



Majedie Investments PLC
Annual Report
30 September 2005

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Majedie Investments PLC is a self managed investment trust with total portfolio assets under management of £210 million. Our specialist fund management subsidiary has client assets under management of £2.3 billion.

Our **Objective** is to maximise total shareholder return over the long term whilst increasing dividends by more than the rate of inflation.

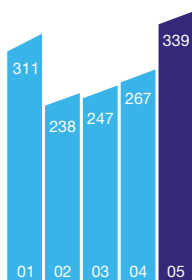
Our **Benchmark** is 70% FTSE All-Share Index and 30% FTSE World ex UK Index (Sterling) on a total return basis.

Company Summary

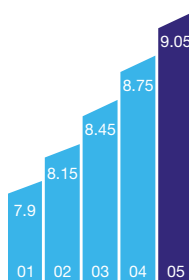
Total assets*	£210.4m	
Shareholders' funds	£176.2m	
Market capitalisation	£159.4m	
Capital structure	10p ordinary shares	52,528,000
	Debt	£13.5m 9.5% debenture stock 2020 £20.7m 7.25% debenture stock 2025
Management fee	The trust is self-managed and accordingly does not pay a fee to third party fund managers.	
ISA status	Up to £7,000 in each tax year until 2010.	
PEP status	The Company's policy is to hold at least one half of its investments by value in the ordinary shares of UK and other EU companies thus qualifying fully as an investment trust for Personal Equity Plan purposes.	

* Represents total assets less current liabilities.

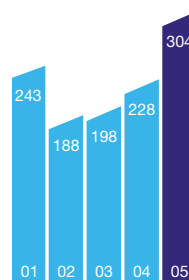
Recent Trends



Net asset value per share (pence) increased by 27.1% in the year



Dividends (pence) have increased for the sixteenth year, this year by 3.4%



Share price (pence) has increased by 33.4% during the year

Year's Summary

Financial*	2005	2004	%
as at 30 September			
Total assets	£210.4m	£172.1m	+22.3
Shareholders' funds	£176.2m	£138.9m	+26.9
Net asset value per share	338.7p	266.5p	+27.1
Share price	303.5p	227.5p	+33.4
Discount to net assets (debt at par value)	10.4%	14.6%	
Discount to net assets (debt at fair value)	6.0%	11.2%	
Revenue return before tax	£5.5m	£2.6m	+111.5
Earnings per share	8.97p	5.25p	+70.9
Dividends per share	9.05p	8.75p	+3.4
Group costs (administrative expenses)	£6.2m	£3.9m	+59.0
Group costs/average net assets	3.9%	2.9%	
Group costs/average total assets	3.2%	2.3%	
Company costs (administrative expenses)	£1.9m	£1.8m	+5.6
Company costs/average Company net assets	1.2%	1.3%	
Company costs/average Company total assets	1.0%	1.1%	
Maximum potential gearing	19.1%	24.3%	

* Financial information is disclosed in respect of the consolidated accounts unless otherwise stated.

Year's high/low		2005	2004
Share price	high	303.5p	234.5p
	low	222.5p	198.5p
Net asset value	high	339.1p	274.6p
	low	272.2p	250.4p
Discount (debt at par)	high	19.9%	22.5%
	low	5.3%	11.6%
Discount (debt at fair value)	high	16.4%	20.1%
	low	0.5%	8.6%

Performance	2005	2004
year ended 30 September		
Investment portfolio return (total assets)†	+26.5%	+13.6%
Net asset value total return	+31.2%	+11.6%
Share price total return	+38.2%	+19.3%
Benchmark total return†	+24.4%	+13.3%

† Source: The WM Company

Chairman's Statement

I am delighted to report that over the last twelve months the consolidated net revenue before taxation amounted to £5.5m – increasing from the previous year's figure of £2.6m. Furthermore the total return to shareholders was 38.2% exceeding our benchmark return of 24.4% by 13.8%. The underlying net asset value total return was 31.2%: an outperformance of 6.8%. Our policy of actively using the gearing of our long term debentures throughout the year has materially assisted these results.

During the financial year the Company achieved a capital return on investments of £47.9m. After adding income and deducting costs, interest, tax and dividends there is an overall surplus in the combined revenue and capital account of £43.2m which has been transferred to reserves.

This year the consolidated revenue account has been boosted by Majedie Asset Management's net profit for the year of £2.1m – helping to almost eliminate the revenue account deficit which was present last year. I refer later to the progress of this business in greater detail.

We are continuing with our policy of seeking to maximise the total return for shareholders including a progressive dividend policy. A final dividend of 5.85 pence per share is proposed. This gives a total for the year of 9.05 pence per share representing an above inflation increase of 3.4% on last year. This is the sixteenth consecutive year in which the dividend has increased by more than the rate of inflation.

At the beginning of the year the portfolio started with an overweighting in the global resources sector including mining and oil & gas. Gill Leates explains in the Investment Report on page 7 her rationale for increasing this further throughout the year and her thoughts as to the outlook for resources and the markets in general. The Board has considered in some depth the appropriate level of risk to be borne in the portfolio with regard to the level of potential investment returns. The Board sets reasonable risk limits for the

portfolio while allowing the investment management team sufficient scope and flexibility to generate superior performance. This is referred to further in the Financial Review on page 14.

In order to maximise total investment return the executives pay attention to both short term and longer term considerations. At the outset of a specific investment decision Gill Leates and her colleagues identify the potential for the share price of an individual stock to increase by more than the rest of the market over time. It will take some stocks longer than others for this special additional value to be reflected and realised. One of the many challenges of investment management is to plan ahead so that the portfolio holds investments which are likely to reach maturity at different times. It is also important that we are not distracted by short term volatility in stock markets from our objective of maximising investment return over the long term.

Our business development strategy has been evolving over several years. Majedie Asset Management Limited is the first implemented stage of that strategy and the business, specialising in UK equity fund management, is continuing to grow profitably as referred to in further detail below. We are looking at ways of developing a new equity fund management business in another area of specialisation. Much has been learned from our experience and success with the Majedie Asset Management business and we believe that there is a valuable opportunity to build a new fund management operation over the next few years.

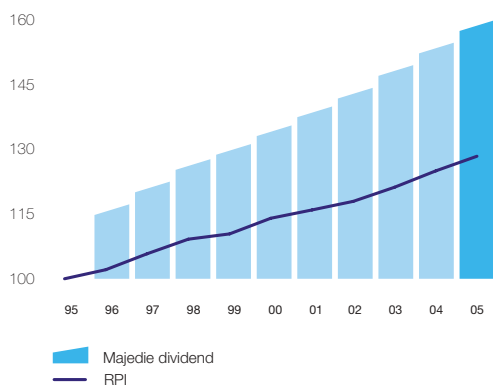
As a self-managed investment trust Majedie is different from other investment trusts. The development of a specialist boutique fund management business and the establishment of a separate new operation further distinguishes us from our peers. This differentiated strategy is already contributing positively to the revenue account and share price. Over the coming years we believe it will yield significant further benefits for shareholders.

The Majedie Asset Management business has had another strong year with assets under management increasing from £884 million at the start of the year to £2.3 billion by the end. As already reported, during the year the business generated a net profit of £2.1m – this compares with a loss of £0.6m in 2004. Majedie Asset Management now has 15 employees and this August moved into new offices at One Carey Lane.

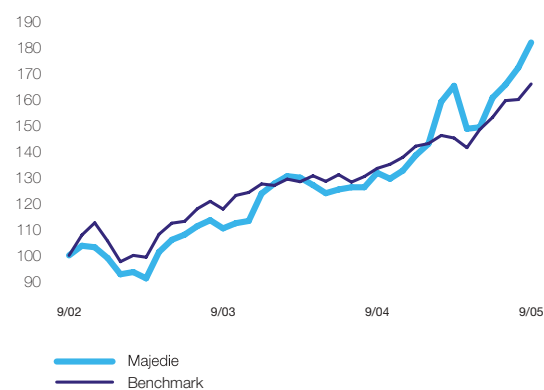
As profitability has increased so your Company's shareholding has reduced in line with pre-agreed targets – this year from 65% to 55%. The Board has assessed the value of the Company's investment as at 30 September 2005 as £10.1m and this is included in the Company Balance Sheet. However, as Madjedie Asset Management Limited is a consolidated subsidiary, this value is not reflected in the Group Balance Sheet. This issue is referred to further in the Financial Review on page 15 and in Note 14 on page 48.

The results for the 2005 financial year, to which I have referred, are very encouraging. However it is particularly pleasing that total shareholder return (TSR) over three years is well ahead of the benchmark – see graph below. The Report on Directors' Remuneration on page 26 includes a graph showing that five year TSR is also now just ahead of the benchmark.

GROWTH IN MAJEDIE DIVIDENDS COMPARED WITH INCREASES IN RETAIL PRICES INDEX BOTH REBASED TO 100



TOTAL SHAREHOLDER RETURN V BENCHMARK – 3 YEARS TO 30 SEPTEMBER 2005



Chairman's Statement

During the year the Remuneration Committee commissioned an independent review of executive directors' remuneration. As a result of that review and the subsequent consultation with institutional shareholders and shareholder representative groups, a new Long Term Incentive Plan and bonus structure is being tabled for approval at the Annual General Meeting. Further details of the review and the new arrangements are provided in the Report on Directors' Remuneration on pages 26 to 28 and in a special circular for shareholders (copy enclosed). Careful consideration has been given to the structure. The objective is to provide financial incentives which will encourage the executive directors to manage the portfolio effectively and to grow the business for the benefit of all shareholders over the coming years – building on the progress which has recently been made.

Over the coming year we will be implementing new compulsory changes to disclosures in the annual report. This time they take the form of conversion to International Financial Reporting Standards as a result of a directive from the European Commission. Further details are provided in the Financial Review on page 16. Although in theory there may be benefits associated with international standardisation and more

disclosure, I question whether our accounts will be more comprehensible to the non-professional than they were 25 or 30 years ago. I believe the professional bodies concerned would do well to consider this.

In last year's annual report I paid tribute to the contributions of Sir John Barlow and David Ritchie who retired during the current year at the Annual General Meeting in January 2005. I would like to reiterate to each of them our best wishes for the future.

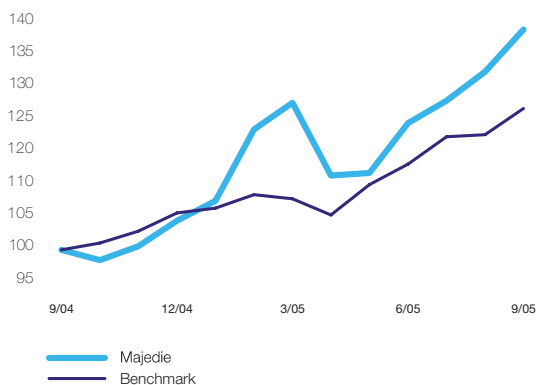
Much has been achieved this year including strong investment performance in the portfolio. I would like to thank all employees for their hard work and for their contributions to these achievements. I am also very grateful to my fellow directors for their diligence and dedication in carrying out their duties over the course of a busy year.



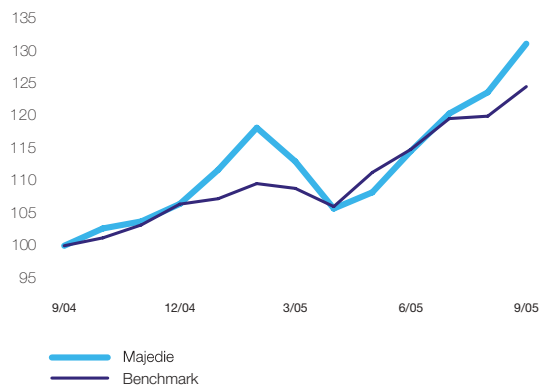
Henry S Barlow Chairman

24 November 2005

TOTAL SHAREHOLDER RETURN V BENCHMARK
YEAR TO 30 SEPTEMBER 2005



NAV TOTAL RETURN V BENCHMARK
YEAR TO 30 SEPTEMBER 2005



The world economy over the financial year to 30 September 2005 has been characterised by high economic growth in China and India, contrasting with a less uniform pattern in the other major economies. In the UK growth has been steady but slowing, whilst the US has been stronger than expected. Meanwhile, Europe has been operating at below trend, but Japan has been improving.

Performance

Against this general background, Majedie's net asset value total return outperformed its benchmark by 6.8%, rising 31.2% compared to the rise of the benchmark of 24.4% for the year ended 30 September 2005. Majedie's UK portfolio outperformed its benchmark by 1.3% and the overseas portfolio outperformed its benchmark by 10.7%.

The UK investments represent 75.4% of the portfolio and rose 26.2% against the FTSE All-Share Index rise of 24.9%. A large part of the outperformance was driven by the investments in the FTSE 250 and Small Cap Indices. The main sectors responsible were oil and gas, mining, chemicals, leisure, speciality finance and utilities, with companies such as BHP Billiton, JXX Oil & Gas, Investec and Urbium all doing well.

In North America, which represents 14% of the portfolio, the return was 30.2% against 17.5% from the benchmark, an outperformance of 12.7%. This was mainly produced from large investments in the oil and gas and mining sectors through companies like Ultra Petroleum and Peabody Energy, plus a heavy weighting in the general industrial sectors through companies like Rockwell.

In Europe the performance was below the benchmark but this was outweighed by positive returns from Japan, which was 2.2% ahead of the benchmark, and from other international equity markets. In Australia the return was well ahead of the benchmark due to a strong return from Consolidated Minerals and ROC Oil, whilst in South Africa the return was also ahead of the benchmark due to a strong performance by Metorex.

Strategy

As set out in last year's annual report the strategy has been to focus the portfolio on sectors which have long term macro factors in their favour and on companies where enhancements are expected to occur in underlying assets. This strategy arose from an overall concern that the general level of growth in the western developed markets would start to weaken as the year progressed. This has led to an increase in investment in the resources sectors. The argument for this increased investment in resources is centred around the long term demands from the expanding Chinese and Indian economies within a global economy, which will just grow at trend over the longer term.

In May this year the International Energy Agency stated that, even though energy prices were then at near record levels, the world was not investing enough for future demand in oil and gas production, refining, power generation, and transmission. Current oil consumption is 84m barrels per day and the world needs to produce an additional 8.4m barrels per day just to meet ongoing demand. Studies estimate that fundamental demand will be 120m barrels per day by 2020-2030 i.e. +43%. It is well known that the majors are not replacing their reserves on an ongoing basis. In addition other researchers have stated that, should the Chinese and Indian middle classes continue to grow in line with historical precedents, by increasing significantly their use of oil in a similar manner to Korea and Brazil, the current tight world supply will remain over the longer term, despite allowances for significant discoveries.

China is already the world's second largest consumer of oil, surpassing Japan in 2003. It has been a net importer since 1993, and is the largest importer outside the OECD. China accounted for 4% of world GDP in 2003, but consumed 7.4% of its crude oil. In 2004 China's demand grew by 15% to 6.3m barrels per day, about one-third of US demand. Imports now account for about 40% of China's oil demand and this is set to climb further.

