

Majedie Investments PLC is a self-managed investment trust with total portfolio assets under management of over £187 million as at 30 September 2008.

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.

Contents

1	Investment Objective and Policy Statement
2	Highlights for 2008
3	Group Summary
3	Recent Trends
4	Year's Summary
5	Chairman's Statement
11	Asset Distribution
12	Twenty Largest UK Investments
12	Ten Largest Overseas Investments
13	Valuation of Investments
15	Board of Directors
16	Directors' Report
19	Business Review
24	Corporate Governance
27	Report on Directors' Remuneration
33	Statement of Directors' Responsibilities
34	Report of the Independent Auditors
36	Consolidated Income Statement
37	Company Income Statement
38	Consolidated Statement of Changes in Equity
40	Company Statement of Changes in Equity
42	Consolidated Balance Sheet
43	Company Balance Sheet
44	Consolidated Cash Flow Statement
45	Company Cash Flow Statement
46	Notes to the Accounts
72	Ten Year Record
73	Notice of Meeting
77	Appendix – New Articles of Association
80	Majedie Savings Plans
81	Shareholder Information
loose	Form of Proxy

Investment Objective and Policy Statement

Investment Objective

The Company's objective is to maximise total shareholder return over the long term whilst increasing dividends by more than the rate of inflation.

Investment Policy

The Company invests principally in securities of publicly quoted companies worldwide, though it may invest in unquoted securities up to levels set periodically by the Board.

The overall approach is based on analysis of global economies and sector trends with a focus on companies and sectors judged likely to deliver strong growth over the long term. The number of investments held, together with the geographic and sector diversity of the portfolio, enable the Company to spread its risks with regard to liquidity, market volatility, currency movements and revenue streams.

The Company's benchmark comprises 70% FTSE All-Share Index and 30% FTSE World ex UK Index (Sterling) on a total return basis. It is used to assess the performance and risk of the Company and investment portfolio. Whilst performance is measured against the benchmark, investment decisions and portfolio construction are made on an independent basis. The Board however sets various specific portfolio limits for stocks and sectors in order to restrict risk levels.

Although, exceptionally, derivative instruments may be employed, usually for hedging purposes and with specific prior approval of the Board, generally the Company is a long-only investor and would be unlikely to use such instruments.

The Company will not invest in any holding that would, at the time of investment, represent more than 15% of the value of its gross assets.

The Company uses gearing to enhance the long term returns to shareholders. The Articles of Association give the Board the ability to borrow up to 100% of adjusted capital and reserves. The Board also reviews the level of net gearing (borrowings less cash) on an ongoing basis and sets a range at its discretion as appropriate. The Company's current debenture borrowings are limited by covenant to 66⅔%, and any additional indebtedness is not to exceed 20%, of adjusted capital and reserves.

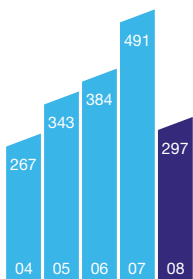
Highlights for 2008

Total shareholder return:	(36.9%)
Net asset value total return:	(36.2%)
Benchmark total return:	(19.9%)
Special dividend (per share):	2.25p
Final dividend (per share):	6.30p
Total dividends (per share):	12.75p
Directors' valuation of investment in Majedie Asset Management Limited:	£22.5m

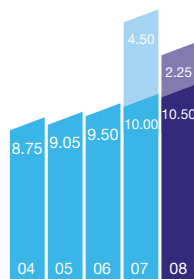
Group Summary

Total assets*	£187.2m	
Shareholders' funds	£153.5m	
Market capitalisation	£129.4m	
Capital structure	10p ordinary shares	52,528,000
	Debt	£13.5m 9.5% debenture stock 2020 £20.7m 7.25% debenture stock 2025
Management fee	The trust is self-managed and accordingly does not pay a fee to third party fund managers.	
ISA status	Up to £7,200 in 2008/09 tax year.	

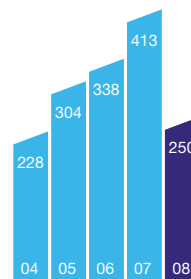
Recent Trends



Net asset value per share (pence) decreased by 39.6% in the year*



Core dividends (pence) have increased by 5.0% to 10.50 pence. Additionally a special dividend of 2.25 pence was declared, down from 4.50 pence in 2007.



Share price (pence) has decreased by 39.5% during the year

* Represents total assets less current liabilities as at 30 September 2008.

Year's Summary

Financial*	2008	2007 as restated†	%
as at 30 September			
Total assets less current liabilities	£187.2m	£286.9m	(34.8)
Shareholders' funds	£153.5m	£253.2m	(39.4)
Net asset value per share	296.5p	490.7p	(39.6)
Share price	250.0p	413.3p	(39.5)
Discount to net assets (debt at par value)	15.7%	15.8%	
Discount to net assets (debt at fair value)	12.5%	13.0%	
Revenue return before tax	£6.5m	£7.1m	(8.5)
Earnings per share	12.5p	13.6p	(8.1)
Core dividends per share**	10.5p	10.0p	5.0
Total dividends per share**	12.75p	14.5p	(12.1)
Group costs (administrative expenses)	£3.3m	£2.9m	13.8
Company costs/average Company net assets	1.6%	1.2%	
Company costs/average Company total assets	1.4%	1.1%	
Maximum potential gearing	22.0%	13.3%	

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

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

† Comparative figures have been restated for the review of the treatment of the investment in Majedie Asset Management Limited ("MAM") as disclosed in note 12 on pages 58 and 59.

Year's high/low		2008	2007
Share price	high	425.0p	483.2p
	low	247.0p	333.0p
Net asset value	high	490.7p	502.7p
	low	296.5p	377.0p
Discount (debt at par)	high	22.6%	14.7%
	low	7.3%	2.5%
Discount (debt at fair value)	high	19.8%	10.2%
	low	2.1%	(1.3%)*

* Premium

Performance	2008	2007
year ended 30 September		
Investment portfolio return (total assets)†	(31.1%)	23.2%
Net asset value total return	(36.2%)	23.6%
Total shareholder return	(36.9%)	25.2%
Benchmark total return†	(19.9%)	12.6%

† Source: The WM Company

Chairman's Statement

The financial year ended 30 September saw a significant deterioration in the global economic and financial environment and substantial falls in world equity markets, a trend which has been exacerbated since the year end. The Company has not been immune from this turbulence and has fared badly.

As such I regret to report that the Company's Net Asset Value (NAV) total return and Share Price total return have fallen by 36.2% and 36.9% which compares to the benchmark total return which fell by 19.9%. Over the longer term the three year NAV total return and Share Price total return were -4.8% and -9.5% which compares to the benchmark total return of 1.8%.

The Board remains focussed on ensuring that the portfolio, whilst it may be subject to severe volatility in the short term, is positioned to provide performance over the longer term in-line with our stated objective. To this end the investment strategy and portfolio structure will be subject to a review over the coming months to ensure that the income and growth needs of shareholders are met over the longer term.

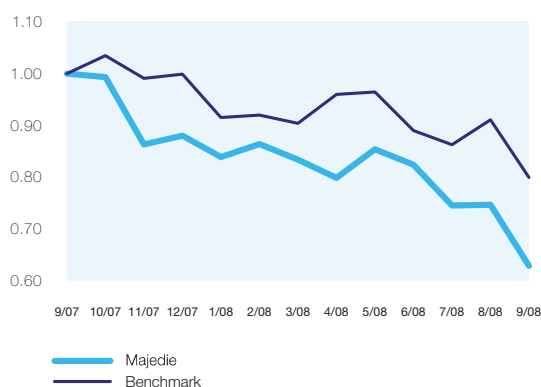
Results and dividends

The group's net profit before tax for the year was £6.5m compared to £7.1m for the restated prior year. Group income for the year of £8.9m compares with the prior year of £9.1m. This result is a combination of the reduction in special dividend income from Majedie Asset Management (MAM), as there was only one special dividend this year compared to two in 2007, being substantially offset by an increase in dividend income over the year. Consolidated costs for the group have increased to £3.3m from £2.9m primarily due to costs relating to the restructuring during the year. The full effect of this restructuring will be felt from 2009 onwards with an expected reduction in core costs.

Previously in the 2008 Half-Yearly Financial Report I stated that we would be reviewing whether we would be paying a second special dividend after taking account of the final special dividend from MAM. Whilst this was substantial, in the light of the current economic environment the Board has decided that it would be prudent not to distribute the entire amount, but to retain some of this income within the business.

The Board has therefore decided to propose that a special dividend of 2.25p per share be included with this year's final dividend. Additionally a normal core final dividend of 6.3p per share is recommended, which, when combined with the interim dividend of 4.2p results in a total core dividend of 10.5p per share, an increase of 5.0% over last year's dividend of 10.0p. The diagram on page 6 illustrates the increases over the previous ten years in comparison with the Retail Prices Index. It demonstrates that Majedie dividends have been increasing by more than the rate of inflation in-line with our policy. The Board however will be reviewing this objective in the coming months and will report to shareholders in 2009.

TOTAL SHAREHOLDER RETURN V BENCHMARK
YEAR TO TO 30 SEPTEMBER 2008 (REBASED)



Chairman's Statement

Investment Performance

2008 has been a year of huge turmoil in global stock markets as the credit crunch has wrought havoc. Against this very difficult background the fund's investment performance including MAM has fallen by 31.1% compared to a fall in the benchmark of 19.9%, an underperformance of 11.2%. Over three, five and ten years investment performance relative to the benchmark was -1.5%, 0.9% and 4.8% respectively.

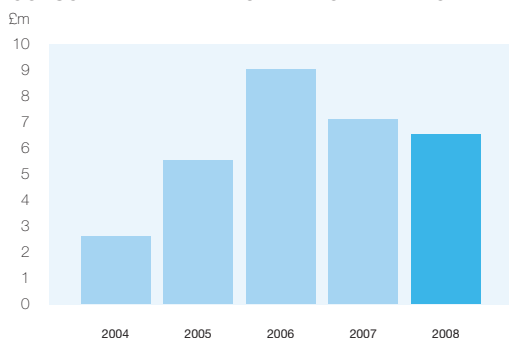
However whilst the performance this year is disappointing, the performance of the portfolio itself has not met the Board's expectations. This year's underperformance has led to the medium and longer term performance comparisons which were favourable a year ago becoming less favourable as the impact of this year's performance has had a significant effect on the longer term comparisons.

There were two main aspects which negatively impacted the performance. First, our long term debentures, which can benefit the portfolio in rising markets but have a negative effect when markets fall. Second, however, the greatest adverse impact came from poor stock selection. In particular, a number of stocks which contributed positively in previous years, performed poorly over the period. The Board will be considering what actions to take with these holdings as part of its review which I refer to later.

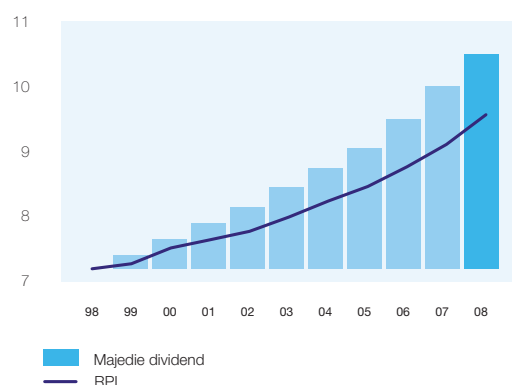
We have felt it prudent to write down the value of certain of our unlisted investments to reflect the difficult circumstances faced by a number of these companies, which has been a contributor to our poor performance this year. In contrast, our investment in MAM continues to bring rewards as the company has continued to perform well in difficult markets and has achieved higher profitability year on year. However the Board is of the view that current market conditions mean that it is not prudent to amend our valuation and as such our 30% investment in MAM remains at its current value of £22.5m.

In the final quarter global equities as with many other asset classes were sold as widespread panic took hold. The effect of this panic has proved difficult even now to quantify. Share prices have been driven down to levels that in many cases do not reflect fundamental valuations. This panic reaction has been accentuated by forced sellers, who often have to sell their highest quality and most liquid assets to meet their immediate cash requirements. We expect that more soundly based fundamental approaches will return at some stage although the timing of this is difficult to predict.

CONSOLIDATED NET RETURN BEFORE TAXATION



GROWTH IN CORE MAJEDIE DIVIDENDS COMPARED WITH INCREASE IN RETAIL PRICES INDEX BOTH REBASED TO 1998 (PENCE PER SHARE)



Despite the poor capital performance of the underlying portfolio I am happy to report that it was able to produce an increased income, facilitating a dividend above the rate of inflation.

Management Changes

As was announced in the 2008 Half-Yearly Financial Report the Board now comprises solely non-executive directors with no Chief Executive. Gill Leates stood down from the Board but continued as Investment Director to have full responsibility for the management of the Company's portfolio. In the light of recent events in global markets, the Board has decided that the management of the investment portfolio should be changed and in these circumstances Gill Leates has agreed to step down. I would like to take the opportunity of thanking Gill for all her past efforts. Bill Baker has been appointed and has taken over the supervision of the portfolio. Bill is a highly experienced investment manager, having built his reputation at both Mercury Asset Management and Schroders where he occupied senior positions and had responsibility for a wide range of clients and portfolios. Initially he will assist the Board with a review of the investment policy, the portfolio and the fund's objectives.

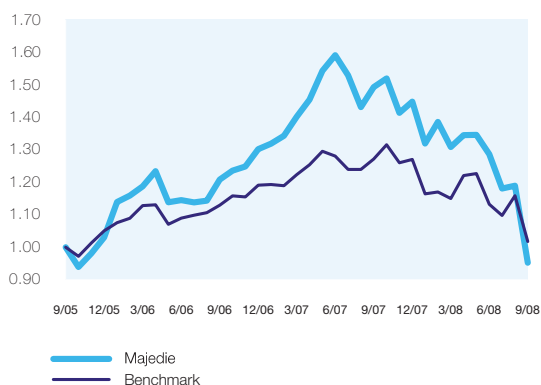
Additionally we have reviewed the structure of the group and have decided to simplify this by reducing the number of companies within the group. The Board will continue to ensure that the group structure is configured appropriately to deal with its operations.

Strategy

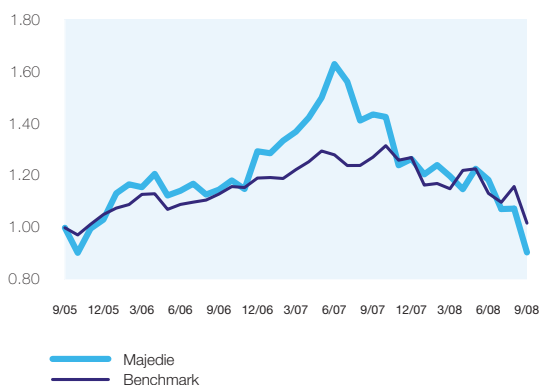
During 2008 we had significant exposure to smaller companies, the relative valuations of which have fallen, especially those that are expected to require additional finance in the future. We have ensured however that the fund is positioned to meet the income expectations of shareholders.

