



InfoWave

INFOWAVE HOLDINGS LIMITED
(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)
(REGISTRATION NUMBER 1998/017276/06)
SHARE CODE: IFW ISIN NUMBER: ZAE000016440
("INFOWAVE" OR "THE COMPANY")

ANNOUNCEMENT REGARDING THE ACQUISITION OF 63,8% OF APPLY IT (PTY) LIMITED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

This announcement appears in Zulu in Business Day and on our website www.infowave.co.za

1. Introduction

Further to the cautionary announcement issued by InfoWave on 13 February 2006, shareholders are advised that InfoWave has acquired a loan account of R14 million and an effective 63,8% interest in Apply IT (Pty) Limited ("ApplyIT") (collectively "the acquisition" or "the transaction") and has effective management control.

2. Rationale for the acquisition and information regarding ApplyIT

ApplyIT is a niche software products and services company and the acquisition is in line with InfoWave's stated objective to diversify through acquisitive growth.

ApplyIT was formed in 2000. It developed specialised software to meet the needs of the manufacturing sector, predominantly in the areas of safety, health, environment and quality as well as planned maintenance. ApplyIT prides itself on the quality of its products and services.

It is a Microsoft certified partner with 21 employees. It is based in KwaZulu-Natal and has a presence in Gauteng. The business turns over approximately R6,5 million per annum of which 50% is annuity income. It has good prospects and is well poised for growth in the next two years. InfoWave anticipates that the business can achieve similar operating profitability to its existing operations in this timeframe.

Prior to the transaction, SA Bioproducts (Pty) Limited ("the seller") owned 73,8% of the ordinary issued share capital and loan account of ApplyIT. InfoWave has acquired its interest in ApplyIT for a R0,5 million upfront payment, with a maximum potential balance of R8,6 million payable over the next two years, provided ApplyIT achieves predefined revenue targets. The earn-out becomes payable at 66 cents per Rand of turnover exceeding R9,1 million in year one and exceeding R10,9 million in year two, subject to a combined maximum of R8,6 million. The effective date of the transaction is 1 March 2006. The transaction will be funded from InfoWave's available cash resources.

Key management and employee shareholders have retained their 26,2% stake in ApplyIT. InfoWave purchased 73,8% of the shares from SA Bioproducts (Pty) Limited and has undertaken to immediately on sell a 10% stake to two black empowerment partners, which will result in ApplyIT being approximately 26% black empowered.

There are a number of synergies between the operating entities within the InfoWave group as well as opportunities to cross sell niche manufacturing IT solutions across client bases.

3. Categorisation of the transaction

This is a Category 3 transaction as defined in Section 9.5(a) of the Listing Requirements of the JSE.

4. Conditions precedent

The acquisition is subject to certain conditions precedent that are considered normal for a transaction of this nature and include:

- the seller concluding a five-year service agreement with ApplyIT; and
- cancellation of all sureties issued by the seller over its investment in ApplyIT in favour of its commercial bank.

5. Pro forma financial information

The unaudited *pro forma* financial effects of the transaction on InfoWave's earnings per share ("EPS"), headline earnings per share ("HEPS"), net asset value ("NAV") and net tangible asset value ("NTAV") are set out below. The financial effects have been prepared for illustrative purposes only. Because of their nature, the *pro forma* financial information may not fairly present the company's financial position and results of operations after the acquisition. The unaudited *pro forma* information is the responsibility of InfoWave's directors.

	Before the acquisition (note 1)	After the acquisition (note 2)	Change %
EPS (cents)	2,76	1,87	(32,3)
HEPS (cents)	2,76	1,87	(32,3)
NAV (cents)	12,28	11,96	(2,6)
NTAV (cents)	11,90	11,46	(3,7)

Notes

Note 1: Based on the published unaudited interim results of InfoWave for the six months ended 31 August 2005.

Note 2: The *pro forma* EPS and HEPS, illustrate the possible effects had the acquisition been implemented on 1 July 2005 by incorporating the unaudited earnings of ApplyIT for the six month period ended 31 December 2005; the *pro forma* NAV and NTAV, illustrate the possible effects had the acquisition been effected on 31 December 2005 by including the unaudited balance sheet of ApplyIT as at 31 December 2005.

6. Withdrawal of cautionary announcement

Shareholders are advised that caution is no longer required to be exercised by shareholders when dealing in their InfoWave shares.

Durban
27 March 2006

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