

Annual Report 2003

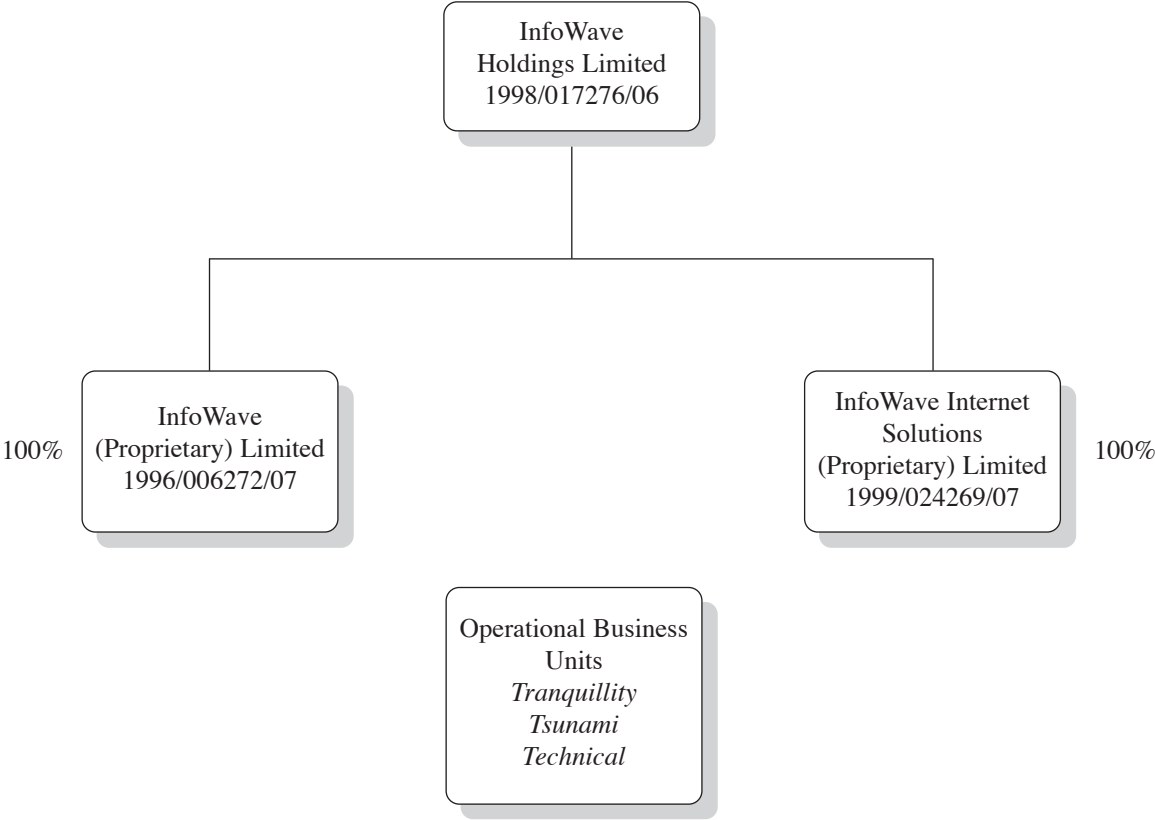


Taming the tidal wave of technology

ANNUAL REPORT 2003 – INFOWAVE HOLDINGS LIMITED

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GROUP STRUCTURE



VISION

To tame the tidal wave of technology by excelling in delivering top class IT solutions, building long-term customer relations and growing our business and the potential of our people.

PROFILE OF THE GROUP AND BUSINESS UNITS

INFOWAVE HOLDINGS LIMITED

InfoWave Holdings Limited is an investment holding company registered on the Development Capital Market of the JSE Securities Exchange, South Africa. It operates through its wholly-owned subsidiary companies, namely InfoWave (Proprietary) Limited and InfoWave Internet Solutions (Proprietary) Limited. The group is primarily involved in the provision and support of IT application solutions.

INFOWAVE (PROPRIETARY) LIMITED

Overview

InfoWave (Pty) Ltd focuses on analysing its customers' business requirements, identifying and recommending the most appropriate IT solutions. InfoWave (Pty) Ltd builds, implements and supports both packaged and custom-built application solutions. The company strives to develop and retain long-term relationships with its customers and to become the customers' preferred Application Service Provider.

Oracle certified application development and implementation partner

Our consultants are trained and skilled in the use of Oracle's system development tool-sets, which are used for analysis, design, development and maintenance of application solutions. InfoWave (Pty) Ltd was nominated by Oracle in 2002 for an award for most Consistent Certified Oracle Partner.

INFOWAVE INTERNET SOLUTIONS (PROPRIETARY) LIMITED

Overview

InfoWave Internet Solutions offers internet- and intranet-related products and services, which are complementary to the service offerings of InfoWave (Pty) Ltd. The company consults with customers on how the web, internet and intranet technology can be used to gain competitive advantage. These technologies can be leveraged to improve efficiency, reduce cost and increase revenue. The company:

- as a value added partner, sells and manages its customers' internet feed;
- sells and supports internet-related software products, and

- implements value added business intelligence (BI) solutions using web technology.

BUSINESS UNITS

The operations of the group comprise three business units, which are aligned with specific target markets. All three units provide services through both InfoWave (Pty) Ltd and InfoWave Internet Solutions (Pty) Ltd, according to the nature of the service.

TRANQUILLITY BUSINESS UNIT

Overview

The Tranquillity business unit focuses primarily on providing application software solutions to the sugar industry.

Tranquillity application ERP products

This business unit specialises in an ERP application product suite called Tranquillity, developed and marketed by InfoWave. This software addresses the financial, logistics, human resource and agricultural needs typical of sugar-producing organisations. The future direction of the products is determined by the changing needs of the sugar industry. Focused product management of Tranquillity ensures quality and relevance of the products.

The market and its customers

The target market for Tranquillity comprises sugar-producers and companies with interests in the sugar industry worldwide. Existing customers are mainly within the Southern African Development Community (SADC) region. Due to its design, Tranquillity has been successfully implemented in organisations that have business processes similar to those in sugar-producing organisations. The Tranquillity application product suite is uniquely branded for this market.

Research and development

The Tranquillity products have been developed using Oracle's tools and database, which support Web technology. Continuous research and development is carried out to ensure our products are kept at the appropriate technological and functional standards expected by our customers.

PROFILE OF THE GROUP AND BUSINESS UNITS

Application implementation and integration

The Tranquillity business unit has the requisite skills to offer systems implementation and integration, which are key components of its services. This enables customers to utilise InfoWave for implementation of the Tranquillity suite and custom-built software, to integrate to other systems and to provide a smooth migration to InfoWave's solutions. In order to optimise the use of our products by our customers, the business unit has a strong focus on functional consulting and user training. Core to this is our commitment to understanding the industry and customer's business, which provides us with a competitive advantage.

Application support

A call centre and composite set of application support skills provide the ingredients to implement and measure service levels in order to support the implemented solution as agreed with customers. Applications support is primarily performed remotely from KwaZulu-Natal for all customers using land and satellite communication protocols.

TSUNAMI BUSINESS UNIT

Overview

The Tsunami business unit develops and implements green-field software solutions. These solutions are designed to meet a customer's unique requirements.

The product and service

This business unit provides the skills to understand and translate the business requirements into a quality custom-built solution. Tsunami continuously looks for opportunities to re-use its intellectual property to spawn new niche offerings. The nature of work in this business unit means that it is often at the forefront of technology. The exposure to new ideas, vertical industries and the experience in new technologies provides valuable learning and cross-pollination with other areas of the business and provides input to the research and development activities of the company.

The market and its customers

The market is not limited to any vertical industry due to the nature of the service. The business unit's customers include the wool, motor, energy and hospitality industries as well as the education sector and rural finance organisations.

Technology

Building methodologies, techniques and technology are key to successful solutions. Oracle and Java Enterprise Edition (J2EE) standards are current components for the development of new software.

Solution implementation and support

The Tsunami business unit offers full implementation and support services akin to those of the Tranquillity business unit.

TECHNICAL SERVICES BUSINESS UNIT

Overview

The Technical Services business unit provides the technical services that underpin InfoWave's application solutions.

Products and services

This business unit provides technical consulting and support including systems architecture consulting, operating systems management, database administration, systems performance monitoring and tuning, business continuity management and recovery services, capacity planning and server administration.

As a value added partner, this business unit also sells and manages its customers' internet feed, licences for the Oracle database, proprietary database management tools and certain hardware.

InfoWave Technical Services comprises a composite set of specialist technical skills, which can be both costly and risky for companies to retain in-house full-time.

The market and its customers

The market includes customers of both the Tranquillity and Tsunami business units. The Technical Services business unit also markets its services independently to other customers where economies of scale provide a competitive service.

