Majedie

Majedie Investments PLC

Annual Report

30 September 2006

Contents

Majedie Investments PLC is a self managed investment trust with total portfolio assets under management over £230 million.

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

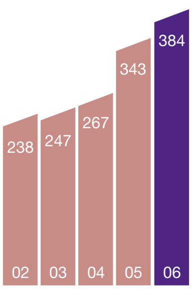
Our Benchmark is 70% FTSE All-Share Index and 30% FTSE World ex UK Index (Sterling) on a total return basis.

Group Summary

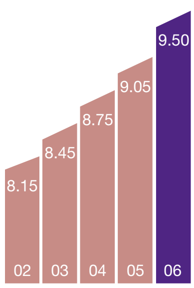
Total assets*	£232.9m	
Shareholders' funds	£199.2m	
Market capitalisation	£175.5m	
Capital structure	10p ordinary shares	52,528,000
	Debt	£13.5m 9.5% debenture stock 2020 £20.7m 7.25% debenture stock 2025
Management fee	The trust is self-managed and accordingly does not pay a fee to third party fund 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.

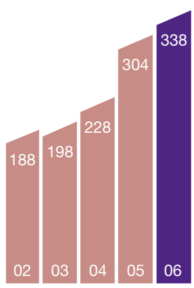
Recent Trends



Net asset value per share (pence) increased by 12.0% in the year*



Dividends (pence) have increased for the seventeenth year, this year by 5.0%



Share price (pence) has increased by 11.4% during the year

* The 2005 information has been restated for the adoption of IFRS.

Year's Summary

Financial* as at 30 September		2006	2005	%
Total assets less current liabilities		£232.9m	£212.6m	9.5
Shareholders' funds		£199.2m	£178.4m	11.7
Net asset value per share		384.0p	343.0p	12.0
Share price		338.3p	303.5p	11.4
Discount to net assets (debt at par value)		11.9%	11.5%	
Discount to net assets (debt at fair value)		8.0%	7.3%	
Revenue return before tax		£9.3m	£5.5m	69.1
Earnings per share		13.10p	8.94p	46.5
Dividends per share**		9.50p	9.05p	5.0
Group costs (administrative expenses)		£9.0m	£6.2m	45.2
Company costs (administrative expenses)		£2.5m	£1.9m	31.6
Company costs/average Company net assets		1.3%	1.1%	
Company costs/average Company total assets		1.1%	0.9%	
Maximum potential gearing		17.0%	18.9%	

* Financial information is disclosed in respect of the consolidated accounts unless otherwise stated. The 2005 information has been restated for the adoption of IFRS, please refer to note 1.

**Dividends per share represent dividends that relate to the Company's financial year. However under IFRS dividends are not accrued until paid or approved.

Year's high/low		2006	2005
Share price	high	383.8p	303.5p
	low	266.0p	222.5p
Net asset value	high	419.7p	343.0p
	low	305.4p	270.8p
Discount (debt at par)	high	15.4%	20.3%
	low	7.7%	5.8%
Discount (debt at fair value)	high	11.4%	16.8%
	low	2.8%	1.0%

Performance year ended 30 September	2006	2005
Investment portfolio return (total assets)†	12.9%	26.5%
Net asset value total return	15.0%	32.7%
Total shareholder return	14.6%	38.2%
Benchmark total return†	13.0%	24.4%

† *Source: The WM Company*

Chairman's Statement

I am delighted to report that over the financial year the consolidated net revenue return before tax amounted to £9.3m, increasing by 69% from last year's figure of £5.5m. Furthermore, total shareholder return during the year was 14.6% exceeding the benchmark return of 13.0%.

A final dividend of 6.1 pence per share is proposed. This gives a total for the year of 9.5 pence per share representing an increase of 5.0% on last year. This is the seventeenth consecutive year in which the dividend has increased by more than the rate of inflation.

The portfolio is diversified with investment holdings relating to businesses in many different countries and industries. We continue to have a leaning towards the global resources sectors since we believe the growing economies of China and India will persist in driving significant demand for industrial commodities.

Our original equity investment of £700,000 in Majedie Asset Management four years ago has this year matured much more rapidly than expected due to the rapid and profitable growth of the business. Our original debt financing of £2.1m was repaid with dividends and interest and our equity shareholding has reduced to 30% as a result. Despite this the Board has revalued the investment at £13m compared with an £8m valuation of the equity last year. A special dividend from the company amounting to £1.5m is due to be received and this is included within the £13m valuation.

In May we welcomed Gerry Aherne as a new director. He brings to the Board considerable experience of fund management and a track record of establishing and growing successful businesses. In July Paul Marsh stood down as a non-executive director after nearly eight years. We thanked him heartily for his sound advice and wise counsel and wished him the very best for the future.

Two new features of the annual report this year have added considerably to the length of the document – one is likely to assist shareholders and other readers; it is questionable as to whether the other will do so. Let me first refer to the latter. This report contains the required disclosure for the transition from the previous basis for the preparation of the accounts – UK Generally Accepted Accounting Practice to the required new basis: International Financial Reporting Standards. I have previously written about the impact of these changes and it is covered elsewhere in this report.

We are also required for the first time to include in the annual report a section entitled Business Review. We have taken the opportunity on pages 19 to 23 to provide more than the minimum required disclosure. We believe it is helpful to provide a more accessible commentary on key issues than is often included in the notes to the accounts.

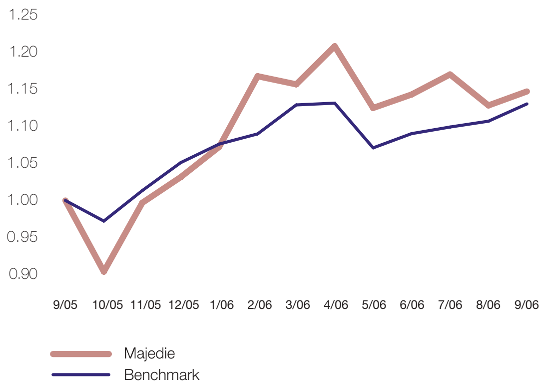
The progress made this year is the result of much hard work and application on the part of the in-house team in recent years. Shareholders' support is being sought for the Board's proposals to pay exceptional bonuses to the executive directors in recognition of the success of Majedie Asset Management (see page 30). I would like to thank them and my other fellow Board members for the conscientious manner in which all have worked to deliver such results.

Our annual and interim reports are available from our website (www.majedie.co.uk) the presentation of which was redesigned this year. Shareholders wishing to receive these reports and other formal notifications via email should contact our Registrars as explained on page 85 of this report.

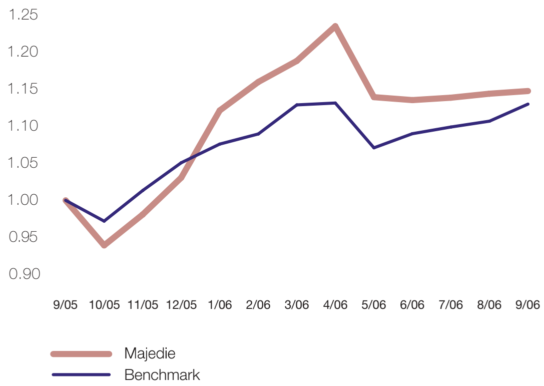
The current outlook is for global economic growth to slow somewhat over the coming year. Interest rates are expected to be reduced – despite many, including the Bank of England, being cautious about the possibility of rising inflation. The world economy is becoming less dependent on the US as its main engine. The economy of China combined with that of India is of an increasingly significant size to affect positively the global business cycle.

Henry S Barlow Chairman
27 November 2006

TOTAL SHAREHOLDER RETURN V BENCHMARK
YEAR TO 30 SEPTEMBER 2006



NAV TOTAL RETURN V BENCHMARK
YEAR TO 30 SEPTEMBER 2006



Chief Executive's Statement

During the year the Group's total net assets increased by £20.4m and on an NAV total return basis delivered 15.0% beating the benchmark by 2.0%. This result was materially assisted by our long term debentures and by a strong contribution from Majedie Asset Management.

Revenue Return

Group net revenue return before tax for the year was £9.3m, increasing by 69% from last year's figure of £5.5m. The Company's net revenue return before tax was £5.2m showing an increase of 55% over the previous year's figure of £3.4m. For the first seven months of the financial year the full results of Majedie Asset Management have been consolidated with the rest of the Majedie Group. From 30 April 2006 our shareholding in the company reduced to 30% and therefore for the rest of the year a single after tax figure is included in the consolidated income statement as 'share of net return of associate'. This year the group income statement has been boosted by a proportion of Majedie Asset Management's net profit before tax amounting to £3.7m and by £1.5m relating to the first of four special dividends.

Costs

Compared with last year total group costs increased by 45% from £6.2m to £9.0m largely due to the profit sharing arrangements within Majedie Asset Management. Company costs of £2.5m increased by 32% over last year's £1.9m due to a number of factors including: a significant reimbursement last year of a prior year charge which reduced costs in 2005; Majedie Asset Management moved into separate offices in 2005 reducing the benefits from shared office costs; there were recruitment and other one-off staff related costs and advisers' fees were incurred for a project which did not proceed.

3 Year Performance

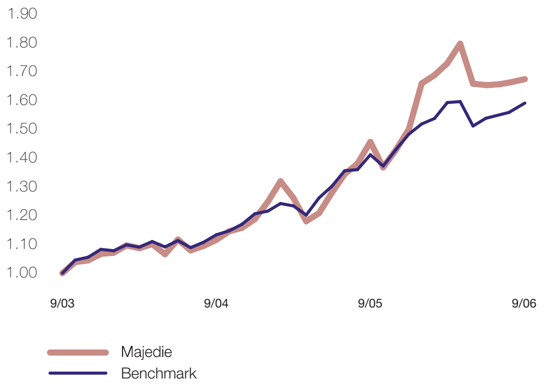
Two graphs show net asset value total return and total shareholder return over the last three years. During that period the underlying total assets portfolio beat the benchmark by 4.2%, NAV total return of 67.6% exceeded the benchmark return of 59.4% by 8.2%, the discount with debt at par narrowed from 19.7% to 11.9% and the total shareholder return of 88.9% outperformed by 29.5%.

Majedie Asset Management

As already seen from its contribution to our results the Majedie Asset Management business has continued to grow strongly and profitably during the year. Assets under management have increased from £2.3bn to £3.7bn. The business as a whole has generated a significantly greater profit before tax during the year of £6.2m compared with £2.1m for last year – this was after deducting the special dividend and preference share dividends totalling £1.9m.

The investment has been valued by the Board in the Company balance sheet at £11.5m plus a special dividend receivable of £1.5m totalling £13m. This is not reflected in the consolidated balance sheet nor in the weekly announced net asset value. It compares with £10.1m as at 30 September 2005 in respect of a

NAV TOTAL RETURN V BENCHMARK
– 3 YEARS TO 30 SEPTEMBER 2006



valuation of £8m for the equity shares and £2.1m relating to preference shares which were repaid during the year. The directors' valuation of the Company's equity investment in Majedie Asset Management has therefore increased by £3.5m compared with last year.

International Financial Reporting Standards (IFRS)

The financial statements within this annual report are prepared according to IFRS as required by the Companies Acts and the Listing Rules as a result of EU legislation. There are three main areas where the change to IFRS from the previously followed UK GAAP affects the accounting treatment significantly:

- the valuation of listed securities using closing bid prices rather than closing mid market prices – resulting in a one-off reduction in net asset value of 1.5p per share as at 1 October 2005;
- the calculation and charging in the revenue account of the fair value of share options and other share based payments to employees – see note 26 on pages 64 to 66 relating to share based payments;
- the Company's dividend payments are now only recognised for accounting purposes when they are either paid during the financial year or when they have been approved by shareholders – resulting in a temporary increase in net asset value of 5.85p per share as at 1 October 2005 – see note 9 on pages 55 and 56.

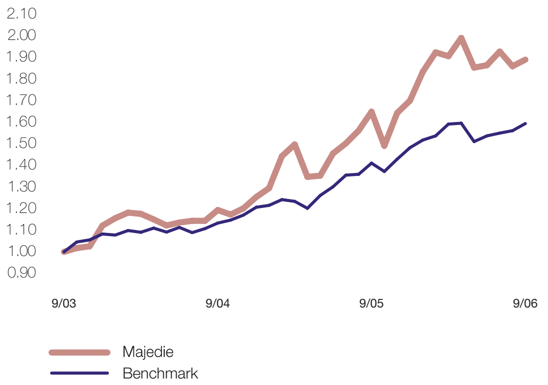
Notes 30 and 31 on pages 69 to 81 contain the required transition statements and related notes and note 21 on page 63 summarises the impact on net assets. The main financial statements and the notes to the accounts include a greater degree of disclosure than in the past. It should be emphasised that the way in which the portfolio is managed and the way in which the business operates remain unchanged.

Business Development

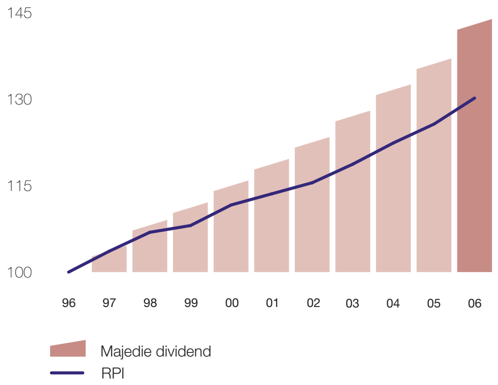
We continue to seek other business development opportunities in areas of specialisation which have strong prospects of generating superior investment returns – particularly where such opportunities would be complementary to, and would generate synergies with the existing business.

Robert E Clarke Chief Executive
27 November 2006

TOTAL SHAREHOLDER RETURN V BENCHMARK
– 3 YEARS TO 30 SEPTEMBER 2006



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



Investment Report

The global economy has continued to perform well in both the major western economies and Japan and major emerging markets of China and India, with the latter two continuing to grow at an annual rate of over 8%.

Performance

Against this general background, Majedie's net asset value total return outperformed its benchmark by 2.0% rising by 15.0% compared to the rise of the benchmark of 13.0%. An analysis of the performance of the overall portfolio is provided on page 22 of the Business Review. The UK portfolio underperformed the benchmark by 1.9%, whilst the overseas portfolio outperformed the benchmark by 4.1%.

UK investments represent 80% of the portfolio and rose 12.8% against the FTSE All-Share Index rise of 14.7%. The investments in both the FTSE 100 and FTSE 250 Indices outperformed, but the smaller companies had a more difficult time over the summer period, with many share prices trading well below their near and long term fundamental value. However, on an individual stock level some stocks performed very well, for example Neutec Pharma, Richmond Foods, Peacocks, Peninsular & Oriental and O_2 were all taken over at significant premiums. Sectors which outperformed were aerospace and defence through Rolls Royce and BAE, electronics and electrical equipment through Ceres Power, industrial engineering, construction and materials. Others include industrial transportation, banks, life insurance and general financials where for instance large profits were taken in Investec.

At the interim stage the NAV total return for the first six months was 5.5% ahead of the benchmark. The outperformance at the year end is lower at 2.0% due to the recent weakness in resources stocks and smaller companies. In particular, the market has recently experienced a switch into the larger defensive stocks for safety until there is clarity on the depth of the US slowdown. This has led to many safe haven stocks being valued highly on a relative basis, for example tobacco stocks are presently yielding less than the market. This situation has led to the return from the rest of the market catching up with the fund over the second half of the financial year. However, as explained later in this report the fundamental long term case for commodities remains strong and therefore it remains one of the preferred areas for investment in the portfolio.

In North America, which represents 13% of the portfolio, the return was 14.1% against 5.2% from the benchmark, an outperformance of 8.9%. This was mainly produced from large investments in the oil and gas sector, through companies like Ultra Petroleum, plus media, and general financial.

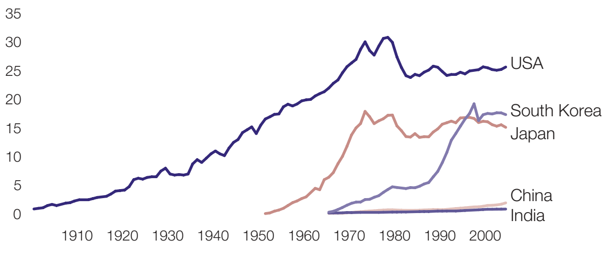
In Europe and Japan the performance was below the benchmark, but was outweighed by strong performance in Pacific ex-Japan and in particular, Australia and South Africa through the mining sector in companies like Zinifex.

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 where enhancements are expected to occur in underlying assets like oil exploration and production companies, mining companies, and property, or where the companies have a very powerful national franchise but are lowly rated like the UK retail banks and the UK utilities. This strategy arose from an overall concern that the general level of growth in the western developed markets would start to weaken from 2005 into 2006.

The year has been characterised by rising commodity prices in all the base metals, because of additional high demand coming from China and India and very low inventories globally due to the lack of new supply being brought on stream. Oil has been rather more volatile as it was driven up to a high of around US$78 on geopolitical concerns surrounding the Middle East. The price then fell in the late summer due to the unusual seasonal down-turn being exacerbated by Iran becoming more accommodative in its uranium enrichment programme. Inventories have risen in the US after a major effort to cope with demand. In response to the fall in the oil price, to around US$60, OPEC agreed to cut production by 1.2m barrels a day, showing its determination to defend US$60 as its new minimum price. This will take OPEC production to 26.3m barrels a day.

OIL CONSUMPTION (BARRELS PER YEAR PER CAPITA)



Source: Raymond James & Associates

Long term the mismatch between supply and demand remains tight, with US oil production having peaked in 1970. Chinese and Indian demand, in particular, remains on a steep rise with their current demand for oil and commodities overall currently only at levels of the US in the early 1900's (as can be seen in the graph below). If per capita consumption was to rise to that of the US today, then it would rise 24 times from its current level. Indeed the Chinese government has stated in its new Seven Year Plan that it wants to spread the economic wealth of the country currently enjoyed by about 300 million of its recently created middle class to the rest of the population of 1.3 billion. There is also a similar pace of development in India. Both these countries are driving the rising demand for commodities and are both making many acquisitions across the world, particularly in Africa, in order to try to secure some of their own supplies.

