



Abridged audited financial statements

ZAPTRONIX LIMITED

for the 12 months ended 31 August 2007

(Registration number: 1997/014928/06
Share code: ZPT ISIN: ZAE000015145
"Zaptronix" or "the company" or "the group")

(R'000)	GROUP		COMPANY	
	Audited at 31-Aug-07	Audited at 31-Aug-06	Audited at 31-Aug-07	Audited at 31-Aug-06
BALANCE SHEETS				
ASSETS				
Non-current assets	10 308	10 306	4 732	4 298
Fixed assets and intangibles	9 696	9 719	1 258	824
Investment in unlisted shares	612	470	3 474	3 474
Deferred tax	-	117	-	-
Current assets	5 754	4 575	1 161	1 064
Accounts receivable and inventory	5 429	4 528	1 153	1 045
Cash and cash equivalents	325	47	8	19
Total assets	16 062	14 881	5 893	5 362
EQUITY AND LIABILITIES				
Capital and reserves	7 839	7 011	3 170	3 047
Share capital and premium	29 632	29 632	29 632	29 632
Non-distributable reserve	419	427	23	28
Accumulated losses	(22 212)	(23 048)	(26 485)	(26 613)
Non-current liabilities	3 832	2 994	955	738
Loans from group companies	-	-	556	316
Interest bearing borrowings	3 783	2 994	305	422
Deferred Tax	49	-	94	-
Current liabilities	4 391	4 876	1 768	1 577
Accounts payable and accruals	4 093	4 553	1 691	1 170
Provisions	298	323	77	407
Total equity and liabilities	16 062	14 881	5 893	5 362
NAV per share (cents)	2.07	1.85		
Net tangible assets value per share (cents)	1.44	0.20		
Number of shares (' 000)	379 319	379 319	379 319	379 319

(R'000)	GROUP		COMPANY	
	Audited 12 months 31-Aug-07	Audited 12 months 31-Aug-06	Audited 12 months 31-Aug-07	Audited 12 months 31-Aug-06
INCOME STATEMENTS				
Revenue	23 693	20 831	3 506	3 603
Cost of sales	(8 489)	(7 982)	(1 887)	(2 149)
Gross profit	15 204	12 849	1 619	1 454
Operating costs	(13 932)	(12 496)	(2 368)	(2 530)
Operating profit/(loss)	1 272	353	(749)	(1 076)
Other income	308	25	1 097	1 051
Net income before interest and depreciation	1 580	378	348	(25)
Net interest paid	(606)	(219)	(131)	(68)
Net profit before taxation	974	159	217	(93)
Taxation	(167)	(180)	(93)	
Earnings after taxation	807	(21)	124	(93)
Earnings per share (cents)	0.21	(0.01)		
HEPS (cents)	0.26	(0.01)		

STATEMENTS OF CHANGES IN EQUITY				
	7 011	6 773	3 046	229
Opening balance for the period				
Net profit/(loss) for the period	807	(21)	124	(93)
Foreign currency translation reserve	21	177	-	-
Derecognition of subsidiary	-	(168)	-	-
Issue of share capital	-	-	-	2 883
Revaluation of assets	-	250	-	28
Balance at the end of the period	7 839	7 011	3 170	3 047

CASH FLOW STATEMENTS				
	1 058	1 630	(372)	429
Cash flows from operations				
Cash from/(utilised by) operations	1 642	1 849	(241)	497
Net interest paid	(606)	(219)	(131)	(68)
Cash invested	(2 292)	(3 674)	(325)	(925)
Purchase of tangible assets	(1 348)	(1 811)	(19)	(51)
Purchase of intangible assets	(944)	(1 863)	(546)	(436)
Loans from group companies	-	-	240	-
Loans to group companies repaid	-	-	-	(438)
Cash from financing activities	1 512	1 811	686	422
Net loans raised	1 534	1 811	686	422
Change in cash and equivalents	278	(233)	(11)	(74)
Opening cash and equivalents	47	280	19	93
Closing cash and equivalents	325	47	8	19