STATISTICAL REVIEW

YEAR END 28 FEBRUARY 2003

Schedule of statistics

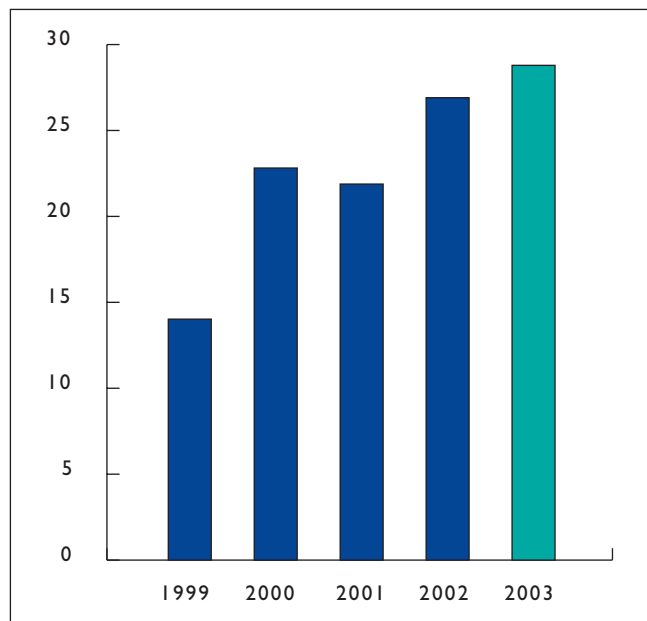
		Year 2003	Year 2002	Year 2001	Year 2000	Year 1999
Turnover	(rand)	28 790 007	26 902 750	21 881 556	22 814 868	14 021 031
Number of shares issued		89 094 945	87 454 545	86 154 545	86 154 545	84 200 000
Net asset value per share	(cents)	9,23	12,59	7,42	5,78	39,38
Headline earnings/(loss) per share	(cents)	6,76	5,32	1,93	(9,10)	4,98
Earnings/(loss) per share	(cents)	6,76	5,24	1,64	(9,30)	4,98
Return on equity*	(%)	61,8	52,2	24,9	(41,4)	12,6
Return on assets	(%)	45,6	40,1	17,8	(96,8)	10,5
Net asset value	(rand)	8 221 217	11 011 807	6 389 384	4 975 462	33 157 529
Operating profit/(loss) margin	(%)	20,88	22,38	9,37	(43,04)	32,34
Liquidity ratio**	(times)	2,43	3,90	1,73	1,60	2,87
Solvency ratio	(times)	2,66	3,76	2,25	1,96	4,32
Market price per share						
Year end	(cents)	22	20	20	14	106
Highest	(cents)	40	23	21	120	130
Lowest	(cents)	15	5	7	10	50

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

** Excluding deferred taxation

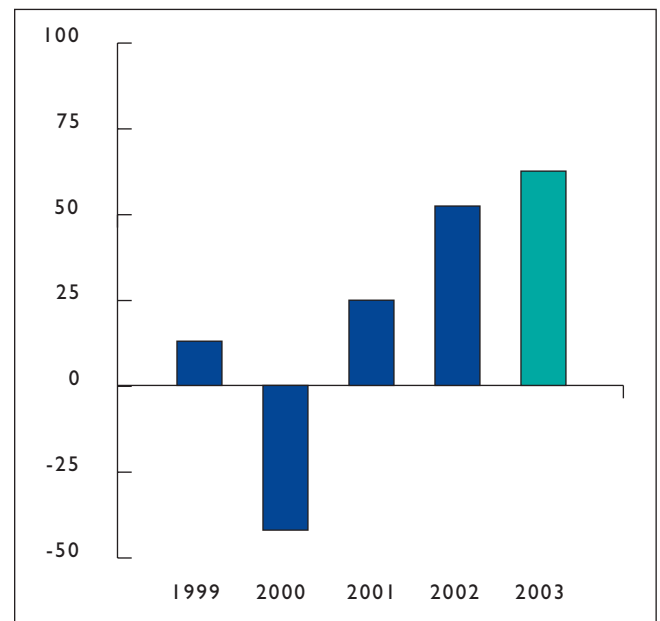
TURNOVER

(Rm)



RETURN ON EQUITY

(%)



CHAIRMAN'S REPORT



RESULTS AND DIVIDEND

I am pleased to report another good year for InfoWave. Turnover increased by 7% from R26,9 million to R28,8 million and operating profitability remained satisfactory at 21% of turnover, bearing increased investment in quality assurance programmes, research, training and performance-based reward aimed at staff retention. Profit after tax increased by 31% from R4,5 million to R5,9 million, driven by the increase in interest income and the creation of a deferred taxation asset. Headline earnings per share rose by 27% from 5,32 to 6,76 cents per share. The board is pleased to announce the company's first dividend declaration being 3 cents per share payable to shareholders on 23 June 2003. The dividend is covered 2,25 times by earnings per share. During the year, a capital repayment of 10 cents per share was made to shareholders.

STRATEGY

The company is well placed to grow organically. Our business model of selling, implementing and supporting outsourced application solutions in the sugar industry has proven successful, and we will continue looking for new business in this sector and similar industries. InfoWave has placed strategic focus on its Tranquillity integrated ERP application suite, which forms the backbone of our sugar-related business.

At the same time, it remains strategic to continue providing custom-built solutions. This area of our business presents opportunities to spawn new niche offerings and to develop experience in new technologies, which in turn improves the Tranquillity suite.

RESEARCH AND DEVELOPMENT

A formal research and development function was initiated to ensure that the company is continuously updated with the latest technologies. This input is critical to ensure that our products and services remain marketable. We are very much aligned with Oracle's vision of moving towards open technology, which takes full advantage of the internet. Having recently developed a product that operates over the internet, and that requires no proprietary operating system, database, programming language or internet middle-ware, we are confident of meeting market expectations in this area. In order for InfoWave to remain competitive in this rapidly changing industry, it is key that we are able to offer solutions which are more cost-effective and which will operate across any internet connection.

THE BOARD AND MANAGEMENT

The board is still in the process of recruiting non-executive members. It is important that we choose individuals who are able to make a meaningful contribution to the company. The absence of non-executive directors in the past year has not compromised the objectivity and fairness of decisions taken by the board. The separation of the roles of chairman and managing director will be addressed when a non-executive director of the appropriate experience, calibre and credibility is appointed.

EMPOWERMENT

The company is committed to transformation and continues to meet its Employment Equity Plan. We continuously explore new ways to accelerate fair representation in our employee community. The company has a unique situation where the majority of its employees are also shareholders. The InfoWave share

participation scheme provides all our employees with opportunities to grow an ownership stake, based on their ongoing contributions and future value to the company. The share option scheme is operating successfully, and the board continuously looks for opportunities to encourage and facilitate the purchase of shares by our employees. Employee share ownership was 53% at year end.

PERFORMANCE AND REWARD

An integrated goal alignment system (I-GAS) was recently initiated. This aims to cascade the company's goals down to the business units, teams and individuals. I-GAS will be closely linked to the incentivisation and measurement of our people in the coming year.

SOCIAL ACTIVITIES

The company has “adopted” a school that requires financial assistance to build additional classrooms, acquire necessary equipment and provide its learners with an environment conducive to learning. The company also hosts university and technikon students from previously disadvantaged backgrounds where management and employees impart their knowledge and insights from an IT business perspective. This is aimed at assisting the students to make informed career decisions in the IT sector.

FUTURE PLANS AND PROSPECTS

Our plans and prospects for the next financial year are positive and we anticipate further growth in turnover and profit. We intend to:

- Implement new technology standards so that the company remains competitive and viable in what is now a maturing internet-based corporate market
- Continue to grow in the sugar industry sector
- Proactively pursue opportunities which will enable re-use of our intellectual property
- Increase annuity revenue based on our principle of long-term partnerships with our customers
- Continue to review strategies for the retention of our people

- Pursue further social projects currently being investigated.

MARKETING

InfoWave is in the process of changing its corporate image to better reflect its identity and products independently. The new corporate InfoWave logo and Tranquillity logo will be implemented shortly with a revamped website, stationery and marketing collateral. We believe that the new look reflects a fresh, dynamic IT organisation that values its people and intellectual property. This will assist in marketing the Tranquillity product suite, as well as InfoWave, as a sought-after applications service provider.

APPRECIATION

On behalf of the board, I wish to extend my appreciation to all InfoWavers for their continued commitment to our customers and to InfoWave. There is a renewed confidence in South Africa, which has had a positive effect on our employees and our customers, and bodes well for the future. The IT industry never sits still and we look forward to the challenges that we will face this year as we strive to deliver the triple bottom line.



R P Collis
Executive Chairman

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF INFOWAVE HOLDINGS LIMITED

We have audited the annual financial statements and group annual financial statements of InfoWave Holdings Limited set out on pages 10 to 23 for the year ended 28 February 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE


We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, these annual financial statements fairly present, in all material respects, the financial position of the group and the company at 28 February 2003 and the results of their operations and cash flow information for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



Deloitte & Touche

*Registered Accountants and Auditors
Chartered Accountants (SA)*

Durban

24 April 2003

COMPANY SECRETARY'S CERTIFICATE



I, Nadine Catherine Swinford-Meyer, being the Company Secretary of InfoWave Holdings Limited and its subsidiaries, certify that, to the best of my knowledge and belief, all returns required of a public 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.



