

Reviewed Preliminary Results

for the year ended 31 March 2011



Key features

- Gross operating revenue 16.5% lower
- Diluted HEPS down 48.1%
- Dividend maintained at 20 cps
- Rated Best Specialist Fund House 2011
- Retail funds under management up 30%
- Top ranked derivative house in SA for 15th year



FINANCIAL PERFORMANCE / Cadiz Holdings encountered a difficult year as the challenges in the securities business reported to shareholders at the interim stage continued to impact the group's performance. Gross operating revenue declined by 16.5% to R326.1 million with the securities business 24% lower owing to tough trading and market conditions, while revenue in asset and wealth management remained flat. All of the group's operating businesses are profitable and cash generative.

Revenue from the group's investment capital declined 34% mainly as a result of the underperformance of the African Fund which was seeded with offshore capital, foreign exchange losses and markdowns of the investment in Makana.

Operating expenses were well managed and declined by 7.1%, despite the continued investment in the asset management business. The decline in expenses was mainly attributable to focused cost management, lower variable costs in the securities business and lower incentive payments across the group. The prior period included a goodwill impairment of R9.2 million which was not repeated.

The cost-to-income ratio, after excluding direct costs related to the group investments and goodwill impairment charges, increased to 83% (2010: 73%) owing to the lower revenue base.

Operating profit for the period declined by 41% to R68.7 million. Headline earnings declined 46.2% to R53.6 million, with diluted headline earnings per share decreasing 48.1% to 23.5 cents per share. This performance is in line with the earnings guidance provided in the group's trading statement of 5 May 2011.

The group's net asset value increased by 10 cents to 304 cents per share (2010: 294 cents) after payment of a dividend of 20 cents per share in July 2010.

The total distribution has been maintained at 20 cents per share. Based on Cadiz's historical dividend cover of between two to three times earnings the distribution would have been between 8 and 12 cents. The directors believe it prudent to maintain the distribution to shareholders despite the decline in profits as the group has adequate capital and all of the business units are cash generative.

ASSET AND WEALTH MANAGEMENT / The Cadiz brand continues to gain traction in the retail and wholesale asset management markets, supported by competitive investment performance, strong client relationships and a stable investment team.

Cadiz was rated as the Best Specialist Fund House in the 2011 Morningstar awards. This independent award recognises the unit trust management company with less than 10 funds that has delivered sustainable outperformance on a risk-adjusted basis across its range of funds. Cadiz also received Morningstar Fund Awards for the Cadiz Absolute Yield Fund (second consecutive year) and the Cadiz Inflation Plus Fund.

Investment performance remains competitive across most portfolios, particularly the unit trust funds. Performance highlights include:

- The Cadiz Money Market Fund is the top performing money market unit trust fund over two, three, four and five years.
- The Cadiz Absolute Yield Fund is in the top quartile of all flexible fixed interest funds over all periods from six months, and is the top performing flexible fixed interest fund over four and five years and since inception.
- The Cadiz Managed Flexible Fund ranked third (of 57), second (of 52) and fourth (of 50) prudential variable equity funds over one, two and three years respectively.
- The Cadiz Equity Ladder Fund ranked fifth against all general equity, growth and value funds over three years and first over four years (source: Morningstar).

As previously communicated to shareholders, a large, long-term, low yielding structured investment mandate matured and the funds were withdrawn on a phased basis during the financial year. This maturity has impacted the total assets under management which declined by R10.2 billion over the previous year to R42 billion but had a minimal effect on the financial performance of the asset management business. Retail funds continue their strong growth increasing by 30% to R12.8 billion, which includes unit trust funds under management of R6.6 billion.

Cadiz Asset Management was voted the Socially Responsible Investor of the Year for the second consecutive time at the Principal Officers' Association awards.

Revenue in the asset and wealth management segment declined marginally to R197 million as performance fees were lower than the previous year. Management has embarked on a process to integrate the retail and wholesale platforms and create a unified approach. This has contributed to the increase in costs, which together with increased staff costs and variable costs paid on unit trust assets, has led to a 22% decline in profit to R52.5 million.

SECURITIES AND STRUCTURING / Securities faced challenging market conditions during the period, with low trading volumes, increased foreign participation in the equities and derivatives markets placing pressure on the local brokers while the changing trading environment has seen a significant shift to lower margin electronic trading.

