to last year.

Segment Reporting

First Half year In EUR ('000)	EUR1		EUR 2		NAUI	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006	30/06/2007	30/06/2006
Turnover (sales inc WIP)	12,927	23,491	13,379	15,297	23,605	20,626
Recurrent (*)EBITDA	(1,186)	283	93	1,038	2,986	1,596
Recurrent (*) EBIT	(2,204)	(624)	37	986	2,788	1,448

* Recurrent EBITDA: earnings before interest & taxes, depreciation and amortization plus write-offs on current assets and one-time results

* Recurrent EBIT: earnings before interest & taxes and one-time results

Zenitel is organized around three key offerings, also with geographical focus: products and distribution, system integration and networks.

The *NAUI*⁶ region, strong in own and third party products and some system integration, has been able to increase its revenue by EUR +3 million compared to 2006. This increase mainly related to intercom sales to the Distributor network (EUR +1.2 million) and sales in the Marine (EUR +1 million) business. The IP platform, launched in 2006 and the further development of applications and equipment on the IP platform have boosted intercom sales in 2007, especially in the Asian segment (both Marine and Airport segment) and in the third party distribution channel.

⁴ Recurrent EBITDA - Profit/ (Loss) from operating activities plus depreciation & amortization plus write-offs on current assets, excluding the one-time items.

⁵ EBIT – (Earnings Before Interests and Taxes) Profit/ (Loss) from operating activities

⁶ NAUI Countries – Nordics (Norway, Sweden, Finland), Asia, USA and Italy



*Europe 1*⁷ is Zenitel's territory for system integration and networks. Turnover in this region decreased by EUR –10.6 million compared to 2006, mainly due to a decrease of EUR –7 million in the Netherlands, since almost no C2000 sales were recorded in 2007, in view of the new tender being released for C2000 additional equipment. At the same time, in 2006, Zenitel Colsys' turnover was included for EUR 5.3 million, compared to EUR 2.7 million in 2007 (until March included). It should also be noted that during 2006, the turnover of the UK subsidiary was still included (EUR -0.9 million). This subsidiary was sold in July 2006.

*Europe 2*⁸ has a focus on system integration and product sales. The region saw a decrease in its turnover by EUR -1.9 million compared to the first half of 2006, mainly due to lower revenues in Belgium, caused by postponement of some projects and lower ASTRID sales.

⁷ Europe 1 Countries - Netherlands, Denmark, the Czech Republic (Colsys) and the Caribbean

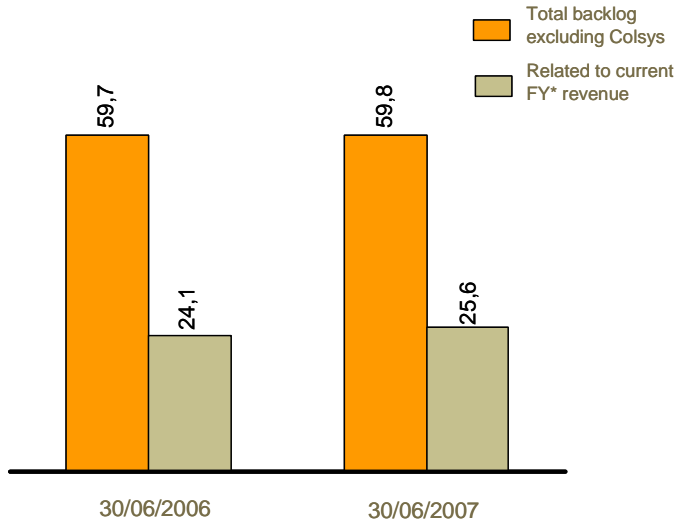
⁸ Europe 2 Countries – Belgium and France



2. OPERATIONAL EVENTS

Backlog

Zenitel's total backlog per 30 June 2007 amounts to EUR 59.8 million, compared to 59.7 million per 30 June 2006. These backlog figures exclude the Colsys backlog. Stable backlog is mainly the result of the postponement of the signature of some projects in system integration and the slower gain of RGU's⁹ on the MCCN network.



Some important contracts won until today, are for System Integration Fire Brigade Liège in Belgium where a Command and Control Centre will be installed. Maersk ordered 10 Anchor handling tug supply vessels with the AlphaCom-E, and the CHPF Tahiti Hospital Center for French Polynesia installed the AlphaCom-E. The Anne Frank Museum signed on to our MCCN network.