N C Swinford-Meyer
Company Secretary

Durban
24 April 2003

SHAREHOLDERS' DIARY

Annual general meeting		30 May 2003
Ordinary dividend number 1		
Last date to trade in order to qualify for distribution – close of business		13 June 2003
InfoWave ordinary shares trade ex-distribution		16 June 2003
Record date for distribution		20 June 2003
Payment date		23 June 2003
Reports		
Promotion of Access to Information manual	Available	1 July 2003
Interim half year to August 2003	Published	1 November 2003
2004 Annual Report	Published	1 May 2004
Financial year-end		29 February 2004

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.

DIRECTORS' REPORT AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation, integrity and objectivity of annual financial statements and other information contained in this annual report. The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and have been reported on by the company's auditors whose duty this is.

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.

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.

The directors endorse the aim of the King Report I and II on Corporate Governance in conducting the affairs of the company with integrity and in accordance with the highest standards of corporate practice.

FINANCIAL RESULTS

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

DIVIDENDS

Repayment of capital

A repayment of capital of 10 cents per share was made to shareholders on 2 December 2002. The payment was effected from the company's share premium account and reduced the net asset value of the shares by 66,08%.

Ordinary dividend number 1

Notice is hereby given that a cash dividend of 3 (2002: nil) cents per share ("the dividend") has been declared, payable

to shareholders recorded in the books of the company at close of business on Friday, 20 June 2003.

Shareholders are advised that the last day to trade "cum" the dividend will be Friday, 13 June 2003. Shares will trade "ex" dividend as from Monday, 16 June 2003, and the record date will be Friday, 20 June 2003. Payment will be made on Monday, 23 June 2003. Share certificates may not be dematerialised or rematerialised during the period Monday, 16 June 2003 to Friday, 20 June 2003, both days inclusive. This dividend, having been declared after the year end, has not been provided for in the financial statements.

SHARE CAPITAL

1 640 400 share options were exercised by employees in October 2002 and the relevant shares, issued in November 2002, increased the number of issued shares from 87 454 545 shares to 89 094 945 shares. This was the only new listing resulting in a change in the share capital of the company during the financial year under review.

INVESTMENT IN SUBSIDIARIES

Details of the subsidiaries appear in note 6 to the financial statements.

SHARE OPTION SCHEME

The InfoWave Share Option Scheme gives directors and staff an opportunity to participate in the growth of the group. An analysis of this scheme follows on page 24.

DIRECTORATE

The names of the directors appear on page 26.

The following changes to the Board of Directors took place during the period:

- Retiring directors – Messrs P Naicker and M C B Lionnet were re-appointed to the board effective 1 June 2002;
- Mrs T Dunsdon was appointed as Financial Director effective 18 April 2002.

COMPANY SECRETARY

The name of the Secretary appears on page 26.



From left: T Dunsdon (Financial Director), P Naicker (Director), R Collis (Managing Director), C von Pannier (Director) and B Lionnet (Director).

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 notify the Company Secretary of their intention to deal in the company's shares. Immediately after any transaction they are to notify the 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.

RISK MANAGEMENT

The responsibility for the total risk management process rests with the board as well as the obligation to assess the effectiveness of the process. The implementation, monitoring and integration of the process in the group's daily activities is management's responsibility.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY

On 31 May 2002, the members approved amendments to the company's articles of association and granted the directors authority to repurchase the company's shares, valid until the next annual general meeting. There were no repurchases during the year under review.

On 21 November 2002, the members approved the return of capital to shareholders on 2 December 2003, funded through the company's share premium account of 10 cents per share.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY'S SUBSIDIARIES

- **Special resolution by InfoWave (Proprietary) Limited to purchase the shares of its holding company**

On 30 May 2002, the members approved amendments to the company's articles of association and granted the directors authority to purchase its shares and to purchase its holding company's shares. No shares were purchased during the year under review.

- **Special resolution by InfoWave Internet Solutions (Proprietary) Limited**

On 30 May 2002, the members approved amendments to the company's articles of association and granted the directors authority to purchase its shares and to purchase its holding company's shares. No shares were purchased during the year under review.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements, which appear on pages 10 to 23 were approved by the Board of Directors on 24 April 2003 and are signed on its behalf by:

R P Collis
Managing Director

T Dunsdon
Financial Director

INCOME STATEMENTS

for the year ended 28 February 2003

	Note	GROUP 2003 R	GROUP 2002 R	COMPANY 2003 R	COMPANY 2002 R
REVENUE		28 790 007	26 902 750	725 325	281 790
Cost of sales		(14 581 247)	(13 383 893)	–	–
Gross profit		14 208 760	13 518 857	725 325	281 790
Administrative, selling and other costs		(8 197 802)	(7 499 078)	(725 325)	(406 505)
Profit/(loss) from operations	2	6 010 958	6 019 779	–	(124 715)
Interest income		1 303 251	663 560	–	–
Finance costs		(7 792)	(8 500)	–	–
Dividend from subsidiary		–	–	4 000 000	–
Profit/(loss) before taxation		7 306 417	6 674 839	4 000 000	(124 715)
Taxation	4	(1 359 755)	(2 130 417)	(549)	–
Profit/(loss) for the year		5 946 662	4 544 422	3 999 451	(124 715)
Earnings per share (cents)	5	6,76	5,24		
Headline earnings per share (cents)	5	6,76	5,32		
Fully diluted earnings per share (cents)	5	6,48	5,16		

BALANCE SHEETS

as at 28 February 2003

	Note	GROUP 2003 R	GROUP 2002 R	COMPANY 2003 R	COMPANY 2002 R
ASSETS					
Non-current assets		818 381	660 445	8 658 303	10 661 606
Equipment	7	818 381	660 445	–	–
Interest in subsidiaries	6	–	–	8 658 303	10 661 606
Current assets		12 363 946	14 341 615	72 425	442 000
Accounts receivable		3 358 473	3 163 994	–	–
Short-term loan – Share Incentive Trust		36 114	442 000	36 114	442 000
Cash resources		8 499 614	10 735 621	36 311	–
Deferred taxation asset	8	469 745	–	–	–
Total assets		13 182 327	15 002 060	8 730 728	11 103 606
EQUITY AND LIABILITIES					
Capital and reserves		8 221 217	11 011 807	8 221 217	11 011 807
Issued capital	9	8 910	8 746	8 910	8 746
Share premium	10	283 063	9 020 479	283 063	9 020 479
Accumulated profit		7 929 244	1 982 582	7 929 244	1 982 582
Non-current liabilities					
Long-term borrowings	11	62 500	312 500	–	–
Current liabilities		4 898 610	3 677 753	509 511	91 799
Accounts payable		3 892 037	2 616 618	508 962	91 799
Taxation payable		756 573	811 135	549	–
Current portion of long-term borrowings	11	250 000	250 000	–	–
Total equity and liabilities		13 182 327	15 002 060	8 730 728	11 103 606

STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2003

	GROUP			
	Share capital R	Share premium R	Accumulated profit/ (deficit) R	Total R
Balance at 28 February 2001	8 615	8 942 609	(2 561 840)	6 389 384
Profit for the year	–	–	4 544 422	4 544 422
Shares issued during the year	131	77 870	–	78 001
Balance at 28 February 2002	8 746	9 020 479	1 982 582	11 011 807
Profit for the year	–	–	5 946 662	5 946 662
Shares issued during the year	164	172 078	–	172 242
Repayment of share premium	–	(8 909 494)	–	(8 909 494)
Balance at 28 February 2003	8 910	283 063	7 929 244	8 221 217

	COMPANY			
	Share capital R	Share premium R	Accumulated profit/ (deficit) R	Total R
Balance at 28 February 2001	8 615	8 942 609	(2 561 840)	6 389 384
Subsidiary companies – share of after-tax profit retained	–	–	4 669 137	4 669 137
Loss for the year	–	–	(124 715)	(124 715)
Shares issued during the year	131	77 870	–	78 001
Balance at 28 February 2002	8 746	9 020 479	1 982 582	11 011 807
Subsidiary companies – share of after-tax profit retained	–	–	1 947 211	1 947 211
Profit for the year	–	–	3 999 451	3 999 451
Shares issued during the year	164	172 078	–	172 242
Repayment of share premium	–	(8 909 494)	–	(8 909 494)
Balance at 28 February 2003	8 910	283 063	7 929 244	8 221 217

CASH FLOW STATEMENTS

for the year ended 28 February 2003

	GROUP 2003 R	GROUP 2002 R	COMPANY 2003 R	COMPANY 2002 R
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit from operations	6 010 958	6 019 779	–	–
Adjustment for:				
Depreciation on equipment	317 494	395 643	–	–
Assets under R2 000 written off	–	164 483	–	–
(Surplus)/loss on disposal of equipment	(2 179)	5 923	–	–
Write-down of investments	–	27 942	–	–
Write-down of Share Incentive Trust loan	–	40 035	–	–
Restraint of trade payments settled by issue of shares	–	78 001	–	–
Operating profit before working capital changes	6 326 273	6 731 806	–	–
Working capital changes				
Decrease/(increase) in receivables	211 407	(207 928)	405 886	–
Increase/(decrease) in payables	1 275 419	(1 683 930)	417 163	–
Cash generated from operations	7 813 099	4 839 948	823 049	–
Normal taxation paid	(1 884 062)	(1 144 389)	–	–
Interest income	1 303 251	663 560	–	–
Finance costs	(7 792)	(8 500)	–	–
Dividend from subsidiary	–	–	4 000 000	–
Net cash inflow from operating activities	7 224 496	4 350 619	4 823 049	–
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of equipment	(475 430)	(368 107)	–	–
Proceeds on disposal of equipment	2 179	170 868	–	–
Proceeds from investments	–	2 415 868	–	–
Decrease in interest in subsidiaries	–	–	3 950 514	–
Increase in short-term loans	–	(182 000)	–	–
Net cash (outflow)/inflow from investing activities	(473 251)	2 036 629	3 950 514	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of capital reduction out of share premium	(8 909 494)	–	(8 909 494)	–
Proceeds from issue of shares	172 242	–	172 242	–
Long-term loan repaid	(250 000)	(250 000)	–	–
Net cash outflow from investing activities	(8 987 252)	(250 000)	(8 737 252)	–
Net (decrease)/increase in cash resources	(2 236 007)	6 137 248	36 311	–
Cash resources at beginning of year	10 735 621	4 598 373	–	–
Cash resources at end of year	8 499 614	10 735 621	36 311	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2003

1. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. They have been prepared on the historic cost basis and incorporate the following principal accounting policies, which have been consistently applied in all material respects.

