



Introduction

Zenitel NV/SA (the "Company") is a limited liability company organized under the laws of Belgium. The Consolidated interim financial statements for the six months period ended 30 June 2011, 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 2010 annual report, published on 24 March 2011 (the "Annual Report"). A copy is available on our website at www.zenitel.com.

Basis of Preparation

The condensed consolidated interim financial statements of Zenitel NV/SA as of and for the six months period ended 30 June 2011 and 2010, and the audited annual financial statements as of the year ended 31 December 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and with IAS 34, Interim Financial Reporting.

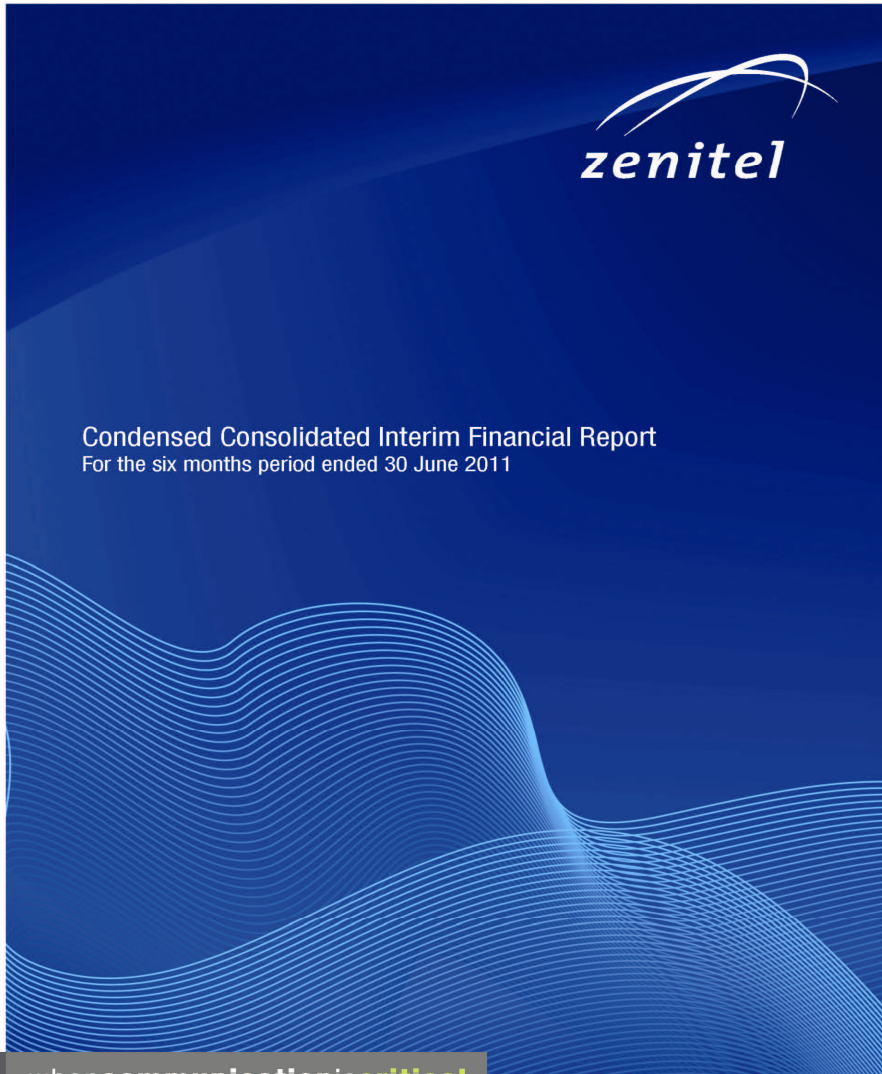
Information regarding forward-looking statements

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 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 that forward-looking statements are not guarantees of future performance. 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 that reflect events or circumstances occurring after the date of this document.

We urge you to read the sections of our 2010 Annual Report for a more complete discussion of (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, so fast and so secure, that 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 two key offerings, each of which has a focus on, but is not exclusively dedicated to, one of Zenitel's key principle offerings: Own Intercom Products and 3rd Party Products and Network Services.