The portfolio is overweight in the UK due to the UK market's higher yield, its greater exposure to international businesses, sterling being the reporting currency and the steady decline of the dollar over the last three years. The prospect of declining interest rates in the US and a weakening economy mean that the dollar could decline further. The high yields of both utilities and banks, where the fund is overweight, offer both income and defensive qualities in a difficult market. The UK offers international diversification with over 60% of UK earnings being derived from overseas assets.

The consensus GDP forecast for the UK is for GDP growth of 2.6% this year followed by 2.4% in 2007. Inflation remains benign although the Bank of England is still thought to be considering another rate rise. However, the fact that interest rates are perceived to be peaking has enabled the contracting and housebuilding and property sectors, where the portfolio is overweight, to outperform.

Government finances remain of concern. The Chancellor could struggle to meet his Budget forecasts for the public finances this financial year. In the first half of the financial year, public sector net borrowing was £25.4 billion compared with £21.4 billion in the same months last year – in contrast to the Chancellor's forecast that borrowing would fall over the whole financial year. This will limit his room for manoeuvre on the public finances for voter-friendly concessions in the pre-Budget report this year. This is important to consider because the majority of employment that has been created over recent years has been in the public sector. This is why the portfolio is underweight in UK consumer sectors like retailing.

Until recently the US economy has withstood a number of of negative cyclical elements – over-geared consumers, high energy prices and tighter monetary policy. Part of the reason for the US economy's resistance is that it has continued to benefit from the post 2001 technology positive effect on productivity, plus the outsourcing effect of much of US manufacturing to the low cost Chinese economy, where labour costs approximately 3% of what it costs in the US. Although the portfolio is underweight in the US generally, it has benefited from a stock specific approach in resources, media and financials to enable it to outperform. The portfolio remains underweight against the benchmark given the strong possibility of further dollar weakness.

Inflation remains an overriding concern for the Federal Reserve, although the decline in the oil price from its recent highs has assuaged some commentators' fears. Indeed, whilst a further rise in interest rates cannot be ruled out, it is reasonable to expect that rates are close to peaking and monetary policy may start to be eased particularly as the US housing market has weakened significantly, posing a risk to near-term growth.

The European Central Bank (ECB) remains concerned with the potential rise in inflation. In order to curb any significant move the ECB has continued to raise rates and may still raise them further. The two largest economies, Germany and France, are both likely to grow at just over 2% this year. Next year growth is likely to fall to just under 2% for the Eurozone in general, and to below 1.5% in Germany in particular. In view of the more aggressive stance by the ECB than any other central bank on inflation despite the risks to growth, the European sector of the portfolio has been kept underweight.

In the rest of the world the outperformance of the portfolio was mainly driven by resource stocks in South Africa and Australia. These were driven by either strong asset upgrades due to successful drilling programmes or very strong trading due to Chinese demand.

In Japan, where the portfolio is underweight, the Bank of Japan's latest Tankan survey allayed fears of a protracted slowdown following a fairly moderate second quarter. However, the earlier over optimistic views on growth have become more muted and the expectation of interest rate rises has subsided. Industrial activity appears likely to have risen in the third quarter due to increased corporate capital expenditure.

Outlook

Consensus forecasts for global GDP growth are 3.4% for 2006 moderating to 3.2% in 2007. Within these headline figures the forecasts for North America are 3.4% for 2006 and 2.6% for 2007, Western Europe 2.6% and 2.0%, Asia Pacific reducing from 5.3% and 4.6%, Japan 2.8% and 2.2% and the rest of the world reducing from 5.1% to 4.6%. The significant monetary tightening by the central banks is now close to peaking and may start to be eased over the coming months in order to stimulate growth again. In anticipation of this the markets have been quite strong. The valuation of smaller and mid-sized companies in particular now represents a discount to the larger mainstream companies and we should see some strong upward share price moves over the coming year.

The current debate centres on whether a soft or a hard landing is more likely in the US. The housing slowdown does threaten near-term growth. However, inventories and projected new builds are being cut to be more in line with forecast demand. The recent decline in energy prices will help discretionary consumer income, whilst job creation has remained relatively robust and will benefit from any uplift in economic activity. Any easing in monetary policy always has a rapid effect on the US economy and the Federal Reserve has a history of easing rates rather than risking a major downturn.

In the UK, as already discussed, the Bank of England, remains cautious with regard to inflation. Growth so far remains on track and the housing market is still relatively robust. However, interest rates are likely to be close to their peak and may fall if economic conditions worsen in 2007.

In the Eurozone, Eastern Europe is likely to maintain strong growth but in Western Europe, in Germany in particular where exports are key to that economy's health, growth will suffer if the US slows significantly. Further pressure on the German economy will come from the planned consumption tax increase next January from 16% to 19%.

The ongoing strength of the two major emerging economies of China and India are likely to help bolster world growth should the US falter. It is worth noting that China is now a larger export market for Japan than is the US, and that China's economy is also as big as the UK's. Therefore, China combined with India represents a new balancing item in the world economy which will help to sustain long term growth for the developed world into these new markets. This plus the prospect of monetary easing by the major central banks suggest that economic growth will be stimulated to prevent any major downturn and therefore provide a reasonable backdrop for world stockmarkets.

Gillian M Leates Investment Director
27 November 2006

Asset Distribution

at 30 September 2006

Classification of Assets	United Kingdom %	North America %	Continental Europe %	Pacific Basin %	Total 2006 %	Total 2005 %
Industrial Materials	0.5	4.2		1.8	6.5	0.9
Mining	4.0	0.5		1.0	5.5	10.6
Basic Resources	**4.5**	**4.7**		**2.8**	**12.0**	**11.5**
Oil & Gas Producers	7.1	5.6		0.1	12.8	15.6
Oil Equipment, Services & Distribution	1.1	0.5			1.6	2.1
Oil & Gas	**8.2**	**6.1**		**0.1**	**14.4**	**17.7**
Automobiles & Parts		0.3			0.3	0.5
Automobiles & Parts		**0.3**			**0.3**	**0.5**
Chemicals	1.7				1.7	1.2
Chemicals	**1.7**				**1.7**	**1.2**
Construction & Materials	0.5	0.4			0.9	2.9
Construction & Materials	**0.5**	**0.4**			**0.9**	**2.9**
Aerospace & Defence	2.8				2.8	1.3
General Industrials	1.2				1.2	0.9
Electronic & Electrical Equipment			0.6		0.6	0.4
Industrial Engineering	1.1	0.2			1.3	3.3
Industrial Transportation	0.7				0.7	1.0
Support Services	1.2				1.2	1.8
Industrial Goods & Services	**7.0**	**0.2**	**0.6**		**7.8**	**8.7**
Household Goods	2.4	0.1			2.5	0.3
Tobacco	0.8				0.8	0.8
Personal & Household Goods	**3.2**	**0.1**			**3.3**	**1.1**
Beverages	1.4				1.4	2.2
Food & Beverages	**1.4**				**1.4**	**2.2**
Pharmaceuticals & Biotechnology	3.1				3.1	4.4
Health Care	**3.1**				**3.1**	**4.4**
Travel & Leisure	2.4				2.4	3.3
Travel & Leisure	**2.4**				**2.4**	**3.3**
Media	3.8				3.8	0.8
Media	**3.8**				**3.8**	**0.8**
Food & Drug Retailers	1.4				1.4	1.6
General Retailers	2.1				2.1	2.2
Retail	**3.5**				**3.5**	**3.8**
Fixed Line Telecommunications	0.7				0.7	3.6
Mobile Telecommunications	1.1				1.1	0.7
Telecommunications	**1.8**				**1.8**	**4.3**
Electricity	0.8				0.8	0.8
Gas, Water & Multi Utilities	3.3				3.3	3.5
Utilities	**4.1**				**4.1**	**4.3**
Software & Computer Services	2.0				2.0	0.2
Technology	**2.0**				**2.0**	**0.2**
Banks	14.7		0.3		15.0	14.1
Banks	**14.7**		**0.3**		**15.0**	**14.1**
Life Insurance	2.0				2.0	1.0
Non Life Insurance	0.2				0.2	0.5
Insurance	**2.2**				**2.2**	**1.5**
Equity Investment Instruments	4.9			2.7	7.6	6.8
Real Estate	2.9				2.9	4.5
General Financial	4.8	0.3			5.1	3.0
Financial Services	**12.6**	**0.3**		**2.7**	**15.6**	**14.3**
Unlisted Investments	**2.8**	**0.5**			**3.3**	**0.8**
Total Equities	**79.5**	**12.6**	**0.9**	**5.6**	**98.6**	**97.6**
Convertibles	**0.2**				**0.2**	**0.2**
Total Non-current Assets	**79.7**	**12.6**	**0.9**	**5.6**	**98.8**	**97.8**
Cash	**1.2**				**1.2**	**2.2**
% Total at 30 September 2006	**80.9**	**12.6**	**0.9**	**5.6**	**100.0**	**100.0**

The Fund analysed on pages 14 and 15 comprises the fixed asset investments of £227,085,000 and cash (as adjusted for amounts due to/from brokers for settlement) of £2,818,000.

Twenty Largest UK Investments

at 30 September 2006

Company	Market Value £000	% of Fund
HSBC	9,648	4.2
Barclays	8,553	3.7
Royal Bank of Scotland	6,538	2.8
Lloyds TSB	5,487	2.4
Majedie Asset Management UK Opportunities	5,383	2.3
BP	5,354	2.3
United Utilities	5,271	2.3
121Media	5,054	2.2
GlaxoSmithKline	4,934	2.1
Commoditrade	4,720	2.1
British Land	3,205	1.4
Imperial Energy	2,927	1.3
Tesco	2,524	1.1
Vodafone	2,475	1.1
Rolls Royce	2,410	1.1
Enterprise Inns	2,397	1.0
Bridgewell	2,161	0.9
Accsys Technologies	2,104	0.9
Wilson Bowden	2,061	0.9
Numis	2,018	0.9
	85,224	37.0

Ten Largest Overseas Investments

at 30 September 2006

Company	Market Value £000	% of Fund
First Quantum Minerals (Canada)	8,513	3.7
Falcon Oil & Gas (Canada)	3,528	1.5
Dexia Banque International – Japan Dynamic Fund – B (Japan)	2,972	1.3
Petrohunter Energy (USA)	2,259	1.0
Ultra Petroleum (USA)	2,086	0.9
Dexia Banque International – Japan Dynamic Fund – A (Japan)	1,711	0.7
International Ferro Metals (South Africa)	1,512	0.7
Zinifex (Australia)	1,433	0.6
ACTA Spa (Italy)	1,300	0.6
Bannerman Resources (Australia)	1,288	0.6
	26,602	11.6

Valuation of Investments

Holdings valued over £100,000 at 30 September 2006

Basic Resources

Industrial Materials

Company	Market Value £000	% of Fund
African Copper	320	0.1
Bannerman Resources (Australia)	1,288	0.6
First Majestic (Canada)	636	0.3
First Quantum (Canada)	8,513	3.7
Intl Ferro Metals (South Africa)	1,512	0.7
Toledo Mining	806	0.4
Urasia Energy (Canada)	512	0.2
Zinifex (Australia)	1,433	0.6

Mining

Company	Market Value £000	% of Fund
Albidion	324	0.1
Allied Gold (Australia)	272	0.1
Amur Minerals	333	0.1
Anglo Asian Mining	261	0.1
Aricom	704	0.3
BHP Billiton	1,383	0.6
Cape Diamonds	440	0.2
Condor Resources	880	0.4
Gladstone Pacific (Aus)	613	0.3
Gma Resources	514	0.2
Kirkland Lake	322	0.1
Kirkland Lake (Can)	190	0.1
Mercator Gold	304	0.1
Metals Exploration	571	0.2
Monarch Mining (Aus)	198	0.1
Mwana Africa	503	0.2
Nautilus Minerals (Can)	368	0.2
Nikanor	487	0.2
Pacifica Resources (Can)	215	0.1
Peninsular Gold	281	0.1
South China Resources	925	0.4
Summit Resources (Aus)	613	0.3
Sylvania Resources	165	0.1
Zincox Resources	1,732	0.8

Oil & Gas

Oil & Gas Producers

Company	Market Value £000	% of Fund
Methanol Australia (Aus)	264	0.1
First Calgary Petrol (Canada)	1,035	0.5
Antrim Energy (Canada)	593	0.3
Bankers Petroleum (Canada)	484	0.2
Caspian Energy (Canada)	350	0.2
Falcon Oil & Gas (Canada)	3,528	1.5
Ithaca Energy (Canada)	1,040	0.5
Oilexco	956	0.4
Oilexco (Canada)	252	0.1
TG World Energy (Canada)	388	0.2
Ascent Resources	1,058	0.5
Baltic Oil Terminals	713	0.3
BP	5,354	2.3
Concorde Oil & Gas	356	0.2
Empyrean Energy	521	0.2
First Africa Oil	569	0.2
Imperial Energy	2,927	1.3
Indago Petroleum	671	0.3
JKX Oil & Gas	852	0.4
Max Petroleum	368	0.2
Mediterranean Oil	1,310	0.6
Pantheon Resources	330	0.1
Petroceltic International	783	0.3
Soco International	446	0.2
Petrohunter Energy (USA)	2,259	1.0
Ultra Petroleum (USA)	2,086	0.9

Oil Equipment, Services & Distribution

Company	Market Value £000	% of Fund
Corac	799	0.3
Hunting	1,446	0.6
National Oilwell Varco (USA)	627	0.3
Patterson UTI Energy (USA)	280	0.1
Petrowest Energy (Canada)	315	0.1
Velosi	307	0.1

Automobiles & Parts

Company	Market Value £000	% of Fund
Azure Dynamics (Canada)	736	0.3

Chemicals

Company	Market Value £000	% of Fund
D1 Oils	1,111	0.5
Greenhouse Fund	750	0.3
Hydrodec	1,710	0.7
Virotec International	295	0.1

Construction & Materials

Company	Market Value £000	% of Fund
Balfour Beatty	412	0.2
Hanson	773	0.3
Pan Pacific (Canada)	875	0.4
Rok Plc*	150	0.1

Industrial Goods & Services

Aerospace & Defence

Company	Market Value £000	% of Fund
Bae Systems	1,842	0.8
Meggitt	440	0.2
Rolls Royce	2,410	1.1
VT Group	1,740	0.8

General Industrials

Company	Market Value £000	% of Fund
Accsys Technologies	2,104	0.9
Cookson	624	0.3

Electronic & Electrical Equipment

Company	Market Value £000	% of Fund
ACTA Spa (Italy)	1,300	0.6

Industrial Engineering

Company	Market Value £000	% of Fund
Bateman Engineering	1,418	0.6
Caterpillar (USA)	464	0.2
Charter	1,143	0.5

Industrial Transportation

Company	Market Value £000	% of Fund
Lonhro Africa	929	0.4
Subsea Resources	647	0.3

Support Services

Company	Market Value £000	% of Fund
Accident Exchange	847	0.4
Accident Exchange*	200	0.1
Erinaceous	789	0.3
Havelock Europa	312	0.1
Wolseley	901	0.4

Personal & Household Goods

Household Goods

Company	Market Value £000	% of Fund
Bellway	644	0.3
Bovis Homes	1,575	0.7
Taylor Woodrow	1,114	0.5
Toll Bros (USA)	270	0.1
Wilson Bowden	2,061	0.9

Tobacco

Company	Market Value £000	% of Fund
Gallaher	830	0.4
Imperial Tobacco	890	0.4

Food & Beverages

Beverages

Company	Market Value £000	% of Fund
Diageo	1,972	0.9
Scottish & Newcastle	1,203	0.5

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

Company	Market Value £000	% of Fund
Healthcare		
Pharmaceuticals & Biotechnology		
Allergy Therapeutics	196	0.1
Alliance Pharmaceuticals	405	0.2
Ardana	324	0.1
Bodisen Biotech	442	0.2
Cozart	335	0.1
GlaxoSmithKline	4,934	2.1
Napo Pharma	392	0.2
Travel & Leisure		
Clapham House	286	0.1
Enterprise Inns	2,397	1.0
Gaming Corporation	261	0.1
Punch Taverns	717	0.4
Restaurant	740	0.3
Whitbread	991	0.4
Media		
121Media	5,054	2.2
Handmade	215	0.1
Ingenious Media	582	0.3
JumpTV	915	0.4
Mecom	950	0.4
Mecom*	1,000	0.4
Yell	1,280	0.6
Retail		
Food & Drug Retailers		
Sainsbury (J)	702	0.3
Tesco	2,524	1.1
General Retailers		
Alliance Boots	511	0.2
Findel	486	0.2
Gus	1,201	0.5
H&T	968	0.4
Inchcape	786	0.3
Lookers	850	0.4
Telecommunications		
Fixed Line Telecommunications		
BT	1,675	0.7
Mobile Telecommunications		
Vodafone	2,475	1.1

Company	Market Value £000	% of Fund
Utilities		
Electricity		
International Power	886	0.4
Scottish & Southern Energy	1,015	0.4
Gas, Water & Multi Utilities		
Kelda	791	0.3
National Grid	568	0.2
Northumbrian Water	1,029	0.4
United Utilities	5,271	2.3
Technology		
Software & Computer Services		
2 Ergo	1,716	0.7
Alterian	484	0.2
Eservglobal	1,043	0.5
Mediasurface	277	0.1
Nanoscience	1,017	0.4
Banks		
Bank of Piraeus (Greece)	606	0.3
Barclays	8,553	3.7
Debt Free Direct	959	0.4
HSBC	9,648	4.2
Lloyds TSB	5,487	2.4
Northern Rock	654	0.3
Royal Bank of Scotland	6,538	2.8
Standard Chartered	1,902	0.8
Insurance		
Life Insurance		
Aviva	924	0.4
Friends Provident	489	0.2
Legal & General	1,136	0.5
Prudential	1,944	0.8
Non Life Insurance		
Amlin	554	0.2
Financial Services		
Equity Investment Instruments		
Aberdeen Asian (Asia)	1,418	0.6
Dexia Banque Int. Japan Dynamic Fund – A (Japan)	1,711	0.7
Dexia Banque Int. Japan Dynamic Fund – B (Japan)	2,972	1.3

Company	Market Value £000	% of Fund
Irvine Energy*	800	0.3
Irvine Energy	217	0.1
London Asia Cap	643	0.3
London Asia Chinese	535	0.2
Majedie Asset Mgmt UK Opps 'A'	5,383	2.3
Majedie Asset Mgmt UK Focus Fund 'B'	257	0.1
Majedie Asset Mgmt UK Equity 'B'	252	0.1
Majedie Asset Mgmt UK Alpha 'A'	1,880	0.8
Majedie Asset Mgmt UK Alpha 'B'	1,882	0.8
Nardina Resources	266	0.1
Real Estate		
British Land	3,205	1.4
Grainger Trust	942	0.4
Land Securities	1,220	0.5
Unite	1,196	0.5
General Financial		
Brewin Dolphin	824	0.4
Bridgewell	2,161	0.9
Commoditrade	4,720	2.1
Cordillera Resources	543	0.2
Golden Prospect	743	0.3
Numis	2,018	0.9
Utek (USA)	682	0.3
Convertibles		
BAE Systems 7.75P	470	0.2
Unlisted Investments		
AOI Medical	210	0.1
Grove Energy (Canada)	201	0.1
Continental Petroleum	800	0.3
Ionic Water Technologies (USA)	428	0.2
Altair Financial Services	1,333	0.6
Microsaic Systems	780	0.3
Tsar Emeralds (USA)	471	0.2
TSI*	425	0.2
Vostok Energy	803	0.3

Board of Directors

Henry S Barlow* OBE MA FCA (62) 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 non-executive Chairman of Majedie Asset Management Limited from 2002 until May 2006.

