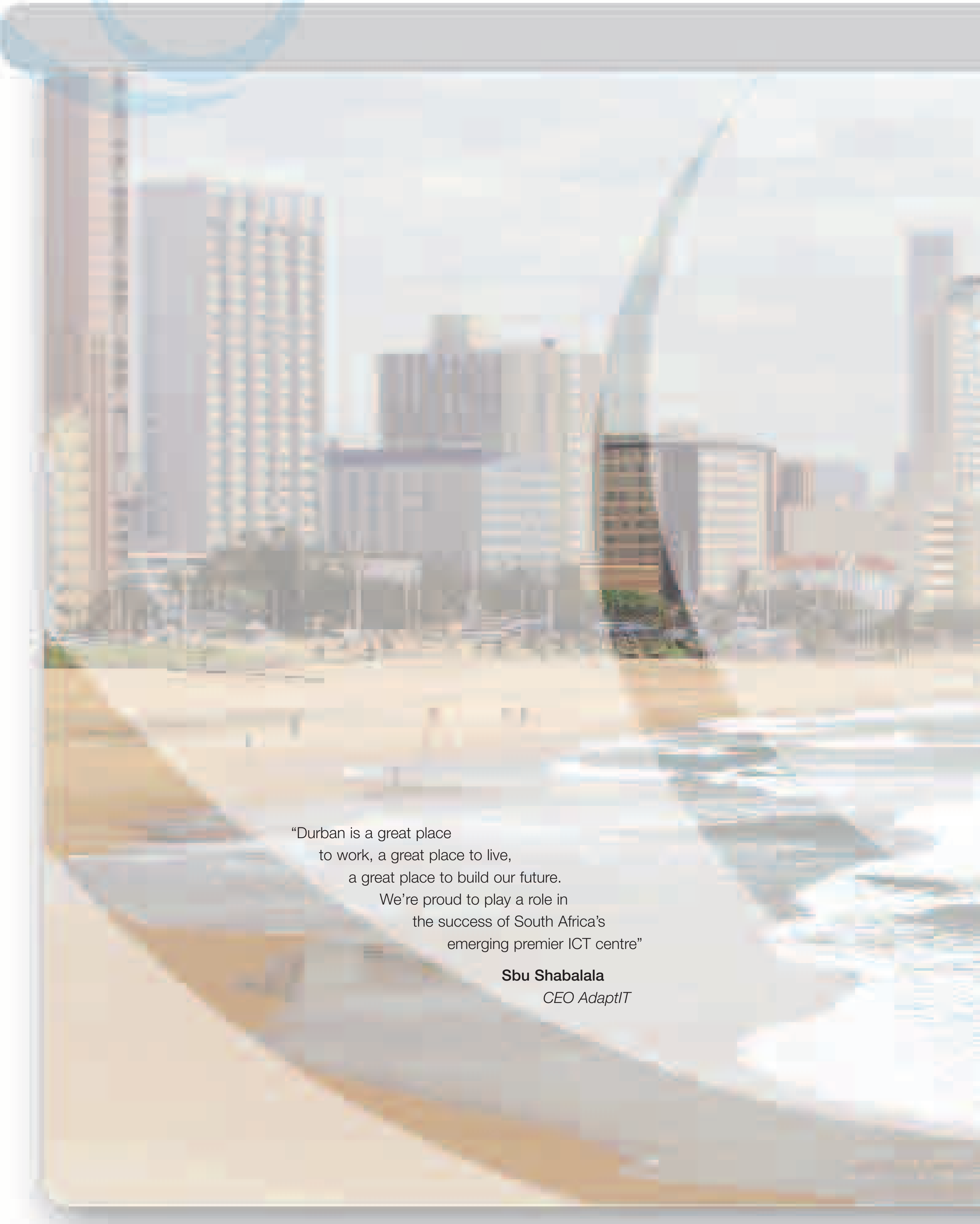
Annual Report 2008

adaptIT

software
solutions
services



"Durban is a great place
to work, a great place to live,
a great place to build our future.
We're proud to play a role in
the success of South Africa's
emerging premier ICT centre"

Sbu Shabalala
CEO AdaptIT

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About the AdaptIT Group

A word from our new Chief Executive Officer

The AdaptIT Group era is heralded by the merger of InfoWave, ApplyIT and Adapt-IT, giving the company additional capacity in management, depth in offering and entrepreneurial flair.

InfoWave, as a listed ICT company of 11 years' standing, flourished over the past four years under the leadership of Tiffany Dunsdon. InfoWave started as the IT applications partner to major South African sugar manufacturer, Illovo Sugar, and is now a provider of advanced Oracle™ based information technology solutions to clients worldwide in a variety of industries.

InfoWave forms the core of the group with its competence in Oracle™ Technologies, mature niche software product offerings, proven large scale application outsourcing and Enterprise Resource Planning (ERP) capabilities.

ApplyIT, a subsidiary company with seven years' growth under the leadership of Gavin Halse (MD), has highly successful software solutions in the areas of safety, health, environment and quality, plant operations and maintenance. ApplyIT's customer base is impressive, being leading companies in the mining and manufacturing sectors, including BHP Billiton, Eskom and Mondi.

ApplyIT is able to leverage its in-depth experience, skills and competencies around Microsoft to build specialised solutions and create business value for our customers.

Adapt-IT (Pty) Limited, a successful black-owned and managed enterprise, has over the past four years, under my leadership, offered e-Business Solutions and Information Management services to some of South Africa's leading public and private sector organisations, including eThekwini Municipality.

Adapt-IT (Pty) Limited brings to the group the e-Business solutions focus in OpenSource and Microsoft technologies.

I inherit a successful and sound AdaptIT Holdings Limited from my predecessor, Tiffany Dunsdon, who has grown the company to what it is now, in her tenure as group CEO. I sincerely thank her for her vision in making this a reality. I am encouraged by her continued support as she assumes the Commercial Directorship role, and by the support received from the AdaptIT Holdings Limited board of directors, management and staff.

Looking ahead, the AdaptIT Group appreciates its customers' continued support, and values the relationships created over our combined 23 years of existence. We remain true to our original mission, to focus on our core competencies of consulting, application solutions, and outsourcing of ICT solutions.

It is precisely this solid foundation, depth and focus, which we plan to leverage in growing the company sustainably, whilst having a customer-centric focus in our ICT solutions and service delivery. Through this merger, we unlock the full potential of our knowledge and experience in business and key technologies to provide services and solutions in our chosen industries and market sectors.

The group has a sound track record in transformation, enterprise development and corporate social investment, particularly focused on education. We are absolutely committed to furthering these endeavours on behalf of our staff and our country.

We are proud of our track record and excited about the future of the AdaptIT Group.
Sbu Shabalala

The integration of business and technology

Formed from a unique group of KwaZulu-Natal based IT companies, InfoWave (Pty) Limited, ApplyIT (Pty) Limited and Adapt-IT (Pty) Limited, our services and solutions span the complete IT life-cycle from consulting and application design through to delivery and support. Drawing upon expertise in multiple domains, technologies, tools and platforms, we utilise both industry-standard and innovative proprietary methodologies as well as best practices to design, develop and deliver practical solutions and extraordinary results for our customers.

The most agile, reliable and dependable provider of consulting services, application solutions and outsourcing services in South Africa

Combining broad industry expertise and a portfolio of interrelated consulting, business process, application development and outsourcing services from our group of companies, we blend strategic design, proven technology and timeous delivery to provide solutions that maximise returns on IT investments. And through collaborative, long-term relationships, we've helped our customers to achieve and sustain measurable results since 1996.

Solutions for industry

Starting as InfoWave (Pty) Limited primarily serving the sugar industry, we now provide Oracle™ information technology solutions to sugar producers on three continents. Our core sugar software product, CaneLab™, is a best-in-class factory process automation tool designed to simplify and help optimise sugar production and manage weighbridge automation and security. Tranquillity™ provides a complete financial ERP solution for agri-estates and manufacturing enterprises. With these two products, we've gained substantial market share and a successful reputation in Africa and worldwide.

ApplyIT is one of South Africa's leading developers and implementers of software solutions for companies involved in manufacturing in complex, hazardous industrial environments. The company's success has been driven by an unrelenting focus on domain expertise, and providing proven, world-class software solutions that add value in manufacturing environments. With a focus on ERP, Supply Chain, Customer Relationship Management, Asset Management and SHE-Q (Safety, Health, Environment and Quality), ApplyIT has learned of the complex issues that companies face, and leveraged this knowledge to create software products to provide solutions for its customers.

COMPETENCIES

Service offerings	Technologies	Industries
Consulting	Oracle	Local government
Application solutions	Microsoft	Financial
Outsourcing services	OpenSource	Manufacturing Mining Sugar

Solutions for government

Adapt-IT's proven skills help local authorities to develop and deliver more efficient and effective public services. We ensure that the opportunities of e-Government are maximised by leveraging diverse technical talent and utilising best practice industry approach using OpenSource software solutions or proprietary systems.

Information Management (IM) is the collection and management of information from one or more sources and the distribution of that information to one or more audiences. In government, this involves those who have a stake in, or a right to that information. Adapt-Open is an OpenSource Enterprise Content Management System used by major municipalities to deploy e-Government solutions that are easy to understand, easy to locate and easy to use.

We enable public sector organisations to improve service delivery by creating value for citizens and stakeholders

Driven by technology, powered by people

As the AdaptIT Group, we develop and deliver best-in-class applications to suit our customers' specific business requirements and strategies. Our team draws upon a variety of OpenSource and proprietary technologies, and best practice methodologies to create superior applications that are robust, reliable, flexible and agile. We have provided clients with state-of-the-art technology in fields such as enterprise resource planning, web portal development, content management and collaboration tools.

Our technical strength was originally built on our ability to leverage the power of the Oracle™ database, but we don't stop there. We're a long-standing Oracle™ Certified Partner, a Microsoft Certified Gold Partner, and we've designed and implemented advanced OpenSource solutions for government.

Attracting and developing the best talent for our business, stretching our people and developing a "can do" attitude is our passion at AdaptIT. We focus on improving our clients' business performance, creating long-term win-win relationships.

Our staff are professional, energetic and demonstrate the highest level of integrity, respect and teamwork. Ethics are at the core of our value system.

A passionate performance culture with a strong sense of purpose, identity and belonging, where diversity is valued and excellence is expected

Service and support

Through collaborative, customer-intimate relationships, our team of professionals deliver solutions that align IT spend with business strategies, maximise return on IT investment, and help meet immediate needs and sustain long-term results.

We've developed an innovative remote OS, Server and DBA support model used by leading South African companies to manage their businesses across the African continent. The support is robust, reliable and extremely cost effective. The AdaptIT Group is uniquely qualified to support and maintain mission-critical applications and database environments, freeing our clients to manage their business, not their application and technology platforms.

We don't just develop solutions, we support them throughout their life-cycle

Fast facts

- InfoWave Holdings Limited was renamed to AdaptIT Holdings Limited to promote the broader group offering as part of the merger.
- Based in KwaZulu-Natal, and founded in 1996, we have been listed on the JSE since 1998.
- Formed from the merger of InfoWave, Adapt-IT and ApplyIT, we have 23 years of combined experience delivering high-value, mission-critical systems to government and private industry.
- Microsoft Gold and Oracle Certified partnerships.
- Provides consulting, application solutions and outsourcing services to several prominent municipal and blue-chip industry clients in South Africa and abroad.
- Some of our customers include Illovo Sugar Limited, eThekwini Municipality, KwaDukuza Municipality, Ithala Development Finance Corporation, Eskom, BHP Billiton, Hibiscus Coast Municipality, Mondi and Clover.

Broad-based BEE

- Level 4 contributor
- Empowerdex "A" rating
- In Top 20 most empowered companies on the JSE
- A "value adding" company
- A 100% recognition of procurement spend for our customers' BEE scorecards
- 37% black-owned

We are committed to supporting the vision of developing a quality ICT SMME base in KwaZulu-Natal and we see local ICT skills development as critical to our success. We have partnered with SmartXchange, an eThekwini-based not-for-profit ICT cluster established to promote and support the region's vision to be the technology hub of Africa, to help achieve this objective. As the only JSE listed ICT company headquartered in KwaZulu-Natal, we are strongly motivated to support this initiative and develop ICT talent locally.

As we continue to grow, we continue to diversify, and we continue to invest and focus on skills development in our teams. We offer certification programmes in Oracle, Microsoft and OpenSource technologies, as well as in project management and business consulting methodologies. We support our employees through training and mentorship in a variety of specialised business applications.

The core of our business strength is our knowledge of our customers' businesses – in a people-based company, mentorship and skills transfer is a competitive advantage which we strive to maintain and develop.

