ZENITEL CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE SIX MONTH PERIOD ENDED JUNE 30 2015

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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-month period ended 30 June 2015, 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 2014 annual report, published on 19 March 2015 (the “Annual Report”), which 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-month period ended 30 June 2015 (unaudited) and 30 June 2014, and the audited annual financial statements as of the year ended 31 December 2014 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 2014 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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1. MANAGEMENT DISCUSSION & ANALYSIS

1.1. Introduction

The following discussion and analysis are based on the condensed consolidated interim financial statements of Zenitel NV/SA for the six months ended 30 June 2015 and 30 June 2014, and the audited consolidated financial statements of Zenitel NV/SA for the period ended 31 December 2014, prepared in accordance with IFRS as adopted by the EU. You should read the condensed consolidated interim financial statements attached hereto, including the notes thereto, along with the following discussion and analysis.

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1.2 Financial highlights

FROM CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS	For the six months	ended June 30
	Unaudited	Audited
(In thousands of Euro)	2015 YTD	2014 YTD
Revenue	37 184	34 063
Profit before tax	1 537	665
Profit for the period	1 465	572

FROM CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS	Unaudited June 30	Audited December 31
(In thousands of Euro)	2015 YTD	2014 FY
Total assets	53 605	47 904
Shareholders' equity	24 095	21 229
Working capital	3 543	3 341
Total financial debt(1)	2 334	2 195
Total provisions(2)	4 241	4 316
Cash and cash equivalents	10 556	9 578

FROM CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS	For the six months	ended June 30
(In thousands of Euro)	2015 YTD	2014 YTD
Total cash flow	580	4 957
Net cash flows from operations	4 136	897

ALTERNATIVE INTERIM PERFORMANCE MEASURES	For the six months	ended June 30
(In thousands of Euro)	2015 YTD	2014 YTD
EBITDA(3)	2 497	2 297
Operating profit (EBIT)	1 600	1 398

RATIOS	Unaudited June 30	Audited December 31
	2015 YTD	2014 FY
Shareholders' equity ratio(4)	44.9%	44.3%
Net debt(5) and provisions / EBITDA	-1.6	2.1
Weighted average number of shares (in thousands)(6)	33 108	32 995
Profit for the period/share (EUR)	0.04	0.07
Shareholders' equity / share (EUR)	0.73	0.64

OTHER KEY FIGURES	Unaudited June 30	Audited December 31
	2015 YTD	2014 FY
Personnel (FTE)	**312**	**309**

(1) Total financial debt: long term and short term interest bearing loans and borrowings

(2) Total provisions: Retirement benefit obligations plus provisions (both current and non current)

(3) EBITDA: earnings before interest & taxes, depreciation and amortization plus write-offs on current assets

(4) Shareholders' equity ratio : Shareholders' equity / (shareholders' equity + liabilities)

(5) Net debt: Total financial debt minus cash and cash equivalents

(6) Weighted average number of shares : Total number of shares minus treasury shares

1.3. Analysis results of the six-month period ended 30 June 2015

Revenue of the first half year 2015 amounts to EUR 37.2 million. This represents an increase by EUR 3.1 million or 9.2% compared to the first half of 2014. Secure Communication Systems (SCS) revenue for the first half-year of 2015 amounted to EUR 34.3 million, EUR 2.5 million or 7.8% up from the previous year. Revenue from the Caribbean business amounted to EUR 2.8 million, EUR 0.7 million or 29.7% up from the previous year mainly due to currency exchange effect.

EBITDA amounted to EUR 2.5 million in 2015, 8.7% up from the previous year. We further strive to increase revenue on the one hand and operational efficiency improvements on the other. For the same reasons, ***Operating profit or EBIT*** amounted to EUR 1.6 million, EUR 0.2 million or 14.3% up from last year. Operating expenses (excluding depreciation and impairments) increased with 9.7% as a result of new hiring's and acquisitions.

