



**Majedie Investments PLC** is a self-managed investment trust with total portfolio assets under management of over £157 million as at 30 September 2009.

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.

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# 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 2009

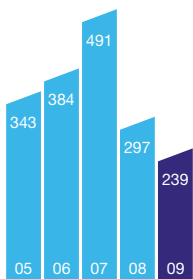
Total shareholder return:	(18.3%)
Net asset value total return:	(14.9%)
Benchmark total return:	11.3%
Final dividend (per share):	6.3p
Total dividends (per share):	10.5p
Directors' valuation of investment in Majedie Asset Management Limited:	£30.0m

# Group Summary

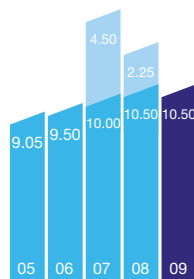
Total assets*	£157.9m	
Shareholders' funds	£124.2m	
Market capitalisation	£98.7m	
Capital structure	10p ordinary shares	52,528,000
	Debt	£13.5m 9.5% debenture stock 2020 £20.7m 7.25% debenture stock 2025
Management fee	The trust is self-managed and accordingly does not pay a fee to third party fund managers.	
ISA status	Up to £7,200 if aged under 50 or £10,200 if over 50 in 2009/10 tax year.	

\* Represents total assets less current liabilities as at 30 September 2009.

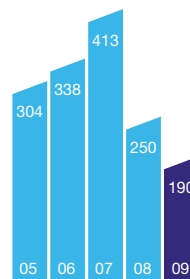
## Recent Trends



Net asset value per share (pence) decreased by 19.5% in the year.



Core dividends (pence) have remained at 10.50 pence. No special dividend has been declared this year.



Share price (pence) has decreased by 24.1% during the year.

# Year's Summary

<b>Financial*</b>	2009	2008	%
as at 30 September			
Total assets less current liabilities	£157.9m	£187.2m	(15.7)
Shareholders' funds	£124.2m	£153.5m	(19.1)
Net asset value per share	238.7p	296.5p	(19.5)
Share price	189.75p	250.0p	(24.1)
Discount to net assets (debt at par value)	20.5%	15.7%	
Discount to net assets (debt at fair value)	17.5%	12.5%	
Revenue return before tax	£4.3m	£6.5m	(33.8)
Earnings per share	8.1p	12.5p	(35.2)
Core dividends per share**	10.5p	10.5p	
Total dividends per share**	10.5p	12.75p	
Group costs (administrative expenses)	£2.9m	£3.3m	
Company costs/average Company net assets	2.1%	1.6%	
Company costs/average Company total assets	1.7%	1.4%	
Maximum potential gearing	27.2%	22.0%	

\* 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.

<b>Year's high/low</b>		2009	2008
Share price	high	256.0p	425.0p
	low	135.0p	247.0p
Net asset value	high	304.2p	490.7p
	low	177.1p	296.5p
Discount (debt at par)	high	35.2%	22.6%
	low	8.8%	7.3%
Discount (debt at fair value)	high	30.1%	19.8%
	low	4.2%	2.1%

<b>Performance</b>	2009	2008
year ended 30 September		
Investment portfolio return (total assets)†	(7.9%)	(31.1%)
Net asset value total return	(14.9%)	(36.2%)
Total shareholder return	(18.3%)	(36.9%)
Benchmark total return†	11.3%	(19.9%)

† Source: The WIM Company

# Chairman's Statement

The Chairman's Statement forms part of the Director's Report

In the year to 30 September 2009 the Company's Net Asset Value and Share Price, both on a total return basis fell by 14.9% and 18.3% respectively, which compares to an increase in the benchmark total return of 11.3%.

This result is of course disappointing with the Company continuing to suffer from its exposure at last year end to small cap equities and sterling assets over what has been a most unusual and volatile period in world equity markets. The Board however has acted promptly to restructure the portfolio so that it is properly positioned for the long term in the current economic environment.

On a much more positive note we have been making substantial progress on the launch of a new asset management business which we believe will have the potential to bring significant benefits to the Company in the future.

## Results and Dividends

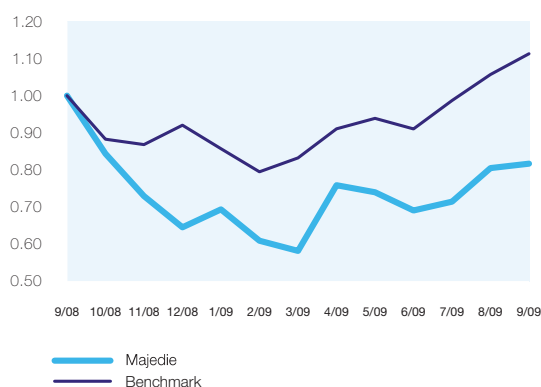
The Group's net profit before tax for the year was £4.3m which is a decrease of £2.2m or 33.8% compared to the prior year of £6.5m. This is primarily the result of a fall in Group income of £2.4m to £6.5m this year reflecting reductions in both dividend and interest income. Group income includes £1.9m in dividend income from Majedie Asset Management (MAM) compared to £2.5m in 2008. Group total costs for the year were £2.9m, falling £0.4m or 12.1% from the £3.3m in 2008. The considerable reduction in costs in 2009, while expected, was adversely impacted by non-recurring costs associated with the office relocation and the departure of the former Investment Director.

As I indicated in my previous statements we have undertaken a review of the Company's dividend policy to determine if it remains appropriate.

Consideration was given to a range of factors and was given impetus by the current year's substantial decrease in dividend income due to the economic environment. The Board is mindful of the importance of the Company's dividends to its shareholders and has concluded that the dividend policy should remain unchanged.

The Board has therefore decided to recommend a final dividend of 6.3p per share, which when combined with the interim dividend of 4.2p per share, results in a total dividend of 10.5p per share which is the same as 2008, excluding the 2.25p per share special dividend paid last year. This is above the rate of inflation for the year with the Retail Prices Index (RPI) at -1.4% reflecting the weak economy. The diagram on page 6 illustrates the Majedie dividend history over the last ten years in comparison with the RPI. This shows that Majedie dividends have been increasing by more than the rate of inflation.

TOTAL SHAREHOLDER RETURN V BENCHMARK  
YEAR TO 30 SEPTEMBER 2009 (REBASED)



# Chairman's Statement

## Investment Portfolio and Performance

The year began in the immediate aftermath of the Lehman Brothers bankruptcy which resulted in the liquidity crisis turning into a full global economic recession. Developed World GDP fell at the fastest rate since the Great Depression of the 1930s, consumer and business confidence evaporated and unemployment rates soared. Not surprisingly values across all major asset classes fell, including equities, corporate bonds, property and commodities. Equity investors shunned any company considered to be risky, particularly those with significant borrowings, unproven management or business models dependent on the economic cycle. Global equity markets collapsed, with our benchmark down by over 27% at its lowest point in early March.

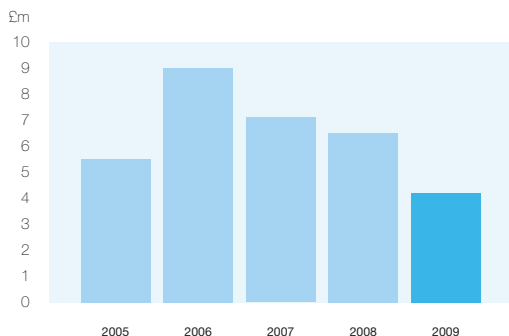
The remainder of the year was a period of economic stabilisation. Evidence began to show that the pace of GDP declines was abating and that signs of growth were beginning to emerge, albeit from highly depressed levels. This was strongly influenced by government stimulus spending packages, tax cuts, record low interest rates and continued economic strength from China and India. Equity markets have experienced a sharp and swift bounce, pricing in an expectation of continued economic recovery rather than reflecting continuing high levels of unemployment and low consumer spending. From the trough levels of mid-March, our benchmark rebounded by over 50% to close the year up 10.4% in capital terms.

There were two main factors that negatively impacted the investment performance during the period. Firstly, the Company entered the year with large exposure to certain early stage small cap positions that had previously contributed positively to performance, but which significantly underperformed during the first half of the year. Secondly, the portfolio was heavily weighted in favour of sterling denominated assets whilst sterling severely weakened against all major currencies during the period.

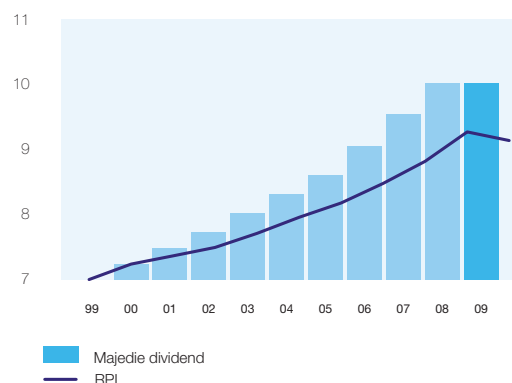
These issues were addressed following the change in the management of the portfolio that took place on 1 January 2009. The revised strategy focused on enhancing the quality of securities. This was facilitated by the cash held at the end of 2008 and by switching out of lower quality smaller companies as deemed appropriate. The illiquidity of many of these investments made this exercise difficult, although it was largely complete by the year end.