The first broad-based BEE rating for the AdaptIT Group was conducted by Empowerdex in April 2008 with AdaptIT being categorised as a Level 4 contributor obtaining an overall score of 71,45. This means that entities purchasing from AdaptIT may recognise 100% of the value of their AdaptIT spend for the procurement elements of their scorecards. The scores for the individual elements of the scorecard are as follows:

	AdaptIT score	Weighting
Ownership	17,51	20
Management control	7,89	10
Employment equity	10,61	15
Skills development	1,49	15
Procurement	13,95	20
Enterprise development	15,00	15
Socio-economic development	5,00	5
Total	71,45	100

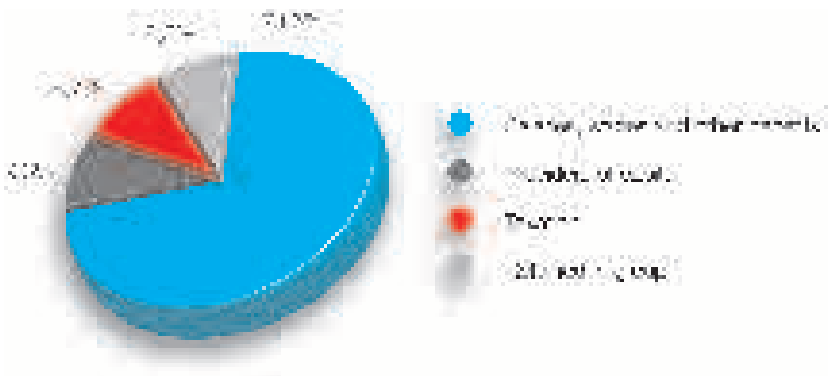
Statistical review

		YEAR 2008	YEAR 2007	YEAR 2006	YEAR 2005	YEAR 2004
Turnover	(Rand)	**57 650 319**	49 299 739	34 397 588	31 852 965	30 353 101
Number of shares in issue		**97 458 466**	86 217 180	85 820 784	84 053 755	90 605 345
Net asset value	(Rand)	**28 043 758**	16 383 046	13 379 291	10 253 622	10 568 065
Net asset value per share	(cents)	**28,78**	19,00	15,59	12,20	11,66
Net tangible asset value	(Rand)	**16 223 746**	14 264 679	12 839 814	9 933 362	10 022 843
Net tangible asset value per share	(cents)	**16,65**	16,55	14,96	11,82	11,06
Headline earnings per share	(cents)	**8,17**	6,84	5,87	5,66	5,50
Earnings per share	(cents)	**7,97**	6,87	5,87	5,66	5,50
Return on equity*	(%)	**32,00**	39,90	42,40	48,00	52,50
Return on assets	(%)	**25,70**	31,90	31,90	37,10	37,70
Liquidity ratio	(times)	**2,86**	4,67	4,10	3,59	4,78
Solvency ratio	(times)	**4,76**	5,86	4,23	3,81	5,29
Market price per share						
Close	(cents)	**55**	66	65	35	25
High	(cents)	**86**	80	65	43	35
Low	(cents)	**55**	50	32	26	15
Dividend	(cents)	**4,29**	3,67	3	3	3

**Profit after taxation expressed as a percentage of average shareholders' funds.*

Value added statement

	GROUP 2008 R	%	GROUP 2007 R	%
Revenue	**57 650 319**		49 299 739	
Less:				
Net cost of products and services	**18 420 179**		16 841 881	
Value added	**39 230 140**		32 457 857	
Income from investments and associate	**813 326**		89 967	
Wealth created	**40 043 466**		32 547 824	
Applied to:				
Employees				
Salaries, wages and other benefits	**29 444 244**	**73,5**	23 806 796	73,1
Providers of capital	**3 713 727**	**9,3**	3 199 713	9,8
Interest on borrowings	**2 839**	**–**	10 252	–
Dividends to shareholders	**3 710 888**	**9,3**	3 189 461	9,8
Government				
Taxation	**3 494 535**	**8,7**	2 793 498	8,6
Income taxation				
– normal and deferred	**2 785 242**	**7,0**	2 013 136	6,2
– secondary taxation on companies	**428 594**	**1,1**	364 919	1,1
Regional service council and skills development levies	**280 699**	**0,7**	415 443	1,3
Retained in the group	**3 390 960**	**8,5**	2 747 817	8,4
	40 043 466	**100**	32 547 824	100



Directorate and officers

Sbu Shabalala 35
BCom
Chief executive officer
Date of appointment 31 January 2008

Sbu Shabalala has a Bachelors degree in commerce and a post-graduate diploma in financial information systems. With 12 years of IT experience, he joined the group where he gained project management experience in the implementation of Oracle applications throughout the Illovo Group, with operations in various African countries.

Sbu founded Adapt-IT (Pty) Limited four years ago and grew it into a thriving ICT business with the help of InfoWave at the eThekwini SmartXchange IT Hub. As Managing Director of Adapt-IT (Pty) Limited, Sbu was responsible for building solid relationships with clients, line-of-business staff and sales personnel. He is highly knowledgeable in delivering complex IT projects and solutions to line-of-business management and staff.

Currently the CEO of AdaptIT Holdings, Sbu's business acumen is supplemented by strong IT technical knowledge.

Tiffany Dunsdon 37
CA(SA)
Commercial director
Date of appointment 18 April 2002

Tiffany served her CA traineeship with Deloitte and thereafter joined British Airways in the UK where she was involved with several major business re-engineering and IT outsourcing projects. On her return to South Africa, she was contracted by Computer Services Corporation on the due diligence of outsourcing the Old Mutual's IT infrastructure services.

Tiffany joined the group in a consulting capacity in 2000 and was appointed as financial director in April 2002 and CEO in December 2003. Pursuant to the merger of InfoWave Holdings Limited and Adapt-IT (Pty) Limited, Tiffany became the Commercial Director of the group.

Bev Carrilho 42
CA(SA)
Financial director and company secretary
Date of appointment 1 March 2005

Bev was appointed as the group's financial director on 1 March 2005. Bev qualified as a CA with Deloitte and became a senior manager. She then spent four years as financial director of Consumer Credit Holdings Limited, a listed entity later sold to BoE, whereafter she spent two years with ABSA Corporate and Merchant Bank.

Bruno Lionnet 49
Executive director
Date of appointment 30 June 2000

Bruno joined the Portnet finance department before transferring into the IT division in the early 1980s, where he assisted with the development and implementation of a financial solution and IT strategy for all South African ports. He was responsible for the cross-functional architecture for Portnet's suite of applications. Bruno joined the group as project manager in 1999 and was appointed an executive director in June 2000. He is responsible for the system development, custom built and technical business units.

Cindy von Pannier 44
BCom (Information Systems)
Executive director
Date of appointment 1 September 1998

Cindy has been directly involved in the IT industry for 25 years in all fields of system development, project management, IT strategy and business management. Cindy is one of the founding directors of InfoWave (Pty) Limited formed in 1996, and listed in 1998. Since the inception of the company, she has held key positions in macro resource planning, business management, key account management, application development management and business development. Cindy is responsible for the sales and marketing portfolio for the group, as well as director responsibility for outsourced application support services and business consulting.

Ralph Collis 52
Non-executive chairman
Date of appointment 1 September 1998

Ralph has been involved in the IT industry since 1975 and has valuable experience in the development, implementation and support of software solutions in the retail, mining and milling industries. InfoWave (Pty) Limited was established in 1996, and Ralph was one of the founding directors. In May 2004, he retired as the CEO, and now continues his relationship with the group as the company's non-executive chairman.

Paris Aposporis 42
BCom, LLB, MBA
Independent non-executive director
Date of appointment 18 June 2003

Paris was re-appointed to the board as an independent non-executive director effective 18 June 2003 and was re-elected 28 May 2004. He served as a non-executive director from 1 September 1998 to 31 December 2001 when he was required to resign due to taking up a position with the JSE Securities Exchange South Africa. He has since joined the investment banking division of a financial institution. His knowledge of the group's business, together with his expertise, is extremely valuable in guiding the board.

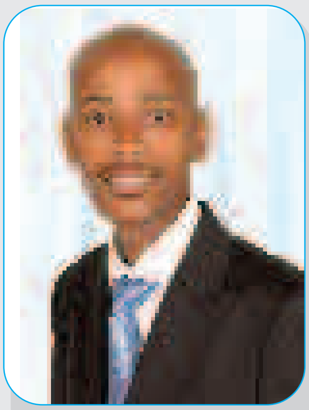
Bernard Ravnö 68
PhD, AMP (Harvard)
Independent non-executive director
Date of appointment 26 May 2003

Bernard has been involved in the sugar industry for over 30 years. In 2002, he retired from the position of technical director of the Illovo Sugar Group. One of his responsibilities there was to oversee the application and upgrading of the process control and automation systems at all 18 of the factory sites. From 1979 to 1986, he was the director of the Sugar Milling Research Institute, before joining CG Smith Sugar (now Illovo Sugar) as general manager of their Sezela mill and estates on the South Coast. He was appointed to the board of Illovo Sugar Limited in January 1992 and to the board of InfoWave Holdings Limited in May 2003 and re-elected on 25 May 2007.

Wanda Shuenyane 35
BA (Political Economy)
Non-executive director
Date of appointment 5 July 2005

Born and raised in Soweto, Wanda attained academic scholarships for high school as well as towards his foreign tertiary education. He obtained a BA in Political Economy (with distinction) in 1997 from Pomona College, Claremont, California, USA. Wanda took up the position of assistant analyst with international investment bank, Merrill Lynch SA (Pty) Limited from 1997 to 1999. Wanda then worked as an associate consultant with Bain & Co. strategy consultants from 1999 to 2001 before taking up the position of general manager at ABI, the largest and most operationally efficient Coke Bottler in Africa. Here he was responsible for sales, marketing and distribution for the Phoenix operation in Durban, before being promoted to general manager of ABI's East Rand operation. In October 2004, Wanda founded his own investment business, Sceptre Holdings.

Directorate and officers

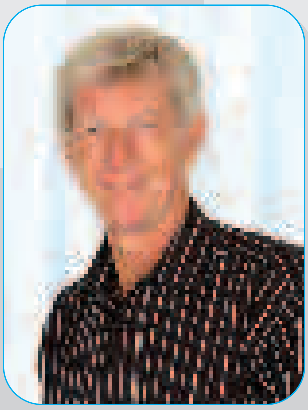

Sbu Shabalala


Tiffany Dunsdon


Bev Carrilho

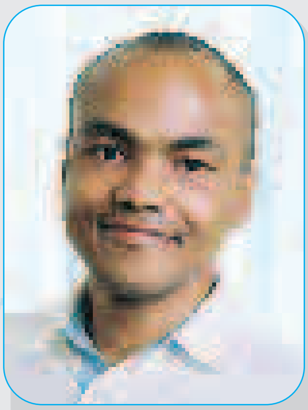

Bruno Lionnet


Cindy von Pannier


Ralph Collis


Paris Aposporis

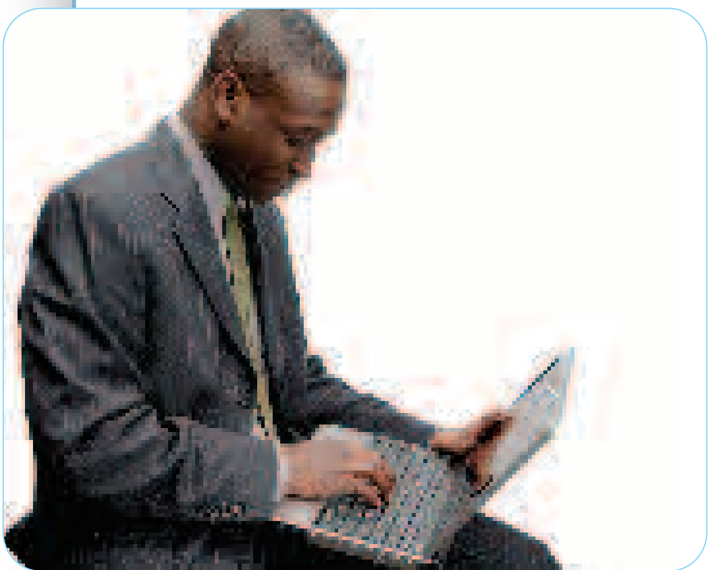

Dr Bernard Ravnö


Wanda Shuenyane

Report to the stakeholders
for the year ended 29 February 2008

Strategy
In line with our stated acquisitive diversification and growth strategy, a merger with associate, Adapt-IT (Pty) Limited was effected in the last quarter of the 2008 financial year.

The listed holding company was re-named AdaptIT Holdings Limited. The competencies of the group include Application Solutions, Outsourcing and Consulting across Oracle, Microsoft and OpenSource technologies. The integration project is well under way with minimal disruption to normal operations. The group is firmly focused on the health and organic growth of the existing lines of business, whilst pursuing our vision of expanding and diversifying into new markets now open to us.



Financial results
Revenue grew 17% over the prior year to R57,7 million. Operating profit grew by 20%. The core sugar business performed well with strong demand for project work. A new foreign sugar client was won, extending the reach of the group beyond Africa. The complexities of foreign language, a foreign numeric system and foreign currencies were successfully addressed in this project.

