



**Unaudited
Interim Results**
for the six months ended
30 September 2011

Key features

- Diluted HEPS 0.9 cents per share
- Formation of BNP Paribas Cadiz Securities
- Asset management business refocused
- Best derivatives house for 15th consecutive year

condensed group interim statement of comprehensive income

	Unaudited 6 months 30 Sep 11 R'000	Unaudited 6 months 30 Sep 10 R'000	Audited 12 months 31 Mar 11 R'000
Continuing operations			
Gross operating revenue	95 069	103 330	225 382
Interest income	1 260	585	2 333
Net investment income	15 746	10 961	7 287
Net income from investments	12 337	14 079	11 264
Foreign exchange gains/(losses)	3 409	(3 118)	(3 977)
Income attributable to linked assets	-	-	-
Net fair value gains/(losses) on linked financial instruments	82 246	(61 288)	54 061
Linked liability adjustment	(82 246)	61 288	(54 061)
Operating expenses	(102 597)	(99 279)	(200 665)
Operating profit	9 478	15 597	34 337
Finance costs	(223)	(454)	(706)
Profit before taxation	9 255	15 143	33 631
Taxation	(1 734)	(1 530)	(5 272)
Total comprehensive income from continuing operations	7 521	13 613	28 359
Discontinued operations			
(Loss)/Profit from discontinued operations	(5 337)	13 312	25 234
Total comprehensive income	2 184	26 925	53 593
Reconciliation of headline earnings:			
Profit attributable to equity holders of the company	2 184	26 925	53 593
Surplus on disposal of plant and equipment	(8)	-	(56)
Taxation impact	2	-	16
Headline earnings	2 178	26 925	53 553
<i>Note: All headline earnings adjustments relate to continuing operations</i>			
Issued number of shares ('000)	252 944	245 138	245 339
Consolidated number of shares ('000)	232 810	228 702	225 205
Weighted average number of shares ('000)	229 572	218 390	222 262
Diluted weighted average number of shares ('000)	234 106	222 893	228 276
Earnings per share (cents)			
Basic – from continuing operations	3,3	6,2	12,8
– from discontinued operations	(2,3)	6,1	11,3
	1,0	12,3	24,1
Diluted – from continuing operations	3,2	6,1	12,4
– from discontinued operations	(2,3)	6,0	11,1
	0,9	12,1	23,5
Headline earnings per share (cents)			
Basic	0,9	12,3	24,1
Diluted	0,9	12,1	23,5

condensed group interim statement of financial position

	Unaudited 30 Sep 11 R'000	Unaudited 30 Sep 10 R'000	Audited 31 Mar 11 R'000
ASSETS			
Non-current assets	3 333 109	1 744 347	2 608 271
Plant and equipment	6 742	7 279	6 906
Intangible assets	272 462	265 634	269 334
Deferred taxation	16 908	16 055	19 230
Investments backing linked funds	2 889 255	1 385 126	2 232 001
Financial assets	135 135	64 683	76 235
Receivables and prepayments	12 607	5 570	4 565
Current assets	219 837	1 618 458	580 985
Financial assets	49 132	209 686	123 511
Receivables and prepayments	36 411	1 224 788	223 270
Taxation	7 917	1 804	2 406
Cash and cash equivalents	126 377	182 180	231 798
Assets of disposal group classified as held for sale	328 409	-	-
	548 246	1 618 458	580 985
Total assets	3 881 355	3 362 805	3 189 256
EQUITY			
Capital and reserves			
Ordinary share capital and premium	24 965	2 971	3 619
Treasury shares	(52 411)	(37 043)	(52 411)
Share-based payment reserve	38 731	53 415	59 888
Retained earnings	628 251	644 030	672 604
Total equity	639 536	663 373	683 700
LIABILITIES			
Non-current liabilities			
Deferred taxation	4 946	5 006	2 912
Linked investment contract liabilities	2 889 255	1 385 126	2 232 001
Trade and other payables	4 795	7 909	5 028
Current liabilities	48 948	1 301 391	265 615
Trade and other payables	41 951	1 135 883	230 412
Taxation	6 997	1 257	6 913
Trading liabilities	-	164 251	28 290
Liabilities of disposal group classified as held for sale	293 875	-	-
	342 823	1 301 391	265 615
Total liabilities	3 241 819	2 699 432	2 505 556
Total equity and liabilities	3 881 355	3 362 805	3 189 256
Net asset value (cents per share)	275	305	304
Net tangible asset value (cents per share)	153	178	177

