Condensed Consolidated Interim Financial Report
For the six months period ended June 30, 2008

Introduction

Zenitel NV (the "Company) is a limited liability company organized under the laws of Belgium. The consolidated interim financial statements for the six months period ended June 30, 2008, comprise the company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. Other notations and definitions herein apply as presented in our 2007 annual report, which was published on March 31, 2008 (the "Annual Report"), a copy of which is available on our website at www.zenitel.com

Basis of Preparation

The condensed consolidated interim financial statements of Zenitel NV as of and for the six months period ended June 30, 2008 and 2007, and the audited annual financial statements as of the year ended December 31, 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.
On April 23, 2007, Zenitel Norway AS, a subsidiary of Zenitel NV, sold Zenitel Colsys s.r.o. The interim financial statements of Zenitel NV for the period ended June 30, 2007 include the results and cash flows of that subsidiary for the period January 1, 2007 until March 31, 2007.

Information regarding forward-looking statements

This document includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology including the terms "believes", "estimates", anticipates", "aims", "expects", "intends", "may", "will", "would", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.
By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity and the development of the industry in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in future periods.
We do not undertake any obligation, and do not intend, to review or confirm expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this document.
We urge you to read the sections of our 2007 Annual Report for a more complete discussion of the (risk) factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this document may not occur.

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ABOUT 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

1. MANAGEMENT DISCUSSION & ANALYSIS

1.1. Introduction

The following discussion and analysis is based on the condensed consolidated interim financial statement of Zenitel NV as of and for the six months ended June 30, 2008 and 2007 and the audited consolidated financial statement of Zenitel NV as of the period ended December 31, 2007, prepared in accordance with IFRS as adopted by the EU. Included is the selected financial information on Zenitel NV as of and for the relevant periods. You should read the condensed consolidated interim financial statements attached hereto, including the notes thereto, together with the following discussion and analysis.

1.2. Results of operations – condensed income statement

Analysis of operating results by nature In thousands of Euro, except per share amounts	For the six months ended June 30, 2008	 2007
Revenue	45,752	48,675
Other gains and losses	250	263
Raw materials and consumables used	(23,007)	(24,080)
Salaries and employee benefits	(19,181)	(17,976)
of which reorganization expenses	*(1,827)*	*0*
Depreciation and amortization	(1,420)	(1,346)
Net impairment in current assets	(152)	(241)
Consulting expenses	(1,926)	(1,731)
Facility expenses	(3,164)	(3,239)
Other expenses	(3,079)	(4,022)
of which reorganization expenses	*0*	*(12)*
Operating Profit / (Loss)	**(5,928)**	**(3,697)**
Finance income	77	111
Finance costs	(1,119)	(923)
Net foreign exchange gains / (losses)	(109)	(113)
Profit/ (Loss) before tax	**(7,079)**	**(4,623)**
Income tax expense	(172)	(54)
Profit/ (Loss)	**(7,251)**	**(4,677)**

Euro in thousands	For the six months ended June 30, 2008	 2007
EBITDA (*)	**(4,355)**	**(2,110)**
One-time-items	1,958	901
Recurrent EBITDA	**(2,398)**	**(1,209)**
Weighted average number of ordinary shares in issue ('000)	16,441	11,496
Basic earnings per share	**(0.44)**	**(0.41)**
Diluted earnings per share	**(0.44)**	**(0.41)**

(*) EBITDA is a non-GAAP measure and is defined as operating profit + depreciation and impairments

1.3. Analysis of the results for the six months ended June 30, 2008

Revenue for the first semester of 2008 amounted to EUR 45.8 million or EUR 2.9 million lower than in the first semester of 2007. In the first semester of 2007, EUR 2.6 million Colsys s.r.o. revenues were still included with respect to the period before its divestment in 2007. Secure Communication System maintained double digit growth (+13%) resulting in EUR 3.2 million more revenue than in the first semester of 2007. This strong revenue growth is mainly driven by the growth in Asia and in the Marine segment. This growth was offset by decreasing revenues from EUR 19.5 million in the first half of 2007 to EUR 16.0 million in the first half of 2008 in the System Integration countries, due to delays in order intake.

EBITDA for the first half of 2008 was at EUR -4.4 million, compared to EUR -2.1 million in the first semester of 2007. The first semester of 2008 includes EUR 2.0 million one-time items, resulting in a recurrent EBITDA[1] for the first semester of 2008 of EUR –2.4 million.
The one-time items of 2008 relate mainly to EUR 1.8 million additional reorganization expenses with respect to the System Integration countries. The recurrent EBITDA decrease by EUR 1.2 million to EUR -2.4 million in the first half of 2008 is mainly due to the revenue decrease in the System Integration Group entities (impact of EUR -1.1million) and the time delay in realizing the savings from restructuring due to ongoing negotiations with the works' council and the unions. The revenue increase in Secure Communication Systems resulted in a recurrent EBITDA increase of EUR 0.2 million, while the Colsys s.r.o. divestment in 2007, and the strong Euro (with respect to our sales in USA and in the Caribbean) had a negative impact on recurrent EBITDA of respectively EUR 0,2 million and EUR 0.1 million, when comparing with the first six months of 2007.