Financial expenses resulted to EUR 0.1 million in the first six months of 2015 compared to EUR 0.8 million in 2014, which is mainly due to positive exchange rate effects and the net debt free position. ***Income tax expenses*** amounted to EUR 0.1 million in 2015 which is in line with previous year and can be explained due to increased business in Asia.

The ***Net result*** for the first six months of 2015 amounted to EUR 1.5 million, compared to EUR 0.6 million for the same period in 2014. The decrease is due to exchange rate effects.

Earnings per share amounted to EUR 0.04 in the first semester of 2015 against EUR 0.02 in the first semester of 2014.

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Cash flow from operations before changes in working capital amounted to EUR 3.6 million against EUR 3.5 million in the previous year. Cash outflow from investing activities amounted to EUR 3.7 million against EUR 3.1 million the previous year. Total debt and provisions amounted to EUR 6.6 million as per June 30, 2015 which is in line with previous year.

In June 2015, Zenitel has acquired the shares of Nor Electronics AS, a strategic player in the Oil and Gas industry. (see note 11.b section Business combinations).

1.4. Post balance sheet events

No items to report.

1.5. Forward-looking statements

The Company is impacted by reduced investments in the Oil & Gas market that are expected to continue for the next twelve months. Zenitel is however focusing on multiple markets and therefore expects second half-year results to be in line with last year.

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2. FINANCIAL DATA

2.1. Condensed consolidated interim statement of comprehensive income

In thousands of Euro, except per share amounts	For the six months ended June 30, 2015 YTD unaudited	2014 YTD
Revenue	37 184	34 063
Other gains and losses	0	0
Raw materials and consumables used	(17 855)	(16 501)
Salaries and employee benefits	(12 429)	(10 760)
Depreciation and amortization	(673)	(752)
Net impairment in current assets	(224)	(148)
Consulting expenses	(341)	(826)
Facility expenses	(2 563)	(2 139)
Other expenses	(1 499)	(1 540)
Operating Profit / (Loss)	**1 600**	**1 398**
Finance income	76	47
Finance costs	(233)	(479)
Net foreign exchange gains / (losses)	93	(297)
Share of profit / (loss) from equity accounted investments	0	(4)
Profit / (Loss) before tax	**1 537**	**665**
Income tax expense	(72)	(93)
Profit / (Loss) for the period	**1 465**	**572**

In thousands of Euro, except per share amounts	For the six months ended June 30, 2015 YTD unaudited	2014 YTD
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
None		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	1 401	233
Income tax relating to components of other comprehensive income	0	0
Other comprehensive income for the period (net of tax)	1 401	233
Total comprehensive income for the period	**2 866**	**805**
Profit / (loss) for the period attributabe to:		
Equity holders of the parent	1 465	572
Total comprehensive income attributable to:		
Equity holders of the parent	2 866	805
Earnings (loss) per share		
Weighted average number of ordinary shares in issue ('000)	33 108	32 995
Basic earnings per share	0.04	0.02
Diluted earnings per share	0.04	0.02

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2.2. Condensed consolidated interim statement of financial position

ASSETS In thousands of Euro	Unaudited June 30, 2015 YTD	Audited December 31, 2014 FY
Non-current assets		
Property, plant and equipment	2 169	2 183
Goodwill	3 685	3 561
Other intangible assets	4 345	2 802
Deferred tax assets	2 260	2 147
Financial assets	489	480
Total non-current assets	**12 948**	**11 173**
Current assets		
Inventories	8 462	8 102
Contracts in progress	3 061	1 835
Trade and other receivables	16 086	16 124
Deferred charges and accrued income	2 492	1 092
Cash and cash equivalents	10 556	9 578
Total current assets	**40 658**	**36 731**
TOTAL ASSETS	**53 605**	**47 904**