As the global credit crisis deepened, the portfolio's exposure to the banking and consumer oriented sectors was reduced. The funds raised have either been retained as an increased cash balance, or reinvested in other larger companies with greater defensive qualities and revenue visibility. There remains a focus within the portfolio on well capitalised companies with large asset backing, strong management and additionally companies with intellectual property relating to new technology in large world markets.

NAV TOTAL RETURN V BENCHMARK
3 YEARS TO 30 SEPTEMBER 2008 (REBASED)



TOTAL SHAREHOLDER RETURN V BENCHMARK
3 YEARS TO 30 SEPTEMBER 2008 (REBASED)



Chairman's Statement

Geographically the portfolio remains overweight relative to the benchmark in the UK, largely because of its high dividend. However over 40% of the FTSE All Share Index's earnings come from overseas giving rise to an implicit geographic diversification. This helps reduce currency risk and offsets the underweighting in the US and Europe since large companies like BP, Royal Dutch Shell, RTZ, BHP Billiton and GlaxoSmithKline all source the majority of their sales from overseas. The portfolio remains market weighted in resources, as the long term demand for oil and other commodities remains good as the emerging economies of China and India in particular continue to industrialise. Although the GDP growth rate in these countries has slowed, it remains at healthy levels.

Business Development

The Board has been committed to searching out and providing capital for new businesses. This commitment has been intensified and a number of new possibilities are being actively considered. With the considerable changes that extreme markets provoke, the Board expects to be able to consider a higher number of possibilities and be able to report progress in 2009. We continue to believe that by pursuing business opportunities we will enhance returns for shareholders.

Companies Act 2006 and New Articles of Association

The Companies Act 2006 is being brought into force in stages, with full implementation scheduled by October 2009. At this year's Annual General Meeting the Company proposes to adopt new Articles which reflect changes in the law brought into force so far, including, notice periods for meetings, proxy voting, directors' conflicts of interest, and also to adopt other provisions in line with best market practice (the 'New Articles').

Over the course of the next year the Company intends to conduct a further review of the New Articles in order to identify any additional amendments that might be necessary following the full implementation of the Companies Act 2006 in October 2009. It is the Board's intention that any further amendments will be put to shareholders at the Annual General Meeting in 2010. Further information about the changes is shown in the Directors' Report on page 18 and in the Appendix to the notice of the Annual General Meeting on pages 77 to 79.

E-communication

Another aspect of the Companies Act 2006 allows for shareholders to elect to receive communications from the Company in electronic form. This idea has considerable merit and we are looking to take advantage of the savings it provides. As such we have enclosed a letter to shareholders in which they may elect for e-communications as a method of receiving information from the Company. I urge you to elect to make use of this service, but please note that if you wish you can still receive information in paper form.

Annual General Meeting

The AGM will be held on 20 January 2009 at 11.30am at the Novotel London Tower Bridge. Details are set out on page 73. As in prior years there will be presentations and an opportunity to ask questions. I do hope you will be able to attend.

Outlook

The outlook for investors is uncertain in the short term and your Board is acutely conscious that we need to produce more consistent returns, reducing volatility as far as can be possible. At the same time we wish to continue to produce higher income than our competitors in a world where income is in ever decreasing supply. The global factors giving rise to our concern recently have destroyed immense value already, as we have seen as markets have tumbled.

The events of recent months are unprecedented, with the crisis in the banking sector requiring a coordinated global response by all major governments. One of the results of the severity of the contraction in interbank lending is that important basic working capital and investment loans to the real economy are being delayed, letters of credit for shipping are not being accepted, and the availability of mortgages continues to decline.

This lack of finance is having a direct impact on economic activity and is pushing the developed world into recession. As the fourth quarter progresses, the credit freeze should begin to ease as the effect of the stakes taken in banks by governments across the world, the buying of toxic loans by the TARP fund and government guarantees for interbank lending begin to take effect. The first elements of this are beginning to show with interbank lending premiums starting to fall from unprecedented peaks.

Interest rates have already been cut worldwide with further major cuts expected as the priority of central banks has shifted from tackling inflation to stimulating growth. The Bank of England has recently cut interest rates by 1.5% to 3.0%, signalling the importance of stimulation to the economy. In the USA there are likely to be more fiscal packages to boost consumer spending and further measures by the authorities to ring-fence problem assets.

The length and severity of recession in the developed world may be influenced by the strength of economies in emerging markets, especially China. There is currently concern about whether Chinese growth may slow significantly. However, the Chinese government has made clear its intentions to raise public spending and domestic demand to prevent overall growth falling below 8%. It has the tools to achieve this through fiscal and monetary policies and enormous wealth held in national reserves.

Chairman's Statement

In the short term the macro-economic environment is likely to deteriorate further before beginning to improve. Nonetheless, much of this has already been discounted by the steep falls in equities globally. History shows that stock markets generally rise prior to a trough in the cycle, in anticipation of a recovery, albeit economic activity may still be slowing. Although the movement of the markets in the immediate future is impossible to predict, on fundamental valuations, equities appear oversold and should perform positively over time. The fund has been structured to benefit under the scenario of recovery over the medium term and the Board in its forthcoming review of investment objectives will ensure a consistency of policy to reflect the investment climate.

In what has been a very difficult year I would like to place on record my appreciation of our office staff and equally pay tribute to the support I have received from my fellow non-executive directors. As a result of the change to a completely non-executive Board, with no Chief Executive, which took place early in 2008, a significantly heavier load has fallen on them. They have shouldered these extra commitments with enthusiasm and goodwill which has rendered a difficult situation significantly easier.



Henry S Barlow Chairman

26 November 2008

Asset Distribution

at 30 September 2008

Classification of Assets	United Kingdom %	North America %	Continental Europe %	Pacific Basin %	Total 2008 %	Total 2007* %
Oil & Gas Producers	5.9	0.9	0.3	0.7	7.8	8.7
Oil Equipment & Services	1.7	0.1			1.8	1.7
Oil & Gas	7.6	1.0	0.3	0.7	9.6	10.4
Chemicals	2.3	0.3	0.1		2.7	1.4
Industrial Metals	2.0			1.1	3.1	7.6
Mining	5.5	0.6		0.9	7.0	9.3
Basic Materials	9.8	0.9	0.1	2.0	12.8	18.3
Construction & Materials	0.7	0.1			0.8	0.7
Aerospace & Defence	3.6				3.6	3.3
General Industrials	3.9				3.9	3.7
Electronic & Electrical Equipment			0.2		0.2	0.9
Industrial Engineering	0.6				0.6	0.7
Industrial Transportation						0.3
Support Services	1.2				1.2	1.3
Industrials	10.0	0.1	0.2		10.3	10.9
Automobiles & Parts						0.2
Beverages						0.3
Food Producers	0.9				0.9	0.1
Household Goods	0.6				0.6	0.9
Tobacco	0.8	0.4			1.2	0.8
Consumer Goods	2.3	0.4			2.7	2.3
Health Care, Equipment & Services	0.2	0.5			0.7	0.5
Pharmaceuticals & Biotechnology	2.4	0.1			2.5	2.6
Health Care	2.6	0.6			3.2	3.1
Food & Drug Retailers	1.1				1.1	0.8
General Retailers	0.3				0.3	0.6
Media	0.1	1.5		0.2	1.8	0.4
Travel & Leisure	0.9				0.9	2.3
Consumer Services	2.4	1.5		0.2	4.1	4.1
Fixed Line Telecommunications	2.8				2.8	1.5
Mobile Telecommunications	3.6	0.1		0.1	3.8	2.3
Telecommunications	6.4	0.1		0.1	6.6	3.8
Electricity	1.1		0.3	1.5	2.9	1.3
Gas, Water & Multi Utilities	3.3				3.3	3.1
Utilities	4.4		0.3	1.5	6.2	4.4
Banks	8.2		0.5	0.6	9.3	11.5
Non Life Insurance/Assurance	0.2				0.2	0.3
Life Insurance	2.6				2.6	1.8
Real Estate	1.5				1.5	2.1
General Financial	2.0			1.3	3.3	3.5
Equity Investment Instruments	1.6			0.6	2.2	3.7
Financials	16.1		0.5	2.5	19.1	22.9
Software & Computer Services	1.4	1.9		0.8	4.1	7.0
Technology & Hardware Equipment	0.6				0.6	0.4
Technology	2.0	1.9		0.8	4.7	7.4
Unlisted/Fixed Interest	15.2	0.8	0.1	0.2	16.3	10.0
Total Equities	78.8	7.3	1.5	8.0	95.6	97.6
Total Non-current Assets	78.8	7.3	1.5	8.0	95.6	97.6
Cash	4.4				4.4	2.4
% Total at 30 September 2008	83.2	7.3	1.5	8.0	100.0	100.0

The Fund analysed on pages 13 and 14 comprises the fixed asset investments of £178,981,000 and cash (as adjusted for amounts due to/from brokers for settlement) of £8,271,000.

Unlisted/Fixed Interest investments comprise an amount of £22,500,000 in respect of the investment in Majedie Asset Management (MAM), £972,000 in unlisted fixed interest investments and £7,172,000 invested in placings for 14 separate companies which were expected to become listed securities after 30 September 2008. Suspended stocks have been analysed in their listed sectors.

* Comparative figures have been restated for the review of the treatment of the investment in MAM as disclosed in note 12 on pages 58 and 59.

Twenty Largest UK Investments

at 30 September 2008

Company	2008		2007	
	Market Value £000	% of Fund	Market Value £000	% of Fund
Majedie Asset Management	22,500	12.0	16,185	5.7
HSBC	7,929	4.2	7,960	2.8
Vodafone	6,272	3.3	4,739	1.7
Barclays	5,564	3.0	7,557	2.6
Accsys Technologies	5,348	2.9	8,399	2.9
BT	5,187	2.8	4,390	1.5
United Utilities	4,488	2.4	6,875	2.4
First Quantum	3,620	2.0	15,564	5.5
Hydrodec	3,477	1.9	1,530	0.5
Rio Tinto	3,232	1.7		
Royal Dutch Shell 'B'	2,905	1.6	3,687	1.3
BHP Billiton	2,682	1.4	2,625	0.9
Vostok Energy	2,569	1.4	1,402	0.5
GlaxoSmithKline	2,537	1.4	2,717	1.0
Majedie Asset Management UK Opportunities 'A'	2,447	1.3	6,171	2.2
BP	2,431	1.3	2,962	1.0
BAE Systems	2,413	1.3	2,891	1.0
London Capital	2,277	1.2	2,970	1.0
Standard Chartered	1,870	1.0	2,224	0.8
2 Ergo Group	1,796	0.9	1,872	0.7
	91,544	49.0	102,720	36.0

Ten Largest Overseas Investments

at 30 September 2008

Company	2008		2007	
	Market Value £000	% of Fund	Market Value £000	% of Fund
Phorm (USA)	3,507	1.9	13,003	4.6
HIPCricquet (USA)	2,748	1.5		
Capital Lease Aviation (Asia)	2,344	1.3	750	0.3
International Ferro Metals (South Africa)	1,713	0.9	4,309	1.5
Eservglobal (Australia)	1,544	0.8	1,878	0.6
Oilexco (Canada)	1,495	0.8	2,573	0.9
KSK Power Venture (Asia)	1,355	0.7	1,145	0.4
Mantra Resources (Australia)	1,139	0.6	1,270	0.4
MEO Australia (Australia)	1,071	0.5	6,199	2.2
L&G Japan Index Trust (Japan)	877	0.5	1,043	0.4
	17,793	9.5	32,170	11.3

Valuation of Investments

Holdings valued over £100,000 at 30 September 2008

Company	Market Value £000	% of Fund	Company	Market Value £000	% of Fund	Company	Market Value £000	% of Fund
Oil & Gas			Mining			Industrial Engineering		
Oil & Gas Producers			Albidon	470	0.3	Charter	829	0.5
Ascent Resources	329	0.2	Aricom	412	0.2	Pursuit Dynamics	278	0.1
BG Group	1,481	0.7	BHP Billiton	2,682	1.4	Support Services		
BP	2,431	1.3	Bumi Resources			Brammer	293	0.2
Caza Oil & Gas	104	0.1	(Indonesia)	113	0.1	Eruma	197	0.1
Concorde Oil & Gas	320	0.2	China Goldmines	148	0.1	Experian Group	457	0.2
Enegi Oil	171	0.1	Coal of Africa	237	0.1	MDM Engineering	688	0.4
Hardy Oil & Gas	551	0.3	Detour Gold (Canada)	670	0.3	Serco Group	416	0.2
Indus Gas (Asia)	307	0.2	Diamondcorp	354	0.2	Waterman Group	186	0.1
Irvine Energy	195	0.1	Dwyka Resources			Consumer Goods		
JKX Oil & Gas	669	0.3	(Australia)	113	0.1	Food Producers		
Leed Petroleum	399	0.2	Gladstone Pacific			Purecircle	1,624	0.9
MEO Australia (Australia)	1,071	0.5	(Australia)	179	0.1	Household Goods		
Nighthawk Energy	724	0.3	Kalahari Minerals	240	0.1	Barratt Developments	101	0.1
Oilexco (Canada)	1,495	0.8	Mantra Resources			Bovis Homes	641	0.3
Providence Resources			(Australia)	1,139	0.6	Persimmon	358	0.2
(Ireland)	631	0.3	Metals Exploration	464	0.2	Tobacco		
Royal Dutch Shell 'B'	2,905	1.6	Mwana Africa	251	0.1	Altria Group (USA)	214	0.1
Sibir Energy	477	0.3	Nautilus Minerals			British American Tobacco	661	0.4
Xcite Energy	115	0.1	(Canada)	332	0.2	Imperial Tobacco	899	0.4
Xtract Energy	270	0.1	Pangea Diamondfields	100	0.1	Phillip Morris (USA)	518	0.3
Oil Equipment & Services			Petra Diamonds	499	0.3	Health Care		
Corac Group	1,323	0.6	Polymet Mining (USA)	187	0.1	Health Care, Equipment & Services		
Hunting	1,410	0.8	Rio Tinto	3,232	1.7	AOI Medical (USA)	853	0.5
Lamprell	514	0.3	Talvivaara Mining	371	0.2	Healthcare Locums	350	0.2
Schlumberger (USA)	227	0.1	Toledo Mining	225	0.1	Pharmaceuticals & Biotechnology		
Basic Materials			Xstrata	463	0.2	Alliance Pharma	126	0.1
Chemicals			Industrials			GlaxoSmithKline	2,537	1.4
Bayer (Germany)	270	0.1	Construction & Materials			Medicsight	1,032	0.5
Hydrodec	3,477	1.9	Ashley House	1,121	0.6	Toumaz Holdings	718	0.4
Molecra	300	0.1	Balfour Beatty	300	0.1	Consumer Services		
Monsanto (USA)	255	0.1	Aerospace & Defence			Food & Drug Retailers		
Plant Health	312	0.2	Aero Inventory	231	0.1	Sainsbury (J)	327	0.2
Plant Impact	305	0.1	Babcock International	549	0.3	Tesco	1,651	0.9
Potash (USA)	352	0.2	BAE Systems	2,413	1.3	General Retailers		
Industrial Metals			Meggitt	395	0.2	Carphone Warehouse	515	0.3
Bannerman Resources			Rolls Royce	1,790	1.0	Media		
(Australia)	335	0.2	VT Group	1,352	0.7	DQ Entertainment (Asia)	422	0.2
First Quantum	3,620	2.0	General Industrials			HIPCricet (USA)	2,748	1.5
International Ferro Metals			Accsys Technologies	5,348	2.9	Motivcom	264	0.1
(South Africa)	1,713	0.9	Cookson	1,049	0.6	Travel & Leisure		
			Nviro Cleantech	936	0.4	Enterprise Inns	918	0.5
			Electronic & Electrical Equipment			Whitbread	723	0.4
			Schneider Electric					
			(France)	201	0.2			