Obviously, the significant rises seen in many of the major metal commodities reflect the heavy demands from these high growth economies. This is in addition to general growth at trend in the more mature economies. However, it is important to note that the Chinese government's stated policy is to spread the current economic prosperity enjoyed by the 300 million middle class on the eastern seaboard across the country to the other 1 billion of the population. This is a structural change, which the world economy has not witnessed before and brings with it enormous demands for the commodities needed to enable new cities to be built. For instance the Chinese government has said that it will need an extra one billion pounds of copper each year for at least the next decade. Obviously, such a goal will not be able to be achieved entirely smoothly, but it is important to recognise that the government is focused on maintaining high growth of 7-8%. This is necessary, not least to ensure that the economy creates sufficient new employment to absorb the 10-15 million workers entering the labour market each year. This will in turn boost China's domestic economy, which is important for the long term.

With this in mind the resources portfolio gives a broad exposure to oil and gas and base metals, including iron ore, manganese, copper, zinc, and nickel. This represents a safer way of gaining exposure to the growth of the relevant economies compared with direct investment.

The UK market still remains an attractive area for investment due to its generally lower international valuation and the sectors which offer high exposure to international markets like resources and pharmaceuticals, and reliable dividend yields like the utilities and banks.

In the UK two-thirds of the economy is exposed to the consumer so higher interest rates have hurt certain retail-oriented sectors. The portfolio therefore has a low exposure to retailers. However, sectors with good and growing asset backing, like property, and resources represent quite heavy positions. The construction sector through housebuilding companies, like Wilson Bowden and Bovis, also offers good asset backing and low valuations, despite being exposed to the consumer, and is set to benefit from declining interest rates. The Banks sector, which is also a significant part of the UK portfolio, also offers reasonable value in an easing monetary environment.

The overseas portfolio has a bias towards resources and general industrials, particularly in North America. Concerns about the twin US deficit position and a weakening of growth has meant that investment in the big three overseas markets of the US, Europe and Japan has been kept below the benchmark. This remains the current position as growth may slow in the US and Europe over the next few months.

In Europe, the European Central Bank has kept its interest rate at 2% for over two years, and yet the eurozone continues to grow at its sub-trend level of the last four years. In September the International Monetary Fund (IMF) cut its forecasts for the eurozone to 1.2% for 2005 and expects only 1.8% in 2006. The recent German election result shows reform does not have popular support. However, certain member countries continue to grow well. Greece is a case in point – where the Bank of Piraeus and the Bank of Cyprus have been added to the portfolio because of the strong mortgage and lending growth in the Greek economy.

The Japanese portfolio benefited from a continued steady recovery. In addition, the re-election of Koizumi as president has been taken as a positive move towards more restructuring and market reform. Companies have been repaying debt vigorously since 1997. The corporate debt to output ratio is now back to the levels of the early 1980s. That is reflected in much improved corporate profits; whilst in the financial sector non-performing loans at big banks halved to below 4%. In March the government underlined its view that the banking crisis was over by removing its guarantees on deposits. Massive overcapacity has been cut, as have labour costs. Of particular importance is that the last three quarters of growth were underpinned not by exports but by corporate and household spending.

Outlook

The IMF is forecasting a healthy 4.3% for global growth in 2005 and 2006. The US, UK, European and Japanese economies have so far weathered the rise in oil and other commodities well. In the US corporate capital expenditure has been buoyant as reflected in General Electric's recent reference to the positive US economy.

The Federal Reserve Board is facing difficult decisions about how much further to raise interest rates. In November it raised rates to 4% and indicated that it would raise them again. Consensus forecasts are for 3.5% GDP growth this year and a little less in 2006. Core inflation, excluding food and energy, is just above 2%, helped by the fact that productivity growth has remained strong. The key challenge for the Federal Reserve at this stage of the cycle remains to stop any emergent inflation without misjudging the potential impact on the consumer. In the past its concern with inflation has led it to slow the economy more rapidly than intended and then having to relax monetary policy quickly to boost economic activity. This may happen again, suggesting the prospect of interest rates falling sometime in 2006.

In Japan opinion remains divided on whether deflation is defeated. However, the country's ageing population is showing the human tendency of the retired to run down its savings, which is good for the domestic economy. Over the medium term the risk remains that the Japanese state may increase taxes and decrease social security benefits, which will moderate growth.

In the UK weak consumer demand has meant that the Bank of England has started loosening monetary policy. Consensus forecasts for GDP in 2005 are around trend at 2.0% and 2.2% in 2006. Increased government spending, estimated to rise to 38.7% of GDP this year has been the main reason why government finances have fallen into deficit. It is therefore important for the Bank of England to avoid a much greater slowdown in activity for the overall health of the economy.

In 2006 the interest rate cycle is likely to peak in the US, whilst in the UK it has already turned. However, in the short term the Bank of England is reluctant to lower rates too quickly and in the US the Federal Reserve is expected to continue to raise interest rates for some time. Nevertheless an easing monetary environment will eventually result in a boost to economic activity in both countries. Growth in China and India is forecast to remain strong. The medium outlook for stock markets is therefore one of steady progress as they still offer reasonable value, but may well be subject to short term volatility.

G M Leates Investment Director

24 November 2005

Asset Distribution

at 30 September 2005

Classification of Assets	United Kingdom %	North America %	South America %	Continental Europe %	Pacific Basin %	Total 2005 %	Total 2004 %
Mining	5.4	3.8	0.2	–	1.2	10.6	6.7
Oil & Gas	11.0	6.4	–	–	0.3	17.7	18.1
Resources	16.4	10.2	0.2	–	1.5	28.3	24.8
Chemicals	1.2	–	–	–	–	1.2	–
Construction & Building Materials	2.7	–	–	0.2	–	2.9	2.3
Steel & Other Metals	–	0.2	–	–	0.7	0.9	0.2
Basic Industries	3.9	0.2	–	0.2	0.7	5.0	2.5
Aerospace & Defence	1.3	–	–	–	–	1.3	1.5
Diversified Industrials	–	0.6	–	0.3	–	0.9	1.7
Electronic & Electrical Equipment	–	0.4	–	–	–	0.4	0.7
Engineering & Machinery	1.7	1.1	–	0.5	–	3.3	1.1
General Industrials	3.0	2.1	–	0.8	–	5.9	5.0
Automobiles & Parts	0.5	–	–	–	–	0.5	0.2
Household Goods & Textiles	–	–	–	0.1	–	0.1	0.4
Cyclical Consumer Goods	0.5	–	–	0.1	–	0.6	0.6
Beverages	1.3	–	–	–	–	1.3	0.7
Food Producers & Processors	0.8	–	–	0.1	–	0.9	0.7
Health	0.4	–	–	0.2	–	0.6	1.0
Personal Care & Household Products	0.2	–	–	–	–	0.2	1.5
Pharmaceuticals & Biotechnology	3.8	–	–	–	–	3.8	5.0
Tobacco	0.8	–	–	–	–	0.8	0.7
Non-Cyclical Consumer Goods	7.3	–	–	0.3	–	7.6	9.6
General Retailers	1.8	0.4	–	–	–	2.2	3.3
Leisure & Hotels	3.1	–	–	0.2	–	3.3	3.4
Media & Entertainment	0.7	0.1	–	–	–	0.8	1.7
Support Services	1.6	0.2	–	–	–	1.8	1.7
Transport	1.0	–	–	–	–	1.0	1.2
Cyclical Services	8.2	0.7	–	0.2	–	9.1	11.3
Food & Drug Retailers	1.2	0.4	–	–	–	1.6	1.3
Telecommunications Services	4.3	–	–	–	–	4.3	4.8
Non-Cyclical Services	5.5	0.4	–	–	–	5.9	6.1
Electricity	0.8	–	–	–	–	0.8	0.5
Utilities (excluding Electricity)	3.2	–	–	0.3	–	3.5	2.3
Utilities	4.0	–	–	0.3	–	4.3	2.8
Information Technology Hardware	–	0.2	–	–	–	0.2	0.1
Software & Computer Services	–	–	–	–	–	–	1.4
Information Technology	–	0.2	–	–	–	0.2	1.5
Banks	13.1	–	–	1.0	–	14.1	14.3
Insurance	0.4	0.1	–	–	–	0.5	1.6
Life Assurance	1.0	–	–	–	–	1.0	1.2
Investment Companies	–	–	–	–	0.4	0.4	0.9
Real Estate	4.2	–	–	0.2	0.1	4.5	4.1
Speciality & Other Finance	2.9	0.1	–	–	–	3.0	2.4
Financials	21.6	0.2	–	1.2	0.5	23.5	24.5
Unit Trusts/OEICs	4.0	–	–	–	2.4	6.4	6.9
Unlisted	0.8	–	–	–	–	0.8	0.5
Total Equities	75.2	14.0	0.2	3.1	5.1	97.6	96.1
Convertibles	0.2	–	–	–	–	0.2	0.2
Total Fixed Asset Investments	75.4	14.0	0.2	3.1	5.1	97.8	96.3
Cash	2.2	–	–	–	–	2.2	3.7
% Total at 30 September 2005	77.6	14.0	0.2	3.1	5.1	100.0	100.0

The Fund analysed on pages 12 and 13 comprises the fixed asset investments of £207,236,000 and cash (as adjusted for amounts due to/from brokers for settlement) of £4,270,000.

Twenty Largest UK Investments

at 30 September 2005

Company	Market Value £000	% of Fund
BP	10,291	4.9
HSBC	9,078	4.3
Vodafone	6,893	3.3
Royal Bank of Scotland	6,235	2.9
Barclays	5,942	2.8
GlaxoSmithKline	5,004	2.3
Majedie Asset Management UK Opportunities	4,697	2.2
Investec	4,568	2.2
Daejan Holdings	3,498	1.7
Antofagasta	3,430	1.6
United Utilities	3,260	1.5
Lloyds TSB	3,199	1.5
Imperial Energy	2,955	1.4
Northumbrian Water	2,649	1.3
D1 Oils	2,534	1.2
Royal Dutch Shell	2,436	1.2
Tesco	2,170	1.0
Laing (John)	2,159	1.0
JKX Oil & Gas	2,151	1.0
Majedie Asset Management UK Focus	2,003	0.9
	<hr/> 85,152	<hr/> 40.2

Ten Largest Overseas Investments

at 30 September 2005

Company	Market Value £000	% of Fund
Ultra Petroleum (USA)	4,218	2.0
Peabody Energy (USA)	3,728	1.7
Dexia Banque International – Japan Dynamic Fund – B (Japan)	2,871	1.4
Bankers Petroleum (Canada)	2,710	1.3
First Calgary Petroleums (Canada)	2,576	1.2
First Quantum Minerals (Canada)	2,051	1.0
Dexia Banque International – Japan Dynamic Fund – A (Japan)	1,610	0.8
International Ferro Metals (South Africa)	1,491	0.7
Consolidated Minerals (Aus)	1,376	0.7
General Electric (USA)	1,201	0.6
	<hr/> 23,832	<hr/> 11.5

Valuation of Investments

Holdings valued over £100,000 at 30 September 2005

Company	Market Value £000	% of Fund	Company	Market Value £000	% of Fund	Company	Market Value £000	% of Fund
Resources								
Mining								
Peabody Energy (USA)	3,728	1.7	Caspian Energy (Canada)	648	0.3	Ceres Power Holdings	910	0.4
Antofagasta	3,430	1.6	ROC Oil (Aus)	559	0.3	National Oilwell Varco (USA)	744	0.4
First Quantum Minerals (Canada)	2,051	1.0	Global Energy Development	493	0.2	Nabors Industries (USA)	715	0.3
Peter Hambro Mining	1,676	0.8	Occidental Petroleum (USA)	396	0.2	Subsea Resources	629	0.3
Asia Energy	1,668	0.8	Falkland Oil & Gas	377	0.2	Charter	474	0.2
Consolidated Minerals (Aus)	1,376	0.7	Wham Energy	307	0.1	Caterpillar (USA)	438	0.2
BHP Billiton	1,374	0.6	Gulfsands Petroleum	269	0.1	Cookson Group	363	0.2
Anglo Asian Mining	1,024	0.5	Empyrean Energy	191	0.1	ITT Industries (USA)	327	0.2
European Minerals (Canada)	681	0.3	Transeuro (Canada)	182	0.1	Stanelco	252	0.1
Cordillera Resources	616	0.3	Basic Industries			Cyclical Consumer Goods		
Zincor Resources	586	0.3	Chemicals			Automobiles & Parts		
Cia Vale Rio Doce Spons (Brazil)	496	0.2	D1 Oils	2,534	1.2	Inchcape	547	0.3
Gladstone Pacific (Aus)	468	0.2	Construction & Building Materials			Lookers	413	0.2
Lihir Gold (Aus)	440	0.2	Wilson Bowden	1,353	0.6	Household Goods & Textiles		
Firestone Diamonds	433	0.2	Bovis Homes	1,040	0.5	Puma (Germany)	301	0.1
Toledo Mining	349	0.2	Taylor Woodrow	1,018	0.5	Non-Cyclical Consumer Goods		
Western Canadian Coal (Canada)	345	0.2	Wolseley	959	0.4	Beverages		
Fording Canadian Coal Trust (Canada)	338	0.2	Balfour Beatty	655	0.3	Diageo	1,703	0.8
Frontier Mining (USA)	336	0.2	Hanson	589	0.3	Scottish & Newcastle	979	0.5
Ballarat Goldfields (Aus)	306	0.1	Compagnie De St-Gobain (France)			Food Producers & Processors		
South China Resources	271	0.1	ROK Property Solutions	294	0.1	Unilever	1,012	0.5
Croesus Resources (USA)	204*	0.1	Steel & Other Metals			Cadbury Schweppes	635	0.3
Santana Diamonds (Canada)	193	0.1	International Ferro Metals (South Africa)	1,491	0.7	Numico (Netherlands)	263	0.1
Oil & Gas			Phelps Dodge (USA)	441	0.2	Health		
BP	10,291	4.9	General Industrials			Smith & Nephew	476	0.2
Ultra Petroleum (USA)	4,218	2.0	Aerospace & Defence			Healthcare Enterprises	428	0.2
Imperial Energy	2,955	1.4	Rolls Royce	1,558	0.7	Inion (Finland)	380	0.2
Bankers Petroleum (Canada)	2,710	1.3	VT Group	785	0.4	Personal Care & Household Products		
First Calgary Petroleums (Canada)	2,576	1.2	Meggitt	457	0.2	Mayborn Group	352	0.2
Royal Dutch Shell	2,436	1.2	Diversified Industrials			Pharmaceuticals & Biotechnology		
JKX Oil & Gas	2,151	1.0	General Electric (USA)	1,201	0.6	GlaxoSmithKline	5,004	2.3
Melrose Resources	1,560	0.7	E.On (Germany)	783	0.3	Neutec Pharma	1,616	0.8
Pioneer Natural (USA)	1,099	0.6	Electronic & Electrical Equipment			Ark Therapeutics	639	0.3
Nexen (Canada)	946	0.4	Rockwell Automation (USA)	448	0.2	Sinclair Pharma	333	0.2
Victoria Oil & Gas	848	0.4	Eaton (USA)	320	0.2	Ardana	302	0.1
Ascent Resources	805	0.4	Engineering & Machinery			Stem Cell Sciences	193	0.1
Oilexco (Canada)	737	0.3	Hunting	1,024	0.5	Tobacco		
Afren	725	0.3	Acta S.P.A.	1,000*	0.5	Gallaher	836	0.4
						Imperial Tobacco	812	0.4

* These holdings are placing shares, and included within 'unlisted investments' in note 13.

