

Z@ptronix Abridged unaudited interim financial statements

ZAPTRONIX LIMITED

for the 6 months ended 29 February 2008

(Registration number: 1997/014928/06)

Share code: ZPT ISIN: ZAE00070934

("Zaptronix" or "the company")

GROUP BALANCE SHEETS (R'000)	Unaudited	Audited	Unaudited
	at 29-Feb-08	at 31-Aug-07	at 28-Feb-07
ASSETS			
Non-current assets	9,406	10,309	10,558
Fixed assets and intangibles	8,794	9,697	10,088
Investment in unlisted shares	612	612	470
Current assets	7,322	5,754	5,307
Accounts receivable and inventory	6,902	5,429	5,195
Cash and cash equivalents	420	325	112
Total assets	16,728	16,062	15,864
EQUITY AND LIABILITIES			
Capital and reserves	8,081	7,839	7,255
Share capital and premium	29,632	29,632	29,632
Non-distributable reserve	419	419	315
Accumulated losses	(21,970)	(22,212)	(22,692)
Non-current liabilities	3,149	3,831	3,529
Interest bearing borrowings	3,100	3,782	3,529
Deferred tax	49	49	-
Current liabilities	5,498	4,392	5,080
Accounts payable and accruals	4,973	3,521	5,080
Provisions	526	871	0
Total equity and liabilities	16,728	16,062	15,864
NAV per share (cents)	2.13	2.07	1.91
NTAV per share (cents)	1.44	0.20	0.53
Number of shares (' 000)	379,319	379,319	379,319
GROUP INCOME STATEMENTS (R'000)			
	Unaudited 6 months 29-Feb-08	Audited 12 months 31-Aug-07	Unaudited 6 months 28-Feb-07
Revenue	10,963	23,693	11,604
Cost of sales	-5,220	-10,803	-5,556
Gross profit	5,743	12,890	6,049
Operating costs	-5,397	-11,618	-5,483
Operating profit	346	1,272	566
Other income	15	308	3
Net income before interest	361	1,580	569
Net interest paid	(77)	(606)	(280)
Net profit before taxation	285	974	289
Taxation	(43)	(167)	(44)
Earnings after taxation (cents)	242	807	245
Earnings per share	0.06	0.21	0.06
Amortisation of intangible assets	0.06	0.04	0.09
Headline earnings per share	0.12	0.25	0.15
STATEMENTS OF CHANGES IN EQUITY (R'000)			
	Unaudited 6 months 18-Oct-45	Audited 12 months 22-Dec-43	Unaudited 6 months 07-Jun-43
Opening balance for the period	7,839	7,011	7,011
Net profit for the period	242	807	245
Currency translation reserve	-	21	-
Balance at the end of the period	8,081	7,839	7,256
CASH FLOW STATEMENTS (R'000)			
	Unaudited 6 months 04-Jan-30	Audited 12 months 12-Nov-64	Unaudited 6 months 08-Oct-31
Cash flows from operations	788	3,141	883
Cash from operations	1,386	3,747	1,627
Changes in working capital	(521)	(2,105)	(464)
Net interest paid	(77)	(606)	(280)
Cash invested	(10)	(2,292)	(1,354)
Purchase of tangible assets	(10)	(1,348)	(810)
Purchase of intangible assets	-	(944)	(544)
Cash (used)/generated by financing activities	(682)	1,534	535
Net loans advanced/(repaid)	(682)	1,534	535
Change in cash and equivalents	96	2,383	64
Opening cash and equivalents	325	47	47
Closing cash and equivalents	421	2,430	111

COMMENTARY

1.1 Basis for preparation

The abridged interim results for the 6 months ended 29 February 2008 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 those of the previous year.

1.2 Operational review

The vision of Z@ptronix is to leverage operational risk control in the energy and logistics industries. Customers using Z@ptronix applications of Z@p Energy Management Solutions (Z@p EMS) and DuO Solutions Provider (DuO SP) have 24/7/365 operational control. This level of control reduces cost, optimises capacity and controls service levels. The nature of business has remained the same since the listing of the company in 2006. The bulk of income is annuity revenue from services and systems delivered in terms of three to five year contracts.

DuO SP with its DuO IV Tracking™ application remained the major contributor to turnover in the group. More revenue was converted from outright sale to rental revenue and the growth in active tracking solutions over the period was 20%.

The Z@ptronix electrical metering business has remained sluggish. The product range was a legacy from the original company and is no longer competitive. The single phase meter range has been discontinued and a new meter range is being introduced.

The restructuring of the respective companies in the group was completed during the six months from August 07 to February 08. The strong inward focus of the company has ensured that legacy infrastructure taken over from the old DuO SP and Z@ptronix companies have been replaced with cost effective processes and systems and capacity for growth. The restructuring of the respective businesses has been successfully completed with limited disruption to the business and to customers.

1.3 Financial review

The group remains marginally profitable, maintaining the required levels of investment into the businesses going forward.

The earnings of R242 557 (EPS 0.06c) and headline earnings of R504 512 (HEPS 0.12c) compares with 0.06 cents and 0.15 cents respectively in February 2007.

The compounding benefit of increasing the quality and value of turnover from DuO SP by 10% neutralised the reduced turnover in electrical meter sales.

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.

The group covers its interest liability 5 times (2007: 2.6) and generated cash from operations remained at 7% of turnover (2007: 7%).

Working capital is healthy at a ratio of 1.3 times (2007: 1.3) and no there was no change to the share capital. The NAV of the group increased by 11% year on year.

1.4 Future prospects

The company was listed on AltX in 2006. The first acquisition, DuO Solutions Provider, has been bedded down. The bulk of the investment in IT&C to support the business has been sunk. The tracking business is profitable and growing. The electrical business has been re-launched in tune with the new energy economy developing in South Africa.

Royal Bafokeng Capital (Pty) Ltd has acquired a 30% interest in Z@ptronix, 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 subject to shareholders' approval.

Z@ptronix is well positioned with a new electrical metering range and load management solutions to grow the contribution from the Z@p EMS business.

The listing, corporate health and Z@ptronix Business Model is geared to give access to the capital market and with the operational efficiencies in place Zaptronix Limited can pursue 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

KG Kgage

(Chairman)

22 May 2008

Midrand

K Gribnitz

(Non-executive)

JP Nel

(Executive)

J Ramage

(Executive)

Auditors: PKF (Pretoria) Incorporated **Secretary:** Sylvan CSI

Transfer secretaries: Computershare Investor Services