Intercom – Launch of the AlphaCom-E platform

Zenitel launched its new VoIP intercom system AlphaCom-E on 1 June 2006. During the first half of 2007, Zenitel also released for tender its new IP Substations. This enables installation of an intercom system, without proprietary cabling, thus reducing the total cost of ownership of a system. Zenitel had already sold 687 systems from 1 January 2007 until 30 June 2007, versus 495 systems sold in total 2006 (or accumulated 536 systems end 2006)

⁹ RGU - Revenue Generating User/Unit



MCCN and ChuChubi TETRA networks

On 1 September 2007, MCCN committed 1,158 users on its networks, versus 1,027 at the end of 2006. This increase is lower than expected. It remains difficult to convert potential customers from the funnel into long term contracts (average 7 years), given the important amounts and internal processes at stake. At the same time the rollout is also slower. Roll-out has started to pick-up as from June 2007. In the Netherlands almost the whole of the Randstad Area will be covered and coverage in all provinces in the Netherlands has started. In Belgium the total of the Antwerp harbour area will be covered..

For the total year, total contracted users for MCCN the Netherlands and Belgium will double versus 2006.

In the Caribbean a total of 6,041 users have been contracted on the ChuChubi Network per 1 September 2007, bringing the total TETRA users to 7,199.

Capital increase

On 4 May 2007, Zenitel announced that the subscription period for the capital increased had been closed early. The possibility of early closing of the Free Tranche was described in the prospectus, i.e. the earliest on 3 May 2007 and as soon as the targeted subscription amount of EUR 18 million had been reached.

74.3% of the priority tranche of EUR 13 million was subscribed. Based on this, 3,099,124 new shares were allocated. After claw back, 3,108,773 shares were available in the free tranche (including the private placement at institutional investors). This extended free tranche was 2.1 times oversubscribed.

Based on this success, it was decided to exercise the over allotment option.

As a result of this exercise an additional amount of €1.8 million has been raised per 4 June 2007, at the offer price of €2.9 per share. This brought the total number of new shares placed in the offering at 6,827,586, raising €19.8 million for Zenitel. The total number of Zenitel shares now amounts to 16,554,422.



3. POST BALANCE SHEET EVENT

Per 3 July and after a successful capital increase, Zenitel obtained a long-term debt financing (7 years) of 5,000,000 EUR, from an institutional investor. This debt will further enable Zenitel to secure its long-term growth plan, focussed on investments in networks and on the further development of its intercom platform.



4. OUTLOOK

As previously stated 2007 is a year of further consolidation and continued investments, both in capital expenditures as in additional operating expenses.

Zenitel expects the turnover, excluding the turnover of its divestments (being EUR - 12.7 million) to be around 100 million EUR.

The divestment of Colsys, the start-up and roll-out of the Networks in the Netherlands and Belgium, and the further required development costs related to the new AlphaCom E applications (total estimated impact on EBITDA of EUR -2.2 million EUR), will negatively impact the EBITDA.

Zenitel expects to double the number of RGU's in Belgium and the Netherlands and realize a mild growth on the network in the Caribbean compared to 2006.

As indicated earlier, management will accelerate streamlining the system integration organization, by integrating different organizational entities. As a result one-time effects will affect the results.



5. LIMITED REVIEW REPORT ON THE CONSOLIDATED HALF-YEAR FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2007

To the Board of Directors

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed income statement, condensed cash flow statement, condensed statement of changes in equity and notes 1 to 7 (jointly the "interim financial information") of ZENITEL NV ("the company") and its subsidiaries (jointly "the group") for the six months period ended 30 June 2007. The Board of Directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with IAS 34, "Interim Financial Reporting".

Our limited review of the interim financial information was conducted in accordance with the recommended auditing standards on limited reviews applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on consolidated annual accounts as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Accordingly, we do not express an audit opinion.

We draw your attention to the fact that there is a disagreement with respect to a project in Algeria put on hold since one year for which renegotiations are ongoing, as mentioned in the note 7 to the interim financial information. The total net outstanding receivable, after recorded provision, amounts to 1.135 (000) EUR. The Board of Directors is of the opinion that, based on the current situation, the recorded provision is sufficient.



Based on our limited review, except for what has been stated in the paragraph above, nothing has come to our attention that causes us to believe that the interim financial information for the six months period ended 30 June 2007 is not prepared, in all material respects, in accordance with legal and regulatory requirements and IAS 34 Interim Financial Reporting.

