

*Creating value are our passions,
is than just value claiming
Cadiz, its clients and its people."*

Interim results

INTERIM RESULTS for the six months ended 30 September 2008

key **features**

- Headline earnings decreased by 67% to R18.8 million
- Gross operating revenue decreased by 18% to R157.6 million
- Assets under management at R47.7 billion
- Rated No.1 derivatives house for the 12th consecutive year
- Rated Best Financial Services Company to Work For

FINANCIAL PERFORMANCE / The recent market turmoil has impacted the group's trading and investment activities. This is reflected in an 18% decline in gross operating revenue to R157.6 million (2007: R191.4 million). Cadiz's operating businesses continue to trade profitably and generate cash flows and annuity income.

The downturn in financial markets also negatively impacted the returns on the group's investment capital (comprising interest income and net income from investments) which declined 97%. This was compounded by foreign exchange losses on the group's offshore investments which totalled R5.3 million (2007: R1.5 million) owing to the relative strength of the Rand in the period to 30 September 2008.

Operating expenses were 3% lower at R131.0 million owing to lower variable costs and an ongoing prudent approach to cost management. The cost-to-income ratio, after excluding R1.9 million (2007: R2.3 million) direct costs related to the group investments and funding facility, and R6.3 million (2007: R5.9 million) intangibles and goodwill amortisation/impairment charges, increased from 66.4% in 2007 to 78.1%. This increase is due to the slow-down in revenue growth as a result of tougher market conditions described above.

The financial performance has translated into a 67% decline in headline earnings to R18.8 million (2007: R57.9 million), with diluted headline earnings per share decreasing 67% to 8.5 cents per share (2007: 25.7 cents per share). These results are in line with the group's trading statement issued on 21 October 2008.

OPERATIONAL REVIEW	Sep 2008		Sep 2007		
	% of		% of		%
	R'000	total	R'000	total	change
Securities	71 219	47	69 808	33	2
Asset management	57 109	37	88 551	43	(36)
Structuring	29 264	19	32 995	16	(11)
Gross operating revenue	157 592	103	191 354	92	(18)
Net income from investments	649	0	18 844	9	(97)
Foreign exchange loss	(5 258)	(3)	(1 528)	(1)	(244)
Net investment portfolio returns	(4 609)	(3)	17 316	8	(127)
Gross revenue	152 983	100	208 670	100	(27)

SECURITIES / The securities businesses posted a pleasing performance in the current climate and, despite being impacted by declining institutional volumes, showed a slight increase in revenue to R71.2 million.

In response to client demand and a move to increase its market share, Cadiz Securities expanded its industry-leading research offering during the period with the launch of an equity market and economic research unit. Research has been a catalyst for growth in the securities business and this new research offering will enable the business to further increase its market penetration.

Cadiz Securities was voted as the country's leading Derivatives and Research team for the 12th successive year in the annual Financial Mail analyst rankings. Cadiz was also rated number one in Quantitative Research and Risk Management Research and second in Innovative Research.

Despite the tough environment, securities continues to strengthen its positioning for the next market growth phase.

ASSET MANAGEMENT / Asset management has felt the impact of the market decline and revenues fell by 36% to R57.1 million over the corresponding period in 2007. In addition to the market decline the business has been impacted by the significant shift from equity investments into the money market over the past six months which has reduced fee income. This, together with lower hedge fund performance fees, has contributed to the earnings decline.

Investment performance in absolute return and fixed income mandates continues to be in the top quartile relative to peer managers. Investment performance in equity mandates continues to improve as the resource cycle has finally turned. Total assets under management were R47.7 billion at the end of the period. Fixed income and absolute return mandates have increased relative to equity mandates as a result of market movements over the past six months.

STRUCTURING / Structuring revenue for the period is 11% lower at R29.3 million owing to a slow-down in market activities.

Corporate Solutions

M&A activity has been impacted by both the volatility in equity markets and the availability of debt. The volume of transactions has increased but the size of the deals has reduced and the time to close transactions has extended. Despite this the team continues to deliver profitably.

Entities with strong balance sheets are able to capitalise on existing market conditions and this is particularly so in South Africa where corporates have relatively low debt levels. Cadiz has increased its focus on the resources sector in anticipation of more resilient M&A activity. The need for BEE transactions to be restructured should create further opportunities.