It is very pleasing to report that ApplyIT contributed a profit after tax of R0,7 million to the group. ApplyIT has won some significant new clients implementing solutions in the supply chain, safety and plant operations domains during the year. ApplyIT as a Gold Certified partner is responsible for all Microsoft offerings of the group. ApplyIT has excellent prospects and we are confident of its sustainability going forward.

Adapt-IT (Pty) Limited performed well in the year under review. Three months of its performance are consolidated in these results. The full year effect will be reflected in the group's results in the next financial year.

Profit attributable to ordinary shareholders grew 20% to R7,1 million (2007: R5,9 million) while earnings per share grew by 16% to 7,97 cents per share.

Operations
Operationally the group has faced some challenges, the key one being skills retention in the face of a severe IT skills shortage in the market. Notwithstanding this we have a large core team of highly committed and long-serving people who have seen us through this challenge for which we thank them sincerely. Staff attrition has reduced and there is ongoing focus on retention strategies.

Dividends
Ordinary dividend number 5 of 4,29 (2007: 3,67) cents per share was paid to shareholders on 11 June 2007.

The company has declared a sixth annual ordinary dividend of 4,43 cents per share which will be payable to shareholders on Tuesday, 17 June 2008. This represents a dividend cover of 1,8 times.

The board intends to increase the dividend cover in the forthcoming year in order to retain a greater proportion of retained income for future growth initiatives.

The board

Pursuant to the transaction with Adapt-IT (Pty) Limited, Sbu Shabalala was appointed to the board as CEO on 31 January 2008 and Tiffany Dunsdon became Commercial Director. A brief *curriculum vitae* of all board members is included on page 8.

BEE

The group is firmly committed to genuine broad-based transformation across all aspects of the Department of Trade and Industry's Codes of Good Practice. We obtained an independent broad-based rating from Empowerdex, in which we were rated as a Level 4 contributor to broad-based black economic empowerment which allows our customers to recognise 100% of their spend with us for their BEE procurement measurement purposes. We are rated in the Top 20 most empowered companies on the JSE according to the Financial Mail's Top Empowerment Companies survey in April 2008.

Prospects

The prospects of the group for the year ahead are good. We will focus on adding value to our existing clients by broadening our service and product offerings to them. We will selectively expand into new markets where we have a competitive advantage and the required competencies to succeed.

Appreciation

We express our appreciation to our customers for the success of our committed long-standing relationships with them. We remain fervently committed to serving them. We also pay tribute to all of our employees for their dedication and hard work. We thank them for their spirit of determination to succeed in delivery to our customers.

RP Collis
Non-executive chairman

S Shabalala
Chief executive officer

Corporate governance
The AdaptIT Group is fully committed to the principles of openness, integrity, accountability, transparency and social responsibility.

The board is of the opinion that the group complies, in all material respects, with the principles and code of conduct incorporated in the King Report and JSE Limited Listings Requirements.

Composition of the board

The board has a charter which records the board's continued objective to provide responsible business leadership in regard to the interest of shareholders and other stakeholders, including present and future customers, suppliers, employees, as well as the community and the environment within which the group operates.

The board charter further sets out the board's responsibility to approve strategy, monitor operational performance and management, determine policy and processes to ensure the integrity of the company's risk management and internal controls. The charter also sets out the board's responsibilities in respect of effective communications with all stakeholders, director selection through a nomination policy, orientation for new directors, evaluation of directors and succession planning in respect of the board and executive management.

The company has a board which comprises five executive directors, a non-executive chairman, a non-executive director and two independent non-executive directors, drawn from both genders. The board possesses a blend of different skills, industry experience, financial and commercial expertise. The independent directors are of a very high calibre and bring to bear independent judgement and experience to board deliberations and decisions. The board will continue to seek further non-executive directors with the aim of obtaining a majority of non-executive directors and in particular, obtaining further black representation as a priority. The key committees of the board, which by their nature require independence, comprise a majority of independent directors. The composition of these committees is set out on the inside back cover.

All directors of the company have access to the advice and services of the company secretary and, in appropriate circumstances may, at the company's expense, seek independent professional advice concerning its affairs.

The board has delegated authority for specific matters to a number of committees which have formal terms of reference and report to the board on a regular basis.

Executive committee

The executive committee comprises all the executive directors. The executive team meets regularly and monitors the performance of the management team of the operating subsidiaries. There are comprehensive management reporting disciplines in place, which include the preparation of annual budgets by all business units. The group budget is reviewed and approved by the directors of the company. Monthly results and the financial status of business units are reported against approved budgets and compared to the prior year. Profit projections are updated monthly while working capital and cash levels are monitored on an ongoing basis.

Audit committee

The audit committee normally meets twice a year, and is chaired by an independent non-executive director. The audit committee has formal terms of reference set by the board. The external auditors have unrestricted access to this committee. The audit committee reviews the effectiveness of internal controls in the group with reference to the findings of the external auditors and reviews important accounting issues, including specific disclosures in the financial statements and any recommendations by the auditors. The audit committee meets prior to the interim and annual financial statements being presented to the board of directors for final approval. The group does not have any formal internal audit processes due to the size and nature of the group. The only material asset at risk of misappropriation is cash, over which strict controls exist. Any internal audit activities would be undertaken by a third party on the instruction of the audit committee. Increased levels of management review and strict payment authorisation procedures are in place to compensate for not having an internal audit function. The provision of non-audit services by the auditors is reviewed by the audit committee and is only condoned where this does not present the auditor with a conflict of interest. No non-audit services were provided during the year. Fees paid to the auditors for non-audit services are separately disclosed in note 2 to the annual financial statements. The audit committee has satisfied its responsibilities for the year in compliance with its terms of reference.

Remuneration committee

The remuneration committee normally meets once a year, and is chaired by an independent non-executive director. The remuneration committee is responsible for establishing a formal and transparent procedure for developing a policy on executive directors' remuneration and performance appraisals and establishing remuneration packages for individual directors. External market surveys and other relevant information sources are considered in determining levels of remuneration that appropriately reward directors and staff for their contributions to the group's performance. Non-executive directors' remuneration is determined by the executive directors, with reference to external, independent benchmarks.

Risk management committee

The risk management committee normally meets once a year, and is chaired by an independent non-executive director. The risk management committee is accountable for the process of risk management and internal control systems and reviewing the effectiveness thereof. It is also responsible for establishing risk and control policies and communicating these throughout the group. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the company, which has been in place for the year under review and up to the date of approval of this annual report. There are adequate systems of internal control in place to mitigate the significant risks faced by the group to an acceptable level. The internal control systems are designed to manage, rather than eliminate risk and provide reasonable, not absolute assurance. There is a documented and tested business continuity process in place to allow business critical processes to be resumed in a reasonable amount of time should a disaster occur. The non-executive chairman is a member of the risk committee and in accordance with the committee's terms of reference, the committee chairman (an independent director) has a casting vote.

Employment equity and skills development committee

The group has an employment equity and skills development committee to drive the employee empowerment process, ensure transformation at all levels and review progress against specific goals. The committee meets on a quarterly basis and reports to the board.

Relations with stakeholders

The board has a constructive dialogue with investors at all times observing statutory, regulatory and other directives regarding the dissemination of information. The board acknowledges its responsibility to communicate a balanced and understandable assessment of the group's position to its stakeholders covering both financial and non-financial information and addressing material matters of significant interest and concern.

Code of ethics

The group requires adherence to a high standard of conduct which includes:

- being non-sectional and non-political in business dealings;
- protecting the group's reputation with regard to integrity and credibility;
- consistently honouring obligations;
- actively promoting the development of employees;
- showing respect for each individual with whom we deal; and
- maintaining the quality of products, services and ensuring customer satisfaction.

Compliance by all employees to the high moral, ethical and legal standards of the code is mandatory, and appropriate action will be taken in respect of all instances of non-compliance. The directors believe that the code of ethics has been maintained throughout the year under review.

Health

The group contributes to medical aid cover in respect of its permanent employees. The group provides insured risk benefits which include dreaded disease cover in respect of all permanent employees over and above the income continuation cover already in place in respect of disabilities. The group continues to espouse one of its most important values being that of promoting a healthy balance between home and work activities. To date the HIV/AIDS pandemic has had no direct impact on the group. The board is aware that the group cannot be immune to the effects thereof, and is committed to assisting employees in this regard.

Environmental and social activities

As a service organisation, the group's business does not have any significant negative impact on the immediate environment. We operate a paper recycling programme.

The group and its employees assist with the funding of the Ebuta Junior Secondary School situated in the Umzimkulu district. The Ebuta Trust, established in 1997, encourages monthly contributions from staff which AdaptIT matches Rand for Rand. The funds have already contributed to building a block of classrooms and other structural improvements at the school.

We have partnered with SmartXchange, an eThekwini-based not-for-profit Information and Communications Technologies cluster. AdaptIT provides financial support towards the advancement of the SmartXchange Programme to be utilised for bursaries for new SMME entrants in the field of Software Engineering, who have not received funding previously through the DTI, as well as towards an Award for the Best Software Engineering SMME. We will be looking at opportunities to mentor SMMEs and in so doing bring a positive influence to the ICT sector in this region.

Attendance register

The board normally meets five times per annum. Attendance at meetings of the board and sub-committees during the year ended 29 February 2008 is set out below:

	BOARD		AUDIT		REMUNERATION		RISK MANAGEMENT	
DIRECTOR	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
RP Collis	5	5	2	2C	1	1	1	1C
S Shabalala	1	1			1	1C		
T Dunsdon	5	5	2	2C			1	1C
B Carrilho	5	5	2	2C			1	1C
MCB Lionnet	5	5						
CL von Pannier	5	5						
P Aposporis	5	1+4D	2	0+2D	1	0+1D	1	0+1D
AB Ravnö	5	5	2	2	1	1	1	1
W Shuenyane	5	3					1	0
C Jessop*	3	3						

A Indicates the number of meetings which the director could have attended.
B Indicates the number of meetings which the director actually attended.
C Invitee.
D Telephonic and electronic consultation before and resolution approving proceedings after each meeting not attended in person.
* Resigned on 1 September 2007.

Independent auditor's report
to the members of AdaptIT Holdings Limited

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of AdaptIT Holdings Limited which comprise the directors' report, the balance sheets as at 29 February 2008, the income statements and the statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 18 to 42.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group at 29 February 2008 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Audit KZN
Registered Auditors
Per R Ebrahim
Partner

25 April 2008

2 Pencarrow Crescent
La Lucia Ridge Office Estate
Durban

National Executive: GG Gelink Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Tax, L Geeringh Consulting, L Bam Strategy, CR Beukman Finance, TJ Brown Clients and Markets, NT Mtoba Chairman of the Board, J Rhynes Deputy Chairman of the Board

Regional Leader: G Brazier

A full list of partners and directors is available on request.

Empowerdex rating: AA (Level 3 B-BBEE contributor)

Company secretary's certificate

I, BR Carrilho, being the company secretary of AdaptIT Holdings Limited and its subsidiaries, certify that, to the best of my knowledge and belief, all returns required of a public listed company have, in respect of the year under review, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.

BR Carrilho
Company secretary

Durban
25 April 2008

Shareholders' diary

Annual general meeting	Friday, 30 May 2008
Ordinary dividend number 6	
Last date to trade *"cum"* dividend	Friday, 6 June 2008
Shares commence trading *"ex"* dividend	Monday, 9 June 2008
Record date	Friday, 13 June 2008
Payment date	Tuesday, 17 June 2008
Report	
Interim report to 31 August 2008 to be published	Friday, 3 October 2008
2009 annual report to be published	Friday, 8 May 2009
Financial year-end	28 February 2009

Note
The above are anticipated dates published as a guide for the benefit of shareholders.

The company cannot accept any responsibility should it become necessary to alter the dates mentioned above.

Responsibility for annual financial statements
The directors are responsible for the preparation, integrity and objectivity of the annual financial statements and other information contained in this annual report.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and have been reported on by the company's auditors.

In discharging this responsibility, the group maintains suitable internal control systems and adequate accounting records to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with group policies. Appropriate accounting policies supported by reasonable and prudent judgements have been applied consistently with those of the prior year.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operating of the systems of internal control has occurred during the year under review, and the directors believe that the business will be a going concern for the year ahead.

Change of name
During the current year the holding company's name was changed to AdaptIT Holdings Limited.

Financial results
The financial results of the company and the group are disclosed in these financial statements.

Post balance sheet events
There are no material events between the balance sheet date and the date of this report.

Dividends
Ordinary dividend number 5
The company declared a dividend of 4,29 cents per share which was paid to shareholders on 11 June 2007.

Ordinary dividend number 6
The board has set a policy of considering a dividend once annually after the year-end. The board has declared a dividend on a dividend cover ratio of 1,8 times as the group will have sufficient working capital to meet its requirements after the dividend payment. Notice is hereby given that a cash dividend of 4,43 cents per share ("the dividend") has been declared, payable to shareholders recorded in the books of the company at close of business on Friday, 6 June 2008.