1. MANAGEMENT DISCUSSION & ANALYSIS

1.1. Introduction

The following discussion and analysis is based on the condensed consolidated interim financial statement of Zenitel NV/SA for the six months ended 30 June 2011 and 2010, and the audited consolidated financial statement of Zenitel NV/SA for the period ended 31 December 2010, prepared in accordance with IFRS as adopted by the EU. We have included selected financial information on Zenitel NV/SA as of and for the relevant periods. You should read the condensed consolidated interim financial statements attached hereto, including the notes thereto, along with the following discussion and analysis.

NRSFRANCE SA, Zenitel Devlonics NV and Zenitel Devlonics II NV were deconsolidated in the second half of 2010. In order to present comparable figures, the results of these discontinued operations have been included in one line of the consolidated statements (Loss from discontinued operations) per 30 June 2010. As a result, the presentation of the 2010 comparative half year figures differs from the previously published half year figures.



1.2. Financial highlights

From condensed consolidated interim statement of comprehensive income

In thousands of Euro, except per share amounts

	As at and for the six month ended June 30	
	2011	2010
Turnover (including WIP)	30.192	34.297
of which from continuing operations	30.192	34.297
of which from discontinued operations	0	0
Recurrent EBITDA ⁽¹⁾	1.908	1.895
of which from continuing operations	1.908	1.905
of which from discontinued operations	0	(10)
Operating profit/(loss) - EBIT ⁽²⁾	743	(265)
of which from continuing operations	743	1.248
of which from discontinued operations	0	(1.514)
Net result for the period	228	(941)
of which from continuing operations	228	578
of which from discontinued operations	0	(1.519)

From condensed consolidated interim statement of financial position

In thousands of Euro

	June 30	December 31
	2011	2010
Total balance sheet	37.146	42.712
Shareholders' equity	5.124	5.262
Working capital	1.382	2.226
Debt (excluding leasing and short term instalments)	10.593	10.916
Total debt	11.876	12.809
Net cash position	2.579	2.954

From Cash flow statement

In thousands of Euro

	As at and for the six months ended June 30	
	2011	2010
Total cash flow	(375)	(1.769)
Cash flow from operating activities	1.128	394
Net cash (used in) / generated by investing activities	(209)	(570)
Net cash received / (used in) financing activities	(1.294)	(1.593)

Ratios

	June 30	December 31
	2011	2010
Equity ratio	13,8%	12,3%
Weighted average number of shares (in thousands)	16.441	16.441
Equity / Share (EUR)	0,31	0,32

Personnel

	June 30	December 31
	2011	2010
Operations	270	278
Corporate	4	4
Total	274	282

⁽¹⁾ Recurrent EBITDA: earnings before interest & taxes, depreciation and amortization plus write-offs on current assets and one-time results - This is a non GAAP measure.

⁽²⁾ EBIT: earnings before interest & taxes - This is a non GAAP measure.



1.3. Analysis results of the six months' period ended 30 June 2011

Revenue amounts to EUR 30,2 million, EUR 4,1million or 12% down from last year. Secure Communication Systems (SCS) revenue for the first half year of 2011 amounted to EUR 27,9 million, EUR 3,7 million or 12% down from last year. Revenue from the Caribbean business amounted to EUR 2,3 million, EUR 0,4 million or 15% down from last year.

The main drivers for the SCS revenue decrease are the continuing decline in the world wide Marine market and the forecasted reduction of the project business in Scandinavia. The backlog for the second half of 2011 in both areas is however strong and revenue is expected to increase.

The decline in revenue from the *Caribbean* business is related to the large TETRA coverage expansion project on the BES islands that was delivered last year.

The revenue is down from previous year but revenue this year is more profitable than last year. Due to this, the recurrent EBITDA amounts to EUR 1,9 million in the first half of 2011, same level as last year.

One time items amounts to a EUR 0,3 million positive effect in the first half year of 2011 against a EUR 1,1 million negative effect last year. The 2011 one time items consist mainly of the impact of the sale of minority participations.