EBIT[2] amounts to EUR -5.9 million loss from operating activities, compared to a loss of EUR -3.7 million in the first half of 2007.

[1] Recurrent EBITDA - Profit/ (Loss) from operating activities plus depreciation & amortization plus write-offs on current assets, excluding the one-time items.
[2] EBIT– (Earnings Before Interests and Taxes) or Profit/ (Loss) from operating activities

Net results of the group for the first half-year of 2008 amounted to a loss of EUR 7.3 million as opposed to a loss of EUR 4.7 million in the first half year of 2007. This deterioration by EUR 2.6 million is mainly due to the EUR 2.2 million decrease in EBITDA and EUR 0.3 million higher interest and tax charges incurred compared to last year.

Segment Reporting

In thousands of Euro	System Integration		Networks		Secure Comm Systems	
Six months period ended	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
Revenue	16,784	19,754	2,258	4,897	28,659	24,886
Intersegment sales	(764)	(206)	(313)	(311)	(872)	(345)
External revenue	16,020	19,549	1,945	4,586	27,787	24,541
Recurrent (*)EBITDA	(2,378)	(1,235)	(247)	98	1,489	1,280
Recurrent (*) EBIT	(2,597)	(1,488)	(911)	(698)	1,011	956

* 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: Secure Communication Systems, System Integration and Networks.

The *Secure Communication Systems* unit, strong in own and third party products and some system integration, has been able to continue its growth and increased its revenue by EUR +3.2 million compared to 2007. This increase was mainly driven by sales in the Marine segment in Asia (EUR + 2.1 million) and in Norway (EUR +1.6 million). The IP platform, launched in 2006 and the further development of applications and equipment on the IP platform in 2007 and 2008 continued to boost intercom sales in 2008. France realized a EUR +1.0 million revenue increase thanks to a large project while revenues in Sweden, Finland, Italy and USA were together about EUR 1.4 million lower. This is mainly explained by lower sales in Sweden and Italy and the impact of the weak US dollar in the American branch.
By addressing the specific issues in Sweden and Italy and by implementing new sales channels in the US, management is convinced that the ongoing focus on product development and product management will enable the Intercom segment to further grow, both in the Onshore and in the Marine segment. At the same time, the outphasing of the 'old' platforms, through integration with the IP-platform, continues.

The *Networks* unit is specialized in network operating services and contains the activities of Zenitel's own Tetra networks in the Netherlands and Belgium (MCCN) and in the Caribbean (Chuchubi). Also included in this segment are the EUR 2.6 million Colsys revenues of the first quarter of 2007, the period before it was divested by the Group. When excluding Colsys, Network revenues stayed in line with 2008. Both MCCN and Caribbean realized a small growth. This growth was offset by the negative impact of the further weakening Antillean guilder, resulting in a EUR 0.3 million negative impact on revenue and a EUR 0.1 million negative impact on EBITDA. The Caribbean network business grows organically. The growth in both MCCN Belgium and MCCN Netherlands, remains slow, however, some large upcoming tenders in the Netherlands and Belgium in the second semester offer important growth opportunities for the networks business.

The System Integration segment, with a focus on system integration projects, distribution and related maintenance services, saw a decrease in its turnover by EUR -3.5 million compared to the first half of 2007. Both in Belgium and in the Netherlands revenues were down with respectively EUR -1.7 million and EUR -0.5 million compared to previous year. Professional radio equipment sales are EUR -1.1 million lower in Belgium and EUR -2.0 million lower in the Netherlands. Especially in the Netherlands, the expected replacement orders under the new EARS contract are being delayed. In the Netherlands, the decreasing equipment sales were partly offset by more system integration projects. Also in Denmark the professional radio equipment investments relating to the new SINE network show delays, but the further growth of the Danish service department contributed to a EUR 0.7 million revenue increase in Denmark, mainly thanks to the large service contract with Danish Railnet. Revenue of Zenitel Wireless France is EUR 1.8 million lower than previous year, awaiting further contract signatures in South and Central America.

As orders for radio networks and related equipment were further delayed in Benelux, France and Denmark, the rightsizing of the System Integration business has been and continues to be one of our main priorities. In the Netherlands, and in addition to the organizational changes that were already made in 2007 and for which payments were performed in the first six months of 2008, a new managing director has been put in place. In Zenitel Belgium, the largest of our System Integration activities, important changes took place in the management layers, as the managing director and sales director were replaced by a new management team focusing on projects rather than on product sales. With regard to the international (mainly coastal stations & metro/rail communication) business, led from Belgium, management believes that the sales efforts of the past 9 months will result in significant orders for new installations (see also paragraph 1.4.1. for the Chile order received). The implementation of a business support group in April 2008 has started to proof its efficiency and effectiveness in the quality of our proposals, the support of our sales channels and the management of our product lines.

The current negotiations with the union representatives, regarding cost reductions in Belgium and France will be finalized shortly, enabling savings as from the fourth quarter of 2008.