Shareholders are advised that the last day to trade *"cum"* the dividend will be Friday, 6 June. Shares will trade *"ex"* dividend as from Monday, 9 June, and the record date will be Friday, 13 June. Payment will be made on Tuesday, 17 June. Share certificates may not be dematerialised or rematerialised during the period Monday, 9 June to Friday, 13 June, both days inclusive. This dividend, having been declared after the year-end, has not been provided for in the financial statements.

Share capital
357 514 shares were issued in respect of share options exercised by current employees in the year under review. The merger with Adapt-IT (Pty) Limited resulted in a further 10 883 772 shares being issued.

The number of issued shares consequently increased, as a result of the above transactions, from 86 217 180 to 97 458 466 shares.

Directors' report
and approval of the annual financial statements

Investment in subsidiaries and associates
Details of the subsidiaries and associates appear in notes 9 and 10 to the financial statements, respectively. The purchase price for Microzone Investment Holdings (Pty) Limited was R12 043 327.

Aggregate profit before tax from subsidiaries is R10 478 043 (2007: R8 020 373).

Share incentive trust
The group's share incentive trust gives employees an opportunity to participate in the growth of the group. An analysis of this scheme follows on pages 37 and 43. The group is reviewing the effectiveness and tax efficiency of this incentive scheme.

Directorate
The names of the directors are set out on pages 8 and 9.

The following changes to the board of directors took place during the period:

- Retiring director – Mrs CL von Pannier was re-appointed to the board, effective 25 May 2007; and
- Mr P Aposporis and Dr AB Ravnö were re-appointed to the board as independent non-executive directors, effective 25 May 2007.
- Mrs CL Jessop resigned on 1 September 2007.
- Mr S Shabalala was appointed as CEO and Mrs T Dunsdon assumed the role of Commercial Director on 31 January 2008.

Company secretary
The name of the company secretary appears on page 17.

Directors' and officers' share dealings
Directors and officers are not permitted to deal, directly or indirectly, in the shares of the company between the period-end and the announcement of the interim or final results and during other sensitive periods. They are required to obtain the prior approval of the chairman to deal in the company's shares. Immediately after any transaction they are to notify the company secretary in writing, giving full details thereof. These notifications are released on the Securities Exchange News Service (SENS), and tabled at the next board meeting.

Special resolutions passed by the company
The following special resolution was passed by the company:

- 25 May 2007, the members granted the directors authority to repurchase a maximum of 20% of the company's shares, valid until the next annual general meeting.

Special resolutions passed by the company's subsidiaries:

- Special resolution passed by InfoWave (Pty) Limited 25 May 2007; the members granted the directors authority to repurchase the company's shares and the shares of the holding company, valid until the next annual general meeting.
  5 605 000 shares were purchased during the year under review and subsequently issued as part payment for Microzone Investment Holdings (Pty) Limited.
- Special resolution passed by InfoWave Internet Solutions (Pty) Limited 25 May 2007; the members granted the directors authority to repurchase the company's shares and the shares of the holding company, valid until the next annual general meeting. No shares were purchased during the year under review.

Approval of the annual financial statements
The annual financial statements, which appear on pages 20 to 47 were approved by the board of directors on 25 April 2008 and are signed on its behalf by:

RP Collis **S Shabalala**

Income statements
for the year ended 29 February 2008

	Note	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
REVENUE		**57 650 319**	49 299 739	**832 902**	1 164 595
Cost of sales		**(27 136 893)**	(23 547 499)	**–**	–
Gross profit		**30 513 426**	25 752 240	**832 902**	1 164 595
Administrative, selling and other costs		**(20 784 514)**	(17 667 839)	**(796 047)**	(1 132 865)
Dividends received		**–**	–	**4 000 000**	3 500 000
Profit from operations (before interest)	2	**9 728 912**	8 084 401	**4 036 855**	3 531 729
Interest income		**377 007**	193 771	**98 429**	5 670
Preference dividend received		**366 894**	266 988	**366 894**	266 988
Loss on sale/revaluation of listed preference shares	13	**(217 102)**	(906 462)	**(217 102)**	(906 462)
Finance costs		**(2 839)**	(10 252)	**(4)**	–
Profit from associate		**286 527**	535 671	**–**	–
Profit before taxation		**10 539 399**	8 164 117	**4 285 072**	2 897 925
Taxation	5	**(3 213 836)**	(2 378 054)	**(688 010)**	(266 239)
Profit for the year after taxation		**7 325 563**	5 786 063	**3 597 062**	2 631 686
Attributable to minorities		**(223 715)**	151 215		
Profit for the year attributable to equity shareholders of the company		**7 101 848**	5 937 278	**3 597 062**	2 631 686
Earnings per share (cents)	6.1	**7,97**	6,87		
Fully diluted earnings per share (cents)	6.1	**7,96**	6,85		

Balance sheets
as at 29 February 2008

	Note	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
ASSETS					
Non-current assets		**14 152 697**	4 003 777	**16 031 593**	4 241 662
Property and equipment	7	**2 332 685**	1 092 188	**–**	–
Intangible assets	8	**586 596**	1 343 566	**–**	–
Interest in subsidiaries and share trust	9	**–**	–	**16 031 593**	4 174 204
Investment in associate company	10	**–**	793 222	**–**	7 625
Goodwill	11	**10 407 854**	58 709	**–**	–
Deferred taxation	12	**825 562**	716 092	**–**	59 833
Current assets		**21 352 691**	15 748 679	**3 140 851**	3 681 375
Accounts receivable		**13 432 836**	8 099 588	**22 550**	6 125
Listed preference shares	13	**–**	3 660 282	**–**	3 660 282
Current portion of loan to associate company	10	**–**	117 228	**–**	–
Cash resources		**7 919 855**	3 871 580	**3 118 301**	14 968
Total assets		**35 505 388**	19 752 455	**19 172 444**	7 923 037
EQUITY AND LIABILITIES					
Issued capital	14	**9 745**	8 621	**9 745**	8 621
Share premium	15	**8 112 296**	261 867	**8 112 296**	261 867
Share-based payment reserve	16	**672 384**	477 832	**–**	–
Accumulated profit		**18 585 346**	15 194 386	**1 371 163**	1 484 989
Equity attributable to ordinary shareholders		**27 379 771**	15 942 706	**9 493 204**	1 755 477
Minority interest		**663 987**	440 340	**–**	–
Total equity		**28 043 758**	16 383 046	**9 493 204**	1 755 477
Current liabilities		**7 461 630**	3 369 409	**9 679 240**	6 167 560
Accounts payable		**4 959 137**	2 095 425	**181 528**	78 607
Provisions	17	**1 322 747**	962 849	**–**	–
Loans from subsidiaries	9	**–**	–	**9 301 437**	5 926 930
Taxation payable		**1 179 746**	311 135	**196 275**	162 023
Total equity and liabilities		**35 505 388**	19 752 455	**19 172 444**	7 923 037

Statements of changes in equity
for the year ended 29 February 2008

	SHARE CAPITAL R	SHARE PREMIUM R	ACCU-MULATED PROFIT R	SHARE-BASED PAYMENT RESERVE R	ATTRI-BUTABLE TO EQUITY HOLDERS R	MINORITY INTEREST R	TOTAL R
GROUP							
Balance at 28 February 2006	8 582	460 924	12 446 569	463 216	13 379 291		13 379 291
Subsidiary acquired						591 555	591 555
Profit for the year			5 937 278		5 937 278	(151 215)	5 786 063
Total recognised income and expense	8 582	460 924	18 383 847	463 216	19 316 569	440 340	19 756 909
Shares issued during the year	120	247 694			247 814		247 814
Shares repurchased during the year	(81)	(446 751)			(446 832)		(446 832)
Recognition of share-based payment				14 616	14 616		14 616
Dividend paid			(3 189 461)		(3 189 461)		(3 189 461)
Balance at 28 February 2007	8 621	261 867	15 194 386	477 832	15 942 706	440 340	16 383 046
Profit for the year			7 101 848		7 101 848	223 715	7 325 563
Total recognised income and expense	8 621	261 867	22 296 234	477 832	23 044 554	664 055	23 708 609
Shares issued during the year	1 124	7 850 429			7 851 553		7 851 553
Shares repurchased and cancelled during the year						(68)	(68)
Recognition of share-based payment				194 552	194 552		194 552
Dividend paid			(3 710 888)		(3 710 888)		(3 710 888)
Balance at 29 February 2008	**9 745**	**8 112 296**	**18 585 346**	**672 384**	**27 379 771**	**663 987**	**28 043 758**

	SHARE CAPITAL R	SHARE PREMIUM R	ACCU-MULATED PROFIT R	TOTAL R
COMPANY				
Balance at 28 February 2006	8 582	460 924	2 042 764	2 512 270
Profit for the year			2 631 686	2 631 686
Total recognised income and expense	8 582	460 924	4 674 450	5 143 956
Shares issued during the year	120	247 694		247 814
Shares repurchased during the year	(81)	(446 751)		(446 832)
Dividend paid			(3 189 461)	(3 189 461)
Balance at 28 February 2007	8 621	261 867	1 484 989	1 755 477
Profit for the year			3 597 062	3 597 062
Total recognised income and expense	8 621	261 867	5 082 051	5 352 539
Shares issued during the year	1 124	7 850 429		7 851 553
Dividend paid			(3 710 888)	(3 710 888)
Balance at 28 February 2008	**9 745**	**8 112 296**	**1 371 163**	**9 493 204**

Cash flow statements
for the year ended 29 February 2008

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit from operations (before interest and dividends)	**9 728 912**	8 084 401	**36 854**	31 729
Adjustment for:				
Impairment loss			**193 564**	–
Share-based payment expense	**194 552**	14 616	**–**	–
Profit on sale of equipment	**–**	(27 157)	**–**	–
Depreciation and amortisation	**1 530 328**	848 473	**–**	–
Cash generated from operations, before working capital changes	**11 453 792**	8 920 333	**230 418**	31 729
Working capital changes				
(Increase)/decrease in receivables	**(3 548 714)**	(211 702)	**(16 425)**	154 893
Increase/(decrease) in payables and provisions	**2 512 483**	(1 627 602)	**102 921**	983
Cash generated from operations	**10 417 561**	7 081 029	**316 914**	187 605
Taxation paid	**(2 923 175)**	(2 792 856)	**(593 925)**	(368 725)
Interest income	**377 007**	193 771	**98 429**	5 670
Finance costs	**(2 839)**	(10 252)	**(4)**	–
Dividend received from subsidiary	**–**	–	**4 000 000**	3 500 000
Preference dividend received	**366 894**	266 988	**366 894**	266 988
Dividend paid to shareholders	**(3 710 888)**	(3 189 461)	**(3 710 888)**	(3 189 461)
Net cash inflow from operating activities	**4 524 560**	1 549 219	**477 420**	402 077
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of equipment on expansion	**(1 253 779)**	(751 772)		–
Acquisition of intangible assets	**(1 806)**	(833 826)		–
Proceeds on disposal of equipment	**–**	37 522	**–**	–
Proceeds on sale of preference shares	**3 443 180**	–	**3 443 180**	–
Decrease/(increase) in investment in associate	**335 337**	(52 127)	**–**	–
Acquisition of subsidiary	**(4 315 849)**	(640 691)	**(4 315 849)**	(640 691)
Proceeds on issue of subsidiary shares	**–**	261 340		
Increase in loans from subsidiaries	**–**	–	**3 374 507**	437 037
Net cash outflow from investing activities	**(1 792 917)**	(1 979 554)	**2 501 838**	(203 654)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchase of company's shares	**–**	(446 832)	**–**	(446 832)
Proceeds of share issues	**124 075**	247 814	**124 075**	247 814
Net cash inflow/(outflow) from financing activities	**124 075**	(199 018)	**124 075**	(199 018)
Net increase/(decrease) in cash resources	**2 855 718**	(629 353)	**3 103 333**	(595)
Cash resources at beginning of year	**3 871 580**	4 254 175	**14 968**	15 563
Cash resources on acquisition of subsidiaries	**1 192 557**	246 758	**–**	–
Cash resources at end of year	**7 919 855**	3 871 580	**3 118 301**	14 968

1. ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with the group's accounting policies which are consistent with the prior year-end and comply in all material aspects with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa. The adoption in 2008 of IFRS 7 Financial Instruments: Disclosures and IAS 1: Presentation of Financial Statements, resulted in additional disclosures in the Annual Report.

1.1 Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company, its subsidiaries and the InfoWave Holdings Limited Share Incentive Trust. The operating results of the subsidiaries are included from the effective date of acquisition. All significant intra-group transactions and balances are eliminated.

Differences between the cost of investments in the subsidiaries and the fair value of their attributable net assets at date of acquisition are treated as goodwill, which is tested annually for impairment.

The group does not have any segments.

1.2 Property and equipment and depreciation

Property and equipment is originally recorded at cost. Assets costing less than R5 000 are written off on purchase.

Depreciation is provided on the straight-line basis at rates considered appropriate to reduce book values over their expected useful lives to estimated residual values. The useful life and residual values are reassessed annually.