The following table shows the impact of the non recurrent items on EBITDA for continuing and discontinued operations in the first half of 2011 and 2010.

For the six months ended In thousands of Euro	Continuing operations June 30,		Discontinued operations June 30,		Total June 30,	
	2011	2010	2011	2010	2011	2010
Recurrent EBITDA	1.908	1.905	0	(10)	1.908	1.895
One time items	131	428	0	(1.503)	131	(1.075)
EBITDA	2.039	2.333	0	(1.513)	2.039	820
Depreciation/amortization/impairments	(1.296)	(1.084)	0	(1)	(1.296)	(1.085)
Operating profit (EBIT)	743	1.248	0	(1.514)	743	(265)

EBITDA (from continuing operations) amounts to EUR 2,0 million in 2011 against EUR 2,3 million in 2010. Non recurrent income included in EBITDA for 2011 amounts to EUR 0,1 million versus EUR 0,4 million for 2010.

Operating profit or EBIT amounts to EUR 0,7 million against EUR -0,3 million in previous year. In previous year a loss of EUR 1,5 million relating to discontinued operations was included in EBIT.

Net result amounts to EUR 0,2 million against a loss of EUR 0,9 million last year. In previous year a loss of EUR 1,5 million relating to discontinued operations was included in the net result.

Cash flow from operations amounted to EUR 1,1 million against EUR 0,4 million in previous year. This operational cash flow was mainly used to continue to reduce financial debts.



1.4. Post balance sheet events

No items to report.

1.5. Going concern and forward-looking statements

The board of directors is of the opinion that the application of the existing valuation rules under going concern is justified. It refers to the justification of the application of the valuation rules under going concern (Art 96.6° of the Belgian Company code) included in the board report on the annual results of 2010 (Annual Report 2010).

Despite the continuation of the uncertain world-wide market, Zenitel expects to deliver a profitable business for the whole year 2011.



2. FINANCIAL DATA

2.1. Condensed consolidated interim statement of comprehensive income

	For the six months ended June 30,	
	2011	2010
In thousands of Euro, except per share amounts		
Continuing operations		
Revenue	30.192	34.297
Other gains and losses	(3)	(3)
Raw materials and consumables used	(13.705)	(17.335)
Salaries and employee benefits	(10.240)	(10.053)
Depreciation and amortization	(942)	(1.045)
Net impairment in current assets	(354)	(39)
Consulting expenses	(293)	(891)
Facility expenses	(2.153)	(2.161)
Other expenses	(1.759)	(1.522)
Operating Profit / (Loss)	743	1.249
Finance income	240	36
Finance costs	(570)	(574)
Net foreign exchange gains / (losses)	(135)	(114)
Profit / (Loss) before tax	278	597
Income tax expense	(50)	(19)
Profit / (Loss) for the period from continuing operations	228	578
Discontinued operations		
Profit / (loss) for the period from discontinued operations	0	(1.519)
Profit / (Loss) for the period	228	(941)

	For the six months ended June 30,	
	2011	2010
In thousands of Euro, except per share amounts		
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(366)	1.223
Other comprehensive income for the period (net of tax)	(366)	1.223
Total comprehensive income for the period	(138)	282
Profit / (loss) for the period attributable to: Equity holders of the parent	228	(941)
Total comprehensive income attributable to: Equity holders of the parent	(138)	282
Earnings (loss) per share		
Weighted average number of ordinary shares in issue ('000) <i>From continuing and discontinued operations</i>	16.441	16.441
Basic earnings per share	0,01	(0,06)
Diluted earnings per share	0,01	(0,06)
<i>From continuing operations</i>		
Basic earnings per share	0,01	0,04
Diluted earnings per share	0,01	0,04