Company	Market Value £000	% of Fund
Cyclical Services		
General Retailers		
GUS	1,236	0.6
Boots	596	0.3
Kingfisher	419	0.2
Findel	390	0.2
Moss Bros	377	0.2
Peacock	373	0.2
House of Fraser	303	0.1
Target (USA)	270	0.1
Penny (JC) (USA)	254	0.1
Nordstrom (USA)	194	0.1
Home Depot (USA)	185	0.1
Leisure & Hotels		
Enterprise Inns	1,914	0.8
Urbium	997	0.5
Punch Taverns	840	0.4
Gaming Corporation	697	0.3
Greene King	563	0.3
Wolverhampton & Dudley Breweries	475	0.2
Restaurant	441	0.2
Gaming VC Holdings (Luxemburg)	434	0.2
Intercontinental Hotels	400	0.2
Carnival	328	0.2
Media & Entertainment		
Yell	1,028	0.5
Reed Elsevier	456	0.2
121media (USA)	174	0.1
Support Services		
Laing (John)	2,159	1.0
Armorgroup International	532	0.3
Utek (USA)	476	0.2
Erinaceous	388	0.2
Thomson Intermedia	300	0.1
Transport		
P&O Steam Navigation Company	1,085	0.5
National Express	966	0.5
Non-Cyclical Services		
Food & Drug Retailers		
Tesco	2,170	1.0
Sainsbury (J)	523	0.2
Sysco (USA)	399	0.2
Walgreen (USA)	368	0.2

Company	Market Value £000	% of Fund
Telecommunication Services		
Vodafone	6,893	3.3
O2	1,017	0.4
BT	829	0.4
Cable & Wireless	465	0.2
Utilities		
Electricity		
Scottish & Southern Energy	792	0.4
National Grid Transco	452	0.2
International Power	423	0.2
Utilities (excluding Electricity)		
United Utilities	3,260	1.5
Northumbrian Water	2,649	1.3
Kelda	836	0.4
RWE (Germany)	669	0.3
Information Technology		
Information Technology Hardware		
Texas Instruments (USA)	320	0.2
Financials		
Banks		
HSBC	9,078	4.3
Royal Bank of Scotland	6,235	2.9
Barclays	5,942	2.8
Lloyds TSB	3,199	1.5
Standard Chartered	1,700	0.9
HBOS	1,041	0.5
Banco Popular Espanol (Spain)	588	0.3
Northern Rock	468	0.2
Bank of Piraeus (Greece)	415	0.2
UBS AG (Switzerland)	411	0.2
BNP Paribas (France)	410	0.2
Bank of Cyprus (Greece)	306	0.1
Insurance		
Admiral	744	0.4
Metlife (USA)	292	0.1
Life Assurance		
Prudential	1,147	0.6
Friends Provident	473	0.2
Legal & General	471	0.2
Investment Companies		
Templeton Emerging Markets Investment Trust	894	0.4

Company	Market Value £000	% of Fund
Real Estate		
Daejan Holdings	3,498	1.7
Land Securities	1,538	0.8
British Land	1,307	0.6
Grainger Trust	684	0.3
London Merchant Securities	678	0.3
Hammerson	624	0.3
Dawnay Day Carpath	468	0.2
Rodamco Europe (Netherlands)	417	0.2
Orchid Development	316	0.1
Speciality & Other Finance		
Investec	4,568	2.2
NETELLER	704	0.3
London Asia Capital	667	0.3
American Express (USA)	291	0.1
Concateno	228	0.1
Unit Trusts/Open Ended Investment Companies		
Majedie Asset Management UK Opportunities	4,697	2.2
Dexia Banque Int. Japan Dynamic Fund – B (Japan)	2,871	1.4
Majedie Asset Management UK Focus	2,003	0.9
Majedie Asset Management UK Equity	1,877	0.9
Dexia Banque Int. Japan Dynamic Fund – A (Japan)	1,610	0.8
Lloyd George MGT Eastern Opps B	550	0.2
Convertibles		
BAE Systems 7.75% NCCRP 2007/2010	424	0.2
Unlisted Investments		
Bridgewell	1,800	0.8

Investment Performance

The Investment Report on pages 7 to 9 comments on the investment performance of total assets for the year ended 30 September 2005. Gill Leates joined as Investment Director in 1999 and therefore the following table summarises the relative investment performance for the last six years comparing the returns from total assets with those of the benchmark:

	+outperformance/-underperformance					
Year ended	2 yrs to	3 yrs to	4 yrs to	5 yrs to	6 yrs to	
30 Sep	30.9.05	30.9.05	30.9.05	30.9.05	30.9.05	30.9.05
2000	+4.4%					
2001	+0.3%					
2002	+8.9%					
2003	-6.9%					
2004	+0.3%					
2005	+1.9%	+2.2%	-4.8%	+3.7%	+3.9%	+8.5%

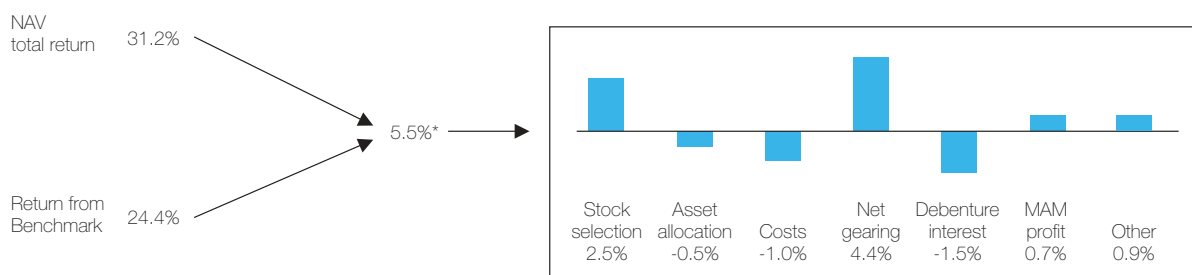
As at 30 September 2005 the Total Assets portfolio was £211.5m and included investments of £207.2m and cash balances of £4.3m as shown on page 10. For the year ended 30 September 2005 the return from total assets was 26.5%. This relates to the increase in the value of investments plus dividend income received during the year (without deducting costs or debenture interest) as calculated by The WM Company. It exceeded the benchmark by 2.1% which arose through stock selection and asset allocation decisions.

The rest of the difference between NAV total return for the year and the benchmark return arose from costs, the gearing effect of the debentures less debenture interest and the net profit contribution from Majedie Asset Management Limited as shown in the diagram below. Total shareholder return for the year was 38.2% as the discount narrowed from 14.6% to 10.4%. The level of gearing during the year ranged between 15.6% and 19.5%

Risk

Specific portfolio limits for individual stocks and market sectors are employed to restrict risk levels. The level of portfolio risk is assessed in relation to the benchmark using estimates of tracking error and beta. It is however generally recognised that there can be problems with tracking error estimates and these can be exacerbated if individual stocks have a short data history. The level of risk at a net asset value level is increased by gearing. In certain circumstances cash balances may be raised to reduce the effective level of gearing. Although such an approach could increase the tracking error in the portfolio significantly, in volatile stock market conditions it would result in a lower level of risk in absolute terms.

ATTRIBUTION ANALYSIS



* The acknowledged calculation method for attribution analysis and investment returns over periods greater than one year is the geometric or relative basis: ie. $(1 + 31.2\%)/(1 + 24.4\%) - 1 = 5.5\%$.

Source: The WM Company, Majedie

Majedie Asset Management Limited

At the start of the year the Company had a 65% equity shareholding in Majedie Asset Management. On 31 July 2005 the holding reduced to 55% as the business reached a pre-agreed profitability target. The remaining 45% of the equity is held by the management team. As the business' profitability continues to grow, the balance of the shareholdings will continue to change with control passing to management once the preference shares and subordinated loan have been repaid and the business is self-sustaining. The Company's investment in the business is expected to grow in value even though concomitantly its percentage ownership is likely to reduce.

The board of Majedie Asset Management Limited meets on a monthly basis and comprises:

Henry Barlow	– Chairman*
James de Uphaugh	– Managing Director
Chris Field	– Director
Robert Clarke	– Director*
Gill Leates	– Director*

**non-executive and audit committee member*

The audit committee of Majedie Asset Management Limited meets at least twice a year. Further details regarding the approach taken with regard to risk management and internal control are provided in the Report on Corporate Governance on pages 20 to 23.

At the launch of the business in 2003 the Company invested £4m in three of Majedie Asset Management's products. These investments now total £8.6m and are included within the Valuation of Investments on page 13.

Financial Statements

The Consolidated Statement of Total Return on page 32 includes Majedie Asset Management Limited's results with those of the Majedie Investments' investment portfolio and other Majedie subsidiaries.

The results for the core investment trust portfolio business are set out in the Company's Statement of Total Return and in the Company's Balance Sheet on pages 34 and 35 respectively.

During the year Majedie Asset Management Limited generated a net profit of £2.1m. This was derived from income of £6.4m and costs of £4.3m.

Total costs for all Majedie Group companies of £6.2m include £1.9m relating to the core investment trust portfolio business – which increased slightly from £1.8m last year. This year's costs for Majedie Asset Management of £4.3m compare with £2.1m last year – the increase reflecting the growth in the business and staff remuneration.

The Company Balance Sheet shows that the investment in subsidiaries has increased by £6.8m. This results from the revaluation of the investment in Majedie Asset Management Limited. The £10.1m directors' valuation relates to the equity and preference shares in respect of which the Company originally invested a total of £3.3m. Due to Majedie Asset Management Limited being a 55% subsidiary company, neither the Consolidated Balance Sheet nor the consolidated net asset value include the £10.1m. The group accounts consolidate the balance sheets of subsidiaries and therefore include the net assets of Majedie Asset Management which amount to £3.0m. Note 14 beginning on page 46 sets out further detailed accounting disclosure on this matter.

International Financial Reporting Standards

The European Commission has directed that all listed companies in the European Union must present their consolidated group results in accordance with International Financial Reporting Standards (IFRS) for accounting periods commencing on or after 1 January 2005. Majedie Investments PLC will, therefore, apply IFRS for the first time for the financial year ending 30 September 2006. The Interim Report for the period ending 31 March 2006 will be the first report to Shareholders presented under IFRS.

The application of IFRS will not affect the underlying performance of the Group or its cash flows. The new reporting standards will however, represent a fundamental change in accounting and reporting. The principal area affecting the Company's results, where IFRS differs from UK Generally Accepted Accounting Principles, is the valuation of portfolio investments at bid-market prices rather than mid-market prices. If the portfolio investments at 30 September 2005 had been valued at bid prices instead of mid-market prices the net asset value would have been reduced as a result of this specific change by 1.54p per ordinary share.

Robert E Clarke Chief Executive

24 November 2005

Board of Directors

Henry S Barlow OBE MA FCA (61) Chairman*

He has lived in Malaysia since 1970 returning for frequent visits to the UK to pursue a number of business interests, chiefly involving agriculture. A former joint Managing Director of the Highlands Group, a large plantation company, he was appointed a director of Majedie in 1978. He has served on a number of committees, including that of the British-Malaysian Industry and Trade Association, ultimately as Chairman, and now sits on the boards of Golden Hope Plantations Berhad, HSBC Bank Malaysia Berhad and Guthrie Ropel Berhad, and on the audit committees of the last two. He is a member of the Nomination Committee. He was appointed non-executive Chairman of Majedie Asset Management Limited in May 2002.

Hubert V Reid (65) Deputy Chairman*

Senior Independent Non-Executive Director
Former Managing Director of the Boddington Group plc and Chairman upon its acquisition by Greenalls Group plc, he is Chairman of Enterprise Inns plc, the Royal London Mutual Insurance Society Limited and the Midas Income & Growth Trust PLC and a non-executive director of Michael Page International Plc. He was appointed a director of Majedie in January 1999 and is Chairman of the Audit, Remuneration and Nomination Committees.

Robert E Clarke BSc MSc ACA (48) Chief Executive

Between 1982 and 1985 he worked in Canada for Clarkson Gordon and the Bank of Montreal. He returned to the UK in 1985 to work for Hoare Govett and was appointed Finance Director of Hoare Govett Securities Limited in 1988. After six years as Finance Director of Alwen Hough Johnson Limited, a Lloyd's broker specialising in reinsurance, he joined Majedie as Finance Director in 1996. He completed a Masters in Finance degree at London Business School in the same year. He was appointed Managing Director in July 1998 and non-executive director of Majedie Asset Management Limited in May 2002.

Gillian M Leates BA FSI (48) Investment Director

Between 1981 and 1989 she worked for Schroder Investment Management, initially as an analyst then as the fund manager of the Schroder Special Exempt Smaller Companies Fund. In 1989 she joined Courtaulds Investment Management and in 1997 was given sole responsibility for the £975m UK equity portfolio of the Courtaulds Pension Fund. She joined Majedie and was appointed Investment Director in May 1999 and non-executive Director of Majedie Asset Management Limited in May 2002.

Professor Paul Marsh BSc (Econ) PhD (58)*

Professor of Finance at London Business School and non-executive director of Aberforth Smaller Companies Trust Plc and Hoare Govett Indices Limited. He joined LBS in 1974 and has held a number of posts including Faculty Dean, Deputy Principal and Associate Dean Finance Programmes. Past directorships include M&G Group PLC and M&G Investment Management Limited. He was appointed a director of Majedie in January 1999 and is a member of the Audit, Remuneration and Nomination Committees.

J William M Barlow BA (41)*

In 1991 he joined Skandia Asset Management Limited as a portfolio manager. He has been a non-executive director of Majedie Investment Trust Management Limited since 1996. He was appointed to the Board in July 1999. He was Managing Director of DnB Asset Management (UK) Limited until September 2004.

*non-executive

Directors' Report

The directors submit their report and the accounts for the year ended 30 September 2005.

Introduction

A review of developments during the year and of future prospects is contained in the Chairman's Statement on pages 4 to 6. The section on Corporate Governance on pages 20 to 23 and the Report on Directors' Remuneration on pages 24 to 29 form part of this report. The audited financial statements are presented on pages 32 to 56. The Investment Report on pages 7 to 9 refers to the progress of markets during the year and the changes which have been made to the portfolio. An analysis of the portfolio is given on pages 10 to 13.

Principal Activity

The Company operates as an investment trust company engaged primarily in investment in listed securities.

Results and Dividend

Consolidated net revenue before taxation amounted to £5,523,000 (2004: £2,647,000). The directors recommend a final dividend of 5.85p per ordinary share, payable on 25 January 2006 to shareholders on the register at the close of business on 6 January 2006. Together with the interim dividend of 3.2p per share paid on 1 July 2005, this makes a total distribution of 9.05p per share (2004: 8.75p per share).

Directors

The present directors of the Company, all of whom served throughout the year, are listed on page 17. Sir John Barlow and David Ritchie served as directors from the beginning of the year until the Annual General Meeting on 19 January 2005.

The directors retiring by rotation and seeking re-election at the forthcoming Annual General Meeting in accordance with the Articles of Association are J W M Barlow, R E Clarke and H V Reid. The Board has considered and reviewed their appointment prior to the submission for recommendation. The Board believes

that the performance of Messrs Barlow, Clarke and Reid continues to be effective, that they demonstrate commitment to their roles and have a range of business, financial and asset management skills and experience relevant to the direction and control of the Company.

The continuing directors recommend that shareholders vote in favour of the re-election of each director retiring by rotation.