CATEGORY	PERIOD OF DEPRECIATION
Computer hardware	3 years
Computer software	2 years
Telephone equipment	6 years
Office equipment	6 years
Furniture and fittings	6 years
Leasehold improvements	period of lease

Intangibles and amortisation

1.3 Trademarks

The group ensures that all its proprietary software is protected by national trademarks which are valid for 10 years from date of registration, the cost of which is amortised over that period.

CATEGORY	PERIOD OF AMORTISATION
Trademarks	10 years

1. **ACCOUNTING POLICIES** continued

1.4 Inhouse developed software

Development costs pertaining to inhouse developed software are generally expensed in the period in which they are incurred.

Development costs that relate to an identifiable product or process that is demonstrated to be technically and commercially feasible which the group has sufficient resources to bring to market and which is expected to result in future economic benefits, are recognised as assets. The expenditure capitalised includes the cost of material, direct labour and an appropriate portion of overheads. Capitalised development expenditure is shown at cost less accumulated amortisation and impairment losses. The amount of capitalised development cost recognised as an asset is amortised over the estimated useful life of the asset (but for no greater a period than five years).

CATEGORY	PERIOD OF AMORTISATION
Inhouse developed software	3 years

1.5 Taxation

Deferred taxation is provided on the comprehensive basis using the liability method. Where the effect of temporary differences, including those arising from tax losses, gives rise to a deferred tax asset, the asset is recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Deferred taxation is calculated at a rate at which assets are realised and liabilities are settled.

The charge for current tax is the amount of income tax as payable in respect of the taxable profit for the current period. It is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

1.6 Revenue

Revenue comprises the invoiced value of information services provided and technology and product sales, including completed services provided for not yet invoiced, but excluding value added taxation. The various stages of invoicing are usually formalised in a service contract or brief, prior to commencement of any work. In terms of variable contracts, clients are invoiced according to the stage of completion and revenue is recognised accordingly.

Where revenue is received in respect of product development on fixed price contracts and the work has not been performed, the revenue attributable thereto is not recognised.

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

1.7 Pension and employee benefit contributions

All contributions to the defined contribution pension fund and employee benefits are charged against income in the year in which they relate.

1. **ACCOUNTING POLICIES** continued

1.8 Operating rentals

Rentals payable under operating leases are charged to income on a straight-line basis.

1.9 Research expenditure

Research costs incurred with the prospect of gaining new scientific or technical knowledge and understanding are charged as an expense in the income statement in the period in which they are incurred.

1.10 Foreign currency transactions

Foreign currency transactions by companies comprising the group are recorded in their functional currencies (rands) at the exchange rates ruling on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in profit or loss for the year and are classified as either operating or financing depending on the nature of the monetary items giving rise to them.

1.11 Financial instruments

Financial assets and financial liabilities are recognised in the company's and group's balance sheet when it becomes party to the contractual provisions of an instrument.

Financial asset investments

Investments, other than investments in subsidiaries and associates, are either classified as available for sale or loans and receivables. Available for sale investments are initially recorded at fair value. They are subsequently remeasured at each reporting date at fair value. Any unrealised gains and losses are recognised in equity until an investment is disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement. Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current and call accounts.

Trade receivables

Trade receivables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method less allowance for any impairment as appropriate.

Trade payables

Trade payables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method.

Equity instruments

An equity instrument is any contract which evidences a residual interest in the net assets of an entity. A financial instrument is treated by the company and group as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilites on unfavourable terms; and
- the instrument is either a non-derivative which contains no contractual obligation to deliver a variable number of shares, or is a derivative which will be settled only by the company or group exchanging a fixed amount of cash or other financial assets, for a fixed number of its own equity instruments.

1. **ACCOUNTING POLICIES** continued

1.12 Share-based payments

The group enters into share-based payment transactions in terms of the employee share incentive scheme. The charge to profit or loss required by IFRS 2 Share-based Payment is accounted for on the basis that the instruments are equity-settled. The total amount to be expensed on a straight-line basis over the vesting period is determined by reference to the fair value of the awards determined at the grant date. The fair value of the share-based payment is measured using the Black-Scholes model, which is appropriate for the scheme.

1.13 Share issue costs

Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of applicable tax, from the proceeds. An incremental share issue cost is one which would not have arisen if shares had not been issued.

1.14 Treasury shares

The purchase by any group entity of the company's equity instruments results in the recognition of treasury shares. The consideration paid is deducted from equity. Where such treasury shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the equity holders of the company, net of any directly attributable incremental transaction costs and the related tax effects.

1.15 Dividend payments

Dividend distributions to the company's ordinary equity holders are recognised as a liability in the period in which the dividends are declared and approved. Final dividends are accrued when approved by the company's ordinary equity holders at its annual general meeting and interim dividends are recognised when approved by the board.

1.16 Basic EPS

Basic EPS is calculated by dividing net profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the year. For this purpose, net profit is defined as the profit after tax and special items attributable to equity holders.

Diluted EPS

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, such as share awards granted to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net EPS.

Headline EPS

The presentation of headline EPS is mandated under the JSE Listings Requirements and is not necessarily a measure of sustainable earnings. It is calculated in accordance with Circular 8/2007, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

1.17 Key sources of estimation uncertainty

In the process of applying the group's accounting policies, management has made the following judgement that potentially has the greatest significant effect on the amounts recognised in the financial statements.

Deferred taxation

Deferred tax assets representing the carry forward of unused tax losses are only recognised to the extent that it is probable that taxable profits will be available in future. In instances where there is no contracted income, the raising of the deferred taxation asset is limited to the next two years' budgeted taxable profit due to the uncertainty of estimating profits more than two years hence.

1. **ACCOUNTING POLICIES** continued

1.18 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the net fair value of the identifiable assets and liabilities, recognised at the date of acquisition. Goodwill is tested annually. Goodwill is initially recognised as an asset at cost. It is subsequently measured at cost less any accumulated impairment losses and is not amortised. Impairments are not reversed.

1.19 Impairment

At each balance sheet date, the group revises the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Goodwill is, however, tested annually.

If any such indication exists the recoverable amount of the asset, being the higher of its net selling price and its value in use, is assessed in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense incurred and are treated as exceptional items.

1.20 Provisions

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

1.21 New accounting standards, revised standards and interpretations

Certain new accounting standards, revised standards and interpretations have been published that are applicable for future accounting periods. These new standards and interpretations have not been early adopted by the group. The directors do not expect that the adoption of the standards and interpretations will have a material impact on future financial statements. The standards and interpretations in issue, but not yet effective are:

IAS 1	Presentation of financial statements
IAS 23	Borrowing costs
IFRS 2	(Revised 2008): Share-based payment
IFRS 3	(Revised 2008): Business combinations
IFRS 8	Operating segments
IFRIC 4	Determining whether an arrangement contains a lease
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of embedded derivatives
IFRIC 10	Interim reporting and impairment
IFRIC 12	Service concession arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	IAS19 The limit on a defined benefit asset, minimum funding requirements and their interaction.

2. PROFIT FROM OPERATIONS

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
Profit from operations is arrived at after taking into account:				
Auditors' remuneration				
– audit fees – current	**303 322**	246 357	**23 112**	3 273
– other service	**–**	–	**–**	–
Depreciation				
– computer hardware	**485 163**	358 640	**–**	–
– computer software	**425 241**	52 780	**–**	–
– telephone equipment	**26 026**	–	**–**	–
– office equipment	**33 070**	22 964	**–**	–
– furniture and fittings	**107 186**	71 344	**–**	–
– leasehold improvements	**19 471**	10 804	**–**	–
Gain/(loss) on foreign transactions	**360 749**	(8 963)	**–**	–
Amortisation of intangible assets				
– inhouse developed software	**432 804**	330 657	**–**	–
– trademarks	**1 366**	1 284	**–**	–
Employee costs	**29 444 244**	23 792 180	**–**	–
Operating lease charges				
– property	**1 720 617**	1 405 262	**–**	–
Pension fund contributions and group benefits	**2 174 668**	1 637 484	**–**	–
Write-off of assets under R5 000	**130 452**	80 163	**–**	–
Total staff complement at year-end	**121**	97		

3. CHANGE IN ACCOUNTING ESTIMATE

With effect from 1 March 2006, the group changed the estimated useful life of internally generated software from one year to three years.

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
The effect on the income statement is as follows:				
Reversal of amortisation	**–**	202 767	**–**	–
The effect on the balance sheet is as follows:				
Net book value of internally generated software	**–**	202 767	**–**	–

4. DIRECTORS' EMOLUMENTS

The directors' remuneration for the year ended 29 February 2008 was as follows:

EXECUTIVE DIRECTORS	SALARY	CONTRIBUTIONS RETIRE-MENT	CONTRIBUTIONS MEDICAL AID	BONUS	OTHER	OTHER BENEFITS SHARE OPTIONS CURRENT	OTHER BENEFITS RE-TENTION SHARES	**TOTAL EMOLU-MENTS 2008**	TOTAL EMOLU-MENTS 2007
S Shabalala*	31 877	2 966	1 007	40 000				**75 850**	–
T Dunsdon	620 275	51 863	14 569	99 561		14 852		**801 120**	631 730
CL Jessop**	339 445	22 652	7 284		328 027			**697 408**	692 566
MCB Lionnet	492 614	41 390	14 569	68 106		15 249	37 235	**669 163**	565 773
CL von Pannier	495 316	41 381	14 569	40 854	139 441	12 029		**743 590**	566 455
BR Carrilho***	372 975	31 766	14 569	34 846		14 941	93 452	**562 549**	498 996

* S Shabalala was appointed CEO effective 31 January 2008.
** CL Jessop resigned on 1 September 2007.
*** BR Carrilho's employment contract is on a permanent six-hour per day equivalent basis.

NON-EXECUTIVE DIRECTORS	**DIRECTORS' FEES 2008**	DIRECTORS' FEES 2007	**FEES FOR OTHER SERVICES 2008**	FEES FOR OTHER SERVICES 2007	**TOTAL EMOLU-MENTS 2008**	TOTAL EMOLU-MENTS 2007
RP Collis*	**71 859**	67 200	–	–	**71 859**	67 200
P Aposporis**	**35 280**	33 600	–	–	**35 280**	33 600
AB Ravnö**	**35 280**	33 600	–	–	**35 280**	33 600
W Shuenyane	**24 000**	22 500	–	–	**24 000**	22 500

* Chairman
** Sub-committee chairman

5. TAXATION

	GROUP 2008 R	GROUP 2007 R	**COMPANY 2008 R**	COMPANY 2007 R
South African normal taxation				
Current	**2 776 546**	2 734 474	**122 634**	164 194
Prior year	**76 949**	–	**76 949**	–
Deferred taxation current year	**(68 253)**	(721 339)	**59 833**	(262 874)
Secondary tax on companies	**428 594**	364 919	**428 594**	364 919
Total taxation	**3 213 836**	2 378 054	**688 010**	266 239
Tax rate reconciliation	**%**	%	**%**	%
Statutory rate	**29,0**	29,0	**29,0**	29,0
Adjustment from prior years	**0,8**	–	**1,8**	–
Exempt income	**(1,9)**	(1,0)	**(29,5)**	(31,9)
Non-deductible expenses	**1,6**	0,2	**3,4**	–
Income from associate	**(0,9)**	–	**–**	–
Deferred tax raised on assessed loss	**(1,1)**	(6,9)	**–**	–
Deferred tax not raised on tax losses	**(1,2)**	3,4	**–**	–
Reversal of deferred tax	**–**	–	**1,4**	–
Secondary tax on companies	**4,2**	4,4	**10,0**	10,6
Effective rate	**30,5**	29,1	**16,1**	7,7

6.1 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit of R7 101 848 (2007: R5 937 278) and the weighted average number of ordinary shares in issue during the year of 89 137 315 (2007: 86 395 997).

The calculation of fully diluted earnings per share is based on the profit of R7 101 848 (2007: R5 937 278) and the weighted average number of 89 274 081 (2007: 86 698 388) shares. The dilution is a result of 1 210 315 (2007: 643 596) options granted by the Share Incentive Trust at an average price of 49 (2006: 28) cents per share.

