

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, please consult your banker, broker, legal advisor, accountant or other professional advisor immediately.

**The definitions on pages 3 and 4 apply, *mutatis mutandis*, to this front cover.**

### Recommended action

1. If you have disposed of all your shares in Cadiz Holdings Limited, please forward this Circular to the purchaser of such shares or the broker, CSDP, banker or other agent through whom the disposal was effected.
2. The General Meeting will take place at the offices of Cadiz Holdings Limited, Ground Floor, Fernwood House, The Oval, 1 Oakdale Road, Newlands, 7700 on Tuesday, 31 October 2006 at 10:30 for Cadiz shareholders to vote on the proposed transaction contained in the notice of the General Meeting which forms part of this Circular.
3. If you are a certified shareholder or an "own-named" dematerialised shareholder and are unable to attend the General Meeting and wish to be represented thereat you must complete and return the attached form of proxy for certificated shareholders and "own-name" dematerialised shareholders to the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), which forms, in order to be valid, must be received by them by no later than 10:30 on Friday, 27 October 2006.
4. Cadiz shareholders, who have dematerialised their Cadiz shares through a CSDP or broker, other than "own-name" dematerialised shareholders, and who wish to attend the General Meeting must request that their CSDP or broker provide them with necessary authorisation to attend the General Meeting. Should dematerialised shareholders, other than "own-name" dematerialised shareholders wish to vote at the General Meeting by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.



## CADIZ HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number: 1997/007258/06)  
Share code: CDZ ISIN: ZAE000017661  
("Cadiz" or "the company")

## CIRCULAR TO SHAREHOLDERS

relating to

- **the acquisition by Cadiz Holdings Limited, or its nominee, of 100% of African Harvest Fund Managers (Proprietary) Limited and African Harvest Collective Investments Limited.**

and incorporating

- **a notice convening a General Meeting of Cadiz shareholders; and**
- **a form of proxy for use by certificated and "own-name" dematerialised Cadiz shareholders only.**

### Sponsor



### Legal advisors



### Reporting accountants



Date of issue: 16 October 2006

Copies of this Circular, in English only, may be obtained from the registered office of the Company and the Company's professional advisors, whose addresses are set out in the "Corporate information" section of this Circular.

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## CORPORATE INFORMATION

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### Company secretary and registered office

F C Shaw  
Cadiz Holdings Limited  
Ground Floor, Fernwood House, The Oval  
1 Oakdale Road  
Newlands, 7700  
(PO Box 44547, Claremont, 7735 )

### Investment bank and sponsor

Investec Bank Limited  
100 Grayston Drive  
Sandton, 2196  
(PO Box 785700, Sandton, 2146)

### Reporting accountants on *pro forma* financial information of Cadiz

PricewaterhouseCoopers Advisory Services (Pty) Limited  
1 Waterhouse Place  
Century City, 7441  
(PO Box 2799, Cape Town, 8000)

### Date of incorporation

15 May 1997

### Place of incorporation

Johannesburg

### Legal advisers

Cliffe Dekker Inc  
1 Protea Place  
Sandown  
Sandton, 2196  
(Private Bag X7, Benmore, 2010)

### Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### Reporting accountants on historical financial information of AHFM and AHCI

Deloitte & Touche  
Registered Auditors  
Brookside, 11 Lansdowne Road  
Claremont, 7700  
(PO Box 578, Cape Town, 8000)

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## SALIENT DATES AND TIMES

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**2006**

Circular posted to Cadiz shareholders	Monday, 16 October
Last day to lodge forms of proxy for General Meeting by 10:30	Friday, 27 October
General Meeting to be held at 10:30	Tuesday, 31 October
Results of General Meeting released on SENS	Tuesday, 31 October
Results of General Meeting published in the press	Wednesday, 1 November

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**Notes:**

1. The definitions on pages 3 and 4 of this Circular apply, *mutatis mutandis*, to this information on salient dates and times.
2. These dates and times are subject to amendment and any such amendment will be released on SENS and published in the press.

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## DEFINITIONS

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Throughout this Circular and the annexures hereto, unless otherwise indicated, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words denoting one gender includes others, and words denoting natural persons include juristic persons and associations of persons:

“the Acquisition”	the Acquisition by Cadiz of 100% of AHFM from Holdings and 100% of AHCI from African Harvest;
“the Act”	the Companies Act, number 61 of 1973, as amended;
“African Harvest”	African Harvest (Proprietary) Limited (Registration number 2002/003947/07), whose registered address is 3rd Floor, The Terraces, 25 Protea Road, Claremont, 7700, is a private company duly incorporated according to the company laws of South Africa;
“AHCI”	African Harvest Collective Investments Limited (Registration number 2004/032263/06), a public company duly incorporated according to the company laws of South Africa;
“AHFM”	African Harvest Fund Managers (Proprietary) Limited (Registration number 1953/001254/07), a private company duly incorporated according to the company laws of South Africa;
“Associated Companies”	the holding company and/or subsidiaries or sub-subsidiaries of the holding company of a Party as contemplated in the Offer;
“Business Day”	any day of the week, excluding Saturday, Sunday and all South African official public holidays;
“this Circular”	this Circular, including all annexures;
“Cadiz”	Cadiz Holdings Limited (Registration number 1997/007258/06), a public company duly incorporated according to the company laws of South Africa;
“Claims”	total amount owing by the Companies to the Sellers on any account whatsoever (including but not limited to any shareholder’s loan made by the Sellers to the Companies) as at the Closing Date;
“Closing Date”	the last Business Day of the month in which the last of the conditions precedent are fulfilled;
“Companies”	AHFM and AHCI;
“the Competition Act”	the Competition Act, number 89 of 1998, as amended;
“CSAM”	Cadiz Asset Management (Proprietary) Limited (Registration number 1996/009475), a private company registered according to the company laws of South Africa, trading as Cadiz Specialised Asset Management;
“Directors”	the board of Directors of Cadiz, whose names appear on page 5 of this Circular;
“Effective Date”	the Effective Date of the Acquisition shall be the Closing Date;
“FSB”	the Financial Services Board, a statutory body established by the Financial Services Board Act (No. 97 of 1990);
“the General Meeting”	the General Meeting of Shareholders to be held at Cadiz Holdings Limited, Ground Floor, Fernwood House, The Oval, 1 Oakdale Road, Newlands, 7700 at 10:30 on Tuesday, 31 October 2006 to consider, and if deemed appropriate, to approve the Acquisition;

“Holdings”	African Harvest Fund Managers Holdings (Proprietary) Limited (Registration number 1999/018217/07), whose registered address is 3rd Floor, The Terraces, 25 Protea Road, Claremont, 7700, is a private company duly incorporated according to the company laws of South Africa;
“IFRS”	International Financial Reporting Standards;
“Investec Bank”	Investec Bank Limited (Registration number 1969/004763/06), a company duly incorporated according to the company laws of South Africa;
“JSE”	JSE Limited (Registration number 2005/022939/06), a company duly registered and incorporated with limited liability in accordance with the laws of South Africa, and licensed as an exchange under the Securities Services Act, 2004;
“Last Practicable Date”	5 October 2006, being the Last Practicable Date prior to the finalisation of this Circular;
“the Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time by the JSE;
“Key Employees”	those employees as identified by the Purchaser and notified to the Sellers in writing within 15 Business Days from the Signature Date;
“Metallon”	Metallon Capital (Proprietary) Limited (Registration number 2002/003540/07), a private company duly incorporated according to the company laws of South Africa;
“Minorities”	those individuals, being employees of AHFM or Associated Companies, who are holders of the Minority shares;
“Minority Shares”	the “A” class ordinary shares in the share capital of Holdings and the notional “B” shares in Holdings (the Phantom Shares) held by the Minorities or to which the Minorities are entitled;
“the Offer”	the Offer by Cadiz to acquire 100% of AHFM from Holdings and 100% of AHCI from African Harvest and the Minority Shares;
“Party” or “Parties”	the Sellers and the Purchaser; or if the context so requires either of them;
“Purchaser”	Cadiz or its nominee;
“Rand”	South African Rand;
“Resolutions”	the Resolutions reflected in the notice of General Meeting that is attached to this Circular;
“Sale of Shares Agreement”	the formal agreement of sale in terms of which the Purchaser will acquire the Sale Shares and the Claims from the Sellers;
“Sale Shares”	all the Sellers’ rights in and to the issued shares in the entire issued share capital of the Companies;
“Sellers”	Holdings, African Harvest and the Minorities jointly but not severally;
“SENS”	the Securities Exchange News Service of the JSE;
“Signature Date”	the date of last signature of the Offer;
“South Africa”	Republic of South Africa;
“Wierzycka”	Magdalena Francizka Wierzycka, with identity number 691014 0100 086; and
“Zatoka Trust”	the trustees for the time being of the Zatoka Trust, Master’s reference number IT984/2003.



## **CADIZ LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 1997/007258/06)

Share code: CDZ ISIN: ZAE000017661

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### **Directors**

C A Hall (*Chairman*)\*

R F G Cadiz (*Deputy Chairman*)

R Barkai (*Chief Executive*)

B H Kent\*

N S Mjoli-Mncube\*

S P Ngwenya\*

D M Lawrence\*

S J Saunders\*

N S Buthelezi (*Alternate*)\*

\*Non-executive

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## **CIRCULAR TO SHAREHOLDERS**

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### **I. INTRODUCTION**

It was announced on 4 September 2006 that Cadiz, had made the Offer, subject to the fulfillment of the conditions precedent, in terms of which it will acquire the entire issued share capital of and claims against AHFM from Holdings and the entire issued share capital of and claims against AHCI from African Harvest, for a total purchase consideration of R295 000 000 with effect from the Effective Date. In addition Cadiz will pay R3 000 000 as consideration for certain restraint, non-solicitation and goodwill undertakings provided by Metallon, Wierzycka and the Zatoka Trust. The Offer has been accepted by African Harvest, Holdings, Metallon, Wierzycka and the Zatoka Trust.

The tangible net asset value of the Acquisition as at the Effective Date had been warranted at R17 000 000.

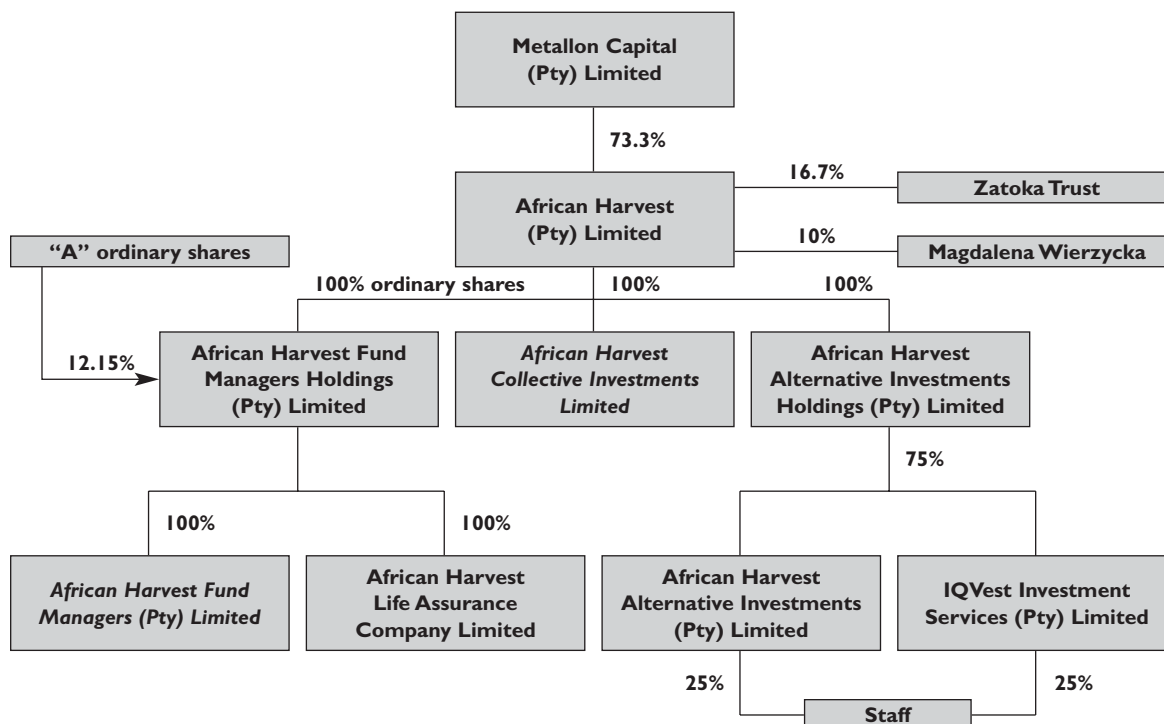
In terms of the Listings Requirements, the Acquisition is a category one transaction for Cadiz. The purpose of this Circular is to inform shareholders of the terms and conditions pertaining to the Acquisition and to convene a General Meeting of shareholders to consider and, if deemed necessary to, approve the Resolutions necessary to implement such Acquisition.

### **2. THE ACQUISITION**

#### **2.1 Information relating to the Acquisition**

AHFM is a registered financial services provider and asset manager with approximately R31.5 billion in funds under management. AHCI is a registered collective investment scheme management company. Both AHFM and AHCI are subsidiaries in the African Harvest Group of companies, which is in turn owned by Metallon, Wierzycka, the Zatoka Trust and the Minorities. The current organisational structure of African Harvest is set out in the diagram below:

## GROUP ORGANOGRAM



### Note:

African Harvest holds all the ordinary shares in Holdings. The "A" ordinary shares held by employees are entitled to 12.15% of the economic interest in Holdings, above a hurdle rate. Certain employees are entitled in terms of the notional "B" Phantom Shares to 8.35% of the economic interest in Holdings, above a hurdle rate.

There was no promoter in respect of this Acquisition nor did any Director have any beneficial interest, direct or indirect, in the Acquisition.

## 2.2 Rationale for the Acquisition

While Cadiz's strategy is based on organic growth, it will seek expansion opportunities as a means of maximising its capital base and accelerating the growth opportunities of its strategic business units. The Acquisition of AHFM has presented an attractive opportunity for Cadiz to further its growth plans and to entrench CSAM as a significant participant in the asset management arena in South Africa. CSAM, a wholly-owned subsidiary of Cadiz, was founded in 1997 focusing on achieving risk-adjusted returns using derivatives and highly sophisticated quantitative methods. CSAM assets under management were bulked up in 2003 through the acquisition of Prodigy-Coris Asset Management. CSAM's current assets under management are approximately R16 billion.

AHFM is an institutional asset management company which was established in late 1999. It is one of South Africa's ten largest asset managers, with approximately R31.5 billion in assets under management and a proven track record. AHFM's specialist equity fund management skills and investment process complements that of CSAM's and will create a unique multi-strategy specialised asset management company with just under R48 billion of assets under management. Cadiz has committed itself to retaining AHFM's entire investment team, and has obtained a signed commitment and lock-in of all key members of the team for a minimum period of three years. The lock-in has been priced into the purchase price. A further lock-in will be achieved through Cadiz's existing employee share scheme. A total of 34 employees will be retained as part of the Acquisition. Cadiz has further committed itself to preserving the team's investment process, its autonomy and style. This complements CSAM's existing business model which is based on multi-strategy, autonomous teams, all leveraging on a common infrastructure and a large skills pool. CSAM's existing infrastructure offers significant economies of scale to this transaction.