30 August 2007

Deloitte Bedrijfsrevisoren
BV o.v.v.e. C.V.B.A.
Certified auditor
Represented by
Mr. William Blomme

[ZENITEL](#) is a leading player in instant audio and data communication. Communication products, communication networks and system integration services that are so reliable, so fast and so secure, they are also used as critical communication tools at a time of crisis. Zenitel communication is the preferred choice for those in authority or whose work involves protecting human lives or managing vital activities. Zenitel is organized into three regions, each of which has a focus on, but is not exclusively dedicated to, one of Zenitel's key principle offerings: own Intercom products, System Integration services and Network Services.

Zenitel is a listed company (Euronext). The headquarters of Zenitel are in Brussels. For more information: www.zenitel.com.

For further information, please contact :

Mrs. Rika Coppens: +32 2 370 56 32

FINANCIAL DATA

Consolidated income statement per 30 June 2007 (Condensed)

Analysis of operating results by nature	YTD	
	30/06/2007	30/06/2006
	<i>In thousands €</i>	
Turnover		
Sales	46.424	60.787
Change in contracts in progress	2.251	(1.643)
Total turnover	48.675	59.144
Other operating incomes		
Capital gain	0	0
Other operating incomes	263	197
Total other operating income	263	197
Total revenues	48.938	59.341
Change in inventories of finished goods and work in progress	(421)	431
Cost of goods & services sold	25.385	33.204
Salaries and employee benefits	17.976	18.084
Depreciation and amortization	1.346	1.228
Impairment on goodwill	0	0
Write-offs on current assets	241	186
Other operating charges	7.207	7.664
Non recurring items	901	134
Total operating expenses	52.635	60.931
Profit/(Loss) from operating activities	(3.697)	(1.590)
Finance income/(cost)	(926)	(893)
Profit/(losses) from ordinary operating activities before tax and minority interests	(4.623)	(2.483)
Tax	(54)	(114)
Minority interests	0	0
Net result for the period	(4.677)	(2.597)
Weighted average number of ordinary shares in issue ('000)	11.496	9.614
Basic earnings per share	(0,41)	(0,27)
Diluted earnings per share	(0,41)	(0,27)

Consolidated Balance Sheet per 30 June 2007 (Condensed)

ASSETS	30/06/2007	31/12/2006
	<i>In thousands €</i>	
Non-current assets		
Property, plant and equipment	15,829	15,598
Goodwill	7,751	8,555
Other intangible assets	1,808	1,657
Available for sale investments	317	301
Receivables	1,921	2,054
Deferred taxes	2,395	2,348
Total non-current assets	30,021	30,513
Current assets		
Inventories	11,000	10,647
Contracts in progress	8,419	6,502
Trade debtors	19,655	25,533
Other amounts receivable	2,277	2,782
Deferred charges and accrued incomes	1,058	1,103
Cash and cash equivalents	6,714	3,594
Assets classified as held for sale	-	6,440
Total current assets	49,123	56,601
TOTAL ASSETS	79,144	87,114
EQUITY AND LIABILITIES	30/06/2007	31/12/2006
Equity		
Ordinary shares	24,219	14,850
Share premium account	16,171	6,795
Reserve for warrants	185	170
Consolidated reserves	-7,597	-2,920
Translation differences (+) (-)	2,080	2,192
Treasury shares	-2,958	-2,958
Total equity	32,100	18,129
Minority interests		
Non-current liabilities		
Interest bearing loans and borrowings	7,814	7,542
Deferred tax liabilities	0	0
Retirement benefit obligation	4,785	4,616
Provisions	178	178
Other liabilities	16	70
Total non-current liabilities	12,793	12,406
Current liabilities		
Trade payables	17,842	20,258
Other payables	10,686	11,694
Current tax liabilities	336	1,652
Borrowings	1,193	14,058
Provisions	4,194	5,010
Liabilities directly associated with assets classified as held for sale	-	3,907
Total current liabilities	34,251	56,579
TOTAL LIABILITIES AND EQUITY	79,144	87,114

Consolidated Cash flow statement per 30 June 2007 (Condensed)

(all amounts in EUR thousands)

	Year to date	
	30/06/2007	30/06/2006
Cash flows from operations		
Cash flows generated from operations	(3,082)	(1,959)
Interest paid	(556)	(609)
Taxes paid	(54)	(112)
Net cash from operating activities	(3,692)	(2,680)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash	(13)	(10)
Purchase of property, plant and equipment	(1,493)	(2,387)
Payments for intangible assets	(306)	(345)
Disposal of subsidiary, net of cash	2,385	77
Proceeds from sale of plant, property and equipment	49	101
Interest received	111	233
Net cash used in investing activities	733	(2,331)
Cash flows from financing activities		
Proceeds from borrowings	644	1,799
Proceeds from the issue of ordinary shares, net of costs	18,745	0
Loan made	(124)	0
Loan repayment received	13	128
Repayments of borrowings	(7,258)	(1,652)
Net cash used in financing activities	12,020	275
(Decrease)/increase in cash and cash equivalents	9,061	(4,736)
Movement in cash and cash equivalents		
At start of the period	(2,762)	39
(Decrease)/increase	9,061	(4,736)
Effect of exchange rate changes	(17)	(71)
At the end of the period	6,282	(4,768)
Total Cash	6,714	2,925
(Bank borrowings)	-	(7,039)
(Bank overdrafts)	(432)	(654)
Net cash at the end of the period	6,282	(4,768)

