



When communication is critical



**Press release:  
31 March 2008 – 7h30 am**

Zellik, 31 March 2008

## **Recurrent EBITDA of Zenitel around break-even (EUR -0.2 million).**

**Lower Revenues primarily due to the sale of subsidiaries in 2006, 2007 (EUR – 10.1 million) and a decrease in the System Integration business, mainly in the Netherlands and Belgium.**

**In view of the weaker than expected revenues in the ‘traditional’ product distribution area and in order to realize new types of integrations and services, Zenitel started to reorganize the System Integration business, by right-sizing certain segments, resulting in a one-time restructuring cost of EUR 5.4 million.**

### **1. YEAR 2007 VERSUS YEAR 2006**

Group turnover<sup>1</sup> decreased by 17.4% from EUR 115.3 million in 2006 to EUR 95.3 million. .

The revenue decrease in 2007 is mainly due to:

- 1) the sale of the Colsys (consolidated until March 31, 2007) and Zenitel UK activities (consolidated until June, 2006) (in total a decrease EUR – 9.9 million). Revenues excluding Colsys and UK amounted to EUR 102.8 million in 2006 versus EUR 92.7 million in 2007 or a decrease by 9.8%;
- 2) the lower revenues realized in the Netherlands (EUR -7.6 million), in Belgium (EUR -2.5 million) and in Denmark (-1.9 million), offset by the higher revenues in the NAUI region ( EUR +3.1 million) , both mainly due to higher sales in the Marine segment and in the Distributor sales segment.

During 2005, 2006 and still in 2007, in Belgium large deliveries were made related to equipment for the ASTRID network. The same occurred in the Netherlands, where in 2005 and still in 2006 more equipment for the police, fire brigades and emergency services on the Dutch public C2000 TETRA network were delivered. It was expected that the replacement tender would already be applicable as from April 2007. However, the attribution of the EARS contract was postponed until November 2007. Today, we are proud to say that Zenitel has won this EARS contract.

Denmark noted a decrease in revenues, mainly due to the postponement of a number of projects. At the same time, Denmark is awaiting the introduction of the public TETRA network, for the police and fire brigades, better known as SINE.

Revenues in both the onshore and marine intercom business increased, thanks to the introduction of the new VoIP platform and the introduction of the first IP (sub)stations (EUR 4.0 million) and increased marine activity in general.

---

<sup>1</sup> Turnover: Sales and change in contracts in progress



Total order backlog increased over the past year from EUR 61.0 million to EUR 67.6 million, per 31 December 2007. Please note that last year's reported backlog amounted to EUR 70.1 million. This backlog included EUR 9.1 million backlog from Colsys.

Notwithstanding the decrease in revenues in 2007, the recurrent EBITDA<sup>2</sup> (Earnings Before Interest and Tax, Depreciation and Amortization) of Zenitel amounted to EUR -0.2 million. Per December 31, 2006, the recurrent EBITDA amounted to EUR +2.3 million.

EBIT<sup>3</sup> (Earnings Before Interest and Tax) in 2007 amounted to EUR – 10.6 million compared to EUR -1.6 million in 2006. This is mainly due to both the lower EBITDA and the one-time-items for a total of EUR -6.9 million. The 2007 one-time items are heavily influenced by the total restructuring provisions accounted for, of EUR 5.4 million.

YTD (in KEUR)	12/31/2007	12/31/2006
<b>One-time-items</b>	<b>6,850</b>	<b>581</b>
Total restructuring	5,415 -	53
Old projects	1,028	501
Sale subsidiary	392	84
Other	15	50

The decrease in the PRC (handsets/mobiles/...) distribution business and the requirements of customers to focus more on integration of their communication tools with security systems and IT platforms, require different skill sets. In this mindset, restructuring measures started during September 2007. The Board of Directors of December 2007 stressed the importance of continuing the restructuring measures, in order to further align the System Integration business and enable synergies between the Belgian, Dutch and French entities. In this respect and taking into account the discussions that started with the works' council in November and December 2007, further discussions are currently being held in the workers' council and with the unions on a voluntary early retirement plan, for the employees in Zenitel (Belgium) NV, taking into account the minimum guidelines set by CAO 17 (Collective Employment Agreement) and the CAO of employee committee 209 in Belgium. The total restructuring charge, accounted for in the second semester, amounts to EUR 5.4 million. EUR 1.2 million of this amount was already paid in 2007. The remaining EUR 4.3 million mainly resulted in an increase of the restructuring provision. Of the total restructuring cost, EUR 4.5 million relates to Zenitel (Belgium) NV, of which EUR 0.9 million has been paid in September.