In this environment the Cadiz equity derivatives team has shown its resilience and maintained its position as the country's leading independent broker, based on volumes traded on SAFEX.

Cadiz has broadened its industry-leading research capability across quantitative, portfolio strategy and economics research, and extended the range of sectors and companies covered by the equity research team.

Cadiz was rated as the number one derivatives research house in South Africa for the 15th consecutive year at last week's Financial Mail analyst of the year awards. Cadiz was also ranked top in quantitative research, risk management research, innovative research, and second in derivative dealing.

Cadiz activity in the corporate advisory market has been focused mainly on the resources sector. The strategic partnerships with advisory firms in China and India are leading to increased deal flow and the pipeline of potential mandates for the new year is encouraging.

Revenue for the segment was 24% lower than the previous year, however costs were tightly managed and reduced by 12% with profit declining by 44%.

INVESTMENTS AND CAPITAL / At year-end the group's investment and capital portfolio had increased to R405.1 million. Returns from this portfolio declined by 59% from R14.6 million to R6.0 million. Revenue has dropped by R6.8 million while costs have increased by R1.8 million.

At the end of the period the capital was invested as follows:

- * R76.2 million invested in liquid assets for regulatory capital adequacy, stockbroking and working capital requirements;
- * R78.3 million in liquid assets for short term commitments including dividends, incentives and equity scheme repurchases;
- * R49.8 million invested as seed capital and co-investments in asset management products, including R27.2 million in offshore products which are in the process of being discontinued;
- * R91.4 million invested in Makana, including an additional R33.2 million following the sale of a further 5% equity stake to Makana; and
- * R109.4 million invested mainly in liquid assets for strategic opportunities.

In line with Cadiz's policy of not carrying proprietary risk, the group also holds R26.5 million investments and R28.3 million trading liabilities as a hedge against Cadiz Prime Broking activities.

EMPOWERMENT / Makana, a related party, increased its effective shareholding in Cadiz Holdings to 15% following the acquisition of a further 5% stake with effect from 21 September 2010. Makana acquired a 10% strategic equity stake in the group in April 2004 and the shareholding agreement was due to mature in May 2011.

Following this transaction black ownership in Cadiz has increased to approximately 30% (in terms of the DTI codes) through the combined holdings of Makana and the Cadiz black employee share ownership scheme.

Cadiz has been verified as a level three BBEE contributor with a score of 80.94, based on the Department of Trade and Industry's codes of good practice. Cadiz was placed 24th overall in the 2011 Financial Mail Top Empowerment Companies survey and eighth in the financial services sector (compared to 34th overall and 12th in the sector in 2009 when Cadiz last participated in the survey).

BOARD AND GOVERNANCE / Peter-Paul Ngwenya was appointed as non-executive chairman of the board in March 2011 following the resignation of Ray Cadiz as chairman. Ray continues to serve as a non-executive director. Peter-Paul has been a director of Cadiz for seven years and his appointment follows a decision by the board more than three years ago to identify and appoint a black chairperson. Sifiso Buthelezi resigned as an alternate director in November 2010 to dedicate his time to other responsibilities. Following the adoption of King III the group has reviewed governance structures. In line with the code a social, ethics and sustainability committee has been established, the nomination committee reconstituted and other committee membership and charters reviewed.

SHARE ALLOCATION TO BLACK EMPLOYEES / During the period 2.0 million share appreciation rights and voting A ordinary shares were issued to participants in the black employee share ownership scheme. The first tranche vested in February 2011 and was settled by the issue of 0.2 million shares. These are subject to a lock-in for seven years from the issue date. This brings the total number of rights issued to 13.1 million of the 24 million originally approved by shareholders.

EXECUTIVE EQUITY SCHEME / Shareholders approved the implementation of an equity-based executive remuneration scheme at the annual general meeting on 31 August 2010. The scheme replaced the existing share option scheme and is aimed at aligning the risk and return profile of management and key staff with that of shareholders. Management and senior employees subsequently received a portion of their annual incentive award in the form of 4.9 million equity instruments with vesting and trading restrictions.

SHARE CAPITAL AND TREASURY SHARES / In order to offset the dilutionary impact of the scheme, the cash retained from the incentive awards was utilised to fund the purchase by a subsidiary of Cadiz of 4.0 million shares at an average price of 336 cents per share.