condensed group interim statement of cash flows

	Unaudited 6 months 30 Sep 11 R'000	Unaudited 6 months 30 Sep 10 R'000	Audited 12 months 31 Mar 11 R'000
Cash flow from operating activities	(74 242)	(39 160)	(29 118)
Cash (utilised by)/generated from operations	(20 848)	21 234	39 375
Taxation paid	(6 832)	(16 835)	(24 934)
Dividends paid	(46 562)	(43 559)	(43 559)
Cash flow from investing activities	10 115	25 459	78 075
Cash flow from financing activities	212	33 061	20 231
Net change in cash and cash equivalents	(63 915)	19 360	69 188
Effect of exchange rate adjustment	4	(48)	(258)
Cash and cash equivalents at beginning of year	231 798	162 868	162 868
Cash and cash equivalents at end of year	167 887	182 180	231 798

The cash flows above include cash flows from the discontinued operations, more detail of which is given in the commentary.

condensed group interim statement of changes in equity

	Unaudited 6 months 30 Sep 11 R'000	Unaudited 6 months 30 Sep 10 R'000	Audited 12 months 31 Mar 11 R'000
Share capital, share premium and treasury shares			
Opening balance	(48 792)	(70 642)	(70 642)
Issue of shares	21 410	69	717
Sale of treasury shares to Makana	-	29 980	29 980
Net purchases of treasury shares on exercise of options	-	-	(1 775)
Transfer of deferred consideration shares	-	7 314	7 314
Repurchases of A ordinary shares	(14)	-	(2)
Repurchases of B preference shares	(50)	-	-
Purchase of treasury shares	-	(793)	(14 384)
	(27 446)	(34 072)	(48 792)
Reserves			
Opening balance	732 492	710 009	710 009
Net premium on issue of equity settled share appreciation rights	25	282	280
Sale of treasury shares to Makana	-	2 730	2 730
Net purchases of treasury shares on exercise of options	-	-	1 908
Employee scheme – value of services provided	(21 157)	7 579	14 052
Transfer of deferred consideration shares	-	(6 521)	(6 521)
Total comprehensive income	2 184	26 925	53 593
Dividends paid	(46 562)	(43 559)	(43 559)
	666 982	697 445	732 492
Total shareholders' equity	639 536	663 373	683 700

condensed group interim segment report

	Asset management	Securities and Structuring	Investments and Capital	Total
6 months to 30 September 2011 (unaudited)				
Segment revenue	77 250	43 940	16 338	137 528
Segment costs	71 587	46 027	1 051	118 665
Segment profit	5 663	(2 087)	15 287	18 863
Corporate costs				(16 516)
<i>Add back: loss before taxation on discontinued operations</i>				6 908
Profit before taxation				9 255
Gross operating revenue (external)	75 075	41 764	–	116 839
6 months to 30 September 2010 (unaudited)				
Segment revenue	88 471	78 582	13 107	180 160
Segment costs	68 980	57 144	3 040	129 164
Segment profit	19 491	21 438	10 067	50 996
Corporate costs				(17 365)
<i>Less: profit before taxation on discontinued operations</i>				(18 488)
Profit before taxation				15 143
Gross operating revenue (external)	83 871	68 619	–	152 490
Year-on-year % segment revenue	(13%)	(44%)	25%	(24%)
Year-on-year % segment costs	4%	(19%)	(65%)	(8%)
Year-on-year % segment profit	(71%)	(110%)	52%	(63%)
12 months to 31 March 2011 (audited)				
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)
<i>Less: profit before taxation on discontinued operation</i>				(34 390)
Profit before taxation				33 631
Gross operating revenue (external)	187 059	139 004	–	326 063

Included in the Securities and Structuring segment are results from the discontinued Securities operations and Cadiz Corporate Advisory business. 60% of the discontinued Securities business has been sold to BNP Paribas SA on 31 October 2011.