	GROUP 2008 R	GROUP 2007 R
Reconciliation between earnings and headline earnings:		
Earnings attributable to ordinary shareholders	**7 101 848**	5 937 278
Less profit on sale of property and equipment	**–**	(27 157)
Add loss on sale of investment in listed preference shares	**181 220**	–
Headline earnings	**7 283 068**	5 910 121
Headline earnings per share (cents)	**8,17**	6,84

6.2 DIVIDENDS PER SHARE

Dividends per share (cents)	**4,29**	3,67
Dividend paid (Rand)	**3 710 888**	3 189 461

7. PROPERTY AND EQUIPMENT

GROUP	2008 COST	2008 ACCUMULATED DEPRECIATION	2008 NET BOOK VALUE	2007 COST	2007 ACCUMULATED DEPRECIATION	2007 NET BOOK VALUE
Computer hardware	3 469 466	2 524 066	945 400	2 668 118	2 038 903	629 215
Computer software	1 111 881	943 631	168 250	566 674	518 391	48 283
Telephone equipment	570 012	335 782	234 230	309 756	309 756	–
Office equipment	304 620	78 170	226 450	149 128	45 100	104 028
Furniture and fittings	1 391 003	666 526	724 477	835 205	559 340	275 865
Leasehold improvements	160 603	126 725	33 878	142 050	107 253	34 797
Total	7 007 585	4 674 900	2 332 685	4 670 931	3 578 743	1 092 188

2008	NET BOOK VALUE AT BEGINNING OF YEAR	ACQUISITION OF SUBSIDIARY	ADDITIONS	DISPOSALS	RECLASSIFICATION	DEPRECIATION	NET BOOK VALUE AT END OF YEAR
Computer hardware	629 215	201 156	600 192	–	–	(485 163)	945 400
Computer software	48 283	45 698	174 904	–	324 606	(425 242)	168 249
Telephone equipment	–	–	260 257	–	–	(26 026)	234 231
Office equipment	104 028	117 990	37 502	–	–	(33 070)	226 450
Furniture and fittings	275 865	384 756	171 042	–	–	(107 186)	724 477
Leasehold improvements	34 797	8 670	9 882	–	–	(19 471)	33 878
Total	1 092 188	758 270	1 253 779	–	324 606	(1 096 158)	2 332 685

2007	NET BOOK VALUE AT BEGINNING OF YEAR	ACQUISITION OF SUBSIDIARY	ADDITIONS	DISPOSALS	RECLASSIFICATION	DEPRECIATION	NET BOOK VALUE AT END OF YEAR
Computer hardware	364 792	133 126	489 937		–	(358 640)	629 215
Computer software	74 213		26 850		–	(52 780)	48 283
Telephone equipment	–		–	–	–		
Office equipment	102 428		24 564		–	(22 964)	104 028
Furniture and fittings	72 373	120 166	165 034	(10 364)	–	(71 344)	275 865
Leasehold improvements	214		45 387		–	(10 804)	34 797
Total	614 020	253 292	751 772	(10 364)	–	(516 532)	1 092 188

8. INTANGIBLE ASSETS

GROUP	2008 COST	2008 ACCUMULATED AMORTISATION	2008 NET BOOK VALUE	2007 COST	2007 ACCUMULATED AMORTISATION	2007 NET BOOK VALUE
Inhouse developed software	**1 434 069**	**869 671**	**564 398**	1 758 675	436 867	1 321 808
Trademarks	**27 610**	**5 412**	**22 198**	25 804	4 046	21 758
Total	**1 461 679**	**875 083**	**586 596**	1 784 479	440 913	1 343 566

2008	NET BOOK VALUE AT BEGINNING OF YEAR	ADDITIONS	ACQUISITION OF SUBSIDIARY	DISPOSALS	RECLASSIFICATION	AMORTISATION	NET BOOK VALUE AT END OF YEAR
Inhouse developed software	**1 321 808**	**–**			**(324 606)**	**(432 804)**	**564 398**
Trademarks	**21 758**	**1 806**			**–**	**(1 366)**	**22 198**
Total	**1 343 566**	**1 806**			**(324 606)**	**(434 170)**	**586 596**

2007	NET BOOK VALUE AT BEGINNING OF YEAR	ADDITIONS	ACQUISITION OF SUBSIDIARY	DISPOSALS	RECLASSIFICATION	AMORTISATION	NET BOOK VALUE AT END OF YEAR
Inhouse developed software	318 639	833 826	500 000			(330 657)	1 321 808
Trademarks	23 042	–				(1 284)	21 758
Total	341 681	833 826	500 000			(331 941)	1 343 566

9. INTEREST IN SUBSIDIARIES AND SHARE TRUST

Details of the company's subsidiaries and Share Trust at 29 February 2008 are as follows:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION/ REGISTRATION	OWNERSHIP INTEREST %	VOTING POWER %	PRINCIPAL ACTIVITY
InfoWave (Pty) Limited	RSA	100	100	Application solutions
InfoWave Internet Solutions (Pty) Limited	RSA	100	100	Internet solutions
Adapt-IT (Pty) Limited	RSA	100	100	Application solutions
ApplyIT (Pty) Limited	RSA	74	74	Application solutions
Isizinda Consulting (Pty) Limited	RSA	100	100	Consulting
Microzone Investment Holdings (Pty) Limited	RSA	100	100	Intermediate holding company
InfraSoft Technologies (Pty) Limited	RSA	75	75	Application solutions
InfoWave Holdings Limited Share Incentive Trust	RSA	*	*	Employee share participation

* 100% consolidation

9. INTEREST IN SUBSIDIARIES AND SHARE TRUST continued

	COMPANY 2008 R	COMPANY 2007 R
InfoWave (Pty) Limited		
Shares at cost	**3 916 100**	3 916 100
Indebtedness to subsidiary	**(9 690 148)**	(6 315 641)
	(5 774 048)	(2 399 541)
InfoWave Internet Solutions (Pty) Limited		
Shares at cost	**100**	100
Indebtedness to subsidiary	**(295 269)**	(295 269)
	(295 169)	(295 169)
Adapt-IT (Pty) Limited		
Shares at cost	**7 625**	–
Indebtedness to subsidiary	**–**	–
	7 625	–
Microzone Investment Holdings (Pty) Limited*		
Shares at cost	**12 043 327**	–
Indebtedness to subsidiary	**–**	–
	12 043 327	–
ApplyIT (Pty) Limited		
Shares at cost	**2 952**	2 952
Indebtedness of subsidiary	**637 739**	637 739
	640 691	640 691
InfraSoft Technologies (Pty) Limited		
Shares at cost	**784 323**	784 323
Amounts written off	**(722 834)**	(529 271)
	61 489	255 052
InfoWave Holdings Limited Share Incentive Trust		
Indebtedness of Trust	**46 241**	46 241
	46 241	46 241
Total investment	**16 031 593**	4 174 204
Total indebtedness	**(9 301 437)**	(5 926 930)
Total interest	**6 730 156**	(1 752 726)

* Microzone Investment Holdings (Pty) Limited holds 67% of AdaptIT (Pty) Limited and 100% of Isizinda Consulting (Pty) Limited.

These intra-group loans have no fixed repayment terms, are interest free and are unsecured.

10. INVESTMENT IN ASSOCIATE COMPANY

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
Unlisted, at cost – 100% (2007: 33%)	–	7 625	–	7 625
Share of accumulated profit since acquisition	–	575 020	–	–
Indebtedness of associate company	–	327 805	–	–
Total investment	–	910 450	–	7 625
Less: Portion of loan disclosed under current assets	–	(117 228)	–	–
	–	793 222	–	7 625
Directors' valuation of associate company	–	910 450	–	7 625

On 5 December 2007, a 100% investment was made in Microzone Investment Holdings (Pty) Limited. Microzone held a 67% equity stake in Adapt-IT (Pty) Limited and a 100% stake in Isizinda Consulting (Pty) Limited. Accordingly, Adapt-IT (Pty) Limited has become a wholly owned subsidiary. Refer to notes 9 and 23.

11. GOODWILL

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
Carrying value at beginning of year	**58 709**	–	–	–
Additions	**10 349 145**	58 709	–	–
Carrying value at end of year	**10 407 854**	58 709	–	–

Goodwill is attributable to the acquisition of ApplyIT (Pty) Limited in the 2007 financial year and Microzone Investment Holdings (Pty) Limited in the current financial year. Goodwill is allocated to cash-generating units as follows:

ApplyIT (Pty) Limited – R58 709
Adapt-IT (Pty) Limted – R10 349 145

The group tests goodwill annually for impairment. As at 29 February 2008, the carrying value of goodwill was considered not to require impairment.

The key assumptions used in the testing of goodwill are:

- Discount rate of 10% – 12% (weighted average cost of capital)
- Projected cash flows for five years based on a 5% – 10% growth rate

12. DEFERRED TAXATION

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
The major components of the deferred taxation balance are as follows:				
Temporary difference to be offset against future income:				
Leave pay and other provisions	**83 887**	278 891	**–**	–
Other	**(87 223)**	(131 489)	**–**	59 833
Estimated tax losses	**112 806**	568 690	**–**	–
	109 470	716 092	**–**	59 833
The movement in the deferred taxation balance for the year:				
Balance at beginning of year	**716 092**	197 796	**59 833**	–
Charge to the income statement	**109 470**	518 296	**(59 833)**	59 833
Balance at end of year	**825 562**	716 092	**–**	59 833

Deferred taxation has not been raised on estimated tax losses of R3 060 661 (2007: R3 365 779).

13. LISTED PREFERENCE SHARES

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
	–	3 660 282	**–**	3 660 282

These comprised an investment in Standard Bank preference shares which had a coupon rate of 70% of prime. These shares were sold in August 2007.

14. SHARE CAPITAL

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
Authorised				
200 000 000 ordinary shares of 0,01 cent each	**20 000**	20 000	**20 000**	20 000
Issued				
97 458 466 ordinary shares of 0,01 cent each (2007: 86 217 180)	**9 745**	8 621	**9 745**	8 621

On 22 May 2007, 17 366 new shares were allotted at 16,8 cents per share, 130 600 shares at 24,5 cents per share, 19 000 shares at 30,8 cents per share, 33 013 shares at 42,0 cents per share and 83 735 shares at 49,0 cents per share to participants of the Share Incentive Trust.

On 3 November 2007, 73 800 new shares were allotted at 38,5 cents per share to participants of the Share Incentive Trust.

On 5 December 2007, 10 883 772 new shares were issued at 71,0 cents per share.

Details of directors' participation in these allotments are set out on pages 42 and 43.

1 210 315 shares have been reserved in respect of share options granted in terms of the Share Incentive Trust (refer pages 36 and 41).

The remaining unissued shares are under the control of the directors subject to the provisions of sections 221 and 222 of the Companies Act and the Rules and Regulations of the JSE Securities Exchange South Africa.

15. SHARE PREMIUM

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
At beginning of year	**261 867**	460 924	**261 867**	460 924
On shares allotted during the year	**7 850 429**	247 694	**7 850 429**	247 694
On shares repurchased	**–**	(446 751)	**–**	(446 751)
Balance at end of year	**8 112 296**	261 867	**8 112 296**	261 867

16. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The group has a share option scheme for all employees. Options are exercisable at a 30% discount to the quoted market price of the company's shares on the date of acceptance. Share options are generally exercisable in tranches of one third per annum on the anniversary of the acceptance date. If the options remain unexercised after a period of four years from the date of acceptance, the options expire. Options are forfeited if the employee leaves the group before the options vest.

In May 2006, the group issued options which are exercisable in a single tranche on the anniversary of the acceptance date. These options will expire if they remain unexercised for a period of two years from the date of acceptance. On 8 May 2007, optionholders were granted a once-off offer to cash in their current options or part thereof. Options cashed were accordingly forfeited.

Details of the share options outstanding during the year are as follows:

	NUMBER OF SHARE OPTIONS	2008 WEIGHTED AVERAGE EXERCISE PRICE CENTS	NUMBER OF SHARE OPTIONS	2007 WEIGHTED AVERAGE EXERCISE PRICE CENTS
Outstanding at the beginning of the year	**2 266 042**		3 007 357	
Granted during the year	**1 181 974**		1 336 196	
Forfeited during the year	**(202 549)**		(868 694)	
Exchanged for cash during the year	**(1 622 446)**		–	
Exercised during the year	**(412 706)**	**35,0**	(1 208 817)	28,2
Outstanding at the end of the year	**1 210 315**		2 266 042	

The weighted average share price at the date of exercise for share options exercised during the year was 70 cents (2007: 62 cents). The options outstanding at the end of the year have a weighted average remaining contractual life of 3 years (2007: 0,7 years).

In the current year, options were granted in May 2007 (2007: May 2006 and October 2006). The estimated fair value of the options granted in May 2007 is R304 139 (2007: May – R70 112 and October – R65 826).

16. SHARE-BASED PAYMENTS continued

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

		2008	2007
Weighted average share price	(cents)	**70**	32
Weighted average exercise price	(cents)	**49**	22
Expected volatility	(%)	**67**	125
Expected life	(years)	**3**	3
Risk free rate	(%)	**8,8**	8,0
Expected dividend yield	(%)	**8,3**	6

Expected volatility was determined by calculating the historical volatility of the company's share price over the previous three years.

The group recognised total expenses of R194 552 (2007: R14 616) related to equity-settled share-based payment transactions during the year.

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
17. PROVISIONS				
Opening balance	**962 849**	803 189	**–**	–
Movement	**359 898**	159 660	**–**	–
Closing balance	**1 322 747**	962 849	**–**	–

Provisions comprise leave pay only and is calculated using the total cost of employment multiplied by the leave days outstanding at year-end.