Frank Cadiz, the current MD of CSAM, will head up the combined asset management business. Magdalena Wierzycka, the current CEO of AHFM, will resign and will pursue her own interests with African Harvest Alternative Investments (Proprietary) Limited (to be renamed after the transaction is concluded). Appropriate restraint of trade, client non-solicitation and goodwill provisions have been agreed with Metallon, Wierzycka and Zatoka Trust.

The acquisition of the collective investment scheme manager, AHCI, will have significant benefits for Cadiz's Investment Products team, which focuses specifically on developing innovative absolute return solutions for the retail and small pension funds market. All systems and services required for the newly acquired assets and investment team are secured under comprehensive service level agreements with the relevant parties.

### 2.3 Purchase consideration

The purchase price payable to Holdings and African Harvest of R243 024 275 is to be allocated as follows:

- for AHFM, the amount of R234 024 274;
- for AHCI, the amount of R1.00;

Cadiz shall also

- acquire the Minority Shares for a net amount of R26 680 543 from employees that remain in the employ of Fund Managers after the Effective Date and on-sell these to African Harvest for an amount of R1 215 000, cum dividend,
- on behalf of Fund Managers, make payments in respect of the notional "B" Phantom Shares as follows:
  - to employees who hold Phantom Shares and who will remain in the employ of Fund Managers after the Effective Date, an amount of R10 364 971;
  - to African Harvest Alternative Investments (Pty) Ltd for the benefit of the employees who hold Phantom Shares and who will not be employed by Fund Managers after the Effective Date, an amount of R3 158 077;
  - to Metallon an amount of R14 246 799 on the Effective Date.

The total purchase consideration above amounts to R297 474 665, before any tax benefits. The after tax purchase consideration amounts to R294 337 318 which compensates for the reduction in the original warranted tangible net asset value.

Holdings has two employee share schemes in place, an "A" scheme consisting of ordinary "A" shares in Holdings, and a "B" phantom share scheme in AHFM based on the valuation of Holdings. African Harvest owns 100% of the ordinary shares in Holdings, although its economic interest is reduced after taking the Minority Shares into consideration. Cadiz is using a portion of the purchase consideration to settle Holdings and AHFM's obligations in respect of the Minority Shares.

80% of the purchase price payable to Holdings and the full amount due to African Harvest is payable on the Effective Date and the balance, less an amount of R30 000 000, is payable within 10 business days of the Effective Date. Interest is payable at the overnight call rate on all amounts not paid on the Effective Date. The Sellers warrant that the audited tangible net asset value on the Effective Date will be at least R16 337 318, and the R30 000 000 will be held in reserve to cover any purchase price adjustments in the event that the R16 337 318 audited tangible net asset value warranty is breached. The tangible net asset value will be audited within sixty days of the Closing Date.

Cadiz will fund the Acquisition from its own resources. A short-term facility has been negotiated to ensure that other investments in the shareholder portfolio can be liquidated in an orderly manner, if and when required.

Note that the liabilities for the accrued taxes in AHFM and AHCI will be settled from the resources of AHFM and AHCI.

## 3. PROSPECTS OF CADIZ SUBSEQUENT TO THE ACQUISITION

Cadiz conducts its asset management activities through CSAM. CSAM is a specialist asset manager focusing on achieving risk-adjusted returns using derivatives and highly sophisticated quantitative methods. Its mandates are primarily for the managing of capital preservation and hedge fund assets. Conventional long-only equity, bond and money-market mandates, although considered a growth area, still account for a small portion of the assets under management.

AHFM's specialist equity fund management skills and investment process will compliment those of CSAM's and create a unique multi-strategy specialised asset management company, which will have an estimated R48 billion of assets under management. AHFM presents an attractive opportunity for CSAM to further its growth plans in the conventional long-only space and in equities in particular. This should enable CSAM to entrench itself as a significant participant in the South African asset management arena. CSAM's existing business model is based on multi-strategy, autonomous teams, all leveraging on a common infrastructure and a large skills pool. As a consequence, CSAM's existing infrastructure will result in significant economies of scale.

The acquisition of AHCI will also have significant benefits for Cadiz's Investment Products team, which focuses specifically on developing innovative absolute return solutions for the retail and small pension funds market. The required systems and services for the newly acquired assets and investment team have been secured under comprehensive service level agreements with the relevant parties.

#### **4. WARRANTIES**

Warranties and indemnities normal in transactions of this nature were provided by the Sellers.

#### **5. CONDITIONS PRECEDENT**

The Acquisition is subject to the following conditions precedent:

- 5.1** all regulatory and legislative approvals (including Competition Commission and the FSB);
- 5.2** Cadiz shareholder approval, as may be required by the Listing Requirements and sought in terms of this Circular;
- 5.3** the conclusion of a comprehensive Sale of Shares agreement on the terms and conditions of the Offer, including such other terms, conditions and warranties that are normal in transactions of this nature;
- 5.4** the conclusion of employment agreements with the Key Employees of AHFM;
- 5.5** the conclusion of the following agreements with Metallon, Wierzycka and the Zatoka Trust and/or other companies in the African Harvest Group, which agreements are necessary for the successful continuation of the businesses conducted by AHFM and AHCI:
  - 5.5.1** a License Agreement between IQVest Investment Services (Pty) Limited (a subsidiary in the African Harvest group of companies) and AHFM regarding proprietary software used by AHFM in its business;
  - 5.5.2** a Support and Maintenance Agreement in respect of the License Agreement referred to in 5.5.1 above;
  - 5.5.3** an Agreement between AHFM and African Harvest Life Assurance Company ("AHLAC") (a subsidiary in the African Harvest group of companies) Limited and Associated Companies for the use of AHLAC's life license and products; and
  - 5.5.4** a Services Agreement between AHFM and African Harvest Alternative Investments (Pty) Limited (a subsidiary in the African Harvest group of companies) for the provision of ongoing risk management services, performance reporting, database management and quantitative tools; and
- 5.6** Metallon, Wierzycka and the Zatoka Trust, the shareholders in African Harvest ("the Restraintees") concluding appropriate restraints of trade in terms of which they shall be restrained for a period of one year from the Closing Date, during which period the Restraintees are prevented from competing with the business of AHFM and AHCI, from soliciting or enticing their clients away, and from soliciting their employees. The Restraintees undertake to observe the utmost good faith towards the businesses of AHFM and AHCI, and undertake to encourage the retention of funds under management. The Restraintees are not prevented from continuing the business currently conducted by African Harvest Alternative Investments (Pty) Limited and/or African Harvest Life Limited. The Restraintees are to be paid R3 000 000 in aggregate for their restraint undertakings.

The basic terms and conditions of the agreements referred to in 5.3 to 5.6 were agreed to in the Offer or elsewhere, and the formal conclusion of these agreements were conditions precedent to the Offer and the Acquisition. These agreements were concluded (and the conditions precedent in respect thereof were duly fulfilled) by 30 September 2006, being the due date for the fulfilment thereof. Competition commission approval for the Acquisition was granted on 5 October 2006.

#### **6. FINANCIAL INFORMATION**

##### **6.1 Unaudited *pro forma* financial effects**

The unaudited *pro forma* financial effects of the Acquisition are the responsibility of the Directors of Cadiz and are presented for illustrative purposes only to provide information about how the Acquisition might have impacted on the financial position and results of Cadiz had the Acquisition occurred at an earlier date. Because of the nature of the *pro forma* consolidated balance sheet and income statement, they may not fairly present Cadiz's financial position, results of operations or cash flows after the Acquisition.

The unaudited *pro forma* consolidated balance sheet and income statement of Cadiz are contained in Annexure I to this Circular. They are based on the unaudited consolidated balance sheet and income statement of Cadiz at 30 June 2006 and show the *pro forma* effects of the Acquisition. The unaudited consolidated balance sheet and income statement of Cadiz before the Acquisition and the adjusting information of AHFM and AHCI both cover periods of the same length.

The independent reporting accountants' report on the unaudited *pro forma* financial information (*pro forma* financial effects and *pro forma* consolidated balance sheet and income statement) of Cadiz is set out in Annexure 2 to this Circular.

The unaudited *pro forma* financial effects of the Acquisition on the earnings, headline earnings, net asset value and tangible net asset value (net asset value excluding intangible assets) per share are set out in the table below and should be read in conjunction with the notes and the unaudited *pro forma* consolidated balance sheet and income statement of Cadiz set out in Annexure 1 to this Circular.

	Notes	Unaudited Before the Acquisition (cents) <sup>(1)</sup>	Unaudited <i>Pro forma</i> After the Acquisition (cents)	Change (%)
Earnings per share ("EPS")				
– Basic	2	29.5	27.3	(7.5)
– Diluted	2	27.1	25.1	(7.4)
Headline earnings per share ("HEPS")				
– Basic	2	30.2	28.0	(7.3)
– Diluted	2	27.8	25.8	(7.2)
Net asset value per share ("NAV")	3	178.7	178.7	–
Tangible net asset value per share ("TNAV")	3	161.8	26.8	(83.4)

**Notes:**

- (1) As per the published unaudited interim results of Cadiz for the six months ended 30 June 2006.
- (2) The EPS and HEPS as set out in the *Pro forma* "After" column of the table are based on the combined unaudited published income statement of Cadiz and the unaudited management accounts of AHFM and AHCI for the six months ended 30 June 2006, after adjusting for the following:
- 2.1 investment income for the six months has been reduced by an after-tax amount of R15 699 000 calculated as follows:
    - 2.1.1 the interest rate on the deferred portion of the purchase price is 7.39% per annum based on the agreement entered into with the parties concerned;
    - 2.1.2 the interest rate of the facility used to finance the additional working capital requirements of the group is 6.72% based on the agreement with the funder; together with a facility fee of R500 000;
    - 2.1.3 it is assumed that the purchase price payable within the first six months, including estimated transaction costs of R1 500 000, will be settled proportionately out of the cash and cash equivalents and financial assets in existence at 1 January 2006 and the pre-tax interest income (R3 467 000), net income from investments (R4 118 000) and foreign exchange gains (R8 380 000) have been adjusted accordingly;
    - 2.1.4 the assumed investments realised in order to settle the purchase price at 1 January 2006 may have been different at the time and it should be noted that the above adjustment of R15 699 000 would have been R7 319 000 had foreign exchange gains not been included and the resultant impact would have been as follows:
      - 2.1.4.1 Basic EPS "After" 31.3 cents, up 6.1%;
      - 2.1.4.2 Basic HEPS "After" 32.0 cents, up 6.0%; and
  - 2.2 includes a R3 235 000 after-tax cost in respect of amortisation of the identified intangible assets acquired as part of the transaction;
  - 2.3 excludes a R2 519 000 after-tax cost of the notional "B" Phantom Share scheme as this scheme will be terminated in terms of the transaction;
  - 2.4 excludes the R1 633 000 after-tax salary cost of specific staff identified to be excluded from the transaction; and
  - 2.5 includes a R177 000 after-tax loss transferred from non-distributable reserves to the income statement to bring the accounting policy for the treatment of gains and losses on investments in line with that of Cadiz. AHFM and AHCI treated their listed investments as "available for sale" and recorded any mark to market movements through reserves whereas Cadiz treats all investments as "at fair value through profit and loss" and records the mark to market movements through the income statement.
- (3) The NAV and NTAV as set out in the *Pro forma* "After" column of the table are based on the combined unaudited balance sheets of Cadiz, AHFM and AHCI at 30 June 2006, after adjusting for the following:
- 3.1 the net asset value has been increased by R2 519 000 in respect of the notional "B" Phantom Share scheme referred to in 2.3 above;
  - 3.2 actual NAV at 30 June 2006 has been increased by R4 632 000 to R17 000 000 as the transaction agreement allows for a purchase price adjustment should the NTAV be lower than R17 000 000 at the Effective Date. The purchase price has not been adjusted as it is probable that the NTAV will exceed R17 000 000 at the Effective Date.

## 6.2 Historical financial information on the Acquisition

The historical financial information of AHFM and AHCI has been set out in Annexures 4 and 5, to this Circular, respectively.

The independent reporting accountants report on the historical financial information of AHFM and AHCI has been set out in Annexures 6 and 7, to this Circular, respectively.

## 6.3 Material loans

Cadiz and its subsidiaries have one material loan, as detailed below:

Lender: Investec Bank

Borrower: Cadiz Special Projects Limited, a wholly-owned subsidiary of Cadiz

Amount: up to R50 000 000

Salient terms: The loan facility will be used to cover any working capital requirements as a result of the Acquisition. The loan facility bears interest at rates to be determined from Investec Bank's corporate call book, and is available for an initial period of twelve months from the Effective Date subject to an annual credit review. The loan is secured by certain of Cadiz's assets which are acceptable to Investec Bank, subject to an asset to loan ratio of at least 1.3. The loan does not contain any conversion rights.

Neither AHFM nor AHCI has any material loans.

Cadiz and its subsidiaries, AHFM and AHCI do not have debt which is repayable within twelve months.

## 7. WORKING CAPITAL STATEMENT

The Directors of Cadiz are of the opinion and have reasonable grounds for believing that subsequent to the implementation of the Acquisition:

- Cadiz and its subsidiaries will be able, in the ordinary course of business, to pay their debts for a period of twelve months following the issue of this Circular;
- the assets of Cadiz and its subsidiaries will be in excess of the liabilities of Cadiz and its subsidiaries for a period of twelve months following the issue of this Circular. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- the share capital and reserves of Cadiz and its subsidiaries will be adequate for the ordinary business purposes for a period of twelve months following the issue of this Circular; and
- the working capital of the Cadiz and its subsidiaries will be adequate for ordinary business purposes for a period of twelve months following the issue of this Circular.

## 8. MATERIAL CHANGES

The Directors report that there have been no changes in the controlling shareholders and the trading objects of Cadiz and its subsidiaries, during the previous five years.

The Directors report that, since the publication of the unaudited interim results for Cadiz and its subsidiaries for the six months ended 30 June 2006, there have been no material changes in the financial or trading position of Cadiz and its subsidiaries between 30 June 2006, the date of the last interim financial results, and the Last Practicable Date.

The Directors report that, since the review of the interim results for AHFM and AHCI for the six months ended 31 March 2006, there have been no material changes in the financial or trading position of AHFM and AHCI between 31 March 2006, the date of the last interim financial results, and the Last Practicable Date.

## 9. SHARE CAPITAL

The authorised and issued share capital of Cadiz, at 30 June 2006, is set out below:

	<b>R'000</b>
<b>Authorised</b>	
1 000 000 000 ordinary shares of 1 cent each	10 000
<b>Issued</b>	
239 809 524 ordinary shares of 1 cent each	2 398

There will be no changes to the authorised and issued share capital of Cadiz as a result of the Acquisition.