See notes to the condensed consolidated interim financial statements



2.2. Condensed consolidated interim statement of financial position

ASSETS	June 30, 2011	December 31, 2010
<i>In thousands of Euro</i>		
Non-current assets		
Property, plant and equipment	3.410	4.155
Goodwill	4.128	4.139
Other intangible assets	1.355	1.391
Deferred tax assets	2.468	2.460
Financial assets	1.314	1.431
Other assets	0	0
Total non-current assets	12.675	13.575
Current assets		
Inventories	6.638	7.978
Contracts in progress	502	700
Trade and other receivables	12.090	15.136
Financial assets	326	430
Deferred charges and accrued income	830	780
Cash and cash equivalents	4.084	4.113
Total current assets	24.471	29.137
TOTAL ASSETS	37.146	42.712



EQUITY AND LIABILITIES	June 30, 2011	December 31, 2010
<i>In thousands of Euro</i>		
Capital and reserves		
Issued capital	25.274	25.274
Share premium account	15.115	15.115
Reserves	3.260	3.260
Retained earnings	-35.567	-35.429
Treasury shares	-2.958	-2.958
<i>Equity attributable to holders of the parent</i>	<i>5.124</i>	<i>5.262</i>
Total equity	5.124	5.262
Non-current liabilities		
Interest bearing loans and borrowings	8.088	9.258
Retirement benefit obligation	1.392	626
Deferred tax liabilities	11	14
Provisions	59	1.625
Total non-current liabilities	9.549	11.523
Current liabilities		
Trade and other payables	13.996	16.620
Borrowings	3.788	3.552
Current tax liabilities	259	522
Retirement benefit obligation	415	86
Provisions	4.014	5.147
Total current liabilities	22.472	25.927
TOTAL LIABILITIES AND EQUITY	37.146	42.712

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 reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total
Period ended June 30, 2010								
Balance on January 1, 2010								
As previously reported	25.274	15.115	(2.958)	200	1.837	(34.290)	5.179	5.179
Net result of the period						(941)	(941)	(941)
Exchange differences arising on translation of foreign operations					1.223		1.223	1.223
<i>Total comprehensive income for the period</i>					1.223	(941)	282	282
Other				0			0	0
Balance at June 30, 2010	25.274	15.115	(2.958)	200	3.060	(35.231)	5.461	5.461
Period ended June 30, 2011								
Balance on January 1, 2011								
As previously reported	25.274	15.115	(2.958)	200	3.458	(35.827)	5.262	5.262
Net result of the period						228	228	228
Exchange differences arising on translation of foreign operations					(366)		(366)	(366)
<i>Total comprehensive income for the period</i>					(366)	228	(138)	(138)
Other							0	0
Balance at June 30, 2011	25.274	15.115	(2.958)	200	3.093	(35.599)	5.124	5.124

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,	
	2011	2010
Cash flows from operations		
Profit / (Loss)	228	(941)
Adjustments to reconcile profit/(loss) to net cash provided by operating activities:		
Interest charges	418	578
Interest income	(38)	(36)
Income tax	50	-
Depreciation and amortization	942	1.045
Impairment of current assets	354	39
Change in long term provisions	(800)	(824)
Changes in the net asset of pension fund	117	35
Net cash from operating activities before changes in working capital	1.271	(104)
Changes in short term provisions	(804)	394
Changes in working capital	1.080	682
Cash flows generated from operations	1.546	972
Interest paid	(418)	(578)
Taxes paid	-	-
Net cash from operating activities	1.128	394
Cash flows from investing activities		
Additions to property, plant and equipment	(182)	(397)
Payments for intangible assets	(296)	(234)
Proceeds on disposal of minority shares	202	-
Proceeds on disposal of plant, property and equipment	29	25
Interest received	38	36
Net cash (used in) / generated by investing activities	(209)	(570)
Cash flows from financing activities		
Proceeds from borrowings	-	10
Loan repayment received	-	215
Repayments of borrowings	(1.294)	(1.818)
Net cash received / (used in) financing activities	(1.294)	(1.593)
(Decrease) / increase in cash and cash equivalents	(375)	(1.769)
Movement in cash and cash equivalents		
At start of the period	2.954	4.229
(Decrease) / increase	(375)	(1.769)
Effect of exchange rate changes		339
At the end of the period	2.579	2.799
Total Cash	4.084	4.784
(Bank borrowings)	(1.505)	(1.985)
(Bank overdrafts)	-	-
Net cash at the end of the period	2.579	2.799

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 with the Consolidated Financial Statements for the year ended 31 December 2010 (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 29 August 2011.