EQUITY AND LIABILITIES In thousands of Euro	Unaudited June 30, 2015 YTD	Audited December 31, 2014 FY
Capital and reserves		
Issued capital	20 000	20 000
Share premium account	5 339	5 340
Reserves	2 695	1 294
Retained earnings	-3 939	-5 405
Equity attributable to equity holders of the parent	*24 095*	*21 229*
Total equity	**24 095**	**21 229**
Non-current liabilities		
Interest bearing loans and borrowings	142	143
Retirement benefit obligation	608	679
Deferred tax liabilities	11	10
Total non-current liabilities	**761**	**832**
Current liabilities		
Trade and other payables	22 598	19 881
Borrowings	2 191	2 052
Current tax liabilities	327	273
Retirement benefit obligation	177	219
Provisions	3 456	3 418
Total current liabilities	**28 750**	**25 843**
TOTAL LIABILITIES AND EQUITY	**53 605**	**47 904**

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	Cost of Capital increase	Treasury shares	Equity settled employee benefits reserve	Foreign currency translation reserve	Retained earnings	Attributabe to equity holders of the parent	**Total**
Balance on January 1, 2014									
As previously reported	**10 000**	**2 380**		**(2 958)**	**0**	**2 012**	**(4 550)**	**6 884**	**6 884**
Issue of new shares existing shareholders (Capital increase)	10 000	3 244	(168)					**13 076**	**13 076**
Net result of the period							572	572	**572**
Exchange differences arising on translation of foreign operations						233		233	**233**
Total comprehensive income for the period					*0*	*233*	*572*	*805*	***805***
Other								0	**0**
Balance at June 30, 2014	**20 000**	**5 624**	**(168)**	**(2 958)**	**0**	**2 245**	**(3 978)**	**20 765**	**20 765**

In thousands of Euro	Share capital	Share premium	Equity settled employee benefits reserve	Foreign currency translation reserve	Retained earnings	Attributabe to equity holders of the parent	**Total**
Balance on January 1, 2015							
As previously reported	**20 000**	**5 339**	**0**	**1 294**	**(5 405)**	**21 228**	**21 228**
Net result of the period					1 465	1 465	**1 465**
Exchange differences arising on translation of foreign operations				1 401	0	1 401	**1 401**
Total comprehensive income for the period				*1 401*	*1 465*	*2 866*	***2 866***
Balance at June 30, 2015	**20 000**	**5 339**	**0**	**2 695**	**(3 939)**	**24 095**	**24 095**

2.4. Condensed consolidated interim statement of cash flows

(thousands of EUR)	**For the six months ended June 30, 2015 YTD**	**2014 YTD**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit / (Loss) for the year	**1 465**	**572**
Income tax expense recognized in profit or loss	72	94
Finance cost recognized in profit or loss	233	479
Loss / (gain) from equity accounted investments	0	4
Investment revenue recognized in profit or loss	-76	0
Impairment loss recognized on trade receivables	167	0
Impairment loss recognized on inventory	56	147
Depreciation and amortization of non-current assets	673	751
Development costs expensed	1 005	1 447
Cash generated from operating activities before changes in working capital	**3 595**	**3 494**
Changes in working capital	846	-2 192
Interest paid	-233	-335
Income taxes paid	-72	-70
Net cash generated from operating activities	**4 136**	**897**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	76	47
Proceeds received from minority interest	0	0
Payments for property, plant and equipment	-251	-1 122
Net cash outflow on acquisitions of subsidiaries	-1 710	-7
Payments for intangible assets	-801	-561
Development costs paid	-1 005	-1 447
Net cash (used in) / generated by investing activities	**-3 691**	**-3 090**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new shares	0	13 243
Proceeds from acquiring subsidiary	294	0
Payment for share issue costs	0	-168
Repayment of borrowings	-159	-5 925
Net cash received / (used) in financing activities	**135**	**7 150**
Net (decrease)/increase in cash and cash equivalents	**580**	**4 957**
MOVEMENT IN CASH AND CASH EQUIVALENTS		
At start of the year	7 546	640
Increase / (decrease)	580	4 957
Effect of exchange rate changes on the balance of cash held in foreign currencies	261	0
At the end of the year	**8 387**	**5 597**
Total Cash and cash equivalents	10 556	7 754
(Used factoring facility)	-1 873	-2 157
(Bank overdrafts)	-296	0
Net cash and cash equivalents at the end of the year	**8 387**	**5 597**

The accounting policies and notes refer to the notes included in the Zenitel 2014,2013 and 2012 Annual Report.

