

HIGHLIGHTS

- 62% increase in EBIT during period of restructuring
- 42% growth in new generation mobile units under management
- 15,3% increase in turnover
- DuO v4 Mobile solution implementations
- Re-Activation of ZAP meter supply chain
- IT platform and applications paid from internally-generated funds and under-written by the embedded value of future business
- Market penetration into distribution and courier operations

GROUP BALANCE SHEETS

(R'000)	Unaudited At 28 Feb 2007	Audited At 31 Aug 2006	Unaudited At 28 Feb 2006
ASSETS			
Non-current assets	10 558	10 307	9 069
Fixed assets and intangibles	10 088	9 837	8 786
Investment in associate	470	470	283
Current assets	5 307	4 575	5 362
Accounts receivable and inventory	5 195	4 527	5 354
Cash and cash equivalents	112	47	8
Total assets	15 864	14 881	14 431
EQUITY AND LIABILITIES			
Capital and reserves	7 255	7 011	7 147
Share capital and premium	29 632	29 632	29 651
Reserve for fair valuation of assets	250	250	341
Non-distributable reserve-exchange variance	65	177	
Accumulated profits/(losses)	(22 692)	(23 048)	(22 845)
Non-current liabilities	3 529	2 994	2 925
Borrowings	3 529	2 994	2 925
Current liabilities	5 080	4 876	4 359
Accounts payable and provisions	5 080	4 876	3 930
Bank			429
Total equity and liabilities	15 864	14 881	14 431
Net asset value per share (cents)	1,91	1,85	1,88
Net tangible asset value per share (cents)	0,20	0,20	0,53
Number of shares ('000)	379 319	379 319	379 319

GROUP INCOME STATEMENTS

(R'000)	Unaudited Six months ended 28 Feb 2007	Audited 12 months ended 31 Aug 2006	Unaudited Six months ended 28 Feb 2006
Revenue	11 604	20 831	10 059
Cost of sales	(4 498)	(7 982)	(3 267)
Gross profit	7 106	12 849	6 792
Operating costs	(5 483)	(11 096)	(5 675)
Operating profit/(loss)	1 623	1 753	1 117
Other income	3	27	31
Net income/(loss) before interest, depreciation and exceptional items	1 627	1 780	1 148
Depreciation	(1 058)	(1 401)	(784)
Net interest paid	(280)	(219)	(92)
Net operating profit/(loss) before tax	289	161	272
Share of associate profit/(loss)		(2)	(12)
Net profit/(loss) before taxation	289	159	260
Taxation	(44)	(180)	(79)
Earnings/(loss) after taxation	245	(22)	181
Earnings/(loss) per share (cents)	0,06	(0,01)	0,05
Loss on assets scrapped (cents)	-		
Impairment of investment (cents)	-		0,01
Headline profit/(loss) per share (cents)	0,06	(0,01)	0,06
Weighted average number of shares ('000)	379 319	379 319	379 319

GROUP STATEMENTS OF CHANGES IN EQUITY

(R'000)	Unaudited Six months ended 28 Feb 2007	Audited 12 months ended 31 Aug 2006	Unaudited Six months ended 28 Feb 2006
Balance at the beginning of the period	7 011	6 625	6 625
Foreign currency translation reserve		177	
Costs incurred		(19)	
Reserve for revaluation surplus		250	341
Net profit/(loss) for the period	245	(22)	181
Balance at the end of the period	7 255	7 011	7 147
GROUP CASH FLOW STATEMENTS			
Cash flows from operating activities	883	1 630	127
Cash generated/(utilised) in operating activities	1 163	1 849	219
Net interest paid	(280)	(219)	(92)
Cash flows from investing activities	(1 354)	(3 675)	(1 754)
Foreign currency translation reserve	(0)		
Purchase of tangible assets	(810)	(1 864)	(1 065)
Purchase of intangible assets	(544)	(1 811)	(689)
Change in investment in associate	-		
Cash flows from financing activities	535	1 811	925
Loans raised	535	1 811	925
Increase/(decrease) in cash and cash equivalents	64	(233)	(702)
Cash and cash equivalents at beginning of year	47	281	281
Cash and cash equivalents at end of year	112	47	(421)

COMMENTARY

1.1 Basis of preparation

The abridged interim results for the six months period ended 28 February 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 those of the previous financial year.

