



INFOWAVE HOLDINGS LIMITED

(Registration number 1998/017276/06
Share code: IFW ISIN ZAE000016440
("InfoWave" or "the company")

Abridged Consolidated Income Statement (unaudited)

	6 months ended 31 August 2005 R'000	6 months ended 31 August 2004 restated R'000	Year ended 28 February 2005 restated R'000
Revenue	17 683	15 610	31 853
Profit from operations (before interest)	3 462	3 579	7 428
Net interest income	197	267	346
Revaluation of listed preference shares	4	–	392
Profit before taxation	3 663	3 845	8 166
Taxation	(1 406)	(1 512)	(3 166)
Profit/(loss) attributable to associated company	88	(45)	(8)
Profit attributable to ordinary shareholders	2 345	2 289	4 992
Headline profit			
Profit attributable to ordinary shareholders	2 345	2 289	4 992
Headline profit	2 345	2 289	4 992

Abridged Consolidated Cash Flow Information (unaudited)

	6 months ended 31 August 2005 R'000	6 months ended 31 August 2004 restated R'000	Year ended 28 February 2005 restated R'000
Net cash (outflows)/inflows from operating activities			
Cash from operations	3 420	2 798	6 953
Normal tax paid	(1 312)	(1 267)	(2 960)
Dividend paid	(2 567)	(2 745)	(2 744)
Net cash (outflows)/inflows from operating activities	(459)	(1 214)	1 249
Net cash outflows from investing activities	(165)	(274)	(676)
Net cash outflows from purchase of preference shares	–	(3 875)	(3 867)
Net cash inflows/(outflows) from financing activities	334	(288)	(2 759)
Net decrease in cash resources	(290)	(5 651)	(6 053)
Cash and cash equivalents at beginning of period	1 772	7 824	7 825
Cash and cash equivalents at end of period	1 482	2 173	1 772

Group Supplementary Information (unaudited)

	6 months ended 31 August 2005 R'000	6 months ended 31 August 2004 R'000	Year ended 28 February 2005 R'000
Capital expenditure for the period	174	274	357
Capital expenditure authorised	348	250	506
Operating lease expenses	401	402	773

Group Statement of Changes in Equity (unaudited)

	Share capital R'000	Share premium R'000	Accumulated profit R'000	Share-based payment reserve ** R'000	Total R'000
Balance at 29 February 2004	9	338	10 221		10 568
Net profit for the year restated	–	–	4 992		4 992
Shares issued during the year	–	239	–		239
Shares repurchased and cancelled during the year	(1)	(472)	(2 463)		(2 936)
Share-based payment reserve**				134	134
Dividend paid	–	–	(2 744)		(2 744)
Balance at 28 February 2005 restated	8	105	10 006	134	10 253
Net profit for the year	–	–	2 345		2 345
Shares issued during the period	1	333	–		334
Share-based payment reserve**			139	139	
Dividend paid	–	–	(2 567)		(2 567)
Balance at 31 August 2005	9	438	9 784	273	10 504

** This has arisen due to the adoption of IFRS 2 and relates to employee share options valued using the Black Scholes method.

Directors' comment

These results have been prepared in accordance with International Financial Reporting Standards (IFRS) which were adopted for the first time for the year ending 28 February 2006. Comparative figures have accordingly been restated. The transition to IFRS has resulted in the adoption of IFRS 2 (Share-based payments).

The directors endorse the aims of the King Report 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 and accountability in its dealings with all its stakeholders.

Report to the stakeholders

Results

Headline earnings per share grew 10% on the comparative six month period. This takes into account the adjustments relating to the adoption of IFRS, which were not material. There was no impact on the income of financial years preceding February 2004. Turnover increased by 13% on the comparative six month period primarily driven by activities in the core business and based on an 8% increase in project delivery capacity. During the period under review we have invested in additional sales and marketing capacity and activities focused on geographic expansion and diversification. Strategic investments have been made in quality process improvements, BEE transformation and skills development throughout the organisation.

Strategy

InfoWave refined its strategy to focus on the health and growth of the core business of software and service provision to the sugar industry whilst simultaneously identifying other repeatable niche applications product development opportunities. The business was reorganised to provide dedicated focus in each area. This is proving to have positive results on growth and customer satisfaction.

The Board

During the period under review, Mrs Carol Jessop was appointed to the board. She is responsible for the operations of the sugar and downstream business unit. Mrs Bev Carrilho was appointed as the financial director. Mr Pat Naicker was retired by rotation and for personal reasons did not offer himself for re-election. The board expressed its appreciation to him for his service over the past five years. His position was not replaced. The board portfolios were reviewed in line with the strategy, to give dedicated focus in strategic areas. Pursuant to a black

UNAUDITED GROUP RESULTS

for the six months ended 31 August 2005

Ukuze uthole imphumela yesingisi uyacelwa ukuba ubheke kwi "website" ethi
www.infowave.co.za.