## 10. DIRECTORS AND DIRECTORS' INTERESTS

### 10.1 Non-executive and executive Directors and key management

The names, ages, qualifications, business addresses and functions of the current Directors and key management of Cadiz and its material subsidiaries are set out in the table below:

<b>Name</b>	<b>Business address</b>	<b>Function</b>
C A Hall (67) BA (Hons) (Law) (Unisa), B Iuris (UP)	9 Rouwkoop Road Rondebosch	Independent non-executive Chairman
R F G Cadiz (43) BSc (Hons) (Econ) (Summa Cum Laude) (Natal), Msc (Econ) (Oxon), CFA, FIFM, Harvard OPM 28 JSE Registered Person's Exams	Ground floor, Fernwood House The Oval, 1 Oakdale Road Newlands	Executive Deputy Chairman
R Barkai (48) BSc (Hons) Computer Science and Maths (Institute of Science Israel)	Ground floor, Fernwood House The Oval, 1 Oakdale Road Newlands	Chief executive officer
B H Kent (61) BCom, FCMA, CA(SA), H Dip (Tax), H Dip (Company Law)	30 Electron Avenue, Isando	Independent non-executive director
N S Mjoli-Mncube (47) BA (Fort Hare), Masters in City and Regional Planning (UCT), Certificate in Finance (Wharton Business School), ELP (Harvard)	1570 High Street, Highgate Village Dainfern	Independent non-executive director
S P Ngwenya (52) BCom (Hons)	EPPC, Eastwood Office Park Makana House, 11B Riley Road Bedfordview	Non-executive director
S J Saunders (47) BA (Econ) (UCT), MA (Agri Sc) (Oxon), MBA (UCT)	Amanzimnyama Hill, Tongaat	Independent non-executive director
D M Lawrence (55) BA (Econ) (Wits), BA (Econ) (Hons), MCom	100 Grayston Drive, Sandown Sandton	Non-executive director

<b>Name</b>	<b>Business address</b>	<b>Function</b>
N S Buthelezi (45) BCom (Unisa), BCom (Econ) (Hons) (UCT), Corporate Governance Diploma (GIMT)	5 Clair Street, Lynnwood Glen East Pretoria	Non-executive director*
D Ahern (45) BSc (Civ Eng) UCT, (Hons) (B&A) (Stell) MBA (Stell), MIFM	Ground Floor; Fernwood House The Oval, 1 Oakdale Road Newlands	Executive Decision Forum Joint Managing Director Cadiz Securities
F M L Cadiz (39) BSc (Hons) (Econ) (Summa Cum Laude) (Natal). MSc (Econ) (Oxon), FIFM, CFA	Ground Floor; Fernwood House The Oval, 1 Oakdale Road, Newlands	Executive Decision Forum Managing Director Cadiz Asset Management
J L Donaldson (46) BA, BBibl (Hons), Information Management	Ground Floor; Fernwood House The Oval, 1 Oakdale Road Newlands	Executive Decision Forum Head: Human Resources
R Gonsalves (43) BCom, BCom (Hons) (Financial Management) (UCT), CA (SA), CIA	Ground Floor; Fernwood House The Oval, 1 Oakdale Road Newlands	Executive Decision Forum Managing Director Cadiz Corporate Solutions
T T Tembo (33) Dip French & Politics (University of Strasbourg), LLB (Hons) (Reading), Post Grad Dip (LPC) (Oxford Institute of Legal Practice), MSc (Finance, Regulation and Risk Management) ISAM Centre, MIFM	Ground Floor; Fernwood House The Oval, 1 Oakdale Road Newlands	Executive Decision Forum Director Cadiz Securities
E A Jones (41) BCom (Hons) (Acc) (Wits) CA (SA) LLB (Wits), LLM (UCT), CFA	Ground Floor; Fernwood House The Oval, 1 Oakdale Road Newlands	Executive Decision Forum* Managing Director Cadiz Investment Products
KT Morley (42) BSc (Chem Eng) (Natal), MBA (UCT), CFA, MIFM	Ground Floor; Fernwood House The Oval, 1 Oakdale Road Newlands	Executive Decision Forum* Joint Managing Director Cadiz Securities
F C Shaw (46) BCom (Rhodes), CA (SA)	Ground Floor; Fernwood House The Oval, 1 Oakdale Road Newlands	Executive Decision Forum* Chief Financial Officer

\* Alternate.

## 10.2 Directors' emoluments and benefits

Details of Directors' emoluments and benefits for the 2005 financial year as per the audited financial statements are set out below:

Director	Remuneration	Bonus~	Pension and medical aid	Other benefits	Total
	R	R	R	R	
<b>Executive</b>					
R F G Cadiz	874 642	2 600 000	170 740	23 744	<b>3 669 126</b>
R Barkai*	381 233	–	63 374	8 103	<b>452 710</b>
<b>Total</b>	<b>1 255 875</b>	<b>2 600 000</b>	<b>234 114</b>	<b>31 847</b>	<b>4 121 836</b>

\* Appointed 1 August 2005.

~ Bonus paid in March 2005.

Director	Directors' fees		Other fees	Total
	R	R		
<b>Non-executive</b>				
C A Hall #	154 500	120 000	–	274 500
B H Kent	236 900	–	–	236 900
D M Lawrence **	70 297	–	–	70 297
N S Mjoli-Mncube	82 400	–	–	82 400
S P Ngwenya	70 297	–	–	70 297
S J Saunders	175 100	–	–	175 100
N S Buthelezi	–	–	–	–
<b>Total</b>	<b>789 494</b>	<b>120 000</b>	<b>–</b>	<b>909 494</b>

# The other fees paid to C A Hall relate to consultancy services with regards to the running of the 2005 Cadiz group strategy weekend.

\*\* Fees to Investec Bank Limited.

All of the above payments have been made by a subsidiary company of Cadiz, Cadiz Special Projects Limited.

There will be no variation in the remuneration of any of the Directors of Cadiz as a consequence of the Acquisition.

The executive Directors of Cadiz have entered into standard employment contracts. None of the non-executive Directors of Cadiz have entered into service contracts with Cadiz.

## 10.3 Directors' interests in securities

At the Last Practicable Date, the Directors of Cadiz, in aggregate, were interested in 66 551 085 Cadiz shares. The details of the individual interests of the Cadiz Directors in Cadiz shares at the Last Practicable Date are set out in the table below:

Director	Beneficial		Non-beneficial		Total	Percentage of total issued shares
	Direct	Indirect	Direct	Indirect		
C A Hall <sup>(1)</sup>	15 000	–	–	–	15 000	0.0
R F G Cadiz	1 600 000	35 044 958	–	–	36 644 958	15.3
R Barkai <sup>(2)</sup>	120 000	5 537 712	–	–	5 657 712	2.4
B H Kent	–	452 920	–	–	452 920	0.2
D M Lawrence	–	–	–	–	–	–
N S Mjoli-Mncube	–	–	–	–	–	–
S P Ngwenya <sup>(3)</sup>	–	2 681 690	–	19 974 867	22 656 557	9.4
S J Saunders	–	271 746	–	–	271 746	0.1
N S Buthelezi <sup>(3)</sup>	–	852 192	–	–	852 192	0.4
<b>Total</b>	<b>1 735 000</b>	<b>44 841 218</b>	<b>–</b>	<b>19 974 867</b>	<b>66 551 085</b>	<b>27.8</b>

- (1) C A Hall sold 200 000 shares between the financial year-end and the Last Practicable Date.
- (2) R Barkai purchased 1 200 000 shares and transferred 2 600 000 shares from direct beneficial to indirect beneficial between the financial year-end and the Last Practicable Date.
- (3) The shareholdings indicated in the "Indirect beneficial" column reflect the effective shareholdings which these Directors hold through Makana Financial Services (Pty) Limited ("Makana"). The shareholding of the respective Directors indicated in the "indirect non-beneficial" column reflects the balance of the 23 508 749 Cadiz shares held by Makana, which are under the control of the respective Cadiz Directors in their capacities as Directors of Makana.

#### 10.4 Directors' share options

4 000 000 share options were granted to the Directors of the Company in 2006. Share options are granted to Directors on the same terms and conditions as those offered to other employees of the Group.

Director	Number of options				Option Price (R)	Date received	Expiry date
	At 31/12/2005	Taken up during 2006	Granted during 2006	At 30/06/2006			
R F G Cadiz	–	–	–	–	–	–	–
R Barkai	1 200 000	1 200 000	–	–	0.88	26/01/2001	25/06/2008*
	1 200 000	–	–	1 200 000	0.88	26/01/2001	25/06/2008*
	400 000	–	–	400 000	0.88	01/01/2002	01/01/2010*
	–	–	800 000	800 000	4.30#	10/04/2006	06/04/2009
	–	–	800 000	800 000	4.30#	10/04/2006	06/04/2010
	–	–	800 000	800 000	4.30#	10/04/2006	06/04/2011
	–	–	800 000	800 000	4.30#	10/04/2006	06/04/2012
	–	–	800 000	800 000	4.30#	10/04/2006	06/04/2013

\* These expiry dates are three years after vesting.

# The strike price increases by notional interest at the SARS fringe benefit tax interest rate, less any distributions by the company between issue date and vesting date.

The non-executive Directors do not participate in the share incentive scheme.

#### 10.5 Directors' interests in transactions

The Directors of Cadiz have no direct or indirect beneficial interest in the Acquisition or in transactions effected by the Company during the current financial year or in the preceding financial year or during any earlier financial year and which remain in any respect outstanding or unperformed.

### 11. MAJOR SHAREHOLDERS

Details of beneficial holders, other than Directors, of 5% or more of the issued Cadiz shares, at the Last Practicable Date, are shown in the table below:

Shareholder	Number of shares held	Percentage holding
Investec Bank Limited	33 691 332	14.0
Makana Financial Services (Pty) Limited~	23 508 749	9.8
Royaume Investment Trust#	22 000 000	9.2
Share Trusts *	21 494 292	9.0
Bateleur Trust#	13 044 958	5.4

~ This includes the interests of S P Ngwenya and N S Buthelezi disclosed in 10.3 above.

# This includes the interest of R F G Cadiz disclosed in 10.3 above.

\* Share trusts represent the shareholdings of Cadiz Holdings Limited Employees Share Trust and Cadiz Black Economic Empowerment Trust. In terms of the Listings Requirements the Share Trusts will not have their votes taken into account for resolution approval purposes and will therefore not be permitted to vote at the General Meeting.

Other than the shareholders listed above, the Directors of Cadiz are not aware of any other shareholders, other than Directors, who hold in excess of 5% of Cadiz's issued shares at the Last Practicable Date. Cadiz does not have a controlling shareholder.

## **12. LITIGATION**

There are no material legal or arbitration proceedings which may have, or have had, in the past twelve months, a material effect on the financial position of Cadiz and its subsidiaries or AHFM or AHCI, nor are the Directors of Cadiz aware of any such proceedings that are pending or threatened.

## **13. DIRECTORS' OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS**

The board of Directors of Cadiz is of the opinion that the terms and conditions of the Acquisition are fair and reasonable and that the implementation of the Acquisition will be to the long term benefit to shareholders. Accordingly, the board of Directors of Cadiz recommends that shareholders vote in favour of the Resolutions to be proposed at the General Meeting to approve the Acquisition.

The Directors of Cadiz with interests in the company intend to vote in favour of the Resolutions to be proposed at the General Meeting to approve the Acquisition.

## **14. MATERIAL CONTRACTS**

Cadiz and its subsidiaries, AHFM and AHCI have not entered into any material contracts, which are not in the ordinary course of business, during the two years prior to the Last Practicable Date.

Cadiz and its subsidiaries, AHFM and AHCI have not entered into any other contracts that contain a material obligation or settlement clause as at the date of this Circular.

## **15. RELATED PARTY**

In terms of the Listings Requirements the Acquisition is not regarded as a related party transaction.

## **16. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors of Cadiz, whose names appear on page 5 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular, and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular false or misleading. They have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required by the Listings Requirements.

Each of the Directors has individually appointed F C Shaw, the company secretary of Cadiz, as his agent to sign this Circular on his behalf.

## **17. GENERAL MEETING OF SHAREHOLDERS**

Included in this Circular is a notice of General Meeting of shareholders to be held at the registered office of Cadiz, Ground Floor, Fernwood House, The Oval, 1 Oakdale Road, Newlands, 7700 on Tuesday, 31 October 2006 at 10:30 for the purpose of considering and, if deemed appropriate, passing the requisite Resolutions to approve and implement the Acquisition.

A form of proxy, only for the use of registered shareholders in Cadiz and the holders of dematerialised shares registered in their own name, who are unable to attend the General Meeting of shareholders, is attached to and forms part of this Circular.

Cadiz shareholders, who have dematerialised their Cadiz shares with their CSDP or broker and have not elected own name registration, and who wish to attend and vote at the General Meeting as detailed above must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend and vote at the General Meeting in terms of the custody agreement entered into between them and the CSDP or broker.

Cadiz shareholders who have dematerialised their Cadiz shares with their CSDP or broker and have not elected own name registration, and who wish to vote by way of proxy must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker.

At the date of this Circular, shareholders representing 60.26% of Cadiz's shareholding have indicated their irrevocable support for the proposed Acquisition.

## 18. CONSENTS

The legal advisers, auditors and reporting accountants and sponsor in respect of Cadiz, have consented in writing to act in the capacities stated and to their names being stated in this Circular and had not, prior to the Last Practicable Date, withdrawn their consents to the inclusion of their names.

## 19. ESTIMATED COSTS

The costs of the Acquisition are estimated at approximately R1 449 000 and comprise:

Description	R
Independent reporting accountants and auditors' fees	190 000
Legal and tax advisers' fees	410 000
Sponsor fees	200 000
Due diligence fees	410 000
Competition Commission fees	75 000
Public relations, printing and publication costs	146 000
JSE documentation fees	18 000
<b>Total</b>	<b>1 449 000</b>

These costs will be borne by Cadiz. The amounts are exclusive of Value-Added Tax. The estimated total cost including stamp duty is R2 050 000, which is R550 000 higher than the R1 500 000 estimated transaction costs assumed in the unaudited *pro forma* financial effects.

## 20. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof will be available for inspection by shareholders from the date of posting of this Circular for a period of 14 days, during normal business hours on business days at the registered office of Cadiz in Cape Town and at the business address in Johannesburg, being 31 West Street, Lower Houghton:

- the Sale of Shares Agreement;
- the memorandum and articles of association of Cadiz;
- the audited financial statements of Cadiz for the last three financial years ended 31 December 2005;
- the independent reporting accountants' report on the unaudited *pro forma* financial information (*pro forma* financial effects and *pro forma* consolidated balance sheet and income statement) of Cadiz as set out in Annexure 2 to this Circular;
- the independent reporting accountants' report on the historical financial information of AHFM and AHCI as set out in Annexures 6 and 7, respectively, to this Circular;
- this Circular approved by the Directors of Cadiz;
- the shareholders' letters indicating their irrevocable support for the proposed acquisition;
- consent letters of the legal advisers, auditors and reporting accountants and sponsor of Cadiz;
- the appointment of F C Shaw, the company secretary of Cadiz, to sign this Circular on behalf of each of the Directors of Cadiz;
- financial statements for AHFM for the past three financial years ended 30 September 2005; and
- financial statements for AHCI for the financial year ended 30 September 2005.