Total net financial expense amounted to EUR -1.7 million compared to EUR -1.9 million in 2006. Since June 2007, Zenitel was able to benefit from the cash proceeds from the capital increase.

The consolidated net result of the Zenitel Group shows a loss of EUR -12.5 million, compared to EUR -3.7 million in 2006. Earnings per share, after correction of the treasury shares were EUR – 0.89, compared to EUR -0.38 in 2006.

<sup>2</sup> 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

<sup>3</sup> EBIT (Earnings Before Interest & Taxes) = Profit/ (Loss) from operating activities



**Consolidated Income Statement per 31 December 2007**

<b>Analysis of operating results by nature</b> (thousands of EUR)	Year ended December 31	
	2007	2006
<b>Continuing operations</b>		
Revenue	95,264	115,313
Other gains and losses	458	523
Raw materials and consumables used	-46,964	-61,900
Employee benefits expense	-39,856	-35,585
<i>of which reorganization expenses</i>	-5,224	53
Depreciation and amortization expense	-2,703	-2,623
Net impairment on current assets	-843	-720
Consulting expenses	-3,331	-4,591
Facility expenses	-6,255	-7,205
Other expenses	-6,416	-4,816
<i>of which reorganization expenses</i>	-190	-
<b>Operating Profit / (Loss)</b>	<b>-10,646</b>	<b>-1,604</b>
Finance income	261	96
Finance costs	-1,821	-1,596
Net foreign exchange gains / (losses)	-93	-391
<b>Profit / (Loss) before tax</b>	<b>-12,299</b>	<b>-3,495</b>
Income tax expenses	-166	-156
<b>Profit / (loss) for the year</b>	<b>-12,465</b>	<b>-3,651</b>
Atributable to:		
Equity holders of the parent	-12,465	-3,651
<b>Earnings per share</b>		
From continuing and discontinued operations		
Weighted average number of ordinary shares in issue ('000)	13,984	9,614
<b>Basic earnings per share</b>	-0.89	-0.38
<b>Diluted earnings per share</b>	-0.89	-0.38

- We refer to the annual report of 2007, for the valuation rules and for the detailed notes to the financial statements, which form an integral part of the financial statements.
- The annual report is available via [www.zenitel.com](http://www.zenitel.com) or at the company's headquarters (Z1. Research Park Zellik, Pontbeek 63, 1731 Zellik, Belgium)



## Segment Reporting

As from 1 January 2006, the operations have been organized in three regions, each with a focus on one of Zenitel's key offerings.

### Europe 1

#### Segment report EU1

In EUR ('000)	EUR1	
	31/12/2007	31/12/2006
Segment revenue	23,727	44,082
Recurrent(*) EBITDA	-976	2,795
EBIT	-6,177	494

\* Before one-time expenses

The turnover of Europe 1 further decreased heavily by EUR 20.4 million. EUR 9.9 million can be explained by less consolidated revenues relating to Colsys, which has been deconsolidated as from April 1, 2007, and Zenitel UK (consolidated until June 2006). The remaining decrease relates to fluctuations in different countries. The decrease is mainly due to lower revenues realized in the Netherlands (EUR -7.6 million) and Denmark (EUR -1.9 million), where 2006 revenues were positively influenced by a large police project. Today, Denmark is awaiting the full roll-out of the SINE public TETRA network. The remaining decrease can largely be explained by the foreign currency difference, influencing negatively the EUR revenue of the Caribbean entity.