PROSPECTS / Competition in the securities market has increased significantly and in response to this Cadiz is exploring ways of enhancing the research capacity and gaining access to a balance sheet, offshore distribution and electronic trading. The solid domestic platform and credentials built by the securities business over the past 15 years will serve as a good base for this strategic initiative.

The asset management and wealth businesses have been operating more closely in recent years and a decision has been taken to integrate the respective platforms to create further synergies and cost efficiencies. The group has invested significantly in these businesses in recent years and Cadiz is being recognised as a top rated investment house in South Africa.

At year end Cadiz had capital of approximately R159 million for potential strategic initiatives and growth opportunities, after the payment of the distribution to shareholders, and will continue to look for opportunities to deploy this capital to generate sustainable risk adjusted returns for shareholders.

BASIS OF PRESENTATION / These results have been prepared in terms of International Financial Reporting Standards and comply with IAS 34 – "Interim Financial Reporting", the Listings Requirements of the JSE Limited and the Companies Act No. 61 of 1973. The accounting policies are consistent with those applied in the annual financial statements for 31 March 2010 except for the adoption of the amendment made to IFRS 2 – "Group Cash-settled Share-based Payments" and the revisions made to IFRS 3 – "Business Combinations" and IAS 27 – "Consolidated and Separate Financial Statements".

REVIEW REPORT / The condensed consolidated preliminary results for the year ended 31 March 2011 have been reviewed by PricewaterhouseCoopers Inc. The external auditors unqualified review opinion is available, on request, for inspection at the company's registered office.

DIVIDEND / Notice is hereby given of a dividend of 20 cents per ordinary share.

In compliance with the Listings Requirements of the JSE Limited, the following dates are applicable:

Last date to trade:	Friday, 8 July 2011
Trading commences ex dividend:	Monday, 11 July 2011
Record date:	Friday, 15 July 2011
Payment date:	Monday, 18 July 2011

Share certificates may not be dematerialised or rematerialised between Monday, 11 July 2011 and Friday, 15 July 2011, both dates inclusive.

On behalf of the board of directors

Peter-Paul Ngwenya
Chairman
Cape Town
30 May 2011

Ram Barkai
Chief Executive Officer

condensed group preliminary statement of comprehensive income

	Reviewed 12 months 31 Mar 11 R'000	Audited 12 months 31 Mar 10 R'000
Gross operating revenue	326 063	390 722
Interest income	12 381	12 597
Net investment income	7 287	12 023
Net income from investments	11 264	15 092
Foreign exchange losses	(3 977)	(3 069)
Income attributable to linked assets	–	–
Net fair value gains on linked financial instruments	54 061	85 447
Linked liability adjustment	(54 061)	(85 447)
Operating expenses	(277 004)	(298 058)
Operating profit	68 727	117 284
Finance costs	(706)	(311)
Profit before taxation	68 021	116 973
Taxation	(14 428)	(26 651)
Total comprehensive income	53 593	90 322
Reconciliation of headline earnings:		
Profit attributable to equity holders of the company	53 593	90 322
Goodwill impairment	–	9 151
Surplus on disposal of plant and equipment	(56)	–
Taxation impact	16	–
Headline earnings	53 553	99 473
Issued number of shares ('000)	245 339	245 138
Consolidated number of shares ('000)	225 205	217 794
Weighted average number of shares ('000)	222 262	218 155
Diluted weighted average number of shares ('000)	228 276	219 471
Earnings per share (cents)		
Basic	24.1	41.4
Diluted	23.5	41.2
Headline earnings per share (cents)		
Basic	24.1	45.6
Diluted	23.5	45.3

condensed group preliminary statement of financial position

	Reviewed 31 Mar 11 R'000	Audited 31 Mar 10 R'000
ASSETS		
Non-current assets	2 608 271	1 394 592
Plant and equipment	6 906	7 667
Intangible assets	269 334	266 140
Deferred taxation	19 230	24 159
Investments backing linked funds	2 232 001	1 012 529
Financial assets	76 235	81 144
Receivables and prepayments	4 565	2 953
Current assets	580 985	981 885
Financial assets	123 511	200 427
Receivables and prepayments	223 270	617 386
Taxation	2 406	1 204
Cash and cash equivalents	231 798	162 868
Total assets	3 189 256	2 376 477
EQUITY		
Capital and reserves		
Ordinary share capital and premium	3 619	2 902
Treasury shares	(52 411)	(73 544)
Share-based payment reserve	59 888	45 836
Retained earnings	672 604	664 173
Total shareholders' equity	683 700	639 367
LIABILITIES		
Non-current liabilities	2 239 941	1 030 064
Deferred taxation	2 912	7 918
Linked investment contract liabilities	2 232 001	1 012 529
Trade and other payables	5 028	9 617
Current liabilities	265 615	707 046
Trade and other payables	230 412	665 459
Taxation	6 913	16 021
Trading liabilities	28 290	25 566
Total liabilities	2 505 556	1 737 110
Total equity and liabilities	3 189 256	2 376 477
Net asset value (cents per share)	304	294
Net tangible asset value (cents per share)	177	164