On behalf of the board

### **F C Shaw**

*Company Secretary*

Cape Town  
16 October 2006

## UNAUDITED PRO FORMA FINANCIAL INFORMATION OF CADIZ

The unaudited *pro forma* consolidated balance sheet and income statement are the responsibility of the Directors of Cadiz and are presented for illustrative purposes only to provide information about how the Acquisition might have impacted on the financial position and results of Cadiz had the Acquisition occurred at an earlier date. Because of the nature of the *pro forma* consolidated balance sheet and income statement, they may not fairly present Cadiz's financial position, results of operations or cash flows after the Acquisition.

### UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

	Unaudited Before the Acquisition R'000	Adjustments R'000	Unaudited <i>Pro forma</i> After the Acquisition R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>227 171</b>	<b>291 908</b>	<b>519 079</b>
Property, plant and equipment	6 928	1 009	7 937
Intangible assets	–	28 778	28 778
Goodwill	23 396	261 319	284 715
Deferred taxation	17 196	802	17 998
Financial assets	174 069	–	174 069
Receivables and pre-payments	5 582	–	5 582
<b>Current assets</b>	<b>340 896</b>	<b>(179 138)</b>	<b>161 758</b>
Financial assets	155 861	(138 236)	17 625
Receivables and pre-payments	95 096	12 673	107 769
Taxation	314	–	314
Cash and cash equivalents	89 625	(53 575)	36 050
<b>Total assets</b>	<b>568 067</b>	<b>112 770</b>	<b>680 837</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>373 993</b>	–	<b>373 993</b>
Capital and reserves	53 438	–	<b>53 438</b>
Treasury shares	(77 054)	–	(77 054)
Share-based payment reserve	7 128	–	7 128
Retained earnings	390 481	–	390 481
<b>Non-current liabilities</b>	<b>22 908</b>	<b>42 493</b>	<b>65 401</b>
Trade and other payables	17 733	34 094	51 827
Deferred taxation	5 175	8 399	13 574
<b>Current liabilities</b>	<b>171 166</b>	<b>70 277</b>	<b>241 443</b>
Taxation	15 727	7 970	23 697
Trade and other payables	147 269	62 307	209 576
Trading liabilities	8 170	–	8 170
<b>Total liabilities</b>	194 074	112 770	306 844
<b>Total equity and liabilities</b>	<b>568 067</b>	<b>112 770</b>	<b>680 837</b>
Net asset value per share (cents)	178.7	–	178.7
Tangible net asset value per share (cents)	161.8	(135.0)	26.8
Number of shares in issue ('000)	239 810	–	239 810
Number of shares in issue net of treasury shares ('000)	209 229	–	209 229

**NOTES:**

1. The unaudited balance sheet, as set out in the "Before the Acquisition" column of the table, has been extracted from the unaudited interim results of Cadiz for the six months ended 30 June 2006.
2. The unaudited *pro forma* balance sheet, as set out in the "After the Acquisition" column of the table, is based on 239 809 524 shares in issue and the assumption that the acquisition was effective 30 June 2006.
3. The difference of R261 319 000 between the Consideration of R299 500 000, including directly attributable transaction costs of R1 500 000, and the fair value of R38 181 000 of the net assets acquired from the Sellers, including R28 778 000 of identifiable intangible assets as required by IFRS 3: *Business Combinations*, has been treated as Goodwill and is not amortised.
4. Transaction costs of approximately R1 500 000 were assumed to have been paid in cash at 30 June 2006 and were capitalised.
5. The "After the Acquisition" column is based on the combined unaudited balance sheets of Cadiz, AHFM and AHCI at 30 June 2006, after adjusting for the following:
  - 5.1 the net asset value has been increased by R2 519 000 in respect of the notional "B" Phantom Share scheme as this will be terminated in terms of the transaction; and
  - 5.2 the actual net tangible asset value at 30 June 2006 has been increased by R4 632 000 to R17 000 000 as the transaction agreement allows for a purchase price adjustment should the net tangible asset value be lower than R17 000 000 at the Effective Date. The purchase price has not been adjusted as it is probable that the net tangible asset value will exceed R17 000 000 at the Effective Date.

**UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT**

	<b>Unaudited Before the Acquisition R'000</b>	<b>Adjustments R'000</b>	<b>Unaudited Pro forma After the Acquisition R'000</b>
Gross revenue	125 178	45 058	170 236
Interest income	7 702	(2 595)	5 107
Net Investment income	27 765	(12 704)	15 061
Net income from investments	9 148	(4 325)	4 823
Foreign exchange gains	18 617	(5 379)	10 238
Operating expenses	(79 041)	(29 745)	(108 786)
<b>Operating profit</b>	<b>81 604</b>	<b>14</b>	<b>81 618</b>
Finance costs	(695)	(3 292)	(3 987)
<b>Profit before taxation</b>	<b>80 909</b>	<b>(3 278)</b>	<b>77 631</b>
Taxation	(18 961)	(1 314)	(20 275)
<b>Profit after taxation for period</b>	<b>61 948</b>	<b>(4 592)</b>	<b>57 356</b>
<b>Headline earnings</b>	<b>63 441</b>	<b>(4 592)</b>	<b>58 849</b>
<b>Earnings per share (cents)</b>			
– Basic	29.5	(2.2)	27.3
– Diluted	27.1	(2.2)	25.1
<b>Headline earnings per share (cents)</b>			
– Basic	30.2	(2.2)	28.0
– Diluted	27.8	(2.2)	25.8
<b>Weighted average number of shares in issue ('000)</b>	<b>209 905</b>		<b>209 905</b>
<b>Diluted weighted average number of shares in issue ('000)</b>	<b>228 505</b>		<b>228 505</b>

**NOTES:**

1. The unaudited income statement, as set out in the "Before the Acquisition" column of the table, has been extracted from the unaudited interim results of Cadiz for the six months ended 30 June 2006.
2. The unaudited *pro forma* income statement, as set out in the "After the Acquisition" column of the table, is based on the weighted average shares in issue of 209 905 000 and the assumption that the Acquisition was effective on 1 January 2006.
3. The "After the Acquisition" column is based on the combined unaudited published income statement of Cadiz and the unaudited management accounts of AHFM and AHCI for the six months ended 30 June 2006, after adjusting for the following:
  - 3.1 investment income for the six months has been reduced by an after-tax amount of R15 699 000 calculated as follows:

- 3.1.1 the interest rate on the deferred portion of the purchase price is 7.39% per annum based on the agreement entered into with the parties concerned;
- 3.1.2 the interest rate of the facility used to finance the additional working capital requirements of the group is 6.72% based on the agreement with the funder; together with a facility fee of R500 000;
- 3.1.3 it is assumed that the purchase price payable within the first six months, including estimated transaction costs of R1 500 000, will be settled proportionately out of the cash and cash equivalents and financial assets in existence at 1 January 2006 and the pre-tax interest income (R3 467 000), net income from investments (R4 118 000) and foreign exchange gains (R8 380 000) have been adjusted accordingly;
- 3.1.4 the assumed investments realised in order to settle the purchase price at 1 January 2006 may have been different at the time and it should be noted that the above adjustment of R15 699 000 would have been R7 319 000 had foreign exchange gains not been included and the resultant impact would have been as follows:
  - 3.1.4.1 Basic EPS "After" 31.3 cents, up 6.1%;
  - 3.1.4.2 Basic HEPS "After" 32.0 cents, up 6.0%; and
- 3.2 includes a R3 235 000 after-tax cost in respect of amortisation of the identified intangible assets acquired as part of the transaction;
- 3.3 excludes a R2 519 000 after-tax cost of the notional "B" Phantom Share scheme as this scheme will be terminated in terms of the transaction;
- 3.4 excludes the R1 633 000 after-tax salary cost of specific staff identified to be excluded from the transaction;
- 3.5 includes a R177 000 after-tax loss transferred from non-distributable reserves to the income statement to bring the accounting policy for the treatment of gains and losses on investments in line with that of Cadiz. AHFM and AHCI treated their listed investments as "available for sale" and recorded any mark to market movements through reserves whereas Cadiz treats all investments as "at fair value through profit and loss" and records the mark to market movements through the income statement.

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**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF CADIZ**

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"The Directors  
Cadiz Holdings Limited  
PO Box 44547  
Claremont  
7735

10 October 2006

Gentlemen

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF CADIZ HOLDINGS LIMITED ("Cadiz")**

Cadiz's offer, subject to certain conditions precedent, to acquire 100% of the issued share capital of African Harvest Fund Managers (Proprietary) Limited and African Harvest Collective Investments Limited, has been duly accepted ("the acquisition").

We have performed our limited assurance engagement in respect of the *pro forma* financial information set out in paragraph 6.1 and Annexure 1 of the circular to Cadiz shareholders, to be dated on or about 16 October 2006 ("the circular"), to be issued in connection with the acquisition. The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the acquisition might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on.

**Directors' responsibility**

The Directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Cadiz; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

**Reporting accountants' responsibility**

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by SAICA.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Sources of information and work performed**

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Cadiz, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the Directors and management of the company in respect of the corporate action that is the subject of the circular.

In arriving at our conclusion, we have relied upon financial information prepared by the Directors and management of Cadiz and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

## **Conclusion**

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Cadiz; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the Sections 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

## **J F Basson**

*Director: Transactions*

*PricewaterhouseCoopers Advisory Services (Pty) Limited*

1 Waterhouse Place  
Century City, 7441"

## TRADING HISTORY OF CADIZ SHARES ON THE JSE

The high, low and closing prices and the daily trading volumes and values at which Cadiz shares traded on the JSE, daily from 14 August 2006 to the Last Practicable Date; monthly from September 2005 to August 2006; and quarterly from 1 October 2003 to 30 September 2005, are given below:

	High (cents)	Low (cents)	Close (cents)	Volume	Value (R'million)
<b>Daily 2006</b>					
14 August	400	390	400	1 041 250	4.165
15 August	405	399	400	431 190	1.725
16 August	396	396	396	21 717	0.086
17 August	396	396	396	13 500	0.053
18 August	400	396	386	50 598	0.201
21 August	396	390	390	9 315	0.037
22 August	400	390	390	10 059	0.040
23 August	420	400	420	68 460	0.281
24 August	440	440	440	2 000	0.009
25 August	440	435	438	115 000	0.506
28 August	430	410	420	43 500	0.1862
29 August	430	419	420	786 890	3.305
30 August	420	416	416	257 000	1.079
31 August	420	400	400	23 211	0.094
1 September	400	400	400	–	–
4 September	420	406	420	409 529	1.718
5 September	425	418	420	292 833	1.230
6 September	420	415	415	558 658	2.336
7 September	410	410	410	12 500	0.0513
8 September	410	410	410	6 000	0.025
11 September	415	400	415	110 056	0.442
12 September	418	418	418	18 144	0.076
13 September	416	416	416	49 450	0.206
14 September	416	415	416	541 926	2.254
15 September	412	410	410	87 305	0.358
18 September	416	410	416	165 610	0.688
19 September	416	416	416	11 034	0.045
20 September	412	412	412	1 100	0.005
21 September	416	406	406	647 434	2.691
22 September	405	405	405	1 150	0.005
26 September	406	405	406	11 830	0.048
27 September	410	406	410	110 365	0.449
28 September	418	410	418	3 700	0.015
29 September	420	410	418	125 850	0.526
2 October	410	405	405	109 300	0.446
3 October	405	405	405	–	–
4 October	409	400	400	16 109	0.064
5 October	400	400	400	111 581	0.446
<b>Monthly</b>					
September 2005	430	378	420	8 476 050	33.783
October 2005	435	356	400	4 083 265	16.590
November 2005	450	395	400	2 715 159	11.250
December 2005	430	395	421	3 140 723	13.019

	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>	<b>Value (R'million)</b>
<b>Monthly</b>					
January 2006	530	425	530	4 793 236	24.020
February 2006	530	490	510	3 440 560	18.012
March 2006	520	408	454	12 401 069	57.286
April 2006	450	412	425	8 795 745	37.184
May 2006	430	390	405	4 737 449	19.489
June 2006	415	350	390	4 268 032	16.676
July 2006	405	355	398	7 811 063	30.741
August 2006					
<b>Quarterly</b>					
December 2003	240	180	235	6 122 931	12.675
March 2004	280	230	245	10 071 856	25.153
June 2004	250	215	245	39 453 314	97.272
September 2004	275	225	225	9 964 109	24.115
December 2004	350	225	339	7 934 220	21.870
March 2005	350	300	320	3 689 488	12.332
June 2005	350	310	325	15 679 391	50.965
September 2005	430	323	420	16 609 197	63.950

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## HISTORICAL FINANCIAL INFORMATION OF AHFM

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### REPORT OF HISTORICAL FINANCIAL INFORMATION OF AFRICAN HARVEST FUND MANAGERS (PTY) LIMITED

#### 1. INTRODUCTION

Cadiz Holdings Limited and African Harvest Fund Managers Holdings (Pty) Limited have entered into an agreement in terms of which Cadiz Holdings Limited will, subject to the fulfilment of certain suspensive conditions, acquire from African Harvest Fund Managers Holdings (Pty) Limited all the ordinary shares of African Harvest Fund Managers (Pty) Limited.

#### 2. BASIS OF PREPARATION

This report has been compiled by making reference to the audited annual financial statements of African Harvest Fund Managers (Pty) Limited for the years ended 30 September 2003, 30 September 2004 and 30 September 2005 and with reference to the management accounts for the period to 31 March 2006. The audited annual financial statements and the management accounts have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial information is the responsibility of the directors of Cadiz Holdings Limited.

The policies set out in the accounting policies below have been consistently applied to all the periods presented. With the exception of investments, which are valued at fair value, the historical financial information is prepared on the historical cost basis and in accordance with South African Statements of Generally Accepted Accounting Practice.

