

Abridged unaudited interim financial statements

for the 6 months ended 28 February 2009

GROUP BALANCE SHEETS (R'000)	Unaudited	Audited	Unaudited
	at 28-Feb-09	at 31-Aug-08	at 29-Feb-08
ASSETS			
Non-current assets	6,904	7,989	9,406
Fixed assets and intangibles	6,904	7,989	8,794
Investment in unlisted shares	-	-	612
Current assets	7,040	5,039	7,323
Accounts receivable and inventory	6,685	4,466	6,902
Cash and cash equivalents	355	573	421
Total assets	13,944	13,028	16,729
EQUITY AND LIABILITIES			
Capital and reserves	4,117	5,065	8,081
Share capital and premium	29,632	29,632	29,632
Non-distributable reserve	170	170	419
Accumulated losses	(25,685)	(24,737)	(21,970)
Non-current liabilities	3,292	2,899	3,149
Interest bearing borrowings	3,054	2,661	3,100
Deferred tax	238	238	49
Current liabilities	6,534	5,064	5,499
Accounts payable and accruals	5,658	4,711	4,973
Provisions	876	353	526
Total equity and liabilities	13,944	13,028	16,729
NAV per share (cents)	1.09	1.34	2.13
NTAV per share (cents)	0.61	0.75	1.44
Number of shares ('000)	379,319	379,319	379,319
GROUP INCOME STATEMENTS (R'000)	Unaudited 6 months 28-Feb-09	Audited 12 months 31-Aug-08	Unaudited 6 months 29-Feb-08
Revenue	9,996	22,399	10,963
Cost of sales	(4,825)	(9,954)	(5,220)
Gross profit	5,171	12,445	5,743
Operating costs	(6,066)	(14,343)	(5,397)
Operating (loss)/profit	(894)	(1,897)	346
Other income	18	645	15
Net income before interest	(876)	(1,252)	361
Fair value adjustments	-	(1,022)	-
Net interest paid	(72)	(113)	(76)
Net profit before taxation	(948)	(2,387)	285
Taxation	-	(189)	(43)
Earnings after taxation (cents)	(948)	(2,576)	242
Earnings per share (cents)	(0.25)	(0.68)	0.06
Amortisation of assets	0.29	0.27	0.06
Headline earnings per share	0.04	(0.41)	0.12
STATEMENTS OF CHANGES IN EQUITY (R'000)	Unaudited 6 months 28-Feb-09	Audited 12 months 31-Aug-08	Unaudited 6 months 29-Feb-08
Opening balance for the period	5,065	7,839	7,839
Net loss/profit for the period	(948)	(2,576)	242
Currency translation reserve	-	(199)	-
Balance at the end of the period	4,117	5,065	8,081
CASH FLOW STATEMENTS (R'000)	Unaudited 6 months 28-Feb-09	Audited 12 months 31-Aug-08	Unaudited 6 months 29-Feb-08
Cash flows from operations	(612)	1,768	788
Cash from operations	731	878	1,386
Changes in working capital	(1,271)	1,003	(521)
Net interest paid	(72)	(113)	(77)
Cash invested	-	(368)	(10)
Purchase of tangible assets	-	(368)	(10)
Cash (used)/generated by financing activities	393	(1,152)	(682)
Net loans advanced/(repaid)	393	(1,152)	(682)
Change in cash and equivalents	(218)	248	96
Opening cash and equivalents	573	325	325
Closing cash and equivalents	355	573	421

COMMENTARY

1.1 Basis for preparation

The interim financial statements for the 6 months ended 28 February 2009 are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS34, the JSE Limited Listings Requirements and the Companies Act of South Africa.

1.2 Operational review

The business objective of Zaptronix is to leverage technology and give active and real visibility with remote controls over their business operations.

Zaptronix has four business units that deliver operational risk management solutions to the primarily the logistics and energy markets. The Zaptronix group is geared to install, finance, maintain and support systems as a service on power plants, transport vehicles and irrigation systems. The data centre and GSM service infrastructure not only warehouses business intelligence, it also serves a number of proprietary applications. The third leg to the Zaptronix business model comprises technical support, contact centre and control room (24/7 Bureau) services.

The business objective remains to build strong annuity revenue books with smart customers in new economies.

The market for Duo IV Tracking™ is expanding with a growing need for cross border, cold chain and other more sophisticated needs for operational control solutions ("OCS"). The advent of active demand side management in the electricity economy in South Africa is introducing time of use tariffs, penalties, quotas etc. to businesses and households.

Automated Metering Infrastructure ("AMI") is being legislated. Zaptronix is investing in technology partners to its meter range, energy and load management systems.

New routes to market are being developed with utilities and enterprises with a strong national sales network. The style of operation for Zaptronix is changed from a developmental enterprise to sales driven. These campaigns are also set up around cross selling opportunities with common customers, building management and insurance initiatives.

1.3 Financial review

The group remains marginally profitable. With Zaptronix being a young enterprise, the directors ensure that cost is under control, investment focussed and productivity maintained.

The loss in earnings of R948 045 (EPS -0.25c) translates into a headline earnings of R151 727 (HEPS 0.04c) due to the conservative amortisation and valuation of assets policies.

Duo SP contributes 80% of Zaptronix revenue and profit. The positive leverage lies in the growth in the Zaptronix energy business. The quality of Zaptronix products, systems and service allows the business to earn good margin. This endorsement is evident in the overall gross profit margin of 52% compared to 55% (August 2008) and 52% (February 2008).

The working capital invested during the six months has been aimed at Zaptronix Metering and its products.

Zaptronix is supported by its major shareholder and exposure to third party gearing is kept below 20% of funds employed. The working capital ratio as at 28 February 2009 was 1.1 compared to 1.0 in August and 1.3 in February 2008.

Cash generated from operations was 7,3% of turnover (2008: 12%).

1.4 Future prospects

The company was listed on AltX in 2006. The first acquisition, Duo Solutions Provider, is the core business in the group.

The core competency of Duo SP extends into the Duo Bureau and Duo Data Centre. The redundancy in both of these centres allowed Zaptronix to earn third party revenue from these facilities.

Zaptronix is well positioned with a new electrical metering range and has just launched a new generation web-enabled power management tool. Other new initiatives in exploring the Zaptronix business model is integration with building management systems and irrigation automation.

The listing, corporate health and Zaptronix 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 growth phase of the company.

For and behalf of the board of directors

TG Kgage **K Gribnitz** **JP Nel** **J Ramage**
(Chairman) (Non-executive) (Executive) (Executive)

25 May 2009
Midrand

Auditors: PKF (Pretoria) Incorporated **Secretary:** Sylvan CSI (Pty) Ltd
Transfer secretaries: Computershare Investor Services (Pty) Ltd