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
18. COMMITMENTS				
Property operating lease commitments				
Due not later than one year	**1 560 770**	1 480 578	**–**	–
Due later than one year but not later than five years	**162 920**	1 811 433	**–**	–
	1 723 690	3 292 011	**–**	–
Capital commitments				
Authorised but not contracted for	**1 881 984**	1 643 200	**–**	–

Capital commitments will be funded from cash resources.

19. CONTINGENT LIABILITIES

There are no contingent liabilities. The contingent portion of the purchase price of ApplyIT (Pty) Limited acquired on 1 March 2006 is not payable as the revenue thresholds required to be reached to trigger revision to the purchase price were not reached. The final purchase price for ApplyIT was thus R500 000.

20. BORROWING LIMITS

The directors may from time to time at their discretion raise or borrow monies for the purpose of the group as they deem fit. There are no borrowing limits in the articles of association of the company or its subsidiaries.

21. PENSION FUND AND RISK BENEFIT INFORMATION

The group established the InfoWave Pension Fund on 1 July 1996. The Fund is a defined contribution plan in terms of the Pension Funds Act, 1956, and all of the permanent salaried employees are members. The average age of the members as at 29 February 2008 was 34 (2007: 34).

The assets of the scheme are held separately from those of the group in funds under the control of the Trustees.

The latest audited financial statements of the Fund reflect a satisfactory state of affairs.

InfoWave (Pty) Limited provides for pensions for all permanent employees (excluding contract staff) by means of an independent defined contribution pension fund governed by the Pension Funds Act, 1956.

ApplyIT (Pty) Limited and Adapt-IT (Pty) Limited contribute towards a provident fund which is subject to the Pension Funds Act. These funds are defined contribution plans. Adapt-IT (Pty) Limited employees have the option of becoming members of these funds.

22. RELATED PARTY TRANSACTIONS

During the year, the group, in the ordinary course of business, entered into various related party sales, purchases and investment transactions. These transactions occurred under terms that are no more or no less favourable than those arranged with third parties. Intra-group transactions are eliminated on consolidation.

	GROUP 2008 R	GROUP 2007 R	**COMPANY 2008 R**	COMPANY 2007 R
Administration fees and other income				
Between the company and its subsidiaries			**832 901**	1 164 595
Transacted between subsidiaries within the group	**430 501**	465 000		
Transacted with associate companies	**76 500**	65 621		
Interest received				
Transacted with associate companies	**9 719**	20 506		
Transacted between subsidiaries within the group	**705**	–		
Sale of property and equipment				
Transacted between subsidiaries within the group	**–**	13 114		
Dividends received				
Between the company and its subsidiaries			**4 000 000**	3 500 000

Refer to notes 9 and 10 for outstanding balances of intra-group loans.
Key management – refer to note 4 on directors' emoluments.

23. ACQUISITION OF SUBSIDIARIES

SUBSIDIARY ACQUIRED 2008	PRINCIPAL ACTIVITY	DATE OF ACQUISITION	PROPORTION OF SHARES ACQUIRED	COST OF ACQUISITION
Microzone Investments Holdings (Pty) Limited	Intermediate holding company*	05/12/2007	100%	12 043 327

* Holds 67% of Adapt-IT (Pty) Limited and 100% of Isizinda Consulting (Pty) Limited.

	BOOK VALUE	FAIR VALUE ADJUSTMENT	FAIR VALUE ON ACQUISITION
Current assets			
Cash and cash equivalents	1 192 557	–	1 192 557
Trade and other receivables	1 784 533	–	1 784 533
Non-current assets			
Plant and equipment	758 270	–	758 270
Deferred taxation asset	41 217	–	41 217
Current liabilities			
Taxation payable	(509 697)	–	(509 697)
Trade and other payables	(711 126)	–	(711 126)
	2 555 754	–	2 555 754
Share in Adapt-IT (Pty) Limited previously held as an investment in an associate			(861 572)
AdaptIT Holdings Limited share			1 694 182
Goodwill on acquisition			10 349 145
			12 043 327

The consideration for Adapt-IT (Pty) Limited, held via Microzone Investment Holdings (Pty) Limited was paid by the issue of 5 605 000 treasury shares and 10 883 772 fresh shares.

NET CASH OUTFLOW ON ACQUISITION	**YEAR ENDED 29 FEBRUARY 2008**	YEAR ENDED 28 FEBRUARY 2007
Purchase consideration paid in cash	**4 315 849**	640 691
Less: Cash and cash equivalents acquired	**(1 192 557)**	(246 758)
	3 123 292	393 933

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Microzone Investment Holdings (Pty) Limited.

In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of new market opportunities, revenue growth and diversification, and certain synergies.

These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

24. FINANCIAL RISK MANAGEMENT

Financial instruments consist of cash deposits with banks, loans from associated companies and accounts receivable and payable.

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
Categories of financial instruments				
Financial assets				
At fair value through profit or loss				
– held-for-trading	**–**	3 660 282	**–**	3 660 282
Loans and receivables at amortised cost*	**21 352 691**	12 088 397	**3 140 851**	21 093
	21 352 691	15 748 681	**3 140 851**	3 681 375

* This includes trade debtors of R13 432 836 (2007: R8 216 816) and cash balances of R7 919 855 (2007: R3 871 580).

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
Financial liabilities				
At amortised cost	**4 959 136**	2 095 425	**9 482 965**	6 005 537
	4 959 136	2 095 425	**9 482 965**	6 005 537

In the normal course of its operations, the group is exposed to credit, liquidity and foreign currency risk.

24.1 Credit risk

Receivables comprise loans to associate companies and accounts receivable. Trade debtors comprise mainly a blue-chip customer base and are spread among a number of different customers and geographic areas.

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
Trade receivables past due but not impaired				
Less than one month	**1 563 952**	536 619	**–**	–
Between one to two months	**2 255 653**	242 018	**–**	–
Between two to three months	**3 012 365**	1 153 485	**–**	–
Greater than three months	**–**	–	**–**	–
Total past due	**6 831 970**	1 932 122	**–**	–

Provision for doubtful debts

Set out below is a summary of the movement in the provision of doubtful debts for the year:

	GROUP 2008 R	GROUP 2007 R	COMPANY 2008 R	COMPANY 2007 R
Balance at beginning of year	**62 500**	–	**–**	–
Amounts written off during the year	**(62 500)**	–	**–**	–
Acquisition of subsidiary	**11 409**	62 500	**–**	–
Balance at end of year	**11 409**	62 500	**–**	–

24. FINANCIAL RISK MANAGEMENT continued

24.2 Liquidity risk

Liquidity risk is proactively managed and the group's cash resources exceed its working capital requirements. Foreign liabilities include trade creditors and provisions and are all due within one year.

24.3 Foreign currency risk

Almost all transactions are Rand-based with a small exposure to US Dollars and Euros resulting in a foreign exchange gain of R360 749 for the year ended 29 February 2008. InfoWave (Pty) Limited has a FEC six-month facility with Standard Bank, whereby US Dollar-based currency can remain for a period of six months, before being converted.

AdaptIT has the following uncovered receivables and payables:

	FOREIGN AMOUNT	**GROUP 2008 R**	GROUP 2007 R	**COMPANY 2008 R**	COMPANY 2007 R
Receivables					
US Dollars	463 884	**3 441 922**	–	**–**	–
Payables					
Euros	16 007	**181 402**	–	**–**	–

The impact of a 10% strengthening or weakening of the Rand on the uncovered US Dollar/Euro receivables and payables will have a R516 000 impact on net profit.

1. **Share register**

The aggregate number of shares available through the scheme in accordance with the rules of the scheme: 17 675 988 shares

	SHARES
Number of shares available to the Trust for reservation	**17 675 988**
Number of options granted but unexercised at 29 February 2008	**(1 210 315)**
Number of options exercised at 29 February 2008	**(8 020 135)**
Balance of shares available to the Trust for reservation in the future at date of approval of the annual financial statements	**8 445 538**

2. **Movement in share options for the year**

OPTION PRICE CENTS	EXPIRING FOUR YEARS FROM GRANT DATE	NET NUMBER OF OPTIONS 28 FEBRUARY 2007	OPTIONS GRANTED DURING THE YEAR	OPTIONS EXERCISED DURING THE YEAR	OPTIONS FORFEITED/ EXCHANGED FOR CASH 2008	**NET NUMBER OF OPTIONS 29 FEBRUARY 2008**
16,1	May 2003	18 321			18 321	**–**
16,8	May 2004	17 366		17 366		**–**
24,5	October 2004	95 555			95 555	**–**
24,5	May 2005	90 168		34 600	55 568	**–**
25,2	May 2005	681 000		139 000	466 000	**76 000**
39,2	October 2005	260 261		12 000	242 188	**6 073**
45,1	May 2006	397 938			357 289	**40 649**
46,2*	May 2006	415 835		147 940	263 177	**4 718**
38,4	October 2006	289 598		61 800	134 348	**93 450**
51,8	May 2007		1 181 974		192 549	**989 425**
		2 266 042	1 181 974	412 706	1 824 995	**1 210 315**

* Expiring two years from grant date.

3. Interest of directors of the company in share options

SHAREHOLDERS	MARKET PRICE CENTS	INCENTIVE 3	OPTION 9	MARKET PRICE CENTS	INCENTIVE 4	MARKET PRICE CENTS	BALANCE
Cindy von Pannier		**51 000**			**18 837**		
Strike price		**24,50**			**49,00**		
Option classification		**Current**			**Current**		
Date granted		06/05/05			07/05/06		
Exercised		17 000					
Date exercised	60	08/05/06					
Exchanged for cash		34 000			18 837		
Date exchanged for cash		08/03/07			08/03/07		
Balance to be exercised		–			–		
Total options							69 837
Total exercised (current)							17 000
Total exchanged for cash							52 837
Total balance still to be exercised							–
Bev Carrilho			**93 296**		**14 488**		
Strike price			**38,50**		**42,00**		
Option classification			**Current**		**Current**		
Date granted			07/10/05		07/05/06		
Exercised			31 100				
Date exercised			09/10/06				
Exercised				70	14 488		
Date exercised					09/05/07		
Exchanged for cash			62 196				
Date exchanged for cash			08/03/07				
Balance to be exercised			–		–		
Total options							107 784
Total exercised (current)							45 588
Total exchanged for cash							62 196
Total balance still to be exercised							–

SHAREHOLDERS	MARKET PRICE CENTS	INCENTIVE 3	OPTION 9	MARKET PRICE CENTS	INCENTIVE 4	MARKET PRICE CENTS	BALANCE
Bruno Lionnet		**60 000**			**18 920**		
Strike price		**24,50**			**42,00**		
Option classification		**Current**			**Current**		
Date granted		06/05/05			07/05/06		
Exercised		20 000					
Date exercised	60	08/05/06					
Exercised							
Date exercised							
Exercised							
Date exercised							
Exchanged for cash		40 000			18 920		
Date exchanged for cash		08/03/07			08/03/07		
Balance to be exercised		–			–		
Total options							78 920
Total exercised (current)							20 000
Total exchanged for cash							58 920
Total balance still to be delivered							–
Tiffany Dunsdon		**54 000**				**25 088**	
Strike price		**24,50**				**42,00**	
Option classification		**Current**				**Current**	
Date granted		6 May 2005				07/05/06	
Exercised		18 000					
Date exercised	60	08/05/06					
Exercised							
Date exercised							
Exercised							
Date exercised							
Exchanged for cash		36 000				25 088	
Date exchanged for cash		08/03/07				08/03/07	
Balance to be exercised		–				–	
Total options							79 088
Total exercised (current)							18 000
Total exchanged for cash							61 088
Total balance still to be delivered							–

Shares and shareholders

		2008	2007
Performance on the JSE Limited			
Total number of shares traded	('000)	**19 702**	6 225
Total number of shares traded as a percentage of total issued shares (liquidity)	(%)	**20**	7
Total value of shares traded	(R'000)	**14 192**	3 935
Prices			
Closing	(cents)	**55**	66
High	(cents)	**86**	80
Low	(cents)	**55**	50

	2008	2007
Spread (number of shareholders)		
With less than 10 000 shares	**201**	207
10 001 to 100 000 shares	**184**	171
100 001 to 200 000 shares	**20**	18
Over 200 000 shares	**48**	40
	453	436

	NUMBER	SHARES	%
Shareholder distribution			
Public	441	63 535 782	66
Non-public	12	33 922 684	35
Directors	7	33 390 350	34
Associates of directors	5	532 334	1

Principal shareholders

The following are the principal shareholders whose holdings in the company total more than 5% of the total issued share capital as at 29 February 2008:

	%	SHARES
S Shabalala	**17**	**16 531 057**
The Collis Clan Trust/RP Collis	**6**	**5 735 628**
The Von Pannier Family Trust/CL von Pannier	**5**	**4 802 306**

Directors' direct and indirect beneficial interest in the company
As at 29 February 2008, the directors of the company held in aggregate direct and indirect beneficial interest of 33 390 350 (2007: 20 400 881) of the ordinary shares of the company as set out below:

	2008				2007			
	DIRECT	**INDIRECT**	**TOTAL**	**%**	DIRECT	INDIRECT	TOTAL	%
Executive directors								
S Shabalala	**16 531 057**		**16 531 057**	**17**				
T Dunsdon	**4 358 974**		**4 358 974**	**4**	4 358 974		4 358 974	5
BR Carrilho	**419 329**		**419 329**		347 568		347 568	
MCB Lionnet	**1 189 756**		**1 189 756**	**1**	1 158 703		1 158 703	1
CL von Pannier	**823 296**	**3 979 010**	**4 802 306**	**5**	823 296	3 979 010	4 802 306	6
CL Jessop*	**–**		**–**		1 152 691		1 152 691	1
Non-executive directors								
RP Collis		**5 735 628**	**5 735 628**	**6**	1 024 082	7 203 257	8 227 339	10
P Aposporis	**353 300**		**353 300**	**–**	353 300		353 300	–
Total	**23 675 712**	**9 714 638**	**33 390 350**	**34**	9 218 614	11 182 267	20 400 881	24

* Resigned as a director on 1 September 2007.

