



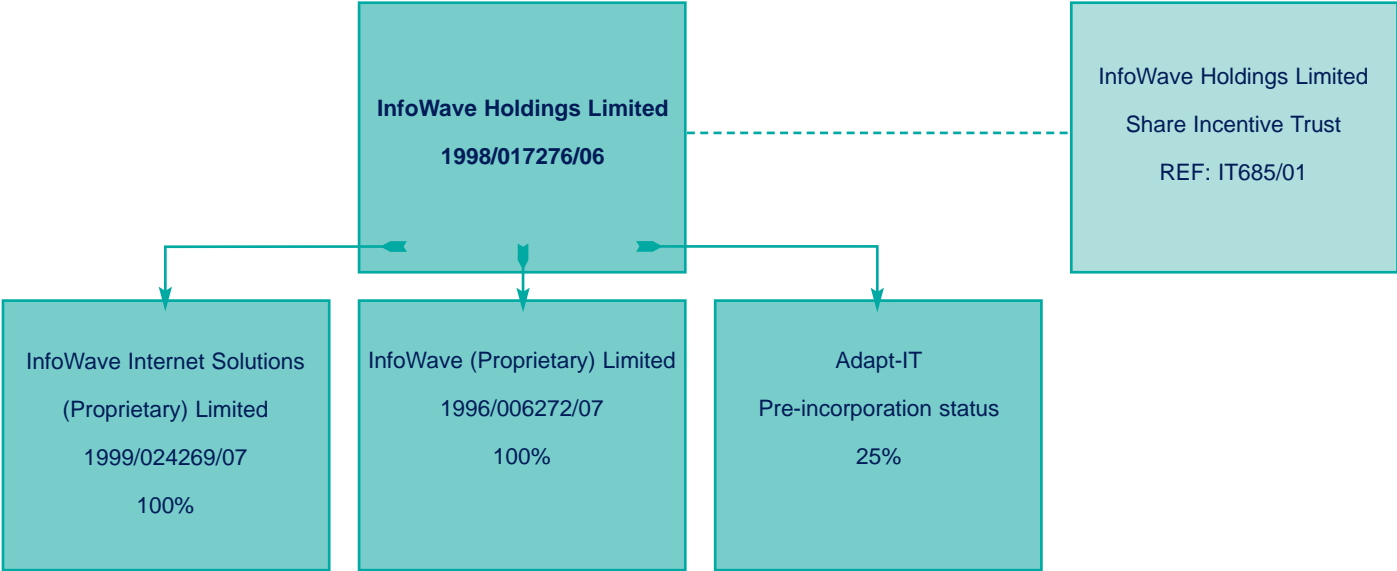
InfoWave
InfoWave Holdings Limited

Annual Report
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GROUP STRUCTURE



PROFILE OF THE GROUP

InfoWave Holdings Limited

InfoWave Holdings Limited is registered on the Development Capital Board of the JSE Securities Exchange South Africa, and operates through its wholly-owned subsidiary companies, InfoWave (Proprietary) Limited and InfoWave Internet Solutions (Proprietary) Limited. It also holds 25% of Adapt-IT (Proprietary) Limited, a black-owned IT company. The group is primarily involved in the provision and support of IT application solutions. The Share Incentive Trust provides employees with the opportunity to participate as shareholders.

InfoWave (Proprietary) Limited

InfoWave (Proprietary) Limited focuses on analysing its customers' business requirements, identifying and recommending the most appropriate IT solutions. InfoWave (Proprietary) Limited 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. As an 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 Internet Solutions (Proprietary) Limited

InfoWave Internet Solutions offers internet and intranet related products and services, which are complementary to the service offerings of InfoWave (Proprietary) Limited. 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.

Products and services

Tranquillity ERP application suite of products

Overview

This software suite 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.

CaneLab laboratory suite of products

Overview

This solution addresses the laboratory information management needs for the sugar process, from the weighbridge through to the sugar refining stages, including sugar cane testing for payment. The suite comprises a factory laboratory module, cane testing module and weighbridge module.

The market and its customers

The target market for CaneLab comprises sugar producers in the sugar industry worldwide.

DevMan property development management suite of products

Overview

This software addresses the management needs for property developments, from land to the finished product, such as housing, resorts, roads and commercial property.

The market and its customers

The target market for DevMan comprises medium to large private developers, government authorities responsible for the delivery of low-cost housing, as well as all the industry players including conveyancers, the professional teams and building sub-contractors.

Custom-built solutions

InfoWave offers software solutions built specifically for a customer's unique requirements. The company has the requisite skills to build green field solutions and to enhance and integrate existing solutions.

Research and development

InfoWave's 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.

Application implementation and integration

InfoWave 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 customers' use of our products, we have a strong focus on functional consulting and user training. Core to this is our commitment to understanding the industry and our 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 our solutions. Applications support is primarily performed remotely from KwaZulu-Natal for all customers using land and satellite communication protocols.

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 solutions, implementation and support.

Technical services

Overview

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

Products and services

The technical services 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 inhouse full-time.

The market and its customers

The market includes all customers using InfoWave's application products and also other customers where economies of scale provide a competitive service.



Back from left: Bruno Lionnet, Cindy von Pannier and Pat Naicker

Front from left: Tiffany Dunsdon and Ralph Collis

VISION

To be the IT application service provider of choice in our chosen niche industries

