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BTW BE 0403 150 608 - RPR Brussels

The 2008 Annual Report is also available on
www.zenitel.com (investor relations > financial reports) as from 16 April 2009

De jaarbrochure 2008 is ook verkrijgbaar in het Nederlands op
www.zenitel.com (investor relations > financial reports) vanaf 16 april 2009
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MISSION STATEMENT

“Some people work in a world where security has a pre-eminent meaning. For them, security is about staying alive. They cannot rely on means of communication that ‘almost always’ work, but deserve the best solution to deal with the - sometimes unpredictable - circumstances they encounter.

These people are police officers, firemen, security officers, doctors, prison-guards, ship crew and all the other men and women who rely on the best communication means available. These people are our clients. It is for them we do our utmost. We work to help them make that one vital call.”

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 a listed company (Euronext). The headquarters of Zenitel are in Belgium.

COMPANY VALUES

Zenitel’s company values are the foundations upon which the company is built. Zenitel uses its values to guide the business and strives to meet and exceed these values at all times, ensuring customers, employees, shareholders and other stakeholders can feel confident about the company.

Zenitel’s values motto is ‘We care about respect’ and in doing so embraces the following fundamental principles of the business:

PEOPLE
So we value the importance of finding, keeping & developing good people

CUSTOMERS
So we value our installed base

RESULTS / SHAREHOLDER VALUE
So we value our results and will act on ideas to achieve our goals

LEADERSHIP
So we value a strong philosophy and management guidelines

TEAM EFFORT
So we value operational integrity and team work
# CONSOLIDATED KEY FIGURES

## Year ended 31 December

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<tr>
<td><strong>From income statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover (including WIP)</td>
<td>92,166</td>
<td>95,264</td>
<td>115,313</td>
<td>125,038</td>
<td>116,951</td>
</tr>
<tr>
<td>Recurrent EBITDA</td>
<td>-2,627</td>
<td>-249</td>
<td>2,320</td>
<td>-1,800</td>
<td>356</td>
</tr>
<tr>
<td>Profit from operating activities</td>
<td>-12,978</td>
<td>-10,646</td>
<td>-1,604</td>
<td>-8,508</td>
<td>-14,315</td>
</tr>
<tr>
<td><strong>Net result for the period</strong></td>
<td>-13,489</td>
<td>-12,465</td>
<td>-3,651</td>
<td>-10,945</td>
<td>-12,885</td>
</tr>
<tr>
<td><strong>From balance sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total balance sheet</td>
<td>69,535</td>
<td>84,127</td>
<td>87,114</td>
<td>89,638</td>
<td>80,684</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>8,034</td>
<td>24,133</td>
<td>18,129</td>
<td>21,783</td>
<td>18,046</td>
</tr>
<tr>
<td>Working capital</td>
<td>4,540</td>
<td>5,253</td>
<td>7,652</td>
<td>3,984</td>
<td>5,151</td>
</tr>
<tr>
<td><strong>From cash flow statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cash flow</td>
<td>-6,271</td>
<td>7,353</td>
<td>-2,848</td>
<td>3,518</td>
<td>-3,809</td>
</tr>
<tr>
<td>Cashflow from operations</td>
<td>-949</td>
<td>-4,447</td>
<td>-2,015</td>
<td>-4,852</td>
<td>-3,090</td>
</tr>
<tr>
<td>Debt (excluding leasing and short term instalments)</td>
<td>15,275</td>
<td>10,604</td>
<td>16,900</td>
<td>9,680</td>
<td>9,684</td>
</tr>
<tr>
<td>Total debt</td>
<td>19,560</td>
<td>15,067</td>
<td>21,600</td>
<td>14,903</td>
<td>15,279</td>
</tr>
<tr>
<td><strong>Net cash positions</strong></td>
<td>-1,831</td>
<td>4,591</td>
<td>-2,762</td>
<td>38</td>
<td>-3,380</td>
</tr>
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## Ratios

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<tbody>
<tr>
<td>Equity ratio</td>
<td>11.6%</td>
<td>26.7%</td>
<td>20.8%</td>
<td>24.3%</td>
<td>22.4%</td>
</tr>
<tr>
<td>Debt/equity</td>
<td>190.1%</td>
<td>43.9%</td>
<td>93.2%</td>
<td>44.4%</td>
<td>53.7%</td>
</tr>
<tr>
<td>Total debt/equity</td>
<td>243.5%</td>
<td>62.4%</td>
<td>119.1%</td>
<td>68.4%</td>
<td>84.7%</td>
</tr>
<tr>
<td>Debt/recurrent EBITDA</td>
<td>-5.81</td>
<td>-42.62</td>
<td>7.28</td>
<td>-5.38</td>
<td>27.20</td>
</tr>
<tr>
<td>Cashflow from operations/turnover</td>
<td>-1.0%</td>
<td>-4.7%</td>
<td>-3.8%</td>
<td>-3.9%</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Working capital/turnover</td>
<td>4.9%</td>
<td>5.5%</td>
<td>6.6%</td>
<td>3.2%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Weighted average number of shares (in thousands)</td>
<td>16,441</td>
<td>13,984</td>
<td>9,727</td>
<td>8,874</td>
<td>5,328</td>
</tr>
<tr>
<td>Equity/share (EUR)</td>
<td>0.49</td>
<td>1.73</td>
<td>1.86</td>
<td>2.50</td>
<td>3.40</td>
</tr>
<tr>
<td>Earnings/share (EUR)</td>
<td>-0.82</td>
<td>-0.89</td>
<td>-0.38</td>
<td>-1.23</td>
<td>-2.42</td>
</tr>
<tr>
<td>ROCE</td>
<td>-50.05%</td>
<td>-26.51%</td>
<td>-5.25%</td>
<td>-24.50%</td>
<td>-47.40%</td>
</tr>
</tbody>
</table>

## Personnel

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</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>443</td>
<td>433</td>
<td>595</td>
<td>638</td>
<td>641</td>
</tr>
<tr>
<td>Corporate</td>
<td>9</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>452</td>
<td>441</td>
<td>604</td>
<td>647</td>
<td>650</td>
</tr>
<tr>
<td><strong>RGU’s (revenue generating units/users)</strong></td>
<td>8,421</td>
<td>7,639</td>
<td>6,781</td>
<td>1,950</td>
<td>N/A</td>
</tr>
</tbody>
</table>
In preparation for the 2008 Olympics, Zenitel upgraded the AlphaCom exchange at Beijing Capital International Airport’s (BCIA) Terminal 2 to the new STENTOFON AlphaCom E security and communications system, and expanded the system into the new Terminal 3. The new Terminal 3 opened for trial operation in 2008 using AlphaCom E exchanges and more than 1,000 Zenitel stations. Alternate routing between the exchanges allows calls to complete, even if one route is used to its full capacity or a link is inadvertently broken.
DEAR
SHAREHOLDERS

2008 was a year of significant change and restructuring for the Zenitel group. In the first half year we initiated a strategic business review aimed at improving the companies’ business fundamentals and examining a full range of strategic alternatives aimed at delivering the best possible value for shareholders.

Since 1 January 2008, Zenitel is organized in three key businesses: Secure Communication Systems, also known as intercom, System Integration and Networks. Our priorities set in the beginning of the year were to continue to grow and develop the intercom segment, to continue loading our Networks and to redefine our System Integration business.

Our strategy is focused on providing first class services to our customers, ensuring competitiveness and growth for the company. To achieve this we reviewed costs across all processes and organizations, which resulted in actions to reduce:

- Bid production and procurement costs by closely matching customer requirements with our in-house capabilities and avoiding unnecessary expenditures.
- Operating expenses, including a significant reduction of headcount, primarily in the System Integration segment, throughout 2008, and a commitment to continue reducing costs to the level that the business can afford.

At the same time, we aimed at continuing the double digit growth of our intercom activities, both in revenue and in operating result (EBIT) and refocusing our Network and System Integration activities in line with changing technology and customer needs.
The investments made in the area of Secure Communication Systems are starting to pay off. Today we still remain the sole company that can provide full native IP based professional intercom solutions. As a result, for the third year in a row, intercom revenue has grown by more than 10%, generating more than 60% of the total group revenue. The operational result of the intercom business has grown to EUR 4.3 million or 7.6% of the revenue.

The outlook for 2009 for Secure Communication Systems remains promising as currently business volumes in the shipping industry should remain at the same level (despite the fact that this industry is heavily affected by the global credit crisis). Also other intercom business remains solid, so that at least for the first six months of the year, the business is expected to be stable.

As there is a growing demand in the market to combine audio with video and/or with access technology, and as the market is moving rapidly towards IP (both for networks, as well as for devices), Zenitel's IP enabled STENTOFON AlphaCom system is ideal to link different platforms (video, audio, access) together. Especially in the USA, we have several demands from leading access and CCTV suppliers to integrate a complete solution on Zenitel's AlphaCom. Therefore, and in anticipation of growing competition in IP platforms, we have established OEM activity in the USA.

Starting in 2009, we believe that the development of this activity can be the basis to further grow the intercom business by double digit percentages in the years 2010 and beyond.

Through a profound assessment of our System Integration business and our Networks business, that started in the beginning of 2008, we discovered several opportunities for improvement:

- For a start, we were not performing as lean and mean as some of our competitors in the radio communication market. Hence we lost market share with our key customers. We have therefore aimed at proving our innovative skills and knowledge by introducing new, state-of-the-art products that have helped us to win back the confidence of our clients. An example of such a product is the new ANPR (Automatic Number Plate Recognition) solution that we have supplied to several police forces in Belgium and The Netherlands, which even got us on the news of the public and private television networks in Belgium.

- Secondly, we learned that limiting ourselves to radio communication only is too narrow a focus, as subsidized governmental networks are taking away many of the integration opportunities. The market for 3rd party end-user products such as PRC radio equipment, mobile and other radio devices and accessories became a replacement market, further affecting the radio business. As we recognize this trend in the market, we have adapted the System Integration business in our main countries (Belgium, Denmark and The Netherlands) to address more effectively and efficiently the distribution activities related to the sales of peripherals and accessories. This way, our highly skilled and competent engineers and resources are freed up to address the growing complex needs of our customers for integration of multiple security platforms with specialized customer services. Examples of such multiple integration projects are:
  - a solution that we have developed for one of the larger governmental institutions in Brussels, combining access control with guarding and patrolling, and with location definition;
  - an integrated system at a chemical plant where we have built a complete evacuation and broadcasting system, linked to our MCCN TETRA network and with a monitoring capability at the customer premises.

- Finally, on the Networks side, there is a rapid change in customer attitude, whereby there is a shift in demand from “my own solution”, i.e. the customers himself invests and manages the communication platform, towards a full “operator managed network”, i.e. a specific service
level is agreed between the customer and the operator. Such an operated network approach offers opportunities for Zenitel who today is the sole provider of a private digital TETRA network in Belgium and The Netherlands.

Most of the reorganization efforts were done in the System Integration segment in 2008. However we will need to carefully monitor the effect that the global crisis may have on our business. As soon as we see early signs of investment decisions being delayed, we will have to take appropriate actions to preserve the best interests for our shareholders.

As a result the company will continue to change in 2009. We will further focus to increase our already profitable Secure Communications Services business. Change will continue in the System Integration area. We will carefully monitor each System Integration activity in order to restore profitability at the lowest level. Different strategic options, such as potential partnerships or mergers, are still investigated. In the mean time, low volume, low margin activities will gradually be replaced by higher value-added integration services, as customer requirements become more and more complex. This may require a different skill set in some areas of the company where a few senior project managers and experienced software engineers may be needed in order to strengthen our already professional System Integration capabilities. Our Networks will be used as one of the main cornerstones that are the foundation of our System Integration activities.

This way, Zenitel will not only remain an important security partner for our existing customers, both authorities and industries. We will also grow into other lines of integration business whereby our expertise built up in security projects may prove extremely valuable to all clients wishing to build an integrated solution around, but not necessarily limited to, security.

Eugeen Beckers

Beckers Consulting BVBA
CEO
IMPORANT
COMPANY
MILESTONES

JANUARY

Zenitel Denmark wins Danish Rail Net Contract Worth 44 Million Danish Krone

From 1st January 2008, Zenitel Denmark started to provide radio infrastructure, operations and maintenance for BaneDanmark’s (Danish Rail Net) traffic information systems located on railway stations nationwide. The contract is for a four year period and covers BaneDanmark’s nationwide traffic information systems, monitors, loudspeakers, and clocks (except S-train and local trains), and the connected IT-systems and back-up thereof. A vital criterion in assessing the tenders was towards excellent quality and consistency of supply, and the ability to be a proactive collaborator.

APRIL

Microsoft OPC Interface Developed Enabling Seamless Integration with Security & Building Management Systems

With a new focus on delivering audio solutions to enhance partner company’s security portfolios, in 2008, Zenitel developed a standard Microsoft OPC interface to offer integration with different building and security management systems. Zenitel uses open interfaces to make STENTOFON AlphaCom E services available in a security management application pulling voice, image and data links all together. Using industry standard protocols and custom built software, a wide range of audio services become available including PA call, Group call, radio conferencing and active recording. High level Microsoft .Net SDK makes the services even more readily available.

MAY

Zenitel’s First Healthcare Customers in The Netherlands

MCCN contracted its first customer, Stichting Altrecht, in the healthcare sector in The Netherlands, opening up opportunities for more network subscriptions to be contracted with these clients and in the healthcare sector. A second healthcare client was achieved in the second half of the year. Next to smaller leads, much focus is put on large ongoing and upcoming tenders in The Netherlands and on large...
industrial leads in the Antwerp Harbour. In the Caribbean further growth of the user basis is expected, especially on Saint-Martin and Sint-Eustatius.

New STENTOFON High Availability Exchange Made Available

In May 2008, Zenitel launched a high availability extension package especially for the AlphaCom E26. The AlphaCom E26 has always supported redundant power supplies but the exchange can now be equipped with a second AMC-IP card to report failure. This means in the case of a card failure, an automatic failover takes place reducing the down time to the time it takes for the standby AMC-IP card to take over. An upgrade kit is also available for existing AlphaCom E26 servers.

JULY

Zenitel’s Automatic Number Plate Recognition Application Recognized as the ‘Most Advanced Solution’ on the Market

In July and August 2008, Zenitel appeared on no less than four public and private nationwide TV stations. VRT, VTM, RTL and RTBF all covered a story on the achievements of the Brussels police thanks to the new ANPR technology supplied by Zenitel. The news appeared a second time as the system carried on performing scanning a record number of cars. The following quotes also appeared in the press.

- “A spectacular machine” states the Mayor. “They had to take me for a ride before I could believe it. After that, I was immediately sold.” – De Morgen, 22 July 2008
- “Radar on police car traces stolen cars in a jiffy.” – De Morgen, 22 July 2008
- “A new radar installation of the Brussels police proves within 2 weeks already her value: the radar found back 9 stolen vehicles. 7/10 of a second and the new device has screened a number plate.” – Het Nieuwsblad, 25 August 2008

AUGUST

Zenitel Guarantees Communication in the Subway of Chile

Metro de Santiago, daily transporting more than 2.2 million passengers, is working with Zenitel and the Chilean company Sometec SA, to supply “behind the scenes” communication essential for smooth, reliable and uncomplicated operations. Zenitel and Sometec SA will install a new ground-to-train communication system for two new train extensions; the contract also includes the improvement of the existing Control Centre of the Santiago Metro.

The project falls completely within Zenitel’s expertise and is based on other references such as the Paris Subway, Marseille Subway and Mexico City Subway. The contract, including a ten year maintenance contract, is worth EUR 2.9 million for Zenitel.
SEPTEMBER

First IP Prison Communication System Realized in Munich, Bavaria

Zenitel's distribution partner Scanvest GmbH has used Zenitel's STENToFON IP technology to produce PrisCom IP prison cell stations for the German market and more specifically, a 300 cell prison in Munich. Each station has its own light call controller which works in permanent functional redundancy to the IP substation kit. This concept is more secure than the requirements of the normal DIN 0834 for hospitals and prisons. With IP in each cell, Scanvest and Zenitel are now able to sell additional applications like shop price lists, electronic form sheets and other solutions for better workflow in a prison.

Zenitel and Thales Sign a Commercial Cooperation Agreement in Maritime Safety Systems

Zenitel and Thales the leading international electronics and systems group, announced the signing of a marketing and sales agreement for Maritime Safety Systems. The agreement allows Zenitel to benefit from Thales's extensive maritime solutions portfolio, including the recently acquired Barco VTS software unit. In return, Thales will extend its offer with new maritime safety solutions from Zenitel, including Global Maritime Distress Safety Systems (GMDSS) and Traffic Monitoring. Both companies will also benefit from their respective access to markets and customers worldwide.

Enhanced VINGTOR ACM Family

The VINGTOR ACM Standard Integrated System is a marine type approved solution for Telephony, Talkback, Public Address and General Alarm. In 2008 the system was enhanced to provide an increase in system capacity of 30% per system rack. The size of the different system racks was reduced at the same time.