Valuation of Investments

Holdings valued over £100,000 at 30 September 2008

Company	Market Value £000	% of Fund
Telecommunications		
Fixed Line Telecommunications		
BT	5,187	2.8
Mobile Telecommunications		
Broca	409	0.2
China Mobile (Asia)	278	0.1
ROK Entertainment (USA)	281	0.1
Vodafone	6,272	3.3
Vyke Communications	151	0.1
Utilities		
Electricity		
Great Eastern Energy (Asia)	774	0.4
Greenko Group (Asia)	451	0.3
International Power	1,024	0.5
KSK Power Venture (Asia)	1,355	0.7
OPG Power Venture (Asia)	179	0.1
Red Electrica (Spain)	593	0.3
Scottish & Southern Energy	1,099	0.6
Gas, Water & Multi Utilities		
National Grid	608	0.3
Northumbrian Water	1,058	0.6
United Utilities	4,488	2.4
Financials		
Banks		
Bangkok Bank (Thailand)	249	0.2
Bank of Piraeus (Greece)	500	0.3
Barclays	5,564	3.0
Bbva (Bilb-Viz-Arg) (Spain)	208	0.1
China Construction Bank (Asia)	346	0.2
Credit Suisse (Switzerland)	207	0.1
HSBC	7,929	4.2
Industrial & Commercial Bank of China (Asia)	231	0.1
Kasikornbank (Thailand)	226	0.1
Standard Chartered	1,870	1.0
Non Life Insurance/Assurance		
BRIT Insurance	450	0.2

Company	Market Value £000	% of Fund
Life Insurance		
Abbey Protection	1,173	0.6
Aviva	1,070	0.6
Legal & General	397	0.2
Prudential	1,700	0.9
Sagicor Financial	520	0.3
Real Estate		
British Land	1,005	0.6
Grainger Trust	300	0.2
Land Securities	775	0.4
Primary Health Properties	641	0.3
General Financial		
Capital Lease Aviation (Asia)	2,344	1.3
ICAP	355	0.2
London Capital	2,277	1.2
MAN Group	560	0.3
Plus Markets	546	0.3
Equity Investment Instruments		
Equatorial Biofuels	113	0.1
L&G Japan Index Trust (Japan)	877	0.5
London Asia Chinese (Asia)	180	0.1
Majedie Asset Mgmt UK Equity 'B'	246	0.1
Majedie Asset Mgmt UK Focus Fund 'B'	248	0.1
Majedie Asset Mgmt UK Opps 'A'	2,447	1.3
Technology		
Software & Computer Services		
2 Ergo Group	1,796	0.9
Alterian	276	0.1
Dragonwave	560	0.4
Eservglobal (Australia)	1,544	0.8
Phorm (USA)	3,507	1.9
Technology & Hardware Equipment		
Fidessa Group	249	0.1
Software Radio	313	0.2
Zenergy Power	514	0.3

Company	Market Value £000	% of Fund
Unlisted Investments		
Altair Financial Services	167	0.1
Buried Hill Energy (USA)	458	0.2
Celadon Mining (Asia)	350	0.2
Continental Petroleum	1,078	0.6
Diamond Wood China Majedie Asset Management	595	0.3
22,500	12.0	
Microsaic Systems	780	0.4
Mitra Energy	236	0.1
MN Speciality Steels	122	0.1
Transpac (USA)	224	0.1
TSI	425	0.2
Vostok Energy	2,569	1.4
Xshares (USA)	168	0.1
Unlisted Fixed Interest Investments		
Ionic Water Technologies (USA)	465	0.3
Providence Resources (Ireland)	236	0.1
Stratic Energy (USA)	210	0.1

Board of Directors

Henry S Barlow OBE MA FCA (64) 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 sits on the board of HSBC Bank (Malaysia) Berhad. He is a member of the board of Sime Darby Berhad which absorbed the businesses and assets of Golden Hope Plantations Berhad and Guthrie Ropel Berhad. 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 (68) 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 and a non-executive director and then Chairman of Ibstock PLC, Bryant Group plc and of the Royal London Insurance Group. He was appointed a director of Majedie in 1999 and is Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees.

Andrew J Adcock (54)

Mr Adcock has been Vice Chairman, Citigroup Corporate Broking since 2002. Previously he was a Partner for three years at Lazards LLC which followed ten years at BZW as the Managing Director of De Zoete & Bevan Limited. He is also a non-executive director of F&C Global Smaller Companies PLC. He was appointed a director of Majedie on 1 April 2008 and appointed as the Chairman of the Audit Committee on 1 October 2008. He is also a member of the Nomination and Remuneration Committees.

J William M Barlow BA (44)

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 currently works for New Edge Group (UK Branch), a 50/50 joint venture between Société Générale and Calyon. He is a non-executive director of Aintree Racecourse Company Limited. He was appointed to the Board in July 1999 and is a member of the Nomination Committee.

Gerry P Aherne (62)

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 Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

The Board is composed of wholly non-executive Directors.

Directors' Report

The directors submit their report and the accounts for the year ended 30 September 2008.

Introduction

A review of developments during the year and of future prospects is contained in the Chairman's Statement on pages 5 to 10. 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 71. An analysis of the portfolio is given on pages 13 and 14. The subsidiary undertakings principally affecting the profits and net assets of the Group during the year are listed in note 13 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 £6,462,000 (2007: £7,095,000). The directors recommend a final ordinary dividend of 6.3p per ordinary share and a special dividend of 2.25p per ordinary share, payable on 28 January 2009 to shareholders on the register at the close of business on 9 January 2009. Together with the interim dividend of 4.2p per share paid on 30 June 2008, this makes a total distribution of 12.75p per share (2007: 14.5p per share).

Directors

The present directors of the Company are listed on page 15.

During the year and following a comprehensive strategic review, various changes were implemented which resulted in the Board being comprised of wholly non-executive directors, as is detailed on page 24 in the section relating to Corporate Governance.

The director retiring by rotation and seeking re-election at the forthcoming Annual General Meeting in accordance with the Articles of Association will be J W M Barlow. As explained in last year's report, in accordance with the principles of the Combined Code, H V Reid has agreed to submit himself for annual re-election having served on the Board for over nine years. Mr A J Adcock was appointed a director on 1 April 2008 and in accordance with the Articles of Association will offer himself for election at the Annual General Meeting. The Board has considered and reviewed their appointment prior to submission for recommendation. The Board

believes that the performance of Mr Barlow, Mr Reid and Mr Adcock 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. Notwithstanding that Hubert Reid will have served on the Board for over nine years, his fellow directors consider that he continues to make a valuable contribution and to exercise his judgement and express his opinions in an independent manner.

The continuing directors recommend that shareholders vote in favour of the re-election of each director retiring and for the election of Mr Adcock.

Directors' Interests

Beneficial interests in ordinary shares as at:

	30 September 2008	1 October 2007
H S Barlow	15,017,619	14,605,619
H V Reid	33,214	33,214
J W M Barlow	1,520,137	1,254,857

G P Aherne and A J Adcock have no beneficial interests in the shares of the Company.

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:

	30 September 2008	1 October 2007
H S Barlow	613,084	613,084
J W M Barlow	2,235,777	2,235,777

Some of the directors' holdings are duplicated, the total after elimination of duplicated holdings being 18,750,058 shares at 30 September 2008 (2007: 18,474,117).

There have been no changes to any of the above holdings between 30 September 2008 and the date of this report.

With the exception of employment arrangements in respect of the former executive directors, 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 the former executive directors' share options and restricted share awards are provided in the Report on Directors' Remuneration on pages 31 and 32.

Substantial Shareholdings

At the date of this report the Company has been notified of the following substantial holdings in shares carrying voting rights:

H S Barlow	15,017,619	28.59%
The AXA Group	7,084,940	13.49%
Sir J K Barlow – beneficial	2,499,642	4.76%
– non-beneficial	869,086	1.65%
M H D Barlow – beneficial	2,714,078	5.17%
– non-beneficial	1,378,750	2.62%
Miss A E Barlow	1,784,948	3.40%
G B Barlow	1,860,270	3.54%

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

Section 992 Companies Act 2006

The following information is disclosed in accordance with Section 992 of the Companies Act 2006.

- The Company's capital structure and voting rights are summarised on page 60.
- Details of the substantial shareholders in the Company are listed above.
- The rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and are discussed on page 25.
- Amendment of the Company's Articles of Association and the giving of powers to issue or buy back the Company's shares require a special resolution to be passed by shareholders. The Board's current powers to issue or buy back shares and proposals for their renewal are detailed on page 18.

- There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

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 2008 the Company had three days of suppliers' invoices outstanding in respect of trade creditors (2007: four 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 2006.

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 833 of the Companies Act 2006.

Annual General Meeting

At the Annual General Meeting of the Company held on 16 January 2008, 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 2008 the Company did not make any purchases of its own shares for cancellation (2007: 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.

New Articles of Association

Shareholders approval will also be sought at the Annual General Meeting to adopt new Articles of Association. Company law and best practice has undergone a number of changes since the current Articles of Association of the Company were adopted in 2000, particularly since January 2007 when the staged implementation of the Companies Act 2006 (the "2006 Act") commenced. The Board considers that it is prudent to replace the Company's existing Articles with new Articles which take account of those developments (the "New Articles").

A summary of the material changes brought about by the proposed adoption of the new Articles is set out in the Appendix on pages 77 to 79 of this document. Other changes which are of a minor, technical or clarifying nature have not been noted in the appendix.

Additionally, the limit on aggregate directors' fees has not been increased since January 1998 and requires revision in order to allow for the increase in non-executive directors following the restructuring and to allow for anticipated increases in fees over a number of years. Therefore the Company proposes to increase the limit to £250,000 per annum.

Further amendments to the New Articles may be required as a result of the 2006 Act not being fully in force until October 2009. The 2006 Act represents a major reform of the UK companies' legislation and is being brought into force in stages, with full implementation scheduled during October 2009. It is the Board's intention that any further amendments will be put to the shareholders at the 2010 AGM.

A copy of the proposed new Articles marked up to show the proposed amendments will be available for inspection from the date of this document until the conclusion of the AGM during normal business hours on any weekday at the registered office of the Company. The proposed new Articles will be available for inspection at any time until the conclusion of the AGM on the Company's website at www.majedie.co.uk and will be available at the venue of the AGM from 15 minutes prior to and until the conclusion of the meeting.

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 418 of the Companies Act 2006.

Auditors

Ernst & Young LLP were appointed by the directors as Auditors on 18 January 2008 to fill a casual vacancy following the resignation of Deloitte & Touche LLP as Auditors. Ernst & Young LLP have indicated their willingness to continue in office and a resolution will be proposed at the Annual General Meeting to appoint them as Auditors.

By Order of the Board
[Capita Sinclair Henderson Limited](#)
Company Secretary
26 November 2008

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, Prospectus and Disclosure 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 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 directors remain committed to seeking new business development opportunities which can contribute to the strategic objective of generating superior returns for shareholders.

Under the Companies Act 2006, Section 833, the Company is defined as an investment company. As such, it analyses its Income Statement between profits available for distribution by way of dividends, revenue profits and capital profits. The financial statements, starting on page 36, report on these profits, the changes in equity, 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 50. The Auditors' opinion on the Financial Statements, which is unqualified, appears on pages 34 and 35.

In addition to the annual and half-yearly results and Interim Management Statements, 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 20 January 2009 is set out on pages 73 to 76.

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 unless the holding was acquired previously and the value has risen to exceed the 15% limit without any action having been taken; 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 2006, since when the Company has continued 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 five non executive members of the Board as set out on page 15 of whom three are considered to be independent. This Board structure satisfies the Combined Code recommendations. Nonetheless the Board considers that all its directors exercise their judgement in an independent manner. Please refer to the Corporate Governance section on pages 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 2008 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: £15m 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 is responsible for setting the overall gearing range within which the Investment Director may operate.

Principal Risks

The principal risks and the Company's policies for managing these risks and the policy and practices with regard to financial instruments are summarised in note 25 to the accounts.

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.

The portfolio has various specific limits for individual stocks and market sectors which are employed to restrict risk levels. The level of portfolio risk is assessed in relation to the benchmark utilising various portfolio risk management tools. It should be noted that whilst we have a benchmark, the portfolio is constructed independently and can be significantly different. Therefore the portfolio can experience periods of volatility over the short term. Also 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. This 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 25 on pages 64 to 70.
- 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.

The directors meet with larger shareholders outside the Annual General Meeting as appropriate. Meetings are also held with investment trust analysts and stockbroking firms. 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.

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 Statement on pages 5 to 10. The following KPIs are commented on in this Business Review:

- investment portfolio return (total assets): see Investment Performance on page 22.
- share price discount: the level of the discount at the end of the financial year calculated with debt at par was 15.7% and was similar to that at the start of the year.
- total expense ratio: see Costs on pages 4 and 23.
- annual dividend growth: See Total Return Philosophy & Dividend Policy on page 23.

Investment Performance

The following table summarises the relative investment performance comparing the returns from total assets with those of the benchmark:

Period ended 30 September	Return from Total Assets	Return from Benchmark	Arithmetic Outperformance/ (Underperformance)
1 year	(31.10%)	(19.90%)	(11.20%)
3 years	0.33%	1.83%	(1.50%)
5 years	44.64%	43.76%	0.88%
10 years	53.34%	48.57%	4.77%

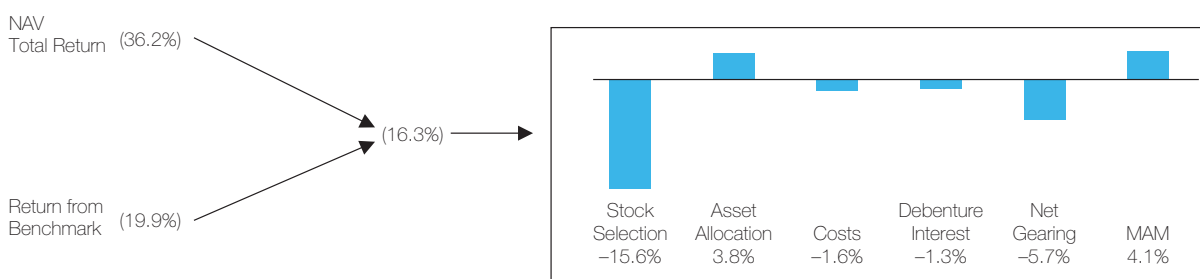
Following the review of the treatment of MAM, which resulted in its inclusion in the group NAV and accounts in line with the other unlisted investments, it is considered appropriate to include it within the investment performance record. Prior period returns have been restated to reflect the change. As at 30 September 2008 the Total Assets portfolio totalled £187.2m and included investments of £179.0m (inclusive of MAM at £22.5m) and cash balances of £8.1m.

