

- Diluted EPS up 30.1% to 51.9 cents
- Headline earnings up 26.6% to R119.7 million
- Asset management revenue up 54.3% to R92.8 million
- Assets under management R49.8 billion after acquisition of African Harvest
- SA's top rated derivatives house for 10th successive year

audited results for the year ended 31 December 2006

OVERVIEW / Cadiz delivered strong earnings growth in the year to 31 December 2006, lifted by robust returns on the shareholders' investment portfolio and foreign exchange translation gains.

Asset management revenue grew strongly on the back of rising equity markets, hedge fund performance and the incorporation of African Harvest Fund Managers for the last two months of the year, while the securities operation enjoyed another year of consistent performance. Revenue from the structuring business was disappointing owing to a decline in volumes in institutional structuring which was partially offset by increased activity in the corporate and retail structuring businesses.

FINANCIAL PERFORMANCE / Gross operating revenue for the year increased by 9% to R256.3 million (2005: R234.5 million).

Net investment income increased by 183% to R61.9 million (2005: R21.9 million), mainly attributable to:

- foreign exchange gains of R21.6 million flowing from the strategy of currency diversification;
- R18.7 million profit (2005: R7.3 million) on the sale of JSE Limited shares; and
- R8.8 million mark to market gain on the group's strategic investment in empowerment partner Makana.

Operating expenses were R34.1 million or 23% higher at R180.2 million (2005: R146.1 million). The major components of the increase are:

- R10.1 million (6.9%) relating to the expenses of African Harvest for the two months post acquisition, including the amortisation of intangibles of R1.5 million;
- R3.6 million (2.5%) for an increased IFRS 2 staff share option expense;
- R10.6 million (7.3%) increase in variable costs, including R4.4 million for BEE related enterprise development expenditure; and
- R15.3 million relating to ongoing operating activities. This represents a 10.5% increase over 2005 after taking into account the R5.5 million non-recurring costs from the previous year.

Finance costs of R2.5 million (2005: R1.7 million) are 47% higher owing mainly to the interest payable on the deferred portion of the African Harvest purchase price.

Headline earnings increased 27% to R119.7 million (2005: R94.6 million).

ACQUISITION OF AFRICAN HARVEST / On 1 November 2006 the group acquired the entire share capital and claims of African Harvest Fund Managers (Pty) Ltd and African Harvest Collective Investments Limited ("African Harvest") for a consideration of R296.1 million.

OPERATIONAL REVIEW / Operating activities generated 78% (2005: 87%) of the group's total revenue of R330.2 million (2005: R270.8 million).

REVENUE ANALYSIS	December 2006		December 2005		Change	
	R'000	% of total	R'000	% of total	R'000	%
Securities	110 470	34	103 639	39	6 831	7
Structuring	53 120	16	70 810	26	(17 690)	(25)
Asset management	92 753	28	60 094	22	32 659	54
Gross operating revenue	256 343	78	234 543	87	21 800	9
Net return on investments	52 268	16	35 482	13	16 786	47
Foreign exchange gains	21 634	6	780	-	20 854	2 674
Net investment portfolio returns	73 902	22	36 262	13	37 640	104
Gross revenue	330 245	100	270 805	100	59 440	22

SECURITIES / Cadiz Securities increased revenue by 7% to R110.5 million (2005: R103.6 million) and continues to be the largest revenue contributor, accounting for 34% of group revenue.

The stockbroking team of Cadiz Securities benefited from the buoyant performance of the JSE. However, steadily rising equity markets during the year limited the level of activity in the equity derivatives market. Institutions and retirement funds were generally reluctant to hedge portfolios to lock in returns through derivative instruments, choosing to benefit from further upside potential in the market. Volatility levels were also low. Despite these factors, the equity derivatives team showed a pleasing increase in volumes.

The transition management team, which combines the industry's leading quantitative and research capabilities within Cadiz Securities, continued to entrench its offering. The team advises clients and facilitates the transfer and restructuring of asset portfolios between fund managers.

Prime broking exceeded expectations towards the end of its first year of operation and attracted several large clients. The prime broking team is establishing itself as the premier team in South Africa's growing hedge fund industry.

The transition management and prime broking businesses provide an opportunity for Cadiz Securities to broaden its client base and to cross-sell other financial services to these new clients.