NOTES

discontinued operation and disposal group

During this financial period, the group announced its decision to sell 60% of its Securities business to BNP Paribas SA. The effective date of this sale is 31 October 2011. The results of this discontinued operation are included in the group's interim results for the six months ended 30 September 2011. Financial information relating to the Securities business operations for the period is set out below. The statement of comprehensive income distinguishes between continuing operations and the discontinued operation. Comparative figures have been restated.

condensed group interim statement of comprehensive income of discontinued operation

	6 months 30 Sep 11 R'000	6 months 30 Sep 10 R'000	12 months 31 Mar 11 R'000
Gross operating revenue	21 770	49 160	100 681
Interest income	2 732	5 904	10 048
Operating expenses	(31 410)	(36 575)	(76 339)
(Loss)/Profit before taxation on discontinued operation	(6 908)	18 489	34 390
Taxation	1 571	(5 177)	(9 156)
(Loss)/Profit from discontinued operation	(5 337)	13 312	25 234

condensed group interim cash flow from discontinued operation

	6 months 30 Sep 11 R'000	6 months 30 Sep 10 R'000	12 months 31 Mar 11 R'000
Cash flow from operating activities	2 315	42 112	49 987
Cash flow from financing activities	(31 936)	(36 714)	(40 108)
Effect on cash flows	(29 621)	5 398	9 879

disposal group

The assets and liabilities related to the Securities business have been presented in the group's statement of financial position as held for sale following shareholder approval of the decision to dispose of 60% of this business. The assets and liabilities of this business therefore constitute a disposal group. The major classes of assets and liabilities of this disposal group are as follows:

	30 Sep 11 R'000
<hr/>	
Assets classified as held for sale	
Deferred taxation	5 668
Financial assets	13 966
Receivables and prepayments	2 662
Amounts receivable for stockbroking activities	264 480
Taxation	123
Cash and cash equivalents	41 510
Total assets of the disposal group	328 409
<hr/>	
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	9 688
Amounts payable for stockbroking activities	263 602
Taxation	158
Trading liabilities	20 427
Total liabilities of the disposal group	293 875
Total net assets of the disposal group	34 534
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FINANCIAL PERFORMANCE / Cadiz Holdings continued to face ongoing challenges in the securities business while difficult market conditions and reduced performance fees impacted the asset management business. These factors contributed to a disappointing operational performance which resulted in a substantial decline in earnings for the period.

Management has taken decisive action to address the performance of the group through the introduction of French-based banking group, BNP Paribas SA ("BNPP"), as a majority shareholder in the Cadiz securities business, and the refocusing of the asset management business.

Gross operating revenue from continuing operations was 8% lower at R95.1 million. Revenue from the group's investment and capital portfolio increased by 25% to R16.3 million owing to improved investment performance and Rand weakness.

Operating expenses from continuing operations were contained to growth of 3% over the prior period. Stringent cost disciplines have been implemented, including a 10% reduction in headcount, and the benefit of this should be realised in the next financial year.

Operating profit from continuing operations for the period declined by 39% to R9.5 million.

Total comprehensive income from continuing operations is R7.5 million, with diluted earnings per share from continuing operations 48% lower at 3.2 cents per share.

Discontinued operations reported an after tax loss for the period of R5.3 million, which included costs of R2.5 million on the disposal of the 60% stake in the securities businesses.