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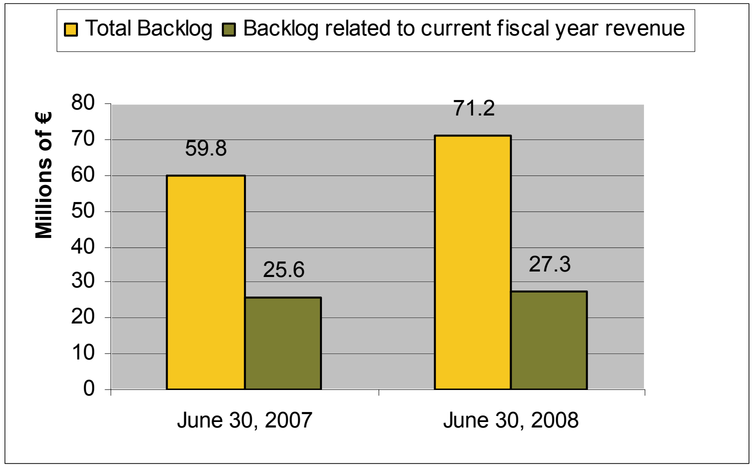
1.4. Operational key performance indicators

1.4.1 Backlog

Zenitel's total backlog per 30 June 2008 amounts to EUR 71.2 million, compared to EUR 59.8 million per 30 June 2007 and EUR 67.6 million per 31 December 2007.



The backlog increase by EUR 11.4 million is the result of the strong order intake in Secure Communication Systems (SCS). The SCS backlog increased by EUR 10.2 million compared to previous year of which EUR 6.9 million increase was realized in the first half of 2008. In Asia the backlog increased by EUR 6.3 million in 2008. Zenitel Singapore was able to re-enter the Korean market, resulting already in an order intake of EUR 1 million.

The System Integration backlog increased by EUR 3.7 million compared to previous year and decreased by EUR 1 million compared to December 31, 2007. In the first semester of 2008 Zenitel Belgium obtained a contract (EUR 2.2 million) to deliver radio communication and related services, as a subcontractor to a security company. After June 30, 2008 Zenitel Wireless France obtained an order of EUR 2.9 million for a Chilean metro project. This order was not yet included in the June 30, 2008 reported backlog.

Networks backlog decreased by EUR 1.8 million compared to previous year and by EUR 2.3 million compared to December 31, 2007. EUR 1.4 million of the backlog decrease in the first semester of 2008 is explained by the negative foreign currency translation impact of the weakening Antillean guilder on the existing customer contracts in the Caribbean. When excluding foreign currency impacts, the Caribbean backlog decreased by EUR 0.8 million and the MCCN backlog decreased by EUR 0.1 million in the first semester of 2008.

1.4.2. Alphacom – E platforms

Zenitel launched its new VoIP intercom system AlphaCom-E on 1 June 2006.

In the first half of 2008 1,013 systems were sold against 687 systems in the first half year of 2007 (1,376 systems in full year 2007). Since the launch 2,884 systems have been sold.

Since the introduction of the new AlphaCom E series, Zenitel offers a replacement for some of the previous hardware products with licensed software. License revenue in the first 6 months of 2008 amounted to EUR 0.3 million against EUR 0.4 million and EUR 0.2 million in the fiscal years (12 months) 2007 and 2006 respectively.

1.4.3. MCCN and ChuChubi RGU's

On June 30, 2008 MCCN committed 1,448 users on its networks, versus 1,337 at the end of 2007. 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. In the first trimester of 2008 the first phase of the MCCN network roll out was completed, fully covering now the whole Dutch Randstad area and providing coverage in all Dutch provinces. In Belgium MCCN provides coverage in the harbour and the city center of Antwerp and on selected locations, such as in Geel. The further strategy is to invest further in the network based on contracted new network users.

In the Caribbean a total of 6,510 users have been contracted on the ChuChubi Network per June 30, 2008 against 6,302 users as per year end 2007, bringing the total TETRA users to 7,958.

1.5. Other operational events

1.5.1. System Integration

Reorganization Zenitel Belgium

As previously mentioned, the System Integration business is reorganizing, by better stressing customer focus and by analysing the current product management strategy.
In December 2007, negotiations started with the works' council in order to be able to right-size the Belgian subsidiary. In the course of May, the company has decided to enable more early retirements within the Belgian entity, resulting in an extra provision of EUR 1.2 million. This should ultimately result in a decrease of the Belgian headcount by about 25 full time equivalents. Currently an internal agreement with the works' council has been reached. The intention is to finalize the negotiations with the union representatives and get the necessary approvals before 30 September 2008, enabling savings as from the fourth quarter of 2008.

Reorganization Zenitel Wireless France

The Board of Directors of June 24th approved the plan to further downsize the operations of Zenitel Wireless France. The number of employees will be reduced from 17 to 10. Collective and individual negotiations are currently being finalized.

1.5.2. Networks

MCCN contracted its first customers in the health care sector (e.g. Altrecht) in the Netherlands, opening up opportunities for more network subscriptions to be contracted with these clients and in the health care sector. Next to smaller leads, much focus is put on large ongoing and upcoming tenders in the Netherlands and on large industrial leads in the Antwerp harbour. In the Caribbean further growth of the user basis is expected, especially on Saint-Martin and Sint-Eustatius.