OCTOBER

Swissphone Selects Zenitel for Maintenance Pagers

The well known Swiss manufacturer of reliable professional pagers selected Zenitel as their preferred certified Service Center for pagers in the Benelux. Now all fire brigades and other users of Swissphone pagers can rely on Zenitel for the repair of their pagers. Zenitel is delivering faster repair times and a reduction in transportation costs. Zenitel is also using the Swissphone pagers in its automatic alerting system FireBasic, and is distributing the pagers to the ASTRID users in Belgium.

DECEMBER

New Generation of TETRA Repeaters

With over twenty seven years experience in designing equipment and solutions for radio coverage in Confined Areas and areas suffering from propagation black spots, Confined Area Solutions AB launched an impressive new range of TETRA repeaters based on highly integrated, state-of-the-art linear DL/UL amplifiers and a sophisticated monitoring and control solution. Replacing the previous generation first released in 2003, there are six repeaters in total available with many options to meet any customer requirement. Made-to-measure solutions are also available upon request.
ORGANIZATIONAL STRUCTURE

Situation per 31/12/2008

Secure Communication Systems
System Integration
Networks

Subsidiary to Zenitel NV
Indirect subsidiary to Zenitel NV
< 20% interest
Branch office/department
BUSINESS OVERVIEW

Zenitel’s business is about one single principle: helping people to communicate when it is really necessary.

Since 1901 Zenitel has been providing the means for people in trouble to talk; and the company has no plan to change direction. Indeed, the business of security management is due to become one of the most relevant businesses in the near term. That is because it relates to the safety of people.

Zenitel is focused on the markets that are involved in activities for which communication is of critical importance. This critical importance is caused by the fact that human life, substantial amounts of money or expensive assets are at stake. This implies that these customers will in many cases be prepared to pay an ‘insurance premium’ to guarantee the constant availability and/or quality of communications.

Zenitel’s other guiding principle is innovation power and the belief that through its historic ties and its deep understanding of the relevant technologies and customer needs, it can raise technological standards and create a differentiated market positioning for its customers. This is a world Zenitel believes in, a world that will continue to be invested in, amongst others through its networks and STENTOFON intercom platforms.

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

The management structure and reporting is now organized around Zenitel’s three operational centres of excellence: Secure Communication Systems, System Integration and Networks.
Secure Communication Systems (Singapore, China, France, Nordics, Italy, UK, Germany, Croatia and USA)
The Secure Communication Systems unit is strong in own and third party products and some system integration.

System Integration (Belgium, Denmark, France, The Netherlands)
The System Integration segment has a focus on system integration projects, distribution and related maintenance services.

Networks (Belgium and The Netherlands (MCCN) and Caribbean (ChuChubi))
The Networks unit specializes in network operating services and contains the activities of Zenitel’s own TETRA networks in The Netherlands and Belgium (MCCN) and in the Caribbean (ChuChubi).

In addition to Zenitel Country Offices and two joint venture companies in the UK and China, there is a large distributor network making Zenitel’s business worldwide.

PRINCIPAL OFFERINGS

Secure Communication Systems Segment and New Products

Secure Communication Systems develops, sells and distributes intercom systems for secure communications in buildings, airports and other sites onshore and on board ships (marine). It also develops and markets repeaters for TETRA and analogue radio signals, used in Confined Area solutions (Confined Areas are places where radio signal propagation is hindered due to natural terrain variation or man-made structures). Zenitel is seeing the largest growth within the marine segment and in the intercom market in general, turnover grew by more than 15% compared to 2007. Zenitel has therefore chosen to continue focusing on product development and product management to enable the intercom segment to continue growing, both in the onshore market and Marine. Zenitel is also addressing the integration to different building and security management systems.

Since 2005, important investments have been made in the area of Secure Communication Systems. These investments relate mainly to the development of the new IP intercom platform, called STENTOFON AlphaCom E for onshore and VINGTOR ACM for Marine. 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 radio, Public Address, telephony, camera’s and control rooms or the marine bridge. 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, ‘open source technology’ has opened up the number of solutions in which an intercom system can be used. The ‘talking camera’ example is just one of the many examples where voice has been added. A guard sitting in a control room can now address the public at the time he spots an event on his screens, instead of having to alert someone at a distance to intervene some seconds or minutes later.

In Secure Communication Systems to complement the main IP intercom platform, further focus was made on a range of new IP stations. In the first half of 2008, Zenitel developed a range of wall-mounted stations. A standardized Microsoft OPC interface was also developed. In the second half of the year, desktop IP stations, cordless DECT stations and the integration of the M100 platform with the AlphaCom E platform took place. Finally, more developments relating to marine applications were performed including a billing system to invoice external calls.
Late 2008, Secure Communication Systems was expecting to finalize the first agreements for resale of its products through newly developed OEM channels, especially in the USA market. Since the OEM market is considered to be one of the most important growth markets, and there’s now a necessity to focus on the complete integration of security systems under one umbrella, additional resources were allocated to further grow this business.

Zenitel has worked successfully with partner security companies for many years. AMAG and Zenitel have for example, an established security management interface between their products and since 2006, an IP gateway. Working with Zenitel to create the tightest integration between systems offers ‘best of breed’ and having one seamless system from a single provider is proven as an important value to the customer base.

System Integration

Zenitel is also an independent system integrator, offering and developing integrated solutions that may include hardware and software products for voice, data and video communications. As part of this activity, Zenitel also distributes communication products, developed and produced by third parties such as mobile and portable radio communication terminals, and related maintenance services.

Zenitel splits its System Integration business down into two segments:

- Local markets: The Benelux and Nordic market segments for projects in professional radio communications for public safety and security, authorities, industry, public and private transport and utility companies. This business operates in three departments:
  - PRC (Professional Radio Communication) - distribution of 3rd party products.
  - Projects & Engineering Solutions - System Integration, Command & Control, Applications, Confined Areas, PRC projects & Airtime sales
  - Service & Maintenance - can be provided without previous project engagement and on a 24/7 basis

- International business: The worldwide market for large projects in professional radio communications for maritime authorities (ground stations/coastal stations), metro system operators and road authorities; controlled from Belgium and France.

Zenitel’s international projects department focuses on the maritime and rail sector and on specific integration projects, for example TETRA and asset tracking technologies, and Confined Area solutions.

As Zenitel is seeing a decreasing demand in third party end-user products (such as PRC radio equipment, mobiles, other radio devices and accessories) and a growing need for system integration services, the company is also placing more focus on tender analysis and commercial support with a focus on projects rather than product sales. Individually operating security systems are no longer wished for and it is recognised that only through integrating the different systems that a safe environment can be created. A good example of the type of integration services offered by System Integration is a project Zenitel is currently executing. Here the evacuation and paging system is linked to the digital TETRA communication system, thus ensuring redundancy in case one of the systems fails at a time 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, often with 24/7 monitoring capabilities. It is in this segment that Zenitel wishes to offer its System Integration services.
Zenitel's Networks division has a focus on delivering airtime and other network services to professional radio users for critical communication purposes.

Serving both the needs of Private Mobile Radio (PMR) and Public Access Mobile Radio (PAMR) Zenitel operates its own TETRA networks, providing mobile communications delivered as airtime only or as part of a total solution which may include airtime, (rental) equipment, and ongoing support and maintenance. Zenitel holds the following licenses to operate TETRA networks for P(A)MR:

- For the Islands of the Netherlands Antilles and Aruba (in the 380-400 MHz band);
- Nationwide in The Netherlands (in the 410-430 MHz band);
- For the Antwerp Harbour and City of Antwerp (in the 410-430 MHz band).

The named networks all comprise a reasonable number of sites, with corresponding site lease agreements and infrastructure to serve even larger network operations. It is these licenses that allow Zenitel to operate the networks and sell the services, packaged as total solutions.

The network business typically brings contracts with durations of five years and sometimes longer. Also the already strong user base of more than 8,000 users allows the expansion of solutions and the development and introduction of new safety and security concepts – further increasing the safety of Zenitel’s customers, their employees and their assets.

Zenitel’s Network focus is on large industrial leads in the Antwerp Harbour area and in Holland. In the Caribbean further growth of the user basis is expected, especially on Saint-Martin and Sint-Eustatius.

In 2008 Zenitel welcomed its first network healthcare customers in the Netherlands, opening up further offerings of additional network subscriptions to be contracted with these clients and elsewhere in the healthcare sector.

Zenitel’s strategy is to maximize the number of revenue generating users (RGU’s) on its Networks and invest further in its networks with new commercial efforts and partnerships. New market opportunities offer important growth opportunities.
SIGNIFICANT ASSETS

Zenitel is an established, global market player with many, many decades of knowledge. The company’s biggest asset is its knowledge: knowledge of its users, knowledge of its technology and knowledge of its industry.

Zenitel is committed to its existing customer and distributor base which has been built up over many years: over 13,000 vessels in marine, more than 1,300,000 Zenitel intercom points, about 25,000 users of TETRA terminals and a System Integration customer base of more than 7,000 government or private bodies. To maintain customer loyalty, when the new IP system was developed, Zenitel ensured that the system was backward compatible with old intercom stations and exchanges, protecting the investments that customers had already made.

Another advantage is that Zenitel will remain a specialist and focused: always focused on the critical communications slice of the security market. Because of this focus, Zenitel’s special purpose stations like its prison stations incorporate features demanded by the industry - the light switch which can be over-ridden by the master control is just one example of this. Tamper resistant, weather resistant and custom designed stations are available for each critical environment, from the highly secure cell area to the visitor gates to the car park, all are easy to use – once a call has been placed, speech can be made hands-free.

Many customers would argue the audio quality is the strongest asset. After all, one of the most important factors in critical communication is to have excellent quality of voice. With voice carried within the system at Hi-Fi bandwidth (18kHz) it’s clearer than any telephone. It’s believed to be the best on the market.

And when someone comes to press the button on a station, Zenitel of course also owns one of the strongest security brands in the world. With its highly distinctive yellow ‘S’, STENTOFON and VINGTOR is recognised the world over. Other instantly familiar brands that Zenitel owns include STEENHANS, Ring-Master, M100, ASACOM, MCCN and ChuChubi Trunking.

In order to enable Zenitel to operate TETRA networks, MCCN and ChuChubi are the proud owners of licenses in the following areas: the Netherlands Antilles and Aruba (in the 380-400 MHz band), The Netherlands nationwide (in the 410-430 MHz band), Antwerp Harbour and the City of Antwerp (in the 410-430 MHz band).

Last but not least, Zenitel believes the progress and success of the company is dependent upon the competence, enthusiasm and dedication of the people working in the organization. Zenitel has a long history and has therefore built up in-depth knowledge carried on by the experience of those individuals.

Given the complexity and high degree of specialization of its activities, Zenitel uses trained technicians and engineers with important technological and market knowledge. Building on their capabilities, Zenitel has moved from the traditional analogue business into the IT/IP and TETRA world, embracing the audio and radio elements.
SOLUTIONS AND PRODUCTS OFFERED

During 2008, Zenitel's Secure Communication Systems segment (mainly intercom) continued its strategy and development into VoIP (Voice over IP) applications. Simultaneously, the out phasing of the older platforms, through integration with the IP-platform, continues.

STENTOFON AlphaCom E

STENTOFON AlphaCom E, Zenitel's intercom communication system based on IP, represents the backbone of Zenitel's major product portfolio. AlphaCom E was welcomed by Zenitel's customers on 1st June 2006. During 2008 1,978 systems were sold against 1,376 systems in 2007. Since the launch 4,097 systems have been sold. The fully IP-based system uses the latest IP and embedded networking technologies to provide:

- Exact adaptation to a specific situation
- Seamless integration with other systems
- Absolute dependability in a critical situation

The full IP range comprises IP exchanges, IP sub-stations, IP master stations and IT/IP standards compliance, and constitutes an integral part of a total security management solution, with security maintained through the in-built firewall and redundant network.

Using open standards such as SIP and Web 2.0 services, AlphaCom E seamlessly integrates with a range of systems such as CCTV, IP and PBX telephony, radios, DECT telephones, Public Address and access control. Through this integration, the AlphaCom E functions...
not only as a communication system but as a vital part of a central control center. A control center for a site requiring half a dozen stations in a single location, or a system with several thousand users spread across multiple sites; AlphaCom E works in an IP/IT environment allowing powerful networking capabilities as well as easy integration to the IT operation.

The control that the STENTOFON AlphaCom E offers to security systems automatically reduces the vulnerability to incidents and improves response time.

VINGTOR ACM

In the Maritime business, Zenitel’s IP platform AlphaCom E is promoted as VINGTOR ACM, combining data and voice communication into one IP solution. VINGTOR ACM-E is tested according to IEC 60945, IEC 60533 and IACS among other standards, and provides shared cabling which allows for lower installation cost and reduced cabling between fire zones. In 2008 Zenitel enhanced the ACM Standard Integrated System to increase the system capacity by 30% per rack. The size of the different system racks was also reduced.

The VINGTOR ACM family includes two further IP systems the VINGTOR ACM Standard Integrated Systems and the VINGTOR ACM Advanced Integrated System. The ACM Standard system supports VINGTOR’s Integrated PA, GA, Talkback and telephone solution and features the latest developments like IP telephony, Web management and IP switching. The Advanced Integrated System meanwhile is one complete system that provides communication, data, safety and IP entertainment (TV, Internet and gaming) using Zenitel’s ‘all in one cable’ solution. Using this advanced wiring and patch solution results in a significant reduction in cabling infrastructure as a single CAT7 cable can be used for all communication devices. The ACM Advanced solution is offered to customers using a new modular building practice to allow customers to select from a wide set of function modules which best suit their needs – accommodating from 30 to over 1,000 users.

Finally, VINGTOR ACM-M-A is the last ACM system, this one is a PABX analogue telephone exchange. ACM-M-A is a cost effective solution, yet still features the latest developments such as high capacity line cards, remote management and maintenance using IP and Web technologies. Optional VoIP gateways provide flexible interfaces to analogue telephone trunks with four and eight channels.

Zenitel’s customers will also benefit from the new Billing Application which Zenitel began piloting in 2008. Running on the existing AlphaCom E processor card and requiring no additional hardware, the application is a full billing system which allows customers to generate revenues from their VINGTOR ACM system.

Wireless DECT

Zenitel’s DECT (Digital Enhanced Cordless Telecommunications) solution is part of the VINGTOR ACM family where IP DECT is the wireless alternative to an intercom station. DECT is the European standard for digital cordless ‘phones already approved worldwide.

To provide workplace mobility for the ships crew, Zenitel’s DECT system includes DECT base stations, repeaters and three new handsets (Rough, EX and Office). One DECT problem area is rooms with steel walls, floors and ceilings which are notoriously difficult to cover with radio. Here Zenitel cannot promise
100% radio coverage. However, unlike other DECT telephones, Zenitel does offer stability, productivity and even better radio coverage than technologies like WiFi phones.

The DECT cordless phones, VMP intercom and analogue telephones all have access to the ACM services. Even in a hostile radio environment users will be able to enjoy the benefits of one user's experience and seamless mobility.

Zenitel's first installation for the new Wireless DECT solution was done on an offshore vessel in October 2008. IP DECT is being introduced into the STENTOFON product range in 2009.

Control Room Masters

The STENTOFON Control Room Station connects the control room with voice and audio. Using STENTOFON AlphaNet CCoIP® technology, each control room can support many sites and devices: up to 255 AlphaCom E exchanges and thousands of intercoms connected to the control room over IP. This means that from a single security post, CCTV cameras, PA, barriers and door locks in a number of remote sites can be controlled with the push of a button.

Zenitel's CCoIP technology provides superb audio quality (7 kHz) as well as global conferencing and group call capabilities allowing the control room to connect to remote PA and radio systems.

The stations feature advanced call queuing with priority, making it easy for the operator to quickly and efficiently respond to any alarm or event. With the large high contrast display with backlight, these stations offer excellent readability.

To handle solution with high call capacity, the solution supports parallel handling of call queues where multiple operators work on the same call queue. In addition, the calls can be escalated or transferred from the local control room to the central control room if an operator is busy or absent during the night.

The control room station can also be equipped with a direct access key (DAK) module. The DAK module provides single touch access to stations, groups, Public Address zones, radio groups, and remote control of doors and gates. Each key on the DAK module has a red and a green LED to show status.

Ring-Master Interface

Ring-Master is an economical intercom solution using a microprocessor controlled central exchange to provide internal hands-free communication.

For many years Zenitel has worked towards offering customers a smooth transition to new technology, improved products and at the same time being able to serve the current Ring-Master installed base. In 2007, Zenitel was ready to launch the RM-AC interface between STENTOFON AlphaCom E and Ring-Master CB901.

The integration offers Ring-Master users a migration path to advanced IP technology, even using a system purchased fairly recently right through to many decades ago. For example, the system can now incorporate the most advanced communication services and become a networked system, combining powerful surveillance and communication technologies.
Since the introduction of the interface Zenitel has worked with several interface projects, amongst them an upgrade and expansion of Melrose Arch, Tambo International Airport (ORTIA) in Johannesburg, the Hospital Rheine in Germany, and Stadtwerke Osnabrück a power company.

Zenitel is confident that it can serve its customers with the best solutions on the market, by also offering a five year service period from January 2008.

Expanded AlphaCom E Station Range

In 2008, Zenitel continued to develop IP applications and equipment in order to be able to serve different customer segments. Zenitel is always seeking new benefits for its customers. The IP Substations for example combined with the IP platform, result in a substantial decrease in the cost of ownership because of the fact there is no need for proprietary cabling.