The recurrent EBITDA decrease is explained by the decrease in revenue, only to a small extent offset by the restructuring efforts done in the Netherlands during September 2007.

The EBIT decreased by EUR 6.7 million. This decrease is influenced by the provisions accounted for, relating to the restructuring in the Netherlands (for EUR 0.9 million) and the disposal of Colsys (EUR 2.2 million). The higher operating expenses in order to start-up MCCN (EUR -1.3 million), the decrease in the results in the Netherlands (EUR -1.1 million) and the deconsolidation of Colsys, further negatively impacted the EBIT.

The EBIT in Europe 1 includes a total amount of EUR 1.7 million depreciations, relating to the depreciation of the networks both in the Caribbean and in the Netherlands.

### Europe 2

#### Segment report EU2

In EUR ('000)	EUR 2	
	31/12/2007	31/12/2006
Segment revenue	26,036	28,809
Recurrent(*) EBITDA	610	2,266
EBIT	-4,957	5,957

\* Before one-time expenses



The decrease in turnover is mainly due to lower revenues realized in Belgium (EUR - 2.5 million), mainly due to less sales realized in PRC (radio) distribution, to the police and fire brigades. Revenues in France remained stable versus 2006.

The EBITDA decreased by EUR 1.7 million. This decrease can mainly be explained by the lower profitability of the Belgian entity, due to the lower revenues, combined with lower margins realized during 2007.

The negative EBIT is mainly due to:

- the decrease in profitability of the Belgian entity ( EUR -1.7 million)
- the restructuring expenses accounted for in Belgium (-4.5 million EUR).
- the write-offs relating to old projects in France in 2007 for EUR -1.0 million, versus EUR - 0.8 million in 2006.
- the waiver of debt in France which occurred in 2006, explaining EUR 4.5 million profit in the French entity. This profit was compensated in the 'unallocated expenses' in the consolidation.

**NAUI**

**Segment report NAUI**

In EUR ('000)

**NAUI**

31/12/2007 31/12/2006

Segment revenue	45,501	42,422
Recurrent(*) EBITDA	5,893	4,692
EBIT	7,376	5,418

\* Before one-time expenses

Revenues in the **NAUI** business increased (EUR +3.1 million), thanks to the introduction of the new VoIP product and the good market conditions in the marine segment. This increase also explains the increase in recurrent EBITDA.

The increased EBIT is both due to the higher sales and better results of intercom products and the allocation of the proceeds of the sale of Colsys to this segment, since the shares of Colsys were held in Norway.



## **2. MAJOR SEGMENTS IN 2008**

As from 1 January 2008, the operations have been organized in segments, each with a focus on one of Zenitel's key offerings

### **Secure Communication Systems (mainly Intercom)**

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.

Following maturity of the main platform, the current focus of the development department has been on new IP stations and substations. Application software and connectivity software are also on the list. With the introduction of the IP series, Zenitel now offers a replacement for some of the previous hardware products with licensed software. In the near future, buying software upgrades on existing platforms will open up functionalities to the customers.

The above strategy and investments have proven to be successful for the intercom segment. Sales to distributors have increased by more than 10% during 2007, for both on-shore and marine. Also profitability has again been restored. During 2007, 1,376 platforms were sold, compared to 495 systems in 2006 (41 in 2005). The total IP platforms sold now amounts to 1,912 in 2007.

### **Networks**

A second important area of investment has been in the TETRA Networks. After a successful roll-out and migration from analogue to digital radio communication in the Caribbean, the introduction of a privately owned TETRA network in the Netherlands started in 2005. As from January 1, 2006, the first user was connected to the network. In 2007, Zenitel launched its TETRA network in Belgium.

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

Today, the existing customers on Zenitel's TETRA networks are extremely happy with the quality of the communication services rendered. Following the capital increase, Zenitel has been able to speed-up the roll-out of the network and now offers TETRA network capabilities in the whole Randstad Area and in every province in the Netherlands. In Belgium, the Antwerp harbour and important parts of Antwerp city are also covered. Per December 31, 2007, a total of 7,639 users were contracted on the TETRA networks ( ChuChubi: 6,302; MCCN: 1,337).