At the Net Asset Value level, the Attribution Analysis table below shows the composition of difference between the NAV total return and the benchmark (on a total return basis) for the year ended 30 September 2008. The investment portfolio relative performance shown,

as calculated by the WM Company and excluding Majedie Asset Management (MAM), is split between asset allocation and stock selection and includes the impact of our change to an income inclusive NAV during the year.

The rest of the difference between the NAV total return for the year and the benchmark return arose from the net impact of the gearing effect of the debentures less debenture interest costs, and the total contribution from MAM (being the increase in the value of the investment in the year plus special dividend income received). Total shareholder return for the year was (36.9%). The level of net gearing during the year ranged between 10.7% and 16.7%.

ATTRIBUTION ANALYSIS



Source: The WM Company, Majedie

Costs

The Company's expense ratio over net assets is 1.6% which compares with the investment trust sector average of 1.6%. The Board pays close attention to cost control and the current situation is referred to further in the Chairman's Statement on page 5.

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 currently 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 eighteen years. However, as mentioned in the Chairman's Statement the Company's dividend policy is under review. At £28.8m, the revenue reserves represent more than five times the current annual core dividend distribution. Over the last ten years the average annual growth of the dividend has been 3.8%.

Majedie Asset Management Limited

In 2002 the Company established a new fund management subsidiary specialising in UK equities: Majedie Asset Management, which was launched in March 2003. 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 6 and further referred to in note 12 on pages 58 and 59.

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.

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 2008 except as set out below.

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.

The Company does not have an internal audit function as required under provision C.3.5. of the Combined Code.

Board and Directors

As announced on 31 March 2008 and following a comprehensive strategic review of the Company's structure and organisation it was decided that the Board should be comprised of wholly non-executive directors and that the role of Chief Executive should cease to exist.

Accordingly Mr Robert Clarke resigned from the Board and as Chief Executive by mutual consent with effect from 31 March and left Majedie's employment on 30 June 2008 having assisted with the transition process. Mrs Gill Leates, Investment Director, resigned as a director on 31 March 2008 and on 25 November 2008 resigned from the Company.

The resulting non-executive Board was strengthened by the appointment of Mr Andrew Adcock as a director from 1 April 2008. Mr Adcock has been Vice Chairman, Citigroup Corporate Banking since 2002.

Following these changes the Board now comprises:

H S Barlow	(Chairman)
H V Reid	(Deputy Chairman and Senior Independent Director)
A J Adcock	
G P Aherne	
J W M Barlow	

Messrs Adcock, Aherne and Reid are considered to be independent as defined by the Combined Code but the Board considers that all directors exercise their judgements in an independent manner.

Mr Hubert Reid is the Senior Independent Director and chairs the Nomination Committee. He is now a member of the Remuneration and Audit Committees having handed over the Chairmanship of these committees to Mr Gerry Aherne (Remuneration) and Mr Andrew Adcock (Audit) on 1 April and 1 October 2008 respectively.

The Board meets at least six times in each calendar year and 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 financial performance are reserved for the Board and set out in a formal statement.

During the year ended 30 September 2008 nine Board meetings were held and in addition there were two Audit Committee meetings, two Nomination Committee meetings and two Remuneration Committee meetings. Attendance at Board and Committee meetings was as follows:

Director	Board	Audit	Nomination	Remuneration
H S Barlow	8	n/a	2	n/a
H V Reid	9	2	2	2
A J Adcock	2	n/a	n/a	n/a
G P Aherne	9	2	2	2
J W M Barlow	9	n/a	n/a	n/a

The Board has undertaken a formal and rigorous evaluation of its own performance through the circulation of a comprehensive questionnaire. Having discussed the results it concluded that the Board continues to function effectively and that the Chairman and Directors' other commitments are such that all Directors are capable of devoting sufficient time to the Company.

The Nomination Committee comprises the entire Board. It considers appointments to the Board of directors in the context of the requirements of the business, its need to have a balanced and effective Board and succession planning. The Committee may use external search consultants to assist with recruitment to the Board and did so when Mr Adcock was appointed.

The Company's Articles of Association require a Director appointed during the year to retire and seek re-election by shareholders at the next Annual General Meeting and all directors must seek re-election at least every three years. All directors are appointed for a fixed term of three years after 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.

Mr H V Reid has served on the Board since January 1999 and submits himself for annual re-election as a director in accordance with the principles of the Combined Code. The Board believes that independence is not compromised by length of service and that experience and continuity can add to the strength of the Board.

The Nomination Committee met twice during the year to consider the appointment of Mr Adcock and subsequently, in Mr Reid's absence, to consider his re-appointment for a further year. It decided to recommend his re-appointment on the basis that he continues to make a valuable contribution and to exercise his judgement and express his opinions in an independent manner.

The terms of reference of the Nomination Committee are available on request or from the Company's website.

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: Gerry Aherne (Chairman), Hubert Reid and Andrew Adcock. Henry Barlow and William Barlow are invited to attend and participate in the relevant meetings.

Relations with Shareholders

Members of the Board and the Investment Director hold meetings with the Company's principal shareholders and prospective investors to discuss the Company's strategy, financial and investment performance. The issues discussed with shareholders are reported in detail to the full 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 instructions 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. The Business Review on pages 19 to 23 provides additional further information.

The Audit Committee comprises: Andrew Adcock (Chairman), Hubert Reid, and Gerry Aherne. Henry Barlow and William Barlow and representatives of the auditors are 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. 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. The Audit Committee met twice during the year and Hubert Reid and Gerry Aherne were present at both meetings.

The terms of reference of the Audit Committee are available on request or from the Company's website.

The Audit Committee has considered the independence and objectivity of the Auditor. It has satisfied the Board that it is satisfied in these respects and considers that Ernst & Young LLP has fulfilled its obligations to the Company and its Shareholders.

The Audit Committee has reviewed the “whistleblowing” procedures of the Company to ensure that concerns of staff may be raised in a confidential manner.

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.

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 Trust.

In accordance with guidance issued to listed companies, (the Turnbull Guidance) the directors have carried out a review of the effectiveness of the system of internal control as it has operated over the year and up to the date of approval of the report and accounts.

Ernst & Young LLP are the Auditors of the Company, the Group and subsidiary companies. The Board believes that auditor objectivity is safeguarded, for two main reasons. First the extent of non-audit work carried out by Ernst & Young 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 & Customs. Ernst & Young LLP may provide 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.

Secondly, Ernst & Young 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

The Remuneration Committee is chaired by Gerry Aherne. During the year to 30 September 2008, the Committee comprised solely independent directors – being Hubert Reid, Gerry Aherne and Andrew Adcock. Gerry Aherne was appointed Chairman and Andrew Adcock joined the Committee on his appointment to the Board, both respectively on 1 April 2008.

Henry Barlow (Chairman of the Board), and Robert Clarke, (former Chief Executive who left the Company on 30 June 2008) 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 from the Company's website.

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 non-executive directors 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 directors and senior executives of the right calibre. In setting both the policy related to, and levels of, remuneration and benefits for non-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.

Remuneration Policy

The Board's policy is that the remuneration of non-executive directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. It is intended that this policy will continue for the year ending 30 September 2009 and subsequent years.

Following a restructuring of the Board during the year the Committee and the Board also reviewed the level of non-executive directors' fees having regard to the increased workload and responsibilities that arose. This resulted in the decision to increase fees paid to the Chairman and basic non-executive directors' fees to £48,000 and £27,000 per annum respectively. It was also decided to provide an additional fee of £3,000 per annum to the Chairman of the Audit and Remuneration Committees and for the Senior Independent Director. These changes which took effect from 1 April 2008 along with the appointment of an additional non-executive director will require that the current aggregate limit on directors' fees of £150,000 per annum to be raised and a resolution increasing this to £250,000 per annum is included as part of the adoption of new Articles on page 78. The directors' fees aggregate limit was last increased in January 1998 and directors' fees themselves in June 2005. Non-executive directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.

The Company intends that its remuneration arrangements for senior executives should reward the creation of added value over the long term and specifically incentivise senior executives to achieve a degree of investment outperformance in keeping with a moderate level of risk. 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.

Report on Directors' Remuneration

A significant proportion of the former executive directors' remuneration was performance-related. The proportion of pay at risk for 2007/08 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 of each former executive director was 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 comprised two elements relating to investment performance and business development. Investment performance was assessed over both one year and three year periods. The normal maximum bonus for the Chief Executive was 100% of salary and for the Investment Director was 120% of salary. The normal 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') was made under the LTIP. The Matching Award only vests once the executive has completed three years' further service and therefore has an important retention effect. Payments under the bonus scheme are not pensionable.

In January 2007 shareholders approved the award of special additional bonuses to the then two executive directors in relation to the successful receipt of special cash dividends from Majedie Asset Management Limited in 2006/07 and 2007/08 only. The details are set out on pages 30 and 31 of the 2006 annual report. These exceptional bonuses were earned at the rate of 5% of special dividend cash receipts for each director and the cash element (being 50% of the total) was subject to annual maxima in each of the two years of 50% of salary for R E Clarke and 70% of salary for G M Leates.

Long Term Total Shareholder Return (TSR) – based Awards

As well as the deferred share 'Matching Awards' referred to above, the LTIP provides for the award of longer term TSR-based awards with two demanding performance conditions calculated over discrete five year periods. Annual award levels will normally be for shares with a maximum value of 100% of one year's salary.

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.

The two demanding performance conditions relate to:

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

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

	Threshold		Maximum	
	Minimum required performance for threshold and vesting	Extent of vesting of award at minimum level (% of salary)	Performance level at which maximum vesting is achieved	Extent of vesting of award at minimum level (% of salary)
TSR v benchmark	Benchmark return	12.5%	Benchmark return + 15%	50%
TSR v absolute return	7.5% p.a. compound (+44%)	12.5%	10% p.a. compound (+61%)	50%
Extent of vesting of total award		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.

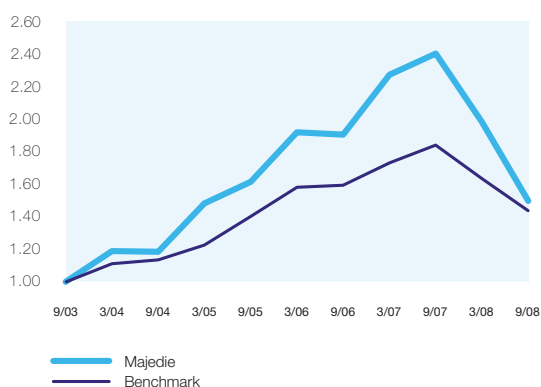
Pension Contributions

The executive directors were eligible for membership of the new Barlow Service Company Limited Group Personal Pension Plan which is a non-contributory money purchase plan administered by Legal and General Assurance Society Limited. They were also members of and contributed to the previous non-contributory scheme in order to maintain certain existing rights within that scheme. The Company made total contributions on behalf of executive directors of 14–16% of salary and matched 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 were 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.

SHARE PRICE TOTAL RETURN V BENCHMARK
FOR THE PERIOD 1 OCTOBER 2003 TO 30 SEPTEMBER 2008



Report on Directors' Remuneration

Performance

The graph on page 29 compares the total shareholder 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.

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 was applied to the payment of compensation in the context of advice received. Robert Clarke had a service contract dated 9 November 1998 requiring twelve months' notice of termination from either the Company or the individual. Gill Leates had a service contract dated 8 June 2007 requiring six months' notice of termination from either the Company or the individual. Non-executive directors have memoranda of terms.

AUDITED SECTION

Directors' Remuneration

The remuneration of the directors for the year ended 30 September 2008 was as follows:

	Note	Salary & Fees £000	Annual Bonus £000	Special Bonus £'000	Pension Contributions £000	Other Benefits £000	Total 2008 £000	Total 2007 £000
Non-executive directors								
H S Barlow		44	–	–	–	–	44	40
H V Reid		32	–	–	–	–	32	30
J W M Barlow		25	–	–	–	–	25	23
G P Aherne	4	26	–	–	–	–	26	23
A J Adcock	5	13	–	–	–	–	13	–
Executive directors								
R E Clarke	2	315	–	99	55	45	514	385
G M Leates	3	152	–	101	27	15	295	343
		607	–	200	82	60	949	844

Notes

- The above bonus amounts are in respect of the cash element of the total bonus awards for the year. The remaining element has been satisfied via matching awards of deferred shares which will normally vest after three years' further service – see table on page 32 (and notes on page 28). 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 – see table on page 32.
- Left the Company on 30 June 2008. Compensation for leaving office under the terms of his leaving agreement, and included in the table above was that he received 9 months salary of £157,500, a payment of £30,000 and a pension contribution of £15,385. He also received the final special bonus of £46,483 in cash and £77,697 in a matching award of shares.
- Left the Board on 31 March 2008 but for completeness the remuneration figures are for the year to 30 September 2008. There was no compensation for loss of office as a director.
- Appointed Chairman of the Remuneration Committee on 1 April 2008.
- Appointed to the Board on 1 April 2008.

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 HM Revenue & Customs approved options were held by directors during the year to 30 September 2008:

	Date of Grant	Exercise Price Pence	Hurdle Rate (p.a.)	Earliest Date of Exercise	Latest Date of Exercise	At 1 Oct 2007	Exercised During the Year	Transfer out due to cessation of appointment as a director	At 30 Sept 2008
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 Matching Awards were held by or awarded to directors during the year to 30 September 2008:

	Date of Grant	Exercise Price Pence	Hurdle Rate (p.a.)	Earliest Date of Exercise	Latest Date of Exercise	At 1 Oct 2007	Exercised During the Year	Transfer out due to cessation of appointment as a director	At 30 Sept 2008
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	76,930	76,930	–	–
G M Leates	22/11/02	196.5	7.5%	22/11/05	21/11/12	58,265	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.

Under the terms of his leaving agreement R E Clarke's options will lapse on 30 June 2009 if not exercised by that date.

On 11 July 2008 R E Clarke exercised his remaining options that were granted on 22 November 2002, 18 March 2004 and 21 December 2004. The share price on this date was 304p resulting in a gain of £201,919.

Additionally on 22 August 2008 G M Leates exercised her remaining options that were granted on 22 November 2002, 18 March 2004 and 21 December 2004. The share price on this date was 296.5p resulting in a gain of £135,541.

Report on Directors' Remuneration

Long Term Incentive Plan: TSR-based Awards

The following TSR-based awards were held by directors during the year to 30 September 2008:

	Date of Grant	At 1 Oct 2007	Number of Shares Awarded	Increase in Awards Due to Dividends Paid During Year	Transfer out due to cessation of appointment as a director	At 30 Sept 2008	Vesting Date	Lapse Date
R E Clarke	27/01/06	59,438	–	2,511	61,949	–	27/01/11	27/01/16
G M Leates	27/01/06	42,681	–	1,804	44,485	–	27/01/11	27/01/16
R E Clarke	27/11/06	61,000	–	2,578	63,578	–	27/11/11	27/11/16
G M Leates	27/11/06	44,225	–	1,869	46,094	–	27/11/11	27/11/16
R E Clarke	03/12/07	–	58,577	2,476	61,053	–	03/12/12	03/12/17
G M Leates	03/12/07	–	42,469	1,795	44,264	–	03/12/12	03/12/17

Under the terms of his leaving agreement R E Clarke's TSR-based awards are eligible for early exercise with the extent of vesting dependant on the relevant performance conditions at exercise date, but will lapse on 31 December 2008 if not exercised by that date.