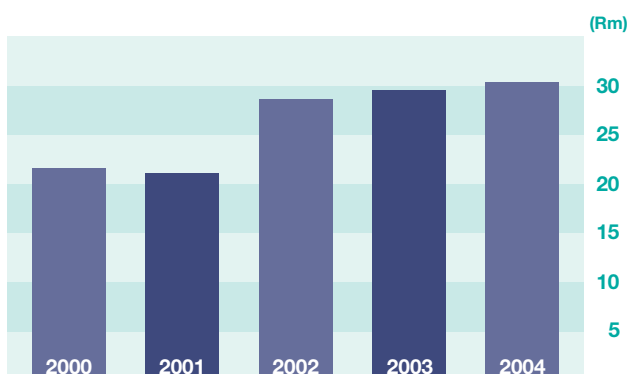
STATISTICAL REVIEW

Schedule of statistics

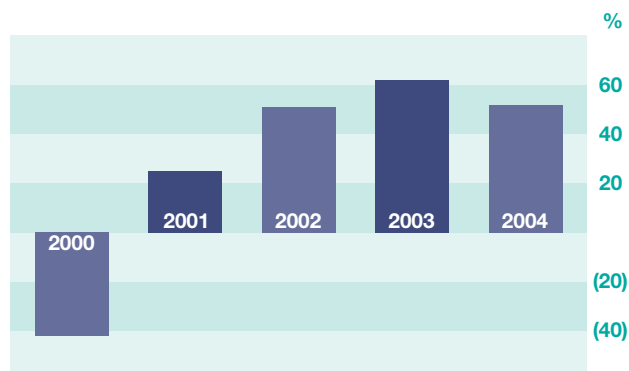
		Year 2004	Year 2003	Year 2002	Year 2001	Year 2000
Revenue	(rand)	30 353 101	28 790 007	26 902 750	21 881 556	22 814 868
Number of shares in issue		90 605 345	89 094 945	87 454 545	86 154 545	86 154 545
Net asset value	(rand)	10 568 065	8 248 223	11 011 807	6 389 384	4 975 462
Net asset value per share	(cents)	11,66	9,26	12,59	7,42	5,78
Headline earnings/(loss) per share	(cents)	5,50	6,76	5,32	1,93	(9,10)
Earnings/(loss) per share	(cents)	5,50	6,76	5,24	1,64	(9,30)
Return on equity *	(%)	52,5	61,8	52,2	24,9	(41,4)
Return on assets	(%)	37,7	45,6	40,1	17,8	(96,8)
Liquidity ratio	(times)	4,71	2,43	3,90	1,73	1,60
Solvency ratio	(times)	5,29	2,67	3,76	2,25	1,96
Market price per share						
Close	(cents)	25	22	20	20	14
High	(cents)	35	40	23	21	120
Low	(cents)	15	15	5	7	10
Capital reduction per share	(cents)		10			
Dividend per share	(cents)	3				

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

REVENUE



RETURN ON EQUITY



CHAIRMAN'S REPORT

Results and dividends

Trading conditions throughout the year have been difficult in the key industry which we serve. Revenue increased marginally by 5,4% from R28,8 million to R30,3 million for the year ended 29 February 2004. Headline earnings decreased by 17% from R5,9 million to R4,9 million in spite of operating profitability being maintained.

The effect of lower cash balances due to the payment of the capital reduction in December 2002 and the dividend in June 2003, combined with the reduction in interest rates has decreased interest income by 38%. The effective taxation rate increased from 19% to 35% as anticipated due to the recognition of a deferred taxation asset not previously recognised at 28 February 2003, as well as the payment of secondary taxation on companies on InfoWave's first dividend paid to shareholders on 23 June 2003.

Despite the drop in headline earnings per share from 6,76 cents to 5,50 cents and having regard to the cash reserves of the group, the board is pleased to declare a dividend of 3 cents per share payable to shareholders on 14 June 2004. The dividend is covered 1,83 times by earnings per share.

Strategy

During the year new niche products were added to our existing Tranquillity ERP suite. These products have not only presented the company with opportunities of new prospects within the sugar industry, but also within a new industry, being property development. Although the contribution to the company's turnover is still small, we have secured new business by successfully selling and implementing our new products; CaneLab, laboratory software specific to sugar factories, and DevMan, a software tool which facilitates the management of property development. All new business has an element of software licence revenue to complement our services revenue.

Strengthening the board and management

During the year Dr Bernard Ravnö and Paris Aposporis were appointed to the board as independent non-executive directors. The roles of chairman and managing director were also separated. Ralph Collis is now the executive chairman, and Tiffany Dunsdon was appointed CEO. Tiffany will retain her financial director portfolio for the time being. The board implemented committees to effectively address the remuneration, audit and risk management process required by the company and in line with good corporate governance.

Performance and reward

Due to the company's results not meeting expectations, the board decided not to award bonuses in order to maintain operating profitability, and also deferred annual increases, due to the market pressure faced in the coming year.

Broad based black economic empowerment

The board appointed a committee comprising three directors to implement and drive its broad based black economic empowerment initiatives. Ahead of the implementation of the industry sector's BEE ICT charter, InfoWave has set its own goals to address employment equity, management and board representation, procurement, social and enterprise contribution, and ownership. Our achievements to date were rewarded by attaining "Impumelelo's top 300 empowerment" status.

The board is actively seeking black partners who are prepared to take on a shareholding of at least 30%. This, together with the existing 23% black ownership, will transform InfoWave into a black-owned company. We expect a partnership of this nature to play a key role in board representation, cross culture growth as well as strategic business development.

The company has recently become a 25% stakeholder in Adapt-IT, a newly formed black owned ICT company. One of InfoWave's employees was instrumental in its creation. InfoWave has provided the finance required for the initial period, and will be represented on the board of Adapt-IT.



Ralph Collis

Marketing

InfoWave changed its corporate image to better reflect its identity and products independently. The new corporate InfoWave logo and product logos were implemented, with a revamped website, stationery and marketing collateral. Our new look reflects a fresh, dynamic IT organisation. This year, the company will continue to invest in marketing our products and the company as a sought-after applications service provider.

Social activities

The company and its employees continue to contribute towards its “adopted” school that requires financial assistance to build additional classrooms, acquire necessary equipment and provide its learners with an environment conducive to learning. During the year the company also hosted university and technikon students from previously disadvantaged backgrounds. The company's management and employees impart their knowledge and insights from an IT business perspective, which assists the students to make informed career decisions in the IT sector.

Future plans and prospects

Our plans and prospects for the next financial year remain constrained due to reduced IT spend from a large percentage of the company's customer base. We have undertaken some limited cost restructuring to better position ourselves for these circumstances.

We intend to:

- Accelerate the development of new business through sales of our new products
- Continue to look for growth in the sugar industry sector, emphasising new customers
- Increase annuity revenue based on our principle of long-term partnerships with our customers
- Continue to review strategies for the retention of our people
- Transform into a black-owned company, including increased representation on the board and in the operational management structures
- Pursue further social projects.

Appreciation

On behalf of the board, I wish to extend my appreciation to all InfoWavers for their commitment during this difficult year, and to our customers for their continued support. Our plans to complement our existing services by diversifying into new niche offerings and our BEE initiatives will certainly provide the company with new and exciting challenges in the coming year.



R P Collis
Executive Chairman

CORPORATE GOVERNANCE, CODE OF ETHICS AND ENVIRONMENTAL AND SOCIAL ACTIVITIES

Corporate governance

The directors endorse the aims of the King Code on Corporate Governance in conducting the affairs of the company with integrity and in accordance with the highest standards of corporate practice. The company is committed to the principles of openness, integrity, accountability and social responsibility in its dealings with all its stakeholders.

Composition of the board

The company has a unitary board which comprises five executive directors and two independent non-executive directors who were appointed to the board during the year. 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 judgment 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 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. The roles of chairman and chief executive officer were split on 1 December 2003.

The board has a charter which sets out its 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.

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 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 deposits, over which strict controls exist. Any internal audit procedures 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. The only non-audit services provided during the year was certain advice relating to taxation matters. Fees paid to the auditors for non-audit services are separately disclosed in note 2 to the annual financial statements. During the year the two executive directors who were members of the audit committee resigned since the appointment of the independent non-executive directors to the audit committee. The audit committee has satisfied its responsibilities for the year in compliance with its terms of reference.