1.5.3. Secure Communication Systems

In secure communication systems and after the development of the main intercom IP platform, further focus of the development department is now on the development of new IP stations. In the first half of 2008, the focus has been on the development of the wall-mounted stations. At the same time, a standardized Microsoft OPC interface has been developed, in order to integrate with different building and security management systems. The integration with Siemens & Honeywell building management systems has been finalized. In the second half, the desktop IP stations and cordless DECT stations will be developed. At the same time, the further integration of the M100 platform with the Alphacom E platform is ongoing. Finally, also more developments, relating to marine applications are performed (billing systems to invoice external calls).

1.6. Subsequent events

Due to the current ongoing reorganization exercise, the company has renegotiated some of its current bank borrowing facilities and the related covenants. The current bank borrowing facility will be partly converted into non-current bank loans and into a credit line, based on working capital requirements, mainly in the Belgian and Dutch entities. Management anticipates signature of the above quoted agreement in the next couple of weeks.

1.7. Forward-looking statements

During 2008, Zenitel is still experiencing transition challenges.
The strategy and growth demonstrated in the *Secure Communication Segment (mainly Intercom)* clearly indicate that the chosen strategy to further invest in VoIP (Voice over IP) applications is paying off. Zenitel therefore also intends to continue its current development efforts, in order to stay ahead and ride the wave of innovative product development, following customer requests.

In the *Networks* business, the ChuChubi Network in the Caribbean is reaching maturity. Adding additional users on the MCCN Network in the Netherlands and Belgium still remains a challenge. Since 2008 however, more focus has been placed on commercial efforts and the hiring of new account managers, both in the Dutch Randstad area and in the Antwerp harbour area. It is expected that approximately 1,000 users should be converted from the pipeline into connections, especially given the upcoming large tenders.

The *System Integration* business remains weak, both in order intake and in results. Regarding the commercial side, more focus is now placed on tender analysis and commercial support, in order to increase the sales efficiency. At the same time, it is expected that the restructuring efforts should start contributing as from the 4th quarter 2008.

All in all, Zenitel expects the topline in 2008 to grow modestly from the level of 2007, mainly due the further growth of sales in the Intercom segment and the expected increase in order intake in the Systems Integration business. Regarding profitability, Zenitel will not be able to reach break-even EBITDA results at the end of 2008. Nevertheless and also thanks to both the restructuring efforts and seasonality, Zenitel should achieve a positive EBITDA in the second semester of 2008.

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2. FINANCIAL DATA

2.1. Condensed consolidated interim income statement

Analysis of operating results by nature In thousands of Euro, except per share amounts	For the six months ended June 30, 2008	2007
Revenue	45,752	48,675
Other gains and losses	250	263
Raw materials and consumables used	(23,007)	(24,080)
Salaries and employee benefits	(19,181)	(17,976)
of which reorganization expenses	*(1,827)*	*0*
Depreciation and amortization	(1,420)	(1,346)
Net impairment in current assets	(152)	(241)
Consulting expenses	(1,926)	(1,731)
Facility expenses	(3,164)	(3,239)
Other expenses	(3,079)	(4,022)
of which reorganization expenses	*0*	*(12)*
Operating Profit / (Loss)	**(5,928)**	**(3,697)**
Finance income	77	111
Finance costs	(1,119)	(923)
Net foreign exchange gains / (losses)	(109)	(113)
Profit/ (Loss) before tax	**(7,079)**	**(4,623)**
Income tax expense	(172)	(54)
Profit/ (Loss)	**(7,251)**	**(4,677)**
Attributabe to:		
Equity holders of the parent	**(7,251)**	**(4,677)**
Weighted average number of ordinary shares in issue (‘000)	16,441	11,496
Basic earnings per share	**(0.44)**	**(0.41)**
Diluted earnings per share	**(0.44)**	**(0.41)**

See notes to the condensed consolidated interim financial statements

2.2. Condensed consolidated interim balance sheets

ASSETS In thousands of Euro	June 30, 2008	December 31, 2007
Non-current assets		
Property, plant and equipment	16,091	16,183
Goodwill	7,712	7,723
Other intangible assets	2,051	2,020
Deferred tax assets	2,370	2,377
Finance lease receivables	371	730
Other financial assets	813	813
Other assets	614	698
Total non-current assets	**30,020**	**30,544**
Current assets		
Inventories	14,253	12,432
Contracts in progress	5,961	7,789
Trade and other receivables	25,466	25,661
Deferred charges and accrued incomes	1,434	772
Cash and cash equivalents	2,736	6,929
Total current assets	**49,850**	**53,583**
TOTAL ASSETS	**79,871**	**84,127**

EQUITY AND LIABILITIES In thousands of Euro	June 30, 2008	December 31, 2007
Equity		
Capital	25,274	25,274
Share premium account	15,115	15,115
Reserves	1,974	2,087
Retained earnings	(22,636)	(15,385)
Treasury shares	(2,958)	(2,958)
Total equity	**16,769**	**24,133**
Non-current liabilities		
Interest bearing loans and borrowings	11,831	11,846
Retirement benefit obligation	3,817	3,878
Provisions	320	300
Total non-current liabilities	**15,968**	**16,024**
Current liabilities		
Trade and other payables	30,506	31,313
Borrowings	7,015	3,221
Current tax liabilities	1,055	621
Provisions	8,558	8,815
Total current liabilities	**47,134**	**43,970**
TOTAL LIABILITIES AND EQUITY	**79,871**	**84,127**