Long Term Incentive Plan: Matching Awards

The following Matching Awards were held by or awarded to directors during the year to 30 September 2008:

	Date of Grant	At 1 Oct 2007	Number of Shares Awarded	Increase in Awards Due to Dividends Paid During Year	Transfer out due to cessation of appointment as a director	At 30 Sept 2008	Vesting Date	Lapse Date
R E Clarke	27/11/06	24,994	–	1,057	26,051	–	27/11/09	27/11/16
G M Leates	27/11/06	13,331	–	564	13,895	–	27/11/09	27/11/16
R E Clarke	24/01/07	10,891	–	460	11,351	–	24/01/10	24/01/17
G M Leates	24/01/07	10,891	–	460	11,351	–	24/01/10	24/01/17
R E Clarke	21/05/07	10,314	–	436	10,750	–	21/05/10	21/05/17
G M Leates	21/05/07	10,314	–	436	10,750	–	21/05/10	21/05/17
R E Clarke	14/11/07	13,673	–	578	14,251	–	14/11/10	14/11/17
G M Leates	14/11/07	21,047	–	890	21,937	–	14/11/10	14/11/17
R E Clarke	03/12/07	–	14,709	621	15,330	–	03/12/10	03/12/17
G M Leates	03/12/07	–	14,709	621	15,330	–	03/12/10	03/12/17
R E Clarke	10/06/08	–	23,375	–	23,375	–	10/06/11	10/06/18
G M Leates	10/06/08	–	22,901	–	22,901	–	10/06/11	10/06/18

Under the terms of his leaving agreement R E Clarke's matching awards are eligible for early exercise and will vest in full but will lapse on 31 December 2008 if not exercised by that date.

During the year ended 30 September 2008 the share price traded within a range of 425.0p to 247.0p. The share price on 30 September 2008 was 250.0p.

Approval

The Report on Directors' Remuneration on pages 27 to 32 was approved by the Board on 26 November 2008.

On behalf of the Board

G P Aherne Chairman of the Remuneration Committee

26 November 2008

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards adopted by the European Union.

Company law requires the Directors to prepare financial statements for each financial year which present fairly the financial position of the Company and of the Group and the financial performance and cash flows of the Company and of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, to the best of their knowledge, state that:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group; and
- the Chairman's Statement and Directors' Report include a fair review of the development and performance of the business and the position of the Company and the Group together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board of Directors
Henry S Barlow Chairman
26 November 2008

Report of the Independent Auditors

Independent Auditors' Report to the Members of Majedie Investments PLC

We have audited the group and parent company financial statements (the "financial statements") of Majedie Investments PLC for the year ended 30 September 2008 which comprise the Consolidated and Company Income Statements, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity, General Information and the related notes 1 to 27. 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 United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by 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 to be audited in accordance with relevant 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 and whether the financial statements and the part of the Report on Directors' Remuneration to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also 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 in the Directors' Report.

In addition we report to you if, in our opinion, 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 review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Investment Objective and Policy Statement, Highlights for 2008, Group Summary, Recent Trends, Year's Summary, Chairman's Statement, Asset Distribution, Twenty Largest UK Investments, Ten Largest Overseas Investments, Valuation of Investments, Board of Directors, Directors' Report, Business Review, Corporate Governance, the unaudited part of the Report on Directors' Remuneration, Ten Year Record, Notice of Meeting and Shareholder Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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 to be 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 to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's and the parent company's affairs as at 30 September 2008 and of the Group's and the parent company's return for the year then ended;
- the financial statements and the part of the Report on Directors' Remuneration to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP
Registered Auditor
London
26 November 2008

Consolidated Income Statement

for the year ended 30 September 2008

	Notes	Revenue return £000	2008 Capital return £000	Total £000	Revenue return £000	2007 as restated* Capital return £000	Total £000
Investments							
(Losses)/gains on investments at fair value through profit or loss	12		(95,341)	(95,341)		46,748	46,748
Net investment result			(95,341)	(95,341)		46,748	46,748
Income							
Dividends and interest	2	8,790		8,790	8,963		8,963
Other income		75		75	120		120
Total operating income		8,865		8,865	9,083		9,083
Expenses							
Administration expenses	3	(1,702)	(1,571)	(3,273)	(1,288)	(1,568)	(2,856)
Return before finance costs and taxation		7,163	(96,912)	(89,749)	7,795	45,180	52,975
Finance costs	6	(701)	(2,099)	(2,800)	(700)	(2,098)	(2,798)
Net return before taxation		6,462	(99,011)	(92,549)	7,095	43,082	50,177
Taxation	7	(51)		(51)	(51)		(51)
Net return after taxation for the year		6,411	(99,011)	(92,600)	7,044	43,082	50,126
Return per ordinary share:							
Basic and diluted	10	pence 12.5	pence (192.3)	pence (179.8)	pence 13.6	pence 83.2	pence 96.8

The total column of this statement is the Consolidated Profit and Loss Account of the Group prepared under International Financial Reporting Standards (IFRS). The supplementary revenue return and capital return 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 71 form part of these accounts.

These accounts have been prepared in compliance with the recognition and measurement criteria of IFRS.

* Comparative figures have been restated for the review of the treatment of the investment in Majedie Asset Management Limited (MAM) as disclosed in note 12 on pages 58 and 59.

Company Income Statement

for the year ended 30 September 2008

	Notes	Revenue return £000	2008 Capital return £000	Total £000	Revenue return £000	2007 Capital return £000	Total £000
Investments							
(Losses)/gains on investments at fair value through profit or loss	12		(95,341)	(95,341)		46,748	46,748
Net investment result			(95,341)	(95,341)		46,748	46,748
Income							
Dividends and interest	2	8,790		8,790	8,963		8,963
Other income		75		75	120		120
Total operating income		8,865		8,865	9,083		9,083
Expenses							
Administration expenses	3	(1,702)	(1,571)	(3,273)	(1,288)	(1,568)	(2,856)
Return before finance costs and taxation		7,163	(96,912)	(89,749)	7,795	45,180	52,975
Finance costs	6	(701)	(2,099)	(2,800)	(700)	(2,098)	(2,798)
Net return before taxation		6,462	(99,011)	(92,549)	7,095	43,082	50,177
Taxation	7	(51)		(51)	(51)		(51)
Net return after taxation for the year		6,411	(99,011)	(92,600)	7,044	43,082	50,126
Return per ordinary share:							
Basic and diluted	10	pence 12.5	pence (192.3)	pence (179.8)	pence 13.6	pence 83.2	pence 96.8

The total column of this statement is the Profit and Loss Account of the Company prepared under International Financial Reporting Standards (IFRS). The supplementary revenue return and capital return 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 71 form part of these accounts.

These accounts have been prepared in compliance with the recognition and measurement criteria of IFRS.

Consolidated Statement of Changes in Equity

for the year ended 30 September 2008

	Notes	Share capital £000	Share premium £000	Capital redemption reserve £000	Share options reserve £000
Year ended 30 September 2008					
As at 30 September 2007 as restated		5,253	785	56	262
Net return after tax for the year					
Investments at fair value through profit or loss					
• Decrease in unrealised appreciation					
• Net loss on realisation of investments					
Costs charged to capital					
Total recognised income and expenditure					
Share options expense	24				516
Dividends declared and paid in year	9				
Own shares (sold)/purchased by Employee Incentive Trust (EIT)	18				(487)
As at 30 September 2008		5,253	785	56	291
Year ended 30 September 2007					
As at 30 September 2006 as previously stated		5,253	785	56	85
Prior year adjustment					
As at 30 September 2006 as restated*		5,253	785	56	85
Net return after tax for the year					
Investments at fair value through profit or loss					
• Increase in unrealised appreciation					
• Net gain on realisation of investments					
Costs charged to capital					
Total recognised income and expenditure					
Share options expense	24				177
Dividends declared and paid in year	9				
Own shares purchased by Employee Incentive Trust (EIT)					
As at 30 September 2007		5,253	785	56	262

The notes on pages 46 to 71 form part of these accounts.

These accounts have been prepared in compliance with the recognition and measurement criteria of IFRS.

* Comparative figures have been restated for the review of the treatment of the investment in Majedie Asset Management Limited (MAM) as disclosed in note 12 on pages 58 and 59.

Capital reserve – realised £000	Capital reserve – investment holding gains £000	Revenue reserve £000	Own shares reserve £000	Total £000
133,083	86,534	30,296	(3,053)	253,216
		6,411		6,411
	(87,499)			(87,499)
(7,842)				(7,842)
(3,670)				(3,670)
(11,512)	(87,499)	6,411		(92,600)
				516
		(7,660)		(7,660)
			480	(7)
<u>121,571</u>	<u>(965)</u>	<u>29,047</u>	<u>(2,573)</u>	<u>153,465</u>
118,723	47,502	28,723	(1,908)	199,219
	10,310	(340)		9,970
118,723	57,812	28,383	(1,908)	209,189
		7,044		7,044
	28,722			28,722
18,026				18,026
(3,666)				(3,666)
14,360	28,722	7,044		50,126
				177
		(5,131)		(5,131)
			(1,145)	(1,145)
<u>133,083</u>	<u>86,534</u>	<u>30,296</u>	<u>(3,053)</u>	<u>253,216</u>

Company Statement of Changes in Equity

for the year ended 30 September 2008

	Notes	Share capital £000	Share premium £000	Capital redemption reserve £000
Year ended 30 September 2008				
As at 30 September 2007		5,253	785	56
Net return after tax for the year				
Investments at fair value through profit or loss				
• Decrease in unrealised appreciation				
• Net loss on realisation of investments				
Revaluation of investment in Majedie Asset Management				
Costs charged to capital				
Total recognised income and expenditure				
Share options expense	24			
Dividends declared and paid in year	9			
Own shares (sold)/purchased by Employee Incentive Trust (EIT)	18			
As at 30 September 2008		5,253	785	56
Year ended 30 September 2007				
As at 30 September 2006		5,253	785	56
Net return after tax for the year				
Investments at fair value through profit or loss				
• Increase in unrealised appreciation				
• Movement between reserves				
• Net gain on realisation of investments				
Revaluation of investment in Majedie Asset Management				
Costs charged to capital				
Total recognised income and expenditure				
Share options expense	24			
Dividends declared and paid in year	9			
Own shares purchased by Employee Incentive Trust (EIT)				
As at 30 September 2007		5,253	785	56

The notes on pages 46 to 71 form part of these accounts.

These accounts have been prepared in compliance with the recognition and measurement criteria of IFRS.

Share options reserve £000	Capital reserve – realised £000	Capital reserve – investment holding gains £000	Revenue reserve £000	Own Shares reserve £000	Total £000
262	134,121	85,774	30,016	(3,053)	253,214
			6,411		6,411
		(93,814)			(93,814)
	(7,842)				(7,842)
		6,315			6,315
	(3,670)				(3,670)
	(11,512)	(87,499)	6,411		(92,600)
516					516
			(7,660)		(7,660)
(487)				480	(7)
<u>291</u>	<u>122,609</u>	<u>(1,725)</u>	<u>28,767</u>	<u>(2,573)</u>	<u>153,463</u>
85	119,758	57,055	28,103	(1,908)	209,187
			7,044		7,044
		24,054			24,054
	3	(3)			
	18,026				18,026
		4,668			4,668
	(3,666)				(3,666)
	14,363	28,719	7,044		50,126
177					177
			(5,131)		(5,131)
				(1,145)	(1,145)
<u>262</u>	<u>134,121</u>	<u>85,774</u>	<u>30,016</u>	<u>(3,053)</u>	<u>253,214</u>

Consolidated Balance Sheet

as at 30 September 2008

	Notes	2008 £000	2007 as restated* £000
Non-current assets			
Property and equipment	11	48	69
Investments at fair value through profit or loss	12	178,981	278,338
		179,029	278,407
Current assets			
Trade and other receivables	14	2,340	3,221
Cash and cash equivalents	15	8,135	6,764
		10,475	9,985
Total assets		189,504	288,392
Current liabilities			
Trade and other payables	16	(2,295)	(1,448)
Total assets less current liabilities		187,209	286,944
Non-current liabilities			
Debentures	16	(33,744)	(33,728)
Total liabilities		(36,039)	(35,176)
Net assets		153,465	253,216
Represented by:			
Ordinary share capital	17	5,253	5,253
Share premium		785	785
Capital redemption reserve		56	56
Share options reserve		291	262
Capital reserve		120,606	219,617
Revenue reserve		29,047	30,296
Own shares reserve	18	(2,573)	(3,053)
Equity Shareholders' Funds		153,465	253,216
Net asset value per share			
Basic and fully diluted	19	pence 296.5	pence 490.7

Approved by the Board and authorised for issue on 26 November 2008.

Henry S Barlow
Andrew J Adcock
Directors

The notes on pages 46 to 71 form part of these accounts.

These accounts have been prepared in compliance with the recognition and measurement criteria of IFRS.

* Comparative figures have been restated for the review of the treatment of the investment in Majedie Asset Management Limited (MAM) as disclosed in note 12 on pages 58 and 59.

Company Balance Sheet

as at 30 September 2008

	Notes	2008 £000	2007 £000
Non-current assets			
Investments at fair value through profit or loss	12	178,981	278,338
Investment in subsidiaries	13	194	194
		179,175	278,532
Current assets			
Trade and other receivables	14	2,413	3,092
Cash and cash equivalents	15	7,718	6,434
		10,131	9,526
Total assets		189,306	288,058
Current liabilities			
Trade and other payables	16	(2,099)	(1,116)
Total assets less current liabilities		187,207	286,942
Non-current liabilities			
Debentures	16	(33,744)	(33,728)
Total liabilities		(35,843)	(34,844)
Net assets		153,463	253,214
Represented by:			
Ordinary share capital	17	5,253	5,253
Share premium		785	785
Capital redemption reserve		56	56
Share options reserve		291	262
Capital reserve		120,884	219,895
Revenue reserve		28,767	30,016
Own shares reserve	18	(2,573)	(3,053)
Equity Shareholders' Funds		153,463	253,214

Approved by the Board and authorised for issue on 26 November 2008.

Henry S Barlow
Andrew J Adcock
Directors

The notes on pages 46 to 71 form part of these accounts.

These accounts have been prepared in compliance with the recognition and measurement criteria of IFRS.