Going forward, gradually the network will be further rolled-out as opportunities arise. Zenitel will allow this start-up business to reach maturity over the next years. Today, this business (both MCCN in Belgium and the Netherlands, and Chuchubi in the Caribbean) reaches a break-even EBITDA, which includes EUR 1.5 million operational expenses to commercially and technically develop the new networks.

### **System Integration**

In 2007, the revenues and profitability in the System Integration business have been affected by the weaker than expected demand for 3<sup>rd</sup> 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.

In order to realize these types of integrations and services and in view of the weaker than expected revenues in the 'traditional' product distribution area, Zenitel will reorganize the System Integration business, by right-sizing certain segments. At the same time, there is also a growing need for people with different skill sets, such as software knowledge and IT/IP expertise. It is in this respect that the Board of Directors asked management in December 2007 to continue its restructuring efforts which started in September 2007. Therefore, a total restructuring cost of EUR 5.4 million has been accounted for in the second semester 2007.



### **3. OUTLOOK 2008**

Management believes Zenitel still faces transition challenges in 2008. Zenitel continues to grow and develop in the *Intercom segment*. At the same time, Zenitel is focusing on adding additional users on the existing *Networks*. The *System Integration* business needs to be redefined by acting more as a value added service partner and integrator and by reducing the focus on reselling hardware (3<sup>rd</sup> party distribution of PRC equipment).

Zenitel's strategy is to continue building the group around these three key offerings.

Zenitel expects the topline in 2008 to grow modestly from the level of 2007, mainly due to the expected growth in sales in the Netherlands in the System Integration business, thanks to the winning of the EARS contract, and the further growth of sales in the Intercom segment.

First indications for the Intercom business, as confirmed by the results of the first months, are in line with expectations as turnover continues to grow. Relating to the Network business, management remains confident, especially given the increased interest and requests for quotations noted during the past couple of months. In this area, success will mainly depend on the acceleration of the customer sign-up.

Given the continued streamlining and restructuring in the System Integration, we are still in an early stage of altering and redefining this business. We are convinced that our focus must be on restoring the profitability of this business.



#### **4. RISKS AND UNCERTAINTIES**

**Liquidity of the company** – In accordance with Article 96, 6° of the Belgian Companies Code, the board of directors has to justify the application of the principle of continuity if the balance sheet shows a loss carried forward. The balance sheet as per 31 December 2007 shows a loss carried forward of EUR -22.4 million. Nevertheless, the board of directors is of the opinion that the application of the existing valuation rules, under going concern is still justified.

In 2007, the company has been able to successfully conclude a EUR 19.8 million capital increase and obtained a EUR 5 million long term loan. These financing cash flows, have enabled Zenitel to substantially strengthen its balance sheet. At the same time, investments in both tangible and intangible non-current assets are financed by shareholders' equity and long term financing. At the same time, the company further relies on the continued support from its credit institutions. The Board believes in the chosen strategy, with continued focus on critical communication through 3 Key Offerings: Secure Communication Services (mainly Intercom), Networks and System Integration. The *Secure Communication Services* area has started to show its full potential in 2007, where intercom sales further increased both in the onshore market as in the marine segment. The market for TETRA *Networks* services is reacting slower than expected, however, the Board believes in its potential with Zenitel Caribbean (ChuChubi) as an example. At the same time, and after the capital increase, substantial investments in the MCCN TETRA network have been made, delivering coverage in the important industrial areas in both the Netherlands and Belgium. The *System Integration* business is a quickly altering segment, moving away from a mere third party product distributor to a full value-added services business. This change is happening faster than expected, after the roll-out of the public TETRA networks in both the Netherlands and Belgium. The Board believes that the new restructuring efforts, recorded in 2007, should allow this business to slowly redefine itself, allowing higher margins on sales.

**Contingent liabilities** – First of all, the company still has to close one difficult project in Algeria. The company is of the opinion that it will be able to finalize the project in view of ongoing negotiations. The total recorded asset related to this project amounts to EUR 1.1 million.