1.1 Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and its subsidiaries. The operating results of the subsidiaries are included from the effective date of acquisition. All significant inter-company 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 written off over a period appropriate to each transaction.

In the company, subsidiaries are accounted for on the equity method from the date of acquisition.

1.2 Equipment and depreciation

Equipment is originally recorded at cost. Assets costing less than R2 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.

Asset category	Rates of depreciation per annum %
Computer hardware	33,3
Computer software	50,0
Telephone equipment	16,7
Office equipment	16,7
Furniture and fittings	16,7
Leasehold improvements	Period of lease

1.3 Deferred 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.

1.4 Revenue

Revenue comprises the invoiced value of information services provided and technology and product sales, excluding value added taxation. The various stages of invoicing are usually formalised in a service contract or project brief, prior to commencement of any work. In terms of fixed price contracts, clients are invoiced a fixed amount monthly and revenue recognised accordingly. In terms of variable contracts, clients are invoiced according to the state of completion and revenue is recognised accordingly.

Where retention monies are withheld, pending satisfactory completion of certain stages of projects, provision against their non-recoverability is made where this is considered necessary. 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.

1.5 Pension and medical aid contributions

The group provides for pensions for all permanent employees by means of an independent defined contribution pension fund. All contributions to the defined contribution pension fund and medical aid fund are charged against income in the year in which they relate (refer note 13).

1.6 Operating rentals

Rentals payable under operating leases are charged to income when due.

1.7 Research

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

1.8 Financial instruments

Financial assets are initially recognised at cost. Subsequently, financial assets are re-measured at fair value, except for fixed maturity investments such as debts and loans. Financial liabilities are recognised at original debt less principal repayments and amortisations.

	GROUP 2003 R	GROUP 2002 R	COMPANY 2003 R	COMPANY 2002 R
2. PROFIT FROM OPERATIONS				
Profit from operations is arrived at after taking into account:				
Expenditure				
Auditors' remuneration				
– audit fees – current year	109 260	87 136	12 000	–
– prior year under provision	8 200	1 754	–	–
– other service: capital reduction	8 950	–	8 950	–
Depreciation				
– computer hardware	118 807	227 117	–	–
– computer software	44 888	18 690	–	–
– telephone equipment	51 637	51 636	–	–
– office equipment	564	–	–	–
– furniture and fittings	80 617	80 310	–	–
– leasehold improvements	20 981	17 890	–	–
(Profit)/loss on disposal of equipment	(2 179)	5 923	–	–
Operating lease charges				
– equipment	80 325	59 971	38 617	–
– property	643 667	593 970	–	–
Pension fund contributions	882 098	799 662	–	–
Write-off of assets under R2 000	12 859	164 483	–	–
Write-down of listed investments	–	27 942	–	–
Write-down of Share Incentive Trust loan	–	40 035	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2003

3. DIRECTORS' EMOLUMENTS

The directors' remuneration for the year ended 28 February 2003 was as follows:

Name	Salary	* Bonus	Retirement and medical contributions	Profit on current share options	Discount on shares purchased	Total emoluments 2003	Total emoluments 2002
Executive directors:							
R P Collis	462 241	34 274	49 341	9 077	40 000	598 933	476 020
T Dunsdon	365 017	41 257	41 801	–	35 000	483 075	–
M C B Lionnet	352 201	39 358	42 300	–	–	433 859	426 969
P Naicker	250 997	27 445	34 598	–	–	313 040	274 072
C L von Pannier	385 078	30 546	42 732	9 512	7 500	475 368	418 016
Non-executive directors:							
						Fees 2003	Fees 2002
P Aposporis						–	10 000

* The bonus comprises a cash and share element. Approximately one third of the bonus was required to be reinvested in InfoWave Holdings Limited shares purchased on the open market at 22 cents per share according to the conditions of the bonus award. These shares are included in the beneficial indirect interests of directors set out on page 25.

	GROUP 2003 R	GROUP 2002 R	COMPANY 2003 R	COMPANY 2002 R
4. TAXATION				
South African normal taxation				
Current taxation	1 829 500	1 920 451	549	–
Deferred taxation				
Current year – deferred taxation asset raised	(851 922)	–	–	–
– other	382 177	174 893	–	–
Prior year	–	35 073	–	–
Total taxation	1 359 755	2 130 417	549	–
Tax rate reconciliation	%	%	%	%
Statutory rate	30,0	30,0	30,0	(30,0)
Exempt income	–	–	(30,0)	–
Non-deductible expenses	0,1	0,6	0,2	17,5
Deferred taxation asset reversed	–	2,6	–	–
Deferred taxation asset not raised	–	0,8	–	12,5
Utilisation of assessed losses where no deferred taxation asset was raised	–	(2,6)	(0,2)	–
Prior year underprovision	–	0,5	–	–
Deferred taxation asset now eligible for recognition	(11,5)	–	–	–
Effective rate	18,6	31,9	–	–

	GROUP 2003 R	GROUP 2002 R
5. EARNINGS PER SHARE		
The calculation of earnings per share is based on the profit of R5 946 662 (2002: R4 544 422) and the weighted average number of ordinary shares in issue during the year of 88 001 345 (2002: 86 804 545).		
The calculation of fully diluted earnings per share is based on the profit of R5 946 662 (2002: R4 544 422) and the weighted average number of 91 742 602 (2002: 88 102 499) shares. The dilution is a result of 6 635 247 (2002: 2 846 485) options granted by the Share Incentive Trust at an average exercise price of 9,6 (2002: 10,88) cents per share.		
Reconciliation between earnings and headline earnings:		
Profit for the year	5 946 662	4 544 422
(Surplus)/loss on disposal of equipment	(2 179)	5 923
Write-down of Share Incentive Trust loan	–	40 035
Write-down of investments	–	27 942
Headline earnings	5 944 483	4 618 322

6. INTEREST IN SUBSIDIARIES

Details of the company's subsidiaries at 28 February 2003 are as follows:

Name of subsidiary	Country of incorporation	Ownership interest %	Voting power %	Principal activity
InfoWave (Pty) Ltd	RSA	100	100	Application solutions
InfoWave Internet Solutions (Pty) Ltd	RSA	100	100	Internet solutions
			COMPANY 2003 R	COMPANY 2002 R
InfoWave (Pty) Ltd				
Shares at cost less amounts written off			3 916 100	3 916 100
Indebtedness of subsidiary			982 866	4 933 380
Share of post acquisition reserves			4 876 373	4 463 717
			9 775 339	13 313 197
InfoWave Internet Solutions (Pty) Ltd				
Shares at cost less amounts written off			100	100
Indebtedness to subsidiary			(295 269)	(295 269)
Share of post acquisition deficit			(821 867)	(2 356 422)
			(1 117 036)	(2 651 591)
Total interest			8 658 303	10 661 606

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2003

Group	2003			2002		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	R	R	R	R	R	R
7. EQUIPMENT						
Computer hardware	1 940 255	1 465 184	475 071	1 498 808	1 346 377	152 431
Computer software	221 966	179 057	42 909	201 471	134 169	67 302
Telephone equipment	309 756	225 598	84 158	309 756	173 961	135 795
Office equipment	5 079	564	4 515	–	–	–
Furniture and fittings	492 564	309 225	183 339	491 367	228 608	262 759
Leasehold improvements	96 663	68 274	28 389	89 451	47 293	42 158
Totals	3 066 283	2 247 902	818 381	2 590 853	1 930 408	660 445

	Computer hardware	Computer software	Telephone equipment	Office equipment	Furniture and fittings	Leasehold improvements	Total
	R	R	R	R	R	R	28 February 2003 R
Movements of equipment:							
Net book value at the beginning of the year	152 431	67 302	135 795	–	262 759	42 158	660 445
Additions	441 447	20 495	–	5 079	1 197	7 212	475 430
Disposals	–	–	–	–	–	–	–
Depreciation	(118 807)	(44 888)	(51 637)	(564)	(80 617)	(20 981)	(317 494)
Net book value at the end of the year	475 071	42 909	84 158	4 515	183 339	28 389	818 381

	GROUP 2003 R	GROUP 2002 R	COMPANY 2003 R	COMPANY 2002 R
8. DEFERRED TAXATION ASSET				
The major components of the deferred taxation asset balance are as follows:				
Estimated taxation losses to be offset against future taxable income	260 632	–	–	–
Estimated temporary difference to be offset against future income:				
Provisions	224 115	–	–	–
Other	(15 002)	–	–	–
	469 745	–	–	–
The movement for the year of the deferred taxation asset balance was as follows:				
Balance at beginning of year	–	–	–	–
Deferred taxation asset in prior year, now eligible for recognition	851 922	–	–	–
Charge to the income statement	(382 177)	–	–	–
Balance at end of year	469 745	–	–	–
9. SHARE CAPITAL				
Authorised:				
200 000 000 ordinary shares of 0,01 cent each	20 000	20 000	20 000	20 000
Issued:				
89 094 945* (2002: 87 454 545) ordinary shares of 0,01 cent each	8 910	8 746	8 910	8 746

1 640 400 new shares were issued at 10,5 cents per share to participants of the InfoWave Holdings Limited Share Incentive Trust on 31 October 2002. Details of directors' participation in this issue are set out on page 24.