Cadiz Securities was rated as the country's leading derivatives research and dealing team for an unsurpassed tenth consecutive year in 2006 in the annual Financial Mail analyst rankings.

The performance of Cadiz Securities was negatively affected by lower than anticipated revenue from the fixed income desk as a result of relatively subdued interest rate markets in the first half of the year. Institutional asset allocation to bonds remained low as the equity market continued to perform.

Volumes on the fixed income trading desk increased in the final quarter of 2006 as interest rates started to rise and this momentum has continued into the new year.

The current market conditions are favourable for the equity derivatives and stockbroking businesses.

STRUCTURING / Cadiz has in recent years diversified its structuring business across the corporate and retail markets. Cadiz's performance in corporate structuring through Cadiz Corporate Solutions ("CCS") and in retail through Cadiz Investment Products ("CIP") has shown pleasing revenue growth this year. However, structuring in the institutional market has been disappointing owing to lower volumes and declining market volatility.

Structuring revenue declined to R53.1 million (2005: R70.8 million) for the year under review.

CCS, the group's corporate advisory specialists, continues to break new ground in the corporate and parastatal markets with the innovative application of derivatives as a risk management tool. The strong performance of the equity market in recent years has led to the use of derivative strategies for the transfer of economic interests to BEE partners, while at the same time underpinning long-term shareholder relationships and the retention of BEE shareholding. CCS continues to leverage on its positioning to capitalise on the inevitable growth in BEE transactions by advising corporates, BEE consortia and funders alike. During the year CCS advised on a number of large BEE transactions.

CIP experienced its most successful year to date based on new fund inflows. The business is attracting increasing support from independent financial advisers and is making inroads into the small- to medium-sized retirement fund market. Product innovation remains a differentiator for CIP in this highly competitive sector of the market. CIP acquired four unit trust funds through African Harvest, increasing its range of unit trust funds to six. As the absolute return fund investment style gathers momentum among local investors, CIP is positioned for increased market penetration and continued strong growth in 2007.

ASSET MANAGEMENT / Asset management increased revenue by 54% to R92.8 million (2005: R60.1 million) and contributed 28% of total revenue. Total assets under management at year-end were R49.8 billion (2005: R16.5 billion).

The acquisition of African Harvest and its integration into Cadiz Specialised Asset Management has created one of the largest independent fund managers in the country. The combined business has been renamed Cadiz African Harvest Asset Management ("CAHAM"), acknowledging the strengths of both businesses and the brand equity among wholesale clients and staff.

The integration is going according to plan and the business is performing in line with expectations. The limited staff overlap in the businesses ensured that the teams were integrated within two months and jointly located in a new office adjacent to the Cadiz head office in Cape Town.

CAHAM now offers its clients and the South African market a full spectrum of asset management solutions, covering equity, fixed income, money market and absolute return funds.

The immediate priority is to cement the foundations of the new business while building on the investment processes to ensure sustainable long-term performance. This will ultimately determine the success of the merger and position Cadiz to grow and expand its asset management business.

INVESTMENTS AND CAPITAL / The acquisition of African Harvest created an opportunity for the group to utilise its capital base in the expansion of the business. A significant portion of the group's investment capital was applied to the acquisition, with R240.8 million being paid up front and a further R55.3 million deferred until the finalisation of the acquired assets and to retain staff. R22.9 million of the deferred consideration payable to staff over three years is being converted to equity with the same vesting period.

The remaining investment capital which totalled R272.3 million at year-end, has been applied as follows:

- R132.4 million is set aside for regulatory capital adequacy and working capital requirements, including the payment of taxation, dividends and capital reduction;
- R48.7 million is invested as seed capital in new asset management products and co-invested in in-house hedge funds;
- R58.8 million strategic investment in empowerment partner, Makana;
- R32.4 million is set aside for the outstanding amount payable for the African Harvest acquisition; and
- 31% of the group's investment capital is invested offshore as part of the strategy of currency diversification.

After utilising a significant portion of its capital base for the acquisition of African Harvest, the group has identified an ongoing need for capital to seed new businesses and investment products. The board has therefore decided to make a distribution of 20 cents per share which is covered approximately 2.5 times by earnings.