See notes to the condensed consolidated interim financial statements

2.3. Condensed consolidated interim statement of changes in shareholders' equity

In thousands of Euro	Share capital	Share premium	Treasury shares	Equity settled employee benefits reserved	Foreign currency translation reserve	Retained earnings	Attributabe to equity holders of the parent	Total
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**	**18,129**
Capital increase (net of cost)	9,369	9,376					18,745	**18,745**
Transfer from one heading to another							0	**0**
Currency translation difference					(112)		(112)	**(112)**
Other				15			15	**15**
Net Result first half of 2007						(4,677)	(4,677)	**(4,677)**
Balance on June 30, 2007	**24,219**	**16,171**	**(2,958)**	**185**	**2,080**	**(7,597)**	**32,100**	**32,100**
Period ended June 30, 2008								
Balance on January 1, 2008								
As previously reported	**25,274**	**15,115**	**(2,958)**	**197**	**1,890**	**(15,385)**	**24,133**	**24,133**
Currency translation difference					(115)		(115)	**(115)**
Other				2			2	**2**
Net Result first half of 2008						(7,251)	(7,251)	**(7,251)**
Balance on June 30, 2008	**25,274**	**15,115**	**(2,958)**	**199**	**1,775**	**(22,636)**	**16,769**	**16,769**

See notes to the condensed consolidated interim financial statements

2.4 Condensed consolidated interim statement of cash flows

In thousands of Euro	For the six months ended June 30, 2008	2007
Cash flows from operations		
Profit / (Loss)	(7,251)	(4,677)
Adjustments to reconcile profit / (loss) to net cash provided by operating activities:		
Fair valuation of the warrants vested during the period	3	15
Interest charges	857	556
Interest income	(77)	(111)
Income tax	172	54
Depreciation	1,420	1,346
Impairment of current assets	152	244
Capital (gains)/losses	-	417
Change in long term provisions	(61)	192
Changes in the net asset of pension fund	113	249
Net cash from operating activities before changes in working capital	(4,672)	(1,715)
Changes in short term provisions	(65)	(833)
Changes in working capital	(1,263)	(534)
Cash flows generated from operations	(6,000)	(3,082)
Interest paid	(857)	(556)
Taxes paid	-	(54)
Net cash from operating activities	**(6,857)**	**(3,692)**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash	-	(13)
Purchase of property, plant and equipment	(1,342)	(1,493)
Payments for intangible assets	(435)	(306)
Disposal of subsidiary, net of cash	0	2,385
Proceeds from sale of plant, property and equipment	76	49
Interest received	77	111
Net cash (used in) / generated by investing activities	**(1,624)**	**733**
Cash flows from financing activities		
Proceeds from borrowings	240	644
Proceeds from the issue of ordinary shares, net of costs	-	18,745
Loan made	-	(124)
Loan repayment received	337	13
Repayments of borrowings	(220)	(7,258)
Net cash received / (used in) financing activities	**357**	**12,020**
(Decrease) / increase in cash and cash equivalents	**(8,125)**	**9,061**
Movement in cash and cash equivalents		
At start of the period	4,591	(2,762)
(Decrease)/increase	(8,125)	9,061
Effect of exchange rate changes	3	(17)
At the end of the period	(3,531)	6,282
Total Cash	2,736	6,714
(Bank borrowings)	(5,888)	-
(Bank overdrafts)	(379)	(432)
Net cash at the end of the period	**(3,531)**	**6,282**

See notes to the condensed consolidated interim financial statements

2.5 Notes to the condensed consolidated interim financial statements

Note 1: Basis of preparation

Zenitel prepared the financial information as disclosed in this half-year press release in accordance with the International Accounting Standard 34 (IAS 34) 'Interim Financial Reporting'. These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2007 (hereafter 'the Annual Financial Statements') as they provide an update of previously reported information. They were approved for issue by the Board of Directors on August 26th, 2008.

Note 2: Accounting policies

The accounting policies used are consistent with those used in the Annual Financial Statements, except where noted below. The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements, except where noted below. The comparatives have been reclassified or extended from the previously reported Interim Financial Statements to take into account the presentational changes made in the Annual Financial Statements or in these Interim Financial Statements. Zenitel changed its segment reporting from a regional focus to a key offerings focus This is further explained in note 4. The preparation of the Interim Financial Statements require management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The accounting policies remained in the assumption of going concern.

Note 3: Financial debts

Also refer to the section 1.6. Subsequent events.

In thousands of Euro	June 30, 2008	December 31, 2007
Non current		
Bank borrowings	8.250	8.266
Finance lease liabilities	3.580	3.580
	11.831	**11.846**
Current		
Bank overdraft	379	840
Bank borrowings (straight loans)	5.888	1.498
Current installment of long term loan	620	610
Finance lease liabilities	128	273
	7.015	**3.221**

Non current borrowings

The non current bank borrowings include a loan of EUR 5 million which is subordinated towards the other bank debts. The nominal interest rate is 7% and repayments of EUR 1 million per year will start as from 2010.