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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 2014 (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 10 August 2015.

Note 2: Accounting policies

The accounting policies and methods of the Group used as of 2015 are consistent with those applied in the 31 December 2014 consolidated financial statements, with the exception that the Group adopted the new standards, interpretations and revisions that became mandatory for the Zenitel Group on 1 January 2015.

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.

<u>Accounting standards effective for the first time this year:</u>

During the current financial year, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective for the accounting year starting on January 1, 2015. The Group has not applied any new IFRS requirements that are not yet effective as per June 30, 2015.

The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC are effective for the current annual period:

- Annual Improvements to IFRSs 2011-2013 Cycle (issued by the IASB in December 2013)
- IFRIC 21 – Levies (May 2013)

The adoption of these new standards and amendments has not led to major changes in the Group's accounting policies.

Standards and Interpretations issued but not yet effective in the current period

The Group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued but are not yet effective as per June 30, 2015.

- Annual Improvements to IFRSs 2010-2012 Cycle (issued by the IASB in December 2013)
- Annual Improvements to IFRSs 2012-2014 Cycle (issued by the IASB in September 2014)*

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- IFRS 7 - Financial Instruments: Disclosures (Amendment December 2011) — Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures*
- IFRS 7 – Financial Instruments: Disclosures (Amendment November 2013) — Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9*
- IFRS 9 - Financial Instruments — Classification and Measurement (Original issue November 2009, and subsequent amendments) *
- IFRS 10 – Consolidated Financial Statements — Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (September 2014)*
- IFRS 10 – Consolidated Financial Statements — Amendments regarding the application of the consolidation exception (December 2014)*
- IFRS 11 - Joint Arrangements — Amendments regarding the accounting for acquisitions of an interest in a joint operation (May 2014)*
- IFRS 12 – Disclosure of Interests in Other Entities — Amendments regarding the application of the consolidation exception (December 2014)*
- IFRS 14 – Regulatory Deferral Accounts (Original issue January 2014)*
- IFRS 15 - Revenue from Contracts with Customers (Original issue May 2014)*
- IAS 1 - Presentation of Financial Statements — Amendments resulting from the disclosure initiative (December 2014)*
- IAS 16 – Property, Plant and Equipment — Amendments regarding the clarification of acceptable methods of depreciation and amortization (May 2014)*
- IAS 16 – Property, Plant and Equipment — Amendments bringing bearer plants into the scope of IAS 16 (June 2014)*
- IAS 19 - Employee Benefits — Amendments relating to Defined Benefit Plans: Employee Contributions (November 2013)
- IAS 27 - Consolidated and Separate Financial Statements — Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (August 2014)*
- IAS 28 – Investments in Associates and Joint Ventures — Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (September 2014)*
- IAS 28 – Investments in Associates and Joint Ventures — Amendments regarding the application of the consolidation exception (December 2014)*
- IAS 38 – Intangible Assets — Amendments regarding the clarification of acceptable methods of depreciation and amortization (May 2014)*
- IAS 39 – Financial Instruments: Recognition and Measurement — Amendments for continuation of hedge accounting (fair value hedge of interest rate exposure) when IFRS 9 is applied (November 2013)*
- IAS 41 – Agriculture — Amendments bringing bearer plants into the scope of IAS 16 (June 2014)*

* Not yet endorsed by the EU as of June 30, 2015

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1st July 2015 and which have not been adopted early, are expected to have a material effect on the Group's future financial statements.