Note 2: Accounting policies

The accounting policies used are consistent with those used in the Annual Financial Statements. In the first half of 2011 there were no changes in these accounting policies that would have caused a material impact on the result.

The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements.

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. 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 judgment 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.



Accounting standards effective for the first time this year

The following standards and interpretations, which have been issued by the IASB and the IFRIC and endorsed by the European Union, are effective for the first time this fiscal year, but are not applicable or did not have a material impact on the consolidated financial statements of Zenitel NV:

- Improvements to IFRSs (Issued in May 2010);
- IFRS 1 (revised 2010) First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters;
- IAS 24 (revised 2009) Related Party Disclosures – Revised definition of related parties;
- IAS 32 (revised 2009) Financial instruments : Presentation – Amendments relating to classification of rights issues;
- IFRIC 14 Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

Note 3: Risk management

During the six months ended 30 June 2011, the Company did not change its financial risk management objectives or policies. As a result, they are still consistent with the disclosures in the consolidated financial statements for the year ended 31 December 2010.



Note 4: Goodwill

Goodwill amounts to EUR 4,1 million per 30 June 2011, compared to EUR 4,2 million per 31 December 2010. No additional impairment of goodwill has been accounted for in the first semester of 2011. The change in goodwill balance between December 31 2010 and June 30 2011 is explained by foreign currency translation. In the first semester of 2011 there were no indications that goodwill would be impaired. A new impairment analysis will occur per 31 December 2011. Goodwill only relates to the Secure Communication Systems segment.

Note 5: Deferred tax assets

The deferred income tax asset relates to a part of the tax losses carried forward of Zenitel Norway AS. The difference between the balance as per 30 June 2011 and 31 December 2010 is fully attributable to the foreign currency translation impact. In the first semester of 2011 there were no indications that the deferred tax asset would be impaired. A new impairment analysis will occur per 31 December 2011.

Note 6: Financial assets

In thousands of Euro	June 30, 2011	December 31, 2010
Proceeds receivable arising from the sale of MCCN assets and contracts	1.058	1.292
Available for sale investments	422	421
Long term guarantees paid in cash	160	148
	1.640	1.861
of which current	326	430
of which non current	1.314	1.431

Of the total proceeds receivable arising from the sale of MCCN assets and contracts in 2009, EUR 817k relates to the contingent part that is depending on number of network users on the MCCN network during the period October 2009 till September 2014. No fair value adjustments have been made in the first half of 2011 since the key assumptions in the fair value assessment are still applicable.



The change of available for sale investments between 31 December 2010 and 30 June 2011 is due to the foreign currency translation.

Note 7: Financial debts

In thousands of Euro	June 30, 2011	December 31, 2010
Non current		
Bank borrowings	7.588	8.258
Shareholders' loan	500	1.000
Finance lease liabilities	0	0
	8.088	9.258
Current		
Bank overdraft	1.505	1.159
Shareholders' loans	1.000	500
Current installment of long term loan	1.277	1.886
Finance lease liabilities	6	8
	3.788	3.552
Total borrowings	11.876	12.810

Non current borrowings

In 2009 the Group signed a new credit agreement with one of its main lending financial institutions. Total debt towards this lender amounts to EUR 2.250K of which EUR 250K is repayable before July 2012. The applied interest rate amounts to EURIBOR + 3% and 3D NV subordinated its shareholders' loan to this financial institution.

In 2007 a long term loan of EUR 5 million was closed. This borrowing is subordinated towards the other bank debts. After debt renegotiations in 2009, the applicable interest rate became 6%. A first instalment of one twelfth of the loan was paid in June 2011. A second instalment of one twelfth is due by July 2012.

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), are three to six years and the interest rate amounts to



7,75 %. The Caribbean group company uses the long term borrowings to locally finance its local investments.