Using IP, one of the latest ways to communicate is using Zenitel’s new STENTOFON IP Master Stations which deliver Critical Communication over IP (CCoIP®) and plug straight into any point in the network. The newly designed range includes an IP CRM V Master for control room environments, two IP Flush Master stations and an IP Master Station Kit, designed to produce custom IP stations to the highest specifications. In its entirety, Zenitel offers a full IP package which includes IP exchanges, IP sub-stations, IP master stations and IT/IP standards compliance, constituting an integral part of a total security management solution.

The STENTOFON desktop stations in particular are tailored for use in a security system where immediate response to a security or emergency situations is vital. The many features of these stations include call request, program distribution, paging, group call, conference and alarm and advanced call handling features such as call prioritization. Master stations come with programmable single touch keys that provide immediate access to other stations, group calls, audio monitoring, Public Address zones and radio channels.

Similar to the desktop stations, these loud-speaking, hands-free wall mount stations are designed for both flush and surface mounting and are ideal for airports, hospitals, secure buildings, prisons and correctional facilities. Wall mount stations (IP and traditional) come with a variety of
features and functions to fit all security requirements. IP versions offer all the benefits of IP with remote software upgrade, configuration and monitoring and no geographical limitations.

To provide maximum availability all stations come with advanced supervision functions. The station line test will for example, detect if there are any faults in the cable, network or station electronics. In addition the station supports tone test, testing the complete transmission path including microphone and speaker.

**STENTOFON Micro-Zone PA - PA over IP**

PA over IP is Zenitel’s remote operation solution for control rooms. This new opportunity gives the customer both increased service and security in remote places, but these unmanned sites are also easy to connect to an IP network, and it is easy to monitor and upgrade from one central point.

With the introduction of IP networking and Zenitel’s Micro-zone PA solution, control rooms can now cover much larger areas than what was ever financially possible with private cabling. And in contrast to the past, networks can be created with any number of cameras, in any location, and a zone can even comprise just one speaker. With the possibility of several thousands zones, it is now possible to approach individual people and give announcements in local areas.

**Confined Area Solutions**

With over twenty seven years experience in designing equipment and solutions for radio coverage in Confined Areas, Zenitel made two significant product launches in 2008. In September Zenitel met a request for compact TETRA repeaters where the coverage is either partial or limited to some floors or areas by launching its Mini Repeater. The Mini Repeater is easy to install, offers excellent performance and the highest power compared with other systems. This particular repeater has been very well received by the market.

This was followed by an impressive new range of six TETRA repeaters in December. Replacing the previous generation first released in 2003, the new repeaters are based on highly integrated, state-of-the-art linear DL/UL amplifiers and a sophisticated monitoring and control solution. Offered in fibre-fed, inline or off-air versions, all options can be high- or low-power and can be delivered with battery backup. The repeaters are used to assure coverage in confined areas.

New and existing customers will be pleased to learn the repeaters benefit from an easy installation procedure and small volume cabinets combined with high repeater power.

For environments like tunnels, subway stations or anywhere where a high level of system robustness or redundancy is required, the repeaters can be equipped with dual fibre/antenna inputs and outputs. Optical fibre and antenna selection can be automatically performed by the repeater itself, or it can be controlled remotely by the system or the operators.

To meet the requirements of the authorities and mission critical users, the repeaters actively monitor the power sent to the antennas to avoid feedback and immediately detect antenna failure.
MARKETS AND CUSTOMER REFERENCES

The market and customer segments for Secure Communication Systems, can be divided in Marine and Onshore markets, such as, building security, healthcare, transport & infrastructure, prisons & police and banks & finance.

Marine

With communication equipment on board over 13,000 vessels, Zenitel is one of the major suppliers of maritime communication systems. Zenitel Marine supplies integrated marine data and communication systems covering communication needs on all kinds of ships, from small, specialized ships like patrol vessels to huge tankers, container ships, pipe laying barges, roll-on/roll-off (RORO) vessels and ocean liners. Since the year 2000, shipyards worldwide have had a capacity for around 2,000 vessels per year for annual deliveries of commercial vessels.

Customers in the Marine segment are: DOF; REM Offshore; Nordcapital; Stolt Nielsen; Odfjell Tankers; A.P. Møller and Maersk.

Onshore

Building Security
Zenitel provides total solutions in which communication systems are integrated with building management systems, access control, video communication, alarm systems and other security systems. The Building Security segment constitutes Zenitel’s largest single addressable market for onshore intercom.

Customers in this area are: The CNN Center, USA; Capitol Hill, USA; The Petronas Twin Towers, Malaysia; BMW, Germany; Musée du Louvre, France; The Getty Center, USA; The Smithsonian, USA; Ford Motor Company, USA and Moët & Chandon, France.

Healthcare
In the healthcare market, Zenitel offers fully integrated solutions for internal communication, Public Address announcements, alarm distribution and security communication. The products and applications are installed for use on wards, in treatment facilities, operating theatres, stores, administration areas, halls, lifts, etc.

Zenitel has installed many communication and security systems in hospitals throughout the world and the market is still growing. The hospital sector is being modernized and more emphasis is being placed on security communication and building security installations.

Customers having used our products and solutions include: Cisanello Hospital, Italy; Loyola University Medical Center, USA; Hackensack University Medical Center, Australia and Rikshospitalet, Norway.

Prisons and Police
Zenitel provides intercom solutions for police forces and prisons all over the world. Zenitel is supplying cell call systems, controlling lighting, doors and alarms, to an increasing number of custody suites and prisons across Europe. Looking back over the last 25 years, there appears to have been a general
increase in crime within all European countries. The market grows when there is demand for increased capacity and improved communication and security.

Several prisons, worldwide, have installed Zenitel special purpose intercom products, such as: Wiltshire Constabulary Headquarters, UK; Polizeipräsidium, Germany; Zuidoost Politie Cellencomplex, The Netherlands; Oslo Police, Norway; Rheinbach, Germany and SuperMax Correctional Facility, USA.

Transport and Infrastructure
Intercom fits well in the transport environment where there are high demands for staff efficiency, timely and critical communication in combination with public services and information. The infrastructure industry tends to focus on simplicity in operation and high security, combined with full integration with other security systems, and in particular wireless mobile communication. Zenitel is receiving more requests for railways, trains and highways in the intercom business. Zenitel is also very strong in this market with its wireless offerings; TETRA radio and repeater solutions for tunnels and other Confined Areas.

The combination of PMR, wired intercom and Public Address is now often asked for, to combine staff communication with public services and information. IP technology is gradually being introduced mainly to reduce cabling costs for wide area communication, but also to support new services enhancing efficiency.

Zenitel can count airports as one of their major customer segments in this area. Important airport installations can be found in: Shanghai Pudong International Airport, China; Beijing Capital International Airport, China; Incheon International Airport, Korea; Dubai International Airport, UAE; JFK Airport, USA; Toronto Pearson International Airport, Canada; Frankfurt International Airport, Germany and Charles de Gaulle, France.

Also underground, road authorities and industrial sites, have used Zenitel systems: Taipei Underground, Taiwan; SANEF Highways, France; Shell, Brunei; Honeywell, Australia and Phillips Petroleum, China.

TETRA repeater installations have been performed in the following National Public Safety TETRA Networks: RAKEL – Sweden; VIRVE – Finland; C2000 – Netherlands; TetraNet and SINE – Denmark; 112 – Iceland and MCCN – Holland.

Banks and Finance
In the bank and finance world some of the largest intercom systems are in place serving critical communication needs.

The bank and finance companies have traditionally been driving the communication industry in terms of technology and quality. Large global structures of the international banking industry and the need for fast and reliable communication, has enabled the development of dedicated communication systems for dealer boards.

Zenitel can include: Société Générale, France; BNP-Paribas, France; Crédit Lyonnais, France; Norwegian State Bank, Norway and Federal Reserve Bank, USA, within its customer base.
RESEARCH & DEVELOPMENT

In Secure Communication Systems after the development of the main intercom IP platform, the Development Department focused on the flush and wall-mounted stations for control rooms and hospitals. At the same time, a standardized Microsoft OPC interface has been developed in order to offer integration with different building and security management systems. The integration with Siemens & Honeywell building management systems has been finalized. In the second half of 2008, the desktop IP stations and cordless DECT solution was developed along with the further integration of the M100 platform (former Phillips system) with the STENTOFON AlphaCom E. The key developments in 2008 were:

- **VINGTOR Billing Solution** – allows customers to generate revenues from their VINGTOR ACM system
- **Enhanced VINGTOR ACM Family** – an increase in system capacity of 30% per system rack
- **Wireless DECT solution for VINGTOR ACM and STENTOFON AlphaCom E** – to provide workplace mobility
- **High Availability Exchange** – reduces the down time to the time it takes for the standby AMC-IP card to take over
- **Expanded VINGTOR and STENTOFON station range**
- **New generation of six TETRA repeaters** – plus a new Mini Repeater

For further information, we refer you to the chapter called Our Business - Principal Offerings (page 22) where you can find a detailed description of the above developments.

SUPPLIERS, PARTNERS AND STRATEGIC ALLIANCES

Zenitel is in regular discussion with its manufacturing partners with a view to improving its own product range, and in terms of delivery times and the reduction of component and product cost. Furthermore, Zenitel is working with its suppliers to re-design the products in order to remove components containing harmful materials.

Working with its suppliers to stimulate improved performance where it is required, Zenitel also examines areas like monitoring, working environment, resource management and handling, all according to the Zenitel Guideline for Suppliers. A number of key suppliers were audited in 2008 including Denmark and Norway.

In terms of partner alliances, Zenitel continued to make product developments and provide voice to the security world, but in 2008 also started to focus on delivering audio solutions to enhance partner company’s security portfolios. A standard Microsoft OPC interface has been developed in order to integrate with a wide range of building management systems. The integration with Siemens and Honeywell’s building management systems has already been finalized.

Zenitel has worked successfully with partner security companies for many years. AMAG and Zenitel have for example, an established security management interface between their products and since 2006, an IP gateway. Working with Zenitel to create the tightest integration between systems offers ‘best of breed’ and having one seamless system from a single provider is proven as an important value to the customer base. Through forward thinking and sharing protocols, STENTOFON systems are integrated with access control lines including AMAG, Lenel, Software House, RS 2, GE Securit, Open Options and others.
COMPUTATION

Equipment that is dependable and trusted can often be taken for granted. This is certainly the case for intercom products. But present that same product using new technology, and all of a sudden people start to appreciate how important that product actually is. That technology is VoIP. With companies requiring larger networks than ever before, wireless and digital technologies are often combined, with VoIP technology being used as the basis for all systems. Zenitel is therefore coming up against a number of different types of competitors: direct or traditional manufacturers of critical communications offering similar systems or solutions, audio and visual door entry manufacturers moving into critical communications, PBX manufacturers and VoIP start-up businesses. Indirect competitors also address the non-critical communication needs of customers and can sometimes be partners.

The main traditional competitors for the intercom products are Commend, worldwide, and Aiphone mainly in the USA. Direct competitors for intercom in the marine sector include Phontech and Gitiesse. But wired technology still has its place, and can prove to be more suitable in some applications, often complimenting a wireless solution. Zenitel and its competitors are therefore offering a selection of technologies to its customers so they can select the one most appropriate to their needs.

With SIP providing an international standard for IP based audio systems for the first time, Zenitel has seen some VoIP start-ups entering the market. Take companies like Digital Acoustics and Riedel, previously active in both live sound and broadcast, they have both moved into VoIP. These start-ups have a focus strategy where they provide small niche solutions in the critical communication industry.

Housing door entry companies like Aiphone and WRT are also moving into critical communications. With the introduction of IP technology, these manufacturers see the opportunity to supply larger critical communication systems.

With the extensive worldwide adoption of IP, in 2008 the European Broadcasting Union set a minimum set of requirements necessary to ensure interoperability between equipment intended for the transport of contribution-quality audio over IP networks. Broadcasters are also using IP connections for the purposes of streaming high-quality broadband audio to their production centres. This is in part accounted for by the fact that several countries are withdrawing ISDN services, which have been heavily used for contribution in the past. With technology being one of the factors which change the rules, Zenitel is facing increasing competition from companies like Jacques, Digital Acoustics, HME and Austco.

Companies which were traditionally more active in the PABX industry are now also entering into the critical communication market. The PBX manufacturers have met heavy competition from GSM operators taking over large part of their market, as business users choose GSM over a PBX 'phone. To defend their position, the PBX vendors are focusing more on the vertical applications including critical communication solutions. Due to their size, companies like Avaya, Cisco and Alcatel are having a lot of influence on specifications for projects. However, these large PBX companies often have challenges to adapt to specific customer needs.

The direct competitors to Zenitel’s Repeater business are Axell Wireless and Andrew. The market for TETRA repeaters is expected to grow in the coming years. Deployment of terrestrial TETRA networks in Europe will increase in-building and tunnel coverage demands. Industrial customers are also moving from analogue communication systems towards TETRA networks.
ZENITEL SUPPLIES RORO VESSELS AND ENHANCES SAFETY AND CARGO OPERATIONS

In the first quarter of 2008, Zenitel Marine Asia Pte. Ltd. delivered a complete integrated internal communication system onboard two RORO vessels being built at Singapore Technologies Marine in Singapore. ST Marine, a company of ST Engineering, is a premier shipyard providing turnkey shipbuilding, ship conversion and ship repair services to a worldwide customer base in the naval and commercial markets.

RORO vessels are ferries designed to carry wheeled cargo like automobiles, trucks and trailers. Zenitel holds vast experience with all the various types of RORO vessels, including ferries, cruise ferries, cargo ships and barges. In 2008, over 800 vessels benefited from a new communication system from Zenitel, all of which were specially designed, tested and certified for use on board ships.

Zenitel’s Singapore delivery to two RORO vessels was a difficult brief and proved challenging at times. RORO vessels in their very nature are quite different from conventional freighters. With experience and dedication however, Zenitel Marine Asia delivered an all encompassing communication system based on Zenitel’s VINGTOR brand of onboard communication systems for ships and offshore installations.

We’ve all heard the stories of RORO crew still lashing cargo down long after a vessel has set sail. With large expanses of deck accessible via an internal ramp they are a flexible approach to cargo handling, but their sheer speed, the lashing procedures and the handling of cargo mean safety is a paramount feature.

Offering excellent on board communication, remote control of signal units and alarm distribution with voice control in emergency situations, Zenitel’s delivered system comprises a number of individual marine communication systems which are integrated to cover all internal communication requirements.

The VSP Batteryless Telephone System provides the RORO’s emergency communication between vital positions on board. Designed as a replacement of the traditional Sound Powered Telephones, this system is independent of the vessels power supply.

A CTB Command Talkback system enables full or limited line selection for up to four operator panels. The RORO vessels use their CTB’s for the mooring operation and a MCS Master Clock System works overhead.

At its core, the AlphaCom ACM-M-A PABX analogue telephone exchange provides internal communication. The ACM-M-A was chosen for its optional VOIP gateways providing flexible interfaces to analogue telephone trunks with four or eight channels and Zenitel’s SPA Public Address System, making it one integrated system instead of single systems working in parallel. For general ship operation and as a second route to emergency calling, a UHF Radio and Wireless Paging System was installed. And a Zenitel SPA Public Address System Naval Master TV Antenna System provides a cost effective Public Address system with general alarm, broadcast and entertainment video information and entertainment distribution in cabins and public rooms. The crew would agree, the antenna is of such a good quality that the rejection of unwanted signals by the filters is almost guaranteed.

All encompassing, the VINGTOR Integrated systems were design to cover communication in all areas onboard the vessel and it was a challenging but rewarding task in locating the Radio Repeaters and Antennas in order to achieve this requirement. Furthermore, the ship owners requested the Radio System was connected to the ACM Telephone System whereby all portable radio could call individual telephone sets and vice versa. These critical technical requirements were achieved to the satisfaction of the shipyard and ship owner in a short amount of time.

Zenitel is pleased to report both vessels are now operating successfully with one satisfied customer in the North Sea.
SOLUTIONS AND PRODUCTS OFFERED

As covered previously, Zenitel splits its System Integration business down into two segments: local markets and international business. These segments can be schematically presented as shown on the left hand page.

Local Business (Zenitel Belgium, Zenitel Netherlands, Zenitel Denmark, Norway and Finland)

To serve the segments Public Safety & Security, industry, public and private transport, utilities and authorities, Zenitel’s System Integration offering is easily described as a circle or pie chart with a core (see illustration opposite). This core is central to Zenitel’s business and represents the company’s radio communication network offerings.

Around these networks, Zenitel supplies three solutions:

- Products for communicating on the network (portable radios, mobile radios, pagers, etc.)
- Confined Area solutions to make sure the radio coverage is everywhere
- Applications that run on the network and that can help customer’s critical communications

and for each of these four businesses, circling them all, Zenitel offers Service solutions.

The whole circle actually tells the story about the type of complete project Zenitel can deliver. There’s the Zenitel network which can be provided, the end user equipment to start using that network, the applications for use on that network, like a control room, and the ability for the customer to communicate everywhere on that network.