Hubert V Reid* (66) Deputy Chairman

Senior Independent Director

He is Chairman of Enterprise Inns plc and of Midas Income & Growth Trust PLC and a non-executive director of Michael Page International PLC. He was previously Managing Director and then Chairman of the Boddington Group plc, Chairman of Ibstock PLC, Bryant Group plc and of Royal London Insurance Group. He was appointed a director of Majedie in 1999 and is Chairman of the Audit, Remuneration and Nomination Committees.

Robert E Clarke BSc MSc ACA (49) 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 1998 and non-executive director of Majedie Asset Management in 2002.

Gillian M Leates BA FSI (49) 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 1999. She was a non-executive Director of Majedie Asset Management Limited from 2002 until May 2006.

J William M Barlow* BA (42)

In 1991 he joined Skandia Asset Management Limited as an equity portfolio manager and was also Managing Director of DnB Asset Management (UK) Limited from 2002 until 2004. He has been a non-executive director of Majedie Investment Trust Management Limited since 1996. He currently works for Fimat International Banque S.A. (UK Branch) part of Société Générale Group and is a non-executive director of Aintree Racecourse Company Limited. He was appointed to the Board in July 1999.

Gerald P Aherne* (60)

Spent 18 years with Equity & Law in various actuarial and investment management roles up to 1986 then 16 years with Schroder Investment Management, as Investment Director up to 2002. He is currently managing partner of Javelin Capital Partners LLP and a non-executive director of Henderson Global Investors plc, where he is Chairman of the Remuneration Committee, and of Electric & General Investment Trust plc. He was a founding director of PRI Group plc from 2002 until 2003, when it was acquired by BRIT. He was appointed a director of Majedie in May 2006 and is a member of the Audit, Remuneration and Nomination Committees.

*non-executive

Directors' Report

The directors submit their report and the accounts for the year ended 30 September 2006.

Introduction

A review of developments during the year and of future prospects is contained in the Chairman's Statement on pages 4 and 5 and in the Chief Executive's Statement on pages 6 and 7. The Business Review, on pages 19 to 23, the section on Corporate Governance on pages 24 to 26 and the Report on Directors' Remuneration on pages 27 to 32 form part of this report. The audited financial statements are presented on pages 36 to 81. The Investment Report on pages 8 to 11 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 12 to 15. The subsidiary and associated undertakings principally affecting the profits and net assets of the Group during the year are listed in notes 14 and 15 to the accounts.

Principal Activity

The Company operates as an investment trust company engaged primarily in investment in listed securities. See Business Review on pages 19 to 23.

Results and Dividend

Consolidated net revenue return before taxation amounted to £9,296,000 (2005: £5,504,000). The directors recommend a final dividend of 6.1p per ordinary share, payable on 24 January 2007 to shareholders on the register at the close of business on 5 January 2007. Together with the interim dividend of 3.4p per share paid on 30 June 2006, this makes a total distribution of 9.5p per share (2005: 9.05p per share).

Directors

The present directors of the Company are listed on page 16. Professor Paul Marsh served as a director from the beginning of the year until 26 July 2006. Gerry Aherne was appointed a director on 1 May 2006.

The director retiring by rotation and seeking re-election at the forthcoming Annual General Meeting in accordance with the Articles of Association is H S Barlow. Mr G P Aherne was appointed a director on 1 May 2006, and will offer himself for election at the Annual General Meeting. The Board has considered and reviewed their appointment prior to the submission for recommendation. The Board believes that the performance of Messrs Barlow and Aherne 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:

	2006	2005
H S Barlow	**14,605,619**	14,605,619
H V Reid	**32,435**	29,693
R E Clarke	**25,280**	15,286
G M Leates	**6,164**	2,319
J W M Barlow	**1,254,857**	1,238,857

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

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

	2006	2005
H S Barlow	**613,084**	613,084
J W M Barlow	**2,235,777**	2,280,177

Some of the directors' holdings are duplicated, the total after elimination of duplicated holdings being 18,473,216 shares at 30 September 2006 (2005: 18,485,035).

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.

Details of directors share options and restricted share awards are provided in the Report on the Directors' Remuneration on page 32.

Directors' Report

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	7,544,854	14.36%
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 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 2006 the Company had four days of suppliers' invoices outstanding in respect of trade creditors (2005: seven days).

Status

The Company has received written confirmation from HM Revenue & Customs 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 2005.

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.

Disclosure of information to Auditors

As far as each of the directors are aware:

- there is no relevant audit information of which the Company's Auditors are unaware; and
- they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Activities

At the Annual General Meeting of the Company held on 18 January 2006, 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 2006 the Company did not make any purchases of its own shares for cancellation (2005: nil).

Shareholder approval is 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
Capita Sinclair Henderson Limited
Company Secretary
27 November 2006

Introduction

This Business Review provides shareholders with an insight into the nature and structure of the Company and its operations during the year. In particular, it gives information on:

- the regulatory and competitive environment within which the Company operates;
- the internal environment relating to the Company, including the framework of governance implemented by the Board to ensure as far as possible that the Company's objectives are achieved with minimum risk;
- the management of the investment portfolio;
- the Company's performance in the year measured against Key Performance Indicators (KPIs); and
- the development of the overall business.

Regulatory and Competitive Environment

The Company is a self-managed investment trust and is listed on the London Stock Exchange. It is subject to UK company law, International Financial Reporting Standards, Listing Rules, taxation law and the Company's own Articles of Association. The appointment of the Board is approved by shareholders and the directors are charged with ensuring that the Company complies with its objectives as well as these regulations. The majority of investment trusts have wholly non-executive boards of directors and outsource the management of their investment portfolios to external fund management companies. Majedie Investments PLC is a self-managed investment trust where the investment portfolio is managed by an internal investment team led by the Investment Director. The Chief Executive oversees the operation of the business and seeks to exploit business development opportunities.

Under the Companies Act 1985, Section 266, the Company is defined as an investment company. As such, it analyses its income between profits available for distribution by way of dividends (revenue profits) and other profits available for distribution by way of capital reductions (capital profits). The financial statements, starting on page 36, report on these profits, the balance sheet position and the cash flows in the current and prior financial period. This is in compliance with current International Financial Reporting Standards, supplemented by the Revised Statement of Recommended Practice for Investment Trust Companies (SORP). The principal accounting policies of the Company are set out in note 1 to the accounts on pages 46 to 51. The Auditors' opinion on the Financial Statements, which is unqualified, appears on pages 34 and 35.

In addition to the annual and interim results, the Company makes weekly net asset value (NAV) announcements via an authorised Stock Exchange regulatory news service. The Company also reports to shareholders on performance against benchmark, corporate governance and investment activities.

At least one shareholders' meeting is held in each year in January to allow shareholders to vote on the appointment of directors and the Auditors, the payment of dividends, authority for share buybacks and any other special business. The business of the next such Annual General Meeting, scheduled for 17 January 2007, is set out on page 83.

The Company is subject to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains, provided it complies at all times with Section 842 of the Income and Corporation Taxes Act 1988. Section 842 requires, broadly that:

- the Company's revenue (including dividend and interest receipts but excluding profits on sale of shares and securities) should be derived wholly or mainly from shares and securities;
- the Company must not retain in respect of any accounting period more than 15% of its income from shares and securities;
- no holding in a company should represent more than 15% by value of the Company's investments in shares and securities; and
- realised profits on sale of shares and securities may not be distributed by way of dividend.

Compliance with these rules is proved annually in retrospect to HM Revenue and Customs (HMRC). HMRC approval of the Company as an investment trust is granted 'subject to there being no subsequent enquiry under corporation tax self-assessment'. Such approval has been received in respect of all relevant years up to and including the year ended 30 September 2005, and the Company continues to comply with these rules.

Governance
The Company's Board of directors is responsible for the overall stewardship of the Company, including corporate strategy, corporate governance, risk and controls assessment, overall investment policy, asset allocation and gearing limits. There are six members of the Board as set out on page 16 comprising two executive directors and four non-executive directors, of whom two are considered to be independent. This Board structure satisfies the Combined Code requirements for smaller listed companies. Nonetheless the Board considers that all its directors exercise their judgement in an independent manner. Please refer to the Corporate Governance section on page 24 to 26 for further information regarding the Combined Code and the three main committees of the Board: Audit, Remuneration and Nomination.

Investment performance is measured primarily against a benchmark comprising 70% FTSE All-Share Index and 30% FTSE World ex UK Index (Sterling) on a total return basis.

In the process of its governance of the Company, the Board regularly reviews internally generated reports and reports from other independent sources such as The WM Company to assess the on-going investment performance of the Company. Income and cost forecasts are reviewed to enable costs to be controlled within budget and to ensure that the Company is able to pursue a progressive dividend policy while remaining in compliance with the relevant tax rules. Other regularly reviewed reports include those covering the list of investments, the level of gearing, the discount to net asset value and the shareholder register. The Board's assessment of the major risks faced by the Company, together with the principal controls in place to mitigate the risks, is set out later in this review.

Capital Structure
As part of its corporate governance the Board keeps under review the capital structure of the Company. At 30 September 2006 the Company had an issued share capital of £5,252,800, comprising 52,528,000 ordinary shares of 10p each. The Board seeks each year to renew authority of the Company to make market purchases of its own shares. However, the Board is only likely to use such authority in special circumstances. In general the directors believe that the discount to net assets will be reduced sustainably over the long term by the creation of value through the development of the business.

In 1994 and 2000 the Company issued two long term debentures: £20m 9.5% debenture stock 2020 and £25m 7.25% debenture stock 2025 respectively. In 2004 the Company redeemed £1.5m of the 2020 issue and £4.3m of the 2025 issue as an opportunity arose to redeem at an attractive price. The Board had previously considered redeeming a larger proportion of the outstanding balances – but decided that, given the level of redemption penalties involved, it would not be in the shareholders' interest so to do. With the likely progress of stock markets over the longer term, the Board believes that the debentures are likely to be a positive net contributor to net asset value total return.

Principal Risks
The Company's assets consist mainly of quoted equity securities and its principal risks are therefore market-related. The number of investments held, together with the geographic and sector diversity of the portfolio, enables the Company to spread its risks with regard to liquidity, market volatility, currency movements and revenue streams.

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 in certain circumstances the accuracy of tracking error estimates can reduce significantly if individual stocks within the portfolio have a short data history. The level of risk at a net asset value level increases with gearing. In certain circumstances cash balances may be raised to reduce the effective level of gearing. Although such action would increase the tracking error in the portfolio, it would result in a lower level of risk in absolute terms.

Other risks faced by the Company include the following:

i. an inappropriate investment strategy could result in poor returns for shareholders and a widening of the discount of the share price to the NAV per share. The Board regularly reviews strategy in relation to a range of issues including the allocation of assets between geographic regions and industrial sectors; and gearing;

ii. failure to comply with regulations could result in the Company losing its listing and/or being subjected to corporation tax on its capital gains. The Board receives and reviews regular reports from the fund administrator on its controls in place to prevent non-compliance of the Company with rules and regulations. The Board also receives regular investment listings and income forecasts as part of its monitoring of compliance with Section 842;

iii. inadequate financial controls could result in misappropriation of assets, loss of income and debtor receipts and mis-reporting of NAVs. The Board regularly reviews statements on internal controls and procedures and subjects the books and records of the Company to an annual audit. The financial risks are set out in more detail in note 27 on pages 66 to 68.

iv. loss of key staff could affect investment returns. The quality of the management team and contingency planning is a crucial factor in delivering good performance. The Company develops its recruitment and remuneration packages in order to retain key staff and undertakes succession planning.

The systems in place to manage the Company's internal controls are described further on page 26.

Management of Assets and Shareholder Value

The Company invests around the world in markets, sectors and companies that the Board and Investment Director believe will generate long-term growth in capital and income for shareholders. Many potential investments are considered each year. The Investment Director meets a large number of management teams from potential corporate investments. Assessing the quality of management is a key input into the investment process. Extensive work is also done on analysing potential investments for their market positioning/competitive advantage, financial strength and cashflow characteristics. Various valuation parameters are used to provide an indication of the potential attractiveness of the investment opportunity in relation to other potential investments in the area/sector and in relation to similar investments within the portfolio.

The Board measures the overall investment performance of the Company against the Benchmark. Investment risks are spread through holding a range of securities in different industrial sectors.

Each year the Chief Executive and other directors meet with larger shareholders outside of the Annual General Meeting. Meetings are also held with investment trust analysts and stockbroking firms as appropriate. The Company has three investor savings schemes which provide shareholders with cost effective and convenient ways of investing. Communication of up-to-date information is provided through the website at www.majedie.co.uk.

The Board is responsible for setting the overall gearing range within which the Investment Director may operate and has determined that effective gearing may not in normal conditions exceed 20%, when the £35,200,000 debentures are included at cost. At 30 September 2006 the effective gearing was 17.0%.

Performance Highlights

The Board uses the following Key Performance Indicators (KPIs) to help assess progress against the Company's objectives:

- NAV total return

- total shareholder return

both measured against Benchmark total return.

The above KPIs are commented on and displayed in graphical form within the Chairman's and Chief Executive's Statements on pages 4 to 7. The following KPIs are commented on in this Business Review:

- investment portfolio return (total assets): see Investment Performance below.

- share price discount: the level of the discount at the end of the year calculated with debt at par was 11.9% and was similar to that at the start of the year.

- total expense ratio (TER): see Costs below.

- annual dividend growth: See Total Return Philosophy & Dividend Policy below.

During the year the Company adopted International Financial Reporting Standards for the first time. Full details of the adjustments on transition and of the related accounting policies can be found in notes 30 and 31 to the accounts on pages 69 to 81.

Investment Performance

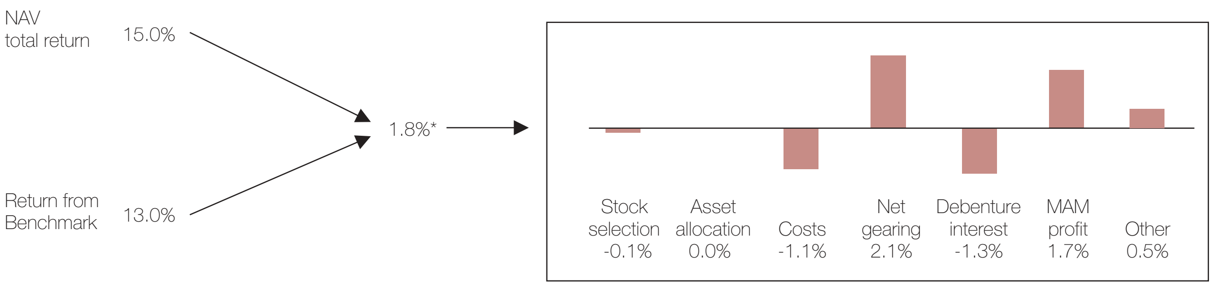
The Investment Report on pages 8 to 11 comments on the investment portfolio return for total assets for the year ended 30 September 2006. Gill Leates joined as Investment Director in 1999 and therefore the following table summarises the relative investment performance for the last seven years comparing the returns from total assets with those of the benchmark:

	+outperformance/–underperformance						
	Year ended 30 Sep	2 yrs to 30.9.06	3 yrs to 30.9.06	4 yrs to 30.9.06	5 yrs to 30.9.06	6 yrs to 30.9.06	7 yrs to 30.9.06
2000	+4.4%						
2001	+0.3%						
2002	+8.9%						
2003	-6.9%						
2004	+0.3%						
2005	+1.9%						
2006	-0.1%	1.8%	2.1%	-4.9%	3.6%	3.8%	8.4%

As at 30 September 2006 the Total Assets portfolio totalled £231.6m and included investments of £227.1m and cash balances of £4.5m. For the year ended 30 September 2006 the investment portfolio return from total assets was 12.9%. 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 underperformed the benchmark return of 13.0% by 0.1%.

The rest of the difference between the 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 (MAM) shown in the diagram below. Total shareholder return for the year was 14.6%. The level of gearing during the year ranged between 11.3% and 19.0%.

