

HIGHLIGHTS

- **Headline earnings up 41% to R53.6 million**
- **Headline earnings per share up 25% to 25.6 cents**
- **Gross operating revenue up 20% to R123.2 million**

- **Top rated derivatives house for ninth successive year**
- **Ranked eleventh most empowered company in SA**
- **New chief executive and deputy chairman appointed**

FINANCIAL PERFORMANCE / Cadiz is pleased to inform shareholders of its strong financial performance for the six months ended 30 June 2005. This resulted from strong contributions from the securities and structuring businesses as well as from foreign exchange gains owing to the weakening currency. The results are in line with the Trading Statement issued to the market on 6 July 2005.

Gross operating revenue for the six months increased by 20% to R123.2 million (2004: R102.7 million).

Interest income halved to R5.8 million (2004: R11.7 million), attributable to:

- the maturity of R40 million (50%) of the group's bond portfolio; and
- the reduction in interest earned on the group's cash holding following the payment of the special dividend in October 2004 and the reduction in the dividend cover. The average cash holding reduced from R120.5 million in the first half of 2004 to R46 million in 2005.

Net investment income increased by 101% to R12.6 million (2004: R6.2 million). This was despite a reduction in investment income following the sale of investments in June 2004 to redeem the convertible debentures and emanated mainly from foreign exchange gains.

Operating expenses for the six month period were R11.3 million or 19% higher at R71.0 million (2004: R59.7 million). The main component of the increase was a R7.1 million rise in staff and related costs, which includes R4.9 million for recruitment, annual salary increases and expensing of staff share options, and R2.2 million for performance incentive payments. The latter is a variable expense. The average number of employees during the reporting period was 110, compared to 100 in the corresponding period in 2004.

Operating profit increased 16% to R70.6 million (2004: R61.0 million).

Finance costs of R0.9 million (2004: R 12.7 million) are 93% lower owing to the redemption of the convertible debentures in June 2004.

Headline earnings increased 41% to R53.6 million (2004: R38.1 million) while headline earnings per share grew 25% to 25.6 cents (2004: 20.4 cents) after taking account of the increased number of shares following the sale of 23.5 million shares to Makana Financial Services (Pty) Ltd ("Makana") in May 2004.

OPERATIONAL REVIEW / Operating activities generated 88% (2004: 95%) of the group's total revenue of R140.7 million, reflecting the improved performance of the investment portfolio which includes the foreign exchange gains referred to above.

	JUNE 2005		JUNE 2004		% CHANGE	
	R '000	% of total	R '000	% of total	R '000	%
REVENUE ANALYSIS						
Securities	54,232	39	43,957	41	10,274	23
Structuring	46,623	33	37,751	35	8,872	24
Asset management	22,370	16	21,031	19	1,339	6
Gross operating revenue	123,225	88	102,739	95	20,485	20
Net return on investments	10,017	7	11,395	11	(1,378)	(12)
Foreign exchange gain / (loss)	7,471	5	(6,180)	(6)	13,651	221
Net investment portfolio returns	17,488	12	5,215	5	12,273	235
Gross revenue	140,713	100	107,954	100	32,758	30

SECURITIES / The securities businesses of equity derivatives, fixed income, stockbroking and research, housed within Cadiz Financial Strategists ("CFS"), increased revenue by 23% to R54.2 million (2004: R44.0 million). This represented 39% of total revenue.

These businesses benefited from the increased structuring activities undertaken by the group during the period, implementing and executing several large-scale transactions. Revenue was also bolstered by new initiatives in transition management, where CFS advises retirement fund clients on and facilitates the transfer and restructuring of asset portfolios between asset managers. The quantitative skills and research credentials of CFS positions the team well to take advantage of the new era of scientific transition management in South Africa.

Besides its strong financial performance, CFS once again received top honours in the authoritative Financial Mail analyst rankings. Cadiz was rated as the best Derivatives Research and Dealing house in South Africa for an unprecedented ninth consecutive year, as well as being placed first in Quantitative Analysis, Risk Management Research and Innovative Research. These rankings are particularly noteworthy as they are based on the views of our clients in the asset management industry and we compete against the largest global and local financial markets players for these honours.

STRUCTURING / Structuring activities generated revenue of R46.6 million (2004: R37.8 million) for the first six months, an increase of 24% over the previous year, and contributed 33% of the group's total revenue.

This increase can be attributed mainly to two sources:

- improved deal flow from black economic empowerment ("BEE") transactions, where Cadiz Corporate Solutions advised on a number of transactions; and
- involvement of the structuring team in joint initiatives with CFS on one-off investment portfolio restructuring.