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**Key Figures**

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<th>System Integration</th>
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**Turnover per Subsidiary**

- The Netherlands: 27%
- Belgium: 20%
- Denmark: 15%
- France: 40%

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network, so also in their buildings, in their car parks and whilst on the move. To make sure the customer is completely carefree, Zenitel offers services. All of Zenitel's offerings are integrated, or can also be selected as stand alone.

(Radio) Networks

Zenitel’s System Integration business has radio networks at its core. With vast digital experience in Europe - one of the important reliability cornerstones of the Zenitel Trunking Networks – Zenitel is a forerunner in the migration of radio systems from analogue to digital.

TETRA standards evolved to answer the needs of European Nations emergency response teams who were unable to communicate with each other when disaster struck, and to meet the European Commission's (EC) communication challenges in its efforts to unify European countries. TETRA, was in fact renamed Terrestrial Trunked Radio after the European Telecommunications Standardisation Institute (ETSI) found widespread interest in the TETRA standards beyond Europe’s geographic borders.

Following this history, Zenitel, together with Motorola, implemented the first commercial TETRA network at Oslo Airport, Norway back in 1997. Today, Zenitel designs, installs and commissions professional radio communication networks or parts of it, for users like public safety and security officers, public transport companies and industry from the Caribbean to Algeria to Rotterdam. Whether the network uses DMR, TETRA or analogue technology Zenitel possesses extensive knowledge on both analogue and digital technologies. In addition, through its unique relationship as a service provider for the MCCN TETRA network, Zenitel also sells Airtime subscriptions to users who do not wish to install their own network infrastructure. Zenitel can therefore agree on service levels that can meet the customers’ highest standards.

Solutions

Products

There is no question about the importance of good working radio equipment and accessories - all users on the digital radio network depend on its reliability. Zenitel is a Professional Radio Communication (PRC) distributor, selling, programming, installing and servicing end user equipment for professional radio communication networks. The products can be portables, mobile radios, fixed radios, pagers, MDT’s and more, there is an increasing range of products that can be used on a network. For the ASTRID network Zenitel delivers ASTRID validated radios, for products to be used on a DMR network, Zenitel delivers DMR radios. Zenitel often works with partners, like Motorola, EADS and Swissphone to offer a complete range of products. Today, Zenitel has installed and programmed over 50,000 TETRA terminals.

Confined Areas

Ensuring radio coverage in areas which do not generally have satisfactory radio coverage from exterior transmitters, like inside tunnels, buildings, underground constructions and large covered or underground parking areas, is a Zenitel specialty. Zenitel undertakes the design, installation and commissioning of the passive components (cables, antennas) as well as of the active components (repeaters) which capture radio signals - like GSM, public safety radio and public broadcast - and which inject these signals into the radiating cables or antennas.

For the ASTRID and C2000 network for example, Zenitel often delivers radio coverage in tunnels, car parks and buildings. It doesn’t matter what type of radio signal is required (FM, DAB, C2000, ASTRID, own private network) Zenitel is a specialist at bringing those signals into areas where radio signals do not easily or do not come through at all.
Extending radio coverage into confined spaces became a sensitive subject in 2008. So much so, that in July 2008 new legislation now obliges and advises owners of new buildings and car parks in Belgium to ensure radio coverage for the ASTRID network for the emergency and security services. This confirms Zenitel’s findings of a study conducted by Zenitel Belgium in August 2007; which revealed 34% of 135 large public and private buildings located in the main towns in Belgium had little or no radio coverage. Also in The Netherlands you see a similar attitude from the governments towards radio coverage in Confined Areas. There many local governments started to oblige and advise owners of new buildings and car parks to ensure radio coverage for the C2000 network for the emergency and security services.

To secure Confined Area radio coverage, Zenitel uses repeaters from Zenitel’s Confined Area Solutions subsidiary as well as from other manufacturers.

Applications

Mobile applications or applications that run over a radio communication network are also offered by Zenitel. These may include command and control centers (for example Kolibri), vehicle tracking applications, automatic license/number plate recognition systems and transport management systems. Zenitel also delivers metro management systems worldwide for communication between the control center and the trains, and for remote signalling.

Zenitel’s Paging and Evacuation system, FireBasic (an automatic alerting system often used by the fire brigade), the EDL Police Suite (a number of applications that enable police men to efficiently and easily make digital geographical analysis of police data, including digital sketches of accidents and monitoring of criminality figures) and ZeniFire from Denmark are all good examples.

Zenitel’s ZeniFire, an IT solution which takes the load and error-possibility off of employees responsible for writing reports after emergencies, was expanded in 2008 with three new optional components: an RFID system for automatic registration of staff, a GIS system for information about the site of the emergency and surroundings, and a module for managing radio communications and vehicle flash beams/signals. Zenitel is offering these add-ons as options during installation or at a later date.

A module based system, ZeniFire works seamlessly with other communication systems already in use, and is a solution for the future which automates an important yet previously laborious aspect of office work. Like many other Zenitel applications, ZeniFire was originally developed for the fire brigades but the solution is also perfectly adaptable and competent for other emergency service fields.

As time goes by, the field of mobile applications is moving into writing software code and solutions enabling customers to integrate their different security and communication platforms into one system. The system integration activities of Zenitel are preparing themselves to move into that area of expertise, regardless of the type of network operating at the core of the customer’s systems.

Services

Around Zenitel’s entire System Integration offering, the company provides services. Services for a Confined Area solution, for radios within a certain police zone, or for a certain application like the evacuation system of a large pharmaceutical company in Belgium. Zenitel offers services for all their System Integration offerings to make sure everything stays operational.

Zenitel offers its after sales service in flexible modules to suit customers specific needs. Customers can select certain modules, eg. participation in Zenitel’s spare service pool to complete their own (local)
maintenance capabilities, or they can select all relevant modules and will no longer need to worry about maintenance aspects.

Zenitel’s success is based on the confidence of the public safety market in Zenitel as a System Integrator, together with Zenitel’s demonstrated knowledge of TETRA networks, terminals, applications and services. Certainly, Zenitel takes benefit from a serious track record in the area of digital radio communications. Moreover Zenitel has experience with the needs of the emergency services in The Netherlands, Belgium and Denmark. Awarding contracts to Zenitel customers ensures continuity and quality of products and services for the coming years.

International Business (Zenitel Belgium and Zenitel Wireless France)

Besides local business in Belgium, Denmark and The Netherlands, Zenitel Belgium and Zenitel Wireless France also cover international business in Latin America, Africa, Europe and more. The International business specialises in coastal stations, Confined Areas and metro communication.

**Coastal stations/Ground stations**

Zenitel provides complete solutions for safety radio communication ship to shore, according to international standards and conventions, as well as Global Maritime Distress and Safety Systems (GMDSS) and total solutions for vessel tracking and monitoring using radio, GPS and radar. The high power MF/HF transmitters used for these applications are also used for long haul voice and data communication from ground to airplanes.

**Rail**

Zenitel also delivers secure communication networks and control room applications for public transport like the train and metros, via its international division. These types of solutions are similar to the solutions provided in the national markets. However, the THF-technology is used to provide traditional communication between the drivers and the central command and control centres, especially in Latin America. The international division also ensures radio coverage underground using Confined Area solutions and delivers Public Address to metros around the world.

**MARKETS AND CUSTOMER REFERENCES**

Zenitel’s System Integration offering in the Benelux and Nordic countries operate locally, while the international project business runs out of Belgium and France. Different customer segments can be distinguished in all of these markets.

**Public Safety and Security (PS&S)**

In this customer segment, Zenitel offers a range of solutions: Professional Radio Communication end user devices (handheld and mobile radio terminals, including ATEX equipment), the radio communication networks infrastructure or parts of it, Confined Areas to extend coverage of these networks into radio impenetrable areas and applications like Command and Control centres.

Zenitel also offers after sales services. There are different service models available which the customer can choose between. Bespoke service solutions are of course, also available.
Zenitel is an official provider for the ASTRID Public Safety Network in Belgium, and C2000 in The Netherlands. In Denmark, Zenitel has secured Confined Area coverage in tunnels and provided terminals; and supplied applications (like ZeniFire) and services to all users of the new nationwide public safety network SINE, expected to go live during 2009.

The introduction of TETRA networks and increasing IP-digitization allows for new customer applications, like ANPR (Automatic Number Plate Recognition), vehicle tracking and standardized data messages from command and control centres to remote units and Mobile Data Terminals.

Customers include: Belgian Federal Police; Belgian fire brigade; C2000 users, The Netherlands and Vestegnsens Brandväsen, Denmark.

 Authorities
Zenitel is a trusted radio communication solution provider, assisting the Authorities in their daily work. The company’s most important offering to this market is the deliverance of the radio communication network and end user equipment like portable and mobile radios. The communication needs related to infrastructure, (traffic) management systems and buildings managed by authorities also include Confined Area solutions in tunnels and buildings. Lastly, Zenitel delivers control room solutions which allow dispatchers to easily manage an extensive range of communication equipment and manage their mobile forces on the street.

Zenitel is proud to say that it has delivered systems for: Royal Dutch Air Force, The Netherlands and Dienst Stadstoezicht Amsterdam, The Netherlands.

 Public and Private Transport
Zenitel delivers secure communication networks and control room applications for public transport like the train and metros, and private vehicles like taxis. This is fortunate for Zenitel as it is now a necessity for public transport vehicles, their drivers and mobile teams on the trains to have reliable voice communications with the central command and control centres, so they can communicate in an emergency and maintain security.

System Integration also assures radio coverage underground using Confined Area solutions.

Customers in this area include: Banedanmark, Denmark; Belgian Railways; RATP (Paris Metro), France and MIVB/STIB, Brussels. In the international rail business, loyal customers are the Metro de Santiago, Chili and MetroCable Caracas, Venezuela.

 Industry
Zenitel delivers to many companies with dangerous or critical processes. Oil rigs and refineries and other (petro-) chemical companies require communication for the security of the plant, the employees and the surrounding environment. For equipment and protective systems intended for use in explosive atmospheres, Zenitel supplies ATEX approved VHF and UHF frequency radios.

System Integration also delivers to the harbour industry. Companies own security and emergency services have very similar needs to the customer from the Public Safety and Security segment. Next to that, mobile radio, Zenitel’s Paging and Evacuation system and the alerting system FireBasic are all Zenitel solutions used in the production processes for increased efficiency and safety.

Changes in this market are driven by the increasingly stringent security requirements/regulations of the industry segment and by the move from analogue towards digital communication. A lot of old installations are now being replaced.
Major industrial customers are: all Arcelor Mittal Steel Plants, Belgium; Statoil Oil Platforms, Norway and Disneyland, Paris.

Utilities
Recognising the requirements related to running a power plant with the complexities of a mobile workforce, widespread geography, Confined Area constructions and safety issues, Zenitel has delivered tailor-made network and service solutions to a number of energy facilities.

The most important requirement for a utility company is for the control room to be in close contact with their mobile teams using a reliable network. Zenitel has many years experience in installing multiple networks, hundreds of radio terminals for use on those networks, and specific radio consoles at the control room to communicate with the operations people in the field.

More recently, utility companies are beginning to request the ability for data transmission through their radio network and Zenitel is playing a key role in advising customers to plan their critical communications across the voice and data domains. ORES in Belgium is one of these customers.

Maritime
Zenitel designs, develops and provides total communication systems and solutions complying with relevant safety and legal requirements for coast guards, port authorities, safety and rescue authorities.

Ports and Maritime Authorities need, apart from communication on the ground, radio security communication between the shore and ship. Required applications include Global Maritime Distress and Security System (GMDSS), Navigational Telex Automatic Identification Systems and others. These mandatory applications are often completed with Vessel Tracking Systems, Vessel Traffic Management Systems and more. For long distance shore-to-ship data and voice communication, Zenitel offers its high power transmitter range.

Coastal maritime VHF, MF and HF communication solutions, as well as internal ship communications, are also part of the Zenitel solutions portfolio.
Strategic alliances are common in order to develop new products and markets, particularly between software and hardware firms. Zenitel Netherlands is, for example, working together with Cuperus Consultants and is jointly developing a new integrated dispatching and tracking and tracing application, and in Belgium Genetec, Zenitel’s supplier of the ANPR (Automatic Number Plate Recognition) system, is making changes to the solution at Zenitel’s request. Further, Zenitel is giving the ANPR system additional value by adding two features: an automatic download of the number plate database of stolen vehicles to the ANPR PC in the car via a wireless connection (for example WiFi), and a live update of the database of stolen number plates via the ASTRID network. In short, the timely process of transferring the information from the Federal Police to a local PC to a USB stick and then to the ANPR PC in the car can be forgotten. Now simply by turning on the ANPR in the car a live and automatic update takes place. It couldn’t be easier.

To extend the improvements one step further, Zenitel is also working to implement maps from another partner (Eurotronics) into the ANPR system. The road maps are used to identify the location of the scanned number plate using GIS technology, making access to map data extremely easy. As Eurotronics EDL software can be found in over 30% of government and public safety organizations, Zenitel is working to align the interface to the Genetec system which will also ensure the system covers the requirements of all customers and government bodies.

On larger projects, Zenitel partners with large integrators to offer specialist communication solutions as part of a larger offering. In October 2008 for example, Zenitel partnered with Thales, the leading international electronics and systems group, to develop maritime safety opportunities, particularly in the growing Traffic Monitoring domain. With 90% of the world’s goods travelling by sea and the market growing strongly, the move was a key element in both Zenitel’s and Thales respective strategies to reinforce their position in maritime safety systems.

The agreement allowed Zenitel to benefit from Thales’s extensive maritime solutions portfolio, including the recently acquired Barco VTS software unit. In return, Thales is extending its offer with new maritime safety solutions from Zenitel, including Global Maritime Distress Safety Systems (GMDSS) and Traffic Monitoring. Both companies have also benefited from access to markets and customers worldwide.
In 2008, Zenitel and local partner Nordvest Elektronikk in Kristiansund delivered the infrastructure, including the complete radio communication system, for the world’s deepest road tunnel, Eikesundsmåndet, in Norway. The tunnel requires tight security and reliable communications in and around the tunnel entrances. The radio installation will provide road users with full FM radio coverage, and secure, effective communication for any emergency occurrence. The construction also includes an alarm and surveillance system, which alerts the road traffic centre directly about any irregularities.
Coopetition, where businesses can gain advantage by means of a judicious mixture of competition and cooperation is rife in the system integration field. With cooperation and competition growing between suppliers and system integrators, the Harvard Business School suggests that this sort of business can lead to an expansion of the market and the formation of new business relationships, perhaps even the creation of new forms of enterprise. Zenitel is no exception, in 2008 working with partners and indirect competitors Motorola and EADS.

With over 100 year’s worldwide reputation in wireless communication, Zenitel has the experience of radio transmitted voice, maintenance and service. By adding data and applications Zenitel owns the competences for the future market of communication and is an attractive company to partner in the eyes of others.

Zenitel customers are companies who appreciate this knowledge and who understand the nature and the importance of a mission critical network. This means not only the quality of the products, but also the quality of the services organization. This is a key element in Zenitel’s success.

Focusing on new markets will also mean Zenitel’s System Integration division will face new competitors. Zenitel’s goal is to make open solutions where the application is market specific.

In general, the following different types of competitors can be seen:

**Distributors of PRC (Professional Radio Communication)**
Zenitel is delivering its products both directly and indirectly. With several vendors like EADS and Motorola, Zenitel holds distribution partnerships and delivers products to other resellers, mainly focusing on the SME market. In this market Zenitel competes with other distributors with the same portfolio or with distributors with another portfolio. The distribution market is a growing one and is important to Zenitel. However, Zenitel appreciates margins are low and it will need an efficient organization and effective processes to gain headway.

**Industrial System Integrators**
In addition to selling standard products to other resellers, Zenitel is focusing on system integration where value is added to the products. This value can be for instance, integrating applications. In this market Zenitel has the competition of other system integrators, but chooses to stand away from the crowd by using specific knowledge and services.

**Network Suppliers**
In 2008, Zenitel also faced competition from Network Suppliers (Telco’s and others). Some of these competitors have built their own network or are trying to build a new network. This is done on a project basis. Because of the company’s managed services offering together with its MCCN network, Zenitel offers an interesting proposition both in terms of its offering and its quality.

With communications critical for the customer, Zenitel has over many years trained its people and built up an in-depth understanding of its customer’s needs and demands. For new players in this market, it is not easy to gain these competences which make it hard for new entrants without large investments.

Direct and competing offerings for Zenitel’s System Integration are provided by different integrators in each country. In Belgium it is AEG Tranzcom, Koning & Hartman and Flash, in The Netherlands Koning & Hartman, KPN and Flash, in Denmark Danimex, Motorola and Hardy Mortensen, and in Norway T-Connect and DATAMATIK. Traditional outsourcers are also making their move into the system integrators field and placing a focus on successful outcomes and client satisfaction.

