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Zenitel reports positive recurrent EBITDA on revenue from continuing operations, after its divestments in the System Integration segment.

On August 21, 2009, Zenitel successfully closed and finalized the transaction of the sale of 85% of the shares of Zenitel Netherlands BV.

Revenues first half 2009 from continuing operations amount to EUR 33.5 million, versus EUR 32.5 million in 2008. Recurrent EBITDA from continuing operations increased from EUR -0.3 million to EUR +2.1 million.

In the first half of 2009 net result amounts to EUR – 4.4 million, compared to EUR -7.3 million in 2008. In 2009 the net result is due to (non-cash) losses on disposals and impairment losses on the future realization of its real estate activities, whereas in 2008 the net loss was mainly the result of the performance of the divested System Integration operation and the restructuring efforts in that area.

Going forward, Zenitel will focus on the Secure Communication Systems segment (including the Zenitel Denmark AS operations) and the Networks segment. All operating entities should generate positive cash flows from operations. At the same time, the holding structure will be substantially reduced

Important events relating to the results of the six months' period ended 30 June 2009

As announced in the annual report for 2008, Zenitel started its divestments in the System Integration segment during the first semester of 2009, focussing the Company's activities on Secure Communication Systems.

On 29 May 2009, the Group successfully closed the sale of 85% of its stake in its Belgian subsidiary, Zenitel Belgium NV, together with the activities of Zenitel Wireless France SA to Crescent NV, a Belgian company. The closing occurred entirely within the framework of the signed agreement of 3 April 2009. Zenitel Belgium NV and the activities of Zenitel Wireless France SA have been deconsolidated as from 30 April 2009. The results of Zenitel Belgium NV and of the activities of Zenitel Wireless France SA until 30 April 2009 are included in the statement of comprehensive income as a net profit or loss from discontinued operations.

On 24 June 2009, the Group sold 100% of the share of Confined Area Solutions AB to Wireless Holding ApS, a Danish company, specialized in analog/digital radio equipment. The results of Confined Area Solutions AB until 30 June 2009 are included in the statement of comprehensive income as net profit or loss from discontinued operations.

On 21 August 2009, the Group successfully closed the sale of 85% of its stake in its Dutch subsidiary, Zenitel Netherlands BV, to Crescent NV. The closing occurred within the framework of the signed agreement, dated July 12, 2009. The results of Zenitel Netherlands BV until 30 June 2009 are included in the statement of comprehensive income as net profit or loss from discontinued operations.



For comparison purposes, the results of these divested operations relating to the first six months of 2008 have also been included separately as discontinued operations in the comparative 2008 figures of the statement of comprehensive income.

Financial highlights

	As at and for the month ended June 30	
	2009	2008
From income statement		
In thousands of Euro, except per share amounts		
Revenue - continuing operations	33,513	32,469
Revenue - discontinued operations	11,049	13,283
Revenue	44,562	45,752
Recurrent EBITDA - continuing operations	2,059	(299)
Recurrent EBITDA - discontinued operations	(1,117)	(2,099)
Recurrent EBITDA ⁽¹⁾	942	(2,398)
One time items - continuing operations	(1,520)	(113)
One time items - discontinued operations	1,481	(1,845)
Profit/(Loss) on disposal of subsidiaries	(828)	-
One time items	(867)	(1,958)
EBITDA - continuing operations	539	(411)
EBITDA - discontinued operations	(464)	(3,944)
EBITDA ⁽²⁾	76	(4,356)
Recurrent EBIT - continuing operations	358	(1,680)
Recurrent EBIT - discontinued operations	(2,336)	(2,292)
Recurrent EBIT	(1,978)	(3,972)
Impairment of building classified as held for sale	(1,130)	-
Operating profit/(loss) - continuing operations	(2,292)	(1,793)
Operating profit/(loss) - discontinued operations	(553)	(4,137)
Operating profit/(loss) - EBIT ⁽³⁾	(2,845)	(5,930)
Net profit/(loss) from continuing operations	(3,738)	(2,991)
Net profit/(loss) from discontinued operations	(651)	(4,260)
Net profit/(loss)	(4,388)	(7,252)
Weighted average number of ordinary shares in issue ('000)	16,441	16,441
From continuing and discontinued operations		
Basic earnings per share	(0.27)	(0.44)
Diluted earnings per share	(0.27)	(0.44)
From continuing operations		
Basic earnings per share	(0.23)	(0.18)
Diluted earnings per share	(0.23)	(0.18)
From balance sheet		
In thousands of Euro		
Total balance sheet	54,187	69,535
Shareholders' equity	4,947	8,034
Working capital	5,223	4,540
Debt (excluding leasing and short term instalments)	14,861	15,275
Total debt	18,960	19,560
Net cash position	(2,600)	(1,831)
From Cash flow statement		
In thousands of Euro		
As at and for the month ended June 30		
	2009	2008
Cash flow from operating activities	(6,716)	(6,857)
Net cash (used in) / generated by investing activities	6,084	(1,624)
Net cash received / (used in) financing activities	(269)	356
Total cash flow	(901)	(8,125)

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

⁽²⁾ EBITDA: earnings before interest & taxes, depreciation and amortization plus write-offs on current assets - This is a non GAAP measure.