Cadiz Wealth

The strength of the Cadiz Wealth brand in the private wealth management market has led to a 120% increase in inflows and funds under management now exceed R5.5 billion. Unit trust assets increased by 133% to R1.8 billion for the period (2007: R0.7 billion). As at 30 September 2008 the Cadiz Equity Ladder Fund was the top-performing absolute return fund in South Africa over one year, two years and three years. The Cadiz Money Market Fund was the top-performing money market unit trust over almost every measurement period since inception of the fund (Source: Morningstar).

GROUP CAPITAL / The group has continued to deploy its capital to grow the business and at the end of the period the capital had been invested as follows:

- R167.1 million invested in liquid assets for regulatory capital adequacy and working capital requirements;
- R20.6 million investment net of trading liabilities held as a hedge against Cadiz Prime Broking activities;
- R69.6 million invested as seed capital in new asset management products; and
- R66.1 million strategic investments in empowerment partner Makana.

R78.5 million (24%) of the group's capital was invested in conservative US Dollar, Euro and Sterling investments. However, R68 million of this capital has been repatriated since the period-end to increase the group's liquidity.

OUTLOOK / Market conditions are increasingly challenging and the operating environment is expected to remain tough in the short to medium term. Cadiz has a platform of robust businesses and will continue to strengthen its base and position the business for the market turnaround.

Costs are continuing to be prudently managed as the business adapts to operating in a lower revenue environment.

The group has no exposure to sub-prime or low credit instruments and has no proprietary trading risk. The group's capital is exposed to the market through its investment in Makana and its seed capital investments. However, management monitors the group's investments and exposure limits and reports to the group risk committee.

Cadiz is a resilient business and has proved this in tough market conditions in the past.

EMPLOYER OF CHOICE / Cadiz was ranked first in the financial services category in the annual Deloitte Best Company to Work For survey in 2008, improving from second place in the previous year. Cadiz's culture and people continue to be its pillars of strength in these extraordinary times.

SHARE ALLOCATION TO BLACK STAFF / During the period 5.1 million share appreciation rights and voting A ordinary shares were issued to participants in the black employee share ownership scheme as approved by shareholders at the annual general meeting on 18 August 2008. These vest at 20% per annum from years three to seven and staff are locked in until 28 February 2015. The allocation was made at an initial price of 210 cents per share and participating staff were required to pay a deposit of 5% of the initial price.

BASIS OF PRESENTATION / The abridged financial statements have been prepared in terms of International Financial Reporting Standards and comply with IAS 34 – Interim Financial Reporting and the Listings Requirements of the JSE Limited. The accounting policies are consistent with those applied in the annual financial statements for the period ended 31 March 2008.

On behalf of the board of directors

Ray Cadiz
Chairman

Ram Barkai
Chief Executive Officer

Cape Town
10 November 2008

group income statement

	Unaudited 6 months 30 Sep 08 R'000	Unaudited 6 months 30 Sep 07 R'000	Audited 15 months 31 Mar 08 R'000
Gross operating revenue	157 592	191 354	451 407
Interest income	8 239	6 671	17 173
Net investment income – shareholders	(9 863)	13 374	40 778
Net income from investments	(4 605)	14 902	22 875
Foreign exchange (losses)/gains	(5 258)	(1 528)	17 903
Income attributable to policyholder-linked assets	35	-	-
Net fair value gains on policyholder financial instruments	1 617	-	-
Administration expenses borne by policyholders	(1 582)	-	-
Operating expenses	(131 048)	(135 211)	(340 693)
Operating profit	24 955	76 188	168 665
Finance costs	(2 985)	(2 729)	(4 720)
Profit before taxation	21 970	73 459	163 945
Taxation	(5 762)	(16 993)	(38 038)
Taxation on shareholder profits	(5 727)	(16 993)	(38 038)
Taxation on policyholder investment contracts	(35)	-	-
Profit for the period	16 208	56 466	125 907
Reconciliation of headline earnings:			
Profit for the period	16 208	56 466	125 907
Goodwill impairment	1 072	1 393	2 820
Intangible assets impairment	2 144	-	-
Profit on disposal of equipment	-	-	(7)
Taxation impact	(600)	-	2
Headline earnings	18 824	57 859	128 722
Issued number of shares ('000)	245 138	245 138	245 138
Consolidated number of shares ('000)	221 367	217 733	220 853
Weighted average number of shares ('000)	221 193	213 607	217 043
Diluted weighted average number of shares ('000)	221 766	224 703	224 616
Earnings per share (cents)			
Basic	7.3	26.4	58.0
Diluted	7.3	25.1	56.1
Headline earnings per share (cents)			
Basic	8.5	27.1	59.3
Diluted	8.5	25.7	57.3