There have been no changes in the directors' shareholdings since the year-end. There were no non-beneficial interests held by the directors at the year-end.

Notice of annual general meeting

AdaptIT Holdings Limited
Registration number 1998/017276/06
Share code: ADI
ISIN: ZAE000113163
("AdaptIT" or "the company")

Notice is hereby given that the annual general meeting of shareholders of the company will be held at Deloitte & Touche, Deloitte Place, 2 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge Office Estate, La Lucia on Friday, 30 May 2008 at 15:30 to receive and consider the audited financial statements of AdaptIT Holdings Limited for the year ended 29 February 2008; to transact such other business as may be transacted at an annual general meeting and to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

1. **Ordinary resolution number 1**
   "Resolved to receive the annual financial statements for the year ended 29 February 2008, the directors' report and the independent auditor's report."

2. **Ordinary resolution number 2**
   "Resolved to re-elect Mr R Collis as an independent non-executive director of the company." Mr Collis retires as a director of the company in accordance with the company's articles of association and is eligible and has offered himself for re-election.

3. **Ordinary resolution number 3**
   "Resolved to re-elect Mrs BR Carrilho as a director of the company." Mrs BR Carrilho retires as a director of the company in accordance with the company's articles of association and is eligible and has offered herself for re-election.

4. **Ordinary resolution number 4**
   "Resolved to re-elect Mrs T Dunsdon as a director of the company." Mrs T Dunsdon retires as a director of the company in accordance with the company's articles of association and is eligible and has offered herself for re-election.

5. **Ordinary resolution number 5**
   "Resolved to authorise the directors to determine the remuneration of the auditors."

6. **Ordinary resolution number 6**
   "Resolved to re-appoint the auditors, Deloitte & Touche with Miss R Ebrahim as the relevant auditor, for the next financial year."

7. **Ordinary resolution number 7**
   "Resolved to approve the directors' fees for the past year."

8. **Ordinary resolution number 8**
   "Resolved that in terms of section 221 of the Companies Act, 1973, as amended ("the Act"), the company hereby extends, until the next annual general meeting, the directors' authority to allot and issue, at their discretion and in terms of the regulations of the JSE, the unissued shares of the company."

9. **Ordinary resolution number 9**
"Resolved that the directors have the powers to allot and issue any shares of any class already in issue in the capital of the company for cash when the directors consider it appropriate in the circumstances, subject to the following:

9.1 this authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond 15 (fifteen) months from the date of the meeting;

9.2 there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Limited ("the JSE") in its Listings Requirements) and not to related parties;

9.3 upon any issue of shares which, together with prior issues during any financial year, will constitute 5% (five percent) or more of the number of shares of the class in issue, the company shall, by way of a paid press announcement in terms of 11.22 of the JSE Listings Requirements, give full details thereof, including the effect on the net asset value of the company and earnings per share, the number of securities issued and the average discount to the weighted average traded price of the securities over the 30 (thirty) days prior to the date that the price of such issue was determined or agreed by the company's directors;

9.4 that issues in the aggregate in any one financial year may not exceed 15% (fifteen percent) of the number of that class of the company's issued shares (including instruments which are compulsorily convertible into shares of that class) at the date of application less any shares of that class issued, or to be issued in the future arising from options/convertible securities issued during the current financial year, plus any shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be issued pursuant to any acquisition for which final terms have been announced;

9.5 the maximum discount at which securities may be issued is 10% (ten percent) of the weighted average traded price of those securities over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors; and

9.6 a 75% (seventy-five percent) majority is required of votes cast by the shareholders present or represented by proxy at the general meeting to approve the resolution.

10. **Special resolution number 1**
"Resolved that the company hereby approves, as a general approval contemplated in sections 85(2), 85(3) and 89 of the Act, and in terms of the company's articles of association, the acquisition by the company or any of its subsidiaries from time to time of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but, subject to the articles of association of the company, the provisions of the Act and the Listings Requirements of the JSE, as presently constituted and which may be amended from time to time, and provided:

10.1 that any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;

10.2 that this general authority shall only be valid until the company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution;

10.3 that a paid press announcement will be published as soon as the company or its subsidiaries has/have acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, prior to the acquisition pursuant to which the 3% (three percent) threshold is reached, and in respect of every 3% (three percent) thereafter, which announcement shall contain full details of such acquisitions;

10.4 that acquisitions by the company and its subsidiaries of ordinary shares in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital from the date of the grant of this general authority;

10.5 that subsidiaries of the company will acquire, in aggregate, not more than 10% (ten percent) of the company's issued ordinary share capital at any one time;

10.6 that in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum price at which such ordinary shares may be acquired will be at a premium of no more than 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of repurchase of such ordinary shares by the company;

10.7 that the company may at any point in time only appoint one agent to effect any repurchase(s) on its behalf;

10.8 that the company may only undertake a repurchase if, after such a repurchase it shall still comply with the spread requirements of the JSE Listings Requirements; and

10.9 that the company may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements."

The reason for the Special Resolution is to grant the company a general authority in terms of the Act for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

Information required in terms of the JSE Listings Requirements with regard to this general authority for the company to repurchase its securities appears in the annual financial statements, to which this notice of general meeting is annexed as indicated below:

Share capital of the company:	page 36
Major shareholders:	page 46
Directors' interest in securities:	page 47
Directors of the company:	pages 8 and 9

The directors, whose names are given on pages 8 and 9 of the annual report collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and notice of general meeting contains all information required by the JSE Listings Requirements.There has been no material change in the financial or trading position of AdaptIT Holdings and its subsidiaries that has occurred since 29 February 2008.

Pursuant to and in terms of the Listings Requirements of the JSE, the directors of the company hereby state:

(a) That the intention of the company is to utilise the authority if at some future date the cash resources of the company are in excess of its requirements.

In this regard the directors will take account, *inter alia*, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and will ensure that any such utilisation is in the interest of shareholders;

(b) That the method by which the company intends to repurchase its securities and the date on which such repurchase will take place, has not yet been determined; and

(c) That after considering the effect of a maximum permitted repurchase of securities, the company is, as at the date of this notice convening the annual general meeting of the company, able to comply fully with the Listings Requirements of the JSE. Nevertheless, at the time that the contemplated repurchase is to take place, the directors of the company will ensure that:

- the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the annual general meeting;
- the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in these audited annual group financial statements;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
- the company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

There are no legal or arbitration proceedings, either pending or threatened against the company or its subsidiaries, of which the directors are aware, which may have, or have had in the last 12 months, a material effect on the financial position of the company or its subsidiaries.

Voting and proxies

All shareholders are entitled to attend and vote at the annual general meeting.

Shareholders who hold their shares in certificated form or who are own name registered dematerialised shareholders who are unable to attend the general meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the transfer secretary by not later than 15:30 on Wednesday, 28 May 2008. Shareholders who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker, other than by own name registration, who wish to attend the general meeting should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration, who wish to vote by way of proxy, should provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

By order of the board

BR Carrilho
Company secretary
25 April 2008

Registered office
Gleneagles Park
10 Flanders Drive
Mount Edgecombe
4300

Postal address
PO Box 2225
MECC
Mount Edgecombe
4301

Transfer secretaries
Computershare Investor Services (Pty) Limited
PO Box 61051
Marshalltown
2107

Designed by motiv
Printed by Ince

Form of proxy

AdaptIT Holdings Limited
Registration number 1998/017276/06
Share code: ADI
ISIN: ZAE000113163
("AdaptIT" or "the company")

For use ONLY by certificated shareholders and own name dematerialised shareholders at the general meeting of AdaptIT shareholders to be held at Deloitte & Touche, Deloitte Place, 2 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge Office Estate, La Lucia on Friday, 30 May 2008 at 15:30 or such later time that may be applicable ("the annual general meeting").

I/We (names in capital letters)

Being a member(s) of AdaptIT Holdings Limited and entitled, on a poll, to votes hereby appoint

of or failing him,

of or failing them,

the chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on Friday, 30 May 2008 and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done the proxy will vote as he thinks fit.

	Resolution	In favour	Against	Abstain
1	To receive the annual financial statements			
2	Re-election as a director Mr R Collis			
3	Re-election as a director Mrs BR Carrilho			
4	Re-election as a director Mrs T Dunsdon			
5	To authorise directors to determine the auditors' remuneration			
6	To re-appoint Deloitte & Touche as external auditors for the next financial year			
7	To approve directors' fees for the past year			
8	To grant directors' control of shares in terms of section 221			
9	To grant directors a general authority to issue shares for cash			
10	To authorise the company to acquire shares issued by itself in terms of special resolution number 1			

Signature Date

Please read the notes on the reverse side hereof.

Notes to the form of proxy

Shareholders, who hold their shares in certificated form or who are own name registered dematerialised shareholders, who are unable to attend the general meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the transfer secretaries by not later than 15:30 on Wednesday, 28 May 2008. Shareholders who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker, other than by own name registration, who wish to attend the general meeting, should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration, who wish to vote by way of proxy, should provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

Notes

1. An AdaptIT shareholder may insert the name of a proxy or the names of two alternative proxies of the AdaptIT shareholder's choice in the space/s provided, with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the AdaptIT shareholder concerned. The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in AdaptIT, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. An AdaptIT shareholder or his/her proxy is not obliged to use all the votes exercisable by the AdaptIT shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. The date must be filled in on this proxy form when it is signed.
4. The completion and lodging of this form of proxy will not preclude the relevant AdaptIT shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of AdaptIT or waived by the chairperson of the general meeting of AdaptIT shareholders.
6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of AdaptIT.
8. Forms of proxy must be received by the transfer secretaries, Computershare Investor Services (Pty) Limited at 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107, or by the company, AdaptIT Holdings Limited at 10 Flanders Drive, Mount Edgecombe, 4301, PO Box 2225, MECC, Mount Edgecombe, 4300, by not later than 15:30 on Wednesday, 28 May 2008.
9. The chairperson of the general meeting may accept or reject any form of proxy, in his absolute discretion, which is completed other than in accordance with these notes.
10. If required, additional forms of proxy are available from the transfer secretaries of AdaptIT.
11. Dematerialised shareholders, other than by own name registration, must NOT complete this form of proxy but must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

General information

AdaptIT Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number 1998/017276/06
Share code: ADI
ISIN: ZAEOOO113163
("AdaptIT")
www.adaptit.co.za

Auditors
Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)

Transfer secretaries
Computershare Investor Services (Pty) Limited
PO Box 61051
Marshalltown
2107

Sponsor
Sasfin Capital
A division of Sasfin Bank Limited
Sasfin Place
13-15 Scott Street
Waverley
2090

Commercial banker
Standard Bank of South Africa Limited

Legal representatives
Technical advisors:
Harty Rushmere Attorneys
Commercial advisors:
Shepstone and Wylie
Mooney Ford Attorneys

Registered office
Gleneagles Park
10 Flanders Drive
Mount Edgecombe
4300

Postal address
PO Box 2225
MECC
Mount Edgecombe
4301

COMMITTEES AND TRUSTS

Audit Committee

P Apospori*s*	Independent non-executive chairman
Dr AB Ravnö	Independent non-executive member

Risk Management Committee

P Apospori*s*	Independent non-executive chairman
Dr AB Ravnö	Independent non-executive member
RP Collis	Non-executive member
W Shuenyane	Non-executive member

Remuneration Committee

Dr AB Ravnö	Independent non-executive chairman
P Apospori*s*	Independent non-executive member
RP Collis	Non-executive member

InfoWave Holdings Limited Share Incentive Trust

RP Collis	Chairman
JT Russell	Trustee

Mount Edgecombe

Gleneagles Park
10 Flanders Drive
Mount Edgecombe
KwaZulu-Natal
South Africa

Durban

SmartXchange
3rd Floor
5 Walnut Road
Durban
KwaZulu-Natal
South Africa

Westville

No 2
The Crescent
Murray & Roberts Building
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