The group has regularly advised shareholders that the income stream from structuring is by its very nature more volatile and unpredictable than other income sources in Cadiz. However, the division is generating a high proportion of its revenue from existing clients, which should ensure a more regular income flow into the future.

ASSET MANAGEMENT / Asset management activities increased revenue by 6% to R22.4 million (2004: R21.0 million) and contributes 16% of total revenue. Total assets under management at the end of June 2005 were R14.8 billion.

The group has invested significant time, money and resources in developing the infrastructure, investment processes and capabilities of Cadiz Specialised Asset Management ("CSAM"). The business recently appointed Francois van Wyk as chief investment officer and Dr Linda Smit as head of fixed income investments. All of this underlines the group's commitment to building CSAM into a major player in the absolute return asset management industry.

Nevertheless, the industry remains competitive and margins are likely to remain tight. CSAM will, however, continue to focus on negotiating performance-based fees with the potential to offset the impact of lower fixed fees.

The hedge fund continued to attract strong inflows in the reporting period, growing its assets by R267 million over the past year to R404 million at 30 June 2005.

INVESTMENTS AND CAPITAL / At 30 June 2005, Cadiz had accumulated capital of R353 million. The group invests its surplus funds to achieve the highest risk-adjusted returns for shareholders, while taking account of the future capital requirements of the business. In line with the strategy of currency diversification, foreign currency investments represent 24.4% of group capital.

The investment portfolio returns, which comprise interest income and net investment income after the deduction of finance costs, amounted to R17.5 million for the period. This is R12.3 million higher than the corresponding period last year. This increase can be ascribed to a R13.7 million year-on-year difference in foreign exchange gains, which was slightly offset by reduced investment income owing to the lower cash holdings following the impact of the capital reduction of R66.4 million and a reduction in dividend cover.

BOARD AND MANAGEMENT CHANGES / Ray Cadiz, co-founder of the group and chief executive for the past 12 years, has been appointed executive deputy chairman of Cadiz. In his new position Ray will adopt an external focus on corporate client relationships and strategic marketing, while facilitating leadership development and advancement of the corporate culture of Cadiz.

Ram Barkai, previously deputy chief executive, has been promoted to chief executive and appointed to the board of directors. Ram will assume all operational responsibilities currently held by Ray.

These appointments, effective from 1 August 2005, allow the group to retain the wisdom and skills of both individuals in an executive role, while at the same time bringing change and a resultant revitalisation of the management team. These moves follow on from the extensive internal movements within senior management implemented in mid 2004 to create growth opportunities for the younger professionals within Cadiz.

BLACK ECONOMIC EMPOWERMENT / Cadiz's commitment to meaningful transformation at all levels in the business was recognised in the Empowerment/Financial Mail *Top Empowerment Companies 2005* survey where the group was ranked 11th in South Africa out of 185 listed companies. This is a quantum leap from 2004 when the company was ranked in 104th position.

PROSPECTS / Cadiz has always favoured organic growth as a means of building a sustainable business. As a result the group has launched several new businesses in recent years and it has been encouraging how some of these are now becoming meaningful contributors to the group's performance. The group recently initiated a move into the growing securitisation industry.

Asset management remains our largest potential growth area and the investment in infrastructure, processes and people over the past year will help to position CSAM as a meaningful participant in the absolute return fund management arena. The strategic focus on absolute return mandates allows CSAM to build on its current strengths in offering funds focused on capital preservation. The establishment and development of CSAM's absolute return capacity is likely to change the fund and mandate composition into the future.

The senior management changes made last year are having a positive impact on the business and it has been gratifying to see how the new-look leadership team has responded to the opportunities presented to them. This augurs well for the future of the business.

TREASURY SHARES / In terms of the approval granted at the company's annual general meeting on 28 May 2004, a subsidiary of Cadiz purchased 1.6 million shares at an average price of 316.5 cents per share between 1 April 2005 and 26 April 2005.

STAFF SHARE OPTIONS / During the period Cadiz awarded 12.8 million share options to staff. The effective date of issue is 31 March 2005 and the options vest 20% per year from years three to seven. The strike price of the options is 305 cents per share, increasing by a notional interest amount equivalent to the fringe benefits tax interest rate less equivalent distributions per share made by the company.