Headline earnings totalled R2.2 million, with diluted headline earnings per share 93% lower at 0.9 cents per share. This performance is in line with the earnings guidance provided in the trading statements on 14 September and 3 November 2011.

ASSET MANAGEMENT / The Cadiz Asset Management brand continues to gain traction through a focus on its flagship funds, supported by competitive investment performance in its unit trust funds, strong client relationships and a stable investment team.

The integration of the wholesale and retail businesses under the Cadiz Asset Management brand is progressing well. This is expected to reduce costs, create economies of scale and enhanced operating efficiencies. Cadiz Asset Management will in future become more independent with its own board and remuneration structure. This is expected to be in place before the end of the financial year.

The Cadiz Managed Flexible Fund was named as the balanced fund of the year at the recent Africa Fund Manager awards. Cadiz was recognised by Morningstar as the Best Specialist Fund House in South Africa in the prior period.

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

- The Cadiz Money Market Fund is the top performing fund over 3, 4 and 5 years, and since inception.
- The Cadiz Absolute Yield Fund is in the top quartile of all flexible fixed interest funds over all periods from 1 year, and is the top performing flexible fixed interest fund over 5 years.
- The Cadiz Managed Flexible Fund ranked 2nd of 50 prudential variable equity funds for the 3 years ended 30 September 2011.
- The Cadiz Equity Ladder Fund ranked 1st over 4 years and 5 years against all general equity, growth and value funds.

The asset management performance has been impacted by the difficult investment environment which resulted in a substantial reduction in performance fees. The high fixed cost base for the current level of assets under management also contributed to the reduction in profit. Assets under management are similar to six months ago (30 September 2011: R41.0 billion compared to 31 March 2011: R42.0 billion).

Revenue for the period was 13% down at R77.3 million and together with higher costs resulted in profit declining 71% to R5.7 million.

SECURITIES AND STRUCTURING / The performance of the securities segment continued to be impacted by low trading volumes, increased competition and renewed market uncertainty. The BNPP transaction has also impacted day-to-day operations and placed pressure on management resources and reduced focus during the period.

These factors contributed to a 44% decline in revenue to R43.9 million, however, costs decreased by 19% through tight expense management leading to a loss of R2.1 million for the period.

Cadiz Securities received a Spire Award for the best interest rate derivative broker and was voted as the leading derivative research house in the country for the 15th consecutive year in the *Financial Mail* analyst rankings. Cadiz also received the transition manager of the year award for the third successive year at the 2011 Principal Officers' Association awards.

Cadiz corporate advisory business, which does not form part of the BNPP transaction reported a profit for the period and continues to do well in the resources sector. Although deals are taking longer than expected to be completed, the strategic partnerships with advisory firms in China and India are leading to increased activity and the pipeline of potential deals remains encouraging. The business has advised on mergers and acquisition transactions totalling R70 billion in the past five years.

INVESTMENTS AND CAPITAL / At period end the group's investment and capital portfolio totalled R344.4 million. Returns from this portfolio increased by 52% from R10.1 million to R15.2 million owing to improved investment performance, lower investment costs and Rand weakness. Revenue increased by 25% to R16.4 million and costs declined by 65% to R1.1 million.

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

- R85.9 million invested in liquid assets for regulatory capital adequacy, and working capital requirements;
- R46.9 million in liquid assets for short term commitments including dividends, taxation, incentives and equity scheme repurchases;
- R51.7 million invested as seed capital and co-investments in asset management products;
- R89.2 million invested in Makana;
- R16.4 million in strategic unlisted investments; and
- R54.3 million invested mainly in liquid assets.

The group no longer has any significant offshore investments.

In line with Cadiz' policy of not carrying proprietary risk, the group also holds investments and trading liabilities as hedges against client positions.

BNP PARIBAS CADIZ SECURITIES / The disposal of the 60% shareholding in Cadiz Securities (Pty) Ltd and Cadiz Stock Broking (Pty) Ltd to BNPP has been completed and the effective date of the transaction is 31 October 2011.