condensed group preliminary statement of cash flows

	Reviewed 12 months 31 Mar 11 R'000	Audited 12 months 31 Mar 10 R'000
Cash flow from operating activities	(29 118)	82 593
Cash generated from operations	39 375	136 530
Taxation paid	(24 934)	(28 668)
Dividends paid	(43 559)	(25 269)
Cash flow from investing activities	78 075	2 976
Cash flow from financing activities	20 231	(5 530)
Net change in cash and cash equivalents	69 188	80 039
Effect of exchange rate adjustment	(258)	(91)
Cash and cash equivalents at the beginning of the year	162 868	82 920
Cash and cash equivalents at the end of the year	231 798	162 868

condensed group preliminary statement of changes in equity

	Reviewed 12 months 31 Mar 11 R'000	Audited 12 months 31 Mar 10 R'000
Share capital, share premium and treasury shares		
Opening balance	(70 642)	(67 770)
Issue of shares	717	33
Sale of treasury shares to Makana	29 980	–
Net purchases of treasury shares on exercise of options	(1 775)	(1 760)
Delivery of treasury shares on settlement of deferred consideration	–	4 782
Transfer of deferred consideration shares	7 314	–
Repurchases of A ordinary shares	(2)	–
Purchase of treasury shares	(14 384)	(5 927)
	(48 792)	(70 642)
Reserves		
Opening balance	710 009	627 708
Net premium on issue of equity settled share appreciation rights	280	340
Sale of treasury shares to Makana	2 730	–
Net purchases of treasury shares on exercise of options	1 908	1 784
Employee share scheme – value of services provided	14 052	15 124
Transfer of deferred consideration shares	(6 521)	–
Total comprehensive income	53 593	90 322
Dividends paid	(43 559)	(25 269)
	732 492	710 009
Total shareholders' funds	683 700	639 367

condensed group preliminary segment report

	Asset and Wealth management R'000	Securities and Structuring R'000	Investments and Capital R'000	Total R'000
12 months to 31 March 2011 (reviewed)				
Segment revenue	196 823	152 435	13 022	362 280
Segment costs	144 314	111 123	6 991	262 428
Segment profit	52 509	41 312	6 031	99 852
Corporate costs				31 831
Profit before taxation				68 021
Gross operating revenue (external)	187 059	139 004	-	326 063
12 months to 31 March 2010 (audited)				
Segment revenue	199 148	200 994	19 839	419 981
Segment costs	132 146	126 874	5 168	264 188
Segment profit	67 002	74 120	14 671	155 793
Corporate costs				38 820
Profit before taxation				116 973
Gross operating revenue (external)	190 821	199 901	-	390 722
Year-on-year % segment revenue	(1%)	(24%)	(34%)	(14%)
Year-on-year % segment costs	9%	(12%)	35%	(1%)
Year-on-year % segment profit	(22%)	(44%)	(59%)	(36%)

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CADIZ HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

("Cadiz", "the group" or "the company")

Registration number: 1997/007258/06

JSE share code: CDZ

ISIN: ZAE000017661

Company secretary: F C Shaw

Registered office: Ground Floor, Fernwood House, The Oval, 1 Oakdale Road, Newlands, 7700
PO Box 44547, Claremont, 7735

Transfer secretaries: Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Directors: S P Ngwenya (Chairman)*, R Barkai (Chief Executive Officer), R F G Cadiz*, C A Hall*,
B H Kent*, D M Lawrence*, A N Matyumza*, B J Memela-Khambula*, N S Mjoli-Mncube*,
S J Saunders*, F C Shaw (* Non-executive directors)

Sponsor: Investec Bank Limited