Directors' Interests

Beneficial interests in ordinary shares as at 30 September:

	2005	2004
H S Barlow	14,605,619	14,605,619
H V Reid	29,693	24,091
R E Clarke	15,286	14,791
G M Leates	2,319	2,319
J W M Barlow	1,238,857	1,238,857

The beneficial interests disclosed above include the total holdings of Majedie shares within certain trusts where there are other beneficiaries.

Non-beneficial interests in ordinary shares as trustees for various settlements as at 30 September:

	2005	2004
H S Barlow	613,084	313,084
J W M Barlow	2,280,177	2,335,764

Some of the directors' holdings are duplicated, the total after elimination of duplicated holdings being 18,485,035 shares at 30 September 2005 (2004: 21,969,843).

The beneficial holdings of H V Reid have increased by 675 shares since the year end as a result of regular purchases through the Majedie Share Plan.

With the exception of employment arrangements, no director had an interest at any time during the year or since in any material contract, being a contract of significance with the Company or any subsidiary of the Company.

Substantial Shareholdings

Apart from the directors' interests above, at the date of this report the Company has also been notified of the following substantial holdings in its issued capital:

The AXA Group	8,047,519	15.32%
Sir J K Barlow – beneficial	2,860,642	5.45%
– non-beneficial	1,231,205	2.34%
M H D Barlow – beneficial	2,513,798	4.79%
– non-beneficial	1,722,869	3.28%
Miss A E Barlow	1,784,948	3.40%
G B Barlow	1,644,990	3.13%

The substantial shareholdings disclosed above include the total holdings of Majedie shares within certain trusts where there are other beneficiaries.

Policy on Payment of Suppliers

It is the Company's policy to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business.

At 30 September 2005 the Company had seven days of suppliers' invoices outstanding in respect of trade creditors (2004: eighteen days).

Status

The Company has received written confirmation from the Inland Revenue that it was an approved investment trust for taxation purposes under Section 842 of the Income and Corporation Taxes Act 1988 in respect of the year ended 30 September 2004.

In the opinion of the directors the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval and the Company will continue to request formally written confirmation of investment trust status each year.

The Company is not a close company. The Company is a public limited company and an investment company under Section 266 of the Companies Act 1985.

Activities

At the Annual General Meeting of the Company held on 19 January 2005, shareholders gave approval for the directors to make market purchases of up to 7,873,947 ordinary shares of 10p each. During the year ended 30 September 2005 the Company did not make any purchases of its own shares for cancellation (2004: nil).

Special Business

Shareholder approval is sought at the Annual General Meeting for a new long term incentive plan for the executive directors. Details of the new plan are set out in a shareholder circular – a copy of which is enclosed with this annual report. Further reference is made within the Report on Directors' Remuneration on pages 26 to 28.

Shareholder approval is also sought at the Annual General Meeting to renew the authority of the Company to exercise the power contained in its Articles of Association to make market purchases of its own shares. The directors consider it desirable that the Company be authorised to make such purchases. The maximum number of shares which may be purchased under this authority is 7,873,947 being 14.99% of the issued share capital. Any shares so purchased will be cancelled. Under the proposed authority the maximum price (exclusive of expenses) which may be paid for such shares shall be 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made.

Auditors

A resolution will be proposed at the Annual General Meeting to re-appoint Deloitte & Touche LLP as auditors.

By Order of the Board

Sinclair Henderson Limited

Company Secretary
24 November 2005

This section of the annual report describes how Majedie Investments has applied the principles of Section 1 of the Combined Code on Corporate Governance, as required by the Financial Services Authority (FSA). The Board considers that the Company has complied with the provisions of the Combined Code throughout the year ended 30 September 2005 with the exception of provision C.3.4 of the Combined Code as explained below.

Statement of Compliance

The Company did not comply throughout the year with provision C.3.4 of the Combined Code, which required the Audit Committee to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. However on 18 November 2005 formal “whistleblowing” arrangements approved by the Audit Committee were circulated to employees within the Group to ensure the Company’s compliance with the relevant provision.

The Company

It is first relevant to consider the special nature of Majedie Investments compared with other listed companies in relation to matters of corporate governance. In complying with the more detailed aspects of best corporate governance practice, the Board takes into account the following:

- Majedie is a listed investment trust;
- unlike many investment trusts, the business is self-managed; and
- the Barlow family as a whole owns about 55% of the shares in issue.

Although the family shareholding in total is significant, there are a number of individual family members and trusts represented by many separate shareholdings. The principal objective of the Board of directors continues to be to maximise total shareholder return for all shareholders.

Directors

The Board usually meets at least six times in each calendar year. Its principal focus is the strategic development of the Group, investment policy and the control of the business. Key matters relating to these areas including the monitoring of operating and financial performance are reserved for the Board and set out in a formal statement.

Up until the Annual General Meeting on 19 January 2005 there were eight directors. Sir John K Barlow Bt and David Ritchie retired from the Board on that day and therefore there are currently six members of the Board as set out on page 17. The roles of Chairman, Deputy Chairman and Chief Executive are filled by Henry Barlow, Hubert Reid and Robert Clarke respectively. There are two executive directors and four non-executive directors, two of whom – Hubert Reid and Paul Marsh are considered to be independent. This satisfies the Combined Code requirements for smaller listed companies. Nonetheless the Board considers that all its directors exercise their judgement in an independent manner.

The Chairman considers that he has sufficient time to commit to the Company’s affairs notwithstanding his other business interests and commitments. The Chairman is deemed to have no conflicting interests.

The division of responsibilities between the Chairman and the Chief Executive are clearly established and have been set out in writing and agreed by the Board. Hubert Reid is the senior independent non-executive director. He chairs each of the Board’s three committees which are referred to in greater detail below. All directors attended the six Board meetings held during the financial year ended 30 September 2005.

The Board has undertaken a formal and rigorous evaluation of its own performance through the circulation of a comprehensive questionnaire. The results have been discussed and actioned by the Board as appropriate. The Board believes strongly in the development of its directors and employees so that all maintain their professional standards. The Chairman has convened a meeting with non-executive directors without the executive directors being present and the Deputy Chairman has chaired a meeting of the non-executive directors without the Chairman being present.

The Nomination Committee comprises solely non-executive directors: Hubert Reid (Chairman), Henry Barlow and Paul Marsh. William Barlow is invited to attend and participate in the meetings. The Committee considers the appointment of candidates before deciding whether to make a recommendation to the Board in respect of both executive and non-executive directors. The terms of reference of the Nomination Committee are available on request or from our website. The ultimate appointment of a director is a matter for the whole Board. The Nomination Committee met once during the year and all members of the Committee were present.

The role of the Nomination Committee is to review the balance and effectiveness of the Board and consider succession planning, identifying the skills and expertise required to meet the future challenges and opportunities facing the Company, and the individuals who might best provide them. The Committee is responsible for assessing the time commitment required for each Board appointment and for ensuring that the present incumbents have sufficient time to undertake them. The Committee will consider the need for appointing external search consultants to assist with recruitment to the Board as and when appropriate.

Under the Company's Articles of Association all directors are required to be elected by shareholders at the first Annual General Meeting after their appointment. The directors must seek re-election by the shareholders at least once every three years. All non-executive directors are appointed for a fixed term lasting no more than three years after an individual director's election or re-election by shareholders at a general meeting. Towards the end of each fixed term the Board will consider whether to renew a particular appointment.

The Board has agreed and established a procedure for directors in furtherance of their duties to take independent professional advice if necessary, at the Company's expense.

The Company has arranged Directors' and Officers' Liability Insurance which provides cover for legal expenses under certain circumstances.

Directors' Remuneration

The Remuneration Committee comprises: Hubert Reid (Chairman), and Paul Marsh – solely non-executive directors. Henry Barlow and William Barlow are invited to attend and participate in the relevant meetings. The terms of reference of the Remuneration Committee are available on request or from our website. The Report on Directors' Remuneration on pages 24 to 29 explains the approach taken by the Committee to the structuring of remuneration for executive directors. The Remuneration Committee met five times during the year and both members of the Committee were present at each meeting.

Relations with Shareholders

Senior executives hold meetings with the Company's principal shareholders to discuss the Company's strategy, financial and investment performance. From time to time, the Chairman and/or Deputy Chairman attend such meetings. The issues discussed with shareholders are reported in detail to the Board. Shareholders are encouraged to attend the Annual General Meeting and to participate in the proceedings. Separate resolutions are tabled in respect of each substantial issue.

Corporate Social Responsibility

In carrying out its activities and in relationships with employees, suppliers and the community, the Company aims to conduct itself responsibly, ethically and fairly.

Accountability and Audit

In the annual report each year the directors seek to provide shareholders with information in sufficient detail to allow them to obtain a reasonable understanding of recent developments affecting the business and the prospects for the Company in the year ahead.

The Audit Committee comprises: Hubert Reid (Chairman) and Paul Marsh: solely non-executive directors. Other Board members and representatives of the auditors are normally invited to attend meetings of the Committee. The Board has agreed the terms of reference for the Audit Committee which meets at least twice a year. The terms of reference are available on request or from our website. A key objective is to maintain an effective relationship with the auditors allowing for the Committee to consult the auditors without executive management being present, if appropriate. The Audit Committee met twice during the year and both members of the Committee were present for both meetings.

Internal Control Review

The directors acknowledge that they are responsible for the systems of internal control relating to the Company and its subsidiaries and for reviewing the effectiveness of those systems. An ongoing process has been in existence for some time to identify, evaluate and manage risks faced by Group companies. Key procedures are also in place to provide effective financial control over the Group's operations.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers business strategy, investment management, operational, compliance and financial risks facing the Company and its subsidiaries. In arriving at its judgement of the nature of the risks facing Group companies, the Board has considered the Group's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable to bear within the overall business objective;
- the likelihood of such risks becoming a reality; and
- management's ability to reduce the incidence and impact of risk on performance and the relevant controls.

There are two main operating businesses within the Majedie Group: the investment trust portfolio business within Majedie Investments PLC and the specialist fund management business of Majedie Asset Management Limited. Further information on the latter company is provided on page 15 which includes reference to its audit committee which meets at least twice a year. The Majedie Asset Management audit committee considers an annual report prepared by an independent compliance consultancy which reviews the compliance environment operating within the company particularly in relation to the relevant FSA rules. Having considered the operation of the relevant internal controls and any changes which have been made or which are proposed, the audit committee of Majedie Asset Management Limited reports to the Audit Committee of Majedie Investments PLC each year on the status of the systems of internal control in the subsidiary company.

Given the nature of the activities of the two main operating Group companies and the fact that certain key functions are sub-contracted to third party service provider organisations, the directors have reviewed the controls operating within Group companies and have obtained information from key third party suppliers regarding the relevant controls operated by them.

The Company does not have an internal audit function. Having recently considered this matter, the directors are of the opinion that there is no need at the present time for the Company to have an internal audit function since there are considered to be adequate checks and balances within the operational structure of each of the main businesses. In particular the fund administration, accounting and company secretarial functions of the investment trust are performed by Sinclair Henderson Limited. Custody is outsourced to RBC Global Services. Within the fund management business of Majedie Asset Management Limited the custody, fund administration and fund accounting functions are carried out by The Bank of New York.

In accordance with guidance issued to listed companies, the directors have carried out a review of the effectiveness of the system of internal control as it has operated over the year.

Deloitte & Touche LLP are the auditors of the Company, the Group and subsidiary companies. The Board believes that auditor objectivity is safeguarded, for two main reasons. Firstly the extent of non-audit work carried out by Deloitte & Touche LLP is limited and flows naturally from the firm's role as auditor to the group. Sinclair Henderson Limited advises the Company on corporation tax computations and submissions to the Inland Revenue. Deloitte & Touche LLP provides taxation advice to the Group from time to time on various issues and in particular each year reviews the work carried out by Sinclair Henderson and reviews the relevant taxation issues at the time of the audit of the annual report. A summary of fees for audit and non audit work undertaken by the auditors is provided in note 4 to the accounts on pages 39 and 40.

Secondly, Deloitte & Touche LLP has provided information on its independence policy and the safeguards and procedures it has developed to counter perceived threats to its objectivity. It also confirms that it is independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit is not impaired.

Going Concern

The directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the financial statements.

Report on Directors' Remuneration

The Board has prepared this report, in accordance with the requirements of the Directors' Remuneration Report Regulations 2002, in respect of the year ended 30 September 2005. An ordinary resolution to receive and approve this report will be put to the members at the forthcoming Annual General Meeting.

Company law requires your Company's auditors to audit certain disclosures provided. The report is therefore split into two sections: unaudited and audited. The auditors' opinion is included in their report on page 31.

UNAUDITED SECTION

Remuneration Committee

During the year ended 30 September 2005 the Remuneration Committee comprised solely of independent non-executive directors – Hubert Reid (Chairman) and Paul Marsh.

Henry Barlow (Chairman of the Board), and Robert Clarke (Chief Executive) were invited to attend meetings, but withdrew when their own remuneration was discussed and did not participate in decisions on their own remuneration. William Barlow is also invited to attend meetings.

During the year, the Committee appointed an external independent remuneration consultancy firm, Independent Remuneration Solutions (IRS) to assist with a review of the remuneration of the executive directors and to provide advice on market practice and trends.

The Remuneration Committee and the Board sought further advice from IRS on the level of fees paid to the Chairman and non-executive directors in view of the fact that such fees had remained unchanged since 1999. In light of the advice received it was concluded that the Chairman's fees should be increased from £30,000 to £40,000 p.a.; the fees of the Deputy

Chairman be increased from £25,000 to £30,000 p.a. and that fees for other non-executive directors be increased from £20,000 to £22,500 p.a. The increased fees, which became effective from 1 June 2005, were awarded to reflect the time committed to the affairs of the Company in the context of current fee levels in the investment trust sector. IRS did not provide any other services to the Company.

Michael Buckley of Sinclair Henderson Limited acted as Secretary to the Committee.

The terms of reference of the Remuneration Committee are available on request or may be obtained from the Company website. During the year, the Committee also conducted a formal review of the Committee's effectiveness and concluded it was effective and able to fulfil its terms of reference. The Board agreed with this conclusion.

Having taken advice with regard to the future structure of the remuneration arrangements, major shareholders and relevant institutions were consulted about proposed changes. The results of this process are referred to in further detail later in this report.

The Role of the Committee and Policies on Directors' Remuneration

The role of the Committee is to establish Board policy in respect of terms of employment, including remuneration packages, in detail for the Chairman and for each executive director and in general for certain senior executives. The Committee seeks to encourage the enhancement of the Company's performance and to ensure that remuneration packages offered are competitive and designed to attract, retain and motivate executive directors and senior executives of the right calibre. In setting both the policy related to, and levels of, remuneration and benefits for executive directors and senior executives, the Committee takes account of market data and independent professional

advice. In particular the Committee is mindful that the Company operates in the financial services sector in the City of London where there is competition among organisations for well-qualified senior executives.

Salary

The basic salary for each executive director is determined by the Committee after taking into account market data provided by independent consultants, individual performance and the extent and the nature of an individual's responsibilities.

Bonus

The discretionary bonus scheme for the year to 30 September 2005 comprised elements relating to investment performance and business development in developing the business according to the Board's strategy. Pre-determined maxima were established by the Remuneration Committee at the start of the year for each element taking into account the extent to which an individual has the potential to influence the relevant outcome. Payments under the bonus scheme are not pensionable.

Share Option Scheme

The Majedie Investments PLC Discretionary Share Option Scheme 2000 (the "Scheme") is divided into two parts. Part one is an Inland Revenue approved scheme while part two allows for the grant of unapproved options on similar terms.