The underweight position in overseas stocks has been dealt with through the construction of a portfolio of assets in the major markets of USA, Europe and Japan. These are predominantly highly regarded companies that fit within the overall investment strategy now being adopted.

CONSOLIDATED NET RETURN BEFORE TAXATION



GROWTH IN CORE MAJEDIE DIVIDENDS COMPARED WITH INCREASE IN RETAIL PRICES INDEX BOTH REBASED TO 1999 (PENCE PER SHARE)





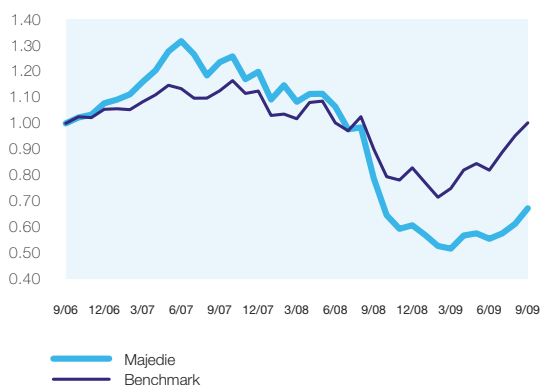
Implementing these changes has been far from painless, although the Board believes that the action taken to enhance the quality of investments is in the long term interests of the Company. The majority of the listed equity positions now held are in well financed, large cap companies with proven track records of delivering profit and dividend growth. Investment risk and volatility relative to the benchmark have been materially reduced. Importantly, a base level of investment income has been secured that should provide solid foundations for the business over the longer term.

The Board is required to review the valuation of all unlisted investments and during the year we have felt it prudent to reduce the holding value of certain positions where the situation has deteriorated. In contrast the performance of MAM continues to exceed expectations both financially by again increasing profitability year on year, and reputationally where a number of high profile industry awards have been deservedly received. The Board has considered it appropriate to increase our valuation to £30m which it believes more accurately reflects the fair value of our stake in this business.

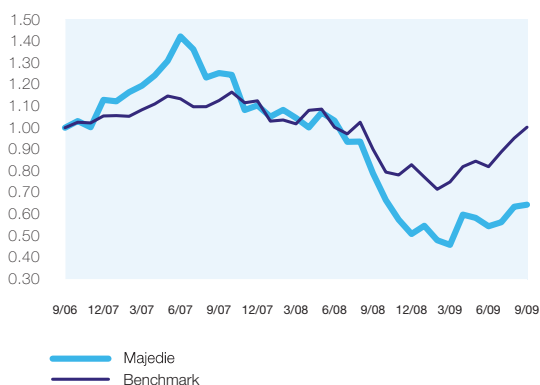
### Board & Management Changes

There have been a number of changes to the Board which aim to position the Company for the future. Firstly, Mr Paul Gadd has been appointed as a non-executive director from 1 October 2009. Paul has spent 20 years as a solicitor in the City of London working in corporate finance. He retired as a partner of Ashurst in April 2009, prior to which he was head of Ashurst's investment company practice. I am confident that the Company will benefit from Paul's experience and that he will make a valuable contribution to our deliberations. Secondly due to the development of our new asset management business Mr Gerry Aherne became an executive director from 24 November 2009 and stood down as Chairman of the Remuneration Committee with effect from 1 October 2009. He was replaced by Mr Hubert Reid. Thirdly, Chris Arnheim will join the Board from 1 January 2010. He has spent 25 years working as a solicitor in private practice, and for over 10 years was the Company's primary external corporate legal adviser, for example advising on the establishment and development of MAM. He stepped down from this role following last year's AGM. The Board will benefit greatly from his general experience and his personal knowledge of the Company and its affairs.

NAV TOTAL RETURN V BENCHMARK  
3 YEARS TO 30 SEPTEMBER 2009



TOTAL SHAREHOLDER RETURN V BENCHMARK  
3 YEARS TO 30 SEPTEMBER 2009



# Chairman's Statement

Finally after 10 years as Chairman and in light of the increased demands which will be made of this role, I have decided to retire with effect from the 2010 AGM. The Board has invited Mr Andrew Adcock to succeed me who will work closely with Gerry Aherne on the development of the Group. Andrew will stand down as Chairman of the Audit Committee at that time and be replaced by Mr Hubert Reid.

The development of a new asset management business which will, inter alia, manage the Company's investment portfolio led to the departure of Mr Bill Baker by mutual agreement. I would like to thank Bill for his stewardship and restructuring of the portfolio in what were very turbulent times. Mr Nick Rundle has been appointed Investment Director. Nick is an experienced investment manager with an excellent track record, who has worked in the City of London for over 20 years in a variety of institutions and positions including Barclays, Morley Fund Management, Gerrard and National and recently Taylor Young Investment Management.

## Business Development

As outlined at last year's AGM the Company has been seeking an expansion of its activities. We have made good progress and anticipate being able to launch a substantial new venture, Javelin Capital LLP, with a group of highly experienced and talented individuals. Last year Gerry Aherne explained that we would focus on an investment management business which would concentrate on offering investment management expertise in Global Equities and Global Emerging Markets. We have been fortunate to recruit senior investment individuals as well as marketing and operational staff who are experienced in growing investment management companies and handling the associated operational risks. We have applied to the FSA and other regulatory authorities and are hopeful that we shall commence trading early in 2010, subject to the necessary consents.

The Company will initially hold 70% of the equity of Javelin Capital LLP and under the partnership agreement this will fall to 51% provided certain profit related benchmarks are successfully met. Gerry Aherne will become Managing Partner of the enterprise but will remain a member of the Board.

This venture is intended to be a genuine partnership between the operational team of Javelin and the Board of Majedie. It is to be hoped that it will be as highly successful as our previous investment in MAM.

## Annual General Meeting

The AGM will be held on 20 January 2010 at 11:30am at the Fishmongers Company, Fishmongers Hall London Bridge. Details are set out on page 68. As in prior years there will be presentations and an opportunity to ask questions. I do hope you will be able to attend.

## Companies Act 2006 and New Articles of Association

The implementation of the final provisions of the Companies Act 2006 came into force on 1 October 2009. At this year's AGM and as included in the notice of meeting on page 68, the Company proposes to adopt new Articles which reflect these changes, including the abolition of authorised share capital, the deletion of the enabling provision of authority to purchase our own shares and reduce share capital and notice periods of general meetings.

## Strategy & Outlook

Markets have experienced a sharp and swift recovery from the lows suffered in March 2009 and now appear to be pricing in an economic recovery into 2010 which is by no means certain. The global economy has clearly passed its worst, but the strength and speed of the continued rebound may be more prolonged and drawn out than envisaged. Economic recoveries are typically punctuated with negative surprises, so an important indicator of equity market sustainability is whether setbacks are seen as investment opportunities or triggers that precipitate sell-offs. Longer term there continues to be upside to equity markets as record low interest rates have reduced credible alternatives for the generation of meaningful investment returns from bank deposits and government securities.

Entering the new financial year, the portfolio is positioned to be underweight in stocks that are reliant on the overstretched consumers and governments of the developed world. It is overweight in companies that are exposed to the faster growing emerging markets and overweight in oil and mining companies that supply industries that are fundamentally undersupplied on a long term basis. My over-riding message is that the portfolio is more appropriately balanced and invested in higher quality stocks than twelve months ago, and so the relative investment risk and volatility has been significantly reduced.

As the growth in equity markets slows, dividend income should become an important source of total return. In this context, the positioning of the investment portfolio to give exposure to high quality companies with dividend growth potential is likely to be increasingly attractive over the medium term.

In what has been another challenging and demanding year I would like to express my appreciation of the hard work and commitment shown by the Company's staff and fellow directors which has certainly eased the burden. In my final year as Chairman and indeed with the Company's 100 year anniversary falling in April 2010 I am excited by the opportunities ahead and confident that the Company is in good hands.