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 + 15.0%)/(1 + 13.0%) – 1 = 1.8%.*

Source: The WM Company, Majedie

Costs

The total consolidated costs for the Majedie Group this year include seven months of costs from Majedie Asset Management which has assets under management of about £3.7bn. Because of this the Group Total Expense Ratio (TER) of total costs over total assets under management is not a useful measure. The underlying Company TER is 1.3% and is more relevant. Being an independent, self-managed investment trust the Company is likely to have a relatively higher level of costs compared with other, particularly larger, trusts which have greater economies of scale. Nevertheless the Board pays close attention to cost control and the current situation is referred to further in the Chief Executive's Statement on page 6.

Total Return Philosophy & Dividend Policy

The directors believe that investment returns will be maximised if a total return policy is followed whereby the investment team pursues the best opportunities irrespective of the associated dividend yield. The Company has a comparatively high level of revenue reserves for the investment trust sector. The strength of these reserves will from time to time assist in underpinning our progressive dividend policy in years when the income from the portfolio is insufficient to cover completely the annual distribution.

The Board is committed to a progressive dividend policy where the dividend is increased each year by more than the rate of inflation and this has been achieved in each of the last seventeen years. At £28.1m the revenue reserves represent more than five times the current annual dividend distribution. Over the last ten years the average annual growth of the dividend has been 3.7%.

Majedie Asset Management Limited

In 2002 the Company established a new fund management subsidiary specialising in UK equities: Majedie Asset Management. The new business was launched in March 2003 and today has assets under management of about £3.7bn. Having started with a 70% shareholding, the Company now retains a 30% interest. The relevant developments during the year are referred to in the Chairman's Statement on page 4, in the Chief Executive's Statement on page 7 and further referred to in notes 14 and 15 on pages 58 to 61.

Business Development

We continue to seek other business development opportunities in areas of specialisation which have strong prospects of generating superior investment returns – particularly where such opportunities would be complementary to, and would generate synergies with the existing business.

Corporate Governance

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 2006.

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.

There are six members of the Board as set out on page 16. 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 Gerry Aherne are considered to be independent. Gerry Aherne was appointed a director on 1 May 2006 and was also appointed a member of each of the Audit, Remuneration and Nomination Committees on that date. Paul Marsh retired from the Board and from each of the Board's Committees on 26 July 2006 having been a director since 1999. The Board structure 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 in office attended the six Board meetings held during the financial year ended 30 September 2006.

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 Gerry Aherne. 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 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.

The Nomination Committee met on three occasions during the year and the Committee Chairman – Hubert Reid, Henry Barlow and Paul Marsh were present. The Committee actioned the appointment of a non-executive director with the help of external search consultants and specifically recommended to the Board that Gerry Aherne be appointed.

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 Gerry Aherne – 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 27 to 32 explains the approach taken by the Committee to the structuring of remuneration for executive directors. The Remuneration Committee met on three occasions during the year and all 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.

Institutional Voting – Use of Voting Rights

The Investment Director, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

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. For the first time this year the Business Review on pages 19 to 23 provides additional detailed information.

The Audit Committee comprises: Hubert Reid (Chairman) and Gerry Aherne: 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 – available on request or from our website include the Committee's role and duties in some detail. In particular during the year the Committee has reviewed the Group's financial statements to ensure they are prepared to a high standard and comply with all the relevant legislation and guidelines where appropriate. 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 the Committee Chairman and Paul Marsh were present at both meetings and Gerry Aherne was present at the May meeting.

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.

Up until 30 April 2006 there were 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. On 1 May Majedie Investments' shareholding in Majedie Asset Management reduced from 51% to 30%. Further information on Majedie Asset Management Limited is provided in Notes 14 and 15 to the accounts on pages 58 to 61.

Given the nature of the activities of the Company and the fact that certain key functions are sub-contracted to third party service provider organisations, the directors have reviewed the controls operating 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. In particular the fund administration, accounting and company secretarial functions of the investment trust are performed by Capita Sinclair Henderson Limited. Custody is outsourced to RBC Dexia Investor Services Limited.

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. Capita Sinclair Henderson Limited advises the Company on corporation tax computations and submissions to HM Revenue and Customs. 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 Capita Sinclair Henderson Limited 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 3 to the accounts on page 52.

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

This report has been prepared in accordance with Schedule 7A to the Companies Act 1985. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to the directors' remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Act requires the auditors to report to the Company's members on certain parts of the report on directors' remuneration and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Companies Act 1985. The report has therefore been divided into separate sections for audited and unaudited information.

UNAUDITED SECTION

Remuneration Committee

During the year ended 30 September 2006 the Remuneration Committee comprised solely of independent non-executive directors – being Hubert Reid (Chairman) and Paul Marsh up until 1 May 2006. On that date Gerry Aherne was appointed a member of the Committee. On 26 July 2006 Paul Marsh resigned from the Committee.

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. Michael Buckley of Capita 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.

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. Independent Remuneration Solutions were appointed by the Committee to provide advice on executive directors' remuneration and incentives and also to advise on non-executive directors' fees. Arnheim & Co have provided legal advice on the implementation and operation of share incentive schemes.

Remuneration Policy

The Company intends that its remuneration arrangements for executive directors should reward the creation of added value over the long term and specifically 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. The Committee has given full consideration to the principles of good governance of the Combined Code. The Board has accepted the Committee's recommendations without amendment.

A significant proportion of the executive directors' remuneration is performance-related. Following a review of competitiveness of rewards and business objectives, the Committee decided to change the design of the performance-related elements for 2005/06 onwards and a new Long-Term Incentive Plan (LTIP) was approved by shareholders in January 2006. The proportion of pay at risk in 2005/06 was as follows. (In preparing the table below at 'target performance' the bonus is assumed to be half the maximum payout and the LTIP has an expected value of 50% of salary. At 'maximum performance' the LTIP has been assumed to have an expected value of 100% of salary).

	Chief Executive		Investment Director	
	At Target Performance	At Maximum Performance	At Target Performance	At Maximum Performance
Salary	50%	33%	48%	31%
Cash Bonus	13%	17%	14%	19%
Deferred Bonus	12%	17%	14%	19%
LTIP	25%	33%	24%	31%
Total	100%	100%	100%	100%

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 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 2005/06 bonus for the Chief Executive was 100% of salary and for the Investment Director was 120% of salary. However, the maximum cash element of the bonus was 50% and 60% of salary respectively. A matching award of shares equal in value to the cash bonus (a 'Matching Award') will be made under the LTIP. The Matching Award will only vest once the executive has completed three years' further service and therefore will have an important retention effect. Payments under the bonus scheme are not pensionable.

In 2006/7 and 2007/8 it is proposed to pay an additional bonus (in addition to the existing bonus arrangements) to the Chief Executive and the Investment Director, based on the delivery of special dividend payments from Majedie Asset Management. A matching award of shares, equal in value to the cash bonus will be made, but these will only vest once the executive has completed three years' further service. Full details of the proposal are set out below on page 30 under 'Exceptional MAM-related Bonuses'.

Long Term TSR-based Awards
Following shareholders' approval of the new remuneration and incentive arrangements at the 2006 AGM, the first awards under the new long term TSR-based incentive plan were made on 27 January 2006. The specific performance conditions relate to Total Shareholder Return (TSR) and are measured over 5 years, which is longer than most plans in UK quoted companies. Annual award levels will normally 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 are two demanding performance conditions relating to:

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 is a lower and higher threshold after five 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 is the Company's stated benchmark of 70% FTSE All-Share Index and 30% FTSE World ex UK Index (Sterling). The lower and higher thresholds are 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.

Pension Contributions

The executive directors are eligible for membership of the Barlow Service Company Limited Retirement Benefits Scheme which is a non-contributory money purchase plan administered by Scottish Widows' Fund & Life Assurance Society. The Company makes contributions on behalf of the executive directors of 14% of salary and matches additional contributions made by members up to an additional 4% of salary. Members are also provided with permanent health insurance and life assurance cover on the basis of a lump sum death in service policy.

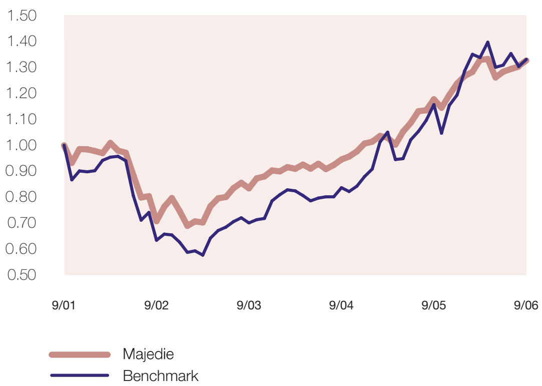
Other Benefits

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

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
5 YEARS TO 30 SEPTEMBER 2006



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.

Share Ownership

Executive directors are encouraged to increase their shareholding in the Company and are expected to build a shareholding of at least one times salary within five years of the adoption of the new Long Term Incentive Plan in January 2006. Progress towards this objective during the year has been satisfactory.

Exceptional MAM-Related Bonuses

During its annual review of remuneration this year, the Committee considered whether the executive directors were being adequately rewarded for the exceptional performance of the Company's investment in Majedie Asset Management. The Committee reviewed market data and, whilst it appeared that Majedie's salaries were broadly competitive, there was evidence that many competitors had paid significantly higher bonuses.

The Committee has revisited the situation with regard to the business development bonuses for the executive directors in light of its review of market conditions, their achievements and the level of incentive for future performance, and has proposed additional bonuses for the following two years (2006/7 and 2007/8).

MAM's Progress

During the year ended 30 September 2006, the Majedie Asset Management business has matured more rapidly than was foreseen at the start of the year. The original preference share financing of £2.1m provided by the Company was repaid earlier than originally planned on 30 April 2006 with accrued dividends and interest totalling £0.7m. The growth in assets under management during the year to £3.7bn and the growth in income to £19.9m have also significantly exceeded expectations. As a result the Company's shareholding has reduced to 30% and control has passed from Majedie Investments to the Majedie Asset Management team. We are now due to receive four special dividend payments over the next two years much sooner and at a much higher level than was envisaged when the Board endorsed a new remuneration strategy approved by shareholders in January 2006.

The value of the investment in Majedie Asset Management Limited for inclusion in the Company balance sheet is assessed by the Board according to the Company's accounting policies under International Financial Reporting Standards at £13m. However as Majedie Asset Management is an associate company this accounting valuation is not included in our Group balance sheet nor in our published net asset value.

Proposal for 2006/7 and 2007/8

The Committee's view is that the success of the business development project relating to Majedie Asset Management has been exceptional. The Committee therefore proposed, and the Board agreed, to pay exceptional bonuses for the years 2006/07 and 2007/08 linked to the successful receipt of special cash dividends from Majedie Asset Management over the next two years. The relevant bonuses will be paid out soon after each special dividend payment is received. Matching awards of deferred shares, equal in value to the cash bonuses will be made, but these will only vest once the executives have completed three years' further service, thus providing a retention incentive over a 5 year period until 2011 when the final part of the matching shares will vest. These exceptional bonuses will be earned at the rate of 5% of the special dividend cash receipts for each director during the 2006/07 and 2007/08 financial years and the cash element (being 50% of the total) will be subject to annual maxima in each of those years of 50% of salary for R E Clarke and 70% of salary for G M Leates. The exceptional bonus awards in respect of the first special dividend payment of £1.5m due to be received shortly are therefore likely to be of the order of £37,500 in cash and £37,500 in deferred shares for each executive.

AGM Vote on Exceptional MAM-related Bonuses

The Committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of commercial demands, changing market practice and shareholder expectations. Investors are consulted about any key issues that arise and shareholders are provided with the opportunity to endorse the Company's remuneration policy on a regular basis through the vote on the Remuneration Report at the Annual General Meeting. Indeed, during November 2006 we consulted with key shareholders and the Association of British Insurers (ABI) about our proposed exceptional bonuses and now invite all shareholders to endorse the proposal.

The Remuneration Committee has recommended this course of action to the Board which in turn is fully supportive of the Committee's proposals. The executive directors took no part in the discussions of this matter. Although the Board is satisfied it has sufficient discretionary authority under the existing rules to approve the proposals, it nevertheless believes it is best practice to put its proposals to a separate vote of shareholders.

Accordingly, in addition to the usual resolution (numbered 3 in the notice of AGM) to approve the Report on Directors' Remuneration, the Board (other than the executive directors) is unanimously recommending the proposals to implement the exceptional bonuses as described above to shareholders, who are asked to approve the policy by voting for resolution numbered 7 in the AGM notice on page 83.

AUDITED SECTION

Directors' Remuneration

The remuneration of the directors for the year ended 30 September 2006 was as follows:

	Salary & Fees £000	Bonus £000	Pension Contributions £000	Other Benefits £000	Total 2006 £000	Total 2005 £000
Executive Directors						
R E Clarke	187	82	28	15	312	319
G M Leates	134	43	24	12	213	212
Non-Executive Directors						
H S Barlow	40	–	–	–	40	33
H V Reid	30	–	–	–	30	27
P Marsh (retired 26/07/06)	19	–	–	–	19	21
J W M Barlow	23	–	–	–	23	21
G P Aherne (appointed 01/05/06)	9	–	–	–	9	–
Sir John K Barlow (retired 19/01/05)	–	–	–	–	–	6
D Ritchie (retired 19/01/05)	–	–	–	–	–	6
	442	125	52	27	646	645

The above bonus amounts are in respect of the cash element being 50% of the total bonus awards for the year. The remaining 50% have been satisfied via matching awards of deferred shares which will vest after three years' further service.

Discretionary Share Option Scheme 2000

The last grants under the Discretionary Share Option Scheme 2000 were made in December 2004. The Committee has decided that no further grants will be made under the Scheme.

Approved Share Options held by Directors

The following Inland Revenue approved options were held by directors during the year to 30 September 2006:

	Date of Grant	Exercise Price Pence	Hurdle Rate (p.a.)	Earliest Date of Exercise	Latest Date of Exercise	At 1 October 2005	Exercised During the Year	At 30 Sept 2006
R E Clarke	14/02/01	361.5	8.5%	14/02/04	13/02/11	8,298	–	8,298
G M Leates	14/02/01	361.5	8.5%	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 2006:

	Date of Grant	Exercise Price Pence	Hurdle Rate (p.a.)	Earliest Date of Exercise	Latest Date of Exercise	At 1 Oct 2005	Exercised During the Year	At 30 Sept 2006
R E Clarke	14/02/01	361.5	8.5%	14/02/04	13/02/11	80,885	–	80,885
G M Leates	14/02/01	361.5	8.5%	14/02/04	13/02/11	55,325	–	55,325
R E Clarke	23/11/01	283.5	8.5%	23/11/04	22/11/11	59,964	–	59,964
G M Leates	23/11/01	283.5	8.5%	23/11/04	22/11/11	43,033	–	43,033
R E Clarke	22/11/02	196.5	7.5%	22/11/05	21/11/12	86,513	9,583	76,930
G M Leates	22/11/02	196.5	7.5%	22/11/05	21/11/12	62,086	3,821	58,265
R E Clarke	18/03/04	221.5	7.5%	18/03/07	17/03/14	76,749	–	76,749
G M Leates	18/03/04	221.5	7.5%	18/03/07	17/03/14	55,079	–	55,079
R E Clarke	21/12/04	231.5	7.5%	21/12/07	20/12/14	77,105	–	77,105
G M Leates	21/12/04	231.5	7.5%	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.

On 22 December 2005 R E Clarke and G M Leates exercised 9,583 and 3,821 options respectively. The market price at the date of exercise was 311.25p and the unrealised gains were £10,996 and £4,385 respectively.

Long Term Incentive Plan: TSR-based Awards

The following Long Term Incentive Plan awards were held by directors during the year to 30 September 2006:

	Date of Grant	At 1 Oct 2005	Number of Shares Awarded	Increase in awards due to dividends paid during year	At 30 Sept 2006	Vesting Date	Lapse Date
R E Clarke	27/01/06	–	57,405	595	58,000	27/01/11	27/01/16
G M Leates	27/01/06	–	41,221	427	41,648	27/01/11	27/01/16

During the year ended 30 September 2006 the share price traded within a range of 266p to 383.75p. The share price on 30 September 2006 was 338.25p.

Approval

The Report on Directors' Remuneration on pages 27 to 32 was approved by the Board on 27 November 2006.

On behalf of the Board

H V Reid Chairman of the Remuneration Committee

27 November 2006

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements.

The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) and have also elected to prepare financial statements for the Company in accordance with IFRS. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

Directors are also required to:

– properly select and apply accounting policies;

– present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and

– provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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. 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 Group and individual Company financial statements (the 'financial statements') of Majedie Investments PLC for the year ended 30 September 2006 which comprise the consolidated and individual company income statements, the consolidated and individual company balance sheets, the consolidated and individual company cash flow statements, the consolidated and individual company statements of change in shareholders' equity and the related notes 1 to 31. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in 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

The Directors' responsibilities for preparing the annual report, the Report on Directors' Remuneration and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities.