Consolidated Cash Flow Statement

for the year ended 30 September 2008

	Notes	2008 £000	2007 as restated* £000
Net cash flow from operating activities			
Consolidated net return before taxation		(92,549)	50,177
Adjustments for:			
Losses/(gains) on investments	12	95,341	(46,748)
Dividends reinvested		(171)	(24)
Depreciation		25	27
Share based remuneration		516	177
Purchases of investments		(51,830)	(108,693)
Sales of investments		56,133	113,749
		7,465	8,665
Finance costs		2,800	2,798
Operating cashflows before movements in working capital		10,265	11,463
Increase in trade and other payables		(454)	443
Increase in trade and other receivables		2,071	(589)
Net cash inflow from operating activities before tax		11,882	11,317
Tax recovered			20
Tax on unfranked income		(56)	(52)
Net cash inflow from operating activities		11,826	11,285
Investing activities			
Purchases of tangible assets		(4)	(7)
Net cash outflow from investing activities		(4)	(7)
Financing activities			
Interest paid		(2,784)	(2,784)
Dividends paid		(7,660)	(5,131)
Purchases of own shares into Employee Incentive Trust		(914)	(1,145)
Exercise of options on own shares		907	
Net cash outflow from financing activities		(10,451)	(9,060)
Increase in cash and cash equivalents for year	20, 21	1,371	2,218
Cash and cash equivalents at start of year		6,764	4,546
Cash and cash equivalents at end of year		8,135	6,764

The notes on pages 46 to 71 form part of these accounts.

These accounts have been prepared in compliance with the recognition and measurement criteria of IFRS.

* Comparatives figures have been restated for the review of the treatment of the investment in Majedie Asset Management Limited (MAM) as disclosed in note 12 on pages 58 and 59.

Company Cash Flow Statement

for the year ended 30 September 2008

	Notes	2008 £000	2007 £000
Net cash flow from operating activities			
Company net return before taxation		(92,549)	50,177
Adjustments for:			
Losses/(gains) on investments	12	95,341	(46,748)
Dividends reinvested		(171)	(24)
Share based remuneration		516	177
Purchases of investments		(51,830)	(108,693)
Sales of investments		56,133	113,749
		7,440	8,638
Finance costs		2,800	2,798
Operating cashflows before movements in working capital		10,240	11,436
Increase in trade and other payables		1,869	422
Increase in trade and other receivables		(318)	(629)
Net cash inflow from operating activities before tax		11,791	11,229
Tax recovered			20
Tax on unfranked income		(56)	(52)
Net cash inflow from operating activities		11,735	11,197
Financing activities			
Interest paid		(2,784)	(2,784)
Dividends paid		(7,660)	(5,131)
Purchases of own shares into Employee Incentive Trust		(914)	(1,145)
Exercise of options on own shares		907	
Net cash outflow from financing activities		(10,451)	(9,060)
Increase in cash and cash equivalents for year	20, 21	1,284	2,137
Cash and cash equivalents at start of year		6,434	4,297
Cash and cash equivalents at end of year		7,718	6,434

The notes on pages 46 to 71 form part of these accounts.

These accounts have been prepared in compliance with the recognition and measurement criteria of IFRS.

Notes to the Accounts

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 81. 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 54.

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

International Accounting Standards (IAS/IFRSs)		Effective date
IFRS 2	Amendment to IFRS 2 – Vesting Conditions and Cancellations	1 January 2009
IFRS 3	Business Combinations (revised January 2008)	1 July 2009
IFRS 8	Operating Segments	1 January 2009
IAS 1	Presentation of Financial Statements (revised September 2007)	1 January 2009
IAS 23	Borrowing Costs (revised March 2007)	1 January 2009
IAS 27	Consolidated and Separate Financial Statements (revised January 2008)	1 July 2009

International Financial Reporting Interpretations Committee (IFRIC)		Effective date
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction	1 January 2008
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008

The directors anticipate that the adoption of the above Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

1 Accounting Policies

The accounts on pages 36 to 71 comprise the audited results of the Company and its subsidiaries for the year ended 30 September 2008, and are presented in pounds sterling rounded to the nearest thousand, 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). 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 IFRSs, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The principal accounting policies adopted are set out as follows:

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.

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.

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 statements 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.

Notes to the Accounts

1 Accounting Policies continued

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 or disposal of an investment are treated as capital costs and separately identified and disclosed (see note 12).
- 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 group personal pension plan and retirement benefit scheme are charged as an expense as they fall due.

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 early 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.

1 Accounting Policies continued

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 finance 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.

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 International Private Equity and 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.

Notes to the Accounts

1 Accounting Policies continued

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 capital reserve. Increases and decreases in the valuation of investments and currency held at the year end are accounted for in the capital reserve.

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.

Critical Accounting Judgement

In the process of applying the Company's accounting policies described above, the directors have made critical accounting judgements regarding the fair value of the unlisted investments (including Majedie Asset Management Limited (MAM)) that have the most significant effect on the financial statements of the Company. Note 12 on pages 57 to 59 sets out the relevant details of the MAM valuation including the assumptions on which the valuation is based.

2 Dividends and Interest

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Listed investments				
– UK dividend income	5,438	4,458	5,438	4,458
– unfranked	457	363	457	363
Unlisted investments				
– unfranked	98		98	
– Special dividend income	2,484	3,808	2,484	3,808
Interest on deposits	315	340	315	340
Exchange differences on income	(2)	(6)	(2)	(6)
	8,790	8,963	8,790	8,963

3 Administration Expenses

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Staff costs – note 5	1,923	1,474	1,923	1,474
Other staff costs and directors' fees	155	150	155	150
Advisers' costs	399	461	399	461
Information costs	127	134	127	134
Establishment costs	130	153	130	153
Operating lease rentals – premises	146	146	146	146
Depreciation on tangible assets	25	27		
Auditors' remuneration (also see below) for:				
– audit	62	64	54	56
– other services to the Group	1	10	1	6
Restructuring costs	121		121	
Other expenses	184	237	217	276
	3,273	2,856	3,273	2,856

A charge of £1,571,000 (2007: £1,568,000) 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 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Audit services				
– statutory audit	62	64	54	56
– audit-related regulatory reporting		4		
Tax services – advisory		6		6
Other non-audit services				
– relating to Employee Share Option Scheme	1		1	
	63	74	55	62

Notes to the Accounts

4 Directors' Emoluments – Company

	2008 £000	2007 £000
Salaries and fees	607	461
Bonuses	200	292
Pension contributions	82	65
Other benefits	60	26
	949	844

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

	2008 £000	2007 £000
Salaries and other payments	1,100	1,079
Social security costs	180	134
Pension contributions	127	84
Share based remuneration – note 24	516	177
	1,923	1,474
	2008 Number	2007 Number
Average number of employees: Management and office staff	7	9

6 Finance Costs – Group and Company

	2008			2007		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Interest on 9.5% debenture stock 2020	321	962	1,283	321	962	1,283
Interest on 7.25% debenture stock 2025	375	1,126	1,501	375	1,126	1,501
Amortisation of expenses associated with debenture issue	5	11	16	4	10	14
	701	2,099	2,800	700	2,098	2,798

Further details of the debenture stocks in issue are provided in note 16.

7 Taxation

Analysis of tax charge – Group and Company

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Foreign tax	51	51	51	51
UK corporation tax				
	51	51	51	51

Reconciliation of tax charge:

The current taxation for the year is higher than the standard rate of corporation tax in the UK (29%), (2007: 30%). The differences are explained below:

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Net return before taxation	(92,549)	50,177	(92,549)	50,177
Taxation at UK Corporation Tax rate of 29% (2007: 30%)	(26,839)	15,053	(26,839)	15,053
Effects of:				
– UK dividends which are not taxable	(2,297)	(2,480)	(2,297)	(2,480)
– other income which is not taxable	(4)	(10)	(4)	(10)
– (losses)/gains on investments which are not taxable	27,649	(14,024)	27,649	(14,024)
– expenses not deductible for tax purposes	52	5		
– excess expenses for current year	1,439	1,456	1,439	1,461
– group relief surrendered			52	
– overseas taxation which is not recoverable	51	51	51	51
Actual current tax charge	51	51	51	51

Notes to the Accounts

7 Taxation continued

Group

After claiming relief against accrued income taxable on receipt, the Group has unrelieved excess expenses of £43,400,000 (2007: £38,500,000). It is unlikely that the Group will generate sufficient taxable income in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

Company

After claiming relief against accrued income taxable on receipt, the Company has unrelieved excess expenses of £43,400,000 (2007: £38,500,000). 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

The Group comprises the Company and its wholly owned subsidiaries. The Group's activity as an investment trust represents the sole significant business segment.

The Company operates as an investment trust company and its portfolio contains investments in companies listed in a number of countries. Geographical information about the portfolio is provided on pages 11 to 14 and exposure to different currencies is disclosed in note 25 on pages 65 and 66.

9 Dividends – Group and Company

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

	2008 £000	2007 £000
2006 Final dividend of 6.10p paid on 24 January 2007		3,165
2007 Interim dividend of 3.80p paid on 29 June 2007		1,966
2007 Special dividend of 4.50p paid on 23 January 2008*	2,315	
2007 Final dividend of 6.20p paid on 23 January 2008*	3,189	
2008 Interim dividend of 4.20p paid on 30 June 2008	2,156	
	7,660	5,131

	2008 £000	2007 £000
Proposed final dividend for the year ended 30 September 2008 of 6.30p (2007: final dividend of 6.20p) per ordinary share	3,261	3,200
Proposed special dividend for the year ended 30 September 2008 of 2.25p (2007: 4.50p) per ordinary share	1,165	2,322
	4,426	5,522

Neither the proposed final dividend nor the proposed special dividend have been included as a liability in these accounts in accordance with IAS 10: Events after the Balance Sheet date.

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.

	2008 £000	2007 £000
Interim dividend for the year ended 30 September 2008 of 4.20p (2007: 3.80p) per ordinary share	2,156	1,966
Proposed final dividend for the year ended 30 September 2008 of 6.30p (2007: 6.20p) per ordinary share	3,261	3,200
Proposed special dividend for the year ended 30 September 2008 of 2.25p (2007: 4.50p) per ordinary share	1,165	2,322
	6,582	7,488

* The payment of the 2007 year end final and special dividend total is £18,000 lower than shown in the 2007 comparatives due to a timing difference on the transfer of shares to the Employee Incentive Trust referred to in note 18.

Notes to the Accounts

10 Return per Ordinary Share – Group and Company

Basic return per ordinary share is based on 51,478,751 (2007: 51,791,114) 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 18. 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 2008 and 2007 since the share options referred to in note 18 would, if exercised, be satisfied by the shares already held by the employee incentive trust.

	2008 £000	2007 £000
Basic and diluted revenue returns are based on net revenue after taxation of:	6,411	7,044
Basic and diluted capital returns are based on net capital return of:	(99,011)	43,082
Basic and diluted total returns are based on return of:	(92,600)	50,126

11 Property and Equipment – Group

	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost:			
At 1 October 2007	355	262	617
Additions		4	4
At 30 September 2008	355	266	621
Depreciation:			
At 1 October 2007	311	237	548
Charge for year	8	17	25
At 30 September 2008	319	254	573
Net book value:			
At 30 September 2008	36	12	48
At 30 September 2007	44	25	69

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

	2008			2007 as restated*		
	Listed £000	Unlisted £000	Total £000	Listed £000	Unlisted £000	Total £000
Opening cost at beginning of year	179,363	12,441	191,804	172,194	8,596	180,790
Gains at beginning of year	70,450	16,084	86,534	47,210	10,602	57,812
Opening fair value at beginning of year	249,813	28,525	278,338	219,404	19,198	238,602
Purchases at cost	51,910	1,394	53,304	71,941	33,681	105,622
Sales – proceeds	(52,734)	(4,584)	(57,318)	(112,634)		(112,634)
Sales – realised (losses)/gains on sales	(9,415)	1,571	(7,844)	18,046	(20)	18,026
(Decrease)/increase in unrealised appreciation	(92,088)	4,589	(87,499)	23,240	5,482	28,722
Adjustment for listing of prior year unlisted	851	(851)		29,816	(29,816)	
Closing fair value at end of year	148,337	30,644	178,981	249,813	28,525	278,338
Closing cost at end of year	169,975	9,971	179,946	179,363	12,441	191,804
(Losses)/gains at end of year	(21,638)	20,673	(965)	70,450	16,084	86,534
Closing fair value at end of year	148,337	30,644	178,981	249,813	28,525	278,338

* Comparative figures have been restated for the review of the treatment of the investment in Majedie Asset Management Limited (MAM) as disclosed in this note on pages 58 and 59.

Unlisted investments comprise an amount of £7,172,000 invested in placings for 14 separate companies which were expected to become listed securities after 30 September 2008 and £22,500,000 for our investment in MAM as detailed on page 58. The valuation of investments on pages 13 and 14 includes 16 unlisted investments of over £100,000 (including MAM). Investments include £972,000 (2007: £577,000) of loan or convertible notes that pay a fixed rate of interest.

During the year the Company incurred transaction costs amounting to £345,000 (2007: £611,000) of which £238,000 (2007: £352,000) related to the purchases of investments and £107,000 (2007: £259,000) related to the sales of investments. These amounts are included in (losses)/gains on investments at fair value through profit or loss, as disclosed in the Consolidated and Company Income Statement.

The composition of the investment return is analysed below:

	2008 £000	2007 £000
Net (loss)/gain on realisation of investments	(7,844)	18,026
Realised exchange gains on settlement	2	
(Decrease)/increase in unrealised appreciation on investments	(87,499)	28,722
	(95,341)	46,748

Notes to the Accounts

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

Substantial Share Interests

The Company has a number of investee company holdings where its investment is greater than 3% of any class of capital in those companies. Those that are considered material (excluding MAM which is disclosed separately below) in the context of these accounts are shown below:

	Value £000	% of Class Held
Phorm	3,507	3.875
Hydrodec	3,477	4.043

Majedie Asset Management

Majedie Investments PLC owns a 30% equity shareholding in MAM, which provides investment management and advisory services relating to UK equities.

The Board has reviewed how the investment in MAM is accounted for in the consolidated financial statements and as such MAM will be an investment to be valued at fair value with movements taken through profit or loss in accordance with the way in which the Company had designated and accounted for it in the parent company's accounts at the time it became an associate. Previously the Group had applied the equity accounting method which did not take account of such designation. As an investment company this change results in a more complete view of the Company's investment in MAM to the Group and aligns MAM with our other unlisted investments. It also brings conformity to the accounting treatment of the MAM investment between the Company and the Group. Special dividends continue to be recognised in income and there are no changes in respect of the Company financial statements. The weekly net asset value, released to The London Stock Exchange, includes MAM at fair value.

The carrying value of the Company's investment in MAM is now included in the consolidated balance sheet as part of investments at fair value through profit and loss:

	2008 £000	2007 £000
Deemed cost of investment	1,207	1,207
Unrealised gains	21,293	14,978
Fair value at 30 September	22,500	16,185

The carrying value of MAM in the 30 September 2008 Consolidated Financial Statements is its fair value as assessed at 30 September 2008. 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 2008 and the 2009 financial years, the inclusion of estimated performance fee income on a discounted basis, the application of a relevant market-based multiple to earnings and an overall illiquidity discount.

The results of MAM for the year ended 30 September 2008 show a net profit after taxation of £8,101,000 (2007: £3,842,000) and shareholders' funds of £16,180,000 (2007: £8,000,000). In accordance with the review of the treatment of the investment in MAM these results are not consolidated in the Group's results but are incorporated into the directors' valuation of the fair value of MAM as detailed above.