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Note 3: Risk management

During the six months ended 30 June 2015, 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 2014.

Note 4: Goodwill

Goodwill amounts to EUR 3.7 million as per 30 June 2015, compared to EUR 3.6 million as per 31 December 2014. No impairment of goodwill has been accounted for in the first semester of 2015. The change in goodwill balance between 31 December 2014 and 30 June 2015 is due to foreign currency translation. In the first semester of 2015, there were no indications that goodwill would be impaired. A new impairment analysis will occur as per 31 December 2015. 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 2015 and 31 December 2014 is mainly attributable to the foreign currency translation impact. In the first semester of 2015, there were no indications that the deferred tax asset would be impaired. A new impairment analysis will occur as per 31 December 2015.

Note 6: Financial assets

In thousands of Euro	Unaudited June 30 2015 YTD	Audited December 31 2014 FY
Available for sale investments	269	283
Long term guarantees paid in cash	149	117
Participations accounted for using the equity method	71	80
	489	**480**
of which current	0	0
of which non current	489	480

Note 7: Financial debts

In thousands of Euro	Unaudited June 30 2015 YTD	Audited December 31 2014 FY
Non current		
Bank borrowings	0	0
Finance lease liabilities	142	143
	142	**143**
Current		
Bank overdrafts	0	0
Used factoring facility	2 169	2 031
Current installment of long term loan	0	0
Finance lease liabilities	22	21
	2 191	**2 052**
Total borrowings	**2 333**	**2 195**

In thousands of Euro	Unaudited June 30 2015 YTD	Audited December 31 2014 FY
Non current		
Bank borrowings	0	0
Finance lease liabilities	142	143
	142	**143**
Current		
Bank overdrafts	0	0
Used factoring facility	2 169	2 031
Current installment of long term loan	0	0
Finance lease liabilities	22	21
	2 191	**2 052**
Total borrowings	**2 333**	**2 195**

Non-current borrowings and current borrowings

Zenitel Norway AS has per 30 June 2015 a factoring agreement of NOK 36.0 million (EUR 4.1 million). This factoring agreement serves as a method to ensure collection of outstanding customer invoices of Zenitel Norway AS and allows for borrowing up to 80% of the value of customer invoices. As per 30 June 2015, a total of EUR 1.9 million of this factoring facility was used. In order to facilitate growth, credit lines have been increased to NOK 36.0 million (EUR 4.1 million). As per 30 June 2015, this credit facility has not been used.

In addition, the Company also holds lines for bank guarantees at different credit institutions for, in total, EUR 3.2 million, of which EUR 3.1 million are used to secure the completion of customer contracts. EUR 0.1 million of these used bank guarantees relate to activities which were discontinued/sold during previous reporting periods and they are counter guaranteed by the purchasers of these discontinued activities.

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Note 8: Financial Instruments

The carrying amounts of financial assets and financial liabilities, recognized at amortized costs in the financial statements, approximate their fair values.

The following table provides an overview of the carrying values and classes of financial instruments and analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 and 3 based on the degree to which the fair value is observable:

- ✓ Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ✓ Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- ✓ Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(in thousands of Euro)	Unaudited June 30 2015 YTD Carrying value	Fair value	Audited December 31 2014 FY Carrying value	Fair value	Level	Balance sheet caption
Financial assets availabe for sale	**269**	**269**	**283**	**283**		**Financial assets**
Available for sale investments	269	269	283	283	3	Financial assets
Loans and receivables	**16 307**	**16 307**	**15 814**	**15 814**		
Long term guarantees paid in cash	149	149	117	117	3	Financial assets
Other financial assets	71	71	80	80	3	Financial assets
Trade receivables	14 216	14 216	14 190	14 190	3	Trade and other receivables
Other receivables	1 870	1 870	1 427	1 427	3	Trade and other receivables
Financial liabilities at amortized cost	**24 931**	**24 931**	**22 076**	**22 076**		**Financial liabilities**
Interest bearing loans and borrowings	2 333	2 333	2 195	2 195	3	Interest bearing loans and borrowings LT and ST
Trade payables	9 003	9 003	9 331	9 331	3	Trade and other payables
Other payables	13 335	13 335	10 039	10 039	3	Trade and other payables
Derivates at fair value	259	259	511	511	1	Trade and other payables