The Employee Team

Back, from left:
Michelle Lambert and Monde Quvane
Middle, from left:
Colin Casalis and Sajit Kalidas
Front:
Vishal Ulassi (ET chairman)

The board normally meets five times per annum. Attendance at meetings of the board and key committees during the year ended 29 February 2004 is set out below:

Director	Board		Audit committee		Remuneration committee	
	A	B	A	B	A	B
R P Collis	5	5	1	1		
T Dunsdon	5	5	1	1		
M C B Lionnet	5	5				
C L von Pannier	5	5				
P Naicker	5	4				
P Aposporis	2	1	1	1	1	1
A B Ravnö	2	2	1	1	1	1

A: Indicates the number of meetings which the director could have attended

B: Indicates the number of meetings which the director actually attended

Remuneration committee

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.

Risk management committee

The risk management committee is accountable for the process of risk management and internal control systems and reviewing the effectiveness thereof at least twice per annum. 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.

Black economic empowerment and employment equity committees

The BEE committee comprises three executive directors who are focusing on all aspects of transformation. This committee drives equity transformation, board and management transformation, black enterprise investment spending, social investment spending and procurement. A separate committee addresses employment equity specifically. Membership of the employment equity committee is set out on page 9.

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 the group. 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.

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
- maintaining the quality of products, services and ensuring customer satisfaction

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. It has been noted that a high incidence of stress is experienced in the ICT industry. The board has taken out dread 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 InfoWave cannot be immune to effects thereof, and are committed to assisting any of its 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.

EMPLOYMENT EQUITY

Employment Equity Committee

The group has formed an Employment Equity Committee to drive the employee empowerment process, ensure transformation at all levels and review progress. The committee meets on a quarterly basis and reports to the board.

The Employment Equity Committee comprises

Chairman:

Director responsible for human resources:

Executive representative:

Recruitment manager:

Chairperson of employee representative body:

Elected PDI employee:

Pat Naicker

Tiffany Dunsdon

Cindy von Pannier

Sandy Hall

Vishal Ulassi

Monde Quvane

Employment Equity Plan

In November 2000, InfoWave formulated an Employment Equity Plan that defined the objectives for the ensuing five years. InfoWave has complied with the Department of Labour regulations and has submitted all the required returns. InfoWave has made significant progress since its inception, with a noticeable increase in the number of black employees (as per chart).

During the 2004 financial year InfoWave revised its EE goals for internal purposes. Although we will continue to report on our original plan as per our EE goal, our new internal goals were implemented with a view to a more accelerated EE progress.

Employment Equity Policy

Recruitment

Black candidates will be given first preference for all employment vacancies within InfoWave and our recruitment policy is to employ from previously disadvantaged (PDI) groups in so far as this is possible.

Advancement

Prior to any promotions, employees from PDI groups are considered for promotion and once identified, they are given accelerated training in order to acquire the skills for the next promotional level.

Communication

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.

Skills development

InfoWave is committed to providing optimum opportunities for all employees to develop their skills and ensure that they have up-to-date knowledge. This financial year has seen the continuation of the 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 programs and the specific skills training, which enables employees to stay up to date with the latest software and hardware technology developments. InfoWave actively encourages and sponsors employees to obtain Oracle certification and tertiary qualifications where appropriate. InfoWave has adhered to the ISETT SETA requirements and is up to date with the submission of annual returns for its Workplace Skills Plan and Annual Training Report.

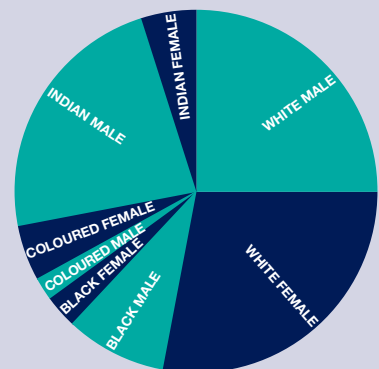
Impumelelo

In 2003, InfoWave was recognised by Impumelelo as one of the top 300 empowerment companies of the year.

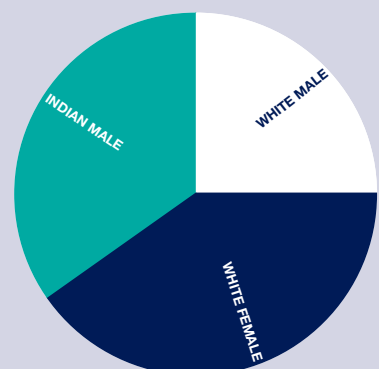


The Employment Equity Committee

EMPLOYMENT EQUITY STATUS



At 29 February 2004
Number of employees: 67



At 25 June 1996
Number of employees: 22

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 12 to 28 for the year ended 29 February 2004. 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 company and the group at 29 February 2004 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
21 April 2004

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 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.

N C Swinford-Meyer
Company secretary
Durban
21 April 2004



Nadine Swinford-Meyer

SHAREHOLDERS' DIARY

Annual general meeting 28 May 2004

Ordinary dividend number 2

Last date to trade "cum" dividend	4 June 2004
Shares commence trading "ex" dividend	7 June 2004
Record date	11 June 2004
Payment date	14 June 2004

Report

Interim report to 31 August 2004 to be published	1 November 2004
2005 annual report to be published	4 May 2005
Financial year end	28 February 2005

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. Appropriate accounting policies supported by reasonable and prudent judgements have been applied consistently with those of the prior year, with the exception of AC 133: financial instruments.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation 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.

Financial results

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

Dividends

Ordinary dividend number 1

The company declared a dividend of 3 cents per share which was paid to shareholders on 23 June 2003.

Ordinary dividend number 2

The board has set a policy of considering a dividend once annually after the year end. The board has decided to maintain the dividend at the same level as that of the prior year 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 3 cents per share ("the dividend") has been declared, payable to shareholders recorded in the books of the company at close of business on Friday, 11 June 2004.

Shareholders are advised that the last day to trade "cum" the dividend will be Friday, 4 June 2004. Shares will trade "ex" dividend as from Monday, 7 June 2004, and the record date will be Friday, 11 June 2004. Payment will be made on Monday, 14 June 2004. Share certificates may not be dematerialised nor rematerialised during the period Monday, 7 June 2004 to Friday, 11 June 2004, both days inclusive. This dividend, having been declared after the year end, has not been provided for in the financial statements.

Share capital

1 510 400 shares were issued in respect of share options exercised by employees in March and October 2003 and the relevant shares increased the number of issued shares from 89 094 945 shares to 90 605 345 shares. These were the only allotments resulting in a change in the share capital of the company during the financial year under review.

Investment in subsidiaries, associates and trust

Details of the subsidiaries appear in note 7 to the financial statements. Subsequent to the year end, the company signed a pre-incorporation agreement to acquire a 25% holding in Adapt-IT, a BEE enterprise development entity.

Share Incentive Trust

The InfoWave Holdings Limited Share Incentive Trust gives employees an opportunity to participate in the growth of the group. An analysis of this scheme follows on pages 27 and 28.

Directorate

The names of the directors appear on the inside back cover.