Grants were made to executives in December 2004. Following the recent review of executive directors' remuneration, the Committee has decided that no further awards of options will be made to executive directors under the Scheme.

On the grant of options under the Scheme, the Board sets performance targets to which the exercise of options are subject and which relate to the ongoing financial performance of the Company. The Scheme rules provide for options to be exercisable after three years and before ten years have elapsed after the date of grant and limit the total number of new shares that can be used for options to 5% of the shares in issue. In practice it is the Board's intention, whenever possible, that options will be satisfied by shares acquired in the market, thus avoiding any dilution. Note 21 on page 52 provides more information regarding the purchase of own shares by the Employee Incentive Trust.

Directors' interests in share options are disclosed in the tables on page 29. The performance targets attaching to the share option grants summarised in the table are that the options are not exercisable unless total shareholder return between the date of grant and the proposed date of exercise exceeds the relevant annualised hurdle rate specified at the time of grant as shown in the table. The specific hurdle rates were chosen by the Committee at the time of granting the share options as the best estimate at that time of the expected return from the UK stock market over the following ten years. Before any options are exercised detailed calculations will be carried out and reviewed by the Company's auditors to ensure that the total return from Majedie shares exceeds the hurdle rate as specified.

Pension Contributions

All executive directors and senior executives are eligible for membership of the Barlow Service Company Pension Scheme which is a non-contributory money purchase plan administered by Scottish Widows' Fund & Life Assurance Society. The Company matches additional contributions made by members up to an additional 4% of salary. The scheme also provides members with permanent health insurance and life assurance cover on the basis of a lump sum death in service policy.

Report on Directors' Remuneration

Other Benefits

Executive directors are also eligible for a range of other benefits including a non-pensionable salary supplement in respect of a company car alternative and membership of a private medical scheme.

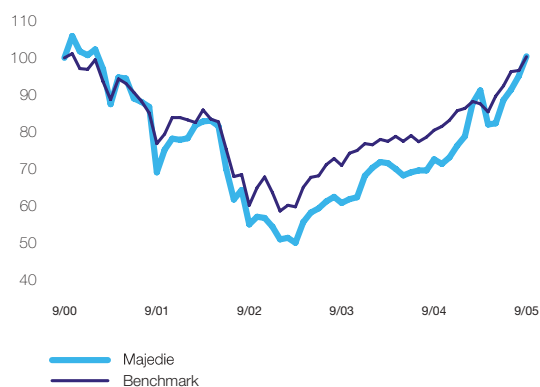
Service Contracts

The Company's policy with regard to directors' service contracts is that no special provision is made for compensation in the event of loss of office. A fair but robust principle of mitigation would be applied to the payment of compensation in the context of advice received. Robert Clarke has a service contract dated 9 November 1998 requiring twelve months' notice of termination from either the Company or the individual. Gill Leates has a service contract dated 23 November 1999 requiring six months' notice of termination from either the Company or the individual. None of the other directors has a service contract with the Company. Non-executive directors have memoranda of terms.

Performance

The graph below compares the total shareholder return with the total return on a hypothetical portfolio constructed according to the following benchmark equity index over the last five years. The benchmark is 70% FTSE All-Share Index and 30% FTSE World ex UK Index (Sterling) and has been chosen as a comparator for the purpose of this graph since it is the Company's formal benchmark.

TOTAL SHAREHOLDER RETURN VS BENCHMARK



Remuneration Policy

The Remuneration Committee of the Board has undertaken a full review of the executive directors' remuneration. As a result of that review, the Remuneration Committee has proposed, and the Board has endorsed, a future remuneration strategy, which includes:

- new long term awards based on total shareholder return ('TSR-based Awards');
- revised annual bonus arrangements with cash and share elements; and
- minimum share ownership guidelines.

The terms of the TSR-based Awards and the share element of the bonus awards are set out in a new Long Term Incentive Plan (the "Plan"). Shareholders are being asked to approve the new Plan at the next Annual General Meeting in January 2006. A brief description of the key components is set out below. A more detailed summary of the principal features of the Plan is set out in the shareholders' circular, a copy of which is enclosed.

The Company wishes its remuneration arrangements for executive directors to reward the creation of added value over the long term and specifically to incentivise directors to: i) achieve a degree of investment outperformance in keeping with a moderate level of risk; ii) develop the business in a profitable manner; and iii) reduce the level of discount to net assets and its volatility. This will be addressed in three ways:

1. New Long Term TSR-based Awards

Performance will be measured over 5 years, which is longer than most plans in UK quoted companies. Normally annual award levels will be for shares with a maximum value of 100% of one year's salary.

Total shareholder return (TSR) is the investment return obtained by a shareholder holding the Company's shares over a specific period. It takes account of the change in share price during the period, any relevant corporate actions and assumes that all dividends are reinvested in the Company's shares on the relevant ex-dividend date.

There will be two demanding performance conditions:

- i. TSR v. benchmark return measured over 5 years;
- ii. TSR v. a specified absolute investment return measured over 5 years.

For each of the above two measures there will be a lower and higher threshold after 5 years shown in the following table:

	Lower Threshold		Higher Threshold	
	Non vesting if performance is below	Extent of vesting of Award at lower threshold (% of salary)	Performance threshold for maximum vesting	Extent of maximum vesting of Award at higher threshold (% of salary)
TSR v Benchmark	Benchmark return	12.5%	Benchmark return + 15%	50%
TSR v absolute return	TSR of 44% after 5 years (being approximately 7.5% p.a. compound)	12.5%	TSR of 61% after 5 years (being approximately 10% p.a. compound)	50%
Extent of vesting of total award if both conditions are met		25%		100%

The Benchmark will be the Company's stated benchmark of 70% FTSE All-Share Index and 30% FTSE World ex UK Index (Sterling). The lower and higher thresholds have been designed to be as stretching as median and upper quartile targets in a typical UK long term incentive plan. In normal circumstances, an award will vest in full only if the Company's

TSR reaches the higher threshold for both the relative performance condition and for the absolute performance condition. An award will not vest at all if the lower threshold is not met for either condition. Between the lower and higher threshold, a TSR-based Award will vest on a sliding scale basis. Only a single test will be made at the end of the five year period to determine the extent to which the performance criteria have been met. No re-testing will be permitted. In future, executive directors will not be awarded executive share options under the original Scheme referred to above.

2. Amended Bonus Structure

The bonus structure comprises two elements relating to investment performance and business development. Investment performance is assessed over both one year and three year periods. The maximum possible annual bonus payment for the Chief Executive for the year ended 30 September 2005 has been increased to 100% of salary (previously it was 70%) and for the Investment Director to 120% of salary (previously 105%). However, the cash element of the bonus will be reduced to 50% and 60% of salary respectively having previously been 70% and 105% respectively. A matching award of shares equal in value to the cash bonus (a "Matching Award") will be made under the Plan. The Matching Award will only vest once the executive has completed three years' further service and therefore will have an important retention effect. Since the Matching Award is a deferred bonus for past performance, there will be no other performance conditions applying to it apart from the requirement for three years' further service.

3. Minimum Share Ownership Guidelines

Executive directors will be encouraged to increase their shareholding in the Company's shares and will be expected to build up a substantial holding. Initially a target of 1 x salary has been set and executive directors will be expected to achieve this within five years.

Report on Directors' Remuneration

The detailed rules for the TSR-based Awards and the Matching Awards are set out in a new long-term incentive plan. Further details of the Plan are set out in the enclosed circular to shareholders seeking their support for the resolution to approve the Plan to be proposed at the Annual General Meeting.

For the year ended 30 September 2005 only, the bonus will continue to be paid fully in cash as in previous years. However both executive directors have signalled their intention to purchase shares out of their cash bonus awards for this year. The current policy of paying competitive salaries set around the median level and providing a defined contribution pension plan will continue. The Remuneration Committee believes that this Plan and the new remuneration policy will help to align directors' interests more effectively with those of shareholders. It will create a powerful incentive for the delivery of shareholder value over the medium/long term as the participating executives will establish a meaningful shareholding. It will also provide a retention-based financial incentive.

As a result of these changes a significant proportion of remuneration will be performance related, as illustrated below. The proportion of variable pay at 'target' level of performance is:

	Chief Executive	Investment Director
Salary	50%	48%
Bonus	25%	28%
LTIP	25%	24%

For 'exceptional' level of performance, salary makes up 28% and variable pay 72% of total remuneration for the Chief Executive and 27% and 73% respectively for the Investment Director.

AUDITED SECTION

Directors' Remuneration

The remuneration of the directors for the year ended 30 September 2005 was as follows:

	Salary & Fees £000	Bonus £000	Pension Contributions £000	Other Benefits £000	Total 2005 £000	Total 2004 £000
Executive Directors						
R E Clarke	179	100	26	14	319	279
G M Leates	128	49	23	12	212	191
Non-Executive Directors						
H S Barlow	33	–	–	–	33	30
H V Reid	27	–	–	–	27	25
P Marsh	21	–	–	–	21	20
J W M Barlow	21	–	–	–	21	20
Sir John K Barlow (retired 19.01.05)	6	–	–	–	6	20
D Ritchie (retired 19.01.05)	6	–	–	–	6	20
	421	149	49	26	645	605

The number of directors to whom retirement benefits are accruing under the money purchase plan in respect of qualifying service is two (2004: two).

Approved Share Options held by Directors

The following Inland Revenue approved options were held by directors during the year to 30 September 2005:

	Date of Grant	Exercise Price pence	Hurdle Rate (p.a.)	Earliest Date of Exercise	Latest Date of Exercise	At 1 Oct 2004	Granted During the Year	Exercised During the Year	Cancelled During the Year	At 30 Sept 2005
R E Clarke	14/02/01	361.5	8.50%	14/02/04	13/02/11	8,298	–	–	–	8,298
G M Leates	14/02/01	361.5	8.50%	14/02/04	13/02/11	8,298	–	–	–	8,298

Unapproved Share Options held by Directors

The following unapproved options were held by directors during the year to 30 September 2005.

R E Clarke	14/02/01	361.5	8.50%	14/02/04	13/02/11	80,885	–	–	–	80,885
G M Leates	14/02/01	361.5	8.50%	14/02/04	13/02/11	55,325	–	–	–	55,325
R E Clarke	23/11/01	283.5	8.50%	23/11/04	22/11/11	59,964	–	–	–	59,964
G M Leates	23/11/01	283.5	8.50%	23/11/04	22/11/11	43,033	–	–	–	43,033
R E Clarke	22/11/02	196.5	7.50%	22/11/05	21/11/12	86,513	–	–	–	86,513
G M Leates	22/11/02	196.5	7.50%	22/11/05	21/11/12	62,086	–	–	–	62,086
R E Clarke	18/03/04	221.5	7.50%	18/03/07	17/03/14	76,749	–	–	–	76,749
G M Leates	18/03/04	221.5	7.50%	18/03/07	17/03/14	55,079	–	–	–	55,079
R E Clarke	21/12/04	231.5	7.50%	21/12/07	20/12/14	–	77,105	–	–	77,105
G M Leates	21/12/04	231.5	7.50%	21/12/07	20/12/14	–	55,334	–	–	55,334

The performance targets attaching to the share option grants summarised in the table above are that the options are not exercisable unless total shareholder return between the date of grant and the proposed date of exercise exceeds the relevant annualised hurdle rate specified at the time of grant as shown above.

During the year ended 30 September 2005 the share price traded within a range of 222.5p to 303.5p. The share price on 30 September 2005 was 303.5p.

Approval

The Report on Directors' Remuneration on pages 24 to 29 was approved by the Board on 24 November 2005.

On behalf of the Board

H V Reid Chairman of the Remuneration Committee

24 November 2005

Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results of the Group for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the Group's system of internal financial control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the Directors' Report and other information included in the annual report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

The financial statements are published on www.majedie.co.uk, which is a website maintained by the Company. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Report of the Independent Auditors

Independent Auditors' Report to the Members of Majedie Investments PLC

We have audited the financial statements of Majedie Investments PLC for the year ended 30 September 2005 which comprise the statements of total return, the balance sheets, the cash flow statement and the related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the Report on Directors' Remuneration that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the Report on Directors' Remuneration. Our responsibility is to audit the financial statements and the part of the Report on Directors' Remuneration described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Report on Directors' Remuneration described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We also report to you if, in our opinion, the Company has not complied with any of the four directors' remuneration disclosure requirements specified for our review by the Listing Rules of the Financial Services Authority. These comprise the amount of each element in the remuneration package and information on share options, details of long term incentive schemes, and money purchase and defined benefit schemes. We give a statement, to the extent possible, of details of any non-compliance.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the July 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' Report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the Report on Directors' Remuneration and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Report on Directors' Remuneration described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Report on Directors' Remuneration described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Report on Directors' Remuneration described as having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 September 2005 and of the return of the Company and the Group for the year then ended; and
- the financial statements and the part of the Report on Directors' Remuneration described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
24 November 2005

Consolidated Statement of Total Return

for the year ended 30 September 2005

		Revenue	Capital	2005 Total	Revenue	Capital	2004 Total
	Notes	£000	£000	£000	£000	£000	£000
Net realised gains on sales	13		13,315	13,315		7,479	7,479
Increase in unrealised appreciation	13		27,607	27,607		9,238	9,238
Total capital return on investments			40,922	40,922		16,717	16,717
Dividends and interest	2	4,669		4,669	4,783		4,783
Other income	3	6,554		6,554	1,574		1,574
Gross revenue and capital return		11,223	40,922	52,145	6,357	16,717	23,074
Administrative expenses	4	(5,000)	(1,205)	(6,205)	(2,874)	(1,069)	(3,943)
Return on ordinary activities before finance costs and taxation	4	6,223	39,717	45,940	3,483	15,648	19,131
Finance costs	7	(700)	(2,101)	(2,801)	(836)	(2,507)	(3,343)
Premium on debenture stock repurchased for cancellation	7					(992)	(992)
Return on ordinary activities before taxation		5,523	37,616	43,139	2,647	12,149	14,796
Taxation on ordinary activities	8	(43)		(43)	(93)		(93)
Return on ordinary activities after taxation		5,480	37,616	43,096	2,554	12,149	14,703
Minority interest	14	(808)		(808)	184		184
Return attributable to equity shareholders		4,672	37,616	42,288	2,738	12,149	14,887
Dividends	9	(4,708)		(4,708)	(4,562)		(4,562)
Transfer (from)/to reserves	20	(36)	37,616	37,580	(1,824)	12,149	10,325
Basic and diluted return per ordinary share	10	8.97p	72.24p	81.21p	5.25p	23.28p	28.53p

The revenue column of this statement is the Consolidated Profit and Loss Account of the Group.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The notes on pages 37 to 56 form part of these accounts.

Consolidated Balance Sheet

at 30 September 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Intangible assets	11	360	425
Tangible assets	12	613	435
Investments	13	207,236	167,386
		208,209	168,246
Current assets			
Debtors	15	4,946	5,159
Cash at bank and on deposit	16	4,421	13,537
		9,367	18,696
Creditors			
Amounts falling due within one year	17	7,217	14,798
		2,150	3,898
Total assets less current liabilities			
		210,359	172,144
Creditors			
Amounts falling due after more than one year	18	33,755	33,687
		176,604	138,457
Capital and reserves			
Called up share capital	19	5,253	5,253
Share premium account	20	785	785
Capital redemption reserve	20	56	56
Capital reserve – realised	20	89,507	79,498
Capital reserve – unrealised	20	58,303	30,696
Revenue reserve	20	23,717	23,753
Own shares reserve	21	(1,422)	(1,148)
		176,199	138,893
Minority interest	14	405	(436)
		176,604	138,457
Net asset value per share			
	23	338.7p	266.5p

Approved by the Board on 24 November 2005.

