



INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 1999

Group Income Statement

	Six months ended 30 Jun 99	Six months ended 30 Jun 98 (Pro-forma*)	Forecast for year 31 Dec 99 (Prospectus)	Period ended 31 Dec 98 (Audited)
	R'000	R'000	R'000	R'000
Income before taxation	28,320	11,213	35,760	9,743
Taxation	(6,172)	(1,394)	(6,706)	(313)
Income after taxation	22,148	9,819	29,054	9,430
Preference dividends	(3,260)	(4,413)	(6,804)	(4,967)
Net income attributable to ordinary shareholders	18,888	5,406	22,250	4,463
Ordinary dividend	-	-	(8,025)	-
Retained income for the period	18,888	5,406	14,225	4,463
Retained income at beginning of period	4,463	-	-	-
Retained income at end of period	23,351	5,406	14,225	4,463
Headline earnings per share (cents)	9.28	3.45	10.04	
Number of shares in issue ('000)	239,810	166,667	239,810	
Weighted average number of shares in issue ('000)	203,457	156,750	221,619	

* Pro-forma results for year adjusted for six months on a pro-rata basis

Group Balance Sheet

	30 June 99	30 June 98 (Audited)
	R'000	R'000
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Capital employed		
Ordinary share capital	158,954	1
Reserves	23,343	4,473
Vendors' loan account	-	59,999
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Ordinary shareholders' funds	182,297	64,473
Preference share capital	50,000	50,000
Compulsory convertible debentures	60,849	-
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Total shareholders' funds	293 146	110 473
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Deposits and repurchase agreements	519,812	799,842
Creditors and provisions	43,266	34,816
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Total liabilities	563,078	834,658
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	856,224	949,131
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Employment of capital		
Fixed assets	3,657	3,231
Investments and trading securities	575,830	435,730
Advances and other accounts	254,331	475,493
Debtors	11,338	9,770
Funds with bankers	11,068	24,907
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856,224

949,131

Statement of changes in ordinary shareholders' funds

	Share capital and premium	Vendors' loan account	Reserves	Total
	R'000	R'000	R'000	R'000
Balance at 31 December 1998	1	59,999	4,473	64,473
Additional shares issued during the period	266,865	(59,999)	-	206,866
Intellectual capital written off	(92,324)	-	-	(92,324)
Goodwill on acquisition of subsidiaries written off	(4,417)	-	-	(4,417)
Goodwill on acquisition of net assets in subsidiary written off	(9,925)	-	-	(9,925)
Net listing expenses written off	(1,246)	-	-	(1,246)
Net profit attributable to ordinary shareholders	-	-	18,888	18,888
NDR arising on conversion of foreign subsidiary	-	-	(18)	(18)
Balance at 30 June 1999	158,954	-	23,343	182,297

Comments

Introduction

Cadiz Holdings was listed on 14 April 1999. The debut on the JSE enabled the group to increase its capital base, raise the profile of the group's capabilities and enhance its credibility. It is therefore with some pride that we present the following maiden results for the first interim period as a listed financial services group.

Financial overview

Notwithstanding the fanfare surrounding the group's listing, management and staff have remained diligent in their focus on serving the customer base and further developing the scope of the group's operations. As a consequence a credible performance for the six months was achieved with reported headline earnings amounting to 9.28 cents per share. This exceeds the earnings for the pro-forma comparable period by some 169% and more importantly the forecast earnings equivalent for the first six months by 102%.

Costs attributable to the listing have been charged firstly against interest earned of R2,4 million, arising from the oversubscription of the public offer, and the balance of the costs charged against the share premium account.

The primary capital base of the group was bolstered by the proceeds from listing and from the issue of shares into the Employee Share Trust. Subsequent to the listing a further R60 million net was raised by way of secondary capital comprising compulsory convertible debentures. As a consequence, the overall level of primary and secondary capital has increased to some R293 million, a level considered appropriate for the group to transact as principle in its banking operations.

Dividends will be declared and paid annually after the group's December financial year end

Review of operations

Performance

The group continues to focus on the development and implementation of innovative derivative based financial solutions. The use of derivatives in financial Research and broking activities reflect the execution and distribution capabilities of the group. Cadiz Stockbroking, which was recently established, produced a positive contribution. The Equity Derivative team, one of the original pillars of the group, performed exceptionally and was ranked first in its category for the third successive year in the Financial Mail survey.

Corporate finance, structured solutions and treasury form the core capabilities in Cadiz Investment Bank. Despite the excessive levels of interest rate volatility experienced in the first quarter, the treasury team achieved its forecast contribution. Revenues from this unit that are subject to market risk comprise less than 5% of the group added value income. The corporate finance team, while still in its early phase of development, has already established itself as a provider of innovative financial solutions. Its fledgling steps into the private equity arena have met with similar success. An outstanding result was achieved by the 15 professionals that comprise the Structured Solutions team. This team is presently the group's major growth engine that delivers solutions for a diverse array of customers and needs.

Fund management activities included sound contributions from the private client capability, and the steady flow of annuity income from structured product asset management.

Our people

The group's personnel has grown significantly over the past 12 months, from some 15 people in the original RF Cadiz company to a staff complement in excess of 70. Our team of people is our primary asset. It has been pleasing to witness the emerging strength and stability of the organisation in fostering entrepreneurial flair, leadership and teamwork. Remuneration structures are focussed towards the sharing of knowledge and efforts on a firm-wide basis. Given the complexities of retaining and attracting staff to an environment of reward, challenge and fulfillment, we continue to embark on programs addressing "human software" solutions.

Year 2000 Compliance

The Y2K project team and the board of directors have confirmed that all mission critical accounting and operational systems are Year 2000 compliant.

Prospects

Our growth in the second half of the financial year is dependent on the ability of our established resource pool to continue to provide added value innovative solutions to our existing customer base. In addition, the group must continue the expansion and diversification of that customer base, with particular emphasis on the corporate sector. The group is still very much in a growth phase. The existing foundation of human resources will enable continued expansion of structuring and advisory capabilities. Exciting new business initiatives in structured product asset management, corporate risk and advisory management and private equity are underway.

The size of the Cadiz operation, the talent and energy of our unified and committed team of people and the unrelenting focus on customer needs, without the conflict of managing internal market risk places Cadiz in a solid and unique position to exceed every expectation.

On behalf of the Board of Directors

Colin Hall
Chairman

Ray Cadiz
Chief Executive Officer