6 635 247 shares have been reserved in respect of options granted in terms of the Share Option Scheme (refer page 24).

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.

At the annual general meeting held on 31 May 2002, the members granted the directors authority for the repurchase of the company's shares, valid until the next annual general meeting.

* Post the date of this annual report, the number of issued shares increased by 129 700 to 89 224 645 as new shares were listed in terms of the Share Incentive Trust.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2003

	GROUP 2003 R	GROUP 2002 R	COMPANY 2003 R	COMPANY 2002 R
10. SHARE PREMIUM				
Share premium at beginning of year	9 020 479	8 942 609	9 020 479	8 942 609
On shares allotted during the year	172 078	77 870	172 078	77 870
Reduction of share premium by means of a capital reduction	(8 909 494)	–	(8 909 494)	–
Balance at end of year	283 063	9 020 479	283 063	9 020 479
11. LONG-TERM BORROWINGS				
Unsecured	312 500	562 500	–	–
Less: current portion included under current liabilities	250 000	250 000	–	–
	62 500	312 500	–	–
This loan is repayable in monthly instalments of R20 833 terminating on 31 May 2004 and does not bear interest.				
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.				
12. COMMITMENTS				
Operating lease commitments				
Due within one year	684 670	682 472	–	–
Due thereafter	14 560	692 453	–	–
	699 230	1 374 925	–	–
Capital commitments – computer hardware – and software				
Authorised but not contracted for	500 000	600 000	–	–

13. PENSION BENEFIT INFORMATION

The group established the InfoWave Pension Fund with effect from 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 28 February 2003 was 37 (2002: 36).

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

All company contributions to the retirement fund totalling R882 098 (2002: R799 662) are charged against income in the year in which they are incurred.

14. FINANCIAL RISK MANAGEMENT

Financial instruments reflected on the balance sheet include cash resources, accounts receivable and accounts payable. In the normal course of operations, the company manages financial risk as follows:

14.1 Interest rate risk

The group is not subject to interest rate risk on borrowings as they are non-interest bearing. The group is subject to interest rate fluctuations on short-term cash investments.

14.2 Currency risk

The group is not subject to currency risk as all sales are denominated in local currency and the related costs are also denominated in local currency.

14.3 Credit risk management

Trade debtors comprise a widespread customer base. The granting of credit is controlled by well-established criteria, which are reviewed and updated on an ongoing basis. At 28 February 2003, the group did not consider there to be any significant concentration of credit risk, which had not been adequately provided for.

14.4 Liquidity risk management

The liquidity risk is proactively managed by regularly addressing working capital requirements and monitoring cash flows.

15. DEMATERIALISATION

The company's shares were successfully moved to the STRATE system during December 2001 and the electronic settlement of the sale of its shares commenced on 3 January 2002. As at 28 February 2003, 27% of the share register had been dematerialised.

SHARE OPTION SCHEME

The aggregate number of shares available through the scheme is limited to 10% of the issued ordinary shares in the company at any one time.

1. Share register	Shares
Number of shares available to the Trust for reservation	8 909 495
Number of options at 28 February 2003	(3 478 538)
Options granted after year end exercisable by 18 March 2007	(3 156 709)
Balance of shares available to the Trust for reservation in the future at date of approval of the annual financial statements	2 274 248

2. Movement in share options for the year	Option Price (cents per share)	Shares
Number of options at 28 February 2002		
exercisable by 21 September 2005	3,6*	(5 381 085)
exercisable by 11 February 2006	4,3*	(515 400)
Options granted during the year		
exercisable by 11 February 2006	11,0*	(23 967)
Options exercised during the year		1 640 400
Options forfeited during the year		801 514
Number of unexercised options at 28 February 2003		(3 478 538)

3. Number of shares otherwise acquired by the Trust for which the JSE Securities Exchange, South Africa has granted approval to be held by the Trust as unallocated stock until 1 July 2003	847 500
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4. Interest of directors of the company in share options

The interest of the directors of the company in share options as at 28 February 2003 is shown in the table below:

Name	Beginning of year	Granted	Exercised	End of year	Average price (cents)
Executive directors:					
R P Collis	187 900	—	62 600	122 300	3,60*
T Dunsdon	196 487	—	65 500	130 987	3,60*
M C B Lionnet	220 100	—	73 400	146 700	3,60*
P Naicker	70 800	—	23 600	47 200	3,60*
C L von Pannier	196 900	—	65 600	131 300	3,60*
Aggregate	872 187	—	290 700	578 487	3,60*

* The prices of the unexercised options in issue immediately after the capital reduction were adjusted based on the change in net asset value of the share as a result of the capital reduction, in accordance with the Deed of Trust, for all employees participating in the Trust.

SHARES AND SHAREHOLDERS

	2003	2002
Performance on the JSE Securities Exchange, South Africa		
Total number of shares traded ('000)	3 261	7 398
Total number of shares traded as a percentage of total issued shares (%)	3,7	8,5
Total value of shares traded (R'000)	755	819
Prices (cents)		
Closing	22	20
High	40	23
Low	15	5
Spread (number of shareholders)		
With less than 10 000 shares	100	98
10 001 to 100 000 shares	96	113
100 001 to 200 000 shares	12	17
Over 200 000 shares	42	43
Shareholder distribution		
	Number	Shares
Public	234	68 333 055
Non-public	16	20 761 980
Directors	5	19 327 534
Associates of directors	10	586 946
Trustees of the InfoWave Holdings Limited Share Incentive Trust	1	847 500

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 28 February 2003:

	Percentage	Shares
The Collis Clan Trust	9%	8 203 257
The Jan Vat Family Trust	8%	7 129 620
The Church of England in South Africa	7%	6 341 658
Kingfisher Investments – Investec	6%	5 340 000
Jeevaruthnum Pillay	5%	4 312 978
The von Pannier Family Trust	5%	4 221 010

Directors' direct and indirect beneficial interest in the company

As at 28 February 2003, the directors of the company held in aggregate direct and indirect beneficial interests of 19 327 534 (2002: 16 791 273) of the ordinary shares of the company as set out below:

	Beneficial interest			2002
	Direct	Indirect	2003	
Executive directors				
R P Collis	887 600	8 241 339	10%	9%
T Dunsdon	1 524 745	45 841	2%	–
M C B Lionnet	824 886	43 731	1%	1%
P Naicker	3 193 349	30 494	4%	4%
C L von Pannier	280 600	4 254 949	5%	5%
Total	6 711 180	12 616 354	22%	19%

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.

DIRECTORS AND OFFICERS / GENERAL INFORMATION

Directors

R P Collis

Date of birth 30 November 1955
 Title Chairman and Managing Director
 Date of re-appointment 29 June 2001

T Dunsdon

Date of birth 4 October 1970
 Title Financial Director
 Date of appointment 18 April 2002

M C B Lionnet

Date of birth 14 October 1958
 Title Executive Director
 Date of re-appointment 1 June 2002

P Naicker

Date of birth 25 June 1956
 Title Executive Director
 Date of re-appointment 1 June 2002

C L von Pannier

Date of birth 9 July 1963
 Title Executive Director
 Date of re-appointment 1 June 2000

Company Secretary

N C Swinford-Meyer

Date of birth 11 August 1958
 Title Group Financial Manager and Company Secretary
 Date of appointment 1 March 2000

Audit Committee members

R P Collis Chairman
 T Dunsdon Member

Remuneration Committee

InfoWave Holdings Limited board
 InfoWave (Pty) Limited management team

InfoWave Holdings Limited Share Incentive Trust Trustees

J A A Vat Chairman
 J T Russell

InfoWave Pension Fund Trustees and Attendees

N C Swinford-Meyer Chairman
 P Naicker Principal Officer
 T Dunsdon
 C Casalis
 P Vala
 S Kalidas
 H Littlewood Alexander Forbes

INFOWAVE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
 Registration number 1998/017276/06

Registered office

Gleneagles Park
 10 Flanders Drive
 Mount Edgecombe
 4300
 (PO Box 2225, M.E.C.C., Mt Edgecombe, 4301)

Auditor

Deloitte & Touche
 Chartered Accountants (SA)

Transfer secretary

Computershare Investor Services Limited

Sponsor

Sasfin Bank Limited

Commercial banker

Nedbank
 A division of Nedcor Bank Limited

Legal representatives

Technical advisors:
 Harty Rushmere Attorneys
Commercial advisors:
 Mooney Ford Attorneys

OVERVIEW OF KEY PEOPLE



RALPH COLLIS

Chairman and Managing Director

Ralph has been involved in the IT industry since 1975 and has valuable experience in the implementation and support of software solutions in the retail, mining and milling industries. In 1981, he joined CG Smith Sugar Limited (now Illovo Sugar Limited). Ralph was instrumental in researching and implementing Oracle technology and held various key positions such as applications development manager, technical manager and business systems manager before leaving in 1996 to establish InfoWave (Proprietary) Limited as one of the founding directors. Ralph was promoted to managing director in 2000 and is responsible for the strategic and business management of the group.