Henry S Barlow Chairman

24 November 2009

# Asset Distribution

at 30 September 2009

Classification of Assets	United Kingdom %	North America %	Continental Europe %	Pacific Basin %	Total 2009 %	Total 2008 %
Oil & Gas Producers	10.7	0.5	0.8		12.0	7.8
Oil Equipment & Services	0.4	0.6			1.0	1.8
<b>Oil &amp; Gas</b>	<b>11.1</b>	<b>1.1</b>	<b>0.8</b>	<b>0.0</b>	<b>13.0</b>	<b>9.6</b>
Chemicals	0.4		0.5		0.9	2.7
Industrial Metals					0.0	3.1
Mining	4.2				4.2	7.0
<b>Basic Materials</b>	<b>4.6</b>	<b>0.0</b>	<b>0.5</b>	<b>0.0</b>	<b>5.1</b>	<b>12.8</b>
Construction & Materials	0.9				0.9	0.8
Aerospace & Defence	4.1	0.3			4.4	3.6
General Industrials	0.9				0.9	3.9
Electronic & Electrical Equipment					0.0	0.2
Industrial Engineering	0.4				0.4	0.6
Industrial Metals & Mining			0.4		0.4	
Industrial Transportation	1.0				1.0	
Support Services	0.9				0.9	1.2
<b>Industrials</b>	<b>8.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.0</b>	<b>8.9</b>	<b>10.3</b>
Automobiles & Parts				0.8	0.8	
Beverages		0.6			0.6	
Food Producers	2.0	0.9			2.9	0.9
Household Goods	0.2				0.2	0.6
Tobacco		0.5			0.5	1.2
<b>Consumer Goods</b>	<b>2.2</b>	<b>2.0</b>	<b>0.0</b>	<b>0.8</b>	<b>5.0</b>	<b>2.7</b>
Health Care, Equipment & Services	0.2				0.2	0.7
Pharmaceuticals & Biotechnology	2.7	1.2	1.1		5.0	2.5
<b>Health Care</b>	<b>2.9</b>	<b>1.2</b>	<b>1.1</b>	<b>0.0</b>	<b>5.2</b>	<b>3.2</b>
Food & Drug Retailers			0.3		0.3	1.1
General Retailers		0.6			0.6	0.3
Leisure Goods				0.5	0.5	
Media	1.3		0.5		1.8	1.8
Travel & Leisure	0.8	0.4			1.2	0.9
<b>Consumer Services</b>	<b>2.1</b>	<b>1.0</b>	<b>0.8</b>	<b>0.5</b>	<b>4.4</b>	<b>4.1</b>
Fixed Line Telecommunications		0.5	1.2		1.7	2.8
Mobile Telecommunications	3.5			0.5	4.0	3.8
<b>Telecommunications</b>	<b>3.5</b>	<b>0.5</b>	<b>1.2</b>	<b>0.5</b>	<b>5.7</b>	<b>6.6</b>
Electricity	2.1		0.4		2.5	2.9
Gas, Water & Multi Utilities	1.4				1.4	3.3
<b>Utilities</b>	<b>3.5</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>3.9</b>	<b>6.2</b>
Banks	6.3	1.3		1.3	8.9	9.3
Non Life Insurance/Assurance					0.0	0.2
Life Insurance	2.8				2.8	2.6
Real Estate	0.7			0.3	1.0	1.5
General Financial	1.2	0.0			1.2	3.3
Equity Investment Instruments	0.5				0.5	2.2
Debt Investment Instruments	1.0				1.0	
<b>Financials</b>	<b>12.5</b>	<b>1.3</b>	<b>0.0</b>	<b>1.6</b>	<b>15.4</b>	<b>19.1</b>
Software & Computer Services	0.2	0.7		0.4	1.3	4.1
Technology & Hardware Equipment	0.7	0.6		1.2	2.5	0.6
<b>Technology</b>	<b>0.9</b>	<b>1.3</b>	<b>0.0</b>	<b>1.6</b>	<b>3.8</b>	<b>4.7</b>
<b>Unlisted/Fixed Interest</b>	<b>22.4</b>	<b>0.2</b>	<b>0.2</b>		<b>22.8</b>	<b>16.3</b>
<b>Total Equities</b>	<b>73.9</b>	<b>8.9</b>	<b>5.4</b>	<b>5.0</b>	<b>93.2</b>	<b>95.6</b>
<b>Total Non-current Assets</b>	<b>73.9</b>	<b>8.9</b>	<b>5.4</b>	<b>5.0</b>	<b>93.2</b>	<b>95.6</b>
<b>Cash</b>	<b>6.8</b>				<b>6.8</b>	<b>4.4</b>
<b>% Total at 30 September 2009</b>	<b>80.7</b>	<b>8.9</b>	<b>5.4</b>	<b>5.0</b>	<b>100.0</b>	<b>100.0</b>

The Fund analysed on pages 12 and 13 comprises the fixed asset investments of £147,291,000 and cash (as adjusted for amounts due to/from brokers for settlement) of £10,844,000.

Unlisted/Fixed Interest investments comprise an amount of £30,000,000 in respect of the investment in Majedie Asset Management, £569,000 in unlisted fixed interest investments and £5,465,000 in respect of equity investments in various companies. Suspended stocks have been analysed in their listed sectors.

## Twenty Largest UK Investments

at 30 September 2009

Company	2009		2008	
	Market Value £000	% of Fund	Market Value £000	% of Fund
Majedie Asset Management	30,000	19.0	22,500	12.0
HSBC	8,926	5.6	7,929	4.2
BP	7,189	4.5	2,431	1.3
Royal Dutch Shell 'B'	5,208	3.3	2,905	1.6
Vodafone	4,557	2.9	6,272	3.3
GlaxoSmithKline	4,303	2.7	2,537	1.4
BHP Billiton	3,775	2.4	2,682	1.4
Vostok Energy	2,863	1.8	2,569	1.4
Rio Tinto	2,645	1.7	3,232	1.7
Rolls Royce	2,505	1.6	1,790	1.0
Unilever*	2,400	1.5		
Aviva	2,241	1.4	1,070	0.6
BG Group	2,163	1.4	1,481	0.8
Prudential	2,015	1.3	1,700	0.9
BAE Systems	1,851	1.2	2,413	1.3
Majedie Asset Management Tortoise Fund 'B'*	1,645	1.0		
Capital Lease Aviation	1,500	0.9	2,344	1.3
Hydrodec	1,440	0.9	3,477	1.9
KSK Power Venture	1,406	0.9	1,355	0.7
Accsys Technologies	1,367	0.9	5,348	2.9
	<b>89,999</b>	<b>56.9</b>	<b>74,035</b>	<b>39.7</b>

\*There is no comparative for the investments listed as they represent new holdings.

## Ten Largest Overseas Investments

at 30 September 2009

Company	2009	
	Market Value £000	% of Fund
Wells Fargo (USA)*	1,318	0.8
Telefonica (Spain)*	1,292	0.8
China Construction Bank (China)*	1,248	0.8
ENI (Italy)*	1,244	0.8
Toyota (Japan)*	1,240	0.8
Microsoft Corp (USA)*	1,049	0.7
Roche (Switzerland)*	1,009	0.6
Coca-Cola Co (USA)*	1,006	0.6
Johnson & Johnson (USA)*	951	0.6
Schlumberger (USA)*	931	0.6
	<b>11,288</b>	<b>7.1</b>

\*There is no comparative for the investments listed as they all represent new holdings.

# Valuation of Investments

Holdings valued over £100,000 at 30 September 2009

Company	Market Value £000	% of Fund	Company	Market Value £000	% of Fund	Company	Market Value £000	% of Fund
<b>Oil &amp; Gas</b>			<b>Aerospace &amp; Defence</b>			<b>Health Care</b>		
<b>Oil &amp; Gas Producers</b>			BAE Systems 1,851 1.2%			<b>Health Care, Equipment &amp; Services</b>		
BG Group	2,163	1.4%	Lockheed Martin (USA)	585	0.4%	AOI Medical 317 0.2%		
BP	7,189	4.5%	Meggitt	816	0.5%	<b>Pharmaceuticals &amp; Biotechnology</b>		
ENI (Italy)	1,244	0.8%	Rolls Royce	2,505	1.6%	Bristol-Myers Squibb (USA) 914 0.6%		
Exxon Mobil (USA)	857	0.5%	VT Group	1,269	0.8%	GlaxoSmithKline 4,303 2.7%		
Great Eastern	864	0.5%	<b>General Industrials</b>			Johnson & Johnson (USA) 951 0.6%		
Hydrodec Group	1,440	0.9%	Accsys Technologies 1,367 0.9%			Roche (Switzerland) 1,009 0.6%		
Royal Dutch Shell 'B'	5,208	3.3%	<b>Industrial Engineering</b>			Sanofi (France) 687 0.4%		
<b>Oil Equipment, Services &amp; Distribution</b>			Zenergy 656 0.4%			<b>Consumer Services</b>		
Hunting	674	0.4%	<b>Industrial Transportation</b>			<b>Food &amp; Drug Retailers</b>		
Schlumberger (USA)	931	0.6%	Capital Lease Aviation 1,500 0.9%			Casino Guich-Perr (France) 495 0.3%		
<b>Automobiles</b>			<b>Support Services</b>			<b>General Retailers</b>		
<b>Automobiles &amp; Parts</b>			Babcock 625 0.4%			Best Buy Co (USA) 469 0.3%		
Toyota (Japan)	1,240	0.8%	Healthcare Locums 794 0.5%			Home Depot (USA) 499 0.3%		
<b>Basic Materials</b>			<b>Consumer Goods</b>			<b>Media</b>		
<b>Chemicals</b>			<b>Beverages</b>			Daily Mail Group 689 0.4%		
Bayer (Germany)	865	0.5%	Coca-Cola (USA) 1,006 0.6%			Pearson 1,272 0.8%		
Croda	558	0.4%	<b>Food Producers</b>			Vivendi (France) 773 0.5%		
<b>Industrial Metals &amp; Mining</b>			Heinz (USA) 744 0.5%			<b>Tobacco</b>		
Arcelormittal (Netherlands)	700	0.4%	Monsanto (USA) 725 0.5%			Altria Group (USA) 779 0.5%		
<b>Mining</b>			Purecircle 729 0.5%			<b>Travel &amp; Leisure</b>		
BHP Billiton	3,775	2.4%	Unilever 2,400 1.5%			Enterprise Inns 311 0.2%		
Metals Exploration	195	0.1%	<b>Household Goods</b>			McDonalds Corp (USA) 624 0.4%		
Rio Tinto	2,645	1.7%	Bovis Homes 350 0.2%			Whitbread 1,034 0.7%		
<b>Industrial Goods &amp; Services</b>			<b>Leisure Goods</b>			<b>Telecommunications</b>		
<b>Construction &amp; Materials</b>			Nintendo (Japan) 695 0.4%			<b>Fixed Line Telecommunications</b>		
Ashley House	727	0.5%				AT&T (USA) 843 0.5%		
Balfour Beatty	644	0.4%				Swiss Com (Switzerland) 614 0.4%		
						Telefonica (Spain) 1,292 0.8%		