In 2004, Zenitel NV/SA took over a loan from its Danish Subsidiary. This loan was for an amount of DKK 12 million. Repayment occurs every three months for 1.25% of the initial loan amount. The final settlement will occur per 30 September 2014. The outstanding amount per 30 June 2011 is EUR 1.068K. The interest rate equals the interest on the international inter banks' currency markets plus 3,75%.

Current borrowings

In 2008 a shareholder loan was granted by 3D NV to the company. EUR 1.000K of this loan is payable before July 2012 and the remaining part before the end of 2012. The interest rate amounts to EURIBOR + 3%.

Zenitel Norway AS has a factoring agreement of NOK 15 million. This factoring agreement allows for borrowing up to 80% of the value of customer invoices. As per 30 June 2011, a total of EUR 1,5 million of this factoring facility was used against EUR 1,2 million as per 31 December 2010. At the same time, a credit line up to a maximum of NOK 15 million is available. As per 30 June 2011, none of this credit facility was used (idem December 2010).

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.

The total credit lines held by the Company amount to EUR 14,9 million. (Dec. 2010: EUR 15,8 Million). In addition the Company also holds lines for bank guarantees at different credit institutions for in total almost EUR 8,3 million (Dec. 2010: EUR 8,3 million), of which EUR 3,3 million (Dec. 2010: EUR 3,8 million) are used to secure the completion of customer contracts. EUR 1,6 million (Dec. 2010: 2,0 million) of these used bank guarantees relate to discontinued activities and are counter guaranteed by the purchasers of these discontinued activities.



Note 8: Provisions

In thousands of Euro	Retirement benefit obligations	Restructuring	Technical guarantees	Other	Total
On 1 January 2011	713	2.600	651	3.521	7.485
Additions to provisions	90	125	16	242	473
Payments	(288)	(753)	(1)	(294)	(1.336)
Reversal of provisions	(17)	(395)	(95)	(229)	(736)
Exchange differences	(6)	0	0	0	(6)
Transfer	1.316	(1.320)	4	0	0
On 30 June 2011	1.808	257	575	3.240	5.880
of which non current	1.392	0	0	59	1.451
of which current	415	257	575	3.181	4.428

In the table above, early retirement obligations for an amount of EUR 1,3 million, that arose from the restructuring activities in 2009, have been transferred from the restructuring provisions category to the retirement benefit obligations category.

Retirement benefit obligations

The actuarial assumptions used for the evaluation of the pension provisions are the same as those used as per year end 31 December 2010. The calculation of these pension liabilities is based on the recommendations of independent actuaries.

Restructuring

Restructuring provisions primarily relate to the restructuring obligations resulting from the reorganizations measures taken in 2009 and before. Payments in 2011 relate to the restructuring obligations from divested activities in 2009 (MCCN network operations and Zenitel Belgium NV), where the buyer did not take over the existing restructuring obligations.

Technical guarantees

The assumptions used for the evaluation of the guarantee provision as per 30 June 2011 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. Provisions were set up based on the current situation of the different files in order to cover the risks relating to some of these litigations.

Note 9: Contingencies

The total maximum exposure related to contingent liabilities is estimated at EUR 5,9 million. The contingent liabilities relate to possible obligations in respect of old projects, soil contamination, local authorities and redundancies. The estimated total amount of EUR 3,1 million has been fully provided, and has been calculated based on estimated probabilities of possible obligations, with uncertainty on timing and/or amount arising in the course of the business.

We refer to note 6 in these condensed interim financial statements with regards to the contingent assets.

Note 10: Segment reporting

The Zenitel group is organized in two business units, Secure Communication Systems (SCS) and Caribbean.

The SCS unit consists of operations in Norway, Denmark, Singapore, China, France, Finland, Italy, UK, Germany, Croatia, Brazil, USA and a worldwide distributor network. The sold products and services consist mainly of own products (intercom) and wireless solutions.

The business in Caribbean consists mainly of the operation of the TETRA network run under the Chuchubi brand and the delivery of mainly network related products, services and solutions.



