CADIZ
HOLDINGS LIMITED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2001

Abridged Consolidated Balance Sheet

	Unaudited six months 30-Jun-2001 R 000	Unaudited six months 30-Jun-2000 R 000	Audited twelve months 31-Dec-2000 R 000
Net contribution	57,935	55,024	106,196
Operating expenses	(18,813)	(16,892)	(33,364)
Net income before discontinued operations	**39,122**	**38,132**	**72,832**
Discontinued operations and disposals	(4,648)	10	(3,650)
Net income before tax	**34,474**	**38,142**	**69,182**
Taxation	(5,341)	(6,096)	(10,900)
Net income after tax	**29,133**	**32,046**	**58,282**
Preference dividends	(2,321)	(2,364)	(4,732)
Attributable income	**26,812**	**29,682**	**53,550**
Headline earnings per share(cents)	**13.70**	**13.58**	**25.08**
Headline earnings per share after discontinued operations(cents)	**16.07**	**13.57**	**26.79**
Weighted numbers of shares in issue	**195,708**	**218,580**	**213,517**
Reconciliation between headline earnings per share and headline earnings per share after discontinued operations			
Net profit attributable to ordinary shareholders	26,812		
Add back amounts included in discontinued operations	4,648		
Add back profit on the sale of the private clients business	(715)		
Less the provision for the retrenchment costs	710		
Headline earnings per share after discontinuance	**31,455**		

Abridged Statement of Changes Equity

	Unaudited six months 30-Jun-2001 R 000	Unaudited six months 30-Jun-2000 R 000	Audited twelve months 30-Dec-2000 R 000
Assets			
Cash and cash equivalents	13,880	233,811	227,653
Advances and other accounts	51,780	53,786	95,517
Investment and trading securities	308,872	480,405	385,453
Other assets	4,037	16,030	16,524
Interest in subsidiaries		-	
Fixed assets	4,319	3,392	3,996
Deferred taxation	5,379	4,795	4,903
	388,267	**792,219**	**734,046**
Shareholders' equity and liabilities			
Equity	241,920	234,593	228,123
Ordinary share capital and premium	96,248	123,317	93,065
Reserves	95,672	61,276	85,058
Ordinary shareholders' funds	191,920	184,593	178,123
Preference share capital in subsidiary	50,000	50,000	50,000
Liabilities	146,347	557,626	505,923
Compulsory convertible debentures	88,063	73,202	80,336
Deposits and repurchase agreements	18,338	454,636	367,016
Deferred taxation	3,191	7,923	11,687
Creditors and provisions	36,755	21,865	46,884
	388,267	**792,219**	**734,046**

Abridged Consolidated Cash Flow Statement

	Unaudited six months 30-Jun-2001 R 000	Unaudited six months 30-Jun-2000 R 000	Audited twelve months 31-Dec-2000 R 000
	12,527	14,095	64,573
Cash flows from banking activities	(228,360)	101,389	76,561
Cash utilised in investing activities	(1,123)	(10,794)	(12,350)
Cash flows from financing activities	3,183	(2,787)	(33,039)
	(213,773)	**101,903**	**95,745**
Net change in cash and cash equivalents			
Cash and cash equivalents			
At the beginning of the year	227,653	131,908	131,908
At the end of the year	13,880	233,811	227,653
	(213,773)	**101,903**	**95,745**

Abridged Statement of Changes Equity

	Share capital & Premium R'000	Reserves R'000	Total R'000
Balance as at 31 Dec 2000	93,065	85,058	178,123
Issue of shares			-
Net profit attributable to ordinary shareholders		26,812	26,812
Dividends declared and distributed			(16,365)
Movement in foreign currency translation reserve		167	167
Adjustment resulting from consolidation of CHEST	3,183	-	3,183
Balance as at 30 June 2001	**96,248**	**95,672**	**191,920**

Review of results

The period under review was notable for the significant decisions made to re-position the group in response to the challenges faced by the financial services sector. One of the decisions made was to de-register the banking license. Comments were made in the annual report of the previous financial year that the A2 banks have been subject to severe funding constraints and a reduction of trading lines. This limited the scope for development of both our money market trading and investment banking activities. We have therefore taken steps to focus the group's activities on research and distribution, derivative structuring and specialised asset management, a move that realigns our business around clearly defined core competencies. The private equity, risk management, private client, wrap fund and information technology initiatives, which were seen as ancillary operations have been discontinued.