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group balance sheet

	Unaudited 30 Sep 08 R'000	Unaudited 30 Sep 07 R'000	Audited 31 Mar 08 R'000
ASSETS			
Non-current assets	915 570	451 657	439 457
Plant and equipment	6 369	7 756	7 030
Intangible assets	289 883	301 997	296 456
Deferred taxation	16 551	17 625	17 409
Investments backing policyholder funds	486 299	–	–
Other financial assets	108 984	117 404	110 283
Receivables and prepayments	7 484	6 875	8 279
Current assets	890 694	1 015 208	961 342
Other financial assets	74 680	124 087	77 971
Receivables and prepayments	649 787	794 618	732 346
Taxation	380	199	1 396
Cash and cash equivalents	165 847	96 304	149 629
Total assets	1 806 264	1 466 865	1 400 799
EQUITY			
Capital and reserves			
Ordinary share capital and premium	2 861	34 680	34 678
Treasury shares	(66 679)	(78 903)	(71 795)
Share-based payment reserve	26 152	16 162	21 254
Retained earnings	551 473	510 571	552 975
Total equity	513 807	482 510	537 112
LIABILITIES			
Non-current liabilities			
Deferred taxation	12 168	17 555	13 034
Policyholder investment contract liabilities	486 299	–	–
Trade and other payables	19 979	33 243	21 492
Current liabilities	774 011	933 557	829 161
Trade and other payables	744 232	884 355	770 981
Taxation	3 648	13 488	14 696
Borrowings	–	18 146	25 073
Trading liabilities	26 131	17 568	18 411
Total liabilities	1 292 457	984 355	863 687
Total equity and liabilities	1 806 264	1 466 865	1 400 799
Net asset value (cents per share)	232	222	243
Net tangible asset value (cents per share)	99	83	107

Interim results
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abridged group cash flow statement

	Unaudited 6 months 30 Sep 08 R'000	Unaudited 6 months 30 Sep 07 R'000	Audited 15 months 31 Mar 08 R'000
Cash flow from operating activities	58 101	(2 587)	83 034
Cash generated from operations	89 510	24 714	133 987
Taxation paid	(15 674)	(20 620)	(44 272)
Dividends paid	(15 735)	(6 681)	(6 681)
Cash flow from investing activities	15 954	47 327	(4 259)
Cash flow from financing activities	(28 675)	(37 282)	(32 898)
Net change in cash and cash equivalents	45 380	7 458	45 877
Effect of exchange rate adjustment	(4 089)	296	14 748
Cash and cash equivalents at beginning of period	124 556	70 404	63 931
Cash and cash equivalents at end of period	165 847	78 158	124 556

abridged group statement of changes in equity

	Unaudited 6 months 30 Sep 08 R'000	Unaudited 6 months 30 Sep 07 R'000	Audited 15 months 31 Mar 08 R'000
Share capital, share premium and treasury shares			
Opening balance	(37 117)	(46 837)	(22 470)
Issue of shares	51	-	22 914
Issued shares held as treasury shares	-	120	(15 435)
Capital reduction	(29 244)	-	(37 858)
Sale of treasury shares on exercise of options	2 492	2 494	15 732
	(63 818)	(44 223)	(37 117)
Reserves			
Opening balance	574 229	469 828	455 594
Premium on issue of equity-settled share appreciation rights	518	-	-
Sale of treasury shares on exercise of options	(2 492)	(2 286)	(10 772)
Employee share option scheme – value of services provided	4 897	2 725	10 181
Profit for the period	16 208	56 466	125 907
Dividends paid	(15 735)	-	(6 681)
	577 625	526 733	574 229
Total shareholders' funds	513 807	482 510	537 112

About this booklet

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*"Making a difference and create value
We believe value creation, rather than
is the way to growth for Cadiz"*

CADIZ HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
("Cadiz", "the group" or "the company")

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B H Kent*, D M Lawrence*, N S Mjoli-Mncube*, S P Ngwenya*,
S J Saunders*, N S Buthelezi* (alternate)
(* Non-executive directors)

Sponsor: Investec Bank Limited