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

- Retiring directors – R P Collis and C L von Pannier were re-appointed to the board effective 31 May 2003;
- Dr A B Ravnö and P Aposporis were appointed as independent non-executive directors effective 26 May 2003 and 18 June 2003 respectively.
- T Dunsdon was appointed CEO effective 1 December 2003 retaining her position as financial director.

Company secretary

The name of the secretary and her address appear on the inside back cover.

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, when the share is trading during a cautionary or in 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 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 resolutions were passed by the company:

- 30 May 2003, the members granted the directors authority to repurchase the company's shares, valid until the next annual general meeting.
- 30 May 2003, the members approved the specific purchase by the company's subsidiary InfoWave (Proprietary) Limited of 847 500 shares from the InfoWave Holdings Limited Share Incentive Trust at a price of 28 cents per share.

Special resolutions passed by the company's subsidiaries

- Special resolution passed by InfoWave (Proprietary) Limited
29 May 2003, 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.
- Special resolution by InfoWave (Proprietary) Limited
29 May 2003, the members approved the purchase of 847 500 InfoWave Holdings Limited shares from the Infowave Holdings Limited Share Incentive Trust at a price of 28 cents per share.
- Special resolution passed by InfoWave Internet Solutions (Proprietary) Limited
29 May 2003, 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 annual financial statements

The annual financial statements, which appear on pages 12 to 28 were approved by the board of directors on 21 April 2004 and are signed on its behalf by:



R P Collis
Executive chairman



T Dunsdon
CEO and financial director



**From left: Pat Naicker,
Cindy von Pannier, Ralph Collis,
Tiffany Dunsdon and Bruno Lionnet**

INCOME STATEMENTS

for the year ended 29 February 2004

	Note	GROUP 2004 R	GROUP 2003 R	COMPANY 2004 R	COMPANY 2003 R
Revenue		30 353 101	28 790 007	427 774	725 325
Cost of sales		(15 758 491)	(14 581 247)	–	–
Gross profit		14 594 610	14 208 760	427 774	725 325
Administrative, selling and other operating costs		(7 751 454)	(8 197 802)	(397 029)	(725 325)
Dividend from subsidiary		–	–	3 100 000	4 000 000
Profit from operations (before interest)	3	6 843 156	6 010 958	3 130 745	4 000 000
Interest income		806 567	1 303 251	1 403	–
Finance costs		(27 110)	(7 792)	(461)	–
Profit before taxation		7 622 613	7 306 417	3 131 687	4 000 000
Taxation	4	(2 683 092)	(1 359 755)	(339 216)	(549)
Profit for the year		4 939 521	5 946 662	2 792 471	3 999 451
Earnings per share (cents)	5	5,50	6,76		
Headline earnings per share (cents)	5	5,50	6,76		
Fully diluted earnings per share (cents)	5	5,34	6,48		

BALANCE SHEETS

as at 29 February 2004

	Note	GROUP 2004 R	GROUP 2003 R	COMPANY 2004 R	COMPANY 2003 R
ASSETS					
Non-current assets		1 257 737	1 288 126	10 588 554	8 721 423
Property and equipment	6	712 515	818 381	—	—
Intangible assets	7	225 274	—	—	—
Interest in subsidiaries	8	—	—	10 588 554	8 721 423
Deferred taxation asset	9	319 948	469 745	—	—
Current assets		11 776 072	11 894 201	30 342	36 311
Accounts receivable		3 951 173	3 394 587	19 075	—
Taxation paid in advance		—	—	90	—
Cash resources		7 824 899	8 499 614	11 177	36 311
Total assets		13 033 809	13 182 327	10 618 896	8 757 734
EQUITY AND LIABILITIES					
Capital and reserves		10 568 065	8 248 223	10 568 065	8 248 223
Issued capital	10	9 061	8 910	9 061	8 910
Share premium	11	338 194	283 063	338 194	283 063
Accumulated profit		10 220 810	7 956 250	10 220 810	7 956 250
Non-current liabilities					
Long-term borrowings	12	—	61 302	—	—
Current liabilities		2 465 744	4 872 802	50 831	509 511
Accounts payable		2 204 591	3 892 037	50 831	508 962
Taxation payable		199 851	756 573	—	549
Current portion of long-term borrowings	12	61 302	224 192	—	—
Total equity and liabilities		13 033 809	13 182 327	10 618 896	8 757 734

STATEMENTS OF CHANGES IN EQUITY

for the year ended 29 February 2004

GROUP				
	Share capital R	Share premium R	Accumulated profit R	Total R
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 as previously stated	8 910	283 063	7 929 244	8 221 217
Adjustment on initial application of AC 133 (see note 12)	–	–	27 006	27 006
Balance at 28 February 2003 restated	8 910	283 063	7 956 250	8 248 223
Profit for the year	–	–	4 939 521	4 939 521
Shares issued during the year	151	55 131	–	55 282
Dividend paid	–	–	(2 674 961)	(2 674 961)
Balance at 29 February 2004	9 061	338 194	10 220 810	10 568 065

COMPANY				
	Share capital R	Share premium R	Accumulated profit R	Total R
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 as previously stated	8 910	283 063	7 929 244	8 221 217
Adjustment on initial application of AC 133 (see note 12)	–	–	27 006	27 006
Balance at 28 February 2003 restated	8 910	283 063	7 956 250	8 248 223
Subsidiary companies – share of after tax profit retained	–	–	2 147 050	2 147 050
Profit for the year	–	–	2 792 471	2 792 471
Shares issued during the year	151	55 131	–	55 282
Dividend paid	–	–	(2 674 961)	(2 674 961)
Balance at 29 February 2004	9 061	338 194	10 220 810	10 568 065

CASH FLOW STATEMENTS

for the year ended 29 February 2004

	GROUP 2004 R	GROUP 2003 R	COMPANY 2004 R	COMPANY 2003 R
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit from operations (before interest and dividends)	6 843 156	6 010 958	30 745	–
Adjustment for:				
Depreciation and amortisation	654 993	317 494	–	–
Surplus on disposal of equipment	–	(2 179)	–	–
Cash generated from operations, before working capital changes	7 498 149	6 326 273	30 745	–
Working capital changes				
(Increase)/decrease in receivables	(556 586)	211 407	(19 075)	405 886
(Decrease)/increase in payables	(1 687 446)	1 275 419	(458 131)	417 163
Cash generated from/(utilised by) operations	5 254 117	7 813 099	(446 461)	823 049
Taxation paid	(3 090 017)	(1 884 062)	(339 856)	–
Interest income	806 567	1 303 251	1 403	–
Finance costs	(27 110)	(7 792)	(461)	–
Dividend received from subsidiary	–	–	3 100 000	4 000 000
Dividend paid to shareholders	(2 674 961)	–	(2 674 961)	–
Net cash inflow/(outflow) from operating activities	268 596	7 224 496	(360 336)	4 823 049
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of equipment	(342 124)	(475 430)	–	–
Investment in intangible assets	(432 277)	–	–	–
Proceeds on disposal of equipment	–	2 179	–	–
Decrease in interest in subsidiaries	–	–	279 920	3 950 514
Net cash (outflow)/inflow from investing activities	(774 401)	(473 251)	279 920	3 950 514
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of capital reduction out of share premium	–	(8 909 494)	–	(8 909 494)
Proceeds of share issues	55 282	172 242	55 282	172 242
Long-term loan repaid	(224 192)	(250 000)	–	–
Net cash (outflow)/inflow from financing activities	(168 910)	(8 987 252)	55 282	(8 737 252)
Net (decrease)/increase in cash resources	(674 715)	(2 236 007)	(25 134)	36 311
Cash resources at beginning of year	8 499 614	10 735 621	36 311	–
Cash resources at end of year	7 824 899	8 499 614	11 177	36 311

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2004

1. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. They incorporate the following principal accounting policies and, with the exception of AC 133: financial instruments, have been consistently applied in all material respects. AC 133 has been applied prospectively for the first time in the current year (refer note 12).