**BALANCE SHEETS OF AFRICAN HARVEST FUND MANAGERS (PTY) LIMITED**

	Notes	Reviewed 31 March 2006 R	Audited 30 September 2005 R	Audited 30 September 2004 R	Audited 30 September 2003 R
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
		<b>6 156 788</b>	<b>5 462 002</b>	<b>8 082 255</b>	<b>549 660</b>
Listed investments	2	4 725 000	4 481 250	4 256 250	–
Furniture and equipment	3	542 278	627 125	712 954	549 660
Deferred taxation	4	889 510	353 627	3 113 051	–
<b>CURRENT ASSETS</b>					
		<b>36 885 535</b>	<b>22 653 830</b>	<b>20 184 021</b>	<b>25 620 727</b>
Accounts receivable and pre-payments		12 922 542	10 256 687	7 764 470	6 410 315
Group company debtors	5	16 367 291	–	2 399 849	6 484 486
Current taxation	–	–	–	139 394	139 394
Cash and cash equivalents	6	7 595 702	12 397 143	9 880 308	12 586 532
<b>TOTAL ASSETS</b>					
		<b>43 042 323</b>	<b>28 115 832</b>	<b>28 266 276</b>	<b>26 170 387</b>
<b>EQUITY AND LIABILITIES</b>					
<b>CAPITAL AND RESERVES</b>					
Share capital	7	2 000	2 000	2 000	2 000
Share premium		13 183 963	13 183 963	13 183 963	13 183 963
Investment revaluation reserve		689 729	407 194	213 562	–
Retained earnings/(Accumulated loss)		11 336 872	487 462	8 725 241	(700 508)
<b>TOTAL CAPITAL AND RESERVES</b>					
		<b>25 212 564</b>	<b>14 080 619</b>	<b>22 124 766</b>	<b>12 485 455</b>
<b>NON-CURRENT LIABILITIES</b>					
		<b>2 802 132</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employee incentive liability	8	2 802 132	–	–	–
<b>CURRENT LIABILITIES</b>					
		<b>15 027 627</b>	<b>14 035 213</b>	<b>6 141 510</b>	<b>13 684 932</b>
Accounts payable and other accruals		7 859 590	3 407 247	3 949 140	5 355 973
Provisions	9	994 626	1 015 902	1 011 941	935 269
Deferred operating lease cash flows		282 265	344 459	–	–
Group company creditors	5	273 380	246 639	54 858	6 388 792
Taxation payable		4 681 401	8 260 218	–	–
Value-added taxation		936 365	760 748	1 125 571	1 004 898
<b>TOTAL EQUITY AND LIABILITIES</b>					
		<b>43 042 323</b>	<b>28 115 832</b>	<b>28 266 276</b>	<b>26 170 387</b>

**INCOME STATEMENTS OF AFRICAN HARVEST FUND MANAGERS (PTY) LIMITED**

	Notes	Reviewed 6 months ended 31 March 2006 R	Audited year ended 30 September 2005 R	Audited year ended 30 September 2004 R	Audited year ended 30 September 2003 R
<b>REVENUE</b>	11	<b>42 225 456</b>	<b>86 982 215</b>	<b>51 327 239</b>	<b>45 346 057</b>
<b>OPERATING PROFIT BEFORE INTEREST AND TAXATION</b>		<b>14 935 707</b>	<b>37 804 232</b>	<b>11 479 047</b>	<b>12 255 816</b>
Interest received		294 331	681 487	1 325 078	1 054 759
Interest paid		–	–	(29 115)	(16 483)
<b>OPERATING PROFIT BEFORE TAXATION</b>	11	<b>15 230 038</b>	<b>38 485 719</b>	<b>12 775 010</b>	<b>13 294 092</b>
Taxation	12	(4 380 628)	(10 988 273)	3 150 739	(1 908 775)
<b>NET PROFIT FOR PERIOD/YEAR</b>		<b>10 849 410</b>	<b>27 497 446</b>	<b>15 925 749</b>	<b>11 385 317</b>
<b>Earnings per share (cents)</b>					
– Basic		54 247	137 487	79 629	56 927
– Diluted		54 247	137 487	79 629	56 927

**STATEMENTS OF CHANGES IN EQUITY OF AFRICAN HARVEST FUND MANAGERS (PTY) LIMITED**

	Share capital R	Share premium R	Investment revaluation reserve R	Retained earnings/ (Accumulated loss) R	Total capital and reserves R
<b>Balance at 30 September 2002 – Audited</b>	2 000	13 183 963	–	(12 085 825)	1 100 138
Net profit for year	–	–	–	11 385 317	11 385 317
<b>Balance at 30 September 2003 – Audited</b>	2 000	13 183 963	–	(700 508)	12 485 455
Revaluation of listed investments	–	–	251 250	–	251 250
Deferred taxation on revaluation	–	–	(37 688)	–	(37 688)
Net profit for year	–	–	–	15 925 749	15 925 749
Dividends	–	–	–	(6 500 000)	(6 500 000)
<b>Balance at 30 September 2004 – Audited</b>	2 000	13 183 963	213 562	8 725 241	22 124 766
Revaluation of listed investments	–	–	225 000	–	225 000
Deferred taxation on revaluation	–	–	(31 368)	–	(31 368)
Net profit for year	–	–	–	27 497 446	27 497 446
Dividends	–	–	–	(35 735 225)	(35 735 225)
<b>Balance at 30 September 2005 – Audited</b>	2 000	13 183 963	407 194	487 462	14 080 619
Revaluation of investments and loans	–	–	330 450	–	330 450
Deferred taxation on revaluation	–	–	(47 915)	–	(47 915)
Net profit for period	–	–	–	10 849 410	10 849 410
<b>Balance at 31 March 2006 – Reviewed</b>	2 000	13 183 963	689 729	11 336 872	25 212 564

## CASH FLOW STATEMENTS OF AFRICAN HARVEST FUND MANAGERS (PTY) LIMITED

	Notes	Reviewed 6 months ended 31 March 2006 R	Audited year ended 30 September 2005 R	Audited year ended 30 September 2004 R	Audited year ended 30 September 2003 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash generated by operations	13	3 437 794	37 498 168	6 725 395	5 815 482
Interest paid		–	–	(29 115)	(16 483)
Interest received		294 331	681 487	1 325 078	1 054 759
Dividends received		148 870	307 865	352 701	–
Tax (paid)/refund received		(8 543 243)	139 394	–	–
Net cash (outflow)/inflow from operating activities		(4 662 248)	38 626 914	8 374 059	6 853 758
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additions to furniture and equipment		(139 193)	(374 854)	(624 345)	(259 949)
Proceeds from the sale of furniture and equipment		–	–	49 062	–
Increase in investments		–	–	(4 005 000)	–
Net cash outflow from investing activities		(139 193)	(374 854)	(4 580 283)	(259 949)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid		–	(35 735 225)	(6 500 000)	–
Net cash outflow from financing activities		–	(35 735 225)	(6 500 000)	–
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>					
		(4 801 441)	2 516 835	(2 706 224)	6 593 809
Cash and cash equivalents at beginning of period		12 397 143	9 880 308	12 586 532	5 992 723
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>					
	6	7 595 702	12 397 143	9 880 308	12 586 532

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF AFRICAN HARVEST FUND MANAGERS (PTY) LIMITED

### I. ACCOUNTING POLICIES

With the exception of investments which are at fair value set out below, the historical financial information is prepared on the historical cost basis and in accordance with South African Statements of Generally Accepted Accounting Practice. The principal accounting policies adopted by the company, which are consistent in all material respects with those applied in the prior years, are set out below:

#### I.1 Revenue, interest and dividend income

Revenue comprises portfolio management fees which are recognised as income when they fall due.

Interest income is recognised on a time apportionment basis using the effective yield of the financial instrument. Dividends from listed investments are accounted for on the last day to trade basis.

## **1.2 Furniture and equipment and depreciation**

Furniture and equipment are stated at historical cost, less accumulated depreciation calculated over their respective economic lives on the straight-line basis.

The estimated useful lives of the major furniture and equipment categories are as follows:

Computer equipment	36 months
Furniture and fittings	72 months
Office equipment	60 months
Leasehold improvements	Over the period of the lease

## **1.3 Taxation**

### *Current taxation*

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by balance sheet date.

### *Deferred taxation*

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable income will be sufficient to realise the tax benefit of the assets.

## **1.4 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

## **1.5 Employee retirement benefits**

All eligible staff are members of a non-contributory defined contribution fund, which is governed by the Pension Funds Act, 1956. No valuation is performed as the liabilities of the fund cannot exceed its assets. Contributions are charged to the income statement in the year to which they relate. Other than ongoing contributions charged against income as incurred, the company has no further post retirement benefit obligations. Employee benefits in the form of annual leave entitlements are provided for as and when they accrue to employees as a result of services rendered.

## **1.6 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and deposits held on call with banks.

## **1.7 Financial instruments**

Financial instruments are recognised when the company has rights or other access to economic benefits. Such assets consist of cash and cash equivalents, a contractual right to receive cash or other financial assets, or a contractual right to exchange financial instruments with another entity on potentially favourable terms.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset to another entity on potentially unfavourable terms. When this criteria no longer applies, the financial asset or liability is no longer recognised.

If a legally enforced right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and the company intends to settle on a net basis, the relevant financial assets and liabilities are offset.

## 1.8 Operating Leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases.

Obligations under operating leases are charged against income on a straight-line basis over the period of the lease.

## 1.9 Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified as one of loans and receivables originated by the company, held-to-maturity or held for short term profit making. These include listed investments and certain loans with certain related parties. Listed investments classified as available-for-sale financial assets are measured at fair value, which is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. In certain instances, repayments by related parties of amounts advanced to them are based on the underlying fair values of investments held by the related parties.

Gains and losses arising on revaluation of available-for-sale financial assets are recognised directly in equity until the financial asset is sold, at which time the cumulative gain or loss previously recognised in equity is included in income.

## 1.10 Share-based payments

The company's holding company issues cash-settled share-based payments to certain employees. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

## 2. LISTED INVESTMENTS

	<b>Number of shares</b>	<b>Reviewed 31 March 2006 R</b>	<b>Audited 30 September 2005 R</b>	<b>Audited 30 September 2004 R</b>	<b>Audited 30 September 2003 R</b>
Nedbank Limited non-cumulative preference shares – cost	<u>375 000</u>	<u>4 005 000</u>	<u>4 005 000</u>	<u>4 005 000</u>	<u>–</u>
Nedbank Limited non-cumulative preference shares – fair value	<u>375 000</u>	<u>4 725 000</u>	<u>4 481 250</u>	<u>4 256 250</u>	<u>–</u>

	Computer equipment R	Furniture and fittings R	Office equipment R	Leasehold improvements R	Total R
<b>3. FURNITURE AND EQUIPMENT</b>					
<b>2006 – Reviewed</b>					
<b>At cost</b>					
Balance at beginning of period	1 579 250	652 024	145 122	246 384	2 622 780
Additions	139 193	–	–	–	139 193
Balance at end of period	<u>1 718 443</u>	<u>652 024</u>	<u>145 122</u>	<u>246 384</u>	<u>2 761 973</u>
<b>Accumulated depreciation</b>					
Balance at beginning of period	1 168 326	600 291	102 236	124 802	1 995 655
Depreciation	144 587	30 055	8 189	41 209	224 040
Balance at end of period	<u>1 312 913</u>	<u>630 346</u>	<u>110 425</u>	<u>166 011</u>	<u>2 219 695</u>
<b>Net book value</b>					
At 31 March 2006	<u>405 530</u>	<u>21 678</u>	<u>34 697</u>	<u>80 373</u>	<u>542 278</u>
<b>2005 – Audited</b>					
<b>At cost</b>					
Balance at beginning of year	2 137 749	674 128	126 508	246 384	3 184 769
Additions	351 290	–	23 564	–	374 854
Assets scrapped	(909 789)	(22 104)	(4 950)	–	(936 843)
Balance at end of year	<u>1 579 250</u>	<u>652 024</u>	<u>145 122</u>	<u>246 384</u>	<u>2 622 780</u>
<b>Accumulated depreciation</b>					
Balance at beginning of year	1 837 198	503 968	88 264	42 385	2 471 815
Depreciation	240 917	117 076	18 922	82 417	459 332
Assets scrapped	(909 789)	(20 753)	(4 950)	–	(935 492)
Balance at end of year	<u>1 168 326</u>	<u>600 291</u>	<u>102 236</u>	<u>124 802</u>	<u>1 995 655</u>
<b>Net book value</b>					
At 30 September 2005	<u>410 924</u>	<u>51 733</u>	<u>42 886</u>	<u>121 582</u>	<u>627 125</u>
<b>2004 – Audited</b>					
<b>At cost</b>					
Balance at beginning of year	2 374 074	778 345	148 346	–	3 300 765
Additions	280 342	64 992	32 627	246 384	624 345
Disposals	–	(18 308)	–	–	(18 308)
Assets scrapped	(516 667)	(150 901)	(54 465)	–	(722 033)
Balance at end of year	<u>2 137 749</u>	<u>674 128</u>	<u>126 508</u>	<u>246 384</u>	<u>3 184 769</u>
<b>Accumulated depreciation</b>					
Balance at beginning of year	2 189 576	473 153	88 376	–	2 751 105
Depreciation	164 289	138 506	30 452	42 385	375 632
Disposals	–	(5 937)	–	–	(5 937)
Assets scrapped	(516 667)	(101 754)	(30 564)	–	(648 985)
Balance at end of year	<u>1 837 198</u>	<u>503 968</u>	<u>88 264</u>	<u>42 385</u>	<u>2 471 815</u>
<b>Net book value</b>					
At 30 September 2004	<u>300 551</u>	<u>170 160</u>	<u>38 244</u>	<u>203 999</u>	<u>712 954</u>

	Computer equipment R	Furniture and fittings R	Office equipment R	Leasehold improvements R	Total R
<b>3. FURNITURE AND EQUIPMENT (continued)</b>					
<b>2003 – Audited</b>					
<b>At cost</b>					
Balance at beginning of year	2 237 448	675 847	127 521	–	3 040 816
Additions	136 626	102 498	20 825	–	259 949
Balance at end of year	<u>2 374 074</u>	<u>778 345</u>	<u>148 346</u>	–	<u>3 300 765</u>
<b>Accumulated depreciation</b>					
Balance at beginning of year	1 967 268	346 840	59 293	–	2 373 401
Depreciation	222 308	126 313	29 083	–	377 704
Balance at end of year	<u>2 189 576</u>	<u>473 153</u>	<u>88 376</u>	–	<u>2 751 105</u>
<b>Net book value</b>					
At 30 September 2003	<u>184 498</u>	<u>305 192</u>	<u>59 970</u>	–	<u>549 660</u>

	Reviewed 31 March 2006 R	Audited 30 September 2005 R	Audited 30 September 2004 R	Audited 30 September 2003 R
<b>4. DEFERRED TAXATION</b>				
Taxation losses	–	–	2 847 157	–
Provisions	288 442	294 611	303 582	–
Employee incentive liability	812 618	–	–	–
Deferred operating lease cash flows	81 856	99 893	–	–
Other temporary differences	(176 435)	28 179	–	–
Revaluation of investments	(116 971)	(69 056)	(37 688)	–
Total deferred taxation asset	<u>889 510</u>	<u>353 627</u>	<u>3 113 051</u>	–
Reconciliation between deferred taxation opening and closing balances:				
Deferred taxation asset at beginning of the period/year	353 627	3 113 051	–	1 908 775
Net temporary differences	583 798	(2 728 056)	3 150 739	(1 908 775)
Revaluation of investments	(47 915)	(31 368)	(37 688)	–
Deferred taxation at end of period/year	<u>889 510</u>	<u>353 627</u>	<u>3 113 051</u>	–

#### 5. RELATED PARTY TRANSACTIONS

The company enters into various service and investments transactions, in the ordinary course of business, with related parties.