Abridged Consolidated Balance Sheet (unaudited)

	31 August 2005 R'000	31 August 2004 restated R'000	28 February 2005 restated R'000
Assets			
Non-current assets			
Fixed and intangible assets	707	756	602
Investment in associated company	393	–	305
Deferred taxation asset	296	320	296
Investments	–	15	–
	1 396	1 091	1 203
Current assets			
Trade and other receivables	7 248	5 768	6 669
Listed preference shares*	4 262	3 932	4 259
Cash and cash equivalents	1 482	2 173	1 772
	12 992	11 873	12 700
Total assets	14 388	12 964	13 903
Equity and liabilities			
Capital reserves			
Issued capital	9	9	8
Share premium	438	50	105
Share-based payment reserve**	273	49	134
Accumulated profit	9 784	9 765	10 006
	10 504	9 873	10 253
Non-current liabilities			
Deferred taxation liability	114	–	114
Current liabilities			
Trade and other payables	3 770	3 091	3 536
Total equity and liabilities	14 388	12 964	13 903

* These compromise an investment in Standard Bank preference shares and have a coupon rate of 75% of prime.

Statistics (unaudited)

		6 months ended 31 August 2005	6 months ended 31 August 2004 restated	Year ended 28 February 2005 restated
Revenue	(R'000)	17 683	15 610	31 853
Number of ordinary shares in issue	('000)	85 572	90 271	84 054
Weighted average ordinary shares in issue	('000)	84 831	91 071	88 251
Net asset value	(R'000)	10 504	9 873	10 253
Net asset value per ordinary share	(cents)	12,28	10,94	12,20
Headline earnings per ordinary share	(cents)	2,76	2,51	5,66
Earnings per ordinary share	(cents)	2,76	2,51	5,66
Fully diluted earnings per share	(cents)	2,70	2,45	5,56
Return on equity	(%)	23,02	25,79	47,95
Return on assets	(%)	16,30	17,65	35,91
Liquidity ratio	(times)	3,45	3,84	3,59
Solvency ratio	(times)	3,70	4,19	3,81
Market price per share				
Close	(cents)	50	33	35
High	(cents)	50	41	43
Low	(cents)	33	33	26

economic empowerment transaction effected by the single largest shareholder of InfoWave (14,2%), the iCapital growth fund Investment Trust, InfoWave appointed Mr Wanda Shuenyane, a non-executive director of iCapital as an additional non-executive director. This enhances the board's composition in terms of the ratio of non-executive to executive directors as well as its BEE composition. The board is satisfied that its collective skill is aligned with the strategy.

BEE

InfoWave is making progress on all of its broad based black economic empowerment goals in line with the draft ICT Charter and the DTI's codes of good practice. The black ownership equity increased from 22% at 31 August 2004 to 25% at 31 August 2005, through share issues to employees in terms of the share scheme, a share buy-back and the BEE deal effected by iCapital. We have made good progress on our employment equity goals and the company now comprises 58% black employees. We continue to support our enterprise development BEE associate company, Adapt-IT (Pty) Limited which made pleasing progress during the period. We have increased our corporate social investment (CSI) activities which are targeted at education, and specifically ICT skills and bridging the digital divide.

The Listing

In line with its stated intent, the company has applied to the JSE Limited, to transfer its listing to the software and computer services sector of the main board, effective 10 October 2005.

Prospects

We are satisfied with the health and organic growth prospects of the core business. In parallel, we are pursuing niche software business acquisitions to achieve growth and diversification. The benefits of the investments to increase capacity, quality and enable BEE transformation should flow through over time.

Appreciation

InfoWave expresses its thanks to its loyal customers and our employees whose dedication to our customers underpins the business.

On behalf of the board

RP Collis

Non-Executive Chairman

T Dunsdon

Chief Executive Officer

Durban

6 October 2005



Directors	Registered office	Transfer secretaries	Sponsor
RP Collis (<i>Non-Executive Chairman</i>), T Dunsdon (<i>Chief Executive Officer</i>), MCB Lionnet CL von Pannier, CL Jessop, BR Carrilho, WK Shuenyane (<i>non-executive director</i>) P Aposporis*, Dr AB Ravnö*, (*Independent non-executive directors) NC Swinford-Meyer (<i>Company Secretary</i>)	Gleneagles Park, 10 Flanders Drive Mount Edgecombe, 4300 PO Box 2225 M.E.C.C. Mount Edgecombe, 4301	Computershare Investor Services 2004 (Pty) Limited 70 Marshall Street Johannesburg, 2001 PO Box 61051 Marshalltown, 2107	Sasfin Corporate Finance a division of Sasfin Bank Limited Sasfin Place, North Block 13–15 Scott Street Waverley, 2090