BASIS OF PRESENTATION / The abridged financial statements have been prepared in terms of International Financial Reporting Standards ("IFRS") expected to be applicable at 31 December 2005 and complies with IAS 34 - Interim Financial Reporting. These standards are subject to ongoing review and may change. The annual financial statements for the year ended 31 December 2004 were prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP"). SA GAAP differs in some areas from IFRS. In preparing these abridged financial statements, certain accounting policy changes,

reclassifications and share-based payment valuations were applied to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from SA GAAP to IFRS on the group's assets, equity and its net profit are provided below.

TRANSITIONAL ARRANGEMENTS / The group's financial statements for the year ending 31 December 2005 will be the first set of annual financial statements that comply with IFRS. The group has applied IFRS 1 (First Time Adoption of International Financial Reporting Standards) in preparing these financial statements.

Cadiz's transition date is 1 January 2004. The group's opening IFRS balance sheet at that date has been restated to reflect all existing IFRS statements expected to be applicable at 31 December 2005. At transition date IFRS 1 allows a number of exemptions to this retrospective application principle on adoption of IFRS.

- Cadiz has taken advantage of the following optional exemptions from full retrospective application:
- **Business combinations exemption** / Cadiz has applied the business combinations exemption in IFRS 1. It has therefore not restated business combinations that took place prior to the 1 January 2004 transition date.
 - **Designation of financial assets and financial liabilities exemption** / The group reclassified various available-for-sale investments and trading securities as financial assets at fair value through profit and loss. This had no effect on net profit for the current or prior periods.
 - **Share-based payments transaction exemption** / The group has elected to apply the share-based payments exemption. IFRS 2 (Share-based Payments) requires that equity instruments granted under equity-settled awards, are measured at the fair value of the equity instruments granted. By applying the exemption, share options that were granted before 7 November 2002 or granted after 7 November 2002 but vested before 1 January 2005 are not subject to IFRS 2.

The following new accounting policies were applied for IFRS reporting:

- **Goodwill** / Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.
- **Impairment of assets** / Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).
- **Share-based payments** / Share options granted to employees are subject to service vesting conditions, and their fair value is recognised as an employee benefits expense with a corresponding increase to share-based payments reserve in equity over the vesting period. The expense is adjusted at the end of each reporting period to reflect actual and expected levels of vesting. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

RECONCILIATION BETWEEN IFRS AND SA GAAP / The following reconciliations provide a quantification of the effect of the transition to IFRS.

Reconciliation of assets and equity

R '000	Note	ASSETS			EQUITY		
		31-Dec-04	30-Jun-04	01-Jan-04	31-Dec-04	30-Jun-04	01-Jan-04
As reported under SA GAAP		527,629	512,921	595,222	339,641	367,547	325,684
<i>Reclassifications:</i>							
Available-for-sale investments and trading securities	1	(118,077)	(79,064)	(82,962)	-	-	-
At fair value through profit and loss investments and trading securities	1	118,077	79,064	82,962	-	-	-
<i>Adjustments for:</i>							
Goodwill amortisation reversal	2	2,786	1,393	-	2,786	1,393	-
Goodwill impairment	2	(2,452)	(1,145)	-	(2,452)	(1,145)	-
Share-based payments	3	-	-	-	-	-	-
As reported under IFRS		527,963	513,169	595,222	339,975	367,795	325,684

There were no other changes to the figures as disclosed in terms of SA GAAP.

Reconciliation of profit from ordinary activities

R '000	Note	12 months	6 months
		31-Dec-04	30-Jun-04
As reported under SA GAAP		78,585	37,348
<i>Adjustments for:</i>			
Goodwill	2	334	248
Share-based payments	3	(1,229)	(601)
As reported under IFRS		77,690	36,995

1. Reclassifications of investments and trading securities from available-for-sale to at fair value through profit and loss. These investments and trading securities were already measured at fair value under SA GAAP with unrealised gains and losses recognised in the income statement.
2. Goodwill is no longer amortised under IFRS but a mandatory annual impairment test now needs to be performed. A goodwill impairment test, performed on 1 January 2004, indicated no impairment was necessary. However, for the June 2004 and December 2004 reporting periods, it was necessary to provide for goodwill impairment.
3. A share-based payments expense is recognised for share options issued to staff after 7 November 2002 and not vested by 1 January 2005. This expense was not recognised under SA GAAP. As this results in a share-based payments reserve, there is no impact on the group's equity.

CHANGES IN FORMAT OF INCOME STATEMENT AND BALANCE SHEET / Following the transition to IFRS, the following changes were made to the format of the income statement and balance sheet.

Income statement

- Finance costs and interest income were previously included in "Net investment income". These amounts are now disclosed separately on the face of the income statement.