These transactions are under no circumstances less favourable than those arranged with external parties. The agreements relating to these services are drawn up under normal commercial terms and conditions.

#### Controlling entities

The immediate holding company is African Harvest Fund Managers Holdings (Pty) Limited, which is controlled by African Harvest (Pty) Limited, a company incorporated in the Republic of South Africa.

## 5. RELATED PARTY TRANSACTIONS (continued)

Transactions and balances with related parties:

	Fees paid R	Management fees received R	Amounts owed by related parties R	Amounts owed to related parties R
<b>31 March 2006 – Reviewed</b>				
African Harvest Life Assurance Company Limited (fellow subsidiary)	–	6 580 087	1 312 252*	–
African Harvest Alternative Investments (Pty) Limited (fellow subsidiary)	425 000	–	–	80 750
African Harvest Fund Managers Holdings (Pty) Limited (holding company)	–	–	13 183 142	–
African Harvest Collective Investments Limited (fellow subsidiary)	–	–	3 184 149	–
IQVest Investment Services (Pty) Limited (fellow subsidiary)	1 044 896	–	–	192 630
	<u>1 469 896</u>	<u>6 580 087</u>	<u>17 679 542</u>	<u>273 380</u>

\* Included in accounts receivable and pre-payments.

The loan to African Harvest Fund Managers Holdings (Pty) Limited, inception on 31 January 2002, is unsecured, interest free and has no fixed terms of repayment. The loan originated for operational purposes and is therefore unsecured.

The loan to African Harvest Collective Investments Limited, inception on 1 March 2006, has been provided as seed capital and is secured by the the underlying Collective Investment portfolio investments. The loan is interest free and has no fixed terms of repayment. The value of the loan is determined by reference to the underlying Collective Investment portfolios.

	Fees paid R	Management fees received R	Amounts owed by related parties R	Amounts owed to related parties R
<b>30 September 2005 – Audited</b>				
African Harvest Life Assurance Company Limited (fellow subsidiary)	–	10 860 084	871 408*	–
African Harvest Alternative Investments (Pty) Limited (fellow subsidiary)	849 996	–	–	87 039
IQVest Investment Services (Pty) Limited (fellow subsidiary)	1 856 111	–	–	159 600
	<u>2 706 107</u>	<u>10 860 084</u>	<u>871 408</u>	<u>246 639</u>

\* Included in accounts receivable and pre-payments.

## 5. RELATED PARTY TRANSACTIONS (continued)

	Fees paid R	Management fees received R	Amounts owed by related parties R	Amounts owed to related parties R
<b>30 September 2004 – Audited</b>				
African Harvest Capital (Pty) Limited (fellow subsidiary)	–	–	12 271	–
African Harvest Fund Managers Holdings (Pty) Limited (holding company)	–	–	1 841 605	–
African Harvest (Pty) Limited (ultimate holding company)	–	–	96 494	–
African Harvest Securities (Pty) Limited (fellow subsidiary)	–	–	449 479	–
African Harvest Life Assurance Company Limited (fellow subsidiary)	–	4 082 097	572 769*	–
African Harvest Alternative Investments (Pty) Limited (fellow subsidiary)	521 160	–	–	43 110
IQVest Investment Services (Pty) Limited (fellow subsidiary)	588 957	–	–	11 748
	<u>1 110 117</u>	<u>4 082 097</u>	<u>2 972 618</u>	<u>54 858</u>

\* Included in accounts receivable and pre-payments.

The loan to African Harvest Fund Managers Holdings (Pty) Limited, incepted on 31 January 2002, is unsecured, interest free and has no fixed terms of repayment. The loan originated for operational purposes and is therefore unsecured.

	Fees paid R	Management fees received R	Amounts owed by related parties R	Amounts owed to related parties R
<b>30 September 2003 – Audited</b>				
African Harvest Capital (Pty) Limited (fellow subsidiary)	–	2 418	464 948	–
African Harvest Fund Managers Holdings (Pty) Limited (holding company)	–	–	5 528 115	–
African Harvest (Pty) Limited (ultimate holding company)	–	–	39 165	–
African Harvest Management Company Limited (fellow subsidiary)*	–	5 075 670	–	–
African Harvest Securities (Pty) Limited (fellow subsidiary)	–	2 383 594	452 258	–
Harvest Life Assurance Company Limited (fellow subsidiary)	–	2 014 645	–	–
Velocity Asset Management (Pty) Limited	–	–	–	6 388 792
	<u>–</u>	<u>9 476 327</u>	<u>6 484 486</u>	<u>6 388 792</u>

\* African Harvest Fund Managers (Pty) Limited sold its interest in African Harvest Management Company Limited on 30 June 2003. As from 1 July 2003 this company no longer qualifies as a related party or group company.

The loan to African Harvest Fund Managers Holdings (Pty) Limited, incepted on 31 January 2002, is unsecured, interest free and has no fixed terms of repayment. The loan originated for operational purposes and is therefore unsecured.

The loan from Velocity Asset Management (Pty) Limited, incepted 31 August 2000, is unsecured, interest free and has no fixed terms of repayment. The loan arose for operational purposes.

Remuneration paid to directors, who are all considered related parties are set out in note 11.

## 6. CASH AND CASH EQUIVALENTS

	<b>Reviewed 31 March 2006 R</b>	<b>Audited 30 September 2005 R</b>	<b>Audited 30 September 2004 R</b>	<b>Audited 30 September 30 2003 R</b>
Cash at bank and on deposit	7 595 702	12 397 143	9 880 308	1 754 467
Units in Money Market Funds	–	–	–	10 832 065
	<u>7 595 702</u>	<u>12 397 143</u>	<u>9 880 308</u>	<u>12 586 532</u>

## 7. SHARE CAPITAL

### Authorised

20 000 ordinary shares of 10 cents each	<u>2 000</u>	<u>2 000</u>	<u>2 000</u>	<u>2 000</u>
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### Issued

20 000 ordinary shares of 10 cents each	<u>2 000</u>	<u>2 000</u>	<u>2 000</u>	<u>2 000</u>
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## 8. EMPLOYEE INCENTIVE LIABILITY

### Cash-settled share-based payments

African Harvest Fund Managers Holdings (Pty) Limited has issued "notional" shares in itself to certain of the group's employees as part of an employee incentive program. These "notional" shares vest over a three year period with the first vesting date being 28 February 2006. The designated value of the "notional" shares forming part of the employee incentive program is based on factors including change in the fair value of the African Harvest Fund Managers Holdings Group. As at 31 March 2006, obligations to employees under the incentive scheme amounted to R2 802 132 (2005: nil; 2004: nil; 2003: nil). This liability is reflected on the balance sheet with the corresponding income statement effect, split between the liability to directors and other employees, shown in note 11.

	<b>Reviewed 31 March 2006 R</b>	<b>Audited 30 September 2005 R</b>	<b>Audited 30 September 2004 R</b>	<b>Audited 30 September 30 2003 R</b>
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## 9. PROVISIONS

Provision for leave pay				
Balance at beginning of period/year	1 015 902	1 011 941	935 269	548 735
Current period leave pay (credit)/charge	(21 276)	3 961	76 672	386 534
Closing balance at end of period/year	<u>994 626</u>	<u>1 015 902</u>	<u>1 011 941</u>	<u>935 269</u>

It is expected that the majority of this provision will be utilised during the next financial year.

## 10. OPERATING LEASES

The company leases floor space from Emira Property Trust for a period of five years effective from 1 April 2002.

Rentals are fixed for a 12-month period increasing by 10% for floor space and 12% for operating costs on 1 April each year. The current lease payment for rentals and operating costs amounts to R129 304 per month.

	<b>Reviewed 31 March 2006 R</b>	<b>Audited 30 September 2005 R</b>	<b>Audited 30 September 2004 R</b>	<b>Audited 30 September 30 2003 R</b>
<b>Future minimum lease payments</b>				
Up to 1 year	1 323 563	1 603 734	1 489 917	1 338 758
2 – 5 years	195 006	918 516	3 323 771	3 837 538
	<u>1 518 569</u>	<u>2 522 250</u>	<u>4 813 688</u>	<u>5 176 296</u>

	<b>Reviewed 31 March 2006 R</b>	<b>Audited 30 September 2005 R</b>	<b>Audited 30 September 2004 R</b>	<b>Audited 30 September 2003 R</b>
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## **II. OPERATING PROFIT BEFORE TAXATION**

Operating profit before taxation is arrived at after taking the following items into account:

Management fees	42 225 456	86 982 215	51 327 239	45 346 057
Dividends from listed investments	148 870	307 864	352 701	–
Depreciation	224 040	459 332	375 632	377 704
Computer equipment	144 587	240 917	164 289	222 308
Furniture and fittings	30 055	117 076	138 506	126 313
Office equipment	8 189	18 922	30 452	29 083
Leasehold improvements	41 209	82 417	42 385	–
Auditors' remuneration	75 078	262 267	232 425	198 769
Audit fees	75 078	160 502	151 875	109 064
Other services	–	101 765	80 550	89 705
Operating leases	909 655	2 082 181	1 511 392	1 353 883
Office premises	641 304	1 531 429	1 116 142	1 095 014
Office equipment	268 351	550 752	395 250	258 869
Fees for services				
Management fees paid	1 469 896	2 706 107	1 110 117	–
Staff costs	11 165 115	33 841 796	17 535 332	20 037 693
Staff employee incentives	2 249 599	–	–	–
Directors' emoluments				
Executive directors	3 033 209	12 746 359	9 189 156	3 404 852
Remuneration	2 079 891	5 382 691	5 707 573	2 281 728
Bonuses	–	6 020 140	2 530 039	798 843
Employee incentives	552 533	–	–	–
Retirement fund and medical aid contributions	400 785	1 343 528	951 544	324 281
Profit on sale of furniture and equipment	–	–	36 691	–
Loss on scrapping of furniture and equipment	–	1 351	73 048	–

The directors of the company are employed on the same terms and conditions as other employees and do not have separate service contracts in their capacity as company directors.

	<b>Reviewed 31 March 2006 R</b>	<b>Audited 30 September 2005 R</b>	<b>Audited 30 September 2004 R</b>	<b>Audited 30 September 2003 R</b>
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## 12. TAXATION

South African normal taxation:

Current taxation	4 964 426	8 260 218	–	–
Deferred taxation				
– current year	(583 798)	2 808 911	(3 150 739)	1 908 775
– prior year overprovision	–	(185 881)	–	–
– change in tax rate	–	105 025	–	–
	<u>4 380 628</u>	<u>10 988 273</u>	<u>(3 150 739)</u>	<u>1 908 775</u>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Reconciliation of tax rate				
Standard rate	29.00	29.00	30.00	30.00
Non-taxable items	(0.23)	(0.24)	(5.31)	10.71
Deferred tax prior year over provision	–	(0.48)	–	–
Taxation rate change	–	0.27	–	–
Assessed loss utilised	–	–	(49.35)	(26.35)
Effective rate	<u>28.77</u>	<u>28.55</u>	<u>(24.66)</u>	<u>14.36</u>

## 13. CASH GENERATED BY OPERATIONS

Reconciliation of operating profit before taxation to cash generated by operations:

	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Operating profit before taxation	15 230 038	38 485 719	12 775 010	13 294 092
<i>Adjusted for:</i>				
Dividends received	(148 870)	(307 864)	(352 701)	–
Interest received	(294 331)	(681 487)	(1 325 078)	(1 054 759)
Depreciation	224 040	459 332	375 632	377 704
Interest paid	–	–	29 115	16 483
Loss on scrapping of furniture and equipment	–	1 351	73 048	–
Profit on sale of furniture and equipment	–	–	(36 691)	–
Staff employee incentives	2 802 132	–	–	–
Operating profit before changes in working capital	17 813 009	37 957 051	11 538 335	12 633 520
Working capital changes	(14 375 215)	(458 883)	(4 812 940)	(6 818 038)
Increase/(Decrease) in accounts payable and other accruals	4 368 873	(193 473)	(1 330 161)	189 239
Increase/(Decrease) in group company creditors	26 741	191 781	(6 333 934)	(7 527 333)
Increase in accounts receivable and prepayments	(2 665 855)	(2 492 217)	(1 354 155)	(417 189)
(Increase)/Decrease in group company debtors	(16 280 591)	2 399 849	4 084 637	1 346 732
Increase/(Decrease) in VAT payable	175 617	(364 823)	120 673	(409 487)
Cash generated by operations	<u>3 437 794</u>	<u>37 498 168</u>	<u>6 725 395</u>	<u>5 815 482</u>

#### **14. RISK MANAGEMENT CREDIT RISK**

Potential concentrations of credit risk consist principally of accounts receivable and cash at bank. At 31 March 2006 the directors did not consider there to be any significant concentrations of credit risk which had not been adequately provided for:

##### **Market risk**

At the balance sheet date the only significant concentrations of market risk were in respect of investments.

##### **Interest rate risk**

The company's cash and cash equivalents earn interest at the prevailing bank rates.

#### **15. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of the financial assets and liabilities reported in the balance sheet approximate fair value at 31 March 2006, 30 September 2005, 30 September 2004 and September 2003.

#### **16. RETIREMENT INFORMATION**

All eligible staff are members of a defined contribution fund, which is governed by the Pension Funds Act, 1956. No valuation is performed as the liabilities of the fund cannot exceed its assets. Other than ongoing contributions charged against income as incurred, the company has no further post-retirement benefit obligations. Contributions to the provident fund during the period amounted to R1 612 049 (2005: R3 473 706; 2004: R2 870 583; 2003: R1 860 568).

#### **17. NUMBER OF EMPLOYEES**

At the period-end the company had 39 (2005: 38; 2004: 36; 2003: 34) employees.

#### **18. DIVIDEND DECLARATION**

On 8 November 2004 a dividend of R8 000 000 was declared and on 31 March 2006 a dividend of R27 736 225 was declared.

#### **19. EARNINGS PER SHARE**

The calculation of the basic, diluted and headline earnings per share attributable to the ordinary shareholders is based on the following information:

	<b>Reviewed 31 March 2006 R</b>	<b>Audited 30 September 2005 R</b>	<b>Audited 30 September 2004 R</b>	<b>Audited 30 September 30 2003 R</b>
<b>Earnings</b>				
Earnings for the purposes of basic and diluted earnings per share (profit attributable to ordinary shareholders)	10 849 410	27 497 446	15 925 749	11 385 317
Profit on disposal of furniture and equipment	—	—	(36 691)	—
Loss on scrapping of furniture and equipment	—	1 351	73 048	—
Earnings for the purposes of headline earnings per share	<u>10 849 410</u>	<u>27 498 797</u>	<u>15 962 106</u>	<u>11 385 317</u>

	<b>Reviewed 31 March 2006 R</b>	<b>Audited 30 September 2005 R</b>	<b>Audited 30 September 2004 R</b>	<b>Audited 30 September 30 2003 R</b>
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purposes of basic, diluted and headline earnings per share	20 000	20 000	20 000	20 000
<b>Headline earnings per share (cents)</b>				
– Basic	54 247	137 494	79 811	56 927
– Diluted	54 247	137 494	79 811	56 927
<b>20. NET ASSET VALUE PER SHARE</b>				
Net asset value per share (cents)	126 063	70 403	110 624	62 427
Net tangible asset value per share (cents)	121 615	68 635	95 059	62 427

## 21. SUBSEQUENT EVENTS

The directors are not aware of any material events subsequent to 31 March 2006 which impact the financial information set out in this report of historical financial information.