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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, 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 and Article 4 of the IAS Regulation. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review that is referred to the Directors' Report. We also report to you 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 other transactions 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 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 including the unaudited part of the Report on Directors' Remuneration and we 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 International Standards on Auditing (UK and Ireland) 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 Company's circumstances, 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, in accordance with IFRS as adopted for use in the European Union, of the state of the affairs of the Group and the individual Company as at 30 September 2006 and of the return of the Group and the Individual Company for the year then ended;

- 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 and Article 4 of the IAS Regulation; and

- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
29 November 2006

Consolidated Income Statement

for the year ended 30 September 2006

	Notes	Revenue £000	Capital £000	2006 Total £000	Revenue £000	Capital £000	2005 Total £000
Investments							
Gains on investments at fair value through profit or loss	13		22,738	22,738		40,423	40,423
Net investment result			22,738	22,738		40,423	40,423
Income							
Dividends and interest	2	6,271		6,271	4,669		4,669
Client fee income in subsidiary company		10,915		10,915	6,500		6,500
Other income		62		62	54		54
Total income		17,248		17,248	11,223		11,223
Expenses							
Administration expenses	3	(7,593)	(1,423)	(9,016)	(5,019)	(1,205)	(6,224)
Return before finance costs, share of net return of associate and taxation		9,655	21,315	30,970	6,204	39,218	45,422
Share of net return of associate	15	340		340			
Finance costs	6	(699)	(2,098)	(2,797)	(700)	(2,101)	(2,801)
Net return before taxation		9,296	19,217	28,513	5,504	37,117	42,621
Taxation	7	(1,331)		(1,331)	(43)		(43)
Net return after taxation for the year		7,965	19,217	27,182	5,461	37,117	42,578
Attributable to:							
Equity holders of the parent		6,815	19,217	26,032	4,653	37,117	41,770
Minority interest		1,150		1,150	808		808
		7,965	19,217	27,182	5,461	37,117	42,578
Return per ordinary share:		pence	pence	pence	pence	pence	pence
Basic and diluted	10	13.1	36.9	50.0	8.9	71.3	80.2

The total column of this statement is the Consolidated Income Statement of the Group prepared under International Financial Reporting Standards (IFRS). The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies.

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 46 to 81 form part of these accounts.

The comparative figures for the year ended 30 September 2005 have been adjusted for the adoption of IFRS from the original figures presented within the statutory accounts for the year ended 30 September 2005. Details of the transition are included within the Transition Statements in note 30.

Company Income Statement

for the year ended 30 September 2006

	Notes	Revenue £000	Capital £000	2006 Total £000	Revenue £000	Capital £000	2005 Total £000
Investments							
Gains on investments at fair value through profit or loss	13		23,706	23,706		40,521	40,521
Gain on revaluation of subsidiary	13					6,842	6,842
Gain on revaluation of associate	13		3,517	3,517			
Net investment result			27,223	27,223		47,363	47,363
Income							
Dividends and interest	2	6,881		6,881	4,664		4,664
Other income		71		71	85		85
Total income		6,952		6,952	4,749		4,749
Expenses							
Administration expenses	3	(1,061)	(1,423)	(2,484)	(691)	(1,205)	(1,896)
Return before finance costs and taxation		5,891	25,800	31,691	4,058	46,158	50,216
Finance costs	6	(699)	(2,098)	(2,797)	(700)	(2,101)	(2,801)
Net return before taxation		5,192	23,702	28,894	3,358	44,057	47,415
Taxation	7	(37)		(37)	(43)		(43)
Net return after taxation for the year		5,155	23,702	28,857	3,315	44,057	47,372
Return per ordinary share:		pence	pence	pence	pence	pence	pence
Basic and diluted	10	9.9	45.6	55.5	6.4	84.6	91.0

The total column of this statement is the Income Statement of the Company prepared under International Financial Reporting Standards (IFRS). The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies.

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 46 to 81 form part of these accounts.

The comparative figures for the year ended 30 September 2005 have been adjusted for the adoption of IFRS from the original figures presented within the statutory accounts for the year ended 30 September 2005. Details of the transition are included within the Transition Statements in note 31.

Consolidated Statement of Changes in Equity

for the year ended 30 September 2006

	Share capital £000	Share premium £000	Capital redemption reserve £000	Share options reserve £000
Year ended 30 September 2006				
As at 30 September 2005	5,253	785	56	37
Net return after tax for the year				
Investments at fair value through profit or loss				
• Increase in unrealised appreciation before transfer on disposal				
• Transfer on disposal of investments				
• Net gain on realisation of investments				
Loss on deemed disposal				
Costs charged to capital				
Total recognised income and expenditure				
Share options expense				72
Dividends declared and paid in year				
Own shares purchased/sold by Employee Incentive Trust (EIT)				(24)
Adjustment due to 25% reduction in the Company's holding in Majedie Asset Management Limited				
Removal of minority interest				
As at 30 September 2006	5,253	785	56	85
Year ended 30 September 2005				
As at 30 September 2004	5,253	785	56	18
Net return after tax for the year				
Investments at fair value through profit or loss				
• Increase in unrealised appreciation before transfer on disposal				
• Transfer on disposal of investments				
• Net gain on realisation of investments				
Loss on deemed disposal				
Costs charged to capital				
Total recognised income and expenditure				
Share options expense				19
Dividends declared and paid in year				
Own shares purchased/sold by EIT				
Adjustment due to 25% reduction in the Company's holding in Majedie Asset Management Limited				
As at 30 September 2005	5,253	785	56	37

The comparative figures for the year ended 30 September 2005 have been adjusted for the adoption of IFRS from the original figures presented within the statutory accounts for the year ended 30 September 2005. Details of the transition are included within the Transition Statements in note 30.

The notes on pages 46 to 81 form part of these accounts.

Capital reserve – realised £000	Capital reserve – unrealised £000	Retained earnings £000	Own shares reserve £000	Equity attributable to the equity holders of the parent £000	Minority interest £000	Total £000
89,507	57,501	26,723	(1,422)	178,440	405	178,845
		6,815		6,815	1,150	7,965
	18,353			18,353		18,353
28,352	(28,352)					
5,353				5,353		5,353
(968)				(968)		(968)
(3,521)				(3,521)		(3,521)
29,216	(9,999)	6,815		26,032	1,150	27,182
				72		72
		(4,815)		(4,815)		(4,815)
			(486)	(510)		(510)
					804	804
					(2,359)	(2,359)
118,723	47,502	28,723	(1,908)	199,219	0	199,219
79,498	30,393	26,627	(1,148)	141,482	(436)	141,046
		4,653		4,653	808	5,461
	37,107			37,107		37,107
9,999	(9,999)					
3,414				3,414		3,414
(98)`				(98)		(98)
(3,306)				(3,306)		(3,306)
10,009	27,108	4,653		41,770	808	42,578
				19		19
		(4,557)		(4,557)		(4,557)
			(274)	(274)		(274)
					33	33
89,507	57,501	26,723	(1,422)	178,440	405	178,845

Company Statement of Changes in Equity

for the year ended 30 September 2006

	Share capital £000	Share premium £000	Capital redemption reserve £000
Year ended 30 September 2006			
As at 30 September 2005	5,253	785	56
Net return after tax for the year			
Investments at fair value through profit or loss			
• Increase in unrealised appreciation before transfer on disposal			
• Transfer on disposal of investments			
• Net gain on realisation of investments			
Revaluation of investment in associated undertaking			
Costs charged to capital			
Total recognised income and expenditure			
Share options expense			
Dividends declared and paid in year			
Own shares purchased/sold by EIT			
As at 30 September 2006	5,253	785	56
Year ended 30 September 2005			
As at 30 September 2004	5,253	785	56
Net return after tax for the year			
Investments at fair value through profit or loss			
• Increase in unrealised appreciation before transfer on disposal			
• Transfer on disposal of investments			
• Net gain on realisation of investments			
Revaluation of investment in subsidiary undertaking			
Costs charged to capital			
Total recognised income and expenditure			
Share options expense			
Dividends declared and paid in year			
Own shares purchased by EIT			
As at 30 September 2005	5,253	785	56

The comparative figures for the year ended 30 September 2005 have been adjusted for the adoption of IFRS from the original figures presented within the statutory accounts for the year ended 30 September 2005. Details of the transition are included within the Transition Statements in note 31.

The notes on pages 46 to 81 form part of these accounts.

Share options reserve £000	Capital reserve – realised £000	Capital reserve – unrealised £000	Retained earnings £000	Own shares reserve £000	Total £000
37	89,574	63,537	27,763	(1,422)	185,583
			5,155		5,155
		18,353			18,353
	28,352	(28,352)			
	5,353				5,353
		3,517			3,517
	(3,521)				(3,521)
	30,184	(6,482)	5,155		28,857
72					72
			(4,815)		(4,815)
(24)				(486)	(510)
85	119,758	57,055	28,103	(1,908)	209,187
18	79,467	29,587	29,005	(1,148)	143,023
			3,315		3,315
		37,107			37,107
	9,999	(9,999)			
	3,414				3,414
		6,842			6,842
	(3,306)				(3,306)
	10,107	33,950	3,315		47,372
19					19
			(4,557)		(4,557)
				(274)	(274)
37	89,574	63,537	27,763	(1,422)	185,583

Consolidated Balance Sheet

at 30 September 2006

	Notes	2006 £000	2005 £000
Non-current assets			
Property and equipment	12	89	613
Investments at fair value through profit or loss	13	227,085	206,434
Intangible fixed assets	11		360
Investment in associate	15	1,547	
		228,721	207,407
Current assets			
Trade and other receivables	16	3,766	4,946
Cash and cash equivalents	17	4,546	4,421
		8,312	9,367
Total assets		237,033	216,774
Current liabilities			
Trade and other payables	18	(4,100)	(4,174)
Total assets less current liabilities		232,933	212,600
Non-current liabilities			
Trade and other payables	18		(55)
Debentures	18	(33,714)	(33,700)
		(33,714)	(33,755)
Total liabilities		(37,814)	(37,929)
Net assets		199,219	178,845
Represented by:			
Ordinary share capital	19	5,253	5,253
Share premium		785	785
Capital redemption reserve		56	56
Share options reserve		85	37
Capital reserve – realised		118,723	89,507
Capital reserve – unrealised		47,502	57,501
Retained earnings		28,723	26,723
Own shares reserve	20	(1,908)	(1,422)
Equity attributable to the equity holders of the parent		199,219	178,440
Minority interest			405
Total equity		199,219	178,845
Net asset value per share		pence	pence
Basic and fully diluted	21	384.0	343.0

Approved by the Board on 27 November 2006.

Henry S Barlow
Robert E Clarke
Directors

The notes on pages 46 to 81 form part of these accounts.
The comparative figures for the year ended 30 September 2005 have been adjusted for the adoption of IFRS from the original figures presented within the statutory accounts for the year ended 30 September 2005. Details of the transition are included within the Transition Statements in note 30.

Company Balance Sheet

as at 30 September 2006

	Notes	2006 £000	2005 £000
Non-current assets			
Investments at fair value through profit or loss	13	227,085	206,434
Investment in subsidiaries	14	194	10,294
Investment in associate	15	11,517	
		238,796	216,728
Current assets			
Trade and other receivables	16	3,597	2,201
Cash and cash equivalents	17	4,297	2,202
		7,894	4,403
Total assets		246,690	221,131
Current liabilities			
Trade and other payables	18	(3,789)	(1,848)
Total assets less current liabilities		242,901	219,283
Non-current liabilities			
Debentures	18	(33,714)	(33,700)
Total liabilities		(37,503)	(35,548)
Net assets		209,187	185,583
Represented by:			
Ordinary share capital	19	5,253	5,253
Share premium		785	785
Capital redemption reserve		56	56
Share options reserve		85	37
Capital reserve – realised		119,758	89,574
Capital reserve – unrealised		57,055	63,537
Retained earnings		28,103	27,763
Own shares reserve	20	(1,908)	(1,422)
Total equity		209,187	185,583
Net asset value per share		pence	pence
Basic and fully diluted	21	403.2	356.7

Approved by the Board on 27 November 2006.

Henry S Barlow
Robert E Clarke
Directors

The notes on pages 46 to 81 form part of these accounts.
The comparative figures for the year ended 30 September 2005 have been adjusted for the adoption of IFRS from the original figures presented within the statutory accounts for the year ended 30 September 2005. Details of the transition are included within the Transition Statements in note 31.

Consolidated Cash Flow Statement

for the year ended 30 September 2006

	Notes	2006 £000	2005 £000
Net cash flow from operating activities			
Consolidated net return before taxation		28,513	42,621
Adjustments for:			
Gains on investments	13	(22,738)	(40,423)
Share of net return of associate		(340)	
Dividends reinvested			(41)
Depreciation		123	171
Loss on sale of fixed assets		1	40
Share based remuneration		72	19
		5,631	2,387
Finance costs		2,797	2,801
Operating cashflows before movements in working capital		8,428	5,188
Increase in trade and other payables		1,451	1,597
Increase in trade and other receivables		(2,015)	(2,095)
Net cash inflow from operating activities before tax		7,864	4,690
Tax recovered		14	4
Tax on unfranked income		(43)	(57)
Net cash inflow from operating activities		7,835	4,637
Investing activities			
Purchases of investments		(133,592)	(119,611)
Sales of investments		137,973	113,861
Purchases of tangible assets		(42)	(384)
Exclusion of cash on Majedie Asset Management Limited ceasing to be a subsidiary		(3,869)	
Net cash inflow/(outflow) from investing activities		470	(6,134)
Financing activities			
Interest paid		(2,783)	(2,788)
Equity dividends paid		(4,815)	(4,557)
Purchases of own shares		(582)	(274)
Net cash outflow from financing activities		(8,180)	(7,619)
Increase/(decrease) in cash and cash equivalents for year	22, 23	125	(9,116)
Cash and cash equivalents at start of year		4,421	13,537
Cash and cash equivalents at end of year		4,546	4,421

The notes on pages 46 to 81 form part of these accounts.

The comparative figures for the year ended 30 September 2005 have been adjusted for the adoption of IFRS from the original figures presented within the statutory accounts for the year ended 30 September 2005. Details of the transition are included within the Transition Statements in note 30.

Company Cash Flow Statement

for the year ended 30 September 2006

	Notes	2006 £000	2005 £000
Net cash flow from operating activities			
Company net return before taxation		28,894	47,415
Adjustments for:			
Gains on investments	13	(23,706)	(47,363)
Gains on revaluation of associate		(3,517)	
Dividends reinvested			(41)
Share based remuneration		72	19
Recharge expenses		104	
		1,847	30
Finance costs		2,797	2,801
Operating cashflows before movements in working capital		4,644	2,831
Increase in trade and other payables		53	(72)
Increase in trade and other receivables		(1,124)	(116)
Net cash inflow from operating activities before tax		3,573	2,643
Tax recovered		14	4
Tax on unfranked income		(43)	(57)
Net cash inflow from operating activities		3,544	2,590
Investing activities			
Purchases of investments		(133,592)	(119,611)
Sales of investments		137,973	113,861
Net cash inflow/(outflow) from investing activities		4,381	(5,750)
Financing activities			
Repayment of preference shares and loan		2,350	
Interest paid		(2,783)	(2,788)
Equity dividends paid		(4,815)	(4,557)
Purchases of own shares		(582)	(274)
Net cash outflow from financing activities		(5,830)	(7,619)
Increase/(decrease) in cash and cash equivalents for year	22, 23	2,095	(10,779)
Cash and cash equivalents at start of year		2,202	12,981
Cash and cash equivalents at end of year		4,297	2,202

The notes on pages 46 to 81 form part of these accounts.

The comparative figures for the year ended 30 September 2005 have been adjusted for the adoption of IFRS from the original figures presented within the statutory accounts for the year ended 30 September 2005. Details of the transition are included within the Transition Statements in note 31.

General Information

Majedie Investments PLC is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 85. The nature of the Group's operations and its principal activities are set out in the Business Review on pages 19 to 23 and in note 8 on page 55.

At the date of authorisation of these financial statements, the following relevant Standard and Interpretation have not been applied in these financial statements since they were in issue but not yet effective:

IFRS 7	*Financial instruments: Disclosures;* and the related amendment to IAS 1 on capital disclosures
IFRIC 4	*Determining whether an Arrangement contains a Lease*

The directors anticipate that the adoption of the above Standard and Interpretation in future periods will have no material impact on the financial statements of the Group except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007.

1 Accounting Policies

The accounts on pages 36 to 45 comprise the audited results of the Company, its subsidiaries and associate for the year ended 30 September 2006, and are presented in pounds sterling, as this is the principal currency in which the Group and Company transactions are undertaken.

Accounting Policies under International Financial Reporting Standards

Basis of Accounting

The accounts of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time. They comprise standards and interpretations approved by the International Accounting Standards Board, and International Financial Reporting Committee, interpretations approved by the International Accounting Standards Committee that remain in effect, and to the extent they have been adopted by the European Union.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies in January 2003 (as revised in December 2005), is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

These are the Group's and the Company's first audited results prepared in accordance with IFRS and IFRS 1: First Time Adoption, has been applied. Previously accounts were prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including the Statement of Recommended Practice: Financial Statements of Investment Trust Companies. The effects of the relevant changes are shown in the Transition Statements on pages 69 to 81.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below.

1 Accounting Policies continued

Basis of Consolidation

The Consolidated Accounts incorporate the accounts of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Associate

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in the consolidated accounts using the equity method of accounting. Investments in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (ie discount on acquisition) is credited in profit and loss in the period of acquisition.

Where a group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

1 Accounting Policies continued

Foreign Currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statement of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in the foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Segmental Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the acquisition of an investment are included within the cost of that investment.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly the investment management expenses have been allocated 75% to capital, in order to reflect the directors expected long-term view of the nature of the investment returns of the Company.

Pension Costs

Payments made to the Company's defined contribution retirement benefits scheme are charged as an expense as they fall due.

1 Accounting Policies continued

Finance Costs

75% of finance costs arising from the debenture stocks are allocated 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.

Share Based Payments

The Group has applied the requirements of IFRS 2: Share-based Payments. In accordance with the transitional provisions IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 October 2004.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value determined at the date of grant, which is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the income statement is the marginal basis. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the income statement, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

No provision is made for tax on capital gains since the Company operates as an investment trust for tax purposes.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. 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.

Leasing

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

1 Accounting Policies continued

Investments held at Fair Value through Profit or Loss

When a purchase or sale is made under a contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date.

All investments are accounted at fair value through profit or loss as defined by IAS 39.

All investments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in unit trusts or open ended investment companies are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager.

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.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Derivative Financial Instruments

The Group does not enter into derivative contracts for the purpose of hedging risks on its investment portfolio as it is a long term investor. The Group does, however, receive or purchase warrants on shares which are classified as equity instruments under IAS 32. These equity instrument derivatives are recognised at fair value on the date the contract is entered into and are subsequently re-valued at their fair value.