Company	Market Value £000	% of Fund
<b>Mobile Telecommunications</b>		
2 Ergo	975	0.6%
China Mobile (Asia)	761	0.5%
Vodafone	4,557	2.9%
<b>Utilities</b>		
<b>Electricity</b>		
International Power	1,012	0.6%
KSK Power Venture	1,406	0.9%
Red Electrica (Spain)	671	0.4%
Scottish & Southern Energy	903	0.6%
<b>Gas, Water &amp; Multi Utilities</b>		
National Grid	1,208	0.8%
Northumbrian Water	912	0.6%
<b>Financials</b>		
<b>Banks</b>		
Barclays	1,110	0.7%
China Construction Bank (Asia)	1,248	0.8%
DBS Group Holdings (Asia)	735	0.5%
HSBC	8,926	5.6%
JPMorgan Chase (USA)	684	0.4%
Wells Fargo (USA)	1,318	0.8%
<b>Life Insurance</b>		
Aviva	2,241	1.4%
Prudential	2,015	1.3%
Sagicor Financial	201	0.1%
<b>Real Estate</b>		
British Land	1,069	0.7%
Westfield Group (Australia)	498	0.3%
<b>General Financial</b>		
Cenkos Securities	106	0.1%
ICAP	845	0.5%
London Capital	934	0.6%

Company	Market Value £000	% of Fund
<b>Equity Investment Instruments</b>		
Brookwell	242	0.2%
Juridica Investments	526	0.3%
<b>Non-Equity Investment Instruments</b>		
Majedie Asset Management		
Tortoise Fund 'B'	1,645	1.0%
<b>Technology</b>		
<b>Software &amp; Computer Services</b>		
Invensys	364	0.2%
Microsoft Corp (USA)	1,049	0.7%
Oracle Corp (Japan)	581	0.4%
<b>Technology &amp; Hardware Equipment</b>		
Acer (Asia)	581	0.4%
Canon Inc (Japan)	880	0.6%
Hewlett Packard (USA)	884	0.6%
HTC Corp (Asia)	398	0.3%
Toumaz	1,171	0.7%
<b>Unlisted Investments</b>		
Buried Hill Energy (USA)	425	0.3%
Celadon Mining	175	0.1%
Continental Petroleum	540	0.3%
Diamond Wood China	487	0.3%
Majedie Asset Management		
	30,000	19.0%
Microsaic Systems	390	0.2%
Mitra Energy	245	0.2%
TSI	213	0.1%
Vostok Energy	2,863	1.8%
<b>Unlisted Fixed Interest Investments</b>		
Providence Resources (Ireland)		
	274	0.2%
Stratic Energy (USA)	234	0.1%

## Board of Directors

### **Henry S Barlow OBE MA FCA (65) 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 and is a member of the Nomination Committee. 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 and audit committee of HSBC Bank (Malaysia) Berhad. He is a member of the board and audit committee of Sime Darby Berhad which absorbed the businesses and assets of Golden Hope Plantations Berhad and Guthrie Ropel Berhad. He was non-executive Chairman of Majedie Asset Management Limited from 2002 until May 2006.

### **Hubert V Reid (69) 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 Istock 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 and Remuneration Committees and a member of the Audit Committee.

### **Andrew J Adcock (56)\***

Andrew Adcock, was Vice Chairman of Citi Corporate Finance until his retirement earlier this year. 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 (45)\***

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 Newedge Group (UK Branch), which is a Prime Broker that is 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 (63)**

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 LLP and a non-executive director of Henderson Group plc, where he is Chairman of the Remuneration Committee, Electric & General Investment Trust plc and Mecom Group plc. He was a founding director of PRI Group plc from 2002 until 2003, when it was acquired by BRIT. He was appointed a non-executive director of Majedie in May 2006 but became an executive director from November 2009.

### **Paul D Gadd (44)\***

Paul Gadd was appointed as a director of Majedie Investments plc on 1 October 2009. He is a solicitor and has spent 17 years with Ashurst, retiring in 2009 after 10 years as a partner, latterly as head of Ashurst's investment company practice. He is currently a consultant to Ashurst. He is a member of the Audit, Nomination and Remuneration Committees.

\* Non-executive.



# Directors' Report

The directors submit their report and the accounts for the year ended 30 September 2009.

## Introduction

A review of developments during the year and of future prospects is contained in the Chairman's Statement on pages 5 to 9. This along with the Business Review, on pages 18 to 22, the Corporate Governance Statement on pages 23 to 25 and the Report on Directors' Remuneration on pages 26 to 28 form part of this report. The audited financial statements are presented on pages 33 to 66. An analysis of the portfolio is given on pages 12 and 13. 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 18 to 22.

## Results and Dividend

Consolidated net revenue return before taxation amounted to £4,325,000 (2008: £6,462,000). The directors recommend a final ordinary dividend of 6.3p per ordinary share, payable on 27 January 2010 to shareholders on the register at the close of business on 8 January 2010. Together with the interim dividend of 4.2p per share paid on 30 June 2009, this makes a total distribution of 10.5p per share in respect of the financial year (2008: 12.75p per share).

## Directors

The present directors of the Company are listed on page 14.

PD Gadd was appointed a director of the Company on 1 October 2009 and in accordance with the Articles of Association will offer himself for election at the Annual General Meeting. All of the directors, with the exception of Mr Gadd, served throughout the whole of the year ended 30 September 2009.

CJ Arnheim will be appointed a director of the Company on 1 January 2010. In accordance with the Articles of Association Mr Arnheim will offer himself for election at the Annual General Meeting. Mr Arnheim has worked as a solicitor in private practice for 25 years, and during the period 1998-2009 was the Company's primary external corporate legal adviser. From 1996, his law firm became associated with Pricewaterhouse (now PricewaterhouseCoopers ("PwC")), and grew rapidly as part of its global legal network. In 2003, after serving as senior and managing partner of the PwC UK law firm, as well as in various global management positions, he left to establish a new practice, specialising in corporate finance for

financial services businesses.

The director retiring by rotation and seeking re-election at the forthcoming Annual General Meeting in accordance with the Articles of Association will be GP Aherne. In accordance with the principles of the Combined Code, HV Reid and JWM Barlow have agreed to submit themselves for annual re-election having served on the Board for over nine years. The Board has considered and reviewed their appointment prior to submission for recommendation. The Board believes that the performance of Mr Aherne, Mr Reid and Mr JWM Barlow 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 Mr Reid and Mr JWM Barlow will have served on the Board for over nine years, their fellow directors consider that they continue to make a valuable contribution and to exercise their judgement and express their opinions in an independent manner.

The continuing directors recommend that shareholders vote in favour of the re-election of Mr Aherne, Mr Reid and Mr JWM Barlow and the election of Mr Gadd and Mr Arnheim.

In accordance with the Company's Articles of Association, HS Barlow, having last been re-appointed at the Annual General Meeting held in 2007, will retire at the forthcoming Annual General Meeting but will not seek re-election. The Board wishes to convey its gratitude for Mr HS Barlow's contribution to the Board of which he has been a member for 32 years. Mr Adcock will succeed Mr HS Barlow as Chairman at the conclusion of the forthcoming Annual General Meeting.

## Directors' Interests

Beneficial interests in ordinary shares as at:

	30 September 2009	1 October 2008
H S Barlow	15,017,619	15,017,619
H V Reid	33,214	33,214
J W M Barlow	1,520,137	1,520,137
A J Adcock	20,000	
G P Aherne	9,335	

P D Gadd has no beneficial interest 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.

# Directors' Report

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

	30 September 2009	1 October 2008
H S Barlow	613,084	613,084
J W M Barlow	2,166,990	2,171,190

Some of the directors' holdings are duplicated, the total after elimination of duplicated holdings being 19,080,379 shares at 30 September 2009 (2008: 19,055,244).

There have been no changes to any of the above holdings between 30 September 2009 and the date of this report.

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

## Substantial Shareholdings

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

H S Barlow – beneficial	15,017,619	28.59%
– non-beneficial	613,084	1.17%
The AXA Group	7,124,940	13.56%
M H D Barlow – beneficial	2,714,078	5.17%
– non-beneficial	1,367,750	2.60%
Sir J K Barlow – beneficial	2,499,642	4.76%
– non-beneficial	869,086	1.65%
G B Barlow	1,860,270	3.54%
Miss A E Barlow	1,784,948	3.40%
J W M Barlow – beneficial	1,520,137	2.89%
– non-beneficial	2,166,990	4.13%

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 19.
- 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 23.
- Amendment of the Company's Articles of Association and the giving of power to buy back the Company's shares require special resolutions to be passed by shareholders. The Board's current power to buy back shares and a proposal for its renewal is detailed on page 17.
- There are: no restrictions on voting rights; 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 2009 the Company had four days of suppliers' invoices outstanding in respect of trade creditors (2008: three 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 2008.