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**HISTORICAL FINANCIAL INFORMATION OF AHCI**


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**REPORT OF HISTORICAL FINANCIAL INFORMATION OF AFRICAN HARVEST COLLECTIVE INVESTMENTS LIMITED**
**1. INTRODUCTION**

Cadiz Holdings Limited and African Harvest (Pty) Limited have entered into an agreement in terms of which Cadiz Holdings Limited will, subject to the fulfilment of certain suspensive conditions, acquire from African Harvest (Pty) Limited all the ordinary shares of African Harvest Collective Investments Limited. African Harvest Collective Investments Limited was incorporated on 1 November 2004.

**2. BASIS OF PREPARATION**

This report has been compiled by making reference to the audited annual financial statements of African Harvest Collective Investments Limited for the period ended 30 September 2005 and the management accounts for the six-month period to 31 March 2006. The audited annual financial statements and the management accounts have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial information is the responsibility of the directors of Cadiz Holdings Limited.

The policies set out in the accounting policies below have been consistently applied to all the periods presented. With the exception of investments, which are valued fair value, the historical financial information is prepared on the historical cost basis and in accordance with South African Statements of Generally Accepted Accounting Practice.

**BALANCE SHEETS OF AFRICAN HARVEST COLLECTIVE INVESTMENTS LIMITED**

	Notes	Reviewed 31 March 2006 R	Audited 30 September 2005 R
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
		<b>3 451 031</b>	<b>9 338</b>
Unlisted investments	2	3 086 700	–
Deferred taxation	9	364 331	9 338
<b>CURRENT ASSETS</b>			
		<b>1 005 489</b>	<b>2 007 978</b>
Accounts receivable		98 577	794
Cash and cash equivalents	3	906 912	2 007 184
<b>TOTAL ASSETS</b>			
		<b>4 456 520</b>	<b>2 017 316</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
		<b>(894 358)</b>	<b>(22 742)</b>
Issued capital	4	120	120
Accumulated loss		(891 478)	(22 862)
<b>CURRENT LIABILITIES</b>			
		<b>5 350 878</b>	<b>2 040 058</b>
Loans payable	5	5 086 580	1 999 880
Accounts payable		250 453	40 178
Provisions	6	13 845	–
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>4 456 520</b>	<b>2 017 316</b>

## INCOME STATEMENTS OF AFRICAN HARVEST COLLECTIVE INVESTMENTS LIMITED

	Notes	Reviewed 6 months ended 31 March 2006 R	Audited 11 months ended 30 September 2005 R
Revenue	7	86 471	–
Interest received		47 547	78 183
Fair value adjustment of loan payable		(86 700)	–
Fair value adjustment of unlisted investments		86 700	–
Operating expenses		(1 360 627)	(110 383)
<b>NET LOSS BEFORE TAXATION</b>	<b>7</b>	<b>(1 226 609)</b>	<b>(32 200)</b>
Taxation	8	354 993	9 338
<b>NET LOSS FOR PERIOD</b>		<b>(871 616)</b>	<b>(22 862)</b>
<b>Earnings per share (cents)</b>			
– Basic		(726 347)	(19 052)
– Diluted		(726 347)	(19 052)

## STATEMENTS OF CHANGES IN EQUITY OF AFRICAN HARVEST COLLECTIVE INVESTMENTS LIMITED

	Issued capital R	Accumulated loss R	Total R
<b>Balance at 1 November 2004</b>	–	–	–
Issue of share capital	120	–	120
Net loss for period	–	(22 862)	(22 862)
<b>Balance at 30 September 2005</b>			
<b>– Audited</b>	120	(22 862)	(22 742)
Net loss for period	–	(871 616)	(945 745)
<b>Balance at 31 March 2006</b>			
<b>– Reviewed</b>	120	(894 478)	(894 358)

## CASH FLOW STATEMENTS OF AFRICAN HARVEST COLLECTIVE INVESTMENTS LIMITED

	Notes	Reviewed 6 months ended 31 March 2006 R	Audited 11 months ended 30 September 2005 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilised by operations	11	(1 147 819)	(70 999)
Interest received		47 547	78 183
Net cash (outflow)/inflow from operating activities		<u>(1 100 272)</u>	<u>7 184</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds of share issue		–	120
Proceeds of loan received		3 000 000	1 999 880
Purchase of Investments		(3 000 000)	–
Net cash inflow from investing activities		<u>–</u>	<u>2 000 000</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(1 100 272)</u>	<u>2 007 184</u>
Cash and cash equivalents at beginning of period		<u>2 007 184</u>	<u>–</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3</b>	<u>906 912</u>	<u>2 007 184</u>

### NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF AFRICAN HARVEST COLLECTIVE INVESTMENTS LIMITED

#### I. ACCOUNTING POLICIES

With the exception of investments which are valued at fair value, the historical financial information is prepared on the historical cost basis and in accordance with South African Statements of Generally Accepted Accounting Practice. The principal accounting policies adopted by the company, which are consistent in all material respects with those applied in the prior period, are set out below:

##### I.1 Revenue

Revenue comprises service charges based on the daily market value of the respective collective investment scheme portfolios.

Service charges are recognised in revenue as and when the related services are provided.

##### I.2 Financial Instruments

Financial instruments are recognised when the company has rights or other access to economic benefits. Such assets consist of cash and cash equivalents, a contractual right to receive cash or other financial assets, or a contractual right to exchange financial instruments with another entity on potentially favourable terms.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset to another entity on potentially unfavourable terms. When this criteria no longer applies, the financial asset or liability is no longer recognised.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and the company intends to settle on a net basis, the relevant financial assets and liabilities are offset.

##### I.3 Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and losses arising from changes in fair value of financial assets at fair value through profit or loss are included in profit or loss for the period. Unlisted investments classified as at fair value through profit or loss are measured by the directors at fair value, which is calculated by reference to closing unit prices.

Gains and losses arising on revaluation of available-for-sale financial assets are recognised directly in equity until the financial asset is sold, at which time the cumulative gain or loss previously recognised in equity is included in income.

#### 1.4 Taxation

##### *Current taxation*

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by balance sheet date.

##### *Deferred taxation*

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable income will be sufficient to realise the tax benefit of the assets.

#### 1.5 Interest received and paid

Interest is recognised on the time apportionment basis using the effective yield of the financial instrument.

#### 1.6 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### 1.7 Employee retirement benefits

All eligible staff of the Company are members of a non-contributory defined contribution fund, which is governed by the Pension Funds Act, 1956. No valuation is performed as the liabilities of the fund cannot exceed its assets. Contributions are charged to the income statement in the year to which they relate. Other than ongoing contributions charged against income as incurred, the company has no further post retirement benefit obligations. Employee benefits in the form of annual leave entitlements are provided for as and when they accrue to employees as a result of services rendered

	Number of units	Reviewed 31 March 2006 R	Audited 30 September 2005 R
<b>2. UNLISTED INVESTMENTS</b>			
<b>Collective Investment Scheme Portfolios, at cost</b>			
African Harvest Absolute Yield Fund	2 000 000	2 000 000	–
African Harvest Alpha Plus Fund	1 000 000	1 000 000	–
		3 000 000	–
<b>Collective Investment Scheme Portfolios, at market value</b>			
African Harvest Absolute Yield Fund	2 000 000	2 029 600	–
African Harvest Alpha Plus Fund	1 000 000	1 057 100	–
		3 086 700	–

The above investments are pledged as security for the loan from African Harvest Fund Managers (Pty) Limited referred to in note 5.

	<b>Reviewed 31 March 2006 R</b>	<b>Audited 30 September 2005 R</b>
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of deposits held with banks.	906 912	2 007 184
<b>4. ISSUED CAPITAL</b>		
<i>Authorised</i>		
1 000 ordinary shares of R1.00 each	1 000	1 000
<i>Issued</i>		
120 ordinary shares of R1.00 each	120	120
120 ordinary shares of R1.00 each were issued on incorporation of the company on 1 November 2004.		
The unissued shares are under the control of the directors until the next annual general meeting.		
<b>5. LOANS PAYABLE</b>		
African Harvest (Pty) Limited	1 999 880	1 999 880
The loan to the ultimate holding company, is unsecured, with no fixed terms of repayment, and bears no interest. The loan was inceptioned on 28 February 2005.		
African Harvest Fund Managers (Pty) Limited	3 086 700	–
The loan, to the fellow subsidiary, is secured by the unlisted investments referred to in note 2. The loan is interest free and there are no fixed terms of repayment. The loan was obtained to finance the statutory units in the Collective Investment Scheme portfolios. The loan was inceptioned on 1 March 2006. The value of the loan is determined by reference to the underlying Collective Investment portfolios.		
	<u>5 086 580</u>	<u>1 999 880</u>
<b>6. PROVISIONS</b>		
<b>Provision for leave pay</b>		
Balance at beginning of period	–	–
Current period charge	13 845	–
Closing balance at end of period	<u>13 845</u>	<u>–</u>
It is expected that the majority of this provision will be utilised during the next financial year.		
<b>7. NET LOSS BEFORE TAXATION</b>		
Net loss before taxation is arrived after taking the following items into account:		
Service fee income from underlying funds	86 471	–
Service fee rebates paid to underlying funds	83 052	–
Auditors' remuneration		
– audit fees	32 000	40 000
Staff costs	<u>236 847</u>	<u>–</u>

	<b>Reviewed 31 March 2006 R</b>	<b>Audited 30 September 2005 R</b>
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## 8. TAXATION

South African normal taxation

– Deferred taxation	<u>354 993</u>	<u>9 338</u>
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No provision for current taxation has been raised as the company did not earn any taxable income.

Calculated tax losses of R1 267 400 (2005: R32 200) have been used to create a deferred tax asset.

	%	%
Reconciliation of tax rate:		
Standard rate	29.00	29.00
Non-taxable items	(1.01)	–
Effective rate	<u>27.99</u>	<u>29.00</u>

## 9. DEFERRED TAXATION

	R	R
Taxation losses	376 902	9 338
Revaluation of unlisted investments	(12 571)	–
Total deferred taxation asset	<u>364 331</u>	<u>9 338</u>

Reconciliation between deferred tax opening and closing balances:

Deferred tax asset at the beginning of the period	9 338	–
Tax losses	367 564	9 338
Revaluation of unlisted investments	(12 571)	–
Deferred tax asset at end of period	<u>364 331</u>	<u>9 338</u>

## 10. FINANCIAL INSTRUMENTS

### Concentrations of risk

#### Credit risk

At the balance sheet date the only significant concentrations of credit risk were in respect of cash and cash equivalents and accounts receivable. The maximum exposure to credit risk is represented by the carrying value of these financial assets on the balance sheet.

#### Market risk

At the balance sheet date the only significant concentrations of market risk were in respect of investments.

#### Interest rate risk

The company's long term obligations are interest free while cash and cash equivalents earn interest at the prevailing bank rates.

	<b>Reviewed 6 months ended 31 March 2006 R</b>	<b>Audited 11 months ended 30 September 2005 R</b>
<b>11. CASH UTILISED BY OPERATIONS</b>		
Reconciliation of net loss before taxation to cash utilised by operations:		
Net loss before taxation	(1 226 600)	(32 200)
<i>Adjusted for:</i>		
Interest received	(47 547)	(78 183)
Revaluation of unlisted investments	(86 700)	–
Revaluation of loan payable	86 700	–
Operating loss before working capital changes	(1 274 156)	(110 383)
Working capital changes	126 337	39 384
Increase in accounts receivable	(97 783)	(794)
Increase in accounts payable	224 120	40 178
Cash utilised by operations	<u>(1 147 819)</u>	<u>(70 999)</u>
<b>12. RELATED PARTY TRANSACTIONS</b>		
<p>Certain relationships exist between the company, the African Harvest Group and its directors. Details of amounts owing to related parties are set out in note 5. An amount of R97 449 owing to African Harvest Fund Managers (Pty) Limited is included in accounts payable. Transactions with related parties are set out in note 5. Investments in related parties, being units held in various collective investment schemes, are set out in note 2.</p>		
<b>13. EARNINGS PER SHARE</b>		
<p>The calculation of the basic, diluted and headline earnings per share attributable to the ordinary shareholders is based on the following information:</p>		
<b>Earnings</b>		
Earnings for the purposes of basic, diluted and headline earnings per share (profit attributable to ordinary shareholders)	<u>(871 616)</u>	<u>(22 862)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic, diluted and headline earnings per share	<u>120</u>	<u>120</u>
<b>Headline earnings per share (cents)</b>		
– Basic	(726 347)	(19 052)
– Diluted	(726 347)	(19 052)
<b>14. NET ASSET VALUE PER SHARE</b>		
Net asset value per share (cents)	<u>(745 298)</u>	<u>(18 952)</u>
Net tangible asset value per share (cents)	<u>(1 048 908)</u>	<u>(26 833)</u>

## **15. RETIREMENT INFORMATION**

All eligible staff are members of a defined contribution fund, which is governed by the Pension Funds Act, 1956. No valuation is performed as the liabilities of the fund cannot exceed its assets. Other than ongoing contributions charged against income as incurred, the company has no further retirement benefit obligation. Contributions to the provident fund during the year amounted to R40 705 (2005: nil).

## **16. SUBSEQUENT EVENTS**

The directors are not aware of any material events subsequent to 31 March 2006, which impact the financial information set out in this report of historical financial information.

## **17. COMPARATIVE INFORMATION**

The company was incorporated on 1 November 2004 and consequently no financial information prior to this period is presented.

## **18. CONTINUED FINANCIAL SUPPORT**

Cadiz Holdings Limited has undertaken to financially support the company until such time as the assets of the company, fairly valued, exceeds its liabilities, subject to the transaction being approved. In the event of the transaction not being approved, African Harvest Fund Managers (Pty) Limited has undertaken to financially support the company until such time as the assets of the company, fairly valued, exceeds its liabilities.

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**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AHFM**

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"The Directors  
Cadiz Holdings Limited  
Ground floor, Fernwood House  
The Oval  
1 Oakdale Road  
Newlands  
7700

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AFRICAN HARVEST FUND MANAGERS (PTY) LIMITED****INTRODUCTION**

Cadiz Holdings Limited and African Harvest Fund Managers Holdings (Pty) Limited have entered into an agreement in terms of which Cadiz Holdings Limited will, subject to the fulfilment of certain suspensive conditions, acquire from African Harvest Fund Managers Holdings (Pty) Limited all the ordinary shares of African Harvest Fund Managers (Pty) Limited.