The long term borrowings in the Caribbean are on a non-recourse basis. These borrowings are secured by customer contracts. The terms of the loans, closed in Antillean guilder (ANG), is 3 to 6 years with an interest rate of 9%. The Caribbean group company uses the long term borrowings to finance locally its local investments.

In 2004, Zenitel NV took over a loan from its Danish Subsidiary. This loan was for an amount of DKK 12.000.000. Repayment occurs every 3 months, for an amount of 1.25% of the initial loan amount. The final settlement will occur per 30.09.2014. The outstanding amount per 30 June 2008 is EUR'000 1,329. The interest rate equals the interest on the international inter banks currency markets plus 3.75%.

The non current finance lease liabilities, relate to the financial leasing of the building. No new leasing debts were contracted in the first half of 2008.

Current borrowings

The bank borrowings are secured by a pledge on the Group's current assets, shares of certain subsidiaries and the eventual proceeds of future divestments.

Bank borrowings are subject to bank covenants. These covenants depend from one credit institution to another. The covenants on the current bank borrowings relate to 'adjusted' equity (being equity minus intangible assets) and to the solvability of the company. Due to the current ongoing organization exercise, the company has renegotiated some of its current bank borrowing facilities and the related covenants. The current bank borrowing facility will be partly converted into non-current bank loans and into a credit line, based on working capital requirements, mainly in the Belgian and Dutch entity. Management anticipates signature of the above quoted agreement in the next couple of weeks.

The Norwegian Group companies have a credit facility of NOK 20 million. This credit facility offers the ability to borrow up to 70% of the value of customer invoices.
At the same time, a line of arrangement up to maximum NOK 15 million is available, offering the ability to borrow up to 25% of the value of inventory. The interest rate on the facility is currently 8.35%. As per June 30th, 2008 a total of EUR 3.8 million of this credit facility was used against EUR 1.9 million as per December 31, 2007.

The company also holds lines for bank guarantees at different credit institutions for in total almost EUR 12.8 million, which are currently being renegotiated. At June 30th, 2008, bank guarantees have been granted to secure the completion of some of the customer contracts (mainly in system integration services). These performance guarantees granted amount to EUR 8.2 million (31 December 2007: EUR 9.3 million).

The assumption to operate as a going concern is only valid to the extent that the group can realize its financial, technical and commercial goals, as foreseen in the group's business plan and to the extent that the group continues to have access to short and medium term financing, granted by the group's main creditors.

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Note 4: Segment reporting

As indicated in the Annual Report of 2007, Zenitel has changed its management structure as from January 1st, 2008 from a regional focus to a key offerings focus.

Until the end of 2007, Zenitel's management structure and reporting was based on three regions: NAUI, Europe 1 and Europe 2, with in each region the following countries:

- NAUI: Norway, Sweden, Finland, Singapore, USA and Italy
- Europe 1: The Netherlands, Caribbean, Denmark, (Czech Repulic)
- Europe 2: Belgium, France

These were the segments that were reported on in the Annual Financial Statements.

As from 2008 the management structure and reporting is organized per key offering and consequently Zenitel has included the following segments in its segment reporting in the Interim Financial Statements: Secure Communication Systems, Networks and System Integration. Earnings are allocated to each segment based on management's primary business focus of each legal entity of the Zenitel group.

In thousands of Euro	System Integration		Networks		Secure Comm Systems		Unallocated	
Six months period ended	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
Revenue	16,784	19,754	2,258	4,897	28,659	24,886	-	-
Intersegment sales	(764)	(206)	(313)	(311)	(872)	(345)	-	-
External revenue	16,020	19,549	1,945	4,586	27,787	24,541	-	-
Recurrent (*)EBITDA	(2,378)	(1,235)	(247)	98	1,489	1,280	(1,262)	(1,352)
Recurrent (*) EBIT	(2,597)	(1,488)	(911)	(698)	1,011	956	(1,474)	(1,567)

* 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

System Integration (Belgium, Denmark, France, The Netherlands) focuses mainly on the delivery of third party products and turn-key projects, both locally and internationally and related maintenance services. The international projects department, included in this segment, focuses on ground stations (ship to shore/ground to air communication) and sub- and railway applications.
As from 2007, the revenues and profitability in the System Integration business have been affected by the weaker than expected demand for 3rd party end-user products (such as PRC radio equipment, mobiles, other radio devices and accessories). However, at the same time, Zenitel also experiences a growing need for System Integration services. Individually operating security systems are no longer good enough. Integration of the different systems is key to create a safe environment. A good example of this integration requirement is a project Zenitel is currently executing, where the evacuation and broadcast system will be linked to the digital TETRA communication system, thus ensuring redundancy in case one of the systems fails, at times of crisis. This type of integration also implies that systems tend to get more and more complex, so that customers are demanding ongoing support from specialists, with 24/7 monitoring capabilities. It is in this segment that Zenitel wishes to offer its System Integration services.