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 20 January 2009, 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 2009 the Company did not make any purchases of its own shares for cancellation (2008: 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, (including minimum and maximum prices), will be cancelled. The restrictions on such purchases are outlined in the Notice of Meeting on page 68.

The authority will be used where the Directors consider it to be in the best interest of shareholders.

### New Articles of Association

At this year's Annual General Meeting, the Company proposes to adopt new Articles of Association which reflect the implementation of the final provisions of the Companies Act 2006 which came into force on 1 October 2009. The Board considers that it is prudent to replace the Company's existing Articles of Association with new Articles of Association (the "New Articles") which take account of those developments.

A summary of the material changes brought about by the proposed adoption of the New Articles is set out in the Appendix on pages 72 and 73 of this document. Other changes which are of a minor, technical or clarifying nature have not been noted in the Appendix.

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 Annual General Meeting during normal business hours on any weekday at the registered office of the Company. The proposed New Articles will be also available for inspection at any time until the conclusion of the Annual General Meeting on the Company's website at [www.majedie.co.uk](http://www.majedie.co.uk) and at the venue of the Annual General Meeting 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 re-appointed as Auditors on 20 January 2009. Ernst & Young LLP have indicated their willingness to continue in office and a resolution will be proposed at the Annual General Meeting to re-appoint them as Auditors.

By Order of the Board  
Capita Sinclair Henderson Limited  
Company Secretary  
24 November 2009

# Business Review

The Business Review forms part of the Directors' Report.

## Introduction

The purpose of the Business Review is to provide a review of the business of the Company by:

- analysing development and performance using appropriate Key Performance Indicators (“KPIs”);
- outlining the principal risks and uncertainties affecting the Company;
- setting out the Company’s environmental, social and ethical policy;
- providing information about persons with whom the Company has contractual or other arrangements which are essential to the business of the Company;
- outlining the main trends and factors likely to affect the future development, performance and position of the Company’s business;
- describing how the Company manages these risks; and
- explaining the future business plans of the Company.

## 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 and Transparency 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 32, 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) issued in January 2009. The principal accounting policies of the Company are set out in note 1 to the accounts on pages 42 to 46. The Auditors’ opinion on the financial statements, which is unqualified, appears on pages 30 and 31.

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 information 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 shareholders’ meeting, being the Annual General Meeting, scheduled for 20 January 2010 is set out on page 68.

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 2008, 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 six members of the Board, of which five are non-executive, as set out on page 14 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 Statement on pages 23 to 25 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 2009 the Company had an issued share capital of £5,252,800, comprising 52,528,000 ordinary shares of 10p each, carrying one vote each.

The Board seeks each year to renew the 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 below and 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 level and effect of 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 external annual audit. The financial risks are set out in more detail in note 25 on pages 60 to 65; and
- 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 25.

## 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 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](http://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; and
- total shareholder return;

both measured against the benchmark total return.

The above KPIs are commented on and displayed in graphical form within the Chairman's Statement on pages 5 to 9. The following KPIs are commented on in this Business Review:

- investment portfolio return (total assets): see Investment Performance on page 21.
- share price discount: the level of the discount at the end of the financial year calculated with debt at par was 20.5% and was higher than at the start of the year.
- total expense ratio: see Costs on pages 4 and 22.
- annual dividend growth: See Total Return Philosophy & Dividend Policy on page 22.

## 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	(7.87%)	11.27%	(19.14%)
3 years	(21.80%)	0.27%	(22.07%)
5 years	17.30%	41.19%	(23.89%)
10 years	14.48%	29.45%	(14.97%)

The Company's investment in Majedie Asset Management Limited (MAM) is included in the investment performance table on the basis that it is treated the same as the Company's other unlisted investments being held at fair value with gains or losses included in the income statement. As at 30 September 2009 the Total Assets portfolio totalled £157.9m and included investments of £147.3m (inclusive of MAM at £30.0m) and cash balances of £12.4m.

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 2009.

The investment portfolio relative performance shown, as calculated by The WM Company and excluding 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 dividend income received). Total shareholder return for the year was -18.3%. The level of net gearing during the year ranged between 13.0% and 28.6%.

### ATTRIBUTION ANALYSIS



Source: The WM Company, Majedie

## Costs

The Company's expense ratio over net assets is 2.1% which compares with the investment trust sector average of 1.7%. The ratio for the year has been negatively impacted by the sharp fall in the Company's assets. 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.

During the year the Board reviewed the Company's dividend policy and has decided to retain the current progressive dividend policy. This aims to increase the dividend each year by more than the rate of inflation and this has been achieved in each of the last nineteen years. At £26.7m, the revenue reserves represent more than four times the current annual core dividend distribution. Over the last ten years the average annual growth of the dividend has been 4%.

## 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 7 and further referred to in note 12 on pages 52 and 53.

## Business Development

The Company has made significant progress in respect of business development and is now in a position to launch a substantial new venture being Javelin Capital LLP. Javelin is an asset management entity focusing on equity markets both in the UK and overseas. It is also proposed that Javelin Capital LLP will become the investment manager for the Company's investment portfolio assuming responsibility for the existing staff and relevant fixed assets. We have applied to the FSA and other regulatory authorities and subject to permissions should be able to commence trading in early 2010.



# Corporate Governance Statement

The Corporate Governance Statement forms part of the Directors' Report.

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). A copy of the Combined Code on Corporate Governance can be found at [www.frc.org.uk](http://www.frc.org.uk). The Board considers that the Company has complied with the provisions of the Combined Code throughout the year ended 30 September 2009 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

The Board consist of six Directors, five of whom are non-executive. Mr Aherne was appointed to the role of an executive director with effect from 24 November 2009. Biographical details of the directors are shown on page 14.

Messrs Adcock, Gadd 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 and Remuneration Committees. He is a member of the Audit Committee. Mr Reid replaced Mr Aherne as Chairman of the Remuneration Committee on 1 October 2009.

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 2009 seven Board meetings were held and additionally two Audit Committee meetings, four Nomination Committee meetings and five Remuneration Committee meetings. Attendance at these Board and Committee meetings was as follows:

Director	Board	Audit	Nomination	Remuneration
H S Barlow	7	n/a	4	n/a
H V Reid	7	2	4	5
A J Adcock	7	2	4	5
G P Aherne	7	2	4	4
J W M Barlow	7	n/a	3	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 and its Committees continue 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 non-executive directors, Mr Aherne having stood down on his appointment as an executive director on 24 November 2009. 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.

The Company's Articles of Association require a director appointed during the year to retire and seek 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 Reid and Mr J W M Barlow have served on the Board since January 1999 and July 1999, respectively, and submit themselves for annual re-election as directors 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 four times during the year to consider the appointments of Mr Gadd and Mr Arnheim, the Board's succession and subsequently, in Mr Reid's absence, to consider his re-appointment for a further year. It decided to recommend the re-appointment of Mr Reid, Mr Aherne and Mr J W M Barlow on the basis that they continue to make

# Corporate Governance Statement

valuable contributions and to exercise their judgement and express their opinions in an independent manner.

During the course of the year, following an evaluation of its balance of skills, knowledge and experience, the Board identified a need for additional input and determined that Mr Gadd and Mr Arnheim would make substantial contributions to the Board. As the Board agreed unanimously that they were outstanding candidates, it was not considered necessary to go to the expense of engaging the services of external recruitment consultants.

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. There are no qualifying third party indemnity provisions in force.

## Conflicts of Interest

On 1 October 2008 it became a statutory requirement that a director must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests (a situational conflict). The Company's Articles of Association were amended at the last Annual General Meeting to give the directors authority to approve such situations, where appropriate.

It is the responsibility of each individual director to avoid an unauthorised conflict situation arising. He must request authorisation from the Board as soon as he becomes aware of the possibility of a situational conflict arising.

The Board is responsible for considering directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include whether the situational conflict could prevent the director from properly performing his duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgment and/or actions of the director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only directors who have no interest in the matter being considered are able to take the relevant decision, and 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 are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Secretary and is reviewed at each Board meeting, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

## Directors' Remuneration

The Remuneration Committee comprises: Hubert Reid (Chairman), Andrew Adcock and Paul Gadd. Gerry Aherne, 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 and 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

As an investment trust, the Company has limited direct impact upon the environment.

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 18 to 22 provides additional further information.

The Audit Committee comprises: Andrew Adcock (Chairman), Paul Gadd and Hubert Reid. Gerry Aherne, Henry Barlow and William Barlow and representatives of the Auditors are invited to attend meetings of the Committee. Mr Aherne stood down from the Committee on 15 October 2009. 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 all members of the Audit Committee were present at those 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 Auditors. 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 trading as Capita Financial Group – Specialist Fund Services. Custody is outsourced to RBC Dexia Investor Services Trust.

In accordance with the guidance of the Financial Reporting Council: "Internal Control: Revised Guidance for Directors on the Combined Code", 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 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as required under the Companies Act 2006. 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 2006. The report has therefore been divided into separate sections for audited and unaudited information.