In reporting the results for this six-month period we have separately identified the costs and revenues of the discontinued operations amounting to a net R4.6 million loss. This includes R0,7 million in respect of net revenue, R6 million attributable to operating costs and a R0,7 million profit arising on the sale of the private client business. As a consequence, headline earnings after discontinuance more accurately reflect the results of our continuing core businesses. While the period under review has been demanding, activity levels in the institutional market have seen some improvement, despite subdued corporate activity. Given the prevailing market conditions and the efforts we have made in consolidating the business towards its core competencies, we are more than satisfied with having achieved a 18.4% growth in headline earnings per share after discontinuance. The net revenue contribution of R58 million reflects a 5.3% increase against the comparable period last year. This increase is very pleasing, given that the numbers include a significant negative effect of having consolidated the employee share trust. This resulted in a lower level of capital relative to the prior year together with a lower level of investment returns.

Operating costs, of which staffing costs comprise the largest portion, increased by some 11.4% over the previous corresponding period. However, in response to the competitive trading environment, we have rationalised the business as discussed. This has led to a reduced head-count from 85 to 70. These benefits will become apparent in the next reporting period.

The taxation charge at 15.5% of net income before tax simply reflects the investment of the group's base capital in after tax products. The group has not participated in any structured finance transactions entailing the utilisation of its own tax base.

The balance sheet shows a significant decline in assets from R734 million at 31 December 2000 to R388 million at 30 June 2001 which is purely reflective of the de-registration of the Bank and closure of our money market trading activities. The assets on balance sheet now substantially comprise the investment of the group's primary and secondary capital.

In line with previous years no dividend has been declared at the interim stage. The dividend paid reflected in these accounts relates to the dividend declared on 1 February 2001 and paid to shareholders on 9 March 2001.

Operational review

Net revenue contributions by area of activity for continuing operations comprises:

	June 2001 %	June 2000 %
Stockbroking	4.7	4.5
Fixed income	5.3	6.5
Equity derivatives	21.3	16.5
Structured solutions	37.2	30.1
Corporate solutions	1.0	0.0
Specialised asset management	16.0	10.5
Treasury and investments	14.5	31.9
	100.0	100.0

The research and distribution arm of the group, which includes the activities of stockbroking, fixed income and equity derivatives, continues to make a meaningful contribution to net revenue. Emphasis is placed on providing a one-stop value added service which includes a pro-active approach to devising strategies for clients and offering niched quantitative research. The equity derivatives team was ranked first for the fifth consecutive year in the Financial Mail's annual broker survey in the derivative research and dealing categories. This contributed to an effective increase of 29% in net revenue from this business compared to the previous period.

The performance of the specialised asset management team now excludes revenue from the servicing of private clients, which business was sold in the first quarter of the year. While total funds under management have increased marginally to R4.3 billion, the team's elevated marketing and business development efforts, together with the favourable climate for structured investments, is beginning to have a beneficial impact. In particular the team's comparatively new initiative in the retail structured investment market has been well received, with a number of innovative products having been launched to date.

Income from the Group's structuring activities has once again contributed significantly to total earnings. All of the structures concerned have a strong derivative flavour and diversification of these structures has been achieved across the equity and fixed income asset classes. The structured solutions have been marketed to the institutional, corporate, pension fund and retail customer segments. The main traditional client base of Cadiz has been and remains the institutional investment community. The performance of the group's investment banking portfolio, which comprises minority stakes in selected unlisted companies, did not contribute to earnings in this period.

Income from the group's treasury and investment activities arises largely from the management and investment of the group's capital base. The decline in the contribution is attributable to the full effect of having consolidated the employee share trust and the consequent lower level of capital relative to the prior year together with a lower level of investment returns given the decline in interest rates. Further, no meaningful revenue contribution was made by the money market trading activities, which in the previous comparable period were significant.

The accomplishments of Cadiz are due to the caliber and diversity of its people and their skills, and we thank them for their commitment, tenacity and investment of energy over the past six months. In addition, we wish all employees that have been affected by our restructuring activities well in their new endeavours.

Relationship-building is fundamental to the continued success of our organization. We thank our clients for their continued support and look forward to opportunities to exceed expectations in the future.

Prospects

We are now a much leaner and more focused business. We have proven skills and a significant track record in researching and advising clients on the usage of derivative instruments, which are specifically designed to take advantage of volatile and uncertain market conditions. These should underpin our ability to grow and prosper in the future. Furthermore, the restructuring that we have undergone does not preclude us from continuously assessing strategic growth opportunities while striving to maintain our position of strength in our chosen activity areas and markets.