The effect of the change in accounting for MAM on the Consolidated Balance Sheet is calculated as follows:

	2008 £000	2007 £000	2006 £000
Group net assets under previous method	136,000	239,636	199,219
Decrease in investment in associate	(5,035)	(2,605)	(1,547)
Increase in investments at fair value	22,500	16,185	11,517
Group net assets as restated	153,465	253,216	209,189

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

The effect of the change in accounting for MAM on the Consolidated Income Statement is calculated as follows:

	2008 £000	2007 £000	2006 £000
Group net return under previous method	(96,485)	46,516	27,182
Decrease in revenue for share of net return on associate	(2,430)	(1,058)	(340)
Increase in capital return for investments at fair value	6,315	4,668	9,970
Group net return as restated	(92,600)	50,126	36,812

13 Investment in Subsidiaries – Company

The Company's subsidiaries at 30 September 2008 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.

* Subsequent to 30 September 2008 application has been made to the Registrar of Companies to strike off these subsidiaries.

Company	2008 £000	2007 £000
Cost:		
At beginning of year	1,002	1,002
At end of year	1,002	1,002
Unrealised depreciation:		
At beginning of year	(808)	(808)
At end of year	(808)	(808)
Valuation at end of year	194	194

14 Trade and Other Receivables

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Sales for future settlement	1,437	252	1,437	252
Payments in advance	225	186		
Dividends receivable	647	660	647	660
Special dividend due from MAM		2,110		2,110
Other amounts due from MAM	6	4	6	4
Accrued income	14	3	14	3
Taxation recoverable	11	6	11	6
Amounts due from subsidiary undertakings			298	57
	2,340	3,221	2,413	3,092

Notes to the Accounts

15 Cash and Cash Equivalents

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Deposits	7,484	5,836	7,484	5,836
Other balances	651	928	234	598
	8,135	6,764	7,718	6,434

16 Trade and Other Payables

Amounts falling due within one year:

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Purchases for future settlement	1,301		1,301	
Accrued expenses	377	488	4	
Other creditors	617	960	617	960
Amounts owed to subsidiary undertakings			177	156
	2,295	1,448	2,099	1,116

Amounts falling due after more than one year:

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
£13.5m (2007: £13.5m) 9.5% debenture stock 2020	13,369	13,363	13,369	13,363
£20.7m (2007: £20.7m) 7.25% debenture stock 2025	20,375	20,365	20,375	20,365
	33,744	33,728	33,744	33,728

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, the effect of which is immaterially different to applying the effective interest rate method, over the life of the debentures. Further details on interest and the amortisation of issue expenses are provided in note 6.

17 Called Up Share Capital

	2008 £000	2007 £000
Allotted and fully paid at 30 September:		
52,528,000 (2007: 52,528,000) ordinary shares of 10p each	5,253	5,253
Authorised at 30 September:		
70,000,000 (2007: 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.

There are 763,852 (2007: 927,833) ordinary shares of 10p each held by the Employee Incentive Trust. See note 18 on page 61.

Ordinary shares carry one vote each on a poll.

18 Own Shares – Group and Company

Following the grant of matching and TSR-based awards to directors and employees under the Long Term Incentive Plan (LTIP), 250,197 own shares costing £914,000 were purchased by the Majedie Investments PLC Employee Incentive Trust (EIT) during the year ended 30 September 2008. Additionally, following the exercise of share options during the year 414,178 shares were sold by the EIT at a value of £907,000 resulting in a loss of £487,000. The total number of options outstanding at the date of this report is 255,803 under the Discretionary Share Option Scheme 2000 and 582,479 under the LTIP and the total shareholding of the Trust is 763,852 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 and 29.

	Number of Shares	Own Shares Reserve £000
As at 30 September 2007	927,833	(3,053)
Net disposals	(163,981)	480
As at 30 September 2008	763,852	(2,573)

19 Net Asset Value

The consolidated net asset value per share has been calculated based on equity shareholders' funds of £153,465,000 (2007: £253,216,000) and on 51,764,148 (2007: 51,600,167) ordinary shares, being the shares in issue at the year end having deducted the number of shares held by the EIT.

20 Reconciliation of Net Cash Flow to Movement in Net Debt

Group	2008 £000	2007 £000
Increase in cash in the year	1,371	2,218
Non cash items	(16)	(14)
Change in net debt	1,355	2,204
Net debt beginning of year	(26,964)	(29,168)
Net debt at end of year	(25,609)	(26,964)

Company	2008 £000	2007 £000
Increase in cash in the year	1,284	2,137
Non cash items	(16)	(14)
Change in net debt	1,268	2,123
Net debt at beginning of year	(27,294)	(29,417)
Net debt at end of year	(26,026)	(27,294)

Notes to the Accounts

21 Analysis of Changes in Net Debt

Group	At 30 September 2007 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2008 £000
Cash at bank	6,764	1,371		8,135
Debt due after one year	(33,728)		(16)	(33,744)
	<u>(26,964)</u>	<u>1,371</u>	<u>(16)</u>	<u>(25,609)</u>

Company	At 30 September 2007 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2008 £000
Cash at bank	6,434	1,284		7,718
Debt due after one year	(33,728)		(16)	(33,744)
	<u>(27,294)</u>	<u>1,284</u>	<u>(16)</u>	<u>(26,026)</u>

22 Operating Lease Commitments

A subsidiary company, Barlow Service Company Limited, had an annual commitment at 30 September 2008 of £146,000 (2007: £146,000) under a non-cancellable operating lease in respect of premises. The Group has exercised its right under a break clause in the lease to leave the premises by 25 March 2009 and is currently ascertaining its future requirements in respect of premises. This operating lease commitment is disclosed in the table below:

Expiry Date	2008 £000	2007 £000
Within one year	70	146
Between one and two years		146
Between two and three years		146
Between three and four years		146
Five years and above		359
	<u>70</u>	<u>943</u>

23 Financial Commitments

With the exception of the financial commitment detailed in note 22, at 30 September 2008 the Group had no financial commitments which had not been accrued for (2007: none).

24 Share-based Payments

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

24 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 up to the exercise date 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. Please refer to the Report on Directors' Remuneration on pages 27 to 32 for further information.

Long Term Incentive Plan: Matching Awards

Executive directors and senior executives receive a certain percentage 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.

	2008					
	Discretionary Share Option Scheme 2000		TSR-based Awards		Matching Awards	
	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 1 October 2007	655,265	260.80	207,344	0.0	122,424	0.0
During the year:						
Awarded			147,072	0.0	84,245	0.0
Forfeited						
Exercised	(399,462)	216.35				
Increase in awards due to dividends paid			14,978		6,416	
Outstanding at 30 September 2008	255,803	330.09	369,394	0.0	213,085	0.0
Exercisable at 30 September 2008			28,270	0.0	101,108	0.0

	2007					
	Discretionary Share Option Scheme 2000		TSR-based Awards		Matching Awards	
	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 1 October 2006	655,265	260.8	99,648	0.0	37,397	0.0
During the year:						
Awarded			102,679	0.0	83,737	0.0
Forfeited						
Increase in awards due to dividends paid			5,017		1,290	
Outstanding at 30 September 2007	655,265	260.8	207,344	0.0	122,424	0.0
Exercisable at 30 September 2007	370,021	229.6				

Notes to the Accounts

24 Share-based Payments continued

The aggregate estimated fair value of the 147,072 TSR-based awards on 3 December 2007, being the date on which the awards were granted was £213,000 (2007: £141,000 relating to the aggregate estimated fair value of 102,679 options granted on 27 November 2006).

The 84,245 matching awards granted in 2008 were made on 3 December 2007, 10 June and 19 November 2008 and had an aggregate estimated fair value on those dates of £179,000. The 19 November awards are included here as they relate to an overall bonus award for the 2008 financial year (2007: £224,000 relating to 83,737 matching awards made in the year). The relevant proportion of their estimated fair value has been charged in the income statement.

On 11 July 2008, 230,784 share options were exercised at a share price of 304p and a resultant gain to the employee of £202,000. Similarly on 22 August 2008, 168,678 share options were exercised at a share price of 296.5p and resultant gain to the employee of £136,000.

The options and awards outstanding at 30 September 2008 had a weighted average remaining contractual life of 2.7 years, 3.3 years and 1.9 years in respect of the Discretionary Share Options Scheme 2000, TSR-based Awards and Matching Awards respectively (2007: 5.3 years, 3.8 years and 2.6 years respectively).

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

The following table lists the assumptions and weighted average inputs used in the Black Scholes model for share awards granted in the year:

	2008 TSR-based Awards	2008 Matching Awards	2007 TSR-based Awards	2007 Matching Awards
Weighted Average share price	350.0p	323.1p	337.6p	390.0p
Weighted Average exercise price	0.0p	0.0p	0.0p	0.0p
Expected Volatility	15.0%	19.3%	15.0%	15.0%
Expected Life	5 yrs	3 yrs	5 yrs	3 yrs
Risk Free rate	4.5%	4.8%	4.9%	5.3%
Expected dividends	2.8%	3.2%	2.8%	2.5%

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.

As a consequence of a director leaving the Company on 30 June 2008 future period share option charges have been required to be recognised on that date in accordance with the early vesting provisions of IFRS 2. This results in a one-off charge of £246,000 being included as part of the total expense of £516,000 (2007: £177,000) relating to share-based payment transactions in the year ended 30 September 2008.

25 Financial Instruments and Risk Profile

As an investment trust, the Company invests in securities for the long term in order to achieve its investment objective as stated on page 1. Accordingly it is the Board's policy that no trading in investments or other financial instruments be undertaken. The Company's financial instruments comprise its investment portfolio – see note 12, 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 is unlikely to use derivatives for hedging purposes and then only in exceptional circumstances with the specific prior approval of the Board.

25 Financial Instruments and Risk Profile *continued*

In pursuing its investment objective the Company is exposed to various risks which could cause short term variation in the Company's net assets and which could result in both or either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividend. The main risk exposures for the Company from its financial instruments are market risk (including currency risk, interest rate risk and other price risk) liquidity risk and credit risk.

The Board sets the overall investment strategy and has in place various controls and limits and receives various reports in order to monitor the Company's exposure to these risks. The risk management policies identified in this note have not changed materially from the previous accounting period.

Market Risk

The principal risk in the management of the portfolio is market risk i.e. the risk that values and future cashflows will fluctuate due to changes in market prices. This comprises:

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

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

Foreign Currency Risk

Exposure to foreign currency risk arises through investments in securities listed on overseas stock markets. 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 materially affected by currency movements. The Company's exposure to foreign currencies through its investments in overseas securities as at 30 September 2008 was £22,400,000 (2007: £38,169,000).

The Investment Director monitors the Company's exposure to foreign currencies and the Board receives reports on a regular basis. In making investment decisions the Investment Director is mindful of the Company's benchmark allocation to foreign currencies but takes independent positions based on a long term view on the relative strengths and weaknesses of currencies. Additionally the currency of investment is not the only relevant factor considered as many portfolio investment companies are global in scope and nature. The Company does not normally hedge against foreign currency movements.

Notes to the Accounts

25 Financial Instruments and Risk Profile continued

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

	2008 £000	2007 £000
Monetary exposures		
UK sterling	7,718	6,434
Non-monetary exposures		
US dollar	9,121	6,369
Euro	8,341	11,578
Hong Kong dollar	855	
Indonesian rupiah	113	
Swiss franc	207	269
Singapore dollar		189
Thai baht	476	1,603
Canadian dollar	670	5,457
Australian dollar	2,617	12,704
UK sterling	159,188	243,455
	181,588	281,624
Total assets	189,306	288,058
Liabilities		
Monetary exposures		
UK sterling	(33,744)	(33,728)
Non-monetary exposures		
UK sterling	(2,099)	(1,116)
	(35,843)	(34,844)
Total net assets	153,463	253,214

Sensitivity analysis

A 5 per cent increase in sterling at 30 September 2008 against the relevant foreign currencies, with all other variables held constant, would have had the effect of reducing the Company's net assets and total return by £1,067,000 (2007: £1,818,000). A 5 per cent decrease in sterling would have had the equal and opposite effect.

Interest Rate Risk

The Company's direct interest rate risk exposure affects the interest received on cash balances and the fair value of its fixed rate portfolio investments and debentures. Indirect exposure to interest rate risk arises through the effect of interest rate changes on the valuation of the investment portfolio. The vast majority of the financial assets held by the Company are equity shares, which pay dividends, not interest. The Company may however from time to time hold small investments which pay a fixed rate of interest.

The Board sets limits for cash balances and receives regular reports on the cash balances of the Company. The Company's fixed rate debentures introduce an element of gearing to the Company which is monitored within limits and reported to the Board. Cash balances are used to manage the level of gearing within a range set by the Board. The Board sets an overall investment strategy and also has various limits on the investment portfolio which aim to spread the portfolio investments to reduce the impact of interest rate risk on company valuations. Regular reports are received by the Board in respect of the Company's investment portfolio and the respective limits.

25 Financial Instruments and Risk Profile continued

The interest rate risk profile of the Company's financial assets and liabilities at the Balance Sheet date was:

	2008 £000	2007 £000
Floating rate financial assets		
UK sterling	7,718	6,434
Fixed rate financial assets		
As referred to in note 12	972	577
Financial assets not carrying interest	180,616	281,047
Total assets	189,306	288,058
Fixed rate financial liabilities		
UK sterling	(33,744)	(33,728)
Financial liabilities not carrying interest		
UK sterling	(2,099)	(1,116)
Total liabilities	(35,843)	(34,844)
Total net assets	153,463	253,214

Floating rate financial assets usually comprise cash on deposit which is repayable on demand and receive a rate of interest based on the base rates in force over the period. Fixed rate financial assets comprise convertible bonds or loan notes. The fixed rate financial liabilities comprise the Company's debentures totaling £34.2m nominal. They pay a weighted average rate of interest of 8.1% per annum and mature in 2020 (£13.5m) and 2025 (£20.7m).

Sensitivity analysis

Movements in interest rates would not have had a significant direct impact on net assets or total return but could indirectly, have a material, but unquantifiable impact on the investments held.

Other Price Risk

Exposure to market price risk is significant and comprises mainly movements in the market prices and hence value of the Company's listed equity investments which are disclosed in note 12 on page 57. The Company also has unlisted investments which are indirectly impacted by movements in listed equity prices and related variables. The Board sets an overall investment strategy to achieve a spread of investments across sectors and regions in order to reduce risk. Investments are considered independently of the Company's benchmark which may result in volatility in the short term. The Board receives reports on the investment portfolio, performance and volatility on a regular basis in order to ensure that the investment portfolio is in accordance with current strategy.

Sensitivity analysis

A 5% increase in listed equity valuations at 30 September 2008 would have increased total assets and total return by £7,417,000 (2007: £12,491,000). A 5% decrease in listed equity valuations would have had the equal but opposite effect.