At your request and for the purposes of the circular to Cadiz Holdings Limited shareholders to be dated on or about 16 October 2006 ("the Circular"), we present our report on the financial information presented in the Report of the Historical Financial Information of African Harvest Fund Managers (Pty) Limited, included in Annexure 4 to the Circular, in compliance with the Listings Requirements of the JSE Limited.

**RESPONSIBILITY**

The compilation, contents and presentation of the Circular and the Report of Historical Financial Information are the responsibility of the directors of Cadiz Holdings Limited.

Our responsibility is to express an opinion on the financial information presented in the Report of Historical Financial Information, included in Annexure 4 to the Circular.

**SCOPE****Audit – Years ended 30 September 2003, 30 September 2004 and 30 September 2005**

We have audited the annual financial statements of African Harvest Fund Managers (Pty) Limited as at 30 September 2005, 30 September 2004 and 30 September 2003, and for the years then ended (the "Audited Financial Statements"). The Audited Financial Statements for the years ended 30 September 2005, 30 September 2004 and 30 September 2003 were prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP").

We reported without qualification that the Audited Financial Statements referred to above fairly presented in all material respects the financial position of the company at 30 September 2005, 30 September 2004 and 30 September 2003 and the results and cash flow information for the years then ended in accordance with SA GAAP.

Our audit of the Audited Financial Statements for the periods referred to above, comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole.

**Review – Six month period ended 31 March 2006**

We have reviewed the historical financial information of African Harvest Fund Managers (Pty) Limited for the six-month period ended 31 March 2006.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the historical financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

## **OPINION**

### **Audit Opinion**

As required of us, we have compared the historical financial information set out in the Annexure 4 to the Audited Financial Statements of African Harvest Fund Managers (Pty) Limited.

We confirm that the schedules reflecting the extracted financial information attached to this report, being Annexure 4 is consistent with the audited Annual Financial Statements from which they have been extracted.

For a better understanding of the company's financial position and the results of its operations for the periods and of the scope of our audit, the financial information should be read in conjunction with the Audited Financial Statements from which the financial information was derived and our audit reports thereon.

### **Review opinion**

Based on our review, nothing has come to our attention that causes us to believe that the historical financial information of African Harvest Fund Managers (Pty) Limited for the six-month period ended 31 March 2006, as set out in Annexure 4 to the Circular; is not presented fairly, in all material respects in accordance with AC 127 Interim Financial Reporting, and in the manner required by the Companies Act in South Africa.

## **CONSENT**

We consent to the inclusion of this report, which will form part of the Circular to shareholders of Cadiz Holding Limited to be issued on or about 16 October 2006 in the form and context in which it appears.

## **DELOITTE & TOUCHE**

*Registered Auditors*

Per **G Cavaleros**  
Partner

10 October 2006

Brookside, 11 Lansdowne Road, Claremont  
PO Box 578  
Cape Town  
8000

National Executive: G G Gelink *Chief Executive* A E Swiegers *Chief Operating Officer* G M Pinnock *Audit* D L Kennedy *Tax* L Geeringh *Consulting* M G Crisp *Financial Advisory* L Bam *Strategy* C R Beukman *Finance* T J Brown *Clients & Markets* S J C Sibisi *Public Sector and Corporate Social Responsibility* N T Mtoba *Chairman of the Board* J Rhynes *Deputy Chairman of the Board*

Regional Leader: J Rhynes

A full list of partners and directors is available on request''

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**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AHCI**

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"The Directors  
Cadiz Holdings Limited  
Ground floor, Fernwood House  
The Oval  
1 Oakdale Road  
Newlands  
7700

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AFRICAN HARVEST COLLECTIVE INVESTMENTS LIMITED****INTRODUCTION**

Cadiz Holdings Limited and African Harvest (Pty) Limited have entered into an agreement in terms of which Cadiz Holdings Limited will, subject to the fulfilment of certain suspensive conditions, acquire from African Harvest (Pty) Limited all the ordinary shares of African Harvest Collective Investments Limited.

At your request and for the purposes of the circular to Cadiz Holdings Limited shareholders to be dated on or about 16 October 2006 ("the Circular"), we present our report on the financial information presented in the Report of the Historical Financial Information of African Harvest Collective Investments Limited, included in Annexure 5 to the Circular, in compliance with the Listings Requirements of the JSE Limited.

**RESPONSIBILITY**

The compilation, contents and presentation of the Circular and the Report of Historical Financial Information are the responsibility of the directors of Cadiz Holdings Limited.

Our responsibility is to express an opinion on the financial information presented in the Report of Historical Financial Information, included in Annexure 5 to the Circular:

**SCOPE****Audit – Eleven-month period ended 30 September 2005**

We have audited the annual financial statements of African Harvest Collective Investments Limited at 30 September 2005 and for the eleven-month period then ended (the "Audited Financial Statements"). The Audited Financial Statements for the period ended 30 September 2005 was prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP").

We reported without qualification that the Audited Financial Statements referred to above fairly presented in all material respects the financial position of the company at 30 September 2005 and the results and cash flow information for the period then ended in accordance with SA GAAP.

Our audit of the Audited Financial Statements for the period referred to above, comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole.

**Review – Six-month period ended 31 March 2006**

We have reviewed the historical financial information of African Harvest Collective Investments Limited for the six-month period ended 31 March 2006.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the historical financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

## **OPINION**

### **Audit opinion**

As required of us, we have compared the historical financial information set out in the Annexure 5 to the Audited Financial Statements of African Harvest Collective Investments Limited.

We confirm that the schedules reflecting the extracted financial information attached to this report, being Annexure 5 is consistent with the audited Annual Financial Statements from which they have been extracted.

For a better understanding of the company's financial position and the results of its operations for the period and of the scope of our audit, the financial information should be read in conjunction with the Audited Financial Statements from which the financial information was derived and our audit report thereon.

### **Review opinion**

Based on our review, nothing has come to our attention that causes us to believe that the historical financial information of African Harvest Collective Investments Limited for the six month period ended 31 March 2006, as set out in Annexure 5 to the Circular, is not presented fairly, in all material respects in accordance with AC 127: Interim Financial Reporting, and in the manner required by the Companies Act in South Africa.

Without qualifying our opinion, we draw attention to the note 18 to the historical financial information which indicates that at 31 March 2006, the company's total liabilities exceeded its total assets.

## **CONSENT**

We consent to the inclusion of this report, which will form part of the Circular to shareholders of Cadiz Holding Limited to be issued on or about 16 October 2006 in the form and context in which it appears.

## **DELOITTE & TOUCHE**

*Registered Auditors*

Per **G Cavaleros**  
Partner

10 October 2006

Brookside, 11 Lansdowne Road, Claremont  
PO Box 578  
Cape Town  
8000

National Executive: G G Gelink Chief Executive A E Swiegers Chief Operating Officer G M Pinnock Audit D L Kennedy Tax L Geeringh Consulting M G Crisp Financial Advisory L Bam Strategy C R Beukman Finance T J Brown Clients & Markets S J C Sibisi Public Sector and Corporate Social Responsibility NT Mtoba Chairman of the Board J Rhynes Deputy Chairman of the Board

Regional Leader: J Rhynes

A full list of partners and directors is available on request''



## CADIZ HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number 1997/007258/06)  
Share code: CDZ ISIN: ZAE00017661  
("Cadiz" or "the company")

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### NOTICE OF GENERAL MEETING

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Notice is hereby given that a General Meeting of Cadiz will be held at 10:30 on Tuesday, 31 October 2006 at the registered office of Cadiz, Ground Floor, Fernwood House, The Oval, 1 Oakdale Road, Newlands, 7700 South Africa for the purpose of considering and, if thought fit, passing with or without modification, the following ordinary Resolutions:

#### ORDINARY RESOLUTION NUMBER 1

**"Resolved as an ordinary resolution that** the Acquisition by Cadiz as detailed in the Sale of Shares Agreement, a copy of which has been initialled by the Chairman and is available for inspection, be and is hereby ratified and approved."

#### ORDINARY RESOLUTION NUMBER 2

**"Resolved as an ordinary resolution that** subject to the passing of ordinary resolution number 1, any Director of Cadiz be and is hereby authorised to do all such things and sign all such documents as may be necessary to give effect to the Sale of Shares Agreement."

#### VOTING AND PROXIES

A shareholder entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company. Duly completed forms of proxy must be returned to the South African transfer secretaries by no later than 10:30 on Friday, 27 October 2006.

Shareholders who hold Cadiz Shares in uncertified form must inform their Central Securities Depository Participant ("CSDP") or broker of their voting instructions. Should they wish to attend or be represented by proxy at the General Meeting, they must advise their CSDP or broker who will issue the necessary authorisation in writing to do so. They must **not** complete the attached form of proxy.

The shares in the Cadiz share incentive schemes will be excluded from voting in respect of the abovementioned ordinary resolutions.

By order of the Board

#### CADIZ HOLDINGS LIMITED

**F C Shaw**

*Company Secretary*

#### Registered office

Ground Floor, Fernwood House, The Oval  
1 Oakdale Road  
Newlands, 7700  
(PO Box 44547, Claremont, 7735 )

#### Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)





# CADIZ HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)  
 (Registration number 1997/007258/06)  
 Share code: CDZ ISIN: ZAE000017661  
 ("Cadiz" or "the company")

## FORM OF PROXY

**Only for use by members who have not dematerialised their Cadiz Holdings Limited shares or who have dematerialised their shares and selected own name registration with Computershare's CSDP.**

Shareholders who have dematerialised their shares, other than with own name registration, with a CSDP or broker should advise their CSDP or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or broker. Shareholders who have dematerialised their shares, other than with own name registration, must NOT return this form of proxy to the Transfer Secretaries. Their instructions must be sent to their CSDP or broker for action.

For completion by shareholders who hold their shares in certified form or are dematerialised own-name shareholders and who are unable to attend the General Meeting to be held at 10:30 on Tuesday, 31 October 2006, at the registered office of Cadiz Holdings Limited, Ground Floor, Fernwood House, The Oval, 1 Oakdale Road, Newlands, South Africa ("the General Meeting"):

I/We \_\_\_\_\_

of \_\_\_\_\_

(full name and address in BLOCK LETTERS)

being a holder(s) of  ordinary shares of R \_\_\_\_\_ each

do hereby appoint: \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, \_\_\_\_\_

of \_\_\_\_\_

or failing them, the Chairman of the General Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of Cadiz to be held at 10:30 on Tuesday, 31 October 2006 (South African time) and at any adjournment thereof and to vote or abstain from voting as indicated on the ordinary resolutions to be considered at the General Meeting:

	In favour of	Against	Abstain
Ordinary resolution number 1 – approval of Acquisition			
Ordinary resolution number 2 – Authority granted to Directors to implement the Acquisition			

Please indicate with an "X" in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his/her discretion.

Every person present and entitled to vote at the meeting shall, on a show of hands, have one vote only, and on a poll, shall have one vote for every share held or represented.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2006

Name \_\_\_\_\_

(in BLOCK LETTERS)

Signature/s \_\_\_\_\_

**PLEASE READ THE NOTES ON THE REVERSE SIDE HEREOF.**

**Notes:**

1. All ordinary shareholders are entitled to attend, be represented and vote at the General Meeting. Each ordinary shareholder present by proxy or in person (if a natural person) or presented (if a juristic person) at the General Meeting has, on a show of hands, one vote irrespective of the number ordinary shares he/she holds or represents, provided that a proxy shall irrespective of the number of ordinary shareholders he/she represents have only one vote. On a poll, at the General Meeting, an ordinary shareholder who is present by proxy or in person (if natural person) or represented (if a juristic person) shall be entitled to that number of votes which is equal to that proportion of the total votes in which the aggregate amount of the nominal value of the ordinary shares held by him/her bears to the aggregate amount of the nominal value of all the ordinary shares issued.
2. An ordinary shareholder may insert the name of a proxy or the names of two alternate proxies of the ordinary shareholder's choice in the space/s provided, with or without deleting "the Chairman of the General Meeting". If a deletion is made, such deletion must be initialled by the ordinary shareholder. The person whose name stands first on this form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. An ordinary shareholder's instructions to the proxy must indicate by the insertion of the relevant number of ordinary shares held by him/her (which will indicate the number of votes exercisable by the shareholder on a poll) in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the General Meeting as he/she deems fit in respect of all the ordinary shareholder's votes exercisable thereat. An ordinary shareholder or the proxy is not obliged to use all the votes exercisable by the ordinary shareholder or by the proxy, but the total of the votes cast in respect of which abstention is recorded may not exceed the total of the votes exercisable by the ordinary shareholder or by the proxy.
4. An ordinary shareholder's instructions to the proxy as to whether to vote for, against or abstain from voting, and in respect of the relevant number of ordinary shares to vote in such a manner; shall, in respect of the ordinary resolutions, be indicated as follows:
  - (a) by the insertion of an "X" in the appropriate box provided to indicate whether to vote for, against or abstain from voting. Such an insertion, without the insertion of the relevant number of ordinary shares as contemplated in paragraph (b) below, shall require the proxy to vote or abstain from voting at the General Meeting as indicated by the "X" in respect of all (and not some) of the ordinary shareholder's votes exercisable thereat;
  - (b) by the insertion, of the relevant number of ordinary shares held by the ordinary shareholder in the company to indicate the number of ordinary shares to be voted for, against or abstain from voting (which will indicate the number of votes exercisable by the proxy on behalf of the shareholder on a poll), in the appropriate box provided. Such an insertion, with or without the insertion of an "X", shall require the proxy to vote or abstain from voting at the General Meeting as indicated by the number so inserted in respect of such inserted number (and not a portion) of all ordinary shares; and
  - (c) by the failure to insert anything in the appropriate box. Such failure will be deemed to authorise the proxy to vote or abstain from voting at the General Meeting as he/she deems fit in respect of all (or a portion) of the ordinary shareholder's votes exercisable thereat.
5. An ordinary shareholder is not obliged to use all the votes exercisable by the ordinary shareholder; but the total of the votes cast, and in respect of which abstention is recorded, whether by the ordinary shareholder or the proxy, may not exceed the total of the votes exercisable by the ordinary shareholder.
6. Forms of proxy must be lodged with or posted to the company's transfer secretaries,

**By post to:**

**Computershare Investor Services 2004  
(Proprietary) Limited**  
PO Box 61051,  
Marshalltown, 2107

**By hand to:**

**Computershare Investor Services 2004  
(Proprietary) Limited**  
Ground Floor  
70 Marshall Street,  
Johannesburg, 2001

to reach them by no later than 10:30 on Friday, 27 October 2006. Form of proxy received after this date and time will not be valid.

7. The completion and lodging of this form of proxy will not preclude the relevant ordinary shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the General Meeting, as the case may be.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.