The following table gives an overview of the segment revenues and segment results:

	Segment revenue		Segment result ⁽¹⁾	
	2011	2010	2011	2010
In thousands of Euro For the 6 months ended June 30				
Secure Communication Systems (SCS)	27.890	31.589	1.005	1.980
Caribbean	2.301	2.708	144	204
All Segments	30.192	34.297	1.149	2.183
Unallocated continuing operations	0	0	(406)	(935)
Unallocated discontinued operations	0	0	0	(1.514)
Total unallocated	0	0	(406)	(2.449)
Continuing operations	30.192	34.297	743	1.248
Discontinued operations	0	0	0	(1.514)
Total continuing and discontinued operations	30.192	34.297	743	(265)

⁽¹⁾ In the table above, the Segment result per segment comprises earnings before interest & taxes, including one-time results.

Revenue reported above represents revenue from external customers. There were no inter-segment sales in the first semester of 2011.

The activities included in the unallocated continuing operations relate to the holding activities of Zenitel.

The activities of NRSFRANCE SA, Zenitel Devlonics NV and Zenitel Devlonics II NV were deconsolidated in the second half of 2010. The presentation of the previous year segment information has been changed, taking into account these deconsolidated entities, in comparison to the segment figures presentation as included in the consolidated financial statements of the Interim Financial Report on the June 2010 figures.

The *Secure Communication Systems* segment, strong in its own and third party products, confirmed its profitability during the first half of 2011. Revenue decreased by 12% compared to previous year, which is primarily related to less project revenues in Scandinavia and the decrease in the world wide Marine market



compared to first half 2010. Several years of focus on cost reduction programs for our products has increased our margins, which almost compensates the decline in revenues. This shows that our focus on business opportunities with sufficient profit is paying off. In 2011, as in previous years, SCS continued its development efforts resulting in the introduction and launch of the new STENTOFON Pulse system, a server less / exchange less system that can operate over IP. In addition SCS continued to release new IP stations and speakers, recording- and redundancy solutions based on the new Alphacom XE series launched last year.

Caribbean activities consist mainly of the operation of an own TETRA network (Chuchubi) and the offering of related secure communication solutions. Revenue decreased by EUR 0,4 million or 15%, mainly related to a large TETRA coverage expansion project on the BES islands that was executed in 2010. EUR 0,2 million decrease related to the conversion from local currency to Euro. Caribbean continues to focus on growth of the business as a result of the expansion and diversification of the product portfolio.

EBIT from *Continuing unallocated operations* improved by EUR 0,5 million. Unallocated operations still include claims and litigations relating to old system integration activities, which were divested in 2009.

Note 11: Discontinued operations in 2010

In 2010 the following entities have been deconsolidated:

- On September 2nd, 2010 NRSFRANCE SA was placed in judicial liquidation. Given the loss of control by the Zenitel group, NRSFRANCE SA was deconsolidated as from that date.
- On October 26th, 2010 the liquidation of Zenitel Devlonics NV was closed.
- On December 23rd, 2010 the liquidation of Zenitel Devlonics II NV was closed.



The result of these subsidiaries until the date of deconsolidation and the realized gains or losses upon deconsolidation are included in the 2010 comparative figures of the condensed consolidated interim statement of comprehensive income as *Profit / (loss) from discontinued operations*.

In thousands of Euro

The profit (loss) for the period from the discontinued operation is analysed as follows:

Profit / (loss) of the operation for the period

Profit / (loss) on disposal

For the six months ended June 30, 2010				
NRSFRANCE SA	Zenitel Devlonics NV	Zenitel Devlonics II NV		Total
(1.509)	(3)	(7)		(1.519)
0	0	0		0
(1.509)	(3)	(7)		(1.519)

The results of the operations for the relevant period were as follows:

Revenues (external)

Operating costs

Finance costs

Profit / (loss) before tax

Income tax (charge) / credit

Profit / (loss) after tax

NRSFRANCE SA ⁽¹⁾	Zenitel Devlonics NV ⁽²⁾	Zenitel Devlonics II NV ⁽³⁾		Total
0	0	0		0
(1.504)	(2)	(7)		(1.513)
(4)	(1)	0		(5)
(1.508)	(3)	(7)		(1.518)
(1)	0	0		(1)
(1.509)	(3)	(7)		(1.519)

Note 12: Related parties

The related parties of the company mainly comprise its shareholders that have the ability to exercise significant influence or control.