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Net fair values of derivative financial instruments

The derivatives are not part of a hedging relationship that qualifies for hedge accounting. Consequently, changes in fair value are recognized in the income statement. As per end of June 2015 there are only forward exchange contracts outstanding with regard to the NOK.

Note 9: Provisions

In thousands of Euro	Retirement benefit obligations	Technical guarantees	Other	Total
On 1 January 2015	898	356	3 062	4 316
Additions to provisions	15	96	0	111
Payments	(113)	(3)	0	(116)
Reversal of provisions	(20)	(60)	0	(80)
Exchange differences	5	6	0	11
On 30 June 2015	**785**	**395**	**3 061**	**4 242**
of which non current	608	0	0	608
of which current	177	395	3 061	3 633

Retirement benefit obligations
The calculation of these pension liabilities is based on the recommendations of independent actuaries.. A new actuarial calculation will occur as per 31 December 2015. The movements as per 30 June 2015 do relate to actual payments.

Technical guarantees
The assumptions used for the evaluation of the guarantee provision as per 30 June 2015 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 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 10: Contingencies

During the normal course of business, the Company and its subsidiaries are party to various legal claims and complaints resulting in contingent liabilities with uncertainty on timing and/or amount. The contingent liabilities of the Company relate to possible obligations with respect to old projects, soil contamination, warranties given and redundancies.

Note 11.a: Segment reporting

Zenitel manages its operations based on its two key activities: Secure Communication Systems and the network business in the Caribbean.

The Secure Communication Systems unit consists of operations in Norway, Denmark, Singapore, China, France, Finland, Italy, UK, Germany, Croatia, Brazil, USA, Netherlands, India and the United Arab Emirates, as well as a worldwide distributor network. The sold products and services consist mainly of own products (STENTOFON and VINGTOR) 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 network related products, services and solutions.

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

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In thousands of Euro For the 6 months ended June 30	Segment revenue		Segment result [1]	
	2015 YTD	2014 YTD	2015 YTD	2014 YTD
Secure Communication Systems (SCS)	34 339	31 870	1 492	1 713
Caribbean	2 845	2 192	670	245
All Segments	**37 184**	**34 063**	**2 162**	**1 958**
Unallocated operating expenses			(562)	(560)
Financial results			(63)	(63)
Profit before tax			**1 537**	**1 335**
Income tax expense			(72)	(72)
Total profit / (loss) for the period			**1 465**	**1 264**

[1] in the table above, the Segment result per segment comprises earnings before interest & taxes.

In thousands of Euro	Segment Assets & Liabilities	
	Unaudited June 30, 2015 YTD	Audited December 31, 2014 FY
Segment Assets		
Secure Communication Systems (SCS)	48 850	43 448
Caribbean	4 157	3 625
Unallocated Assets	598	831
All Segments Assets	**53 605**	**47 904**
Segment Liabilities		
Secure Communication Systems (SCS)	23 432	19 360
Caribbean	1 941	1 816
Unallocated Liabilities	4 137	5 499
All Segments Liabilities	**29 510**	**26 675**

Revenue reported above represents revenue from external customers. There were no significant inter-segment sales in the first semester of 2015.

The Secure Communication Systems segment, strong in its own and third-party products, shows a revenue increase of 7.8%. The revenue increase is driven by growth both in the STENTOFON and VINGTOR business.

In 2015, as in previous years, Secure Communication Systems segment continued its development efforts. Zenitel's new Public Address/General Alarm (PA/GA) series is gaining traction, the response from the market is very positive.