STRATEGY AND PROSPECTS / In line with the strategy of non-linear growth, the group will continue to utilise its capital base to invest for expansion. This will include seeding new businesses and investment products, possible further strategic acquisitions and, over time, expanding into Africa and offshore. The acquisition of African Harvest demonstrated the group's strategy of seeking acquisition opportunities to accelerate the growth of its core businesses and applying capital more efficiently to generate operational earnings.

The acquisition has created one of the largest independent fund managers in the country. While the integration has exceeded expectations in the short-term, we acknowledge that the process will take 12 to 18 months to complete.

Cadiz enters 2007 a more focused business on a sustainable growth path, and is well positioned for growth across its three core areas of business. The fledgling businesses of transition management and prime broking continue to gain traction and complement the established businesses.

The group plans to make a significant investment in marketing, brand awareness and business development in the years ahead.

BLACK ECONOMIC EMPOWERMENT / Cadiz's relationship with broad-based strategic empowerment partner Makana Investment Corporation ("MIC") continues to strengthen and goes way beyond equity ownership. The partnership has extended the group's network and has increased the deal flow for both parties. During the year Cadiz and Makana have jointly participated in deals, with CCS providing advisory services to Makana on strategic transactions. In 2006 Cadiz assisted Makana and provided secured funding to enable them to consolidate their shareholding. Chief executive Ram Barkai was subsequently appointed to the board of MIC, with Robbie Gonsalves, the managing director of CCS, as his alternate. Makana plans to increase its holding in Cadiz in the medium term.

CHANGES TO BOARD OF DIRECTORS / Ray Cadiz relinquished his executive role and was appointed non-executive chairman of Cadiz with effect from 14 November 2006. Colin Hall, who stood down as chairman, continues to serve as an independent non-executive director.

TREASURY SHARES / The share trusts purchased 8.7 million shares between 14 March 2006 and 21 June 2006 for an average price of 437.8 cents per share for pre-identified participants.

STAFF SHARE OPTIONS / During the year Cadiz awarded 23.1 million share options and share appreciation rights to current and newly-appointed staff. The effective dates of issue were between 1 January 2006 and 15 December 2006. The options vest at 20% per year from years three to seven. The weighted average strike price of the options is 428 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. The accounting policies are consistent with those applied in the annual financial statements for 31 December 2005 except for the adoption of IAS 39 (Amendment) – The Fair Value Option which became effective from 1 January 2006. This had no impact on prior year figures.

AUDIT REPORT / The results for the year have been audited by the group's auditors, PricewaterhouseCoopers Inc., and their unqualified audit report on the 31 December 2006 group annual financial statements and the abridged group financial statements contained herein, is available for inspection at the company's registered office.

DIVIDEND AND CAPITAL REDUCTION / Notice is hereby given of a distribution of 20.0 cents per ordinary share comprising a dividend of 3.0 cents per ordinary share, and a distribution of 17.0 cents per ordinary share payable out of share premium for the year ended 31 December 2006, in terms of the resolution approved by the shareholders at the annual general meeting held on Tuesday, 16 May 2006.

Last date to trade cum distribution: Thursday, 29 March 2007
Trading commences ex distribution: Friday, 30 March 2007
Record date: Thursday, 5 April 2007
Payment date: Tuesday, 10 April 2007

Share certificates may not be dematerialised or rematerialised between Friday, 30 March 2007 and Thursday, 5 April 2007, both dates inclusive.

In terms of the requirements of the Companies Act, the directors confirm that after the payment of the distribution, the company will be able to pay its debts as they become due in the ordinary course of business, and the company and the group's assets fairly valued exceed its liabilities.