Henry S Barlow
Hubert V Reid
Directors

The notes on pages 37 to 56 form part of these accounts.

Company Statement of Total Return

for the year ended 30 September 2005

		Revenue	Capital	2005 Total	Revenue	Capital	2004 Total
	Notes	£000	£000	£000	£000	£000	£000
Net realised gains on sales	13		13,413	13,413		7,451	7,451
Increase in unrealised appreciation	13		27,607	27,607		9,238	9,238
Revaluation of investment in subsidiary undertaking	14		6,842	6,842			
Total capital return on investments			47,862	47,862		16,689	16,689
Dividends and interest	2	4,664		4,664	4,762		4,762
Other income	3	85		85	74		74
Gross revenue and capital return		4,749	47,862	52,611	4,836	16,689	21,525
Administrative expenses	4	(672)	(1,205)	(1,877)	(745)	(1,069)	(1,814)
Return on ordinary activities before finance costs and taxation	4	4,077	46,657	50,734	4,091	15,620	19,711
Finance costs	7	(700)	(2,101)	(2,801)	(836)	(2,507)	(3,343)
Premium on debenture stock repurchased for cancellation	7					(992)	(992)
Return on ordinary activities before taxation		3,377	44,556	47,933	3,255	12,121	15,376
Taxation on ordinary activities	8	(43)		(43)	(93)		(93)
Return attributable to equity shareholders		3,334	44,556	47,890	3,162	12,121	15,283
Dividends	9	(4,708)		(4,708)	(4,562)		(4,562)
Transfer (from)/to reserves	20	(1,374)	44,556	43,182	(1,400)	12,121	10,721
Basic and diluted return per ordinary share	10	6.40p	85.57p	91.97p	6.06p	23.22p	29.28p

The revenue column of this statement is the Profit and Loss Account of the Company.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The notes on pages 37 to 56 form part of these accounts.

Company Balance Sheet

at 30 September 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Investments	13	207,236	167,386
Investment in subsidiaries	14	10,294	3,452
		217,530	170,838
Current assets			
Debtors	15	2,201	4,395
Cash at bank and on deposit	16	2,202	12,982
		4,403	17,377
Creditors			
Amounts falling due within one year	17	4,891	14,094
Net current (liabilities)/assets		(488)	3,283
Total assets less current liabilities		217,042	174,121
Creditors			
Amounts falling due after more than one year	18	33,700	33,687
Net assets		183,342	140,434
Capital and reserves			
Called up share capital	19	5,253	5,253
Share premium account	20	785	785
Capital redemption reserve	20	56	56
Capital reserve – realised	20	89,574	79,467
Capital reserve – unrealised	20	64,339	29,890
Revenue reserve	20	24,757	26,131
Own shares reserve	21	(1,422)	(1,148)
Equity shareholders' funds	22	183,342	140,434
Net asset value per share	23	352.4p	269.5p

Approved by the Board on 24 November 2005.

Henry S Barlow
Hubert V Reid
Directors

The notes on pages 37 to 56 form part of these accounts.

Consolidated Cash Flow Statement

for the year ended 30 September 2005

	Notes	2005 £000	2004 £000
Operating activities			
Cash received from investments		3,403	3,839
Cash received from fee income		5,296	718
Interest received		319	534
Cash payments		(4,385)	(2,769)
Net cash inflow from operating activities	24	4,633	2,322
Servicing of finance			
Interest paid		(2,788)	(3,238)
Premium on debenture stock repurchased for cancellation			(992)
Net cash outflow from servicing of finance		(2,788)	(4,230)
Taxation			
Tax recovered		4	16
Capital expenditure and financial investment			
Purchases of investments		(119,611)	(139,895)
Sales of investments		113,861	148,546
Purchases of tangible assets		(384)	(140)
Net cash (outflow)/inflow from capital expenditure and financial investment		(6,134)	8,511
Equity dividends paid		(4,557)	(4,412)
Cash (outflow)/inflow before financing		(8,842)	2,207
Financing			
Purchases of own shares		(274)	(242)
Debenture stock repurchased			(5,800)
Net cash outflow from financing		(274)	(6,042)
Decrease in cash in the year	25	(9,116)	(3,835)

The notes on pages 37 to 56 form part of these accounts.

Notes to the Accounts

1 Accounting Policies

Basis of Accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, and in accordance with applicable United Kingdom law and accounting standards and the 2003 Statement of Recommended Practice for the Financial Statements of Investment Trust Companies (“the SORP”).

Basis of Consolidation

The consolidated accounts incorporate the audited accounts of the Company and its subsidiaries made up to 30 September 2005.

Investment Income

Dividend income from investments is taken to the revenue account on an ex-dividend basis and net of any associated tax credit. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security. Deposit interest is included on an accruals basis.

Allocation of Costs to Capital

75% of investment management expenses and finance costs are charged to capital in accordance with the Board's expectation of the split of total returns over the long term between capital gains and income.

Expenses

Expenses are accounted for on an accruals basis. Where they relate directly to the acquisition or disposal of an investment, expenses are either added to the cost of the investment or deducted from sale proceeds as appropriate. 75% of investment management expenses are charged to capital as noted above; 25% of investment management expenses and all other expenses are charged through the revenue account. Expenses include pension contributions made to a money purchase scheme.

Finance Costs

75% of finance costs arising from the debenture stocks are charged to capital at a constant rate on the carrying amount of the debt; 25% of the finance costs are charged on the same basis to the revenue account. Premiums payable on repurchase of debenture stock are charged 100% to capital.

Investments – Fixed Assets

Listed investments are valued at closing mid-market value. Unlisted investments are stated at the Board's estimate of their fair value. Unlisted investments are normally valued on an annual basis by the Board of Directors taking into account relevant information as appropriate including market prices, latest dealings, accounting information, professional advice and the guidelines issued by the British Venture Capital Association (“BVCA”).

With the exception of Majedie Asset Management Limited, investments in subsidiary undertakings are included in the Company Balance Sheet at net asset value. Any profits or losses are taken to the capital reserve. Majedie Asset Management Limited is valued in accordance with the policy for unlisted investments described above.

Own Shares

Own shares held under option (see note 21) are accounted for in accordance with UITF Abstract 38: ‘Accounting for ESOP Trusts’. This requires that the consideration paid for own shares held be presented as a deduction from shareholders' funds, and not recognised as an asset.

Notes to the Accounts

1 Accounting Policies continued

Goodwill and Intangible Fixed Assets

Where goodwill arises on consolidation the specific circumstances will be reviewed to assess its useful economic life. Where the relevant goodwill is considered to have an indefinite useful economic life, it will not be amortised. Although this constitutes a departure from the Companies Act 1985 it is considered appropriate in order to give a true and fair view and is permitted by Financial Reporting Standard No. 10: Goodwill and Intangible Assets, in such circumstances. At the end of each reporting period the goodwill is subject to an annual impairment review to reassess the fair value in light of current circumstances.

Tangible Assets

Tangible assets are stated at cost less depreciation. Leasehold improvements are written off in equal annual instalments over the minimum period of the lease whereas depreciation for other tangible assets is provided for at 25% to 33% per annum using the straight line method.

Operating Lease Rentals

Total operating lease rentals up to the date of the next rent review, in respect of premises occupied by the Group, are spread evenly over the term.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or, where accrued, at the year end rate. Foreign currency deposits and balances are converted into sterling at the year end rates of exchange. The valuation of investments listed overseas shown in note 13 has been translated into sterling at the year end exchange rates. Profits and losses arising on exchange are taken to capital reserves if they are of a capital nature, otherwise they are taken to the revenue account.

Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the Balance Sheet date, unless such provision is not permitted by Financial Reporting Standard No. 19: Deferred Taxation.

Any tax relief obtained in respect of investment management expenses and finance costs allocated to capital is reflected in the capital reserve and a corresponding amount is charged against revenue. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses. The Group uses the marginal method of allocation of tax relief on expenses charged to capital reserve in accordance with the SORP.

Reserves

Gains and losses on the realisation of investments and foreign currency are accounted for in the realised capital reserve. Increases and decreases in the valuation of investments and currency held at the year end are accounted for in the unrealised capital reserve. No provision is made for tax on capital gains since the Company operates as an investment trust for tax purposes.

2 Dividends and Interest

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Listed investments				
– UK dividend income	4,001	3,579	4,001	3,579
Listed investments				
– unfranked	360	659	360	659
Unlisted investments				
– UK dividend income	–	25	–	25
Interest on deposits	311	536	306	515
Exchange differences on income	(3)	(16)	(3)	(16)
	4,669	4,783	4,664	4,762

3 Other income

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Client fee income	6,500	1,547	–	–
Other income	54	27	85	74
	6,554	1,574	85	74

4 Return on Ordinary Activities before Finance Costs and Taxation

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
After charging:				
Staff costs – note 6	3,637	1,795	1,028	843
Other staff costs and directors' fees	171	230	123	207
Advisers' costs	882	794	183	286
Information costs	477	375	124	123
Establishment costs	183	127	89	79
Operating lease rentals – premises	200	146	87	82
Depreciation on tangible assets	171	153	–	–
Auditors' remuneration (also see next page) for:				
– audit	49	48	32	32
– other services to the Group	52	27	14	1
Other expenses	383	248	197	161
	6,205	3,943	1,877	1,814

Notes to the Accounts

4 Return on Ordinary Activities before Finance Costs and Taxation continued

A charge of £1,205,000 (2004: £1,069,000) to capital and an equivalent credit to revenue has been made in both the Group and Company to recognise the accounting policy of charging 75% of investment management expenses to capital.

Total fees charged by the auditors for the year, all of which were charged to revenue, comprised:

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Audit services				
– statutory audit	49	48	32	32
– audit-related regulatory reporting	16	10	–	–
– audit of funds managed by subsidiary	17	20	–	–
Tax services – advisory	10	(5)	6	(1)
Other non-audit services – relating to				
– Employee Share Option scheme	–	2	–	2
– accounting advice	9	–	8	–
	101	75	46	33

5 Directors' Emoluments – Company

	2005 £000	2004 £000
Salaries and fees	421	427
Bonuses	149	109
Pension contributions	49	44
Other benefits	26	25
	645	605

The Report on Directors' Remuneration on pages 24 to 29 explains the Company's policy on remuneration for executive directors. It also provides further details of directors' remuneration and awards under the executive share option scheme.

6 Staff Costs including Executive Directors – Group

	2005 £000	2004 £000
Salaries and other payments	3,032	1,449
Social security costs	377	177
Pension contributions	228	169
	3,637	1,795

	2005 Number	2004 Number
Management and office staff	24	21

The increase in salaries and other payments reflects the growth of the Majedie Asset Management business and related staff remuneration.

7 Finance Costs – Group and Company

	2005			2004		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Interest on 9.5% debenture stock 2020	321	963	1,284	356	1,069	1,425
Interest on 7.25% debenture stock 2025	376	1,128	1,504	454	1,359	1,813
Amortisation of expenses associated with debenture issue	3	10	13	26	79	105
	700	2,101	2,801	836	2,507	3,343

On 29 September 2004 £1.5 million of the 9.5% debenture stock 2020 and £4.3 million of the 7.25% debenture stock 2025 were repurchased for cancellation. The premiums paid on repurchase, totalling £992,461, were charged 100% to capital. Issue expenses relating to the debentures repurchased which were deducted from the original gross proceeds and were being accounted for, at a constant rate, over the life of the debentures have been fully expensed on repurchase in accordance with the Company's policy of charging finance costs 75% to capital and 25% to revenue.

Further details of the debenture stocks in issue are provided in note 18.

Notes to the Accounts

8 Taxation

Analysis of tax charge – Group and Company

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Foreign tax	43	93	43	93

Reconciliation of tax charge:

The current taxation for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Revenue on ordinary activities before taxation	5,523	2,647	3,377	3,255
Theoretical tax at UK CT rate of 30% (2004: 30%)	1,657	793	1,013	976
Effects of:				
– UK dividends which are not taxable	(1,200)	(1,081)	(1,200)	(1,081)
– other income which is not taxable	(9)	(7)	(9)	(7)
– expenses not deductible for tax purposes	42	35	–	–
– excess expenses for current year	186	260	196	112
– utilisation of tax losses	(676)	–	–	–
– overseas taxation which is not recoverable	43	93	43	93
Actual current tax charge	43	93	43	93

8 Taxation continued

Group

After claiming relief against accrued income taxable on receipt, the Group has unrelieved excess expenses of £29,167,000 (2004: £27,490,000). It is unlikely that the Group will generate sufficient taxable income in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

Company

After claiming relief against accrued income taxable on receipt, the Company has unrelieved excess expenses of £29,030,000 (2004: £25,102,000). It is unlikely that the Group will generate sufficient taxable income in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

The allocation of expenses to capital does not result in any tax effect. Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

9 Dividends – Group and Company

	2005 £000	2004 £000
Interim ordinary 3.2p (2004: 3.2p)	1,665	1,670
Proposed final ordinary 5.85p (2004: 5.55p)	3,043	2,892
	4,708	4,562

The employee incentive trust referred to in note 21 has waived its rights to receive dividends from the Company and therefore the interim and final dividends for both 2004 and 2005 have been reduced accordingly.

10 Return per Ordinary Share

Group and Company

Basic return per ordinary share is based on 52,069,819 (2004: 52,188,484) ordinary shares, being the weighted average number of shares in issue having adjusted for the shares held by the employee incentive trust referred to in note 21. Basic returns per ordinary share are based on the return on ordinary activities after taxation attributable to equity shareholders. There is no dilution to the basic return per ordinary share shown for the years ended 30 September 2004 and 2005 since the share options referred to in note 21 would, if exercised, be satisfied by the shares already held by the employee incentive trust.

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Basic and diluted revenue returns are based on net revenue after taxation of:	4,672	2,738	3,334	3,162
Basic and diluted capital returns are based on net capital return of:	37,616	12,149	44,556	12,121

Notes to the Accounts

11 Intangible Fixed Assets – Group

	2005 Goodwill £000	2004 Goodwill £000
Cost and value:		
At beginning of year	425	458
Deemed partial disposal (see note 14)	(65)	(33)
At end of year	<u>360</u>	<u>425</u>

As a result of an agreement signed in 2002 to establish the specialist fund management business of Majedie Asset Management Limited, goodwill on consolidation arose as at 30 September 2002 in connection with the carrying value of the investment in that company. The carrying value of the investment originally included relevant acquisition costs relating to the cost of professional advice received directly in connection with the specific transaction.

As in previous years the directors consider Majedie Asset Management Limited to have an indefinite useful economic life and as a result goodwill is not being amortised, as set out in the accounting policy in note 1. The directors have carried out an impairment review and have concluded that there has been no impairment of goodwill. See note 14 for further information regarding the investment in Majedie Asset Management Limited.