Changes in the fair value of derivative financial instruments are recognised as they arise in the income statement.

Trade Receivables

Trade receivables do not carry any interest and are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Debentures

All debentures are recorded at proceeds received, net of direct issue costs.

Trade Payables

Trade payables are not interest bearing and are stated at their fair value.

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.

1 Accounting Policies continued

Own Shares

Own shares held under option are accounted for in accordance with IFRS 2: Share-based Payments. This requires that the consideration paid for own shares held be presented as a deduction from shareholders' funds, and not recognised as an asset.

Goodwill

Goodwill arising on consolidation represents costs incurred in establishing a specialist fund management business in 2002. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the profit or loss on disposal. Goodwill arising before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Critical Accounting Judgement

In the process of applying the Company's accounting policies described above, the directors have made a critical accounting judgement regarding the fair value of the investment in Majedie Asset Management Limited that has the most significant effect on the financial statements of the Company. Note 15 on pages 60 and 61 sets out the relevant details of the valuation including the assumptions on which the valuation is based.

2 Dividends and Interest

	Group 2006 £000		Group 2005 £000		Company 2006 £000		Company 2005 £000	
Listed investments								
– UK dividend income	4,217		4,001		4,217		4,001	
Listed investments								
– unfranked	228		360		228		360	
Unlisted investments								
– UK dividend income					614			
– Special dividend income*	1,483				1,483			
Interest on deposits	354		311		350		306	
Exchange differences on income	(11)		(3)		(11)		(3)	
		6,271		4,669		6,881		4,664

*This represents a special dividend of £1,483,000 due from Majedie Asset Management Limited – see note 15 on pages 60 and 61.

3 Administration Expenses

	Group 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
Staff costs – note 5	6,436	3,656	1,122	1,047
Other staff costs and directors' fees	283	171	228	123
Advisers' costs	914	882	402	183
Information costs	414	477	154	124
Establishment costs	170	183	122	89
Operating lease rentals – premises	223	200	146	87
Depreciation on tangible assets	123	171		
Auditors' remuneration (also see below) for:				
– audit	63	49	45	32
– other services to the Group	21	52	11	14
Other expenses	369	383	254	197
	9,016	6,224	2,484	1,896

A charge of £1,423,000 (2005: £1,205,000) 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 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
Audit services				
– statutory audit	63	49	45	32
– audit-related regulatory reporting	10	16		
– audit of funds managed by subsidiary		17		
Tax services – advisory	9	10	9	6
Other non-audit services – relating to				
– Employee Share Option scheme	2		2	
– accounting advice		9		8
	84	101	56	46

4 Directors' Emoluments – Company

	2006 £000		2005 £000	
Salaries and fees	442		421	
Bonuses	125		149	
Pension contributions	52		49	
Other benefits	27		26	
		646		645

The Report on Directors' Remuneration on pages 27 to 32 explains the Company's policy on remuneration for executive directors. It also provides further details of directors' remuneration and longer term incentives.

5 Staff Costs including Executive Directors – Group

	2006 £000		2005 £000	
Salaries and other payments	6,000		3,032	
Social security costs	186		377	
Pension contributions	178		228	
Share based remuneration	72		19	
		6,436		3,656

	2006 Number	2005 Number
Average number of employees:		
Management and office staff	8	24

6 Finance Costs – Group and Company

	2006 Revenue £000	2006 Capital £000	2006 Total £000	2005 Revenue £000	2005 Capital £000	2005 Total £000
Interest on 9.5% debenture stock 2020	321	962	1,283	321	963	1,284
Interest on 7.25% debenture stock 2025	375	1,126	1,501	376	1,128	1,504
Amortisation of expenses associated with debenture issue	3	10	13	3	10	13
	699	2,098	2,797	700	2,101	2,801

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

7 Taxation

Analysis of tax charge – Group and Company

	Group 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
Foreign tax	37	43	37	43
UK corporation tax	1,294			
	1,331	43	37	43

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 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
Net return before taxation	9,296	5,504	5,192	3,358
Taxation at UK Corporation Tax rate of 30% (2005: 30%)	2,789	1,651	1,558	1,007
Effects of:				
– UK dividends which are not taxable	(1,710)	(1,200)	(1,894)	(1,200)
– other income which is not taxable	(8)	(9)	(8)	(9)
– expenses not deductible for tax purposes	5	48	5	6
– excess expenses for current year	250	186	339	196
– utilisation of tax losses	(32)	(676)		
– overseas taxation which is not recoverable	37	43	37	43
Actual current tax charge	1,331	43	37	43

Group

After claiming relief against accrued income taxable on receipt, the Group has unrelieved excess expenses of £33,600,000 (2005: £29,167,000). It is unlikely that the Company 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 £33,600,000 (2005: £29,030,000). It is unlikely that the Company 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.

8 Segment Reporting

Geographical Segments

Geographical segments are considered to be the primary reporting segments for the Group. An analysis of investment income by geographical segment is set out below. Analyses of expenses and of net return by geographical segment have not been given as it is not possible to prepare such information in a meaningful way. An analysis of the investment portfolio by geographical segment is set out on page 12. Analyses of the remaining assets and liabilities by geographical region have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

Analysis of investment income by geographical segment:

	2006 £000	2005 £000
United Kingdom	6,053	4,321
North America	126	160
Continental Europe	85	110
Pacific Basin	7	78
Total investment income	6,271	4,669

Business Segments

Business segments are considered to be the secondary reporting segment. The Group has two business segments: (i) its activity as an investment trust, which is the business of Majedie Investments PLC and its subsidiaries; and (ii) the provision of investment management services, which is the business of our associate company, Majedie Asset Management Limited.

	Investment Trust 2006 £000	Investment Trust 2005 £000	Investment Management 2006 £000	Investment Management 2005 £000
Revenue from external customers			10,915	6,500
Carrying amount of segment assets	227,174	206,510		537
Original cost of property and equipment acquired during the year	42	10		379

9 Dividends – Group and Company

The following table summarises the amounts recognised as distributions to equity shareholders in the period:

	2006 £000	2005 £000
2004 Final dividend of 5.55p paid on 25 January 2005		2,892
2005 Interim dividend of 3.2p paid on 1 July 2005		1,665
2005 Final dividend of 5.85p paid on 25 January 2006	3,045	
2006 Interim dividend of 3.4p paid on 30 June 2006	1,770	
	4,815	4,557

The proposed final dividend in respect of the year ended 30 September 2005 at 5.85p per share, amounted to £3,043,000. The Employee Incentive Trust sold 30,326 shares during the period (2005: Nil) prior to the record date for the final dividend paid in January 2006 and therefore these shares became eligible to receive a dividend. As a result the total amount paid by the Company was £2,000 higher than the original proposed dividend of £3,043,000.

	2006 £000	2005 £000
Proposed final dividend for the year ended 30 September 2006 of 6.10p (2005: final dividend of 5.85p) per ordinary share	3,165	3,043

The proposed final dividend has not been included as a liability in these accounts in accordance with IAS 10: Events after the Balance sheet date.

9 Dividends – Group and Company continued

Set out below is the total dividend to be paid in respect of the financial year. This is the basis on which the requirements of Section 842 of the Income and Corporation Taxes Act 1988 are considered.

	2006 £000		2005 £000	
Interim dividend for the year ended 30 September 2006 of 3.4p (2005: 3.2p) per ordinary share	1,770		1,665	
Proposed final dividend for the year ended 30 September 2006 of 6.1p (2005: final dividend of 5.85p) per ordinary share	3,165		3,043	
		4,935		4,708

10 Return per Ordinary Share – Group and Company

Basic return per ordinary share is based on 52,016,698 (2005: 52,069,819) 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 20. Basic returns per ordinary share are based on the net return after taxation attributable to equity shareholders. There is no dilution to the basic return per ordinary share shown for the years ended 30 September 2005 and 2006 since the share options referred to in note 26 would, if exercised, be satisfied by the shares already held by the employee incentive trust.

	Group 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
Basic and diluted revenue returns are based on net revenue after taxation of:	6,815	4,653	5,155	3,315
Basic and diluted capital returns are based on net capital return of:	19,217	37,117	23,702	44,057

11 Intangible Fixed Assets – Group

Goodwill	2006 £000		2005 £000	
Cost and value:				
At beginning of year	360		425	
Deemed disposal (see note 14)	(164)		(65)	
Transfer to investment in associate (see note 15)	(196)			
At end of year		0		360

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.

See notes 14 and 15 for further information regarding the investment in Majedie Asset Management Limited.

12 Property and Equipment – Group

	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost:			
At 30 September 2005	360	1,014	1,374
Additions		118	118
Disposals		(4)	(4)
Partial deemed disposal of subsidiary	(8)	(870)	(878)
At 30 September 2006	352	258	610
Depreciation:			
At 30 September 2005	297	464	761
Charge for year	8	115	123
Disposals		(3)	(3)
Partial deemed disposal of subsidiary	(2)	(358)	(360)
At 30 September 2006	303	218	521
Net book value:			
At 30 September 2006	49	40	89
At 30 September 2005	63	550	613

13 Investments at Fair Value Through Profit or Loss – Group and Company

	2006 Listed £000	2006 Unlisted £000	2006 Total £000	2005 Listed £000	2005 Unlisted £000	2005 Total £000
Opening cost at 30 September 2005	146,227	2,706	148,933	135,544	1,146	136,690
Gains/(losses) at 30 September 2005	57,203	298	57,501	30,534	(141)	30,393
Opening fair value at 30 September 2005	203,430	3,004	206,434	166,078	1,005	167,083
Purchases at cost	128,784	7,389	136,173	108,000	2,706	110,706
Sales – proceeds	(139,230)		(139,230)	(110,906)	(970)	(111,876)
Sales – realised gains on sales	33,707		33,707	13,053	360	13,413
(Decrease)/increase in unrealised appreciation	(9,993)	(6)	(9,999)	26,669	439	27,108
Adjustment for listing of prior year unlisted	2,706	(2,706)		536	(536)	
Closing fair value at 30 September 2006	219,404	7,681	227,085	203,430	3,004	206,434
Closing cost at 30 September 2006	172,194	7,389	179,583	146,227	2,706	148,933
Gains at 30 September 2006	47,210	292	47,502	57,203	298	57,501
Closing fair value at 30 September 2006	219,404	7,681	227,085	203,430	3,004	206,434

Unlisted investments disclosed in the Portfolio Information on page 15 comprise an amount of £2,150,000 invested in the placings for four separate companies which were expected to become listed securities after 30 September 2006.

13 Investments at Fair Value Through Profit or Loss – Group and Company continued

During the year the Company incurred transaction costs of £749,000 of which £465,000 related to the purchase of investments (2005: £538,000) and £284,000 related to the sales of investments (2005: £233,000). These amounts are included in gains on investments at fair value through profit or loss, as disclosed in the consolidated income statement.

	Group 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
Analysis of investment return:				
Net gain on realisation of investments	33,707	13,413	33,707	13,413
Realised exchange losses on settlement	(2)		(2)	
(Decrease)/increase in unrealised appreciation on investments	(9,999)	27,108	(9,999)	27,108
Revaluation of investment in subsidiary undertaking (see note 14)				6,842
Revaluation of investment in associate undertaking (see note 15)			3,517	
Loss on deemed disposal (see note 14)	(968)	(98)		
	22,738	40,423	27,223	47,363

The fair value of the investment portfolio is analysed as follows:

	2006 £000	2005 £000
Listed equities	218,934	203,006
Listed preference shares	470	424
Unlisted equities	7,681	3,004
	227,085	206,434

14 Investments in Subsidiaries – Company

(a) Subsidiaries – General

The Company's subsidiaries at 30 September 2006 are as follows:

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.

14 Investments in Subsidiaries – Company

(a) Subsidiaries – General continued

Company Cost:	Majedie Asset Management Limited (see note 14b) £000	Other subsidiaries £000	Total £000
At 30 September 2005	3,258	1,002	4,260
Redemption of preference shares	(2,100)		(2,100)
Transfer on 1 May 2006 to investment in Associate	(1,158)		(1,158)
At 30 September 2006	0	1,002	1,002
Unrealised appreciation/(depreciation):			
At 30 September 2005	6,842	(808)	6,034
Transfer on 1 May 2006 to investment in associate	(6,842)		(6,842)
Movement for the year (2005: £6,842,000)			
At 30 September 2006		(808)	(808)
Valuation at 30 September 2006	0	194	194
Valuation at 30 September 2005	10,100	194	10,294

(b) Majedie Asset Management Limited

In the year to 30 September 2006 following the reaching of predetermined growth targets for Majedie Asset Management Limited and the repayment of preference shares of £2,100,000 and dividends and interest amounting to £692,000 the Group's holding in that Company reduced from 55% to 30%. Majedie Asset Management Limited is therefore now accounted for as an associate, please refer to note 15.

The Company owned 70% of the equity of Majedie Asset Management Limited from incorporation in 2002 up until 31 March 2004. With effect from 1 April 2004, 31 July 2005, 31 December 2005 and 1 May 2006, the percentage owned reduced to 65%, 55%, 51% and finally 30% respectively, as a result of changes in shareholding based on the achievement of pre-agreed targets for the business.

The results of Majedie Asset Management Limited for the seven months to 30 April 2006, consolidated within the Group income statement, amount to a pre-tax profit of £2,470,000 (year to 30 September 2005: £2,145,000) and administrative expenses of £6,531,000 (year to 30 September 2005: £4,329,000). Net assets as at 30 September 2005 were £3,001,000.

A subordinated loan to Majedie Asset Management Limited of £250,000 was repaid during the year, including all interest outstanding.

14 Investments in Subsidiaries – Company continued

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

The 25% reduction (2005: 10% reduction) in the equity holding in Majedie Asset Management Limited and the corresponding 25% increase (2005: 10% increase) in minority interest being the equity interest of the ordinary shareholders (see note 15) results in a deemed partial disposal in the consolidated accounts as follows:

	Group 2006 £000		Group 2005 £000	
Decrease in share of net surplus attributable to equity shareholders	(804)		(33)	
Write off of applicable portion of goodwill on consolidation (note 11)	(164)		(65)	
Loss on deemed disposal (note 13)		(968)		(98)

(d) Minority Interest

	Group 2006 £000		Group 2005 £000	
At beginning of year	405		(436)	
Share of profit for 7 months to 30 April 2006	1,150		808	
Increase in share of net surplus	804		33	
Removal of minority interest upon Majedie Asset Management Limited becoming an associate	(2,359)			
At end of year		0		405

The minority interest disclosed on the consolidated income statement represents the relevant proportion of Majedie Asset Management Limited's profit from ordinary activities after taxation for the seven months to 30 April 2006 based on the percentage holdings provided above.

No minority interest is disclosed in the consolidated balance sheet at 30 September 2006, since the investment in Majedie Asset Management Limited is now accounted for as an associate (2005: minority interest equal to 45% of the net surplus attributable to Majedie Asset Management Limited's equity shareholders having taken into account the rights attaching to preference shares and other creditors).

15 Investment in Associate – Group and Company

Majedie Asset Management Limited provides investment management and advisory services relating to UK equities. Up until 1 May 2006 the Group's investment in Majedie Asset Management Limited was accounted for as a subsidiary (see note 14). Since 1 May 2006 the results of that company have been accounted for in the Group accounts as an associate.

The classes of Majedie Asset Management Limited shares are as follows:

	2006 Associate		2005 Subsidiary	
	No. of shares in issue	% held by Company	No. of shares in issue	% held by Company
A Shares (held by the Company)	128,571	100	366,667	100
Ordinary Shares (held by MAM employees)	300,000		300,000	
Total equity share capital	428,571	30	666,667	55
Preference Shares (held by the Company)			2,100,000	100
Deferred Shares (held by the Company)	571,429	100	333,333	100

15 Investment in Associate – Group and Company continued

Group

The carrying value of the investment in associate in the consolidated balance sheet using the equity method is as follows:

	£000
30% share of Majedie Asset Management Limited net assets at 30 April 2006	1,011
Goodwill at inception – see note 11	196
Deemed cost of investment in associate at 30 April 2006	1,207
Share of associate net profit for 1 May 2006 – 30 September 2006	340
Investment in associate at 30 September 2006	1,547

The following financial information for Majedie Asset Management Limited has been extracted from its audited accounts for the year ended 30 September 2006.

	£000
Net Assets	4,031
Net Profit after Tax	3,760
Revenue Reserves	1,403

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 50. As at 30 September 2006 the investment is valued in the company balance sheet at £11,517,000 plus a special dividend receivable of £1,483,000 totalling £13,000,000 (2005: £10,100,000 in respect of a valuation of £8,000,000 for the equity shares and £2,100,000 relating to preference shares which have been repaid during the year). As a result of this review the directors' valuation of the Company's equity investment has increased by £3,517,000 compared with last year.

The above valuation exercise was carried out by the Board in accordance with the Company's accounting policy for the valuation of unlisted investments. The approach adopted involved the consideration of earnings for the 2005/6 and the 2006/7 financial years, the inclusion of estimated performance fee income on a discounted basis, the application of a relevant market-based multiple to earnings, an overall illiquidity discount and an estimate of the current value of special dividends receivable.

Company

Cost:	£000
Transfer on 1 May 2006 from investment in subsidiary (note 14)	1,158
At 30 September 2006	1,158
Unrealised appreciation:	
Transfer on 1 May 2006 from investment in subsidiary (note 14)	6,842
Movement for the year (2005: £6,842,000)	3,517
At 30 September 2006	10,359
Valuation at 30 September 2006	11,517

The calculation and payment of four special dividends to the Company over the next two years is detailed in the Shareholders Agreement for Majedie Asset Management Limited. The first of these payments of £1,483,000 is due to be received shortly and therefore is included in debtors: dividends receivable.