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 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 Property and equipment and depreciation

Property and 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.

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 Intangibles and amortisation

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 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 5 years).

Category	Rates of amortisation per annum %
Inhouse developed software	100,0

Trademarks

The group ensures that all its personalised 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	Rates of amortisation per annum %
Trademarks	10,0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2004

1. ACCOUNTING POLICIES (continued)

1.4 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.

1.5 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 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.

1.6 Pension and employee benefit contributions

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

1.7 Operating rentals

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

1.8 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.

1.9 Financial instruments

Recognition

A financial asset or financial liability is recognised on the balance sheet for as long as the group is a party to the contractual provisions of the instrument. Gains or losses on derecognition of financial assets or liabilities are recognised in earnings.

Measurement

Financial instruments are initially measured at cost, including directly attributable transaction costs. Subsequent to initial recognition these instruments are measured as follows:

- Trade and other receivables originated by the group are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses.
- Held-for-trading investments are held at fair value.
- Financial liabilities are measured at amortised cost.

Gains or losses on subsequent measurement

Gains or losses on subsequent measurement of financial instruments that are held-for-trading and are recognised in earnings for the year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2004

2. PROFIT FROM OPERATIONS

	GROUP 2004 R	GROUP 2003 R	COMPANY 2004 R	COMPANY 2003 R
Profit from operations is arrived at after taking into account:				
Auditors' remuneration				
-audit fees -current	117 000	109 260	13 000	12 000
-prior year (over)/under provision	(120)	8 200	—	—
-other services	11 300	8 950	—	8 950
Depreciation				
-computer hardware	223 071	118 807	—	—
-computer software	74 240	44 888	—	—
-telephone equipment	51 636	51 637	—	—
-office equipment	847	564	—	—
-furniture and fittings	76 185	80 617	—	—
-leasehold improvements	22 011	20 981	—	—
Amortisation of intangible assets				
-inhouse developed software	206 769	—	—	—
-trademarks	234	—	—	—
Employee costs	3 150 852	3 959 579	—	—
Profit on disposal of equipment	—	(2 179)	—	—
Operating lease charges				
-equipment	114 649	80 325	68 885	38 617
-property	701 117	643 667	—	—
Pension fund contributions	969 025	882 098	—	—
Write-off of assets under R2 000	4 683	12 859	—	—
Total staff complement at year end	67	60		

3. DIRECTORS' EMOLUMENTS

The directors' remuneration for the year ended 29 February 2004 was as follows:

The directors' remuneration for the year ended 23 February 2004 was as follows:									Total	Total
Name	Salary	Contributions		Other benefits		Share options		Total emoluments 2004***	Total emoluments 2003	
		Retirement	Medical aid	award*	shares**	current	deferred			
R P Collis	487 629	40 817	12 084	—	—	14 648	—	555 178	598 933	
T Dunsdon	396 352	32 936	12 084	100 000	156 000	—	4 192	701 564	483 075	
M C B Lionnet	409 527	33 782	12 084	50 000	78 000	—	4 698	588 091	433 859	
P Naicker	303 515	25 419	12 084	—	—	—	1 510	342 528	313 040	
C L von Pannier	402 459	33 195	12 084	—	—	15 350	—	463 089	475 368	
Non-executive directors:								Fees 2004	Fees 2003	
P Aposporis								30 000	—	
A B Ravnö								30 000	—	

* The restraint award was made to compensate those directors to the extent of the capital reduction payment in December 2002 for restraint shares proposed to be awarded in July 2002 but which were only issued the following year once approved by shareholders.

** At the May 2003 annual general meeting, shareholders approved the award of 600 000 restraint shares to T Dunsdon and 300 000 restraint shares to M C B Lionnet at an issue price of 28 cents per share. The actual average cost of these shares to the group was 4,62 cents per share. Whilst these directors are the beneficial owners, 50% of the award cannot be disposed of or in any way encumbered until 30 July 2004. The full award is reflected in the above schedule at the taxable gain of 26 cents per share.

*** Based on the financial results for the 2004 financial year and prospects for the coming year, year end bonuses have not been awarded and annual increases have been deferred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2004

4. TAXATION

	GROUP 2004 R	GROUP 2003 R	COMPANY 2004 R	COMPANY 2003 R
South African normal taxation				
Current year	2 165 962	1 829 500	1 731	549
Prior year	32 741	–	2 893	–
Deferred taxation				
deferred taxation asset raised	–	(851 922)	–	–
current year	149 797	382 177	–	–
Secondary tax on companies	334 592	–	334 592	–
Total taxation	2 683 092	1 359 755	339 216	549
Tax rate reconciliation	%	%	%	%
Statutory rate	30,0	30,0	30,0	30,0
Adjustment from prior years	0,4	–	0,1	–
Exempt income	–	–	(29,7)	(30,0)
Non-deductible expenses	0,2	0,1	–	0,2
Utilisation of assessed losses where no deferred taxation asset raised	(0,1)	–	(0,3)	(0,2)
Deferred taxation asset now eligible for recognition	–	(11,5)	–	–
Taxation rate differential – Share Incentive Trust	0,3	–	–	–
Secondary tax on companies	4,4	–	10,7	–
Effective rate	35,2	18,6	10,8	0,0

5. EARNINGS PER SHARE

	GROUP 2004 R	GROUP 2003 R
<p>The calculation of earnings per share is based on the profit of R4 939 521 (2003: R5 946 662) and the weighted average number of ordinary shares in issue during the year of 89 798 050 (2003: 88 001 345).</p> <p>The calculation of fully diluted earnings per share is based on the profit of R4 939 521 (2003: R5 946 662) and the weighted average number of 92 551 651 (2003: 91 742 602) shares. The dilution is a result of 5 287 146 (2003: 6 635 247) options granted by the Share Incentive Trust at an average price of 8,3 (2003: 9,6) cents per share.</p>		
Reconciliation between earnings and headline earnings:		
Profit for the year	4 939 521	5 946 662
Surplus on disposal of equipment	–	(2 179)
Headline earnings	4 939 521	5 944 483