Relating to its contingent liabilities, the total maximum exposure is estimated at EUR 7.0 million. The contingent liabilities relates to possible obligations in respect of soil contamination, local authorities and redundancies.

On December 31, 2007, the estimated contingent liabilities amount to EUR 0.7 million (2006: EUR 0.7 million). This contingent liability has been calculated based on estimated probability of possible obligations, with uncertainty on timing and/or amount, arising in the course of the business.

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



## **5. SHAREHOLDER ITEMS**

The Board of Directors will propose to the General Assembly the nomination of Beckers Consulting BVBA, represented by Eugeen Beckers. The Board of Directors will also propose the renomination of Erik Hoving as directors until the general assembly of 2011. This mandate will be remunerated as from 1 January 2009. The financial information has been confirmed by the Board of Directors per March 28<sup>th</sup> 2008.

## **6. FINANCIAL CALENDAR 2008**

### **2008**

31/03/2008 Results 2007

28/04/2008 Annual General Shareholders' Meeting (11:00 am)

12/05/2008 Q1 Trading update

28/08/2008 Half-year Results 2008

12/11/2008 Q3 Trading update

### **2009**

31/03/2009 Results 2008

28/04/2009 Annual General Shareholders' Meeting (11:00 am)



## **8. 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, unless the circumstances should meanwhile modify, include an emphasis of matter paragraph in his opinion drawing the attention to the following uncertainties.

We draw your attention to a project in Algeria put on hold since one year for which renegotiations are ongoing, as mentioned in the financial statements. The total net outstanding receivable, after recorded provision, amounts to 1,135 (000) EUR per 31 December 2007. The board of directors is of the opinion that, based on the current situation, the recorded provision is sufficient.

Although the group has incurred significant losses that fundamentally affect the financial position, the board of directors, assuming the group's ability to continue as a going concern, evaluated the net book value of capitalized development expenses, goodwill, deferred tax assets and tangible fixed assets and has confirmed that the depreciations and provisions as recognized in the financials as per 31 December 2007 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 these assets. The assumption to continue as a going concern is only valid in case the group continue to have access to short and medium term financing. The group is dependent on the continued financial support of the shareholders and other financing sources.

Brussels, 28 March 2008

Certified auditor  
Deloitte Bedrijfsrevisoren  
BV ovve CVBA  
Represented by 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](http://www.zenitel.com)

---

***For further information, please contact :***

Mrs. Rika Coppens: +32 2 370 56 32

---

**APPENDIX 1  
CONSOLIDATED BALANCE SHEET**

(thousands of EUR)	Year ended December 31	
	2007	2006
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,183	15,598
Goodwill	7,723	8,555
Other intangible assets	2,020	1,657
Deferred tax assets	2,377	2,348
Finance lease receivables	730	837
Other financial assets	813	848
Other assets	698	670
<b>Total non-current assets</b>	<b>30,544</b>	<b>30,513</b>
<b>Current assets</b>		
Inventories	12,432	10,647
Contracts in progress	7,789	6,502
Trade and other receivables	25,282	27,878
Finance lease receivables	379	437
Deferred charges and accrued income	772	1,103
Cash and cash equivalents	6,929	3,594
	53,583	50,161
Assets classified as held for sale		6,440
<b>Total current assets</b>	<b>53,583</b>	<b>56,601</b>
<b>TOTAL ASSETS</b>	<b>84,127</b>	<b>87,114</b>
(thousands of EUR)	Year ended December 31	
	2007	2006
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Capital	25,274	14,850
Share premium account	15,115	6,795
Reserves	2,087	2,362
Retained earnings	-15,385	-2,920
Treasury shares	-2,958	-2,958
Equity attributable to equity holders of the parent	24,133	18,129
<b>Total equity</b>	<b>24,133</b>	<b>18,129</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	11,846	7,542
Retirement benefit obligations	3,878	4,616
Provisions	300	178
Other liabilities	0	70
<b>Total non-current liabilities</b>	<b>16,024</b>	<b>12,406</b>
<b>Current liabilities</b>		
Trade and other payables	31,313	31,952
Borrowings	3,221	14,058
Current tax liabilities	621	1,652
Provisions	8,815	5,010
	43,970	52,672
Liabilities directly associated with assets classified as held for sale	0	3,907
<b>Total current liabilities</b>	<b>43,970</b>	<b>56,579</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>84,127</b>	<b>87,114</b>