16 Trade and Other Receivables

	Group 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
Sales for future settlement	1,367	1,055	1,367	1,055
Trade debtors		2,831		
Payments in advance	214	307		
Dividends receivable	656	685	656	685
Special dividend due from associate undertaking	1,483		1,483	
Other amounts due from associate undertaking	14		14	
Accrued income	7	3	7	3
Taxation recoverable	25	65	25	65
Amounts due from subsidiary undertakings			45	393
	3,766	4,946	3,597	2,201

17 Cash and Cash Equivalents

	Group 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
Deposits	4,211	2,084	4,211	2,084
Other balances	335	2,337	86	118
	4,546	4,421	4,297	2,202

18 Trade and Other Payables

Amounts falling due within one year:

	Group 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
Purchases for future settlement	3,095	1,206	3,095	1,206
Accrued expenses	441	2,431		
Other creditors	564	537	564	537
Amounts owed to subsidiary undertakings			130	105
	4,100	4,174	3,789	1,848

Amounts falling due after more than one year:

	Group 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
£13.5m (2005: £13.5m) 9.5% debenture stock 2020	13,358	13,352	13,358	13,352
£20.7m (2005: £20.7m) 7.25% debenture stock 2025	20,356	20,348	20,356	20,348
Other		55		
	33,714	33,755	33,714	33,700

Both debenture stocks are secured by a floating charge over the Company's assets. 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 6.

19 Called Up Share Capital

	2006 £000	2005 £000
Allotted and fully paid at 30 September:		
52,528,000 (2005: 52,528,000) ordinary shares of 10p each	5,253	5,253
Authorised at 30 September:		
70,000,000 (2005: 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 pages 31 and 32.

20 Own Shares – Group and Company

Following the grant of TSR-based awards options to directors and employees on 27 January 2006 under the Long Term Incentive Plan, 167,819 own shares costing £585,000 were purchased by the Majedie Investments PLC Employee Incentive Trust (EIT) during the year ended 30 September 2006. Following the exercise of share options during the year 30,056 shares were sold by the EIT at a value of £85,000. The total number of options outstanding is now 655,265 under the Discretionary Share Option Scheme 2000 and 98,626 under the LTIP and the total shareholding of the trust is 643,726 ordinary shares. The shares will be held by the trust until the relevant options are exercised or until they lapse. They 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 LTIP are given in the Report on Directors' Remuneration on pages 28, 29 and 32.

	Number of Shares	Own Shares Reserve £000
As at 30 September 2005	505,963	(1,422)
Additions	167,819	(585)
Disposals	(30,056)	85
Adjustment		14
As at 30 September 2006	643,726	(1,908)

21 Net Asset Value

The consolidated net asset value per share has been calculated based on equity shareholders' funds of £199,219,000 (2005: £178,440,000) and on 51,884,274 (2005: 52,022,037) ordinary shares, being the shares in issue at the year end having deducted the number of shares held by the EIT.

The Company net asset value per share has been calculated based on equity shareholders' funds of £209,187,000 (2005: £185,583,000) and on the same number of shares as used for the calculation of the consolidated net asset value per share.

Reconciliation of changes to Company net asset value as at 30 September 2005 resulting from changes in accounting policies

	£000	Pence
Net assets (as originally stated)	183,342	352.4
Increase due to dividend accounting change	3,043	5.8
Reduction due to change to fair value of investments	(802)	(1.5)
Net assets per IFRS	185,583	356.7

For more details regarding the EIT – see note 20.

22 Reconciliation of Net Cash Flow to Movement in Net Debt

Group	2006 £000	2006 £000	2005 £000	2005 £000
Increase/(decrease) in cash in the year	125		(9,116)	
Other non cash items	(14)		(13)	
Change in net debt		111		(9,129)
Net debt at 30 September 2005		(29,279)		(20,150)
Net debt at 30 September 2006		(29,168)		(29,279)

Company	2006 £000	2006 £000	2005 £000	2005 £000
Increase/(decrease) in cash in the year	2,095		(10,779)	
Other non cash items	(14)		(13)	
Change in net debt		2,081		(10,792)
Net debt at 30 September 2005		(31,498)		(20,706)
Net debt at 30 September 2006		(29,417)		(31,498)

23 Analysis of Changes in Net Debt

Group	At 30 September 2005 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2006 £000
Cash at bank	4,421	125		4,546
Debt due after one year	(33,700)		(14)	(33,714)
	(29,279)	125	(14)	(29,168)

Company	At 30 September 2005 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2006 £000
Cash at bank	2,202	2,095		4,297
Debt due after one year	(33,700)		(14)	(33,714)
	(31,498)	2,095	(14)	(29,417)

24 Operating Lease Commitments

A subsidiary company, Barlow Service Company Limited, had an annual commitment of £146,000 at 30 September 2006 (2005: £146,000) 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.

25 Financial Commitments

With the exception of the financial commitment detailed in note 24, at 30 September 2006 the Group had no financial commitments which had not been accrued for (2005: £nil).

26 Share-based Payments

The Group operates two share-based payment schemes: the Discretionary Share Option Scheme 2000 and the 2006 Long Term Incentive Plan which in turn has two sections relating to TSR-based Awards and Matching Awards. The LTIP replaces the Discretionary Share Option Scheme 2000 for executive directors and senior executives, and the first awards were made in January 2006.

26 Share-based Payments continued

Discretionary Share Option Scheme 2000

The Scheme involved the granting of share options, with an exercise price equal to the average quoted market price of the Company's shares on the date of grant, to executives in 2001, 2002, and 2004. Following a review of executive directors' remuneration in 2005, it was decided that no further awards of options would be made under the Scheme. Share options in the Scheme have a performance condition based on a specified annualised hurdle rate applying between the grant date and the exercise date. If the performance condition has been achieved the share options may be exercised within a seven year period beginning three years after the date of grant.

Long Term Incentive Plan: TSR-based Awards

Awards of restricted shares up to a maximum value of one year's salary have performance conditions based on total shareholder return in relation to two separate performance conditions over a period of five years. The performance conditions contain higher and lower thresholds that determine the extent of the vesting of the award. Refer to the Report on Directors' Remuneration on pages 28 and 29 for further information.

Long Term Incentive Plan: Matching Awards

Executive directors receive 50% of their overall bonus for the year in deferred shares. The shares granted according to these matching awards only vest once the executive has completed three years' further service. There are no other performance conditions.

	2006						2005	
	Discretionary Share Option Scheme 2000		TSR-based Awards		Matching Awards		Discretionary Share Option Scheme 2000	
	No. of options	Weighted average exercise price (p)	No. of options	Weighted average exercise price (p)	No. of options	Weighted average exercise price (p)	No. of options	Weighted average exercise price (p)
Outstanding at beginning of year	714,156	257.9					581,717	263.9
Awarded during year			142,046	0.0	37,397	0.0	132,439	231.5
Forfeited during year	(30,220)	254.8	(43,420)	0.0				
Exercised during year	(28,671)	196.5						
Expired during year								
Increase in awards due to dividends paid during year			1,022					
Outstanding at end of year	655,265	260.8	99,648	0.0	37,397	0.0	714,156	257.9
Exercisable at end of year	251,596	232.1					119,222	283.5

The aggregate estimated fair value of the 142,046 TSR-based awards on 27 January 2006, being the date on which the awards were granted was £191,000 (2005: £22,000 relating to the aggregate estimated fair value of 132,439 options granted on 21 December 2004 under the Discretionary Share Option Scheme 2000).

The above 37,397 matching awards were made on 27 November 2006 and had an aggregate estimated fair value on that date of £86,000. However they are included here as they relate to an overall bonus award for the 2006 financial year. The relevant proportion of their estimated fair value has been charged in the income statement.

The options and awards outstanding at 30 September 2006 had a weighted average remaining contractual life of 6.5 years, 5 years and 3 years in respect of the Discretionary Share Options Scheme 2000, TSR-based Awards and Matching Awards respectively (2005: 6.5 years for the Discretionary Share Option Scheme 2000).

Awards and options are forfeited if the employee leaves employment before vesting.

26 Share-based Payments continued

Inputs into Black Scholes Model for options and awards granted in the year are:

	2006 TSR-based Awards	2006 Matching Awards	2005 Discretionary Share Option Scheme 2000
Weighted average share price	325.0p	336.0p	229.0p
Weighted average exercise price	0.0p	0.0p	231.5p
Expected volatility	15.0%	15.0%	15.0%
Expected life	5 yrs	3 yrs	5 yrs
Risk free rate	4.1%	4.9%	4.5%
Expected dividends	2.8%	2.8%	3.8%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the last three years. The expected life used in the model had been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised a total expense of £72,000 related to share-based payment transactions in the year ended 30 September 2006 (2005: expense of £19,000).

27 Financial Instruments and Risk Profile

The Company's financial instruments 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 its operations. The Company does not use derivatives for hedging purposes.

As an investment trust, the Company invests in securities for the long term. Accordingly, it is the Board'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 in the management of the portfolio 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.

These risks are taken into account when setting investment policy and making investment decisions.

Market Price Risk

Exposure to market price risk comprises mainly movements in the value of the equity investments. A detailed breakdown of the investment portfolio is given on pages 14 and 15. 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

Exposure to foreign currency risk arises through investments 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.

27 Financial Instruments and Risk Profile continued

Interest Rate Risk

Indirect exposure to interest rate risk arises through the effect of interest rate changes on the valuation of the investment portfolio. The majority of the 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.

a) Currency exposures

A proportion of the net assets of the Company are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

The currency risk of the Company's financial assets and liabilities at the balance sheet date was:

	2006 £000	2006 £000	2005 £000	2005 £000
Monetary exposures				
UK Sterling		4,297		2,202
Non-monetary exposures				
US dollar	7,970		17,351	
Euro	5,682		7,349	
Japanese yen	1,711		1,610	
Swiss franc			411	
Canadian dollar	7,481		5,201	
Australian dollar	4,067		1,305	
UK Sterling	215,482	242,393	185,702	218,929
Total assets		246,690		221,131
Liabilities				
Monetary exposures				
UK Sterling	(33,714)		(33,700)	
Non-monetary exposures				
UK Sterling	(3,789)	(37,503)	(1,848)	(35,548)
Total net assets		209,187		185,583

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

	Book Value 2006 £000	Book Value 2005 £000	Fair Value 2006 £000	Fair Value 2005 £000
Financial assets				
Investment portfolio	227,085	206,434	227,085	206,434
Cash	4,297	2,202	4,297	2,202
Financial liabilities				
£13.5m (2005: £13.5m) 9.5% debenture stock 2020	13,358	13,352	18,469	18,363
£20.7m (2005: £20.7m) 7.25% debenture stock 2025	20,356	20,348	23,709	23,527

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.

The Company's exposure to foreign currencies through its investments in overseas securities as at 30 September 2006 was £26,911,000.

27 Financial Instruments and Risk Profile continued

b) Interest rate risk profile of financial assets and financial liabilities
The interest rate risk of the Company's financial assets and liabilities at the balance sheet date was:

	2006 £000	2006 £000	2005 £000	2005 £000
Floating rate financial assets				
UK Sterling	4,297		2,202	
Financial assets not carrying interest				
As shown in note 27(a)	242,393		218,929	
Total assets		246,690		221,131
Floating and fixed rate financial liabilities				
UK Sterling	(33,714)		(33,700)	
Financial liabilities not carrying interest				
UK Sterling	(3,789)		(1,848)	
Total liabilities	(37,503)		(35,548)	
Total net assets		209,187		185,583

28 Derivative Financial Instruments

In the course of its investment activities the Company receives warrants on ordinary shares which provide exposure to companies on favourable terms. At 30 September 2006, the fair value of the Company's warrants, both listed and unlisted was £83,000 (2005: £67,000).

Changes in the fair value of warrants amounting to £2,000 have been credited to the income statement in the year ended 30 September 2006 (2005: nil).

29 Related Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Majedie Asset Management Limited is a related party. It was a subsidiary until 30 April 2006 and is now accounted for as an associate.

	Details of transactions		Amounts owed by related parties		Amounts owed to related parties	
	2006 £000	2005 £000	2006 £000	2005 £000	2006 £000	2005 £000
Majedie Asset Management Limited						
Special Dividend due to Group	1,483		1,483			

29 Related Party Transactions continued

At 30 September 2006 the Company held investments in funds managed by Majedie Asset Management Limited representing 4.3% (2005: 4.2%) of the Company's investment portfolio as set out in the table below.

Fund	2006 Market Value £000		2005 Market Value £000	
Majedie Asset Management UK Opportunities	5,383		4,697	
Majedie Asset Management UK Focus	257		2,003	
Majedie Asset Management UK Equity	252		1,877	
Majedie Asset Management UK Alpha A	1,880			
Majedie Asset Management UK Alpha B	1,882			
		9,654		8,577

Distributions totalling £64,000 from these investments were received by the Company during the year (2005: £61,000).

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.

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24: Related Party Disclosures. Further information about the remuneration of individual directors is provided in the audited part of the Report on Directors Remuneration on pages 31 and 32.

	2006 £000		2005 £000	
Short-term employee benefits	646		645	
Post-employment benefits				
Other long-term benefits				
Termination benefits				
Share-based payments	64		18	
		710		663

30 Group Transition Statements

There follows on pages 70 to 81 Transition Statements as required by International Financial Reporting Standard 1: First Time Adoption of International Reporting Standards. These include two reconciliations of consolidated equity as at the following dates:

- 1 October 2004 – being the date of transition from UK GAAP to IFRS for comparative figures (page 70);
- 30 September 2005 – being the end of the last full financial period presented under UK GAAP (page 72).

The Transition Statements also include a reconciliation of consolidated income:

- for the year ended 30 September 2005 (page 74).

Finally the Transition Statements include an explanation of material adjustments to the cash flow statement for the year ended 30 September 2005 (page 75).

30 Group Transition Statements continued

Reconciliation of Consolidated Equity as at 1 October 2004 (date of transition)

	Notes	UK GAAP at 1 October 2004 £000	Effect of transition to IFRS £000	IFRS at 1 October 2004 £000
Non-current assets				
Property, plant and equipment		435		435
Goodwill		425		425
Investments at fair value through profit or loss	1	167,386	(303)	167,083
		168,246	(303)	167,943
Current assets				
Trade and other receivables		5,159		5,159
Cash and cash equivalents		13,537		13,537
		18,696		18,696
Total assets		186,942	(303)	186,639
Current liabilities				
Trade and other payables	2	(14,798)	2,892	(11,906)
		(14,798)	2,892	(11,906)
Total assets less current liabilities		172,144	2,589	174,733
Non-current liabilities				
Debenture stock		(33,687)		(33,687)
Total liabilities		(48,485)	2,892	(45,593)
Net assets		138,457	2,589	141,046
Represented by:				
Ordinary share capital		5,253		5,253
Share premium		785		785
Capital redemption reserve		56		56
Share options reserve	3		18	18
Capital reserve	1	110,194	(303)	109,891
Retained earnings	2,3	23,753	2,874	26,627
Own shares reserve		(1,148)		(1,148)
Equity attributable to the equity holders of the parent		138,893	2,589	141,482
Minority interest		(436)		(436)
		138,457	2,589	141,046
Net asset value per share		pence	pence	pence
Basic and diluted	4	266.5	5.0	271.5

30 Group Transition Statements continued

Notes to Reconciliation of Consolidated Equity as at 1 October 2004 (date of transition)

1 Investments

Under UK GAAP the investments made by the Company in quoted stocks and shares were previously valued in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies at their market value. Convention suggested that where a bid and offer price existed the mid market price was the most appropriate for investment trust companies. Under IFRS, quoted investments are valued at bid price. The adjustment of £303,000 reflects the difference between the valuation of investments under UK GAAP and the valuation under IFRS.

2 Proposed Dividends

Under UK GAAP, proposed dividends were previously treated as a current liability in the accounts and deducted from net revenue for the period.

Under IFRS dividends payable are only recorded when they become a contractual obligation. Proposed final dividends are considered to be an indication of intent by the Board of Directors, which becomes a contractual obligation in the next accounting period when a shareholders' vote determines their liability. Interim dividends are not accounted for until paid.

The adjustment of £2,892,000 to 'Trade and other payables' and 'Retained earnings' represents the removal of the proposed final dividend for the year ended 30 September 2004, which was subsequently approved at the Annual General Meeting on 19 January 2005.

3 Share Options

In accordance with IFRS 2: Share-based Payment, the fair value of share options awarded under the Company's Discretionary Share Option Scheme 2000 is spread over the vesting period of the relevant options resulting in a charge against 'Retained earnings' for the period of £18,000 and a credit to the 'Share options reserve'.

The fair value of the share options is now calculated using the Black-Scholes model whereas previously the provision (if any) was calculated by reference to the difference between the option exercise price and the market value of the Company's shares at the date of grant of the options.

4 Net Asset Value per Ordinary Share

The net asset value per share has been calculated on equity shareholders' funds and on 52,118,669 ordinary shares, being the shares in issue at the period end having deducted the number of shares held by the Employee Incentive Trust.

30 Group Transition Statements continued

Reconciliation of Consolidated Equity as at 30 September 2005 (end of last period presented under UK GAAP)

	Notes	UK GAAP at 30 September 2005 £000	Effect of transition to IFRS £000	IFRS at 30 September 2005 £000
Non-current assets				
Property, plant and equipment		613		613
Goodwill		360		360
Investments at fair value through profit or loss	1	207,236	(802)	206,434
		208,209	(802)	207,407
Current assets				
Trade and other receivables		4,946		4,946
Cash and cash equivalents		4,421		4,421
		9,367		9,367
Total assets		217,576	(802)	216,774
Current liabilities				
Trade and other payables	2	(7,217)	3,043	(4,174)
		(7,217)	3,043	(4,174)
Total assets less current liabilities		210,359	2,241	212,600
Non-current liabilities				
Trade and other payables		(55)		(55)
Debenture stock		(33,700)		(33,700)
		(33,755)		(33,755)
Total liabilities		(40,972)	3,043	(37,929)
Net assets		176,604	2,241	178,845
Represented by:				
Ordinary share capital		5,253		5,253
Share premium		785		785
Capital redemption reserve		56		56
Share options reserve	3		37	37
Capital reserve	1	147,810	(802)	147,008
Retained earnings	2,3	23,717	3,006	26,723
Own shares reserve		(1,422)		(1,422)
Equity attributable to the equity holders of the parent		176,199	2,241	178,440
Minority interest		405		405
		176,604	2,241	178,845
Net asset value per share		pence	pence	pence
Basic and diluted	4	338.7	4.3	343.0

30 Group Transition Statements continued

Notes to Reconciliation of Consolidated Equity as at 30 September 2005 (end of period presented under UK GAAP

1 Investments

Under UK GAAP the investments made by the Company in quoted stocks and shares were previously valued in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies at their market value. Convention suggested that where a bid and offer price existed the mid market price was the most appropriate for investment trust companies. Under IFRS, quoted investments are valued at bid price. The adjustment of £802,000 reflects the difference between the valuation of investments under UK GAAP and the valuation under IFRS.