Caribbean activities consist mainly of the operation of an own TETRA network (ChuChubi) and the offering of related secure communication solutions. Revenue is up with 29.7% mainly due to foreign currency translation impact. The Caribbean segment results increased by EUR 0.4 million to EUR 0.7 million in 2015 compared to EUR 0.2 million in the first half-year 2014.

Unallocated operating expenses are in line with the previous year.

The decrease of the financial expenses by EUR 0.7 million to EUR 0.1 million can be mainly explained by positive exchange rate results and the net debt free position. Income tax expenses are in line with last year.

The Net result for the first half-year of 2015 amounts to EUR 1.5 million, EUR 0.9 million higher than the previous year. There were no non-recurrent items.

Note 11.b: Business combinations

In June 2015, Zenitel has acquired the shares of Nor Electronics AS, a strategic player in the Oil and Gas industry. The acquisition will help Zenitel to further explore the Oil and Gas segment. The revenue of Nor Electronics included in the consolidated interim financial statements resulted in EUR 1.4 million and operating profit amounted to EUR 3 K.

(thousands of EUR)	Unaudited June 30, 2015 YTD		
	Book value	**Adjustments**	**Fair value**
Non-current assets	47	0	47
Current assets	1 861	0	1 861
	1 908	**0**	**1 908**

The purchase price included an amount of EUR 1.0 million that has been recorded in unallocated intangible assets. In application of IFRS 3 the right purchase price allocation is still ongoing. Potential adjustments will be recorded within the

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measurement period where the measurement period will not exceed one year from the acquisition date.

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 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 2014. These elements cause uncertainty with regard to the trend in 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 2014, page 18-19, which remain valid for the second semester of 2015.

Two risk factors are worth highlighting:

Litigation risks

The Group has certain pending litigations that can be qualified as contingent liabilities according to the definition of IFRS. The outcome of these litigations is uncertain. No guarantee can be given that this will be the case and there is a risk that the Group will need to pay some or all of these contingent liabilities in the near future.

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 operate 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, there may be a negative impact 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).

The 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 time, profit margins may be negatively affected.

Since most of the Norwegian business is export in the euro currency, Zenitel Norway AS has a NOK deficit and a EUR surplus. The company has put in place hedging systems that secure minimum 50% of the needed exchange between EUR/NOK on a rolling 12-month basis.

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4. FAIR VIEW STATEMENT BY THE MANAGEMENT OF THE COMPANY

We the undersigned, Kenneth Dåstøl, CEO and Mark Küpers, 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 Dåstøl CEO	Mark Küpers CFO

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Zenitel has firmly established itself at the intersection of two domains - communication on the one hand, security and safety on the other. As a leading player in instant audio and data communication, Zenitel is the preferred choice in situations that involve the protection of human lives, or the management of critical activities. Zenitel is organized into two key segments: Secure Communications (Zenitel's own Intercom and Public Address Solutions, Radio systems and Third-Party Products), and Network Services.

Zenitel has a strong presence in both the on-shore and off-shore secure communications market through its global brand, Vingtor-Stentofon. The brand is recognized globally for offering advanced off-shore and on-shore communication systems. Vingtor-Stentofon provides integrated security communications for environments where life, property and assets are at stake. Systems interface with other security devices including CCTV, access control and alarm for a comprehensive security solution. Vingtor-Stentofon's primary system offering is within Public Address, Intercom and Radio. The key segments include: Building Security & Public Safety, Transportation, Industrial, Oil & Gas and Maritime.

Zenitel is a listed company (Euronext). The statutory headquarter of Zenitel is in Zellik (Brussels) and the operational headquarters is based in Norway.
(*) Representing MFA Projects BVBA

For more information: www.zenitel.com

The enclosed information constitutes regulated information as defined in the Royal Decree of 14 November 2007 regarding the duties of issuers of financial instruments which have been admitted for trading on a regulated market.