12 Tangible Assets – Group

	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost:			
At 30 September 2004	350	748	1,098
Additions	10	379	389
Disposals	–	(113)	(113)
At 30 September 2005	<u>360</u>	<u>1,014</u>	<u>1,374</u>
Depreciation:			
At 30 September 2004	289	374	663
Charge for year	8	163	171
Disposals	–	(73)	(73)
At 30 September 2005	<u>297</u>	<u>464</u>	<u>761</u>
Net book value:			
At 30 September 2005	<u>63</u>	<u>550</u>	<u>613</u>
At 30 September 2004	61	374	435

13 Investments – Group and Company

	Listed UK £000	Listed Overseas £000	Unlisted Investments £000	Total £000
Cost:				
At 30 September 2004	104,127	31,417	1,146	136,690
Additions	86,742	21,258	2,706	110,706
Disposal proceeds	(77,769)	(33,137)	(970)	(111,876)
Adjustment for listing of prior year unlisted	536	–	(536)	–
Realised gains on disposals	10,088	2,965	360	13,413
At 30 September 2005	123,724	22,503	2,706	148,933
Unrealised appreciation/ (depreciation):				
At 30 September 2004	26,836	4,001	(141)	30,696
Movement for the year	20,517	6,651	439	27,607
At 30 September 2005	47,353	10,652	298	58,303
Valuation at				
30 September 2005	171,077	33,155	3,004*	207,236
Valuation at				
30 September 2004	130,963	35,418	1,005	167,386

* Includes two holdings of placing shares totalling £1,204,000 which have been included within their relevant industrial classification category rather than 'unlisted' within 'Asset Distribution' and 'Valuation of Investments' on pages 10 and 12 respectively.

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Capital return comprises:				
Realised profits on disposals	13,413	7,452	13,413	7,452
Realised exchange losses on settlement	–	(1)	–	(1)
Increase in unrealised appreciation on investments	27,607	9,238	27,607	9,238
Revaluation of investment in subsidiary undertaking (see note 14)	–	–	6,842	–
(Loss)/gain on deemed partial disposal (see note 14)	(98)	28	–	–
	40,922	16,717	47,862	16,689

Notes to the Accounts

13 Investments – Group and Company continued

The investment portfolio is analysed as follows:

	2005 £000	2004 £000
Listed equities	203,808	166,053
Listed preference shares	424	328
Unlisted equities	3,004	1,005
	207,236	167,386

14 Investments in Subsidiaries

(a) Subsidiaries – General

The Company's subsidiaries are as follows:

Majedie Asset Management Limited	– specialist fund management company, authorised and regulated by the Financial Services Authority
Barlow Service Company Limited	– provides administrative services to Group companies
Majedie Portfolio Management Limited	– manager of the Majedie Share Plan, authorised and regulated by the Financial Services Authority
Majedie Investment Trust Management Limited	– non trading
Barlow Investments Limited	– non trading
Majedie Properties Limited	– non trading
Majedie Securities Limited	– non trading

All the subsidiaries are incorporated in Great Britain and are wholly-owned except Majedie Asset Management Limited, which is 55% owned (2004: 65% owned).

	Majedie Asset Management Limited £000	Other subsidiaries £000	Total £000
Cost:			
At 30 September 2004 and 30 September 2005	3,258	1,002	4,260
Unrealised (depreciation)/appreciation:			
At 30 September 2004	–	(808)	(808)
Movement for the year (2004: £nil)	6,842	–	6,842
At 30 September 2005	6,842	(808)	6,034
Valuation at 30 September 2005	10,100	194	10,294
Valuation at 30 September 2004	3,258	194	3,452

14 Investments in Subsidiaries continued

(b) Majedie Asset Management Limited

Majedie Asset Management Limited was incorporated on 24 May 2002 and provides investment management and advisory services relating to UK equities.

The classes of Majedie Asset Management Limited shares held by Majedie Investments PLC are as follows:

	2005		2004	
	No. of shares in issue	% held	No. of shares in issue	% held
A Shares (representing 55% of the equity share capital (2004: 65%))	366,667	100	557,143	100
Ordinary Shares*	300,000	–	300,000	–
Total equity share capital	666,667	55	857,143	65
Preference Shares	2,100,000	100	2,100,000	100
Deferred Shares	333,333	100	142,857	100

* The Ordinary Shares are all held by employees of Majedie Asset Management Limited and represent 45% of the equity share capital (2004: 35%).

The Company's holding of equity share capital in Majedie Asset Management Limited reduced from 65% to 55% with effect from 31 July 2005 as a result of the business reaching pre-agreed targets by means of the conversion of 190,476 A shares into Deferred Shares.

The directors have carried out a review of the fair value of the investment in Majedie Asset Management Limited according to the accounting policy for valuing unlisted investments on page 37. As at 30 September 2005 the investment is valued in the Company Balance Sheet at £10,100,000 (2004: £3,258,000) consisting of £2,100,000 for preference shares and £8,000,000 for equity shares (2004: £2,100,000 for preference shares and £1,158,000 for equity shares). As a result of this review the directors' valuation of the investment has increased by £6,842,000 compared with last year.

In addition the Company has lent Majedie Asset Management Limited £250,000 in the form of a subordinated loan – see note 15.

The results of Majedie Asset Management Limited for the year ended 30 September 2005 included in the Consolidated Statement of Total Return amount to a profit of £2,145,000 (2004: loss of £610,000). The net assets of Majedie Asset Management Limited are included within the Consolidated Balance Sheet and amount to £3 million (2004: £0.9 million). The minority interest element is referred to in (d) below.

Notes to the Accounts

14 Investments in Subsidiaries continued

(c) Deemed Partial Disposal of Equity Investment in Majedie Asset Management Limited

The 10% reduction (2004: 5% reduction) in the equity holding in Majedie Asset Management Limited and the corresponding 10% increase (2004: 5% increase) in the minority interest (described in note 14b) results in a deemed partial disposal in the consolidated accounts as follows:

	Group 2005 £000	Group 2004 £000
Decrease in share of net (surplus)/deficit attributable to equity shareholders as at 31 July 2005 (2004: 31 March 2004)	(33)	61
Write-off of applicable portion of goodwill on consolidation (note 11)	(65)	(33)
(Loss)/gain on deemed disposal (note 13)	(98)	28

(d) Minority Interest

	Group 2005 £000	Group 2004 £000
At beginning of year	(436)	(191)
Share of profit/(loss) for year	808	(184)
Increase in share of net surplus as at 31 July 2005	33	–
Increase in share of net deficit as at 31 March 2004	–	(61)
At end of year	405	(436)

The minority interest disclosed on the Consolidated Statement of Total Return represents 35% of Majedie Asset Management Limited's profit (2004: loss) from ordinary activities after taxation for the first ten months of the year to 30 September 2005 and 45% of the profit for the last two months (2004: 30% of the loss for the first six months of the year to 30 September 2004 and 35% of the loss for the latter six months). The minority interest disclosed in the Consolidated Balance Sheet relates to 45% of the net surplus (2004: 35% of the net deficit) attributable to Majedie Asset Management Limited's equity shareholders having taken into account the rights attaching to preference shares and other creditors.

Further information regarding the business and the investment in Majedie Asset Management Limited is included in the Financial Review on page 15.

15 Debtors

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Sales for future settlement	1,055	3,374	1,055	3,374
Trade debtors	2,831	791	–	–
Payments in advance	307	424	–	110
Dividends receivable	685	504	685	504
Accrued income	3	11	3	11
Taxation recoverable	65	55	65	55
Amounts due from subsidiary undertakings	–	–	393	341
	4,946	5,159	2,201	4,395

Included in amounts due from subsidiary undertakings is an amount of £250,000 due in less than one year, plus interest at a rate of 5% plus six month LIBOR, in respect of a subordinated loan to Majedie Asset Management Limited.

16 Cash at Bank and on Deposit

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Deposits	2,084	12,832	2,084	12,832
Other balances	2,337	705	118	150
	4,421	13,537	2,202	12,982

17 Creditors

Amounts falling due within one year:

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Purchases for future settlement	1,206	10,485	1,206	10,485
Proposed final dividend	3,043	2,892	3,043	2,892
Accrued expenses	2,431	785	–	–
Other creditors	537	636	537	636
Amounts owed to subsidiary undertakings	–	–	105	81
	7,217	14,798	4,891	14,094

Notes to the Accounts

18 Creditors

Amounts falling due after more than one year:

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
£13.5m (2004: £13.5m) 9.5% debenture stock 2020	13,352	13,348	13,352	13,348
£20.7m (2004: £20.7m) 7.25% debenture stock 2025	20,348	20,339	20,348	20,339
Other	55	–	–	–
	33,755	33,687	33,700	33,687

Both debenture stocks are secured by a floating charge over the Company's assets.

In accordance with Financial Reporting Standard No. 4: Capital Instruments, expenses associated with the issue of debenture stocks were deducted from the gross proceeds and are being accounted for, at a constant rate, over the life of the debentures.

Further details on interest and the amortisation of issue expenses are provided in note 7.

19 Called Up Share Capital

	2005 £000	2004 £000
Allotted and fully paid at 30 September: 52,528,000 (2004: 52,528,000) ordinary shares of 10p each	5,253	5,253
Authorised at 30 September: 70,000,000 (2004: 70,000,000) ordinary shares of 10p each	7,000	7,000

Details of directors' share options are set out in the Report on Directors' Remuneration on page 29.

20 Reserves

	Share Premium Account £000	Capital Redemption Reserve £000	Capital Reserve- Realised £000	Capital Reserve- Unrealised £000	Revenue Reserve £000
Group					
At 30 September 2004	785	56	79,498	30,696	23,753
Increase in unrealised appreciation before transfer on disposal	-	-	-	37,606	-
Transfer on disposal of investments	-	-	9,999	(9,999)	-
Net gain on realisation of investments	-	-	3,414	-	-
Loss on deemed disposal (see note 14)	-	-	(98)	-	-
Costs charged to capital	-	-	(3,306)	-	-
Retained net deficit for the year	-	-	-	-	(36)
At 30 September 2005	785	56	89,507	58,303	23,717

	Share Premium Account £000	Capital Redemption Reserve £000	Capital Reserve- Realised £000	Capital Reserve- Unrealised £000	Revenue Reserve £000
Company					
At 30 September 2004	785	56	79,467	29,890	26,131
Increase in unrealised appreciation before transfer on disposal	-	-	-	37,606	-
Transfer on disposal of investments	-	-	9,999	(9,999)	-
Net gain on realisation of investments	-	-	3,414	-	-
Revaluation of investment in subsidiary undertaking	-	-	-	6,842	-
Costs charged to capital	-	-	(3,306)	-	-
Retained net deficit for the year	-	-	-	-	(1,374)
At 30 September 2005	785	56	89,574	64,339	24,757

Notes to the Accounts

21 Own Shares – Group and Company

Following the granting of further share options to directors and employees on 21 December 2004 under the Discretionary Share Option Scheme, 96,632 own shares costing £274,000 were purchased by the Majedie Investments PLC Employee Incentive Trust during the year ended 30 September 2005. The total number of options outstanding is now 714,156 and the total shareholding of the trust is 505,963 ordinary shares. The shares will be held by the trust until the relevant options are exercised or until they lapse and are presented on the Balance Sheet as a deduction from shareholders' funds, in accordance with the policy detailed in note 1. Further details of the scheme are given in the Report on Directors' Remuneration on page 25.

	Number of Shares	Own Shares Reserve £000
At 30 September 2004	409,331	(1,148)
Additions	96,632	(274)
At 30 September 2005	505,963	(1,422)

22 Reconciliation of Movements in Shareholders' Funds

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Opening shareholders' funds	138,893	128,810	140,434	129,955
Net revenue for the year	4,672	2,738	3,334	3,162
Dividends	(4,708)	(4,562)	(4,708)	(4,562)
Net capital return for the year	37,616	12,149	44,556	12,121
Cost of own shares purchased (note 21)	(274)	(242)	(274)	(242)
Closing shareholders' funds	176,199	138,893	183,342	140,434

23 Net Asset Value

The consolidated net asset value per share has been calculated based on equity shareholders' funds of £176,199,000 (2004: £138,893,000) and on 52,022,037 (2004: 52,118,669) ordinary shares, being the shares in issue at the year end having deducted the number of shares held by the employee incentive trust.

The Company net asset value per share has been calculated based on equity shareholders' funds of £183,342,000 (2004: £140,434,000) and on the same number of shares as used for the calculation of the consolidated net asset value per share.

For more details regarding the employee incentive trust – see note 21 and the Report on Directors' Remuneration on page 25.

24 Reconciliation of Return on Ordinary Activities before Tax to Net Cash Flow from Operating Activities

	Group 2005 £000	Group 2004 £000
Return on ordinary activities before taxation	43,139	14,796
Capital return on investments	(40,922)	(16,717)
Dividends reinvested	(41)	(49)
Depreciation	171	153
Interest and debenture expenses	2,801	3,343
Premiums paid on repurchase of debenture stock	–	992
Increase in debtors, accrued income and payments in advance	(2,095)	(506)
Increase in other creditors and accrued expenses	1,597	421
Tax on unfranked income	(57)	(111)
Loss on sale of tangible fixed asset	40	–
Net cash inflow from operating activities	<u>4,633</u>	<u>2,322</u>

25 Reconciliation of Net Cash Flow to Movement in Net Debt

	2005 £000	2004 £000
Decrease in cash in the year	(9,116)	(3,835)
Repurchase of debenture stock for cancellation	–	5,800
Other non cash items	(13)	(105)
Change in net debt	(9,129)	1,860
Net debt at 30 September 2004	(20,150)	(22,010)
Net debt at 30 September 2005	<u>(29,279)</u>	<u>(20,150)</u>

26 Analysis of Changes in Net Debt

	At 30 September 2004 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2005 £000
Cash at bank	13,537	(9,116)	–	4,421
Debt due after one year	(33,687)	–	(13)	(33,700)
	<u>(20,150)</u>	<u>(9,116)</u>	<u>(13)</u>	<u>(29,279)</u>

27 Operating Lease Commitments

A subsidiary company, Barlow Service Company Limited, had an annual commitment of £146,000 at 30 September 2005 (2004: £153,000) under a non-cancellable operating lease in respect of premises. This operating lease commitment will expire in more than five years from the balance sheet date.

A subsidiary company, Majedie Asset Management Limited, entered into a ten year operating lease agreement (with a five year break) on 25 April 2005 in respect of premises. The annual commitment under the lease is £165,000, however a rent-free period of twelve months on the initial five year period is being amortised over the five year period, therefore the annual charge during this time is effectively £132,000.

28 Financial Commitments

With the exception of the financial commitment detailed in note 27, at 30 September 2005 the Group had no financial commitments which had not been accrued for (2004: £nil).

29 Financial Instruments and Risk Profile

The Majedie Group comprises two main businesses: Majedie Investments PLC (Company) – the core investment trust portfolio business and a 55% subsidiary (2004: 65%): Majedie Asset Management Limited – a fund management business specialising in UK equities largely for institutional clients. For this reason the two businesses are dealt with separately below.

Majedie Investments PLC

The financial instruments of Majedie Investments PLC (“the Company”) comprise its investment portfolio – see note 13, cash balances, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income, and the debenture loans used to finance the Company’s operations. The Company does not use derivatives. The figures disclosed below exclude short term debtors and creditors.

As an investment trust, the Company invests in securities for the long term. Accordingly, it is the Company’s policy that no trading in investments or other financial instruments shall be undertaken.

The Company has little exposure to credit and cash flow risk. Unlisted investments in the portfolio are subject to liquidity risk. This risk is taken into account by the directors when arriving at the valuation of these assets.