The company has a shareholder loan of EUR 1,5 million from 3D NV. This shareholder loan has an interest percentage equal to EURIBOR + 3%, which is identical to the interest on the current borrowings received from the Company's bank.

The company also rents office space and services in Zellik (Belgium) from its shareholder 3D NV. The rent charged by 3D NV to Zenitel NV is determined on an at arm's length basis.



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 is defined by a number of factors described in the Annual Report 2010. These elements cause uncertainty with regard to the trend that will be followed by the value of Zenitel shares. Additional risks and uncertainties, that 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.

Management refers to the section "Risk factors and uncertainties" in the Annual Report 2010 page 17, which remain valid for the second semester of 2011.

Two risk factors are worth highlighting.

Financial situation

Zenitel's operating results, excluding extraordinary items, have been negative for the past few years. This has led to decreases in solvency and liquidity levels in previous years. Since the strategic reorganization in 2009, the Company has been able to focus on its profitable Secure Communication Systems and Caribbean operations. At the same time it was able to make down payments on long term debt and restructuring obligations in 2010 and in the first half of 2011. The down payment of loans and restructuring obligations will stay an important element in the future cash flows of the Company. The financial results for 2010 and for the first half year of 2011 show however that the Company is able to generate the cash needed to meet its obligations.

Currency Risk

The results of the Company are reported in euro. This means that the results of operations and the financial position of Zenitel entities that work in other currencies than the euro need to be translated to euro in the consolidation process. As there is ongoing fluctuation between these foreign currencies and the euro, a negative impact may occur on the Company's consolidated results. The most important currency risk in this respect relates to the Norwegian krone (NOK), followed by the Singaporean dollar (SGD), the US dollar (USD) and the Antillean guilder (ANG).

Evolution of the exchange rate of these currencies against the euro cannot be predicted. This results in an ongoing risk in forecasting sales volumes for the Group, due to the time elapsing between order and actual delivery and invoice. At the same times profit margins may be negatively affected.



4. FAIR VIEW STATEMENT BY THE MANAGEMENT OF THE COMPANY

We the undersigned, Kenneth Dastol, CEO of Zenitel NV/SA, and Glenn Wiig, 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.

Kenneth Dastol
CEO

Glenn Wiig
CFO



5. LIMITED REVIEW REPORT ON THE CONSOLIDATED HALF-YEAR FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011

To the Board of Directors of Zenitel NV

Statutory auditor's report on the review of the condensed consolidated interim financial information as of and for the six-month period ended 30 June 2011

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Zenitel NV and its subsidiaries as of 30 June 2011 and the related condensed consolidated interim statements of comprehensive income, cash flows and changes in equity for the six-month period then ended, as well as the condensed explanatory notes. The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the recommendation of the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren" (the Belgian Institute of Registered Auditors) applicable to review engagements. Our review was limited primarily to analyzing, comparing and discussing the condensed consolidated interim financial information and thus was substantially less in scope than an audit of that information. We have not performed an audit and, accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Matter of Emphasis

In the past the company and its subsidiaries (jointly “the group”) has incurred significant losses that fundamentally affected the financial position. Without modifying the above conclusion, we would like to draw your attention to the going concern paragraph in the interim financial information, in which the Board of Directors justifies the application of the valuation rules under the going concern assumption. The assumption to continue as a going concern is only valid in the case the group continues 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. No adaptations have been made to the interim financial information as to the valuation or the classification of certain balance sheet items which would be necessary if the group is no longer able to continue its activities.

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Merelbeke, August 29, 2011

BDO Bedrijfsrevisoren Burg. Ven. CBVA
Statutory auditor
Represented by Veerle Catry