1.2 Operational review

The business of Z@ptronix is to leverage its risk management methodologies through proprietary telematics, hardware, software and bureau services to the Mobile & Logistics and Energy & Water Consumer market space.

The base products and services make commercial transportation safer, easier and smarter for its customers contracted to its DuO Solutions Provider. Turnover for the six months to February 2007 from the Mobile Logistic Managed Services increased by 13,2% compared to the comparative period.

The transforming of the customer base from the historical tracking to data-logging, contracted 24/7 technical and risk control support platforms is 62% completed. Three blue-chip fleets have joined the DuO SP over the period.

The business base of DuO SP is evolving from safer to safer and easier, with the result that the quality of earnings is improving. This places DuO SP in a niche market segment that is not volume installation driven. The novel Z@ptronix Technology has seen cost to customers reduce and the yields to DuO SP improving. This value-add is reflected in the embedded value of future earnings increasing by 15%.

The Energy Managed Services contributed similar earnings from Z@ptronix Electricity Meters, compared with the six months to February 2006. These results are positive, considering the significant restructuring of procurement and manufacturing operations that were required during the six months to position the Z@ptronix business for growth.

The rental business in Z@ptronix Systems had increased fourfold.

The operational leverage within Z@ptronix is coming off a smart business base and once commercialised into the Fleet, Energy and Risk management space, will enhance the performance of the Group.

1.3 Financial review

The results for the six months to February 2007 are marginally better than the same period last year.

Turnover in the Group has increased by 15% and the operating costs of the company have decreased by 2% to the comparative six months of 2006.

The cash generator in Z@ptronix is DuO SP. This business generated R1,16 million in cash for the six months.

The assets of the Group and the earnings base has changed materially comparing February 2007 to February 2006. The restructuring of the business is expected to be completed by year-end and fully paid for from own funds.

The Group has invested a further R544 000 in its core technology. The asset base has grown by R1,7 million. A loan of R740 000 was secured to replace working capital tied up in procurements of components for Mobile and Energy units on back-order.

Working capital of Z@ptronix as a Group is healthy, with suitable financial arrangements in place. The increase in accounts payable and provisions should be read with the cash flow statement. The loan is included in the figure of R5,08 million as is the current liability from the rental discounting facility.

The net effect on the Group's Balance Sheet has been an increased in total equity of 2,1%.

There was no change in the number of shares issued and the Group EPS has moved from 0,05 cents to 0,08 cents on a weighted average number of shares of 379 319 000.

The Balance Sheet of Z@ptronix fairly reflects the Net Asset Value. The financial strength lies in the financial leverages in the sunken asset base, the dual revenue generation and embedded value of the existing business base.

1.4 BEE transaction and cautionary announcement

Shareholders are referred to the announcements dated 31 March 2006 and 1 December 2006 detailing the BEE transaction with Royal Bafokeng Capital (Proprietary) Limited ("RBC"). In terms of the agreement between Strider Holdings (Proprietary) Limited ("Strider") and RBC ("the Strider - RBC agreement"), Strider agreed to facilitate the BEE transaction by the transfer of 113 795 700 shares in Z@ptronix to RBC. At the same time, Z@ptronix agreed to grant RBC certain options to subscribe for up to 113 795 700 new Z@ptronix shares ("the RBC options"), which grant still required Z@ptronix shareholder approval.

The board of directors of Z@ptronix ("the board") has now been informed by RBC that the Strider - RBC agreement has lapsed due to the non-fulfilment of certain suspensive conditions. As a result, RBC, Strider and the board have entered into discussions with RBC regarding the BEE transaction and the RBC options and the possible restructuring thereof.

Having regard to the above shareholders are advised to exercise caution when trading in their Z@ptronix shares until a further announcement is made in this regard.

1.5 Dividend

No interim dividend was proposed.

For and on behalf of the board

T KGAGE Chairman

Midrand

25 April 2007

JP NEL Chief Executive Officer