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2004

6. PROPERTY AND EQUIPMENT

Group	2004			2003		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Computer hardware	2 078 461	1 688 255	390 206	1 940 255	1 465 184	475 071
Computer software	425 884	253 297	172 587	221 966	179 057	42 909
Telephone equipment	309 756	277 234	32 522	309 756	225 598	84 158
Office equipment	5 079	1 411	3 668	5 079	564	4 515
Furniture and fittings	492 564	385 410	107 154	492 564	309 225	183 339
Leasehold improvements	96 663	90 285	6 378	96 663	68 274	28 389
Total	3 408 407	2 695 892	712 515	3 066 283	2 247 902	818 381

	Net book value at beginning of year	Additions	Disposals	Depreciation	Net book value at end of year
Computer hardware	475 071	138 206	—	(223 071)	390 206
Computer software	42 909	203 918	—	(74 240)	172 587
Telephone equipment	84 158	—	—	(51 636)	32 522
Office equipment	4 515	—	—	(847)	3 668
Furniture and fittings	183 339	—	—	(76 185)	107 154
Leasehold improvements	28 389	—	—	(22 011)	6 378
Total	818 381	342 124	—	(447 990)	712 515

7. INTANGIBLE ASSETS

Group	2004			2003		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Inhouse developed software	413 537	206 769	206 768	—	—	—
Trademarks	18 740	234	18 506	—	—	—
Total	432 277	207 003	225 274	—	—	—

	Net book value at beginning of year	Additions	Disposals	Depreciation	Net book value at end of year
Inhouse developed software	—	413 537	—	(206 769)	206 768
Trademarks	—	18 740	—	(234)	18 506
Total	—	432 277	—	(207 003)	225 274

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2004

8. INTEREST IN SUBSIDIARIES AND SHARE TRUST

Details of the company's subsidiaries and Share Trust at 29 February 2004 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
InfoWave Holdings Limited Share Incentive Trust	RSA	*	*	Employee share participation

* 100% consolidated

	COMPANY 2004 R	COMPANY 2003 R
InfoWave (Pty) Limited		
Shares at cost less amounts written off	3 916 100	3 916 100
Indebtedness of subsidiary	700 952	982 866
Share of post acquisition reserves	6 358 023	4 903 379
As previously stated	6 358 023	4 876 373
Adjustment on initial application of AC 133 (see note 12)	—	27 006
	10 975 075	9 802 345
InfoWave Internet Solutions (Pty) Limited		
Shares at cost less amounts written off	100	100
Indebtedness of subsidiary	(295 269)	(295 269)
Share of post acquisition deficit	(252 536)	(821 867)
	(547 705)	(1 117 036)
InfoWave Holdings Limited Share Incentive Trust		
Indebtedness of Trust	36 331	36 114
Share of post acquisition reserves	124 853	—
	161 184	36 114
Total interest	10 588 554	8 721 423

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2004

9. DEFERRED TAXATION ASSET

The major components of the deferred taxation asset balance are as follows:

	GROUP 2004 R	GROUP 2003 R	COMPANY 2004 R	COMPANY 2003 R
Taxation losses to be offset against future taxable income	13 885	260 632	—	—
Temporary difference to be offset against future income:				
Leave pay and other provisions	281 903	224 115	—	—
Other	24 160	(15 002)	—	—
	319 948	469 745	—	—
The movement in the deferred taxation asset balance for the year:				
Balance at beginning of year	469 745	—	—	—
Deferred taxation asset in prior year, now eligible for recognition	—	851 922	—	—
Charge to the income statement	(149 797)	(382 177)	—	—
Balance at end of year	319 948	469 745	—	—

10. SHARE CAPITAL

Authorised				
200 000 000 ordinary shares of 0,01 cent each	20 000	20 000	20 000	20 000
Issued				
90 605 345 (2003: 89 094 945) ordinary shares of 0,01 cent each	9 061	8 910	9 061	8 910

129 700 new shares were allotted at 4,3 cents per share on 12 March 2003 and a further 1 380 700 shares were allotted at 3,6 cents per share on 6 October 2003 to participants of the InfoWave Holdings Limited Share Incentive Trust. Details of directors' participation in these allotments are set out on pages 27 and 28.

5 287 146 shares have been reserved in respect of share options granted in terms of the Share Option Scheme (refer pages 27 and 28).

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 30 May 2003, the members granted the directors authority for the repurchase of the company's shares, valid until the next annual general meeting.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2004

11. SHARE PREMIUM

	GROUP 2004 R	GROUP 2003 R	COMPANY 2004 R	COMPANY 2003 R
At beginning of year	283 063	9 020 479	283 063	9 020 479
On shares allotted during the year	55 131	172 078	55 131	172 078
Capital reduction	—	(8 909 494)	—	(8 909 494)
Balance at end of year	338 194	283 063	338 194	283 063

12. LONG-TERM BORROWINGS

Unsecured as previously stated	62 500	312 500	—	—
Adjustment for first time application of AC 133	(1 198)	(27 006)	—	—
Opening balance restated	61 302	285 494	—	—
Less: current portion included under current liabilities net of AC133 adjustment	61 302	224 192	—	—
	—	61 302	—	—

The loan is repayable in monthly instalments of R20 833 terminating on 31 May 2004 and does not bear interest.

The liability and comparative figures and opening retained income have been restated based on the first time application of AC 133 calculating interest at the prime overdraft rate.

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.

13. COMMITMENTS

Operating lease commitments				
Due not later than one year	703 188	684 670	—	—
Due later than one year but not later than five years	3 297 601	14 560	—	—
	3 961 476	699 230	—	—
Capital commitments				
Authorised but not contracted for	446 000	500 000	—	—
Capital commitments will be funded from cash resources				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2004

14. 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 2004 was 36 (2003: 37).

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

15. 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:

15.1 Interest rate risk

The group does not have interest bearing debt. The group is subject to interest rate fluctuations on short-term cash investments.

15.2 Currency risk

Almost all transactions are rand based with a minimal exposure to US dollars resulting in a foreign exchange loss of R16 000 for the year ended 29 February 2004, with negligible exposure at year end. Should the volume of overseas business increase, forward cover contracts would be utilised to minimise exposure to currency fluctuations.

15.3 Credit risk management

Trade debtors comprise a widespread customer base. The granting of credit is controlled by well-established criteria, which is reviewed and updated on an ongoing basis. The credit risk on cash deposits is limited as it is the group's policy to transact only with major banks which have high credit ratings.

15.4 Liquidity risk

The liquidity risk is proactively managed by regularly addressing working capital requirements and monitoring cash flows. The group's cash resources are significantly in excess of working capital requirements at 29 February 2004.

16. 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 29 February 2004, 72% of the share register had been dematerialised.

SHARE OPTION SCHEME

1. Shares available to the scheme

The aggregate number of shares available through the scheme in accordance with the rules of the scheme is 8 615 454 shares.