TIFFANY DUNSDON CA(SA)

Financial Director

Tiffany served her traineeship with Deloitte & Touche 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 InfoWave in a consulting capacity in 2000 and was appointed as Financial Director in April 2002. She is responsible for the financial, commercial and human resources aspects of InfoWave.



BRUNO LIONNET

Executive Director

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 InfoWave as Project Manager in 1998. He is responsible for the Tranquillity and Technical business units and was appointed a director of InfoWave Holdings Limited in June 2000.



PAT NAICKER

Executive Director

Pat has been involved in IT since 1972, progressing through the ranks from data capture clerk to computershift leader when he joined CG Smith Sugar Limited (now Illovo Sugar Limited) in 1986. He was subsequently promoted to technical team leader and given control of the local and wide area network of the group. Pat was also involved in the rightsizing of the mainframe computer system to a UNIX platform, running on an Oracle database. In 1996, he helped form InfoWave (Proprietary) Limited and was appointed a director of InfoWave Holdings Limited in June 2000.

OVERVIEW OF KEY PEOPLE



CINDY VON PANNIER B Com (Information Systems)

Executive Director

Cindy has been involved in the IT industry since qualifying as a programmer in 1981. She gained valuable experience in the motor industry at Toyota SA Manufacturing before joining CG Smith Sugar Limited (now Illovo Sugar Limited) in 1986. Cindy was involved in system development and project management, and was instrumental in implementing a quality programme in the IT department. She was promoted to the IT management team in 1994.

Cindy was one of the founding directors of InfoWave (Proprietary) Limited and, since its listing, has assumed responsibility for account management, new business development and the marketing portfolio for the group.



STUART JACK

Business Unit Manager

Stuart has been in the IT industry for 11 years and has obtained in-depth experience in the implementation of credit card, retail insurance, distribution and inventory systems whilst with Pref-Info (now part of the McCarthy Limited group). He was also involved in re-engineering systems methodology for the group. In June 1997, Stuart joined InfoWave as a senior consultant responsible for custom-built solutions and was promoted to Business Unit Manager of the Tsunami business unit in February 2002.



NADINE SWINFORD-MEYER (ACIS)

Group Financial Manager and Company Secretary

Nadine joined the group in March 2000 after relinquishing the position of Company Secretary for the Grincor group, which she had held since 1992. Prior to that, she had administered the management accounting, financial and treasury divisions of certain of the group's subsidiaries. Nadine had also held the positions of divisional accountant for Metal Box Central Africa Limited (Zimbabwe) and administration accountant for the Dairy Marketing Board (Zimbabwe). She is an associate member of the Institute of Chartered Secretaries and Administrators.

CORPORATE GOVERNANCE, CODE OF ETHICS AND ENVIRONMENTAL AND SOCIAL ACTIVITIES

Corporate governance

The directors endorse the aims of the King Report I and II on Corporate Governance in conducting the affairs of the company with integrity and in accordance with the highest standards of corporate practice and, in areas of non-compliance, the board is actively seeking adequate solutions. The company is committed to the principles of openness, integrity and accountability in its dealings with all its stakeholders.

The primary objective of any system of corporate governance is to ensure that directors and managers carry out their responsibilities faithfully and effectively, placing the interests of the company ahead of their own. This process is facilitated through the establishment of appropriate reporting and control structures within the organisation.

Audit Committee

The company has an audit committee which comprises Mr R P Collis as chairman and Mrs T Dunsdon CA(SA). 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.

Remuneration Committee

All forms of remuneration, amendments thereto, incentives and share awards are assessed on individual merit against a set formula of criteria which has been communicated to all staff members. Motivation for increases and bonuses is reviewed by the InfoWave Holdings Limited board as well as the management team of the operating subsidiary. External market surveys and other relevant information sources are considered in determining levels of remuneration that appropriately reward staff for their contributions to the group's performance.

Employee Team

The Employee Team (ET) is a committee representative of the company's employees. Employee participation through

improved communication with employee representatives, particularly in matters of common concern and mutual interest, is addressed in an active policy that also encourages self-development, the promotion of equal opportunity, the elimination of discrimination and the sustainability of group objectives.

ET's vision and mission is to promote, facilitate and uphold InfoWave's culture and values so as to create a better working environment for all InfoWavers.

ET has successfully carried out the InfoWave Climate Survey to assist in the promotion of the goals of the committee. It has managed the social events calendar, promoting the fun element within the company and has promoted and reinforced employee-employer relationships in the creation of positive goals and objectives.

Directorate and executive management

The executive committee comprises all the executive members of the board. The board meets regularly and monitors the performance of the management team of the operating subsidiaries. It addresses a range of key issues and ensures that debate on matters of policy, strategy and performance is critical, informed and constructive.

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 following is a schedule of minuted meetings held by the board during the year ended 28 February 2003:

Date	Director attendance
12 April 2002	R P Collis, M C B Lionnet, P Naicker, C L von Pannier, T Dunsdon (<i>Acting Financial Director</i>)
25 September 2002	R P Collis, T Dunsdon, M C B Lionnet, P Naicker, C L von Pannier
14 January 2003	T Dunsdon (<i>Chairman Designate</i>), M C B Lionnet, C L von Pannier
28 February 2003	R P Collis, T Dunsdon, M C B Lionnet, P Naicker, C L von Pannier

CORPORATE GOVERNANCE, CODE OF ETHICS AND ENVIRONMENTAL AND SOCIAL ACTIVITIES

Management reporting

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.

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 company and InfoWave employees adhere to a high standard of conduct and are:

- non-sectional and non-political
- protective of the group's reputation as regards integrity and credibility
- consistent in honouring their obligations
- actively promoting the development of their employees
- concerned with the quality of their product and services and customer satisfaction.

Environmental and social activities

From an environmental perspective, the nature of the group's business does not have a negative impact on the immediate environment. However, we do recognise the importance of preserving the integrity of our natural heritage. We are aware that certain of our activities generate high volumes of paper and in this regard we have adopted a paper recycling programme.

The board continues to pursue an employment policy that offers practical experience and mentoring to selected trainees with a long-term view of growing them into the business.

The board is sensitive to the limitations which have prevented previously disadvantaged groups from realising their full potential and the appointment and promotion of suitably qualified members of these groups is, accordingly, a continued commitment of the group.



Ebuta Junior Secondary School

The company and InfoWave employees assist with the funding of the Ebuta Junior Secondary School situated in the Umzimkulu district. This school has made remarkable progress towards the building of four classrooms to replace the current structures of mud and wood, which are overcrowded and in a state of collapse.



Back, from left: Michael Dodo (Chairperson – School Governing Body), Deon Somers (Ebuta Trustee – InfoWave representative) and Ncamani Lulamile (Principal – Ebuta Junior Secondary School). Front, from left: Maduna Nomthandazo (Deputy Chairperson – School Governing Body) and Wayise Pathakile (Member – School Governing Body).

EMPLOYMENT EQUITY

The group's policy on employment equity is based on the following principles:

Employment equity should:

- help with skills shortages
- foster new attitudes
- emphasise personal achievement, and
- entrench meritocracy.

Employment equity should not:

- entrench race classification
- breed resentment
- undermine the dignity of any racial group, and
- cause standards to drop.

Employee participation

The group encourages effective employer/employee communication with the objective of the early identification and resolution of potential areas of conflict. The legislative requirements for expanded worker participation have been accommodated within the existing structures.

Employee development and training

InfoWave is committed to providing optimum opportunities for all employees to develop their skills. This financial year has seen the successful implementation of a weekly training session for all InfoWavers, which covers many different disciplines from both a technical and business perspective. This is in addition to existing mentorship programmes and the specific skills training, which enables employees to stay up to date with the latest software and hardware technology developments.

Employment Equity Plan

In November 2000, InfoWave formulated an Employment Equity Plan that defined the objectives for the ensuing five years. InfoWave has made significant progress in the last two years with a 20% increase in the number of black employees. The recruitment policy has been amended to employ affirmative action candidates in so far as this is possible.