2 Proposed Dividends

Under UK GAAP, proposed dividends were previously treated as a current liability in the accounts and deducted from net revenue for the period.

Under IFRS dividends payable are only recorded when they become a contractual obligation. Proposed final dividends are considered to be an indication of intent by the Board of directors, which becomes a contractual obligation in the next accounting period when a shareholders' vote determines their liability. Interim dividends are not accounted for until paid.

The adjustment of £3,043,000 to 'Trade and other payables' and 'Retained earnings' represents the removal of the proposed final dividend for the year ended 30 September 2005, which was subsequently approved at the Annual General Meeting on 18 January 2006.

3 Share Options

In accordance with IFRS 2: Share-based Payment, the fair value of share options awarded under the Company's Discretionary Share Option Scheme 2000 is spread over the vesting period of the relevant options resulting in a charge against 'Retained earnings' for the period of £37,000 and a credit to the 'Share options reserve'.

The fair value of the share options is now calculated using the Black-Scholes model whereas previously the provision (if any) was calculated by reference to the difference between the option exercise price and the market value of the Company's shares at the date of grant of the options.

4 Net Asset Value per Ordinary Share

The net asset value per share has been calculated on equity shareholders' funds and on 52,022,037 ordinary shares, being the shares in issue at the period end having deducted the number of shares held by the Employee Incentive Trust.

30 Group Transition Statements continued

Reconciliation of Consolidated Income for the year ended 30 September 2005 (last period presented under UK GAAP)

	Notes	UK GAAP year ended 30 September 2005 £000	Effect of transition to IFRS £000	IFRS year ended 30 September 2005 £000
Investments				
Gains on investments at fair value through profit or loss	1	40,922	(499)	40,423
Net investment result		40,922	(499)	40,423
Income				
Dividends and interest		4,669		4,669
Client fee income in subsidiary company		6,500		6,500
Other income		54		54
Total income		11,223		11,223
Expenses				
Administration expenses	2	(6,205)	(19)	(6,224)
Return before finance costs and taxation		45,940	(518)	45,422
Finance costs		(2,801)		(2,801)
Net return before taxation		43,139	(518)	42,621
Taxation		(43)		(43)
Net return after taxation for the period		43,096	(518)	42,578
Attributable to:				
Equity holders of the parent		42,288	(518)	41,770
Minority interest		808		808
		43,096	(518)	42,578
Return per ordinary share		pence	pence	pence
Basic and diluted		81.2	(1.0)	80.2

30 Group Transition Statements continued

Reconciliation of Consolidated Income for the year ended 30 September 2005 (last period presented under UK GAAP)

1 Investments

Under UK GAAP the investments made by the Company in quoted stocks and shares were previously valued in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies at their market value. Convention suggested that where a bid and offer price existed the mid market price was the most appropriate for investment trust companies. Under IFRS, quoted investments are valued at fair value, which is effectively bid price. The adjustment of £499,000 reflects the difference between the net gains on investments as calculated under UK GAAP for the year and net gains on investments at fair value as calculated under IFRS for the year.

2 Share Options

In accordance with IFRS 2: Share-based Payment, the fair value of share options awarded under the Company's Discretionary Share Option Scheme 2000 is spread over the vesting period of the relevant options resulting in a charge against 'Retained earnings' for the period of £19,000 and a credit to the 'Share options reserve'.

The fair value of the share options is now calculated using the Black-Scholes model whereas previously the provision (if any) was calculated by reference to the difference between the option exercise price and the market value of the Company's shares at the date of grant of the options.

Explanation of material adjustments to the Cash Flow Statement

Year ended 30 September 2005

Tax credits recovered on unfranked investment income of £4,000 are classified as operating cash flows under IFRS, but were included in a separate category of 'Taxation' under UK GAAP. Equity dividends paid to shareholders are classified under IFRS as 'Financing activities', but were included in a separate category under UK GAAP. There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.

31 Company Transition Statements

There follows on pages 76 to 81 Transition Statements as required by International Financial Reporting Standard 1: First Time Adoption of International Reporting Standards. These include two reconciliations of equity as at the following dates:

- 1 October 2004 – being the date of transition from UK GAAP to IFRS for comparative figures (page 76);
- 30 September 2005 – being the end of the last full financial period presented under UK GAAP (page 78).

The Transition Statements also include a reconciliation of income:

- for the year ended 30 September 2005 (page 80).

31 Company Transition Statements continued

Reconciliation of Equity as at 1 October 2004 (date of transition)

	Notes	UK GAAP at 1 October 2004 £000	Effect of transition to IFRS £000	IFRS at 1 October 2004 £000
Non-current assets				
Investments at fair value through profit or loss	1	167,386	(303)	167,083
Investments in subsidiary		3,452		3,452
		170,838	(303)	170,535
Current assets				
Trade and other receivables		4,395		4,395
Cash and cash equivalents		12,982		12,982
		17,377		17,377
Total assets		188,215	(303)	187,912
Current liabilities				
Trade and other payables	2	(14,094)	2,892	(11,202)
		(14,094)	2,892	(11,202)
Total assets less current liabilities		174,121	2,589	176,710
Non-current liabilities				
Debenture stock		(33,687)		(33,687)
Total liabilities		(47,781)	2,892	(44,889)
Net assets		140,434	2,589	143,023
Represented by:				
Ordinary share capital		5,253		5,253
Share premium		785		785
Capital redemption reserve		56		56
Share options reserve	3		18	18
Capital reserve	1	109,357	(303)	109,054
Retained earnings	2,3	26,131	2,874	29,005
Own shares reserve		(1,148)		(1,148)
Total equity		140,434	2,589	143,023
Net asset value per share		pence	pence	pence
Basic	4	269.5	4.9	274.4

31 Company Transition Statements continued

Notes to Reconciliation of Equity as at 1 October 2004 (date of transition)

1 Investments

Under UK GAAP the investments made by the Company in quoted stocks and shares were previously valued in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies at their market value. Convention suggested that where a bid and offer price existed the mid market price was the most appropriate for investment trust companies. Under IFRS, quoted investments are valued at bid price. The adjustment of £303,000 reflects the difference between the valuation of investments under UK GAAP and the valuation under IFRS.

2 Proposed Dividends

Under UK GAAP, proposed dividends were previously treated as a current liability in the accounts and deducted from net revenue for the period.

Under IFRS dividends payable are only recorded when they become a contractual obligation. Proposed final dividends are considered to be an indication of intent by the Board of directors, which becomes a contractual obligation in the next accounting period when a shareholders' vote determines their liability. Interim dividends are not accounted for until paid.

The adjustment of £2,892,000 to 'Trade and other payables' and 'Retained earnings' represents the removal of the proposed final dividend for the year ended 30 September 2004, which was subsequently approved at the Annual General Meeting on 19 January 2005.

3 Share Options

In accordance with IFRS 2: Share-based Payment, the fair value of share options awarded under the Company's Discretionary Share Option Scheme 2000 is spread over the vesting period of the relevant options resulting in a charge against 'Retained earnings' for the period of £18,000 and a credit to the 'Share options reserve'.

The fair value of the share options is now calculated using the Black-Scholes model whereas previously the provision (if any) was calculated by reference to the difference between the option exercise price and the market value of the Company's shares at the date of grant of the options.

4 Net Asset Value per Ordinary Share

The net asset value per share has been calculated on equity shareholders' funds and on 52,118,669 ordinary shares, being the shares in issue at the period end having deducted the number of shares held by the Employee Incentive Trust.

31 Company Transition Statements continued

Reconciliation of Equity as at 30 September 2005 (end of last period presented under UK GAAP)

	Notes	UK GAAP at 30 September 2005 £000	Effect of transition to IFRS £000	IFRS at 30 September 2005 £000
Non-current assets				
Investments at fair value through profit or loss	1	207,236	(802)	206,434
Investment in subsidiary		10,294		10,294
		217,530	(802)	216,728
Current assets				
Trade and other receivables		2,201		2,201
Cash and cash equivalents		2,202		2,202
		4,403		4,403
Total assets		221,933	(802)	221,131
Current liabilities				
Trade and other payables	2	(4,891)	3,043	(1,848)
		(4,891)	3,043	(1,848)
Total assets less current liabilities		217,042	2,241	219,283
Non-current liabilities				
Debenture stock		(33,700)		(33,700)
Total liabilities		(38,591)	3,043	(35,548)
Net assets		183,342	2,241	185,583
Represented by:				
Ordinary share capital		5,253		5,253
Share premium		785		785
Capital redemption reserve		56		56
Share options reserve	3		37	37
Capital reserve	1	153,913	(802)	153,111
Retained earnings	2,3	24,757	3,006	27,763
Own shares reserve		(1,422)		(1,422)
Total equity		183,342	2,241	185,583
Net asset value per share		pence	pence	pence
Basic	4	352.4	4.3	356.7

31 Company Transition Statements continued

Notes to Reconciliation of Equity as at 30 September 2005 (end of last period presented under UK GAAP)

1 Investments

Under UK GAAP the investments made by the Company in quoted stocks and shares were previously valued in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies at their market value. Convention suggested that where a bid and offer price existed the mid market price was the most appropriate for investment trust companies. Under IFRS, quoted investments are valued at bid price. The adjustment of £802,000 reflects the difference between the valuation of investments under UK GAAP and the valuation under IFRS.

2 Proposed Dividends

Under UK GAAP, proposed dividends were previously treated as a current liability in the accounts and deducted from net revenue for the period.

Under IFRS dividends payable are only recorded when they become a contractual obligation. Proposed final dividends are considered to be an indication of intent by the Board of directors, which becomes a contractual obligation in the next accounting period when a shareholders' vote determines their liability. Interim dividends are not accounted for until paid.

The adjustment of £3,043,000 to 'Trade and other payables' and 'Retained earnings' represents the removal of the proposed final dividend for the year ended 30 September 2005, which was subsequently approved at the Annual General Meeting on 18 January 2006.

3 Share Options

In accordance with IFRS 2: Share-based Payment, the fair value of share options awarded under the Company's Discretionary Share Option Scheme 2000 is spread over the vesting period of the relevant options resulting in a charge against 'Retained earnings' for the period of £37,000 and a credit to the 'Share options reserve'.

The fair value of the share options is now calculated using the Black-Scholes model whereas previously the provision (if any) was calculated by reference to the difference between the option exercise price and the market value of the Company's shares at the date of grant of the options.

4 Net Asset Value per Ordinary Share

The net asset value per share has been calculated on equity shareholders' funds and on 52,022,037 ordinary shares, being the shares in issue at the period end having deducted the number of shares held by the Employee Incentive Trust.

31 Company Transition Statements continued

Reconciliation of Income for the year ended 30 September 2005 (last period presented under UK GAAP)

	Notes	UK GAAP year ended 30 September 2005 £000	Effect of transition to IFRS £000	IFRS year ended 30 September 2005 £000
Investments				
Gains on investments at fair value through profit or loss	1	41,020	(499)	40,521
Revaluation of subsidiary		6,842		6,842
Net investment result		47,862	(499)	47,363
Income				
Dividends and interest		4,664		4,664
Other income		85		85
Total income		4,749		4,749
Expenses				
Administration expenses	2	(1,877)	(19)	(1,896)
Return before finance costs and taxation		50,734	(518)	50,216
Finance costs		(2,801)		(2,801)
Net return before taxation		47,933	(518)	47,415
Taxation		(43)		(43)
Net return after taxation for the period		47,890	(518)	47,372
Return per ordinary share		pence	pence	pence
Basic and diluted		92.0	(1.0)	91.0

31 Company Transition Statements continued

Notes to Reconciliation of Income for the year ended 30 September 2005 (last period presented under UK GAAP)

1 Investments

Under UK GAAP the investments made by the Company in quoted stocks and shares were previously valued in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies at their market value. Convention suggested that where a bid and offer price existed the mid market price was the most appropriate for investment trust companies. Under IFRS, quoted investments are valued at fair value, which is effectively bid price. The adjustment of £499,000 reflects the difference between the net gains on investments as calculated under UK GAAP for the year and net gains on investments at fair value as calculated under IFRS for the year.

2 Share Options

In accordance with IFRS 2: Share-based Payment, the fair value of share options awarded under the Company's Discretionary Share Option Scheme 2000 is spread over the vesting period of the relevant options resulting in a charge against 'Retained earnings' for the period of £19,000 and a credit to the 'Share options reserve'.

The fair value of the share options is now calculated using the Black-Scholes model whereas previously the provision (if any) was calculated by reference to the difference between the option exercise price and the market value of the Company's shares at the date of grant of the options.

Ten Year Record

to 30 September 2006

Year End	Total† Assets £000	Share-holders' Funds £000	NAV Per Share Pence	Share Price Pence	Discount %	Earnings Pence	Net Dividend Pence	Actual Gearing Ratio %	Potential Gearing Ratio %	Total Company Costs %
1997	196,034	181,228	345.3	292.5	15.44	6.58	6.90	1.1	8.2	1.18
1998	180,298	165,490	315.3	296.0	6.13	5.48	7.20	(0.6)	8.9	1.15
1999	216,519	201,708	383.3	367.0	4.24	8.09	7.40	2.3	7.3	1.38
2000	274,620	235,269	446.3	358.5	19.68	7.01	7.65	15.5	16.7	0.95
2001	203,067	163,709	310.7*	242.5	21.95	7.73	7.90	19.4	24.1	0.96
2002	164,344	124,893	238.1*	187.5	21.25	9.97	8.15	18.3	31.7	1.56
2003	168,001	128,810	246.6*	198.0	19.72	7.52	8.45	17.1	30.6	1.67
2004	172,144	138,893	266.5*	227.5	14.63	5.25	8.75	14.5	24.3	1.36
2005**	212,600	178,845	343.0*	303.5	11.52	8.94	9.05***	16.4	18.9	1.19
2006	232,933	199,219	384.0	338.3	11.90	13.10	9.50***	14.6	17.0	1.31

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 2001 onwards NAV Per Share figures have been calculated as described in note 23 on page 64.

** Restated – please refer to note 1.

*** Net dividends represent dividends that relate to the Company's financial year. Under IFRS dividends are not accrued until paid or approved.

† Represents total assets less current liabilities.

Notice of Meeting

Notice is hereby given that the ninety sixth Annual General Meeting of Majedie Investments PLC will be held on 17 January 2007 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 6.10p per share in respect of the year ended 30 September 2006.
2. To receive and adopt the Directors' Report and Accounts for the year ended 30 September 2006.
3. To receive and approve the Report on Directors' Remuneration.
4. To re-elect H S Barlow as a director.
5. To elect G P Aherne as a director.
6. To re-appoint Deloitte & Touche LLP as auditors and to authorise the directors to fix their remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions which will be proposed in the case of resolution 7 as an ordinary resolution and in the case of resolution 8 as a special resolution:

7. To approve the payment of the exceptional MAM-related bonuses described in the Report on Directors' Remuneration on page 30 of the Company's 2006 Annual Report.

8. 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
Capita Sinclair Henderson Limited
Company Secretary
27 November 2006

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 17 January 2007 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 15 January 2007. 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 PEP Manager, The Share Centre, PO BOX 2000, Aylesbury, Buckinghamshire, HP21 8ZB (telephone: 0800 800 008).

Shareholder Information

Registered Office

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

Company Secretary

Capita Sinclair Henderson Limited
Beaufort House
51 New North Road
Exeter EX4 4EP
Telephone: 01392 412122
Fax: 01392 253282

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. Shareholders may check details of their holdings, historical dividends, graphs and other data by accessing www.computershare.com.

Shareholders wishing to receive communications from the Registrars by email (including notification of the publication of the annual and interim reports) should register on-line at http://www-uk.computershare.com/investor. Shareholders will need their shareholder number, shown on their share certificate and dividend vouchers, in order to access both of the above services.

Auditors

Deloitte & Touche LLP

Stockbrokers

Bridgewell

Key Dates in 2007

Ex-dividend date	3 January
Record date	5 January
Annual General Meeting	17 January
2005/06 final dividend paid	24 January
Interim results announcement	May
2006/07 interim dividend paid	29 June
Financial year end	30 September
Final results announcement	November
Annual report mailed to shareholders	December

Website

www.majedie.co.uk

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 84). You may transfer an existing PEP to the Majedie General PEP (page 84). 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 17 January 2007

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 17 January 2007 and at any adjournment thereof.

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

Ordinary Resolutions	For	Against	Vote Withheld
1. To declare a final dividend of 6.10p per share			
2. To receive and adopt the Directors' Report and Accounts			
3. To receive and approve the Report on Directors' Remuneration			
4. To re-elect H S Barlow as a director			
5. To elect G P Aherne as a director			
6. To re-appoint Deloitte & Touche LLP as auditors and to authorise the directors to fix their remuneration			
7. To approve the payment of exceptional MAM-related bonuses			
Special Resolution			
8. 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.
6. A 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.

Majedie Investments PLC

1 Minster Court
Mincing Lane
London EC3R 7ZZ

Telephone 020 7626 1243
Facsimile 020 7929 0904
E-mail majedie@majedie.co.uk

www.majedie.co.uk