## UNAUDITED SECTION Remuneration Committee

The Remuneration Committee is chaired by Hubert Reid. During the year to 30 September 2009, the Committee comprised solely non-executive directors – being Hubert Reid, Gerry Aherne and Andrew Adcock. Gerry Aherne stood down from the Committee on 15 October 2009 and was replaced as Chairman by Hubert Reid on 1 October 2009. Paul Gadd was appointed to the Committee on 15 October 2009.

Henry Barlow (Chairman of the Board) was invited to attend meetings, but did not participate in decisions on his own remuneration. William Barlow is also invited to attend meetings. The Company Secretary, Capita Sinclair Henderson Limited, acted as Secretary to the Committee. The terms of reference of the Remuneration Committee are available on request or may be obtained from the Company website.

## 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, each director and employees. 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 employees of the right calibre. In setting both the policy related to, and levels of, remuneration and benefits for directors and employees, 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 individuals. The Committee also sets directors' fees in part after reviewing employee remuneration levels and responsibilities within the Company and, where applicable, after allowance for the non-executive nature of directors.

## Remuneration Policy

The Board's policy is that the remuneration of non-executive directors should reflect the responsibilities and time commitment of individual directors, and is determined with reference to comparable organisations and appointments.

The Committee reviewed directors' remuneration in October 2009 and agreed to retain basic non-executive directors' fees at £27,000 per annum with additional fees of £3,000 per annum applying to each of the Chairman of the Audit and Remuneration Committees and the Senior Independent Director. As recognition of the increased time commitments required from the Chairman of the Board, the Committee agreed to increase the Chairman's fee to £75,000 per annum with effect from the conclusion of the Annual General Meeting to be held on 20 January 2010. During the year the Committee awarded Mr Gerry Aherne additional special duties fees of £117,000 in respect of his business development and supervisory duties undertaken. From 1 October 2009 the Committee agreed to increase Mr G Aherne's total emolument to £160,000 per annum, including his non-executive director's fees.

Gerry Aherne was appointed to an executive role from 24 November 2009 and his basic emoluments will remain unaltered. The basic salaries of executive directors are determined by the Committee after taking into account market data, individual performance and the nature of an individual's responsibilities.

Non-executive directors are entitled to claim out of pocket expenses, if any, incurred in carrying out their duties but are not eligible for bonuses, pension benefits, share options or long term incentive schemes. Directors' fees (excluding any special duties fees) are, under the Company's articles of association, subject to a limit of £250,000 per annum. No director has a service contract with the Company with all non-executive directors having a memoranda of terms.

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.

#### Javelin Capital LLP ("Javelin")

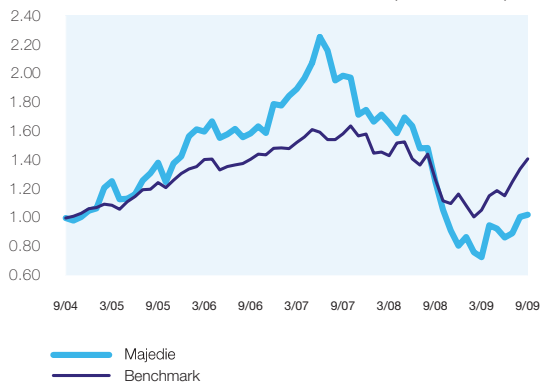
Javelin, a limited liability partnership of which the Company is a member, was incorporated on 12 October 2009. As a member of Javelin, Gerry Aherne will be eligible to receive additional remuneration based upon the performance of Javelin. The determination and allocation of performance related remuneration will be undertaken by the remuneration committee of Javelin.

As a member, the Board can appoint representatives to attend the monthly Javelin management board meetings. Directors attending the management board meetings, with the exception of the Chairman of the Board, will be paid an additional £6,000 per annum, based upon a fee of £500 per meeting.

#### Performance

The graph below 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.

TOTAL SHAREHOLDER RETURN V BENCHMARK  
5 YEARS TO 30 SEPTEMBER 2009 (REBASED)



# Report on Directors' Remuneration

## AUDITED SECTION

### Directors' Remuneration

The remuneration of the directors for the year ended 30 September 2009 was as follows:

	Basic fees £'000	Additional fees £000	Special Duties fees £000	Total 2009 £000	Total 2008 £000
<b>Non-executive directors</b>					
H S Barlow	48			48	44
H V Reid	27	3		30	32
J W M Barlow	27			27	25
G P Aherne	27	3	117	147	26
A J Adcock	27	3		30	13
<b>Executive directors</b>					
R E Clarke (resigned 31.03.08)					514
G M Leates (resigned 31.03.08)					295
	156	9	117	282	949

Note: Paul Gadd not shown as appointed to the Board on 1 October 2009.

### Approval

The Report on Directors' Remuneration on pages 26 to 28 was approved by the Board on 24 November 2009.

On behalf of the Board

**H V Reid** Chairman of the Remuneration Committee

24 November 2009

# 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 judgements 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 2006 and Article 4 of the IAS Regulation. 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  
24 November 2009

# Report of the Independent Auditors

Independent Auditors' Report to the Members of Majedie Investments PLC

We have audited the financial statements of Majedie Investments PLC for the year ended 30 September 2009 which comprise the Consolidated and Company Income Statements, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Sections 495, 496 and 497 of the Companies Act 2006. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

## Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2009 and of the group's and the parent company's net return for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Under the Listing Rules we are required to review:

- the directors' statement, set out on page 25, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

**Ratan Engineer (Senior statutory auditor)**

for and on behalf of Ernst & Young LLP,

Statutory Auditor

London

24 November 2009

# Consolidated Income Statement

for the year ended 30 September 2009

	Notes	Revenue return £000	2009 Capital return £000	Total £000	Revenue return £000	2008 Capital return £000	Total £000
<b>Investments</b>							
Losses on investments at fair value through profit or loss	12		(23,723)	(23,723)		(95,341)	(95,341)
<b>Net investment result</b>			<b>(23,723)</b>	<b>(23,723)</b>		<b>(95,341)</b>	<b>(95,341)</b>
<b>Income</b>							
Dividends and interest	2	4,594		4,594	6,306		6,306
MAM dividend income		1,906		1,906			
MAM special dividend income					2,484		2,484
Other income		34		34	75		75
<b>Total income</b>		<b>6,534</b>		<b>6,534</b>	<b>8,865</b>		<b>8,865</b>
<b>Expenses</b>							
Administration expenses	3	(1,507)	(1,359)	(2,866)	(1,702)	(1,571)	(3,273)
<b>Return/(deficit) before finance costs and taxation</b>							
Finance costs	6	(702)	(2,100)	(2,802)	(701)	(2,099)	(2,800)
<b>Net return/(deficit) before taxation</b>		<b>4,325</b>	<b>(27,182)</b>	<b>(22,857)</b>	<b>6,462</b>	<b>(99,011)</b>	<b>(92,549)</b>
Taxation	7	(92)		(92)	(51)		(51)
<b>Net return/(deficit) after taxation for the year</b>		<b>4,233</b>	<b>(27,182)</b>	<b>(22,949)</b>	<b>6,411</b>	<b>(99,011)</b>	<b>(92,600)</b>
<b>Return/(deficit) per ordinary share:</b>							
Basic and diluted	10	pence 8.1	pence (52.3)	pence (44.2)	pence 12.5	pence (192.3)	pence (179.8)

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 42 to 66 form part of these accounts.

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

# Company Income Statement

for the year ended 30 September 2009

	Notes	Revenue return £000	2009 Capital return £000	Total £000	Revenue return £000	2008 Capital return £000	Total £000
<b>Investments</b>							
Losses on investments at fair value through profit or loss	12		(23,723)	(23,723)		(95,341)	(95,341)
<b>Net investment result</b>			(23,723)	(23,723)		(95,341)	(95,341)
<b>Income</b>							
Dividends and interest	2	4,594		4,594	6,306		6,306
MAM dividend income		1,906		1,906			
MAM special dividend income					2,484		2,484
Other income		34		34	75		75
<b>Total income</b>		6,534		6,534	8,865		8,865
<b>Expenses</b>							
Administration expenses	3	(1,507)	(1,359)	(2,866)	(1,702)	(1,571)	(3,273)
<b>Return/(deficit) before finance costs and taxation</b>							
		5,027	(25,082)	(20,055)	7,163	(96,912)	(89,749)
Finance costs	6	(702)	(2,100)	(2,802)	(701)	(2,099)	(2,800)
<b>Net return/(deficit) before taxation</b>		4,325	(27,182)	(22,857)	6,462	(99,011)	(92,549)
Taxation	7	(92)		(92)	(51)		(51)
<b>Net return/(deficit) after taxation for the year</b>		4,233	(27,182)	(22,949)	6,411	(99,011)	(92,600)
<b>Return/(deficit) per ordinary share:</b>							
Basic and diluted	10	pence 8.1	pence (52.3)	pence (44.2)	pence 12.5	pence (192.3)	pence (179.8)

The total column of this statement is the Profit and Loss Account of the Company prepared under 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 42 to 66 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 2009

	Notes	Share capital £000	Share premium £000	Capital redemption reserve £000	Share options reserve £000
<b>Year ended 30 September 2009</b>					
As at 30 September 2008		5,253	785	56	291
Net return after tax for the year					
Investments at fair value through profit or loss					
• Increase in investment holding gains					
• Net loss on realisation of investments					
Costs charged to capital					
<b>Total recognised income and expenditure</b>					
Share options expense	24				251
Dividends declared and paid in year	9				
Own shares (sold)/purchased by Employee Incentive Trust (EIT)	18				(826)
<b>As at 30 September 2009</b>		<b>5,253</b>	<b>785</b>	<b>56</b>	<b>(284)</b>
<b>Year ended 30 September 2008</b>					
As at 30 September 2007		5,253	785	56	262
Net return after tax for the year					
Investments at fair value through profit or loss					
• Decrease in investment holding gains					
• Net loss on realisation of investments					
Costs charged to capital					
<b>Total recognised income and expenditure</b>					
Share options expense	24				516
Dividends declared and paid in year	9				
Own shares (sold)/purchased by Employee Incentive Trust (EIT)	18				(487)
<b>As at 30 September 2008</b>		<b>5,253</b>	<b>785</b>	<b>56</b>	<b>291</b>

The notes on pages 42 to 66 form part of these accounts.