On behalf of the board of directors

Ray Cadiz
Chairman

Ram Barkai
Chief Executive Officer

Cape Town
5 March 2007

	Audited 12 months 31-Dec-06 R'000	Audited 12 months 31-Dec-05 R'000
Gross operating revenue	256 343	234 543
Interest income	14 531	16 050
Net investment income	61 876	21 874
Net income from investments	40 242	21 094
Foreign exchange gains	21 634	780
Operating expenses	(180 184)	(146 059)
Operating profit	152 566	126 408
Finance costs	(2 505)	(1 662)
Profit before taxation	150 061	124 746
Taxation	(33 015)	(33 338)
Profit for the year	117 046	91 408
Reconciliation of headline earnings:		
Profit for the year	117 046	91 408
Goodwill impairment	2 603	3 050
Loss on disposal of equipment	57	93
Headline earnings	119 706	94 551
Issued number of shares ('000)	239 810	239 810
Consolidated number of shares ('000)	209 812	209 742
Weighted average number of shares ('000)	209 659	209 878
Diluted weighted average number of shares ('000)	225 670	228 863
Earnings per share (cents)		
Basic	55.8	43.6
Diluted	51.9	39.9
Headline earnings per share (cents)		
Basic	57.1	45.1
Diluted	53.0	41.3

group income statement

	Audited 31-Dec-06 R'000	Audited 31-Dec-05 R'000
ASSETS		
Non-current assets	478 657	306 437
Plant and equipment	7 609	7 521
Intangible assets	312 451	23 126
Deferred taxation	19 851	19 049
Financial assets	134 185	248 036
Receivables and prepayments	4 561	8 705
Current assets	1 191 146	284 672
Financial assets	38 287	118 754
Receivables and prepayments	1 062 247	48 173
Taxation	545	4 572
Cash and cash equivalents	90 067	113 173
Total assets	1 669 803	591 109
EQUITY		
Capital and reserves		
Ordinary share capital and premium	53 438	82 215
Treasury shares	(75 908)	(49 141)
Share-based payment reserve	11 073	4 365
Retained earnings	444 521	351 803
Total equity	433 124	389 242
LIABILITIES		
Non-current liabilities	54 729	30 776
Deferred taxation	14 787	726
Trade and other payables	39 942	30 050
Current liabilities	1 181 950	171 091
Trade and other payables	1 135 345	121 308
Taxation	20 469	37 926
Borrowings	26 136	-
Trading liabilities	-	11 857
Total liabilities	1 236 679	201 867
Total equity and liabilities	1 669 803	591 109
Net asset value (cents per share)	206	186
Net tangible asset value (cents per share)	55	166

group balance sheet

	Audited 12 months 31-Dec-06 R'000	Audited 12 months 31-Dec-05 R'000
Cash flow from operating activities	20 925	116 046
Cash generated from operations	78 142	160 880
Taxation paid	(40 257)	(7 908)
Dividend paid	(16 960)	(36 926)
Cash flow from investing activities	(5 949)	(31 641)
Cash flow from financing activities	(62 912)	(8 352)
Net change in cash and cash equivalents	(47 936)	76 053
Effect of exchange rate adjustment	(1 306)	119
Cash and cash equivalents at beginning of year	113 173	37 001
Cash and cash equivalents at end of year	63 931	113 173

abridged group cash flow statement

	Audited 12 months 31-Dec-06 R'000	Audited 12 months 31-Dec-05 R'000
Share capital, share premium and treasury shares		
Opening balance	33 074	39 815
Capital reduction	(25 439)	-
Sale of treasury shares on exercise of options	8 389	3 260
Purchase of treasury shares	(38 494)	(10 001)
	(22 470)	33 074
Reserves		
Opening balance	356 168	300 160
Sale of treasury shares on exercise of options	(7 368)	(1 610)
Employee share option scheme – value of services provided	6 708	3 136
Profit for the year	117 046	91 408
Dividend paid	(16 960)	(36 926)
	455 594	356 168
Total shareholders' funds	433 124	389 242

abridged group statement of changes in equity

CADIZ HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
("Cadiz", "the group" or "the company")
Registration number: 1997/007258/06
JSE share code: CDZ
ISIN: ZAE000017661
Company secretary: FC Shaw
E-mail: fraser.shaw@cadiz.co.za
Registered office: Ground Floor, Fernwood House, The Oval,
1 Oakdale Road, Newlands, 7700
PO Box 44547, Claremont, 7735
Directors: RFG Cadiz (Chairman)*, R Barkai (Chief Executive Officer) (Israeli), CA Hall*, BH Kent*, DM Lawrence*, NS Mjoli-Mncube*, SP Ngwenya*, SJ Saunders*, NS Buthelezi* (alternate)
(* Non-executive directors)
Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street, Johannesburg
PO Box 61051, Marshalltown, 2107
Sponsor: Investec Bank Limited