Notes to the Accounts

25 Financial Instruments and Risk Profile continued

Credit Risk

Credit risk is the risk of other parties failing to discharge an obligation causing the Company financial loss. The Company's exposure to credit risk is managed by the following:

- The Company's listed investments are held on its behalf by RBC Dexia Investor Services Trust, the Company's custodian which if became bankrupt or insolvent could cause the Company's rights with respect to securities held to be delayed. The Company receives regular internal control reports from the Custodian which are reviewed and reported;
- Investment transactions are undertaken with a number of approved brokers in the ordinary course of business. All new brokers are reviewed by a Board committee for credit worthiness and added to an approved brokers list if not considered to be a credit risk;
- Cash is held at banks that are considered to be reputable and high quality. Cash balances are spread across a range of banks to reduce concentration risk;
- Where the Company makes an investment in a loan or other security with credit risk, that credit risk is assessed and considered as part of the investment decision making process by the Investment Director. The Board receives regular reports on the composition of the investment portfolio.

Credit Risk Exposure

As at 30 September 2008, cash balances total £7,718,000 (2007: £6,434,000), debtors and prepayments total £2,413,000 (2007: £3,092,000). Also included within the portfolio are a number of convertible notes or loan notes designated at fair value through profit or loss. The total value of these notes are £972,000 (2007: £577,000). None of these financial assets are impaired.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties meeting its obligations as they fall due.

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities and other quoted securities that are readily realisable. The Board has various limits in respect of how much of the Company's resources can be invested in any one company. The unlisted investments in the portfolio are subject to liquidity risk but such investments are subject to limits set by the Board and liquidity risk is taken into account by the directors when arriving at their valuation. The increase in the value of unlisted investments primarily reflects the increase in the value of MAM during the year.

The Company maintains an appropriate level of cash balances in order to finance its operations and the Investment Director regularly monitors the Company's cash balances to ensure all known or forecasted liabilities can be met. The Board receives regular reports on the level of the Company's cash balances. The Company does not have any overdraft or other borrowing facilities to provide liquidity.

A maturity analysis of financial liabilities showing the remaining contractual maturities is detailed below:

	2008 £000	2007 £000
Amounts falling due within 10 years:		
£13.5m 9.5% debenture stock 2020	13,369	13,363
Amounts falling due after 15 years		
£20.7m 7.25% debenture stock 2025	20,375	20,365

25 Financial Instruments and Risk Profile continued

Fair value of financial assets and liabilities

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

	Book Value 2008 £'000	Book Value 2007 £'000	Fair Value 2008 £'000	Fair Value 2007 £'000
Financial assets				
Investment portfolio	178,981	278,338	178,981	278,338
Cash	7,718	6,434	7,718	6,434
Financial liabilities				
£13.5m (2007: £13.5m) 9.5% debenture stock 2020	13,369	13,363	17,016	17,474
£20.7m (2007: £20.7m) 7.25% debenture stock 2025	20,375	20,365	22,257	24,383

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.

Capital Management Policies and Procedures

The Company's capital management objectives are:

- to ensure that it is able to continue as a going concern; and
- to maximise the revenue and capital returns to its equity shareholders through an appropriate mix of equity capital and debt. The Board sets a range for the Company's net debt (comprised of debentures less cash) at any one time which is maintained by management of the Company's cash balances.

The Company's capital at 30 September comprises:

	2008 £000	2007 £000
Net debt		
Cash	(7,718)	(6,434)
Debentures	33,744	33,728
Sub total	26,026	27,294
Equity		
Equity share capital	5,253	5,253
Retained earnings and other reserves	148,210	247,961
Sub total	153,463	253,214
Net debt as a percentage of net assets	17.0%	10.8%

Notes to the Accounts

25 Financial Instruments and Risk Profile continued

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. The review includes:

- the level of net gearing, taking into account the Investment Director's views on the market;
- the level of the Company's free float of shares as the Barlow family owns approximately 55% of the share capital of the Company.
- the extent to which revenue in excess of that required to be distributed should be retained.

These objectives, policies and processes for managing capital are unchanged from the prior period.

The Company is subject to various externally imposed capital requirements:

- the debentures are not to exceed in aggregate 66 $\frac{2}{3}$ % of adjusted share capital and reserves in accordance with the respective Trust Deeds;
- the Company has to comply with statutory requirements regarding minimum share capital and restriction tests relating to dividend distributions.

These requirements are unchanged since last year and the Company has complied with them.

26 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 2008, the fair value of the Company's warrants, both listed and unlisted was £18,000 (2007: £21,000).

Changes in the fair value of warrants amounting to £3,000 (2007: £62,000) have been debited to the Income Statement in the year ended 30 September 2008.

27 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 is accounted for as an investment in the portfolio valued at fair value through profit or loss.

	Details of Transactions		Amounts Owed by Related Parties		Amounts Owed to Related Parties	
	2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000
Majedie Asset Management Limited						
Special dividend due to Group	2,484	3,808		2,110		

At 30 September 2008 the Company held investments in funds managed by Majedie Asset Management Limited representing 1.5% (2007: 3.1%) of the Company's investment portfolio as set out in the table below.

Fund	2008	2007
	Market Value £000	Market Value £000
Majedie Asset Management UK Opportunities 'A'	2,447	6,171
Majedie Asset Management UK Focus 'B'	248	299
Majedie Asset Management UK Equity 'B'	246	292
Majedie Asset Management UK Alpha 'C'		1,998
	2,941	8,760

Distributions totalling £78,000 (2007: £117,000) from these investments were received by the Company during the year.

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 30 to 32.

	2008 £000	2007 £000
Short-term employee benefits	949	844
Share-based payments	492	171
	1,441	1,015

Ten Year Record

to 30 September 2008

Year End	Total† Assets £000	Shareholders' Funds £000	NAV Per Share Pence	Share Price Pence	Discount %	Earnings Pence	Net Dividend Pence	Actual Gearing Ratio %	Potential Gearing Ratio %	Total Company Costs Ratio %
1999	216,519	201,708	383.3	367.0	4.25	8.09	7.40	2.30	7.30	1.38
2000	274,620	235,269	446.3	358.5	19.67	7.01	7.65	15.50	16.70	0.95
2001	203,067	163,709	310.7*	242.5	21.95	7.73	7.90	19.40	24.10	0.96
2002	164,344	124,893	238.1*	187.5	21.25	9.97	8.15	18.30	31.70	1.56
2003	168,001	128,810	246.6*	198.0	19.71	7.52	8.45	17.09	30.57	1.67
2004	172,144	138,893	266.5*	227.5	14.63	5.25	8.75	14.51	24.25	1.36
2005	212,600	178,845	343.0*	303.5	11.52	8.94	9.05***	16.18	18.65	1.19
2006**	242,903	209,189	403.2*	338.3	16.09	12.45	9.50***	13.94	16.12	1.28
2007**	286,944	253,216	490.7*	413.3	15.77	13.60	14.50***	10.65	13.32	1.24
2008	187,209	153,465	296.5*	250.0	15.68	12.45	12.75***	16.69	21.99	1.61

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 19 on page 61.

** Restated to reflect the review of the treatment of the investment in Majedie Asset Management.

*** 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 eighth Annual General Meeting of Majedie Investments PLC will be held on 20 January 2009 at Novotel London Tower Bridge, 10 Pepys Street, London EC3N 2NR at 11.30am for the purpose of transacting the following:

Ordinary Business

1. To receive and adopt the Directors' Report and Accounts for the year ended 30 September 2008.
2. To receive the Report on Directors' Remuneration.
3. To declare a final dividend of 6.3p per share in respect of the year ended 30 September 2008.
4. To declare a special dividend of 2.25p per share in respect of the year ended 30 September 2008.
5. To re-elect H V Reid as a director.
6. To re-elect J W M Barlow as a director.
7. To elect A J Adcock as a director.
8. To appoint Ernst & Young 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 as special resolutions:

9. THAT the Company generally be and is hereby authorised for the purpose of Section 166 of the Companies Act 1985 to make market purchases (as defined in Section 163 of the said Act) of shares of 10p each in the capital of the Company (shares) provided that:
 - a) the maximum number of shares hereby authorised to be purchased is 7,873,947; being 14.99% of the issued share capital;
 - b) the minimum price which may be paid for such shares is 10p per share;
 - c) the maximum price (exclusive of expenses) which may be paid for such shares shall be 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
 - d) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the next Annual General Meeting of the Company and the date which is eighteen months after the date on which this resolution is passed; and
 - e) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract.
10. That with effect from the end of the meeting, the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By order of the Board

Capita Sinclair Henderson Limited

Company Secretary

26 November 2008

Notice of Meeting

Note 1

A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him/her, provided that each proxy is appointed to exercise rights attached to different shares. A proxy need not also be a member of the Company. Lodgement of the form of proxy will not preclude a shareholder from attending the Meeting and voting in person.

A personalised form of proxy is enclosed for use in connection with the business set out above. To be valid, the form of proxy, should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power or authority), to reach the Registrars at the address printed on the form of proxy not less than 48 hours before the time of the meeting or any adjournment thereof. A member present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every Ordinary share of which he/she is the holder.

To appoint more than one proxy, shareholders will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form how many shares the proxy is appointed in relation to. A failure to specify the number of shares each proxy appointment relates to or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope.

Note 2

A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statements of the rights of members in relation to the appointment of proxies in Note 1 above do not apply to a Nominated Person. The rights described in that Note can only be exercised by registered members of the Company.

Note 3

Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company as at 6.00pm on 18 January 2009 shall be entitled to attend and vote at the aforesaid Annual General Meeting in respect of the number of shares registered in their name at the that time. Changes to entries on the relevant register of members after 6.00pm on 18 January 2009 ("the specified time") shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice.

Note 4

As at the date of this Notice, the Company's issued share capital and total voting rights amounted to 52,528,000 ordinary shares carrying one vote each.

Note 5

In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that corporate shareholder present at the Meeting then, on a poll, those corporate representatives will give voting directions to the Chairman of the Meeting and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives in attendance on behalf of the corporate shareholder who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in this paragraph (i) above.

Note 6

Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Note 7

The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Saturdays and public holidays) until the date of the Meeting and at the place of the Meeting for a period of fifteen minutes prior to and during the Meeting:

- a) the terms and conditions of appointment of non-executive Directors; and
- b) a copy of the existing Articles of Association and the proposed New Articles of Association.

None of the Directors has a contract of service with the Company.

Notice of Meeting

Note 8

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified in Note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appendix – Explanatory Notes of Principal changes to the Company's Articles of Association

1 Summary of proposed changes

Generally, the opportunity has been taken to bring clearer language into the Company's Articles, to update the provisions to reflect changes in law and market practice, and to conform the language to that currently in use by similar companies. The sum of these changes is a wholesale revision of the Company's Articles.

This summary has been designed to highlight the more important changes. References to Articles in the headings below are to the corresponding provisions in the New Articles.

2 Articles which duplicate statutory provisions

Provisions in the Existing Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles in line with the approach advocated by the Government, that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to the form of resolutions, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings.

3 Definitions (Article 1.2)

Certain definitions in the Existing Articles have been amended to reflect the wording used in the Companies Act 2006 and where appropriate to reflect the permitted use of electronic communications. Other definitions have been removed altogether as they are no longer used.

References to extraordinary general meetings and extraordinary resolutions have been removed as these expressions are not used in the Companies Acts 2006.

4 Transfers of uncertificated shares (Article 2.7)

The New Articles contain standard provisions relating to the transfer of the Company's shares provisions in certificated form through the CREST system.

5 Notice of general meetings (Article 17.3)

The provisions in the Existing Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed in the New Articles because the relevant matters are provided for in the Companies Act 2006. In particular a general meeting (other than an Annual General Meeting) to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

Article 17.3 deals with situations where, because of a postal strike or similar situation beyond control of the Company, a notice of meeting is not received by a shareholder and ensures that such failure does not invalidate proceedings at the meeting in question.

6 Quorum at general meetings (Article 18.1)

The New Articles provides that three persons who are proxies or corporate representatives for the same member can constitute a quorum.

7 Attending and speaking at general meetings (Article 18.6)

Article 18.6 of the New Articles provides that attendees at a general meeting may be searched or required to show evidence of identity and may be excluded if they fail to comply with these security arrangements.

Article 18.7 of the New Articles enables the chairman to permit non-members to attend and speak at the meeting.

8 Votes of members (Article 21.1.2 & Article 23.5)

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Existing Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder.

Article 21.2.2 of the New Articles allows the directors (as well as the chairman or members representing 10% of the voting rights exercisable at the meeting) to demand a poll.

Article 23.5 provides that the directors may specify in the notice convening the meeting that in determining the time for delivery of proxies, no account shall be taken of non-working days.

9 Limit on directors' fees (Article 25)

The new Articles provide that the cap on aggregate directors' fees should be increased from £150,000 to £250,000 per annum, or such additional sum as may be determined by the Company in general meeting. This amendment is proposed to allow for anticipated increases in total directors' fees over a number of years and to reflect that the Board now comprises only non-executive directors. Executive directors did not previously receive fees.

10 Power to convert shares into Stock

The provisions in Article 37–40 of the Existing Articles concerning the conversion of shares into stock have been deleted as such conversion is no longer possible under the Companies Act 2006.

11 Directors' conflicts of interest (Article 31.3)

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles gives the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

12 Minutes (Article 34.2)

The New Articles contain a new provision to the effect that minutes must be retained for at least 10 years, reflecting the relevant provision of the Companies Act 2006. (No minimum retention time was previously specified.)

13 Notice of board meetings (Article 33.2–3)

Under Article 94 of the Existing Articles, when a director is abroad he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad; in addition flexibility has been added by allowing a director to waive his entitlement to receive notice.

14 The seal (Article 36)

The New Articles provide that instruments (other than share certificates) to which the seal is affixed shall be signed by two authorised persons or by a director in the presence of a witness, whereas previously the requirement was for signature by either the director and secretary or two directors.

15 Records to be kept

The provision in Article 112 of the Existing Articles requiring the Board to keep accounting records has been removed as this requirement is contained in the Companies Act 2006.

16 Electronic and web communications (Articles 38.2–3)

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information. Subject to the adoption of the New Articles, the Board would like to implement these provisions after the AGM. A separate letter describing the implementation of electronic and web communications is being sent to shareholders with the Annual Report.

17 Directors' indemnities and loans to fund expenditure (Article 41)

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles reflect these changes.

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 7AA (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 HM Revenue & Customs; and
- 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. The maximum investment permitted is now £7,200 for the 2008/09 tax year. Investments can be split between a cash ISA (up to a limit of £3,600) and a stocks and shares ISA (up to a limit of £7,200).

The Majedie Corporate ISA is provided in conjunction with Halifax Share Dealing (HSDL) who act as an HM Revenue & Customs 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 7AA
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
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0870 707 1159

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

Ernst & Young LLP
1 More London Place
London SE1 2AF

Stockbrokers

Genkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

Key Dates in 2009

Ex-dividend date	7 January 2009
Record date	9 January 2009
Annual General Meeting	20 January 2009
2007/08 final dividend paid	28 January 2009
Interim results announcement	May
2008/09 interim dividend paid	30 June 2009
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 80). You may transfer an existing PEP to the Majedie General PEP (page 80). 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

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Majedie Investments PLC

1 Minster Court
Mincing Lane
London EC3R 7AA

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

www.majedie.co.uk