SPECIFIC REPURCHASE AND ISSUE OF RETENTION SHARES

Introduction

The Board of Directors of the company has decided to award Mrs T Dunsdon and Mr M C B Lionnet 600 000 and 300 000 shares respectively (“the retention shares”) by way of a specific issue as defined by the JSE Securities Exchange, South Africa (JSE) at an issue price of 28 cents per share (“the specific issue”). The specific issue has been categorised as a related party transaction by the JSE.

Rationale

As part of the company's retention and reward strategy since listing, and separate from the share option scheme, the board from time to time reviews the interests of key employees in the company and seeks to place shares in the hands of new key people who have proven their strategic value to the business in order to retain their skills. The shares granted through this programme are subject to forfeiture in whole or in part should the employee leave InfoWave before the specified restraint period expires. During the year, the disinterested members of the board identified two employees to whom they wished such shares to be awarded. Where recipients are directors, the board seeks shareholder approval for the award in terms of the JSE requirements. The shares to be issued in terms of this specific issue will be repurchased by InfoWave Holdings Limited from the InfoWave Holdings Limited Share Incentive Trust.

Condition precedent

The only outstanding condition precedent is the approval by shareholders in general meeting for the specific issue as per ordinary resolution 9 (refer to page 37).

Issue, allotment and listing of the shares on the JSE

InfoWave will issue and allot the retention shares on 9 June 2003 (“the issue date”). This may equate to a premium or discount to the price at which InfoWave trade on the issue date. Application has been made to the JSE for the listing of the retention shares, subject to the fulfilment of the condition precedent in the paragraph above, with effect from the commencement of business on the issue date.

Material changes

There has been no material change in the financial or trading position of InfoWave and its subsidiaries since the interim results announcement published on 23 October 2002.

Financial effects

The specific issue has been deemed immaterial as per the JSE Listings Requirements and therefore no financial effects are required.

Working capital statement

The directors are satisfied that InfoWave will have sufficient cash or will generate sufficient cash flows and/or have adequate facilities in place to meet its present working capital requirements for the present and for the foreseeable future.

Directors' service contracts

Mrs T Dunsdon and Mr M C B Lionnet are employed by InfoWave in terms of formal contracts of employment subject to one month's notice by either party. These contracts of employment do not contain conditions of an unusual nature.

InfoWave's shares issued in the preceding three years

The following issues of shares have taken place since 1 January 2000:

Date of issue	Price of issue	Reason for issue	Number of shares
10/02/2000	0,01 cents	Share Incentive Trust	235 000
28/08/2001	6 cents	Restraint of trade	1 300 000
31/10/2002	10,5 cents	Exercised share options	1 640 400
12/03/2003	4,3 cents	Exercised share options	129 700

No take-over bid

To the best of the knowledge of the directors, InfoWave is not the subject of an announced or expected take-over bid.

Opinions, recommendations and voting

Sasfin Bank Limited has advised the disinterested shareholders of InfoWave that it has considered the terms and conditions of the specific issue and considers the specific issue to be fair and reasonable to InfoWave and its shareholders. The text of their letter in this regard is set out below.

The board has considered the terms of the specific issue and is of the opinion that the specific issue will significantly benefit InfoWave and its shareholders and, accordingly, it recommends that shareholders vote in favour of the relevant resolution proposed in the notice of the annual general meeting attached to this annual report.

The directors intend to vote (in so far as they will be entitled to do so) all of the shares held by them in favour of the ordinary resolution to be proposed at the annual general meeting and recommend that all other shareholders do the same. Mrs T Dunsdon and Mr M C B Lionnet, being related parties, will be excluded from voting on the ordinary resolution to approve the specific issue.

Significant contracts

InfoWave has not entered into any significant contracts in the past two years, other than in the ordinary course of business. No significant contracts exist that contain unfulfilled obligations or settlements.

Litigation statement

There are no legal or arbitration proceedings against InfoWave or any of its subsidiaries (including any proceedings that are pending or threatened) of which InfoWave is aware, which may have or have had, in the 12 months preceding the date of this annual report, a material effect on the consolidated financial position of InfoWave.

Directors' responsibility statement

The directors of InfoWave, whose names are given on page 26 of this annual report, accept, collectively and individually:

- full responsibility for the accuracy of all the information given herein;
- certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading;
- that they have made all reasonable enquiries to ascertain such facts, and
- that this annual report contains all information required by law.

Documents available for inspection

The following documents, or copies thereof, will be made available for inspection by shareholders of InfoWave during normal business hours at the registered office of InfoWave from Friday, 2 May 2003 to Friday 30 May 2003:

- the memorandum and articles of association of InfoWave;
- the audited financial statements and unqualified audit report thereon of InfoWave for the three years ended 28 February 2003;
- the independent fair and reasonable statement set below;
- a signed copy of this annual report, and
- the letter of consent of the sponsor.

SPECIFIC REPURCHASE AND ISSUE OF RETENTION SHARES

SHARE PRICE HISTORY

	Closing Price (cents)	High (cents)	Low (cents)	Volume
Quarterly				
30 June 2001	15	16	9	252,500
30 September 2001	10	18	10	359,801
31 December 2001	17	19	7	4,222,900
31 March 2002	10	21	10	1,181,047
30 June 2002	15	18	10	3,216,100
30 September 2002	15	18	5	2,829,400
31 December 2002	25	40	15	479,291
30 March 2003	22	30	20	1,703,500
Monthly				
31 May 2002	33	33	31	11,000
30 June 2002	30	32	20	133,545
31 July 2002	26	30	20	55,400
31 August 2002	20	25	20	115,806
30 September 2002	25	25	20	192,200
31 October 2002	35	35	22	371,046
30 November 2002	30	40	30	48,050
31 December 2002	25	30	15	60,200
31 January 2003	27	27	24	133,500
28 February 2003	22	30	20	1,150,000
30 March 2003	22	23	22	420,000
Daily				
17 March 2003	23	23	23	–
18 March 2003	23	23	23	–
19 March 2003	23	23	23	–
20 March 2003	23	23	23	–
24 March 2003	23	23	23	–
25 March 2003	23	23	23	–
26 March 2003	23	23	23	–
27 March 2003	23	23	23	–
28 March 2003	22	22	22	20,000
31 March 2003	22	22	22	20,000
01 April 2003	22	22	22	20,000
02 April 2003	22	22	22	20,000
03 April 2003	22	22	22	20,000
04 April 2003	22	22	22	20,000
07 April 2003	22	22	22	–
08 April 2003	22	22	22	–
09 April 2003	22	22	22	–
10 April 2003	22	22	22	–
11 April 2003	22	22	22	–
14 April 2003	15	15	15	141,300
15 April 2003	15	15	15	–
16 April 2003	15	15	15	–
17 April 2003	25	25	22	10,000
22 April 2003	25	25	25	–
23 April 2003	25	25	25	–
24 April 2003	25	25	25	–

Independent advice on the specific issue to the disinterested shareholders of InfoWave

15 April 2003

The Directors

InfoWave Holdings Limited

PO Box 2225

M.E.C.C.

Mt Edgecombe

4301

Ladies and gentlemen

INDEPENDENT ADVICE TO THE DISINTERESTED SHAREHOLDERS OF INFOWAVE HOLDINGS LIMITED (“INFOWAVE”) REGARDING THE SPECIFIC ISSUE OF SHARES TO CERTAIN DIRECTORS

Introduction

Sasfin Bank Limited has been advised that the Board of Directors of the company (“the board”) have decided to award retention shares by way of a specific issue of ordinary shares of 0,01 cent each in the share capital of the company at an issue price of 28 cents per share, to the following directors of InfoWave (“the specific issue”):

Mrs T Dunsdon	600 000 shares
Mr M C B Lionnet	300 000 shares

This letter and the opinion contained herein are provided solely for the benefit of the disinterested shareholders of InfoWave in connection with and for the purpose of considering and, if deemed fit, to pass, with or without modification, the ordinary resolution authorising the specific issue. In accordance with the JSE Securities Exchange, South Africa’s (“JSE”) Listings Requirements governing related party transactions, we have been appointed by the board of InfoWave to advise disinterested InfoWave shareholders on the terms and conditions of the specific issue.

Procedures

In arriving at our opinion we have, inter alia, reviewed and analysed the following information and considered the following factors:

- the historical share price and trading volumes of InfoWave’s shares on the JSE;
- the historical published financial statements of InfoWave;
- the current financial position of InfoWave;
- our independent indicative valuation performed from the financial and other information including historical and budgeted performance;
- prevailing economic and market conditions;
- the quantum, nature, rationale and financial effects of the specific issue, and
- discussions with and information provided to us by the executive management of InfoWave.

Our opinion is necessarily based upon the information available to us and the financial, regulatory, stock market and other circumstances existing and disclosed to us as at the date hereof. Accordingly, it should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm. We have relied upon and assumed the accuracy and completeness of the financial information used by us in deriving our opinion.

Opinion

We have considered the terms and conditions of the specific issue and, based upon and subject to the foregoing, are of the opinion that the specific issue is fair and reasonable to InfoWave’s disinterested shareholders.