Direct competitors to Zenitel’s Ground and Coastal Stations are Frequentis (Austria), JRC (Japan), Harris (USA) and Nautel (Canada).
Zenitel is a supplier to the Øresund tunnel, and developed the radio communication system for security services (Danish/Swedish Public Safety and ambulance and emergency services), Train Radio (LSR/STR, GSM-R), and Commercial Services (FM broadcast channels, and mobile operators (GSM 900/1800)). Zenitel’s solution provides communication from within the Drogden and Lemacken tunnels to the surface and vice versa, and furthermore enables train passengers and car drivers to use their cellular ’phones and car radios within the entire bridge and tunnel complex. The solution seamlessly integrates various technologies such as FM, VHF, UHF, GSM-R, GSM 900/1800, etc.
CASE STUDY

PAGING AND EVACUATION SYSTEM FOR A LARGE PHARMACEUTICAL COMPANY, BELGIUM

In 2008, Zenitel delivered and installed a Paging and Evacuation System offering extremely high company security for a chemical plant in Flanders. The company has a wide drug range and is one of the most innovative pharmaceutical companies in the world. Zenitel’s advanced Paging and Evacuation System uses modern transmission technology (TCP/IP based) to distribute high quality audio over long distances with extremely high resilience, reliability and extended control and back-up mechanisms. Perfectly suited to medium or very large sites with many challenging ambient noise situations, the architecture of the system is modular and flexible to allow the system to be used for various applications (paging, evacuation, music, etc).

With more than thirty five buildings to be catered for, the pharmaceutical company had struggled with two separate systems for some time: a simple paging system with its own loud speakers which could only be used via a telephone, and an evacuation system with large outdoor speakers only capable of evacuating the whole plant. Audio quality was nothing to speak of and the company also suffered from the inconveniences of ‘feedback’ sounds, also know as the so-called Larsen effect.

Unlike no other industry, in the pharmaceutical industry products and production processes are subjected to stringent checks. The company therefore had many new demands and Zenitel delivered on every single account including supplying an integrated and flexible system, allowing calls via the company’s fixed ‘phones, external ‘phones (eg. GSM) and from the operator console.

One of the improvements that the client appreciates most is that the system employs a modular principle, coined Micro Cell Evacuation. This principle allows for targeted evacuation of specific floors, buildings or zones. The economic benefits of Micro Cell Evacuation are not to be underestimated, as site wide evacuations are extremely costly. Installing a central processing unit to control and manage the entire installation, fifteen decentralized building controllers are placed at strategic places throughout the plant. For each building controller there are up to sixteen loudspeaker and four flashlight circuits with each building controller connected to the central processing unit using a glass fiber connection. Meeting all the requirements for a modern Paging and Evacuation System, Zenitel’s universal solution uses industry standard protocols to allow for easy integration with the existing IT infrastructure of the site. This means that no proprietary cables are needed and less copper or fiber optic cables need to be installed.

Back at the operator console, intuitive operation is made possible via touch screens and in case of global evacuation, the operation can be fully controlled remotely using a password protected Internet VPN connection. Furthermore the solution logs all user actions and events. The system also integrates with the MCCN TETRA radio network so if critical components fail and render the evacuation system unusable, all loudspeaker zones can still be reached by radio. During a critical situation, the Paging and Evacuation System also works seamlessly with the FireBasic® System, Zenitel’s automatic computer operated alerting system for individuals. Finally, the system, naturally, integrates to the emergency services that use TETRA radio (police, ambulances, fire brigades, the company’s own fire department, etc). Because of this it is also possible to send instructions via TETRA radios to certain zones.

Since this is a critical and life-saving application, the whole installation is continuously monitored for defective components. Many components are already redundant. This lowers downtime and maintenance costs, to ensure a very high reliability and to proactively alert to maintenance personnel. Continuous real-time monitoring of all components is essential for a plant like this. The magnitude and complexity of their operations is vast, so Zenitel’s final offering of a system which offers remote control of various extra signaling devices or third party equipment like flashlights and valves, made certain all their wishes had been met.
SOLUTIONS AND PRODUCTS OFFERED

Communicating effectively during emergencies allows people to take actions that save lives, reduce damage and human suffering, and speed recovery. Companies are now reviewing their emergency equipment and procedures with an essence on developing a capability to warn those at risk in a timely manner.

Relevant to this, in 2008, a significant number of people discovered that in emergency situations, GSM (the Global System for Mobile communication) simply can not offer the reliability to deem it suitable for critical communications. 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 event. 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. There may be cost saving advantages to using GSM, but all will agree, TETRA is the best and only technology standard able to offer reliable critical communications.

Unlike GSM, TETRA, a command driven technology, has been designed for authorities and other professionals and features ‘priority calling’ (emergency call, man down alarms allowing network priority), group calling (addressing multiple people at the same time) and very short call set-up times. With its enhanced data capacity and GPS location possibilities, TETRA can offer much more than the traditional (analogue) radio systems can offer. Moreover, in terms of frequency usage, TETRA is also four times more efficient than GSM.

The TETRA ‘Networks’ service proposition is that by using the experience of an operator like Zenitel’s MCCN or ChuChubi Trunking networks, customers can have the assurance that communication is available when they need it most. Without the worry of in-sourcing the specialized radio/TETRA knowledge required, customers can then focus on the safety of their people and assets, and improve the efficiency of their most critical processes. Zenitel first offered Network services on the 1st of November 1993 in the Netherlands Antilles, 1st January 2006 for The Netherlands, and from 1st January 2007 for Belgium. The network currently covers the total ‘Randstad’
region in The Netherlands and the Antwerp Harbour and city in Belgium. Further network extensions, both for MCCN and ChuChubi, will depend on specific customer demands.

Zenitel’s MCCN and ChuChubi infrastructure allows customers to use secure communication as a ‘plug and play’ service. At the same time, Service Level Agreements between the customer and Zenitel enable the customer to totally rely on the quality of service, especially during emergency situations. Given the fact that safety and security are more closely intertwined with customers’ day-to-day operations, IT-departments also tend to be in charge of the decision process, especially when it comes to replacing an organization’s radio infrastructure. The ‘outsourced’ model therefore becomes increasingly normal, also for secure communication.

The network services are offered in flat-fee subscription format as four products:

- Voice only - allowing customers to have critical voice communication on a mission critical wireless network;
- Data and GPS only - allowing critical data to be sent at any moment, with the same reliability as voice, and immediate delivery without delays;
- Fallback or sleeper - for those customers that only need their critical communication services very occasionally, but want the assurance that it is available to them when it is required;
- All-in voice, data and GPS.

These are often offered in combined packages including end-user devices, preventative and corrective maintenance service and leasing.

MARKETS

Zenitel offers mobile communication services for critical communications and situations through its TETRA networks in The Caribbean, The Netherlands and Belgium. The segments include industry, buildings and professional security services, hospitality organizations, utilities, local authorities, public transport companies and anyone else with a need for professional Private Mobile Radio (PMR) communication.

As a TETRA airtime provider, Zenitel aims to improve the quality of the emergency services and provide better business and public safety communications. Increasingly in 2008 Zenitel is providing new opportunities to its customers in the form of total care solutions - consisting of airtime and command and control rooms for example.

Customers with a smaller user base or customers wanting to outsource this critical part of their business process, are offered access to the same technology and services as deployed by the national safety and security services (police, fire brigade, ambulance), without the need to invest in large infrastructure. It also allows larger users of Private Mobile Radio (PMR) to outsource its solutions and benefit from Zenitel’s expertise and the investments that are shared with other users.

In the Caribbean, the addressed segments also include the Public Safety and Security services (police, fire brigade, ambulance) due to the lack of a government owned network (except for Aruba where Zenitel competes successfully with the government owned network).
IMS Research continues to see growth in new TETRA devices, accessories, vertical markets and regions. In particular, there is a lot of interest in the utilities market, where a number of large companies are considering upgrading their communication networks.

**CUSTOMER REFERENCES**

For the period 2007 to 2008 the number of clients using the MCCN nearly doubled. Due to the nature of the work, many Network customers cannot be named; confidential contracts prohibit the disclosure of such information. However, a small number of Network customers for whom Zenitel has performed one-off projects and with whom Zenitel has long-term relations are as follows.

**Public Authorities:**
Stadstoezicht Amsterdam; Ambulance Curacao and Gemeente Vlaardingen, The Netherlands.

**Medical sector:**
Stichting Altrecht, The Netherlands and Stichting Ipse de Bruggen, The Netherlands.

**Industry:**
Ertsoverslagbedrijf Europoort (EECV) and Uniqema, The Netherlands.

**Private Security:**
Checkmate, St. Maarten; Sheriff Security, St. Maarten; A.V.D, Curacao and Securitas, Curacao.

**Utilities:**
Aqualectra, Curacao.

**SUPPLIERS, PARTNERS AND STRATEGIC ALLIANCES**

Zenitel believes in working closely with its suppliers and partners and is keen to identify new innovative suppliers where there is an opportunity to broaden and improve the product range or service. A shining example of working closely with a supplier is the relationship with Cuperus Consultants who developed a control room application that is integrated with the MCCN switch to provide a new level of functionality. This new control room application has exceeded all initial expectations in both functionality and sales success. Zenitel also appreciates that its success depends on the success of others and believes it has a responsibility to encourage partners and suppliers to embrace standards similar to its own.

As a TETRA airtime operator, Zenitel works with several major infrastructure suppliers. Motorola was selected for the MCCN network in The Netherlands and Belgium; Rohill was the best choice for the Caribbean networks. The choice of manufacturer is based on the market, functionalities, size of the network and many other considerations. For stand-alone systems, all options are considered during the tender process and only the solution that best fits the requirements of the client is taken up.

Once the network has been built, the customer needs a communication device, mobile and portable radios, supporting the network. Zenitel has a strong involvement in the transition to the new digital standard TETRA and offers a complete offering of Private and Public Access Mobile Radios from major suppliers like Motorola, EADS and Cleartone. With all these partners Zenitel has a partnership agreement.
COMPETITION

TETRA networks are rather new and unique in its current setting. Cellular networks cannot serve the needs of mission critical radio users – a dedicated radio network is needed. However, to make a success of rolling out a national TETRA network, a TETRA operator will need to not only attract new customers not taking a digital mobile service, but also customers who may wish to consider TETRA as an alternative to GSM or PCN.

In the Caribbean, The Netherlands and Belgium, Zenitel is the only company to operate a large commercially available TETRA network. Therefore the networks compete mostly on technology (analogue, TETRA or GSM). The direct competitor in The Netherlands and Belgium is Entropia, running an analogue network. Indirect competitors are the GSM operators in The Netherlands and Belgium - mostly KPN, Vodafone in The Netherlands and Proximus, Mobistar and Base in Belgium - and the GSM and analogue trunking operators in the Netherland Antilles.

The public safety network can sometimes act as a potential competitor, as non-safety related authority users may request access to public safety networks.

When Zenitel delivers mobile critical communications the client has the choice to either outsource the network on the ChuChubi or MCCN network, or select a private network. During the course of 2008, the technology trend settled on TETRA for small, medium and large networks with the client increasingly looking to outsourced/operator models for their networks. Competition will be on the total cost of ownership and less on technology in 2009 and moving forward.

In 2008, Metro de Santiago, one of the major players in the public transportation system of the Chilean capital, daily transporting more than 2.2 million passengers, began building two new extensions to its existing network. To make sure that all these passengers can rely on secure and fast transport, Zenitel supplies “behind the scenes” communication essential for smooth, reliable and uncomplicated operation.
CASE STUDY

DIGITAL MCCN NETWORK AND ADVANCED CONTROL ROOM SOLUTION FOR “DIENST STADSTOEZICHT AMSTERDAM” (DST), THE NETHERLANDS.

Dienst Stadstoezicht Amsterdam, provider of city surveillance to public spaces in Amsterdam was the first customer on Zenitel’s MCCN network in 2006. As part of the municipality of Amsterdam, the organization’s mobile workforce focuses on three key areas, namely public space surveillance; the implementation of paid parking on the street; and the enforcement and surveillance of the environment. Together Stadstoezicht and Zenitel provide an active contribution to a safe, clean and accessible Amsterdam city.

Around 600 people work for DST and the portable radios they have available circulate between them and their different shifts. All supervisors who work in the service of the public area and who go on the streets are equipped with a portable radio. These are for example parking inspectors and the staff who maintain the regulation of traffic rules and traffic signs. The new capabilities of the control room are made possible through the extensive integration of the MCCN switch with the control room allowing the dispatcher a real-time view on the workforce. Keeping track of the worker operational status, current user of a shared radio, geographic location, over-the-air regrouping of radios and many more new features reduces the “administrative” load on the dispatchers and improves effectiveness and efficiency.

To oversee public areas, DST used the analogue radio network of KPN right up until the end of 2005 when the network went off air. DST urgently required an alternative and the GSM public network was ruled out as the providers couldn’t guarantee continuous availability of the network. For the people of DST safety is of primary importance. Also in case of emergencies, DST staff need to know their call will always get through. In order to provide critical communication at a time of need, DST chose an outsourced TETRA network offering 99% guaranteed coverage in combination with the excellent audio quality provided by a digital network. That network was MCCN. The service started in 2006.

Zenitel was able to get the complete solution operational just three months after receiving the initial order. The solution comprised:

- The roll out of the MCCN infrastructure over the whole working area of DST (“Large Amsterdam”);
- An integrated control room solution (dispatching and AVLS (Automatic Vehicle Localization System);
- The integration of end-user equipment and internal platforms.

At the same time and in combination with this solution, Zenitel offered a future proof platform.

In 2008 Zenitel was awarded the upgrade of the control room to a full Kolibri Advanced platform. The control room solution will add a back-up control room to another DST facility in Amsterdam for physical redundancy. The new control room will have the ability to zoom into customized maps and provide more control of the radios in the field, even indicating if they are registered on the network and the talkgroup that they have selected.

Assisting DST to diminish criminality and vandalism Zenitel has now delivered 365 MCCN connections and is providing an advanced control room solution. The order for the new control room followed the wishes and demands for a complete, physical back-up of the system at a remote location. The Kolibri Advanced solution provided by Zenitel will help DST to combine awareness and action in one flow; stay in control of unplanned situations; extend their capabilities as they grow; and integrate different systems more easily. The solution also provides a secure dedicated IP connection between the control rooms and the MCCN switch to take care of the data for both control and data such as GPS positions.

With 750,000 residents and millions of visitors per year, everyone agrees parking in the city must be tightly controlled. DST is a forerunner in using reliable parking inspectors together with reliable Zenitel tools to best serve the city, primarily Zenitel’s ANPR system. This practice has been fundamental in their success.
WE CARE...

ZENITEL’S ENVIRONMENTAL POLICY

Zenitel is moving forward to meet the challenges not only in its own business, but throughout the supply chain. Suppliers, customers and distributors are being encouraged to perform and conduct business in an environmentally friendly way. A Zenitel Supplier Audit involves managers of the business carrying out periodic assessments based on a vendor rating principle. However, Zenitel recognises there are many small and medium sized enterprises that depend upon the company but who lack the resource to be able to focus on environmental issues as much as they should be. Zenitel is committed to assist these companies to ensure that everyone is driving towards the same ultimate goal, and will select suppliers who are just as committed in working together towards environmental improvements.

Through the employment of a wide range of advanced technologies, such as Voice over IP, Zenitel is working to reduce harmful impacts, whilst maintaining historic and renowned quality standards to produce products that are relied upon to last. STENTOFON products have a reputation as the most reliable, quality communications for the world’s most demanding environments, and this is a reputation Zenitel will maintain. Zenitel also works hard to ensure the inherent reliability and longevity of its products to keep the environmental and baseline costs to a minimum. Through a proficient service network, Zenitel ensures its critical communication remains in proper working order throughout its useful life. By using the expertise that exists within the company (in over seventy countries worldwide) and with the possibility of remote programming and system diagnostics over IP, travelling and maintenance impacts are reduced. It all adds up to a solution from a company which once installed, is going to stay in service with very little attention for a long time.

To document all materials potentially hazardous to human health or the environment used in the construction of a ship, Zenitel Marine Norway complies with the IMO resolution A.962 Clean Design/Green Passport. Green Passport is verified and approved by maritime organizations like the DNV. After construction, a Green Passport accompanies a ship throughout its working life and allows any subsequent changes in materials or equipment to be recorded. The final owner delivers Green Passport with the vessel to the recycling yard.
In the unlikely eventuality of repair, Zenitel products are intrinsically designed so that product parts can be easily disassembled for easy maintenance and ultimate recycling. Here Zenitel complies with the European WEEE (Waste Electrical and Electronic Equipment) directive for environmental conservation, ensuring that Zenitel discarded equipment is recycled in an effective way. Zenitel products are backwards compatible meaning that old platforms can be migrated to new platforms which also avoids unnecessary replacement.

Contributing towards a better environment, Zenitel is committed to the goals of the RoHS (Restriction on use of Hazardous Substances) directive and will ensure all products meet the requirements which are applicable to them. Where legal requirements define Zenitel’s environmental obligations, it is always the company’s policy to strictly comply. In areas that remain unregulated, Zenitel’s commitment to improve environmental performance applies no less. For this reason, and in line with Zenitel’s long-standing dedication to environmental stewardship, it is the company’s intention to remove all hazardous substances listed in the RoHS Directive from Zenitel company products or to phase potentially incompliant products out.