Networks (Belgium and the Netherlands (MCCN) and Caribbean (ChuChubi) has a focus on delivering airtime and other network services to professional radio users for critical communication purposes. This segment also includes the 2007 Colsys results. Further reference is made to note 7, for more details on the impact of the divestment of Colsys on the Networks segment and Group figures.
The complementarities of TETRA versus GSM are significant as a greater number of people discover that in emergency situations, GSM simply can not ‘do the trick’. TETRA is a command driven technology, which features ‘priority calling’ (emergency call, man down alarms get through the network first), group calling (addressing multiple people at the same time) and very short call set-up time. At the same time, TETRA offers more than the traditional (analogue) radio systems, with its enhanced data capacity and GPS location possibilities. Moreover, in terms of frequency usage, TETRA is also four times more efficient than GSM.
In the last couple of years, traditional radio users, such as public transport companies, have tried to switch to GSM, for cost saving advantages. However, with increasing violence on busses and trains, and public and mass transport being target number one for terrorist attacks, public transport companies simply cannot ignore public and staff safety. Transport staff have experienced that their SMS messages sent in times of distress or emergency, did not arrive or arrived minutes or even hours after the facts. Worse still, at times of mass demonstrations, in major incidents and even when in traffic jams, GSM networks can become congested or are even switched off. It is Zenitel’s strong belief that TETRA is the best technology standard to offer critical communication. Even though the market in the past couple of years has been reluctant, slowly but surely, additional applications and devices on TETRA become available

Secure Communication Systems (Asia, France, Nordics, Italy and USA) is strong in intercom products, both for the on-shore and the marine market.
Since 2005, important investments have been made in the area of Secure Communication Systems. These investments relate mainly to the development of the new STENTOFON AlphaCom E intercom platform. This platform is IP enabled, and uses open standards such as SIP and Web 2.0 services. Therefore, the system connects to many security systems like intercom, radio, Public Address, telephony, camera’s and control rooms. A lot of attention has been paid to making sure both new and existing customers can take advantage of IP. Also thanks to IP, the total cost of ownership of an intercom system has decreased, since installation can occur on existing networks. At the same time, the open source technology has opened up the number of solutions in which an intercom system can be used. The ‘talking camera’ example is just one of the many examples where voice has been added. A guard sitting in a control room can now address the public at the time he spots an event on his screens, instead of having to alert someone at a distance to intervene some seconds or minutes later.
In secure communication systems and after the development of the main intercom IP platform, further focus of the development department is now on the development of new IP stations. In the first half of 2008, the focus has been on the development of the wall-mounted stations. At the same time, a standardized Microsoft OPC interface has been developed, in order to integrate with different building and security management systems. The integration with Siemens & Honeywell building management systems has been finalized. In the second half, the desktop IP stations and cordless DECT stations will be developed. At the same time, the further integration of the M100 platform with the Alphacom E platform is ongoing. Finally, also more developments, relating to marine applications are performed (billing systems to invoice external calls).

Note 5: Goodwill

Goodwill amounts to EUR'000 7,712 per 30 June 2008, compared to EUR'000 7,723 per 31 December 2007. No additional impairment of goodwill has been accounted for in the first semester of 2008. The change in goodwill balance between December 31st, 2007 and June 30th, 2008 is explained by foreign currency translation. A new impairment analysis will occur per 31 December 2008, taking into account the material savings of the restructuring exercise and the crystallization of the current funnel of Zenitel Belgium NV. For Zenitel Wireless France S.A., no goodwill is included in the accounts.

Note 6: Provisions and restructuring

In thousands of Euro	Pension	Restructuring	Technical guarantees	Other	Total
On 1 January 2008	4,223	4,838	994	2,938	12,994
Additions to provisions	446	1,800	205	77	2,528
Payments	(193)	(1,442)	(26)	(138)	(1,799)
Reversal of provisions	(272)	(4)	(263)	(258)	(796)
Exchange differences	(189)	(0)	(15)	(28)	(231)
On 30 June 2008	**4,016**	**5,192**	**896**	**2,592**	**12,695**
of which non current	3,817	0	0	320	4,137
of whic current	199	5,192	896	2,272	8,558

Pensions

The actuarial assumptions used for the evaluation of the pension provisions are the same as those used as per year end December 31, 2007. The calculation of these pension liabilities is based on the recommendations of independent actuaries.

Restructuring

In September 2007 reorganization measures started with respect to the System Integration business. The decrease in distribution sales of professional radio equipment and the requirements of customers to focus more on integration of their communication tools with security systems and IT platforms require different skill sets and further integration of skills and product offerings in The Netherlands, France and Belgium. During the first half of 2008, payments were performed with respect to the restructuring performed in the Netherlands in 2007 and with respect to restructuring changes performed in the management team of Zenitel Belgium. In December 2007, negotiations started with the works' council in order to be able to right-size the Belgian subsidiary. In the course of May 2008, the company has decided to enable more early retirements within the Belgian entity, resulting in an extra provision of EUR 1.2 million. This should ultimately result in a decrease of the Belgian headcount by about 25 full time equivalents. Currently, after having reached an internal agreement with the works' council, negotiations with the union representatives need to be finalized. Management hopes to finalize the negotiations and approvals before 30 September 2008, enabling material savings as from the fourth quarter of 2008.