Consolidated Statement of change in shareholders' equity per 30 June 2007 (Condensed)

(thousands of EUR)	Share capital	Share premium	Treasury shares	Reserve for warrants	Acc transl adjustments	Retained earnings	Total
Period ended June 30, 2006							
Balance on January 1, 2006							
As previously reported	14.850	6.795	-2.958	121	2.244	731	21.783
Capital increase (net of cost)							0
Transfer from one heading to another							0
Currency translation difference					118		118
Other				20			20
Net Result H1 2006						-2.597	-2.597
Balance on June 30, 2006	14.850	6.795	-2.958	141	2.362	-1.866	19.324
Period ended June 30, 2007							
Balance on January 1, 2007							
As previously reported	14.850	6.795	-2.958	170	2.192	-2.920	18.129
Capital increase (net of costs)	9.369	9.376					18.745
Transfer from one heading to another							0
Currency translation difference					-112		-112
Other				15			15
Net Result H1 2007						-4.677	-4.677
Balance on June 30, 2007	24.219	16.171	-2.958	185	2.080	-7.597	32.100
Total number of shares per January 1, 2007		9,726,836					
Total number of shares per June 30, 2007		16,554,422					

Note 1: Basis for preparation

Zenitel prepared the financial information as disclosed in this half-year press release in accordance with IAS 34.

Note 2: Accounting policies

The same accounting policies and methods of computation are followed in the interim financial statements as was followed for the most recent annual financial statements. The accounting policies remained in the assumption of going concern.

Note 3: Financial debts

Financial debts are subject to debt covenants, which are met. However, the most important amounts of short-term borrowings were repaid during the first semester of 2007.

Note 4: Segment reporting

First Half year In EUR ('000)	EUR1		EUR 2		NAUI	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006	30/06/2007	30/06/2006
Turnover (sales inc WIP)	12,927	23,491	13,379	15,297	23,605	20,626
Recurrent (*)EBITDA	(1,186)	283	93	1,038	2,986	1,596
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* Recurrent EBITDA: earnings before interest & taxes, depreciation and amortization plus write-offs on current assets and one-time results

* Recurrent EBIT: earnings before interest & taxes and one-time results

Europe 1 (Netherlands, UK, Denmark, the Czech Republic (Colsys) and the Caribbean) is Zenitel's primary network territory.

Europe 2 (Belgium and France) has a focus on system integration and product sales. The *NAUI* (Nordics, Asia, USA and Italy) region is strong in own and third party products and some system integration.

Note 5: Goodwill

Goodwill decreased from 8,555 KEUR per 31 December 2006 to 7,751 KEUR per 30 June 2007. This decrease is mainly due to the divestment of Colsys (see note 6). No additional impairment of goodwill has been accounted for in the first semester of 2007.

Note 6: Divestment of Colsys

On 23 April 2007, Zenitel Norway AS, a subsidiary of Zenitel NV, sold Zenitel Colsys s.r.o. to BE Colsys a.s., a company which is mainly owned by industrial investors in the Czech Republic.

Zenitel Colsys s.r.o. realized 11.7 million EUR turnover in 2006. Zenitel Colsys s.r.o. is a leading Czech company in the field of security, weak- and heavy-current installations, measurement, and regulation systems.

The divestment of Zenitel Colsys s.r.o. occurred in line with the group strategy, to focus on Secure Communication Systems and Services.

The transaction price amounted to CZK 80.4 million (approximately EUR 2.9 million). The transaction resulted in a transaction loss of approximately EUR 0.5 million, which is included in the one-time items line of the 2007 group results.

Note 7: Contingent liabilities

The company still has to close two old projects. The company is of the opinion that it will be able to finalize these projects. For both projects, management estimates the current provisions to be sufficient. For one project the company still has a total recorded net asset amounting to EUR 1.1 million.

Other provisions in the balance sheet were set up, based on the current situation of the different files, in order to cover the risks linked to some of these litigations.