Zenitel Norway also complies with the REACH European Directive N 1907/2006 related to the registration, evaluation and authorization of chemicals to better protect lives and the environment. Manufacturers and importers will be required to gather information on the properties of their chemical substances, which will allow their safe handling and registration. REACH Regulation also calls for the progressive substitution of the most dangerous chemicals when suitable alternatives have been identified.

The very stringent rules governing waste limitation are becoming more and more numerous, at both European and national level. In Belgium, Zenitel is affiliated to Val-I-Pac; an institution on the subject of packaging material and the recycling of it. Val-I-Pac mentors Zenitel in meeting the Cooperation Agreement on the Prevention and Management of Packaging Waste. In meeting the strict Belgian Agreement, Zenitel exceeds the levels set by European legislation and meets three important criteria’s: Zenitel periodically submits a prevention plan containing proposals to reduce the volume that is produced; Zenitel only uses packaging that is recycled or recovered, and every year Zenitel provides figures and proof to the Interregional Packaging Commission. Zenitel Belgium is also affiliated to the various local recycling institutions (Flanders region) and has set up programs to recycle everything from batteries to cardboard.

Furthermore, Zenitel Belgium and Zenitel Netherlands already hold the VCA certificate which relates to the SCC (Safety, Health and the Environment Checklist Contractors) comprehensive program for the assessment of companies’ safety, health and environmental management systems. Meeting their requirements, Zenitel has a company procedure for the recycling of a vast number of surplus materials.

**ZENITEL QUALITY ASSURANCE**

**Quality Assurance Policy**

Quality has been adopted as a fully grown management discipline throughout the entire Zenitel organization in line with, and even exceeding the scope of the ISO9001:2000 standard.

Quality Policies, sustained by Key Performance Indicators (KPI’s) per management discipline have been defined and communicated in all parts of the organization. They are posted throughout the buildings, appear in the quality management systems and are also regularly communicated to the customers.
Since 2008, Zenitel has implemented in certain countries a Balanced Score Card built around the approach set up by Kaplan and Norton. The Balanced Scorecard method of Kaplan and Norton is a strategic approach and performance management system that enables organizations to translate a company’s vision and strategy into implementation. Zenitel has taken the four recognised perspectives and created four Zenitel domains:

- Financial domain
- Customer domain
- Processes domain
- Employees, learning and growth domain

To allow the monitoring of present performance and capture information about how well the company is positioned to perform in the future.

The Key Performance Indicators (KPI’s) are linked with Critical Success Factors, which in turn relate to the strategic business objectives and of course fit into the company’s Mission Statement, Vision and Strategy. They are therefore used as an active monitoring tool by the management and once again at each monthly review.

Further integration of the various management systems is planned for the coming year and the Balanced Score Card has been reviewed and reshaped for 2009.

Quality Assurance Standards

Zenitel’s Quality Management System, conforming to the ISO 9001:2000 standard, is in the various countries verified and audited on a regular basis by independent accreditation organizations. In conjunction with the quality management system, most country offices have been awarded, or are in the process of obtaining a certificate for health and security at work. In most cases, the environmental topics are also covered by this certificate.

Belgium
The Belgian part of the organization was awarded the ISO9001:2000 certificate back in 2001. As a result of an intensive internal audit program, the quality management system has been improved and further reshaped. Zenitel internal auditors have received training and now provide valuable information on conformity and efficiency issues. Zenitel Belgium is also taking the first steps to adopt and implement the OHSAS18001:2007 standard on quality, environmental and occupational health safety management.

The Netherlands
Following the 2007 reorganization, Zenitel Netherlands started 2008 with a renewal and simplification of its quality system. The first audit of the new system will take place during the first quarter of 2009.

Singapore

The Caribbean
In the Caribbean, the company is near to completing the documentation for the same quality management system.
Norway

Denmark
During 2008 Zenitel Denmark underwent external audits of the ISO9001:2000 certification, with no remarks from the external auditor. As an ongoing process the company also updated its business descriptions to make sure it correctly reflects its processes.

SOCIAL RESPONSIBILITY

Zenitel’s solutions are particularly crucial in situations when ‘normal communication means’ fail. At those moments proven solutions are required, especially when life is at stake. This is perhaps the company’s most important contribution to a positive and peaceful development of society.

As a responsible company, Zenitel maintains an efficient service organization to enable its customers to protect life, property and activities.

In addition, the company wants to be a good corporate citizen, contributing to the improvement of the environment and to the prosperity of local communities where the company is operating. In Philipsburg, the capital of Dutch St. Maarten, for example, Windward Islands Emergency Medical Services (WIEMS) is now able to strengthen its communication in the field thanks to a donation of eight radios. The radios, valued at close to $10,000 in December 2008, is helping the non-profit organization WIEMS to give emergency medical assistance at a time of need.

Zenitel is also playing an active part in international relief work, and in 2008 the company supported Médecins Sans Frontières or Doctors Without Borders to provide food to tens of thousands of displaced civilians in the Congo, as well as treat survivors of mass rapes and widespread fighting. Charity donations are also made by Zenitel employees and once again in 2008, the Christmas bonus was forfeited to the Salvation Army.

Internally, the well-being of the employees is particularly crucial for Zenitel so the company makes a solid effort to create an attractive working environment for staff. In most subsidiaries there are consulting platforms dealing with any issues in which representatives from both the employer and employees take part. Zenitel also organizes a bi-annual structured employee satisfaction survey across the whole Zenitel Group. The last survey took place in Spring 2008 and the results have already become integrated into daily policy.

Since 2007, Zenitel actively seeks to be involved in:

- Fair trade initiatives
- Developing environmentally friendly solutions
- Business dedicated to environmental stewardship
- Recycling and sustainable waste management
## EMPLOYEES

### EMPLOYEE OVERVIEW

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure Communication Systems</td>
<td>173.0</td>
<td>183.0</td>
<td>207.0</td>
</tr>
<tr>
<td>System Integration[^3]</td>
<td>223.5</td>
<td>200.9</td>
<td>190.0</td>
</tr>
<tr>
<td>Networks</td>
<td>38.0</td>
<td>49.0</td>
<td>46.2</td>
</tr>
<tr>
<td>Support Centers</td>
<td>9.4</td>
<td>8.1</td>
<td>9.1</td>
</tr>
<tr>
<td>Colsys[^4]</td>
<td>160.7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>604.6</td>
<td>441.0</td>
<td>452.3</td>
</tr>
</tbody>
</table>

[^1]: FTE: full time equivalent
[^2]: During the accounting years 2006 and 2007, Zenitel was organized into three geographical regions, each with a focus on one key offering. As from 1/1/2008, Zenitel is completely reorganized following these three key offerings.
[^3]: System integration
[^4]: Colsys sro was sold in April 2007

(1) Colsys sro was sold in April 2007
(2) During the accounting years 2006 and 2007, Zenitel was organized into three geographical regions, each with a focus on one key offering. As from 1/1/2008, Zenitel is completely reorganized following these three key offerings.
(3) FTE: full time equivalent
(4) Belgian restructuring impact not yet fully included. After completion of restructuring of Belgium: -12 FTEs.
**STAFF SHAREHOLDING PLAN**

In the context of and within the limits of the authorized capital, and with a view to increasing motivation, the board of directors decided to issue two warrant plans, in the years 2000 and 2004 respectively, intended for directors and employees in the year 2000 and for employees in 2004. At the end of 2008, 202,459 warrants were outstanding.

The warrants had an initial duration of five years as of the date on which they were offered, but in 2003 the duration of the then outstanding warrants was increased by three years. Warrant holders can only exercise their warrants after the expiry of a period of twelve months after the date on which the warrants were offered to them. As of the second year, warrant holders can exercise a third of their warrants during the following three consecutive years.

Warrants can only be exercised during the following periods: from 15 to 31 March, from 15 to 31 May, from 15 to 31 August and from 15 to 30 November.

Each warrant entitles the holder to subscribe to one Zenitel share at a predetermined price, the strike price. The strike price is equal to the average closing price of the Zenitel share for the thirty calendar days prior to the offering. No warrants were exercised in 2008. The warrants may in principle only be exercised insofar as the professional relationship between Zenitel and the warrant holder is not terminated. The warrant plans stipulate a number of exceptions whereby warrants can still be exercised. The board of directors or the remuneration committee may grant additional exceptions.

The table below provides a summary of the number of outstanding warrants.

Outstanding warrants as at 31 December 2008

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start of the financial year</strong></td>
<td>422,700</td>
<td>356,700</td>
<td>313,702</td>
<td>438,640</td>
<td>480,982</td>
<td>475,731</td>
<td>475,731</td>
</tr>
<tr>
<td><strong>Granted</strong></td>
<td>-</td>
<td>-</td>
<td>137,105</td>
<td>54,842</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Exercised</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Expired</strong></td>
<td>66,000</td>
<td>42,998</td>
<td>12,167</td>
<td>12,500</td>
<td>5,251</td>
<td>-</td>
<td>273,272</td>
</tr>
<tr>
<td><strong>End of the financial year</strong></td>
<td>356,700</td>
<td>313,702</td>
<td>438,640</td>
<td>480,982</td>
<td>475,731</td>
<td>475,731</td>
<td>202,459</td>
</tr>
</tbody>
</table>
SHARES AND WARRANTS HELD BY MANAGEMENT AND MEMBERS OF THE BOARD

<table>
<thead>
<tr>
<th>Board of directors</th>
<th>Indep/Dep</th>
<th>Shares</th>
<th>Warrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRECI BVBA, represented by Rudy Broeckaert</td>
<td>Dependent</td>
<td>25,406(^1)</td>
<td>None</td>
</tr>
<tr>
<td>DE WILG GCV, represented by Dirk Van Tricht</td>
<td>Dependent</td>
<td>2,000,000</td>
<td>None</td>
</tr>
<tr>
<td>Frank DONCK</td>
<td>Dependent</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>HOUTERMAN Management Consultancy BV, represented by Ferry J.M. Houterman</td>
<td>Independent</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Erik HOVING</td>
<td>Dependent</td>
<td>12,243</td>
<td>54,842</td>
</tr>
<tr>
<td>Beckers Consulting BVBA, represented by Eugeen Beckers, CEO</td>
<td>Dependent</td>
<td>40,000(^1)</td>
<td>None</td>
</tr>
<tr>
<td>Duco SICKINGE</td>
<td>Independent</td>
<td>10,203</td>
<td>None</td>
</tr>
<tr>
<td>VZH NV, represented by Eric Van Zele, Chairman</td>
<td>Independent</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

Information as to the share ownership and any options over such shares of the ZOM senior management, as defined in the chapter corporate governance:

<table>
<thead>
<tr>
<th>Senior Management</th>
<th>Shares</th>
<th>Warrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beckers Consulting BVBA, represented by Eugeen BECKERS</td>
<td>40,000</td>
<td>None</td>
</tr>
<tr>
<td>Rika COPPENS</td>
<td>5,000</td>
<td>None</td>
</tr>
<tr>
<td>Kenneth DASTOL</td>
<td>None</td>
<td>3,000</td>
</tr>
<tr>
<td>David FLEISCHER</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Knowledge Networks BVBA, represented by Eddy MALDAGUE</td>
<td>185,000</td>
<td>None</td>
</tr>
<tr>
<td>Rob RENTENAAR</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Mario SCHOUTEN</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Ingenior BVBA, represented by Alain VAN DEN BROECK</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>
REPORT OF THE BOARD

INCLUDING FUNDING/DESCRIPTION RESULTS/OUTLOOK

2008 was a year of significant change and restructuring for the Zenitel group. We initiated a strategic business review aimed at improving the companies’ business fundamentals and examining a full range of strategic alternatives.

ZENITEL’S STRATEGY

Introduction

As from 2008 onwards, Zenitel is organized around its three centers of excellence: Secure Communication Systems, System Integration and Networks. In the key offering Secure Communication Systems a focus has been created around the development and marketing of own products, mainly the intercom product. As products become more complicated and customers request expertise and knowledge from the supplier to integrate these products with existing systems, the system integration and 3rd party product distribution (such as sales of radio’s (PMR), accessories, ruggadized PC’s, …) units have been combined into the System Integration division. In 2005, Zenitel set its first steps in the Network operator business. With ChuChubi in the Caribbean and MCCN in the Netherlands and Belgium, Zenitel is the largest private TETRA network operator in these geographical areas.
The new organization as from 2008, looks as follows:

**Action plan**

The first priority for Zenitel remains to focus on profitable activities.

Therefore, and as previously announced, Zenitel wishes to focus on its **Secure Communication Systems** activities. These activities have grown continuously since 2005 both in revenue and in profitability. This has been realized, thanks to relentless efforts to invest in Research & Development and the focus on topline growth.

Revenues (+ EUR 6.3 million) in both the onshore and marine intercom business further increased in 2008. This is thanks to success of the VoIP platform combined with the further introduction of the full IP stations range and the increased marine activity in general.

The fully IP-based STENTOFON AlphaCom E intercom system was launched on 1 June 2006. The commercial launch has been a success and sales picked up more rapidly than expected. During 2008, 1,978 platforms were sold, compared to 1,376 platforms in 2007, bringing the total to 4,097 cards
shipped. The combination of both the IP platform and the IP (sub) stations, results in a substantial decrease of the total cost of ownership for Zenitel customers, because of the fact that there is no need for proprietary cabling. In 2009, Zenitel will continue to develop IP applications and equipment, in order to be able to serve different customer segments. Simultaneously, the older platforms are out phased, through integration with the IP-platform.

The key developments in 2008 were for example the new VINGTOR Billing Solution, allowing customers to generate revenues from their Vingtor ACM system, a Wireless DECT solution for both Vingtor ACM-E and Stentofon ACE, the Microsoft OPC Interface Developed Enabling Seamless Integration with Security & Building Management Systems and the continuous expansion of the Vingtor and Stentofon Station range.

All product developments aim at helping our customers forward in their search for solutions, enabling them to work in a more efficient and effective way, especially during crisis situations.

For 2009, development will also focus on increasing the Vingtor offering and applications. This development aims at increasing the revenue per vessel equipped with our products and solutions. Also focusing on license and maintenance revenues when selling own product will enable further profitable growth while getting closer to the customer. In the near future, adding software will allow customer to add functionalities to their existing platform.

The drop in order intake in the System Integration business, especially in the Benelux, which started in 2007, lasted throughout 2008. This drop in order intake continued to heavily impact this business’ turnover, earnings and cash. As a consequence Zenitel’s board and management decided to start divestments especially in this System Integration activity.

In the mean-time however, and during 2008, the Board continued to restructure this loss-making activity, in order to streamline the business. The decrease in the PMR (handsets/mobiles/…) distribution business and the requirement by customers to focus more on integration of their communication tools with security systems and IT platforms, require different skill sets. In this mindset, the current level of employment in the system integration activity performed by Zenitel Wireless France SA and Zenitel Belgium NV, has been further reduced, resulting in EUR 2.1 million additional reorganization expenses in 2008.

At the same time, a new management team has been put in place, both in Zenitel Netherlands BV and Zenitel Belgium NV. Their primary focus is on building an efficient product distribution activity on the one hand, by reducing costs and focusing on a more limited product portfolio. On the other hand, the solutions and services business needs to be expanded. The first steps in this direction have been made, through the development of the ANPR (Automatic Number Plate Recognition) –solution, Kolibri (Command & Control) and Zenifire (an IT solution which takes the load and error-possibility off of employees responsible for writing reports after emergencies, was expanded in 2008 with three new optional components: an RFID system for automatic registration of staff, a GIS system for information about the site of the emergency and surroundings, and a module for managing radio communications and vehicle flash beams/signals).

In Zenitel’s Networks business the focus is to offer a fully managed critical communication solution for both authorities and industries, by committing to high service level standards.

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 1 January 2006, the first user was connected to the network. In 2007, Zenitel launched its TETRA network in Belgium. Per 31 December 2008, a total of 8,421 users were contracted on the TETRA networks (ChuChubi: 6,676; MCCN: 1,745).
Today, all existing customers on Zenitel’s TETRA networks are extremely happy with the quality of the communication services rendered. Following the capital increase in 2007, 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 Antwerp city are also covered. Given, the current cash situation at Zenitel and going forward, the network will be further rolled-out as opportunities arise. Today, this business (both MCCN in Belgium and the Netherlands, and ChuChubi in the Caribbean) reaches an almost break-even EBITDA, including over EUR 1.4 million operational expenses to commercially and technically develop the MCCN networks. Nevertheless, the MCCN network was not able to capture 1,000 additional new users, as expected. This was due to unexpected low price competition.

Notwithstanding a difficult 2008, the Company is able to show increased backlog figures for 2009, both in terms of total backlog as in terms of backlog related to 2009 revenue.

<table>
<thead>
<tr>
<th></th>
<th>31/12/2006</th>
<th>31/12/2007</th>
<th>31/12/2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total backlog</td>
<td>60,997</td>
<td>67,583</td>
<td>68,865</td>
</tr>
<tr>
<td>Related to next year</td>
<td>33,641</td>
<td>38,743</td>
<td>39,771</td>
</tr>
</tbody>
</table>

**BACKLOG OVERVIEW 2009**

In thousands EUR

**IAS-IFRS**

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. These consolidated statements have been prepared under the historical cost convention except for certain financial instruments (including derivatives) which are measured at fair value.