⁽³⁾ EBIT: earnings before interest & taxes - This is a non GAAP measure.



Analysis of the results of the six months' period ended 30 June 2009

Revenue from continuing operations amounts to EUR 33.5 million, EUR 1.0 million or 3% higher than previous year. The revenue growth is mainly explained by the revenue growth in Denmark, thanks to some large projects in the police and rail segments. Secure Communications Systems' revenue decreased by EUR 0.8 million or 3%, which is fully attributable to the exchange rate translation impact (NOK, USD and SGD). When eliminating the foreign currency translation impact, SCS revenue increased by 4.5% compared to previous year. This increase is mainly driven by the increased sales in Asia and its continuing success in the Marine business. Networks sales increased by EUR 0.2 million or 12%. Revenue from discontinued operations amounted to EUR 11.0 million against EUR 13.3 million in previous year. In the 2008 figures six months of revenue of the disposed operations are included while in the 2009 figures only four, six and six months are included for respectively Zenitel Belgium NV and the activities of WS France SA, Confined Area Solutions AB and Zenitel Netherlands BV.

Total (both continuing and discontinued operations) EBITDA for the first half of 2009 was at EUR 0.1 million, compared to EUR -4.4 million in the first semester of 2008.

One time items from continuing operations amounted to EUR 1.5 million. These costs comprise mainly corporate restructuring costs (EUR 890K) in order to reduce the holding costs to a strict minimum, additional expenses relating to an old project (EUR 522k) and professional services mainly regarding ongoing strategic (divestment) processes (EUR 91K).

One time items from discontinued operations per June 30 2009, had a favorable impact of EUR 1.5 million and consist mainly of the reversal of restructuring provisions in Belgium and France (EUR 760k) and a provision release relating to an old project (EUR 720K)

The total loss realized upon the disposal of subsidiaries in the first half of 2009 amounted to EUR 0.8 million.

Taking into account these one-time items, the total recurrent EBITDA¹ for the first semester of 2009 amounted to EUR 0.9 million. When excluding the recurrent EBITDA from discontinued operations (EUR -1.1 million), the recurrent EBITDA from continuing operations amounted to EUR 2.1 million, against EUR -0.3 million in the first semester of 2008.

The increase in recurrent EBITDA from continuing operations by EUR 2.4 million to EUR 2.1 million in the first half of 2009 is mainly due to the revenue and gross margin increase of the Secure Communications division (EUR +0.7 million) and the revenue increases in Denmark (EUR +0.6million) and the Network countries (EUR +0.5 million). It should be stressed that the results from continuing operations include all the holding related costs.

EBIT² from continuing operations amounts to EUR -2.3 million, compared to a loss of EUR -1.8 million in the first half of 2008, the decrease being explained by the impairment loss recognized on the building service activities held for sale.

EBIT from continuing and discontinued operations amounts to EUR -2.8 million compared to EUR -5.9 million in the first semester of 2008.

Net result of the Group for the first half-year of 2009 amounted to a loss of EUR 4.4 million as opposed to a loss of EUR 7.3 million in the first half year of 2008. EUR 0.7 million of this loss is attributable to discontinued operations (-4.3 million in previous year), EUR 1.1 million relates to the impairment of the building service activities held for sale.

¹ Recurrent EBITDA - Profit/ (Loss) from operating activities plus depreciation & amortization plus write-offs on current assets, excluding the one-time items.

² EBIT- (Earnings Before Interests and Taxes) or Profit/ (Loss) from operating activities.



Going concern and forward-looking statements

The Board of Directors and the Company's management wish to refer to the report of the Board of Directors, as published on 31 March 2009, regarding the results of the year ending 31 December 2008. In light of ensuring the Company's going concern, the Board and management, indicated the start of the divestments, mainly in the System Integration activity.

Today, most of the Company's divestment processes have been finalized. Nevertheless, further reorganizations, the sale of the Company's real estate and other divestments, resulting in potential additional impairment losses, are planned in order to restructure the Company's balance sheet. At the same time, the Company is finalizing the process of renegotiating its borrowings, allowing the transfer of its current borrowings to long-term debt and spreading long term debt over a longer time frame. Today, the Company has no reason to believe, that it would not be able to obtain such rescheduling from its most important credit facilitators.

The finalization of the above processes is imperative to Zenitel's future and 2009 outlook, including the ability to continue as a going concern.

As from 1 January 2010, Zenitel will consist of its SCS segment, including the profitable Zenitel Denmark AS operation and its Networks segment. Consequently, all operating entities should generate positive cash flow from operations. At the same time, the holding costs will be reduced to a strict minimum.

The Board of Directors and the Company's management are currently negotiating to be able to finalize the above mentioned processes, allowing the Company to continue its strategy to focus on the SCS activities and ensuring profitable growth.

The complete condensed consolidated interim financial report can be viewed on our website: www.zenitel.com

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ABOUT ZENITEL is a leading player in instant audio and data communication. Communication products, communication networks and system integration services that are so reliable, so fast and so secure, they are also used as critical communication tools at a time of crisis. Zenitel communication is the preferred choice for those in authority or whose work involves protecting human lives or managing vital activities.

Zenitel is a listed company (Euronext). The headquarters of Zenitel are in Brussels. For more information: www.zenitel.com