HISTORY

2005 - Acquisition of DuO Solutions Provider
2006 - Zaptronix listing on AltX
2007 - Royal Bafokeng Capital 30% interest

HIGHLIGHTS - 2007

- Increase in Turnover 14%
- Turnaround to profitability
- Bedding down IT&C systems
- Growth and quality of earnings
- Cost improvement
- Re-vitalisation of Z@p EMS
- BBBEE transaction

FUTURE OUTLOOK

- Electricity market alignment with Z@p EMS
- DuO growth in risk control market
- Access to capital market & acquisitions
- Launch of new Z@p meter range

COMMENTARY

1.1 Basis for preparation

The annual financial statements for the 12 months ending 31 August 2007 have been prepared in accordance with International Financial Reporting Standards "IFRS" and the Companies Act of South Africa. The accounting policies applied are consistent with that of the previous year.

1.2 Operational review

The business of Z@ptronix is to leverage its risk management methodologies utilising proprietary telemetry, architecture and applications delivering 24/7/365 operational control to the mobile, logistics, energy and irrigation businesses. These systems are sold to customers through the DuO SP and Z@p EMS business units on either an ASP basis or outright sale with support contract or under license. The bulk of Z@ptronix income generated is annuity revenue.

RMS Technologies serves the group in terms of strategic procurement and Information, Technology and Communication ("IT&C") development and serves the customer base with implementation and integration support.

DuO SP continued its growth in the logistics, distribution and couriers space with a growth in turnover of 15.4%. The market is differentiating the DuO system from security tracking products driving organic growth from blue chip and new customer growth. The focus on service levels and cost control has more than doubled the contribution to profit from this business and increased the embedded value of the DuO book by 26%.

The turnover from sale of Z@p Electrical Meter range has been maintained, with time and money spent during the year on reorganising the operations for this business and reducing cost to deliver the quality products Z@ptronix is known for at competitive prices. This strategy is paying off with the company winning its first tender and a number of new products and systems that have come on line in the next financial period.

1.3 Financial review

Zaptronix Group has achieved a significant turnaround in its results for the 12 months ending 31 August 2007.

The earnings R806 676 (EPS 0.21c) and headline earnings of R976 389 (HEPS 0.26c) compared to the loss of R21 652 for the same period in 2006.

The compounding benefit of increasing the quality and value of turnover by 12% with total reduction in cost to income ratio of 4.4% has yielded an improvement of 284% in the operating profit of Z@ptronix.

No revaluation of assets was done during the period and the investment in the development of the required IT&C platform and applications has been completed.

Zaptronix Group covers its interest liability 2.6 times (2006: 1.7) and generated cash from operations equals 7% of turnover (2006: 9%).

Working capital is healthy at a ratio of 1.3 times (2006: 0.9) and no there was no change to the share capital. The Net Asset Value of Zaptronix Group increased by 12% year on year.

1.4 Events post year-end and future prospects

Zaptronix Limited was listed in 2005. The first acquisition, DuO Solutions Provider (Pty)Ltd has been bedded down. The bulk of the investment in IT&C to support its business has been sunk. Zaptronix Group has been turned around to financial health.

Royal Bafokeng Capital (Pty) Ltd have acquired a 30% interest in Z@ptronix after year end, adding a premium BBBEE brand to the profile of the group. The transaction is linked to an option structure that ensures that the BBBEE interest is sustained. Furthermore the transaction was facilitated preventing the dilution of the existing shareholder value. The option structure is awaiting these shareholders's approval for which a circular will be posted by mid January 2008. Z@ptronix is well positioned with new electrical metering products and load management solutions to grow the contribution from the Z@p EMS business.

The listing, corporate health and Z@ptronix Business Model lends access to the capital market and acquisitions that underpin the core business.

1.5 Dividend

No dividend has been proposed in terms of the growth phase the company has embarked on.

For and behalf of the board of directors

TG Kgage	JP Nel	J Ramage	Auditors:
Chairman	Chief Executive Officer	Financial Director	PKF (Pretoria) Incorporated
Midrand	29 November 2007	Secretary:	Sylvan CSI