**Changes in presentation compared to previous year**

In view of the changes in the internal reporting structure and organization, the presentation of the segment reporting (see note 2 to the consolidated financial statements) has changed compared to the last year. In this respect, the presentation of the 2007 figures differs from the previously published figures.
Adoption of new and revised international financial reporting standards - Application of new IFRS

IFRS 8 Operating segments introduces the “management approach” to segment reporting. IFRS 8 requires disclosure of segments information based on the internal reports regularly reviewed by Zenitel’s Chief Operating Decision Makers in order to assess each segment’s performance and to allocate resources to them. In 2006 Zenitel early adopted IFRS 8, adapting its segment reporting to the management reporting of the group. This was done because management, reporting and decisions were made on a regional level. Since January 1st, 2008 the management structure of the group changed and as a result management, reporting and decisions are made on a key offerings basis as from 2008. This is why the segments reported on in these consolidated financial statements differ compared to the segment reporting included in the consolidated financial statements of 2007. We refer to note 2 to these consolidated financial statements for further explanations.

IFRS 7 Financial Instruments: Disclosures was adopted in 2007. IFRS 7 introduced new requirements to improve the information on financial instruments that is given in entities’ financial statements. It replaces IAS 30 Disclosures in the Financial Statements of Banks and Similar Institutions and some of the requirements in IAS 32 Financial Instruments: Disclosure and Presentation.

The following standards became applicable for 2008, but did not significantly impact these financial statements:

- IFRIC 11 IFRS 2 Group and Treasury share Transactions (applicable for accounting years beginning on or after 1 March 2007)
- IFRIC 12 Service Concession Arrangements (applicable for accounting years beginning on or after 1 January 2008)
- IFRIC 14 ‘IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction’ (applicable for accounting years beginning on or after 1 January 2008)
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (amendments to be applied as from 1 July 2008 onwards).

The following standards have been issued but are not yet effective:

- Amendment to IAS 27 Consolidated and Separate Financial Statements (applicable for annual periods beginning on or after 1 July 2009). This Standard amends IAS 27 Consolidated and Separate Financial Statements (revised 2003).
- Amendment to IFRS 2 – Vesting Conditions and Cancellations (applicable for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable financial instruments an obligations arising on liquidation (annual periods beginning on or after 1 January 2009).
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (annual periods beginning on or after 1 July 2009).
The Company did not early adopt these standards and has not yet determined the potential impact of the interpretation of these standards.

FINANCIAL YEAR 2008

Zenitel hereby presents its report of the board of directors of the operations of the Zenitel Group for the financial year 2008. This report combines both the statutory and consolidated accounts. Zenitel also submits for your approval the statutory annual accounts of Zenitel NV for the year ended 31 December 2008. The financial reporting for 2008 has been made separately for the three key offerings, according to Zenitel's organization structure applied in 2008, being Secure Communication Systems, System Integration and Networks.

Consolidated accounts

Income statement 2008

Total turnover decreased by 3.3% from EUR 95.3 million in 2007 to EUR 92.2 million. However, the 2007 revenues still included 3 months Colsys revenues for an amount of EUR 2.6 million. Excluding Colsys, the 2008 revenues are in line with 2007.
Where in 2007, the increased revenues in the intercom segment could not yet cover for the decrease in the System Integration business, the substantial increase in 2008 revenues (EUR +6.3 million or +12.7%) realized in the Secure Communication Systems business almost covered the decrease in revenues in the System Integration business (EUR -6.7 million or -17.2%). The increased revenues in the Secure Communication Systems business stem from the products and solutions sold in both the onshore, but especially in the marine market, mainly in Asia. The main reason for the decrease in the System Integration business was the lower revenues realized in the France (EUR -3.9 million), Belgium (EUR – 2.0 million) and the Netherlands (EUR -1.3 million), only partially offset by the increase in Denmark (EUR +0.9 million).

Notwithstanding the important increase in revenues and recurrent EBITDA (Earnings Before Interest and Tax, Depreciation and Amortization) in 2008 in Secure Communication Systems (from EUR 3.0 million in 2007 to EUR 4.3 million in 2008), the recurrent EBITDA in System Integration decreased substantially, from EUR -0.7 million in 2007 to EUR – 4.0 million in 2008, resulting in an overall recurrent EBITDA decrease from EUR -0.2 million in 2007 to EUR –2.6 million in 2008. This lower profitability is both due to lower margins realized in the international business, given the slow order intake and low margin projects executed from backlog, and due to the fact that, given the longer negotiations with the unions, the planned savings from restructurings in Belgium, only started as from the fourth quarter.

EBIT (Earnings Before Interest and Tax) in 2008 amounted to EUR – 13.0 million compared to EUR -10.6 million in 2007. The 2008 one-time items are mainly influenced by the remaining restructuring provisions and the work on old projects.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA (1)</td>
<td>(5,285)</td>
<td>(7,100)</td>
</tr>
<tr>
<td>One-time-items</td>
<td>2,658</td>
<td>6,850</td>
</tr>
<tr>
<td>Recurrent EBITDA</td>
<td>(2,627)</td>
<td>(250)</td>
</tr>
</tbody>
</table>

EBITDA (1) is a non-GAAP measure and is defined as operating profit + depreciation + amortization + impairments.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD (in KEUR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One-time-items</td>
<td>2,658</td>
<td>6,850</td>
</tr>
<tr>
<td>Total restructuring</td>
<td>2,324</td>
<td>5,415</td>
</tr>
<tr>
<td>Old projects</td>
<td>766</td>
<td>1,028</td>
</tr>
<tr>
<td>Reversal old claims for which legal claim period expired</td>
<td>-432</td>
<td>-</td>
</tr>
<tr>
<td>Sale subsidiary</td>
<td>-</td>
<td>392</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>15</td>
</tr>
</tbody>
</table>

Total net financial expense amounted to EUR -0.2 million compared to EUR -1.7 million in 2007. The higher interest charges, due to higher average borrowings during 2008, were almost completely offset by the foreign exchange gains, especially relating to the NOK.
The consolidated net result of the Zenitel Group shows a loss of EUR -13.5 million, compared to EUR -12.5 million in 2007. Earnings per share, after correction of the treasury shares were EUR – 0.82, compared to EUR -0.89 in 2007.

Segment reporting

Secure Communication Systems, strong in own and third party products and some system integration, has been able to continue its growth and increased its revenue by EUR +6.3 million compared to 2007. This increase was mainly driven by sales in the Marine segment in Asia and in Norway. The IP platform, launched in 2006 and the further development of applications and equipment on the IP platform in 2007 and 2008 continued to boost intercom sales in 2008. France realized a EUR +2.2 million revenue increase thanks to a large project while revenues in Sweden, Finland, Italy and USA decreased. By addressing the specific issues, mainly in Sweden and by implementing new sales channels in the US, management is convinced that the ongoing focus on product development and product management will enable the intercom segment to further grow, both in the Onshore and in the Marine segment. At the same time, the outphasing of the ‘old’ platforms, through integration with the IP-platform, continues. The increase in revenues also explains the increase in recurrent EBITDA.

The higher EBIT in 2007 is due to the allocation of the proceeds of the sale of Colsys to this segment, since the shares of Colsys were held in Norway.
The System Integration segment, with a focus on system integration projects, distribution and related maintenance services, saw a decrease in its turnover by EUR -6.7 million compared to 2007. In France (EUR -3.9 million) due to low order intake on rail contracts in South and Central America. Both in Belgium (EUR – 2.0 million) and the Netherlands (EUR -1.3 million) revenues are down, due to low professional radio equipment sales. Especially in the Netherlands, the expected replacement orders under the new EARS contract are being delayed. Also in Denmark the professional radio equipment investments relating to the new SINE network show delays, but the further growth of the Danish service department contributed to a EUR +0.9 million revenue increase in Denmark, mainly thanks to the large service contract with Danish Rail Net.

As orders for radio networks and related equipment were further delayed in Benelux, France and Denmark, the rightsizing of the System Integration business has been and continues to be one of our main priorities. In the Netherlands, and in addition to the organizational changes that were already made in 2007 and for which payments were performed in the first six months of 2008, a new managing director has been put in place. In Zenitel Belgium, the largest of our System Integration activities, important changes took place in the management layers, as the managing director and sales director were replaced by a new management team focusing on projects rather than on product sales. The negotiations with the union representatives, regarding cost reductions in Belgium and France were finalized in September 2008. The savings and reduction of FTEs in both Belgium and France, by in total approximately 30 FTEs will have its full effect as from May 2009.

Due to the above additional restructuring efforts, the EBIT has been negatively impacted. At the same time, and due to the negative results realized in both 2007 and 2008, all goodwill, relating to the System Integration segment has been impaired, resulting in an impairment loss of EUR -3.5 million.

The Networks unit is specialized in network operating services and contains the activities of Zenitel’s own Tetra networks in the Netherlands and Belgium (MCCN) and in the Caribbean (ChuChubi). Also included in this segment are the EUR 2.6 million Colsys revenues of the first quarter of 2007, the period before it was divested by the Group. When excluding Colsys, Network revenues stayed in line with 2008.
Both MCCN and Caribbean realized a small growth. This growth was offset by the negative impact of the further weakening Antillean guilder, resulting in a EUR 0.4 million negative impact on revenue and a EUR 0.2 million negative impact on EBITDA. The Caribbean network business grows organically. The growth in both MCCN Belgium and MCCN Netherlands, remains slow and difficult. Some large tenders have been stopped or lost by MCCN. Nevertheless, some large customers, both in Belgium and the Netherlands, have started to use the MCCN network during a pilot, offering large opportunities for the future. Nevertheless, the network will only be expanded, based on identified customer opportunities. The 2007 EBIT in the Networks segment was negatively influenced by the deconsolidation of Colsys.

**Consolidated Balance Sheet**

Property, plant and equipment approximately remained at the same level of EUR 16.1 million. The amount of additional investments, mainly in the Networks, is offset by the depreciation of the year.

The goodwill decreased from EUR 7.7 million to EUR 3.5 million, due to the impairment loss accounted for, relating to the System Integration business. The other intangible assets, decreased from EUR 2.0 to 1.7 million, due to higher depreciation charges on earlier investments in Research and Development (VoIP platform).

The deferred tax assets decreased, mainly due to the impact of foreign currency translation. At the same time, the deferred tax assets are now totally allocated to the Secure Communication Systems unit, whereas, the deferred tax assets for the System Integration business, have been derecognized.

Inventories decreased from EUR 12.4 million to EUR 11.1 million. This decrease is mainly due to the lower revenues realized in the System Integration business, and due to the increased attention to working capital, in the Intercom segment. The contracts in progress decreased from EUR 7.8 million to EUR 5.3 million, due to low order intake and revenues in the line of business.

Trade debtors decreased from EUR 25.3 million to EUR 23.0 million, given the above mentioned attention to working capital.

Equity on 31 December 2008 amounts to EUR 8.0 million, compared to 24.1 million in 2007, given the net result of the year of EUR -13.5 million and the exchange differences arising on translation of foreign operations, for EUR -2.6 million.

The total non-current liabilities increased from EUR 16.0 million to EUR 17.9 million. This increase is mainly due to the higher provisions, relating to the early retirement plans granted, in the context of the System Integration restructuring.

The trade and other payables decreased from EUR 31.3 million to EUR 28.6 million, due to higher pressure on accounts payable, given the current economic and financial crisis. Borrowings increased from EUR 3.2 million to EUR 8.2 million, mainly due to the additional credit lines used from the company’s leading bank (EUR 3 million) and main shareholder (EUR 1.5 million). Provisions decreased from EUR 8.5 million to EUR 5.2 million. This decrease is the result of a number of effects, such as the reclassification of the short term provisions to non-current liabilities, the payment of the restructuring in the Netherlands and partially in Belgium and the increase in provisions, due to additional restructuring efforts in both Belgium and France.

The board of directors has evaluated the net book value of capitalized development costs, the net book value of the network investments, positive consolidation differences, deferred tax assets, contracts in process and (restructuring) provisions and is of the opinion that the amortizations and provisions are sufficient. With regards to the financial position and liquidity and the going concern (art. 96) the board of
directors wishes to refer to the separate paragraph on the outlook and justification of the application of the valuation rules under the going concern assumption.

Sources and application of funds
Total cash flow of the Zenitel Group amounted to EUR -6.3 million compared to EUR 7.4 million in 2007. The positive cash flow of 2007 is mainly due to the capital increase of May/June 2007 with net proceeds of EUR 18.7 million, offset by the negative cash flow mainly from restructuring costs.

For 2008, net cash from operating activities amounted to EUR -3.8 million, versus -6.4 million in 2007, and this despite higher financial charges. The improvement in cash from operating activities can be explained by the fact that over EUR 7.7 million of the net loss of the year is explained by amortization, depreciation and impairments (non-cash items), compared to EUR 3.5 million in 2007. Net cash used in investing activities remained at the same level in 2008 compared to 2007.

Human resources
In the chapter ‘Employees’ of this annual report, an overview of Full Time Equivalents (FTEs) per key offering is included. The total number of employees per end of 2008 was almost 451, compared to 441 a year earlier. This change is due to an increase in the number of employees in the growing Secure Communication Systems’ business, offset by a decrease, mainly in the System Integration unit, where significant restructuring measures were taken, especially in Zenitel Wireless France SA (-7 FTE) and in Zenitel Belgium NV. The largest impact of the restructuring of Zenitel Belgium NV is however expected in 2009. The main recruitments in Secure Communication Systems occurred in the Marine business (+16 FTE), of which 10 persons were hired in our Asian subsidiary, where turnover increased by over 60%.

Important subsequent events
No procedures linked to article 523 and/or 524 of the Belgian company code were applied during accounting year 2008. However, given the additional credit lines, granted by the company’s leading bank and 3D, the procedures as described in above mentioned articles have been applied in the beginning of 2009. Since the credit lines from both the leading bank and 3D, have been granted at similar conditions, the Board of Directors of February 11, 2009 followed the advice of the independent directors and the independent expert, and authorized the transactions.

Information regarding circumstances that can influence the development of the company
Please refer to the paragraph in the statutory report ‘Justification of application of valuation rules under going concern’ (Article 96,6°) of this report, where Zenitel provides information on the main risks and uncertainties that could negatively impact the development, financial results or the market position of the company.

Statement on audit committee
Following the changes in the Belgian company code, the board of directors confirms the independence and knowledge of the chairman of the audit committee, Mr. Dirk Van Tricht regarding accounting and audit.

Use of financial instruments
Financial risk management
During 2008, as in previous years, and in order to secure Zenitel’s commercial transactions in foreign currencies, principally in GBP, USD and HKD, Zenitel NV hedged for the group the currency risks by bank forward exchange contracts. It should be noted that these transactions relate to minor values.

Incurred price risks, credit risks, liquidity risks and cash flow risks
The group has countered the price risk and the risk for inflation in the Caribbean by fixing local credit facilities in local currencies, on a non recourse basis. This implies that both revenues and the repayment


of credit facilities are in local currency. The same is valid for Norway, since the Group concluded credit facilities in NOK, to finance the trade receivables and inventory in Norway.

**Outlook and justification of application of valuation rules under going concern (article 96,6°)**

The statutory balance sheet as per 31 December 2008 shows a loss carried forward of EUR 48.2 million. Nevertheless, the board of directors is of the opinion that the application of the existing valuation rules, under going concern is still justified.

The drop in order intake in the System Integration business, especially in the Benelux, which started in 2007 and lasted throughout 2008, continued to heavily impact this business' turnover, earnings and cash. Therefore, the goodwill on this business has been impaired for EUR 3.5 million, resulting in a net loss for the company of EUR 13.5 million compared to EUR 12.5 million in 2007. The savings from the reorganization in the System Integration business only came into effect as from the 4th quarter of 2008, therefore these savings have not been able to compensate for the additional losses incurred.

Given these negative results in the System Integration business and given the current difficult economic outlook, management is evaluating, together with its advisors, all strategic options.

In order for the company to be able to execute the above mentioned options, both the company’s leading bank and 3D have granted the group additional credit, both on similar terms and conditions.

Taking into account that Zenitel’s ‘Secure Communication Systems’ business has grown continuously since 2006, both in terms of turnover as in terms of recurring EBITDA, the company’s Board and management wish to focus on SCS as its core business, and considers, in the context of ensuring the company’s going concern, divestments of the other parts of the business, especially in the System Integration activity. Nevertheless, given the current economic and financial crisis, the outcome of the above mentioned processes is uncertain. The results of these divestment processes will be carefully evaluated. The first results regarding the ongoing processes are expected in the course of the second quarter of 2009.

The successful realization of the above processes is imperative to Zenitel's future, 2009 outlook and ability to continue as a going concern. Should Zenitel not be able to successfully close the above processes, additional financial means will be necessary as from June 2009. Given the fact that today, the board of directors is evaluating different strategic options and received several indicative options for potential divestments and sales of assets; the board has no elements indicating that the above financing plans would not be realizable. Therefore, the board of directors is of the opinion that the application of the existing valuation rules under going concern is still justified.