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

Capital reserve £000	Revenue reserve £000	Own shares reserve £000	Total £000
120,606	29,047	(2,573)	153,465
	4,233		4,233
30,345			30,345
(54,068)			(54,068)
(3,459)			(3,459)
(27,182)	4,233		(22,949)
	(6,631)		251
		871	(6,631)
			45
<u>93,424</u>	<u>26,649</u>	<u>(1,702)</u>	<u>124,181</u>
219,617	30,296	(3,053)	253,216
	6,411		6,411
(87,499)			(87,499)
(7,842)			(7,842)
(3,670)			(3,670)
(99,011)	6,411		(92,600)
	(7,660)		516
		480	(7,660)
			(7)
<u>120,606</u>	<u>29,047</u>	<u>(2,573)</u>	<u>153,465</u>

# Company Statement of Changes in Equity

for the year ended 30 September 2009

	Notes	Share capital £000	Share premium £000	Capital redemption reserve £000
<b>Year ended 30 September 2009</b>				
As at 30 September 2008		5,253	785	56
Net return after tax for the year				
<b>Investments at fair value through profit or loss</b>				
• Decrease in investment holding gains				
• Dormant subsidiaries now struck off				
• Net loss on realisation of investments				
Revaluation of investment in Majedie Asset Management				
Costs charged to capital				
<b>Total recognised income and expenditure</b>				
Share options expense	24			
Dividends declared and paid in year	9			
Own shares (sold)/purchased by Employee Incentive Trust (EIT)	18			
<b>As at 30 September 2009</b>		<b>5,253</b>	<b>785</b>	<b>56</b>
<b>Year ended 30 September 2008</b>				
As at 30 September 2007		5,253	785	56
Net return after tax for the year				
<b>Investments at fair value through profit or loss</b>				
• Decrease in investment holding gains				
• Net loss on realisation of investments				
Revaluation of investment in Majedie Asset Management				
Costs charged to capital				
<b>Total recognised income and expenditure</b>				
Share options expense	24			
Dividends declared and paid in year	9			
Own shares (sold)/purchased by Employee Incentive Trust (EIT)	18			
<b>As at 30 September 2008</b>		<b>5,253</b>	<b>785</b>	<b>56</b>

The notes on pages 42 to 66 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 £000	Revenue reserve £000	Own shares reserve £000	Total £000
291	120,884	28,767	(2,573)	153,463
		4,233		4,233
	22,815			22,815
	30			30
	(54,068)			(54,068)
	7,500			7,500
	(3,459)			(3,459)
251	(27,182)	4,233		(22,949)
		(6,631)		(6,631)
(826)			871	45
(284)	93,702	26,369	(1,702)	124,179
262	219,895	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)
516	(99,011)	6,411		(92,600)
		(7,660)		(7,660)
(487)			480	(7)
291	120,884	28,767	(2,573)	153,463

# Consolidated Balance Sheet

as at 30 September 2009

	Notes	2009 £000	2008 £000
<b>Non-current assets</b>			
Property and equipment	11	224	48
Investments at fair value through profit or loss	12	147,291	178,981
		<u>147,515</u>	<u>179,029</u>
<b>Current assets</b>			
Trade and other receivables	14	1,897	2,340
Cash and cash equivalents	15	12,384	8,135
		<u>14,281</u>	<u>10,475</u>
<b>Total assets</b>		<u>161,796</u>	<u>189,504</u>
<b>Current liabilities</b>			
Trade and other payables	16	(3,853)	(2,295)
<b>Total assets less current liabilities</b>		<u>157,943</u>	<u>187,209</u>
<b>Non-current liabilities</b>			
Debentures	16	(33,762)	(33,744)
<b>Total liabilities</b>		<u>(37,615)</u>	<u>(36,039)</u>
<b>Net assets</b>		<u>124,181</u>	<u>153,465</u>
<b>Represented by:</b>			
Ordinary share capital	17	5,253	5,253
Share premium		785	785
Capital redemption reserve		56	56
Share options reserve		(284)	291
Capital reserve		93,424	120,606
Revenue reserve		26,649	29,047
Own shares reserve	18	(1,702)	(2,573)
<b>Equity Shareholders' Funds</b>		<u>124,181</u>	<u>153,465</u>
<b>Net asset value per share</b>			
Basic and fully diluted	19	pence 238.7	pence 296.5

Approved by the Board of Majedie Investments PLC and authorised for issue on 24 November 2009.

Henry S Barlow  
Andrew J Adcock  
Directors

The notes on pages 42 to 66 form part of these accounts.

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



# Company Balance Sheet

as at 30 September 2009

	Notes	2009 £000	2008 £000
<b>Non-current assets</b>			
Property and equipment	11	224	
Investments at fair value through profit or loss	12	147,291	178,981
Investment in subsidiaries	13	161	194
		<u>147,676</u>	<u>179,175</u>
<b>Current assets</b>			
Trade and other receivables	14	1,986	2,413
Cash and cash equivalents	15	12,131	7,718
		<u>14,117</u>	<u>10,131</u>
<b>Total assets</b>		<u>161,793</u>	<u>189,306</u>
<b>Current liabilities</b>			
Trade and other payables	16	(3,852)	(2,099)
<b>Total assets less current liabilities</b>		<u>157,941</u>	<u>187,207</u>
<b>Non-current liabilities</b>			
Debentures	16	(33,762)	(33,744)
<b>Total liabilities</b>		<u>(37,614)</u>	<u>(35,843)</u>
<b>Net assets</b>		<u>124,179</u>	<u>153,463</u>
<b>Represented by:</b>			
Ordinary share capital	17	5,253	5,253
Share premium		785	785
Capital redemption reserve		56	56
Share options reserve		(284)	291
Capital reserve		93,702	120,884
Revenue reserve		26,369	28,767
Own shares reserve	18	(1,702)	(2,573)
<b>Equity Shareholders' Funds</b>		<u>124,179</u>	<u>153,463</u>

Approved by the Board of Majedie Investments PLC and authorised for issue on 24 November 2009.

Henry S Barlow  
Andrew J Adcock  
Directors

The notes on pages 42 to 66 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 2009

	Notes	2009 £000	2008 £000
<b>Net cash flow from operating activities</b>			
Consolidated net return before taxation		(22,857)	(92,549)
Adjustments for:			
Losses on investments	12	23,723	95,341
Dividends reinvested		(132)	(171)
Share based remuneration		251	516
Depreciation		58	25
Purchases of investments		(57,427)	(51,830)
Sales of investments		67,202	56,133
		10,818	7,465
Finance costs		2,802	2,800
<b>Operating cashflows before movements in working capital</b>		13,620	10,265
Increase/(decrease) in trade and other payables		241	(454)
Decrease in trade and other receivables		96	2,071
<b>Net cash inflow from operating activities before tax</b>		13,957	11,882
Tax recovered		2	
Tax on unfranked income		(106)	(56)
<b>Net cash inflow from operating activities</b>		13,853	11,826
<b>Investing activities</b>			
Purchases of tangible assets		(234)	(4)
<b>Net cash outflow from investing activities</b>		(234)	(4)
<b>Financing activities</b>			
Interest paid		(2,783)	(2,784)
Dividends paid		(6,631)	(7,660)
Purchases of own shares into Employee Incentive Trust			(914)
Exercise of options on own shares		44	907
<b>Net cash outflow from financing activities</b>		(9,370)	(10,451)
<b>Increase in cash and cash equivalents for year</b>	20, 21	4,249	1,371
Cash and cash equivalents at start of year		8,135	6,764
<b>Cash and cash equivalents at end of year</b>		12,384	8,135

The notes on pages 42 to 66 form part of these accounts.