The principal risks the Company faces in its portfolio management activities are:

- market price risk i.e. movements in the value of investment holdings caused by factors other than interest rate or currency movements;
- foreign currency risk; and
- interest rate risk.

The Company takes account of these risks when setting investment policy and making investment decisions.

29 Financial Instruments and Risk Profile *continued*

Market Price Risk

The Company's exposure to market price risk comprises mainly movements in the value of its equity investments. A detailed breakdown of the investment portfolio is given on pages 12 and 13. Uncertainty arises as a result of future changes in the market prices of the Company's equity investments. Economic and market data are monitored by the Investment Director within an overall investment strategy approved by the Board.

Foreign Currency Risk

The Company is exposed to foreign currency risk through its investment in securities listed on overseas stock markets. The Company does not normally hedge against foreign currency movements but takes account of the relative strengths and weaknesses of currencies in making investment decisions.

Interest Rate Risk

The Company is exposed indirectly to interest rate risk through the effect of interest rate changes on the valuation of its investment portfolio. The majority of its financial assets are equity shares, which pay dividends, not interest.

The Company finances its operations primarily through retained profits, including realised and unrealised capital gains, and equity share capital. In addition there are long term debenture loans which have fixed rates of interest – see note 18.

The Company's financial instruments at 30 September comprised the following:

	Book Value 2005 £000	Book Value 2004 £000	Fair Value 2005 £000	Fair Value 2004 £000
Financial assets				
Investment portfolio	207,236	167,386	207,236	167,386
Cash	2,202	12,982	2,202	12,982
Financial liabilities				
£13.5m (2004: £13.5m) 9.5% debenture stock 2020	13,352	13,348	18,363	16,976
£20.7m (2004: £20.7m) 7.25% debenture stock 2025	20,348	20,339	23,527	22,131

The investment portfolio has been valued in accordance with the accounting policy in note 1 to the accounts. Accordingly, book value equates to fair value. The fair value of the debenture stock is based on information provided by FT Interactive Data as at 30 September in each year.

Notes to the Accounts

29 Financial Instruments and Risk Profile continued

The Company's exposure to foreign currencies through its investments in overseas securities as at 30 September is shown below:

	2005 £000	2004 £000
Currency		
US dollar	17,351	22,555
Euro	7,349	5,821
Japanese yen	1,610	4,886
Swiss franc	411	1,183
Canadian dollar	5,201	420
Australian dollar	1,305	–
Norwegian krone	–	302
Swedish krone	–	251
	33,227	35,418

Majedie Asset Management Limited

Majedie Asset Management Limited manages the investment portfolios of its clients and does not hold equity investments or other securities on its own account. In managing the relevant portfolios Majedie Asset Management Limited takes into account, when making decisions, various risk factors including market price risk and indirect interest rate risk. Majedie Asset Management Limited has no direct exposure to foreign currencies and has no financial assets other than cash.

The operations of Majedie Asset Management Limited are financed primarily through equity and preference share capital and loans provided by Majedie Investments PLC and equity capital provided by the senior management of Majedie Asset Management Limited.

30 Related Party Transactions

At 30 September 2005 the Company held investments in funds managed by Majedie Asset Management Limited representing 4.0% (2004: 4.0%) of the Company's investment portfolio as set out in the table below.

Fund	2005 Market Value £000	2004 Market Value £000
Majedie Asset Management UK Opportunities	4,697	3,557
Majedie Asset Management UK Focus	2,003	1,591
Majedie Asset Management UK Equity	1,877	1,504
	8,577	6,652

Distributions totalling £61,000 were received by the Company during the year from these investments (2004: £71,000).

The Company makes investments from time to time in companies on the boards of which a non-executive director of the Company serves as a director. The Company's non-executive directors are not involved in any day-to-day investment decisions relating to the investment portfolio.

Ten Year Record

to 30 September 2005

Year End	Total Assets £000	Shareholders' Funds £000	NAV Per Share Pence	Share Price Pence	Discount %	Earnings Pence	Net Dividend Pence	Actual Gearing Ratio %	Potential Gearing Ratio %	Total Group Costs %
1996	163,176	148,372	283.4	242.0	14.62	7.65	6.60	5.7	10.0	1.29
1997	196,034	181,228	345.3	292.5	15.44	6.58	6.90	1.1	8.2	1.45
1998	180,298	165,490	315.3	296.0	6.13	5.48	7.20	-0.6	8.9	1.36
1999	216,519	201,708	383.3	367.0	4.24	8.09	7.40	2.3	7.3	1.48
2000	274,620	235,269	446.3	358.5	19.68	7.01	7.65	15.5	16.7	0.89
2001	203,067	163,709	310.7*	242.5	21.95	7.73	7.90	19.4	24.1	0.92
2002	164,344	124,893	238.1*	187.5	21.25	9.97	8.15	18.3	31.7	1.51
2003	168,001	128,810	246.6*	198.0	19.72	7.52	8.45	17.1	30.6	2.90 [†]
2004	172,144	138,893	266.5*	227.5	14.63	5.25	8.75	14.5	24.3	2.86 [†]
2005	210,359	176,199	338.7*	303.5	10.39	8.97	9.05	16.6	19.1	3.93 [†]

Earnings for the year ended 30 September 1997 are as originally reported and have not been revised to reflect the current accounting policy of charging 75% of relevant expenses and finance costs to capital.

The Actual Gearing Ratio is calculated as total assets less cash, fixed interest assets and minority interest divided by shareholders' funds less own shares held, up to and including 2002. From 2003 onwards the Actual Gearing Ratio is calculated as total assets less cash, fixed interest assets and minority interest divided by shareholders' funds. The Potential Gearing Ratio is calculated as total assets less minority interest and own shares held divided by shareholders' funds less own shares held, up to and including 2002. From 2003 onwards the Potential Gearing Ratio is calculated as total assets less minority interest divided by shareholders' funds. The change in calculation in 2003 for both the Actual Gearing Ratio and the Potential Gearing Ratio is due to UITF Abstract 38: 'Accounting for ESOP Trusts'.

[†] From 2003 onwards, the cost of running the trust is calculated by taking the total administrative expenses and dividing by the average quarterly net asset value during the year. For 1996–1999, this was calculated by taking the average monthly net asset value during the year.

* From 2001 onwards NAV Per Share figures have been calculated as described in note 23 on page 52.

Notice of Meeting

Notice is hereby given that the ninety fifth Annual General Meeting of Majedie Investments PLC will be held on 18 January 2006 at the London Underwriting Centre, 3 Minster Court, Mincing Lane, London EC3R 7DD at 12.15pm for the purpose of transacting the following:

Ordinary Business

1. To declare a final dividend of 5.85p per share in respect of the year ended 30 September 2005.
2. To receive and adopt the Directors' Report and Accounts for the year ended 30 September 2005.
3. To receive and approve the Report on Directors' Remuneration.
4. To re-elect JWM Barlow as a director.
5. To re-elect RE Clarke as a director.
6. To re-elect HV Reid* as a director.
7. To re-appoint Deloitte & Touche LLP as auditors and to authorise the directors to fix their remuneration.

** Chairman of the Audit, Nomination and Remuneration Committees.*

Special Business

To consider and, if thought fit, pass the following resolutions which will be proposed as a special resolutions:

8. THAT the Company's 2006 Long Term Incentive Plan (the "2006 LTIP"), the main features of which are summarised in the Chairman's letter to shareholders dated 24 November 2005 and the Rules of which are produced to the Meeting and initialled by the Chairman for the purposes of identification, be approved, and the directors be authorised to do all acts and things which they consider necessary or desirable to carry the 2006 LTIP into effect.
9. THAT the Company generally be and is hereby authorised for the purpose of Section 166 of the Companies Act 1985 to make market purchases (as defined in Section 163 of the said Act) of shares of 10p each in the capital of the Company (shares) provided that:
 - a) the maximum number of shares hereby authorised to be purchased is 7,873,947; being 14.99% of the issued share capital;
 - b) the minimum price which may be paid for such shares is 10p per share;
 - c) the maximum price (exclusive of expenses) which may be paid for such shares shall be 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
 - d) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the next Annual General Meeting of the Company and the date which is eighteen months after the date on which this resolution is passed; and
 - e) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract.

By order of the Board

Sinclair Henderson Limited

Company Secretary

24 November 2005

Copies of directors' service contracts, the Articles of Association and the Register of Directors' Interests in the shares of the Company are available for inspection at the Company's registered office during normal business hours and from noon on Wednesday 18 January 2006 at the place of the meeting until its conclusion. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of him or her. Such proxies need not be members of the Company but are not entitled to vote except on a poll. Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting is 12.15pm on 16 January 2006. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

By attending the Annual General Meeting a holder of ordinary shares expressly agrees he/she is requesting and willing to receive any communications made at the Annual General Meeting.

Majedie Savings Plans

Majedie Share Plan

The Majedie Share Plan is a straightforward and low cost way to invest or save in the shares of Majedie Investments PLC. Charges are kept low and the Plan is very flexible.

Lump sum investments are dealt with on a weekly or daily basis whereas the monthly savings facility is an affordable and effective way of building a substantial shareholding over the longer term. The minimum lump sum investment is £250, while the minimum monthly amount is £25. There are no maximum limits.

There are no dealing charges and there is no annual management fee. Your lump sum or monthly payments will be used to buy as many shares as possible after deducting Government Stamp Duty, currently at the rate of 0.5%. On the sale of shares a fixed charge of £15 + VAT is levied.

Dividends may either be paid in cash or reinvested in the Plan. Existing Majedie shareholdings may be transferred into the Plan. You may close your plan by selling all your shares at any time.

For more information, a Majedie Share Plan booklet and/or an application form please contact the Majedie Share Plan Manager, Majedie Portfolio Management Limited*, 1 Minster Court, Mincing Lane, London EC3R 7ZZ (telephone: 020 7626 1243).

** authorised and regulated by the Financial Services Authority*

Majedie Corporate ISA

The Majedie Corporate ISA (Individual Savings Account) provides individuals with a tax efficient way to invest or save in the shares of Majedie Investments PLC.

ISAs provide the following benefits:

- no extra income tax payable on income generated within the ISA;
- no Capital Gains Tax liability on any profits arising from within the ISA;
- no need to include the details of your ISA in reports to the Inland Revenue;
- no minimum period of investment.

The Majedie Corporate ISA provides the additional benefit of extremely low cost. There are no initial charges and no annual management charges. Furthermore there is no brokerage charge on purchases or sales as part of the weekly bulk dealing for the scheme. However there is Government Stamp Duty on purchases, currently at 0.5%, and there is also an additional charge should you wish to make use of the Real Time Dealing Service.

Shares may be purchased either by way of a lump sum payment or through regular monthly payments. The minimum lump sum investment is £500, while the minimum direct debit subscription is £50. If you do not want to use the other available components of an ISA then the maximum investment permitted in shares in a MAXI ISA is £7,000 in each tax year until 2010. The maximum which may be invested in shares in a MINI ISA is currently £4,000 in each tax year until 2010. Income may be paid direct to your bank or building society on a half-yearly basis or reinvested.

The Majedie Corporate ISA is provided in conjunction with Halifax Share Dealing (HSDL) who act as an Inland Revenue Approved PEP and ISA Manager. For more information, an ISA booklet and/or an application form please contact the Majedie Corporate ISA Manager, Halifax Share Dealing Limited, Trinity Road, Halifax HX1 2RG (telephone: 0870 600 9966).

Majedie General PEP

Although you are no longer able to put new money into a PEP, your existing PEP investments remain sheltered from tax and can continue to grow. You may transfer an existing PEP from another manager to the Majedie General PEP.

Further details may be obtained from the Company's Registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH (telephone: 0870 702 0000).

Shareholder Information

Registered Office

1 Minster Court
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London EC3R 7ZZ
Telephone: 020 7626 1243
Fax: 020 7929 0904
E-mail: majedie@majedie.co.uk
Registered Number: 109305 England

Company Secretary

Sinclair Henderson Limited
23 Cathedral Yard
Exeter EX1 1HB
Telephone: 01392 412122
Fax: 01392 253282
E-mail: info@sinclairhenderson.co.uk

Registrars

Computershare Investor Services PLC
Lochside House
7 Lochside Avenue
Edinburgh Park
Edinburgh EH12 9DJ
Telephone: 0870 702 0010

Shareholders should notify all changes of name and address in writing to the Registrars.

Auditors

Deloitte & Touche LLP

Stockbrokers

Bridgewell

Key Dates in 2006

Ex-dividend date	4 January
Record date	6 January
Annual General Meeting	18 January
2004/05 final dividend paid	25 January
Interim results announcement	25 May
2005/06 interim dividend paid	30 June
Financial year end	30 September
Final results announcement	21 November

Internet

Majedie's website is at www.majedie.co.uk
Shareholders may check details of their holdings, historical dividends, graphs and other data by accessing www.computershare.com. Please have your shareholder number, shown on your share certificate and dividend vouchers, to hand in order to access this information.

Share Price

The share price is quoted daily in The Times, Financial Times, The Daily Telegraph, The Independent and London Evening Standard. Shares may be bought through the Majedie Share Plan or Majedie Corporate ISA (details of which are set out on page 60). You may transfer an existing PEP to the Majedie General PEP (page 60). You may also purchase shares through an on-line dealing facility or via your stockbroker or bank.

Net Asset Value

The Company announces its net asset value weekly through the London Stock Exchange and on its website. The Financial Times publishes daily estimates of the net asset value and discount.

Capital Gains Tax

For capital gains tax purposes the adjusted market price of the Company's shares at 31 March 1982 was 35.875p per 10p share. Former shareholders of Barlow Holdings PLC are recommended to consult their professional advisers in this regard.

Notes

Form of Proxy

for use at the Annual General Meeting to be held on 18 January 2006

I/We
(full registered name(s) in BLOCK CAPITALS PLEASE)

of

being (a) member(s) of MAJEDIE INVESTMENTS PLC hereby appoint the Chairman of the meeting

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on 18 January 2006 and at any adjournment thereof.

I/We direct our proxy to vote as indicated below.

Ordinary Resolutions	For	Against
1. To declare a final dividend of 5.85p per share		
2. To receive the Directors' Report and Accounts		
3. To receive and approve the Report on Directors' Remuneration		
4. To re-elect J W M Barlow as a director		
5. To re-elect R E Clarke as a director		
6. To re-elect H V Reid as a director		
7. To re-appoint Deloitte & Touche LLP as auditors and to authorise the directors to fix their remuneration		

Special Resolution

8. To approve the Long Term Incentive Plan		
9. To authorise market purchases of the Company's own shares		

Date

Signature

Notes:

1. To be valid this proxy duly signed, together with the power of attorney or other authority (if any) under which it is executed, must be lodged at the office of the Company's Registrars, Computershare Investor Services PLC, PO Box 1075, Bristol, BS99 3FA, not less than 48 hours before the time fixed for the meeting or any adjourned meeting.
2. If you wish to appoint as your proxy any person other than the Chairman of the meeting, insert the full name and address of the proxy in the space provided, delete the words 'the Chairman of the meeting' and initial the amendment. A proxy need not be a member of the Company and may attend the meeting in person but may not vote except on a poll.
3. In the case of joint holders the signature of any one joint holder shall be sufficient, but the names of all joint holders should be stated. The vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names stand in the register of members.
4. A corporation may complete the proxy under its common seal or under the hand of a duly authorised officer.
5. The return of the form of proxy will not preclude a member from attending in person and voting at the meeting.

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