**Fees paid to the external auditor or associated offices:**

- **Audit fees:**
  - Zenitel NV: 62,500 EUR
  - Zenitel Group: 252,060 EUR

- **Non audit fees:**
  - Legal tasks: 5,000 EUR
  - Other: 13,000 EUR

- **Fees paid to associated offices:**
  - Legal matters: 45,000 EUR
Statutory accounts

Balance sheet
The fixed assets include EUR 0.8 million formation expenses. These relate to the capitalization of the costs of both the capital increase of February 2005 and the capital increase of May/June 2007. The tangible fixed assets decreased from EUR 1.6 million to EUR 1.5 million, due to further depreciation, only partially offset by the acquisition of a demo system on behalf of the group’s subsidiaries.

The financial fixed assets decreased from EUR 52.3 million to EUR 43.2 million, due to impairments, relating to Zenitel Belgium NV (EUR 7.0 million) and Zenitel Denmark A/S (EUR 2.3 million), and the sale of Zenitel Finland oy, Zenitel Wireless Norway AS and Confined Area Solutions AB (EUR 2.2 million), partially offset by the capital increase of Zenitel Norway AS (EUR 3.5 million) and Zenitel Caribbean BV (EUR 0.6 million).

The amounts receivable within one year decreased from 24.7 million to EUR 16.3 million. This is mainly due to the write-off relating to Zenitel Wireless France SA (EUR 2.7 million), Zenitel Denmark A/S (EUR 1.0 million) and Confined Area Solutions AB (EUR 1.3 million) and Zenitel Marine Sweden AB (EUR 1.1 million). At the same time, a dividend payment from Zenitel Netherlands BV to Zenitel Finance Netherlands BV of EUR 2.0 million took place, decreasing the receivable from Zenitel Finance Netherlands BV to Zenitel NV for the same amount.

The change in equity from EUR 64.2 million to EUR 38.4 million is due to the result of the year (see infra).

The provisions for risks have slightly increased from EUR 0.1 million to EUR 0.2 million, mainly due to an increase in the provision for an old claim.

The long term liabilities approximately remained at the same level, at EUR 7.1 million. The short term liabilities increased from EUR 11.6 million to EUR 16.5 million. This increase is mainly due to, on the one hand, an increase of EUR 1.5 million concerning the use of credit lines at the Company's credit institutions, and an increase in the other debts from EUR 8.3 million to EUR 12.7 million, concerning the debts towards subsidiaries, mainly to Zenitel Belgium NV for EUR 6.7 million, offset by the repayment of the debt from Zenitel NV to Zenitel Netherlands BV for EUR 2 million (use of dividend payment) and the new shareholder debt for EUR 1.5 million.

Income statement
The company’s operational result amounts to EUR -0.4 million, which is similar to 2007. Nevertheless, this is due to higher costs incurred, especially from Zenitel Norway AS, which in turn have been cross charged to the Secure Communication Systems subsidiaries, through management fees. Financial income has increased from EUR 1.7 million to EUR 1.9 million. Nevertheless, the 2007 financial income related to the capital increase, which allowed higher deposit amounts at the bank. The 2008 financial income relates to the profits resulting from the sale of subsidiaries to Zenitel Norway AS. Financial expenses, increased from EUR 2.9 million to EUR 7.0 million, mainly due to write-offs of the receivables from subsidiaries.

The exceptional costs of 2007 mainly relate to the write-off of the financial assets, relating to Zenitel Belgium and Zenitel Wireless Norway. Also in 2008, the impairments of the financial fixed assets caused a EUR 20.5 million cost (see description on balance sheet). The result to be appropriated amounts to EUR -25.7 million in 2008, versus EUR – 11.7 million in 2007.
Research and development
There were no research and development activities at the level of the holding company during the year under review.

Appropriation of results
Considering the loss of the year of EUR -25,717,993, the board of directors proposes to appropriate the result as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result carried forward prior year</td>
<td>(22,447,690) EUR</td>
</tr>
<tr>
<td>Result of the year</td>
<td>(25,717,993) EUR</td>
</tr>
<tr>
<td>Result carried forward</td>
<td>(48,165,683) EUR</td>
</tr>
</tbody>
</table>

After appropriation, the equity of Zenitel NV can be detailed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>25,274,723 EUR</td>
</tr>
<tr>
<td>Share premium</td>
<td>28,725,677 EUR</td>
</tr>
<tr>
<td>Reserves</td>
<td>32,604,536 EUR</td>
</tr>
<tr>
<td>Result carried forward</td>
<td>(48,165,683) EUR</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>38,439,252 EUR</td>
</tr>
</tbody>
</table>

Conflicts of interest
During the year under review, no procedures linked to article 523 and/or 524 of the Belgian company code were applicable. Nevertheless, we refer to the paragraph on subsequent events, of this report for further details.

Authorized capital
On 14 December 2007, an extraordinary shareholders’ meeting decided to renew the authorized capital up to an amount of EUR 25,274,722.95, for a period of five years. The Board has not used its capacity regarding authorized capital since.

Risk factors and uncertainties
Regarding the Company’s risk factors and uncertainties, please refer to Section Facts and Figures 2008, which form an integral part of this Annual Report 2008. In this Section, a separate chapter is related to the Company’s risk factors and special attention is paid to the Company’s risks and uncertainties in the Company’s financial statements and valuation rules.
RESPONSIBILITY FOR THE CONTENT OF THE ANNUAL REPORT

To the best of our knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss. The report of the board of directors includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties the Company faces.

Eugene Beckers Rika Coppens
Beckers Consulting BVBA
CEO CFO

RESPONSIBILITY FOR AUDITING THE ACCOUNTS

The consolidated and statutory annual accounts of the company as at and for the periods ending on 31 December 2008, drawn up respectively in accordance with the International Financial Reporting Standards (IFRS) and the Belgian Generally Accepted Accounting Principles have been audited by Deloitte Bedrijfsrevisoren, Berkenlaan 8B, 1831 Diegem, represented by Mr William Blomme.
ANNUAL REPORT

This Annual Report will be made available to investors at no cost at the registered office of Zenitel, Z.1. Research Park 110, Pontbeek 63, 1731 Zellik, Belgium. This Annual Report is also available via the Internet on the following website: www.zenitel.com, in the chapter ‘Investor Relations’.

Zenitel has arranged for an electronic Dutch translation of the English language Annual Report and takes responsibility for consistency between the texts in these language versions. Should there be any differences of interpretation between the English and Dutch language versions, then the English language version alone is legally binding.

COMPANY DOCUMENTS

The articles of association of Zenitel, the Annual Report, the interim reports and press releases from Zenitel can be found on the company’s website referred to above. A copy of these and of every document referred to in this Annual Report, which is available for public consultation, can be obtained at no cost at the registered office of the Company. The historical consolidated financial information of Zenitel and its subsidiary undertakings for each of the two financial years preceding the publication of this Annual Report can be found on the website referred to above or can be obtained at no cost at the registered office of Zenitel.
Glossary
2008

ACM  Product name for VINGTOR AlphaCom Marine exchange family

ACM-M-A  Product name for VINGTOR ACM analogue exchange

AGA BOARD  AlphaCom feature card supporting general analogue audio channels

AE1 BOARD  AlphaCom feature card supporting 2 Mbps digital channels

ALPHACOM  Product name for the STENTOFON exchange range

ALPHANET  Network of AlphaCom exchanges

AMC – IP CARD  AlphaCom main processor card

ANPR  Automatic Number Plate Recognition

AOIF/AFER  Administratie van de Ondernemings- en InkomensFiscaliteit/Administration de la Fiscalité des Entreprises et des Revenus

ASACOM  Product name for the ASACOM exchange range, a Zenitel communication system allowing access to a broad range of communication and securities aspects

ASCII  Standard coding for characters

ASIS  American Society for Industrial Security
ASTRID  All-round semi cellular Trunked Radio communication system with Integrated Dispatchings - ASTRID is a specialised telecom operator offering an infrastructure for integrated radio communication for voice and data to the Belgian public first aid and safety organizations. It is a semicellular trunking radio communication system with integrated dispatching

ATCOM  Wireless Solutions entity based in France

ATEX  Explosion proof equipment

AVLS  Automatic Vehicle Location System

BFIC  Banking, Finance and Insurance Commission

BU  Business Unit

C2000  Country-wide digital network for mobile communication of the Dutch first aid services. C2000 is based on the European TETRA standard

CCoIP®  Critical Communication over IP

CCTV  Closed Circuit TV

CEO  Chief Executive Officer

CFO  Chief Financial Officer

ChuChubi Trunking  Caribbean TETRA network

CIP  Contracts in Progress

CONFINED AREAS  Closed areas where radio communication is difficult, for instance in tunnels, metro stations and parking buildings

CRM V  STENTOFON Control Room Master station version V (five)

DAK  Direct Access Key
DCS  Digital Communication System - DCS is comparable to GSM technology, but works on higher frequencies and smaller cells

DECT  Digital European Cordless Telecommunication

DMR  Digital Mobile Radio

DMS  Digital Multiplex System

DVR  Digital Video Recorder

EBIT  Earnings Before Interest and Taxes

EBITDA  Earnings Before Interest, Taxes, Depreciations and Amortizations

FRB’s  Federal Reserve Banks

FTE  Full Time Equivalent

GMDSS  Global Maritime Distress and Safety System

GPRS  General Packet Radio Service - Advanced version of GSM technology working offering more developed mobile Internet applications such as e-mail

GPS  Global Positioning System

GROUND STATIONS  Coastal communications systems, ground-to-air radio communication systems and solutions conforming to the applicable security and legal obligations for coast guards, harbour authorities and airport control divisions. Amongst others, it is a ready to use solution for radio transmission from coast-to-ship and from ground-to-air

GSM  Global System for Mobile telephony – a mobile telephony standard

IACS  Integrated Administration and Control System

IAS  International Accounting Standards
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>IEC</td>
<td>International Electrotechnical Commission</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
</tr>
<tr>
<td>INTERCOM SYSTEMS</td>
<td>Instant security communication systems with special purpose stations</td>
</tr>
<tr>
<td>IP</td>
<td>Internet Protocol</td>
</tr>
<tr>
<td>IPABX</td>
<td>IP Private Branch Exchange</td>
</tr>
<tr>
<td>IP DECT</td>
<td>Internet protocol. Digital European Cordless Telecommunication</td>
</tr>
<tr>
<td>ISO</td>
<td>International Standard Organization</td>
</tr>
<tr>
<td>LED</td>
<td>Light Emitting Diode</td>
</tr>
<tr>
<td>LOB</td>
<td>Line of Business</td>
</tr>
<tr>
<td>M100</td>
<td>Product name for M100 exchange range</td>
</tr>
<tr>
<td>MCCN</td>
<td>Mission Critical Communications Network</td>
</tr>
<tr>
<td>MESH</td>
<td>Wireless data network with flexible forming and repairing capabilities</td>
</tr>
<tr>
<td>Microsoft NET</td>
<td>An open software framework that is available with several Microsoft Windows operating systems</td>
</tr>
<tr>
<td>MoU</td>
<td>Memo of Understanding</td>
</tr>
<tr>
<td>OEM</td>
<td>Original Equipment Manufacturer: a producer of equipment that is ultimately resold by another supplier under its own brand name</td>
</tr>
<tr>
<td>OHSAS</td>
<td>Occupational Health and Safety Management System</td>
</tr>
<tr>
<td>OPC</td>
<td>Open connectivity via open standard</td>
</tr>
<tr>
<td>OR</td>
<td>Operating Room</td>
</tr>
<tr>
<td>PA</td>
<td>Public Address</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>PABX</td>
<td>Private Automatic Branch eXchange – traditional in-house telephone switch</td>
</tr>
<tr>
<td>P(A)MR</td>
<td>Public Access Mobile Radio - a system for mobile communication of a company with its mobile collaborators based on a public network</td>
</tr>
<tr>
<td>PBX</td>
<td>Private Branch Exchange</td>
</tr>
<tr>
<td>PCB</td>
<td>Printed Circuit Board</td>
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<tr>
<td>PCTC</td>
<td>Pure Car Truck Carriers</td>
</tr>
<tr>
<td>PDA</td>
<td>Personal Digital Assistant</td>
</tr>
<tr>
<td>PMR</td>
<td>Private Mobile Radio - Private mobile networks and systems, like mobile 'phones and walkie-talkie networks and systems whereby no use is made of a central public infrastructure that is based on the trunking principle</td>
</tr>
<tr>
<td>PNCI gateway</td>
<td>Public Network Interface gateway</td>
</tr>
<tr>
<td>PRC</td>
<td>Professional Radio Communication</td>
</tr>
<tr>
<td>PSS – PS&amp;S</td>
<td>Public Safety and Security</td>
</tr>
<tr>
<td>PUSH-TO-TALK</td>
<td>A button switching from voice reception mode to transmit mode</td>
</tr>
<tr>
<td>Q</td>
<td>Quarter</td>
</tr>
<tr>
<td>RADIO NETWORK</td>
<td>A telecommunication system whereby signals are send from a user to an antenna and back using radio waves</td>
</tr>
<tr>
<td>RAKEL</td>
<td>Swedish public TETRA-net</td>
</tr>
<tr>
<td>RGU</td>
<td>Revenue Generating Users</td>
</tr>
<tr>
<td>RING-MASTER</td>
<td>Product name for Ring-Master exchange range</td>
</tr>
<tr>
<td>RM-AC</td>
<td>Interface between STENTOFON AlphaCom E and the Ring-Master CB901</td>
</tr>
<tr>
<td>Acronym</td>
<td>Definition</td>
</tr>
<tr>
<td>---------</td>
<td>------------</td>
</tr>
<tr>
<td>RNS</td>
<td>Radio Network Solutions</td>
</tr>
<tr>
<td>ROCE</td>
<td>Return On Capital Employed</td>
</tr>
<tr>
<td>RoHS</td>
<td>Restriction on use of Hazardous Substances</td>
</tr>
<tr>
<td>SAIT</td>
<td>Société Anonyme Internationale de Télégraphie</td>
</tr>
<tr>
<td>SCC</td>
<td>Safety, health and the environment Checklist Contractors</td>
</tr>
<tr>
<td>SDS</td>
<td>Short Data Service</td>
</tr>
<tr>
<td>SINE</td>
<td>Danish TETRA network</td>
</tr>
<tr>
<td>SIP</td>
<td>Session Initiation Protocol</td>
</tr>
<tr>
<td>SIS</td>
<td>Schengen Informatie Systeem</td>
</tr>
<tr>
<td>SMS</td>
<td>Short Message Service</td>
</tr>
<tr>
<td>SNMP</td>
<td>Simple Network Management Protocol</td>
</tr>
<tr>
<td>SOLAS</td>
<td>Safety of Life at Sea</td>
</tr>
<tr>
<td>SPA</td>
<td>Share Purchase Agreement</td>
</tr>
<tr>
<td>STEEHAN</td>
<td>Zenitel Marine brand name</td>
</tr>
<tr>
<td>STENTOFON</td>
<td>Zenitel brand name for intercom solutions</td>
</tr>
<tr>
<td>TETRA</td>
<td>Terrestrial Trunked Radio - a worldwide standard for digital radio communication of voice and data developed to answer the needs of professional users, and especially for first aid- and security services</td>
</tr>
<tr>
<td>TETRANET</td>
<td>TetraNet is the national digital radio communication network for the Danish public security services. TetraNet results from the cooperation between Motorola and Zenitel who combined their forces in a tender for the Danish PAMR (Public Access Mobile Radio) TETRA operator license in the Public Security frequency (380-400MHz)</td>
</tr>
</tbody>
</table>
**Glossary**

**TETrANODE**
Flexible TETRA infrastructure

**TETrAREPEATER**
TETRA solution allowing the repeating of TETRA signals

**TRUNKING**
Term referring to the dynamic way radio frequencies are attributed to the different users depending on their needs at that specific time. Based on this principle a frequency is never reserved for a specific user group, but is always available when it is no longer effectively used. This allows the optimal usage of each frequency band and thus increases the available capacity for all users combined.

**UAIS**
Unified Automated Identification System

**UHF**
Ultra High Frequency

**UMTS**
Universal Mobile Telecommunications System – mobile telecommunications standard that offers a higher bandwidth than the traditional GSM or GPRS standards and therefore provides mobile internet access and allows sending moving images and sound

**VAL-I-PAC**
Belgian institution on the subject of packaging material and the recycling of it

**VCA**
Voltage Controlled Amplifier

**VCA (page 50)**
VGM (Veiligheid Gezondheid Milieu – Security Health Environment) Checklist Aannemers

**VDI**
Virtual Device Interface

**VH**
Very high frequency

**VINGTOR**
Zenitel brand name for a solution targeted at the maritime segment

**VIRVE**
Digital radio network for the Finish authorities

**VMP**
VINGTOR Marine Pamex

**VoIP**
Voice-over-Internet Protocol
VSP  VINGTOR Sound Powered Telephone system

VVPR  Verlaagde Voorheffing / Précompte Réduit

WEEE  Waste Electrical and Electronic Equipment directive

WiMAX  WiMAX (Worldwide Interoperability for Microwave Access) is a new standard based on the IEEE 802.16 (and ETSI HiperMAN) standard for wide band wireless networks with medium reach. IEEE 802.16 standard is also known as the ‘WirelessMAN’

WIP  Work in Progress