We will receive a fixed fee for the services provided in connection with the preparation of this opinion, which is payable upon delivery of this opinion. Other than acting as Sponsor, we have no interest, direct or indirect, beneficial or non-beneficial, in InfoWave. We hereby consent to the inclusion of this letter, and the references thereto, in the annual report to be issued by InfoWave on or about 30 April 2003 in the form and context in which they appear therein. Furthermore, we confirm that we have not withdrawn that consent prior to the issue of the said annual report to InfoWave’s shareholders.

Yours faithfully

SASFIN BANK LIMITED

NOTICE OF MEETING

Notice is hereby given that the annual general meeting of shareholders of the company will be held in the Deloitte & Touche boardroom, Deloitte & Touche Place, 2 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge Office Estate, La Lucia on Friday, 30 May 2003 at 15h30 for the following purposes:

- To receive and consider the audited financial statements of InfoWave Holdings Limited for the year ended 28 February 2003.
- To transact such other business as may be transacted at an annual general meeting.
- 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 28 February 2003, the Directors’ Report and the report of the Auditors.”

2. Ordinary resolution number 2

“Resolved to re-elect retiring directors by a single resolution.”

3. Ordinary resolution number 3

“Resolved to re-elect the following as directors of the company:

Mr R P Collis and Mrs C L von Pannier.”

Each of the directors referred to above retires as a director of the company in accordance with the company’s articles of association and are eligible for re-election and have both offered themselves as such.

4. Ordinary resolution number 4

“Resolved to authorise the directors to determine the remuneration of the auditors.”

5. Ordinary resolution number 5

“Resolved to re-appoint the auditors for the next financial year.”

6. Ordinary resolution number 6

“Resolved to determine the remuneration of the directors.”

7. Ordinary resolution number 7

“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:

7.1 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;

7.2 Such shares are to be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Securities Exchange, South Africa in its Listing Requirements) and not to related parties;

7.3 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, give full details thereof, including the effect on the net asset value of the company and earnings per share;

7.4 the aggregate issue of any particular class of shares in any financial year will not exceed 15% (fifteen percent) of the issued number of that class of shares (including securities which are compulsorily convertible into shares of that class);

7.5 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 of the applicant, and

7.6 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.”

8. Ordinary resolution number 8

“Resolved that the unissued shares of the company be placed under the control of the directors of the company, and that they are hereby authorised subject to sections 221 and 222 of the Companies Act of 1973 (Act 61 of 1973), as amended, and to the rules and regulations of the JSE Securities Exchange, South Africa, to allot and/or issue shares to such person or persons on such terms and conditions as they may determine, such authority to expire at the next annual general meeting of the company.”

9. Ordinary resolution number 9

“Resolved that, subject to the passing and registration of Special Resolution number 1 and subject to not less than 75% (seventy-five percent) of those shareholders of the company present in person or by proxy and entitled to vote at the general meeting at which this resolution is proposed, voting in favour of this resolution, the board of the company be and is hereby authorised by way of a specific authority, to award 900 000 ordinary shares in the share capital of the company, held by InfoWave (Pty) Ltd, as to 600 000 ordinary shares to Mrs T Dunsdon and 300 000 ordinary shares to Mr M C B Lionnet, at an issue price of 28 cents per share, as retention shares.

Mrs T Dunsdon and Mr M C B Lionnet, being related parties, will not be taken into account in determining the quorum nor will their votes be taken into account in determining the results of this resolution.”

10. Special Resolution number 1

Specific authority to repurchase shares

To consider and if thought fit to pass, with or without modification, the following as a Special Resolution:

“Resolved that the company’s subsidiary, InfoWave (Pty) Ltd be and is hereby authorised by way of a specific authority in terms of section 85 of the Companies Act No 61 of 1973, as amended, its articles of association and the Listings Requirements of the JSE Securities Exchange South Africa (JSE) to acquire from the InfoWave Holdings Limited Share Incentive Trust (“the Trust”) 847 500 ordinary shares representing 1% (one percent) of the issued share capital of the company, at an issue price of 28 cents per share to be funded through the loan account between the company and the Trust”.

The reason for and effect of Special Resolution number 1 is to authorise InfoWave (Pty) Ltd to acquire ordinary shares issued by the company which are currently held by the Trust and which have not been allocated to participants. This transaction is not considered material and its impact on the company’s finances or operations will be insignificant. In terms of the Listings Requirements of the JSE, the trustees of the Share Incentive Trust, the controlling shareholders of the company, their associates, any party acting in concert with them, any party who is

participating in the specific repurchase of the company’s shares and who is not regarded as a public shareholder in terms of the Listings Requirements of the JSE will be excluded from voting on Special Resolution number 1.

11. Special Resolution number 2

“Resolved that the company or any of its subsidiaries, are hereby authorised as a general approval given in terms of section 85(2) and 89 of the Act, to acquire shares issued by the company upon such terms and conditions and in such amounts as the directors may from time to time decide but, subject to the provisions of the Act and the Listings Requirements of the JSE Securities Exchange, South Africa (JSE), which currently stipulate that:

- 11.1** any such acquisition of ordinary shares shall be implemented on the open market of the JSE;
- 11.2** 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;
- 11.3** a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, at the time of passing of this Special Resolution, which announcement shall contain full details of such acquisitions;
- 11.4** acquisitions of ordinary shares by the company in terms of this general authority in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company’s issued ordinary share capital nor may any subsidiary hold more than 10% (ten percent) of the company’s issued share capital at any one time;
- 11.5** in determining the price at which ordinary shares issued by the company are acquired in terms of this general authority, the maximum price at which such ordinary shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such ordinary shares traded on the JSE over the 5 (five) business days immediately preceding the date on which the transaction is agreed.

NOTICE OF MEETING

Although no such repurchases are currently being considered, the general authority to repurchase the company's shares will be acted upon within the parameters laid down by the JSE, as and when the directors deem it to be appropriate. After considering the effect of a general repurchase within these parameters, the directors are of the view that for a period of at least 12 (twelve) months after the date of this notice:

- the company and the group will be able in the ordinary course of business to pay its debts;
- the assets of the company and the group will be in excess of the liabilities of the company and the group;
- the ordinary capital and reserves of the company and group will be adequate for the purposes of the company's and the group's businesses respectively, and
- the working capital of the company and the group will be adequate for their requirements."

The reason for this Special Resolution is to grant a general approval in terms of the Act and the Listings Requirements of the JSE for the acquisition by the company or its subsidiaries of shares issued by the company, subject to statutory and regulatory limitations and controls.

The effect of this Special Resolution is to enable the company and/or a subsidiary, by way of a general approval, to repurchase up to a maximum of 20% (twenty percent) of its share capital in any one financial year; such authority to remain valid until the company's next annual general meeting but not beyond the period of 15 (fifteen) months after the date of this resolution.

Voting and proxies

All shareholders will be 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 secretaries by not later than 15h30 on Wednesday, 28 May 2003. 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



N C Swinford-Meyer
Company Secretary

24 April 2003

Registered office

Gleneagles Park
10 Flanders Drive
Mount Edgecombe
4300

PO Box 2225

M.E.C.C.

Mt Edgecombe
4301

Transfer secretary

Computershare Investor
Services Limited
PO Box 61051
Marshalltown
2107



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PROXY FORM



INFOWAVE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1998/017276/06) Share code: IFW ISIN: ZAE000016440

For use ONLY by certificated shareholders and own name dematerialised shareholders at the general meeting of InfoWave shareholders to be held at 15h30 on Friday, 30 May 2003, or such later time that may be applicable ("the annual general meeting").

I/We (Names in capital letters)

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

of

or failing him

of

or failing them,

the chairman 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 30 May 2003 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.

	In favour of	Against	Abstain
1. To receive the annual financial statements			
2. To re-elect retiring directors by a single resolution			
3. Re-election as directors Mr R P Collis Mrs C L von Pannier			
4. To authorise the directors to determine the auditors' remuneration			
5. To re-appoint the auditors for the next financial year			
6. To determine the remuneration of the directors			
7. To grant the directors a general authority to issue shares for cash			
8. To place the unissued shares under the control of the directors			
9. To award shares to directors			
10. To repurchase unallocated shares held by the InfoWave Holdings Limited Share Incentive Trust			
11. To acquire shares issued by itself or shares in its holding company			

Signature

Date

Please read the notes on the reverse side hereof.

NOTES TO THE PROXY FORM

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 15h30 on Wednesday, 28 May 2003. 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 InfoWave shareholder may insert the name of a proxy or the names of two alternative proxies of the InfoWave 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 InfoWave 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 InfoWave, 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 InfoWave shareholder or his/her proxy is not obliged to use all the votes exercisable by the InfoWave 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 InfoWave 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 InfoWave or waived by the Chairperson of the general meeting of InfoWave 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 InfoWave.
8. Forms of proxy must be received by the transfer secretaries, Computershare Investor Services Limited at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or by the company, Infowave Holdings Limited at 10 Flanders Drive, Mount Edgecombe, 4300 (PO Box 2255, M.E.C.C, Mount Edgecombe, 4301) by not later than 15h30 on Wednesday, 28 May 2003.
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 InfoWave.
11. Dematerialised shareholders, other than by own name registration, must NOT complete this form of proxy and must provide their CSDP or broker of their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.



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