Balance sheet

- Ordinary share capital and premium were previously disclosed net of treasury shares. Treasury shares are now disclosed separately on the face of the balance sheet.
- The "Non-current / Current" classification was introduced for the IFRS balance sheet. Previously the balance sheet was presented in order of liquidity. This change resulted in the following items which were previously disclosed as one amount now being split between non-current and current on the face of the balance sheet:
 - Investments and trading securities
 - Receivables and prepayments
 - Trade and other payables

AUDIT OPINION ON THE 2004 RESTATED FINANCIAL INFORMATION / This restatement of financial information for the year ended 31 December 2004 has been audited by the group's auditors, Pricewaterhouse Coopers Inc. and their opinion is available for inspection at the group's registered office. Their report includes an emphasis of matter that amendments to the interpretive guidance issued by the International Accounting Standards Board, between the date of this announcement and the finalisation of the financial statements for the year ending 31 December 2005, may result in changes to the restatements published.

On behalf of the board of directors


COLIN HALL
Chairman


RAY CADIZ
Executive Deputy Chairman

Cape Town / 1 August 2005

CADIZ HOLDINGS LIMITED (Incorporated in the Republic of South Africa)
(Registration number: 1997/007258/06)
JSE Share Code: CDZ
ISIN Code: ZAE 000017661
("Cadiz", "the group" or "the company")

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	Unaudited 6 months 30-Jun-05 R '000	Restated unaudited 6 months 30-Jun-04 R '000	Restated audited 12 months 31-Dec-04 R '000
GROUP INCOME STATEMENT			
Gross operating revenue	123,225	102,739	202,223
Interest income	5,828	11,656	23,721
Net investment income	12,553	6,234	17,152
Net income from investments	5,082	12,414	25,396
Foreign exchange gains/(losses)	7,471	(6,180)	(8,244)
(71,000)	(59,674)	(123,840)	
Operating expenses	70,606	60,955	119,256
Operating profit	(894)	(12,675)	(13,735)
Finance costs	69,712	48,280	105,521
Profit before taxation	(17,541)	(11,285)	(27,831)
Taxation	52,171	36,995	77,690
Profit from ordinary activities	52,171	36,995	77,690
Reconciliation of headline earnings:			
Profit from ordinary activities	52,171	36,995	77,690
Release of foreign currency translation reserve on deregistration of foreign subsidiary	-	-	(516)
Goodwill impairment	1,362	1,145	2,518
Loss on disposal of equipment	65	-	-
Headline earnings	53,598	38,140	79,692
Issued number of shares ('000)	239,810	239,810	239,810
Consolidated number of shares ('000)	209,906	206,525	208,456
Weighted average number of shares ('000)	209,569	187,016	197,208
Diluted weighted average number of shares ('000)	228,706	203,055	213,838
Earnings per share (cents)			
Basic	24.9	19.8	39.4
Diluted	22.8	18.2	36.3
Headline earnings per share (cents)			
Basic	25.6	20.4	40.4
Diluted	23.4	18.8	37.3

	Unaudited 30-Jun-05 R '000	Restated unaudited 30-Jun-04 R '000	Restated audited 31-Dec-04 R '000
GROUP BALANCE SHEET			
ASSETS			
Non - current assets	249,475	220,180	247,337
Property, plant and equipment	5,008	6,257	5,398
Goodwill	21,964	24,633	23,327
Deferred taxation	19,844	20,499	20,077
Investments and trading securities	192,532	157,223	187,757
Receivables and prepayments	10,127	11,568	10,778
Current assets	271,773	292,989	280,626
Investments and trading securities	119,634	65,733	120,526
Receivables and prepayments	91,709	84,312	116,358
Taxation	5,477	7,742	6,741
Cash and cash equivalents	54,953	135,202	37,001
Total assets	521,248	513,169	527,963
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Ordinary share capital and premium	82,215	158,954	82,215
Treasury shares	(43,377)	(52,738)	(42,400)
Share-based payments reserve	2,318	601	1,229
Foreign currency translation reserve	-	516	-
Retained earnings	311,886	260,462	298,931
Total equity	353,042	367,795	339,975
LIABILITIES			
Non - current liabilities	14,799	25,331	24,614
Deferred taxation	2,546	7,928	2,591
Trade and other payables	12,253	17,403	22,023
Current liabilities	153,407	120,043	163,374
Taxation	15,987	-	15,749
Trade and other payables	127,392	110,265	143,740
Trading liabilities	10,028	9,778	3,885
Total liabilities	168,206	145,374	187,988
Total equity and liabilities	5		