In the current phase of the implementation of the restructuring programs for especially Belgium, the final outcome of the restructuring negotiations is not yet known. As a result it is not possible to make an accurate split between the long term and the short term character of the restructuring provision. Therefore, the entire provision has been classified as a current liability. It is expected that by the end of December 2008 this distinction can be clearly made.

Technical guarantees

The assumptions used for the evaluation of the guarantee provision as per June 30th, 2008 are the same as those used for the Annual Financial Statements.

Other

The other provisions cover principally risks related to the representations and warranties given, claims on deliveries, potential losses on projects, site restoration obligations, penalties, jubilee premiums or legal claims.

Note 7: 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. The following revenues and results of Colsys s.r.o. are included in the first half of 2007 comparative consolidated figures of the Group and of the Networks segment:

In thousands of Euro	January to March 2007
Revenue	**2,580**
Operating expenses including finance costs	(2,530)
Profit before tax	50
Profit of the period	**50**
Net cash flow from operating activities	302
Net cash flow from investing activities	(31)
Net cash flow from financing activities	(8)
Net cash flow of the period	**263**

Note 8: Contingent liabilities

The company still has to close one old project, for which the total remaining recorded net asset amounts to EUR 1.1 million. After renegotiations which started at the end of 2007, the company has been able, to relaunch the project. A first phase of delivery (25%) is expected to be finalized in the next couple of weeks. Therefore, the company is of the opinion that it will be able to finalize the project. For the remaining project, management estimates the current provisions to be sufficient.

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.

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3. *RISK FACTORS*

General

Zenitel's core activities consist of providing integrated solutions and services for the professional market, where fast, reliable and secure communication is essential. The profitability and risk profile of the company are defined primarily by a number of factors, the most important of which are described below. These elements cause uncertainty with regard to the trend that will be followed by the value of Zenitel shares. Additional risks and uncertainties, which are currently not known to Zenitel or which the company currently believes are immaterial, could likewise impair its business operations or have an adverse effect on Zenitel's cash flows, profitability, financial condition, its ability to continue as a going concern and the price of its shares.

Financial situation

Zenitel's operating results, excluding extraordinary items, have been negative for the past few years, and this has lead to decreases in solvency and liquidity levels.
Continued focus on profitable activities, efforts to constantly better align the different subsidiaries to their market size and share, and the implements of adequate procedures will further allow mitigation of the risks that are linked to the different types of businesses. The assumption to operate as a going concern is only valid to the extent that the group can realize its financial, technical and commercial goals, as foreseen in the group's business plan and to the extent that the group continues to have access to short and medium term financing, granted by the group's main creditors.

Project risks and guarantees given

In the business of System Integration, guarantees regarding performance, radio coverage and the duration of projects are often requested from Zenitel, mainly by customers in the public authorities segment. If these projects are undertaken by subsidiaries, Zenitel SA/NV is often asked to put up a guarantee for these subsidiaries. The related risks are partly covered by negotiations with the customer, by *'back-to-back'* arrangements with equipment suppliers and above all by attempting to estimate the related risks on the basis of the experience and technical knowledge available at Zenitel. There is no certainty that Zenitel will always succeed in estimating and managing these project risks adequately. At the same time, there is no certainty that Zenitel will always be able to receive sufficient guarantees from credit institutions, in order to cover the guarantees requested by the customer. This may lead to loss of customers and revenues.

4. FAIR VIEW STATEMENT BY THE MANAGEMENT OF THE COMPANY

We the undersigned, Eugeen Beckers (Beckers Consulting BVBA), CEO of Zenitel NV, and Rika Coppens, CFO, declare that, to our knowledge:

- The set of condensed interim financial statements drawn in accordance with the prevailing accounting standards on Interim Financial Statements (IAS 34), gives a true and fair view of the assets, financial position and profit and loss of the issuer and the companies included within its consolidation
- The interim management's discussion and analysis provide a fair overview of the important events and major transactions between contracting parties which occurred during the first six months of the financial year, and their impact on the set of condensed financial statement, and a description of the main risks and uncertainties for the remaining months of the financial year.

Eugeen Beckers CEO	Rika Coppens CFO

5. LIMITED REVIEW REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED HALF-YEAR FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2008

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 selective notes (jointly the "interim financial information") of ZENITEL NV ("the company") and its subsidiaries (jointly "the group") for the six-month period ended 30 June 2008. 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" as adopted by the EU.

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.

Based on our limited review, except for what has been stated in the paragraphs below, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Without modifying the above opinion, we would like to draw your attention to the interim director's report, in which the board of directors justifies the application of

the valuation rules under the going concern assumption. Although the group has incurred significant losses that fundamentally affect the financial position, the board of directors evaluated the group's ability to continue as a going concern and has confirmed that the depreciations and provisions as recognised in the financials as per 30 June 2008 are sufficient.
This assumption is valid, only to the extent that the group realises its financial, technical and commercial goals, as foreseen in its business plan to attain sufficient future profitability to sustain the carrying value of the assets. The assumption to continue as a going concern is only valid in case the group continues to have access to short and medium term financing. The group is dependent on the continued financial support of its financing sources.

We draw your attention to the interim director's report section 1.6 and notes 3, 6 and 8 explaining the financial situation, provisions for restructuring and contingent liabilities.

27 August 2008

The Statutory Auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by William Blomme

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