The initial proceeds of R118 million have been received, and the new business has been capitalised by BNPP with R80 million. The final payment of the net asset value ("NAV") of the businesses sold is expected to be paid within the next two months after completion of the NAV audit. Shareholders are referred to the circular issued on 28 September 2011 for further details of the transaction.

The new entity, branded as BNP Paribas Cadiz Securities, was launched on 1 November 2011 and is owned by BNPP (60%) and Cadiz (40%).

Cadiz and BNPP will combine their respective strengths to market and sell South African equity products to institutional investors locally and abroad. The business will capitalise on BNPP's international network and expertise in cash equities and equity derivatives and Cadiz' leading position in equity derivatives and research in South Africa. The product and service range includes cash equities, equity derivatives, structured products and structuring, transition management and research.

A service level agreement has been concluded for Cadiz to provide services to BNP Paribas Cadiz Securities. These services will be provided to BNP Paribas Cadiz Securities on a cost recovery basis.

EMPOWERMENT / Cadiz has again been verified as a level three broad-based black economic empowerment (BBBEE) contributor with a score of 81.14, based on the Department of Trade and Industry's codes of good practice.

During the period the group extended the conversion date of the R19.6 million convertible preference shares from April 2011 until April 2016. These preference shares are convertible into a 24.81% shareholding in Makana. This enables Makana to maintain its current BBBEE credentials, as conversion by Cadiz would have diluted Makana's almost 100% black ownership, which would have also impacted on Cadiz' BEE credentials.

BOARD AND GOVERNANCE / The board and committee composition is currently being reviewed to ensure that Cadiz has the appropriate governance structures in place following the changes to the group's structure.

SHARE ALLOCATION TO BLACK EMPLOYEES / During the period 1.1 million share appreciation rights and voting A ordinary shares were issued to participants in the black employee share ownership scheme. These are subject to a lock-in for seven years from the issue date. This brings the total number of rights issued to 14.2 million of the 24 million originally approved by shareholders.

SHARE CAPITAL AND TREASURY SHARES / During the period the company issued 4.9 million and 2.7 million shares to management and key staff for the 2010 and 2011 annual incentive awards. No repurchases have been made in the current period to offset the dilutionary impact of the 2011 award. The dilutionary impact of the 2010 issue was covered in the prior financial year by repurchases from the cash retained from the incentive awards. The company intends to continue to repurchase shares to offset any dilutionary impact of the scheme.

PROSPECTS / Management's priorities are to ensure the successful launch and integration of BNP Paribas Cadiz Securities and to refocus the asset management business to be sustainably profitable and competitive.

The restructuring of Cadiz Asset Management is expected to reduce costs, improve investment performance and increase the asset base. The benefits of the restructuring of Cadiz Asset Management and the establishment of BNP Paribas Cadiz Securities are only expected to be realised from the 2012 financial year onwards.

Following the completion of the BNP Paribas Cadiz Securities transaction, the group will now be implementing a decentralised business model which will give business units greater autonomy and accountability.

The group's head office cost structure is being streamlined with the aim of reducing costs by at least 20%. Group management will in future focus on managing the group's capital and investment portfolio, monitoring business unit performance and providing shared services for the decentralised business units.

The directors remain committed to generating superior return on the capital retained in the group.

The board has undertaken to declare a special dividend at the next meeting in early March 2012. The amount of the special dividend will be determined after taking into account the BNPP transaction proceeds and a prudent review of the capital requirements of the individual businesses and the group.

BASIS OF PRESENTATION / The condensed financial statements 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. The accounting policies are consistent with those applied in the annual financial statements for 31 March 2011, except for IAS 24 – “Related Party Disclosures”.

On behalf of the board of directors

Peter-Paul Ngwenya

Chairman

Ram Barkai

Chief Executive Officer

Cape Town

7 November 2011

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CADIZ HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

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

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