	Shares
Number of shares available to the Trust for reservation	8 615 454
Number of options granted but unexercised at 29 February 2004	(5 287 146)
Number of options exercised at 29 February 2004	(3 015 700)
Balance of shares available to the Trust for reservation in the future at date of approval of the annual financial statements	312 608

2. Movement in share options for the year

Option price cents	Expiring 4 years from	Number of options at 28 February 2003	Options granted during the year	Options exercised during the year	Options forfeited during the year	Number of options at 29 February 2004
3,6*	October 2001	3 065 241	—	1 380 700	15 896	1 668 645
4,3*	May 2002	389 330	—	129 700	22 910	236 720
11,0*	October 2002	23 967	—	—	—	23 967
16,1	May 2003	—	3 164 606	—	366 151	2 798 455
21,0	October 2003	—	403 898	—	—	403 898
16,8	May 2004	—	155 461	—	—	155 461
		3 478 538	3 723 965	1 510 400	404 957	5 287 146

* 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.

All share options are exercisable in tranches of one third per annum on the anniversary of the acceptance date but no later than four years thereafter.

3. Interest of directors of the company in share options

Shareholders	Market price cents	Option 1	Market price cents	Option 2	Options summary
Strike price cents per share		3,60		16,10	
Ralph Philip Collis (current options)		187 869		107 450	
Date granted		September 2001		March 2003	
Exercised	25	62 600			
Date exercised		7.10.2002			
Exercised	27	62 600			
Date exercised		17.10.2003			
Balance to be exercised		62 669		107 450	
Final exercise date		October 2005		May 2007	
Total options					295 319
Total exercised					125 200
Total balance still to be exercised					170 119

3. Interest of directors of the company in share options

Shareholders	Market price cents	Option 1	Market price cents	Option 2	Options summary
Strike price cents per share		3,60		16,10	
Cindy-Lou von Pannier (current options)		196 864		110 493	
Date granted		September 2001		March 2003	
Exercised	25	64 600			
Date exercised		7.10.2002			
Exercised	27	65 600			
Date exercised		16.10.2003			
Balance to be exercised		65 664		110 493	
Final exercise date		October 2005		May 2007	
Total options					307 357
Total exercised					131 200
Total balance still to be exercised					176 157
Strike price cents per share		3,60		16,10	
Padhmaseelan Naicker (deferred options)		70 809		86 041	
Date granted		September 2001		March 2003	
Exercised	10	70 809	23	86 041	
Date exercised		05.10.2001		24.03.2003	
Delivered		23 600			
Date delivered		25.10.2002			
Delivered		23 600			
Date delivered		17.10.2003			
Balance to be delivered		23 609		86 041	
Final delivery date		October 2005		May 2007	
Total options					156 850
Total delivered					47 200
Total balance still to be delivered					109 650
Strike price cents per share		3,60		16,10	
Bruno Lionnet (deferred options)		220 097		123 389	
Date granted		September 2001		March 2003	
Exercised	10	220 097	15	123 389	
Date exercised		05.10.2001		15.04.2003	
Delivered		73 400			
Date delivered		25.11.2002			
Delivered		73 400			
Date delivered		17.10.2003			
Balance to be delivered		73 297		123 389	
Final delivery date		October 2005		May 2007	
Total options					343 486
Total delivered					146 800
Total balance still to be delivered					196 686
Strike price cents per share		3,60		16,10	
Tiffany Dunsdon (deferred options)		196 487		122 155	
Date granted		September 2001		May 2003	
Exercised	10	196 497	23	122 155	
Date exercised		05.10.2001		19.03.2003	
Delivered		65 500			
Date delivered		25.10.2002			
Delivered		65 500			
Date delivered		06.10.2003			
Balance to be delivered		65 487		122 155	
Final delivery date		October 2005		May 2007	
Total options					318 642
Total delivered					131 000
Total balance still to be delivered					187 642

SHARES & SHAREHOLDERS

	2004	2003
Performance on the JSE Securities Exchange South Africa		
Total number of shares traded ('000)	15 686	3 261
Total number of shares traded as a percentage of total issued shares (liquidity)	17,31	3,7
Total value of shares traded (R'000)	4 119	755
Price(cents)		
Closing	25	22
High	35	4
Low	15	15
Spread (number of shareholders)		
With less than 10 000 shares	80	100
10 001 to 100 000 shares	129	96
100 001 to 200 000 shares	16	12
Over 200 000 shares	37	42

	Number	Shares	%
Shareholder distribution			
Public	247	58 821 992	65
Non-public	15	31 783 353	35
Directors	6	21 093 280	23
Associates of directors	8	696 915	1
Shareholders with more than 10% shareholding	1	9 993 158	11

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 2004:

	%	Shares
iCapital Growth Fund Investment Trust	11	9 993 158
The Collis Clan Trust	8	7 203 257
The Jan Vat Family Trust	8	7 129 620
Kingfisher Investments – Investec	6	5 365 000
Jeevaruthnum Pillay	5	4 870 103
The von Pannier Family Trust / C L von Pannier	5	4 701 149

Directors' direct and indirect beneficial interest in the company

	2004				2003			
	Direct	Indirect	Total	2004	Direct	Indirect	Total	2003
Executive directors								
R P Collis	988 282	7 203 257	8 191 539	9%	887 600	8 241 339	9 128 939	10%
T Dunsdon	3 357 832	–	3 357 832	4%	1 524 745	45 841	1 570 586	2%
M C B Lionnet	1 242 017	–	1 242 017	1%	824 886	43 731	868 617	1%
P Naicker	3 247 443	–	3 247 443	4%	3 193 349	30 494	3 223 843	4%
C L von Pannier	480 139	4 221 010	4 701 149	5%	280 600	4 254 949	4 535 549	5%
Non-executive directors								
P Aposporis	353 300	–	353 300	0%	353 300	–	353 300	0%
Total	9 669 013	11 424 267	21 093 280	23%	7 064 480	12 616 354	19 680 834	22%

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.

OVERVIEW OF KEY PEOPLE

Ralph Collis

Executive chairman

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 is the company's executive chairman and is responsible for the strategic management and business development of the group.



Tiffany Dunsdon CA(SA)

CEO and 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 and CEO in December 2003.



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 assisting with the technical offering of the group.



Cindy von Pannier (BCom) (Information Systems)

Sales and marketing director

Cindy has been directly involved in the IT industry for 23 years in all fields of system development, project management, IT strategy and business management. Cindy is one of the founding directors of InfoWave (Proprietary) Limited and since its inception in 1996, has held key positions in macro resource planning, business management, key account management and business development. Cindy continues to be the key account executive for InfoWave's major anchor client, Illovo Sugar Limited. Since InfoWave's listing in 1998, Cindy has been re-elected to the board twice, and has recently taken full executive responsibility for the sales and marketing portfolio for the group.



Paris Asposporis (BCom, LLB, MBA)

Independent non-executive director

Paris was re-appointed to the board as an independent non-executive director effective 18 June 2003. 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 a financial institution as a corporate advisor and his knowledge of InfoWave's business, together with his expertise, is extremely valuable in guiding the board.