**APPENDIX 2**  
**CONSOLIDATED CASH FLOW STATEMENT**

	Year ended December 31	
(thousands of EUR)	2007	2006
<b><i>Cash flows from operations</i></b>		
Cash flows generated from operations	-4,447	-2,015
Interest paid	-1,821	-1,596
Taxes paid	-156	-148
<b><i>Net cash from operating activities</i></b>	<b>-6,424</b>	<b>-3,759</b>
<b><i>Cash flows from investing activities</i></b>		
Payments to acquire financial assets	-30	-10
Interest received	261	84
Proceeds from repayment of loans and other non-current receivables	68	391
Payments for property, plant and equipment	-3,272	-4,955
Proceeds from disposal of property, plant and equipment	7	623
Payments for intangible assets	-853	-508
Development costs paid	-1,631	-1,921
Acquisition of subsidiaries	0	0
Proceeds from disposal of business	2,430	77
<b><i>Net cash (used in) / generated by investing activities</i></b>	<b>-3,020</b>	<b>-6,219</b>
<b><i>Cash flows from financing activities</i></b>		
Proceeds from issue of equity shares	19,800	0
Payments for share issue costs	-1,056	0
Proceeds from borrowings	5,507	8,367
Repayment of borrowings	-7,454	-1,237
<b><i>Net cash received / (used) in financing activities</i></b>	<b>16,797</b>	<b>7,130</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>7,353</b>	<b>-2,848</b>
<b>Movement in cash and cash equivalents</b>		
At start of the year	-2,762	39
Increase / (decrease)	7,353	-2,848
Effect of exchange rate changes on that balance of cash held in foreign currencies	0	47
<b><i>At the end of the year</i></b>	<b>4,591</b>	<b>-2,762</b>
Total Cash and cash equivalents	6,929	4,162
(Bank overdrafts)	-840	-420
(Bank borrowings)	-1,498	-6,504
<b><i>Net cash and cash equivalents at the end of the year</i></b>	<b>4,591</b>	<b>-2,762</b>

**APPENDIX 3  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(thousands of EUR)	Share capital	Share premium	Treasury shares	Equity-settled employee benefits reserve	Foreign currency translation reserve	Retained Earnings	Attributable to equity holders of the parent	Total
<b>Year ended December 31, 2006</b>								
<b>Balance on January 1, 2006</b>								
As previously reported	14,850	6,795	-2,958	121	2,244	731	21,783	21,783
Exchange differences arising on translation of foreign operations					-52		-52	-52
Recognition of share-based payments				49			49	49
Net loss 2006						-3,651	-3,651	-3,651
<b>Balance on December 31, 2006</b>	<b>14,850</b>	<b>6,795</b>	<b>-2,958</b>	<b>170</b>	<b>2,192</b>	<b>-2,920</b>	<b>18,129</b>	<b>18,129</b>
<b>Year ended December 31, 2007</b>								
<b>Balance on January 1, 2007</b>								
As previously reported	14,850	6,795	-2,958	170	2,192	-2,920	18,129	18,129
Issue of ordinary shares	10,424	9,376					19,800	19,800
Share issue costs		-1,056					-1,056	-1,056
Exchange differences arising on translation of foreign operations					-302		-302	-302
Recognition of share-based payments				27			27	27
Net loss 2007						-12,465	-12,465	-12,465
<b>Balance on December 31, 2007</b>	<b>25,274</b>	<b>15,115</b>	<b>-2,958</b>	<b>197</b>	<b>1,890</b>	<b>-15,385</b>	<b>24,133</b>	<b>24,133</b>