Dr Albert Bernard Ravnö (PhD, A.M.P. Harvard)

Independent non-executive director

Bernard has been involved in the South African 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 C G 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.



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 Comparex 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. He was promoted to business unit manager of the development business unit in February 2002 and oversees the group's research and development activities.



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 and is the group's source of guidance on corporate governance matters.



NOTICE OF MEETING

INFOWAVE HOLDINGS LIMITED
 Registration number 1998/017276/06
 Share code: IFW
 ISIN: ZAE000016440
 ("InfoWave" 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, 28 May 2004 at 15h30 to receive and consider the audited financial statements of InfoWave Holdings Limited for the year ended 29 February 2004; 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 2004, the directors' report and the report of the auditors."
- 2. Ordinary resolution number 2**
 "Resolved to re-elect Mrs T Dunsdon as a director of the company." Mrs 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.
- 3. Ordinary resolution number 3**
 "Resolved to re-elect Mr M C B Lionnet as a director of the company." Mr Lionnet 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.
- 4. Ordinary resolution number 4**
 "Resolved to re-elect Mr P Asposporis as an independent non-executive director of the company." Mr Asposporis 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.
- 5. Ordinary resolution number 5**
 "Resolved to re-elect Dr A B Ravnö as an independent non-executive director of the company." Dr Ravnö 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.
- 6. Ordinary resolution number 6**
 "Resolved to authorise the directors to determine the remuneration of the auditors."
- 7. Ordinary resolution number 7**
 "Resolved to re-appoint the auditors for the next financial year."
- 8. Ordinary resolution number 8**
 "Resolved to approve the directors' fees for the past year."
- 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 Securities Exchange South Africa ("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 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. Ordinary resolution number 10

"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."

11. Ordinary resolution number 11

"Resolved that, in accordance with Schedule 14 subsection 14.1 of the JSE Securities Exchange South Africa Listings Requirements clause 5 of the Deed of Trust of the InfoWave Holdings Limited Share Incentive Trust be amended such that the number of shares that may be utilised for the purposes of the Trust be increased to 20% of the issued share capital of the company at 29 February 2004 being an increase from 8 615 454 to 17 675 988 shares (an increase of 9 060 534 shares)."

The reason for this resolution is that the number of shares originally set aside for the purposes of the Trust have now been utilised and that the directors believe that further shares should be made available to employees over the next four years.

12. 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 of 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:

- 12.1 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 counter party;
- 12.2 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;
- 12.3 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;
- 12.4 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;
- 12.5 that no subsidiary of the company will acquire more than 10% of the company's issued ordinary share capital at any one time;
- 12.6 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;
- 12.7 that the company may at any point in time only appoint one agent to effect any repurchase(s) on its behalf;
- 12.8 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
- 12.9 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:

Directors and management of the company: inside back cover

Major shareholders: page 29

Directors' interest in securities: pages 27, 28 and 29

Share capital of the company: page 24

The directors, whose names are given on the inside back cover 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 InfoWave and its subsidiaries that has occurred since 29 February 2004.

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 re-purchase 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 re-purchase of securities, the company is, as at the date of this notice convening the annual general meeting of the company, able to fully comply with the Listings Requirements of the JSE. Nevertheless, at the time that the contemplated re-purchase 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 secretaries by not later than 15h30 on Wednesday, 26 May 2004. 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
21 April 2004

Registered office
Gleneagles Park
10 Flanders Drive
Mount Edgecombe
4300

PO Box 2225
M.E.C.C.
Mount Edgecombe
4301

Transfer secretaries
Computershare Limited
PO Box 61051
Marshalltown
2107


InfoWave
INFOWAVE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1998/017276/06)

Share code: IFW ISIN: ZAE000016440

PROXY FORM

For use ONLY by certificated shareholders and own name dematerialised shareholders at the general meeting of InfoWave shareholders to be held at Deloitte & Touche, Deloitte Place, 2 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge Office Estate, La Lucia on Friday 28 May 2004 at 15h30 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 28 May 2004 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 Mrs T Dunsdon			
3	Re-election as a director Mr M C B Lionnet			
4	Re-election as an independent non-executive director Mr P Aposporis			
5	Re-election as an independent non-executive director Dr A B Ravnö			
6	To authorise the directors to determine the auditors' remuneration			
7	To re-appoint the auditors for the next financial year			
8	To approve the directors' fees for the past year			
9	To grant the directors a general authority to issue shares for cash			
10	To place the unissued shares under the control of the directors			
11	To amend the aggregate number of shares available through the InfoWave Holdings Share Incentive Trust			
12	To authorise the company to acquire shares issued by itself			

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, 26 May 2004. 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 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, 4301 (PO Box 2225, M.E.C.C., Mount Edgecombe, 4300) by not later than 15h30 on Wednesday, 26 May 2004.
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 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.

DIRECTORS AND OFFICERS

Executive directors

R P Collis (48)	Executive chairman
Date of re-appointment	31 May 2003
T Dunsdon (33)	CEO and financial director
Date of appointment	18 April 2002
M C B Lionnet (45)	Executive director
Date of re-appointment	1 June 2002
P Naicker (47)	Executive director
Date of re-appointment	1 June 2002
C L von Pannier (40)	Sales and marketing director
Date of re-appointment	31 May 2003

Non-executive directors

P Aposporis (38)	Independent non-executive
Date of appointment	18 June 2003
Dr A B Ravnö (65)	Independent non-executive
Date of appointment	26 May 2003

Company secretary

N C Swinford-Meyer (45)	Group financial manager and company secretary
Date of appointment	1 March 2000
Address	Gleneagles Park 10 Flanders Drive Mount Edgecombe 4300

Audit committee

P Aposporis	Independent non-executive committee chairman
Dr A B Ravnö	Independent non-executive member

Remuneration committee

Dr A B Ravnö	Independent non-executive committee chairman
P Aposporis	Independent non-executive member

Risk management committee

P Aposporis	Independent non-executive committee chairman
Dr A B Ravnö	Independent non-executive member
T Dunsdon	Executive member

GENERAL INFORMATION

InfoWave Holdings Limited

(Incorporated in the Republic of South Africa)
Registration number 1998/017276/06
Share code: IFW
ISIN: ZAE000016440
("InfoWave")
www.infowave.co.za

Registered office

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

Auditors

Deloitte & Touche
Chartered Accountants (SA)

Transfer secretaries

Computershare Limited
PO Box 61051
Marshalltown
2107

Sponsor

Sasfin Corporate Finance
A division of Sasfin Bank Limited
Sasfin Place
13-15 Scott Street
Waverley
2090

Commercial banker

Nedbank
A division of Nedcor Bank Limited

Legal representatives

Technical advisors:

Harty Rushmere Attorneys

Commercial advisors:

Mooney Ford Attorneys

Employee relations advisors

NMG Levy Labour KZN (Pty) Ltd