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

# Company Cash Flow Statement

for the year ended 30 September 2009

	Notes	2009 £000	2008 £000
<b>Net cash flow from operating activities</b>			
Company net return before taxation		(22,857)	(92,549)
Adjustments for:			
Losses on investments	12	23,723	95,341
Dividends reinvested		(132)	(171)
Share based remuneration		251	516
Depreciation		58	
Purchases of investments		(57,427)	(51,830)
Sales of investments		67,202	56,133
		10,818	7,440
Finance costs		2,802	2,800
<b>Operating cashflows before movements in working capital</b>		13,620	10,240
Increase in trade and other payables		437	1,869
Decrease/(increase) in trade and other receivables		112	(318)
<b>Net cash inflow from operating activities before tax</b>		14,169	11,791
Tax recovered		2	
Tax on unfranked income		(106)	(56)
<b>Net cash inflow from operating activities</b>		14,065	11,735
<b>Investing activities</b>			
Purchases of tangible assets		(282)	
<b>Net cash outflow from investing activities</b>		(282)	
<b>Financing activities</b>			
Interest paid		(2,783)	(2,784)
Dividends paid		(6,631)	(7,660)
Purchases of own shares into Employee Incentive Trust			(914)
Exercise of options on own shares		44	907
<b>Net cash outflow from financing activities</b>		(9,370)	(10,451)
<b>Increase in cash and cash equivalents for year</b>	20, 21	4,413	1,284
Cash and cash equivalents at start of year		7,718	6,434
<b>Cash and cash equivalents at end of year</b>		12,131	7,718

The notes on pages 42 to 66 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 England under the Companies (Consolidation) Act 1908. The Company is registered as a public limited company and is an investment company as defined by Section 833 of the Companies Act 2006. The address of the registered office is given on page 75. The nature of the Group's operations and its principal activities are set out in the Business Review on pages 18 to 22 and in note 8 on page 49.

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
IFRS 9	Financial Instruments	1 January 2013
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
IAS 32	Amendment – Puttable Financial instruments and obligations existing on liquidation	1 January 2009
IAS 39	Amendment – Eligible hedged items	1 July 2009

International Financial Reporting Interpretations Committee (IFRIC)		Effective date
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18	Transfer of Assets from Customers	1 July 2009

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 32 to 66 comprise the audited results of the Company and its subsidiaries for the year ended 30 September 2009, 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) regarding the Financial Statements of Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies in January 2009 and adopted early 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 early adoption of this SORP had no effect on the financial statements of the Company other than the recommendation to separately disclose capital reserves that relate to the revaluation of investments held at the balance sheet date. This new requirement replaces the requirement to disclose the value of the capital reserve that is unrealised. All the companies' activities are continuing.

## 1 Accounting Policies continued

The principal accounting policies adopted are set out as follows:

### 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 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 reviewed on a semi-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 and held at amortised cost.

### 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 may have a significant effect on the financial statements of the Company. Note 12 on pages 52 and 53 sets out the relevant details of the MAM valuation including the assumptions on which the valuation is based.

## 2 Dividends and Interest

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Listed investments				
– UK dividend income	3,633	5,438	3,633	5,438
– unfranked	811	457	811	457
Unlisted investments				
– unfranked	59	98	59	98
Interest on deposits	95	315	95	315
Exchange differences on income	(4)	(2)	(4)	(2)
	<b>4,594</b>	<b>6,306</b>	<b>4,594</b>	<b>6,306</b>



### 3 Administration Expenses

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Staff costs – note 5	1,165	1,923	1,165	1,923
Other staff costs and directors' fees	314	155	314	155
Advisers' costs	410	399	410	399
Relocation costs	128		128	
Information costs	146	127	146	127
Establishment costs	113	130	113	130
Operating lease rentals – premises	139	146	139	146
Depreciation on tangible assets	58	25	58	
Auditors' remuneration (see below)	59	63	56	55
Restructuring costs		121		121
Other expenses	334	184	337	217
	<b>2,866</b>	<b>3,273</b>	<b>2,866</b>	<b>3,273</b>

A charge of £1,359,000 (2008: £1,571,000) 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 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Audit services				
– statutory audit	59	62	56	54
Other non-audit services				
– relating to Employee Share Option Scheme		1		1
	<b>59</b>	<b>63</b>	<b>56</b>	<b>55</b>

### 4 Directors' Emoluments – Company

	2009 £000	2008 £000
Salaries and fees	282	607
Bonuses		200
Pension contributions		82
Other benefits		60
	<b>282</b>	<b>949</b>

The Report on Directors' Remuneration on pages 26 to 28 explains the Company's policy on remuneration for non-executive directors for the year. It also provides further details of directors' remuneration.

# Notes to the Accounts

## 5 Staff Costs including Executive Directors – Group

	2009 £000	2008 £000
Salaries and other payments	724	1,100
Social security costs	126	180
Pension contributions	64	127
Share based remuneration – note 24	251	516
	<b>1,165</b>	<b>1,923</b>
	2009 Number	2008 Number
Average number of employees: Management and office staff	5	7

## 6 Finance Costs – Group and Company

	2009			2008		
	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	6	12	18	5	11	16
	<b>702</b>	<b>2,100</b>	<b>2,802</b>	<b>701</b>	<b>2,099</b>	<b>2,800</b>

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

## 7 Taxation

### Analysis of tax charge – Group and Company

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Tax on overseas dividends	92	51	92	51

## 7 Taxation continued

### Reconciliation of tax charge:

The current taxation for the year is higher than the standard rate of corporation tax in the UK (28%), (2008: 29%). The differences are explained below:

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Net return before taxation	(22,857)	(92,549)	(22,857)	(92,549)
Taxation at UK Corporation Tax rate of 28% (2008: 29%)	(6,400)	(26,839)	(6,400)	(26,839)
Effects of:				
– UK dividends which are not taxable	(1,551)	(2,297)	(1,551)	(2,297)
– other income which is not taxable	(102)	(4)	(102)	(4)
– losses on investments which are not taxable	6,643	27,649	6,643	27,649
– expenses charged to capital reserve	(231)		(231)	
– expenses not deductible for tax purposes	107	52		
– excess expenses for current year	1,550	1,439	1,550	1,439
– group relief surrendered			107	52
– overseas taxation which is not recoverable	92	51	92	51
– offset relief for foreign WHT	(16)		(16)	
Actual current tax charge	92	51	92	51

### Group

After claiming relief against accrued income taxable on receipt, the Group has unrelieved excess expenses of £48,200,000 (2008: £43,400,000). 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 £48,200,000 (2008: £43,400,000). 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 10 to 13 and exposure to different currencies is disclosed in note 25 on pages 60 and 61.

# Notes to the Accounts

## 9 Dividends – Group and Company

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

	2009 £000	2008 £000
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
2008 Special dividend of 2.25p paid on 28 January 2009	1,170	
2008 Final dividend of 6.30p paid on 28 January 2009	3,276	
2009 Interim dividend of 4.20p paid on 30 June 2009	2,185	
	<b>6,631</b>	<b>7,660</b>

	2009 £000	2008 £000
Proposed final dividend for the year ended 30 September 2009 of 6.30p (2008: final dividend of 6.30p) per ordinary share	3,277	3,261
Proposed special dividend for the year ended 30 September 2009 of Nil (2008: 2.25p) per ordinary share		1,165
	<b>3,277</b>	<b>4,426</b>

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

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.

	2009 £000	2008 £000
Interim dividend for the year ended 30 September 2009 of 4.20p (2008: 4.20p) per ordinary share	2,185	2,156
Proposed final dividend for the year ended 30 September 2009 of 6.30p (2008: 6.30p) per ordinary share	3,277	3,261
Proposed special dividend for the year ended 30 September 2009 of £nil (2008: 2.25p) per ordinary share		1,165
	<b>5,462</b>	<b>6,582</b>

## 10 Return per Ordinary Share – Group and Company

Basic return per ordinary share is based on 51,973,767 (2008: 51,478,751) 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 2009 and 2008 since the share options referred to in note 18 would, if exercised, be satisfied by the shares already held by the employee incentive trust.

	2009 £000	2008 £000
Basic and diluted revenue returns are based on net revenue after taxation of:	4,233	6,411
Basic and diluted capital returns are based on net capital return of:	(27,182)	(99,011)
Basic and diluted total returns are based on return of:	(22,949)	(92,600)

## 11 Property and Equipment – Group and Company

	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost:			
At 1 October 2008	355	266	621
Additions	171	63	234
Disposals	(355)		(355)
At 30 September 2009	171	329	500
Depreciation:			
At 1 October 2008	319	254	573
Charge for year	42	16	58
Disposals	(355)		(355)
At 30 September 2009	6	270	276
Net book value:			
At 30 September 2009	165	59	224
At 30 September 2008	36	12	48

# Notes to the Accounts

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

	2009			2008		
	Listed £000	Unlisted £000	Total £000	Listed £000	Unlisted £000	Total £000
Opening cost at beginning of year	169,975	9,971	179,946	179,363	12,441	191,804
(Losses)/gains at beginning of year	(21,638)	20,673	(965)	70,450	16,084	86,534
Opening fair value at beginning of year	148,337	30,644	178,981	249,813	28,525	278,338
Purchases at cost	58,826	50	58,876	51,910	1,394	53,304
Sales – proceeds	(66,843)		(66,843)	(52,734)	(4,584)	(57,318)
(Losses)/gains on sales	(54,068)		(54,068)	(9,415)	1,571	(7,844)
Increase/(decrease) in investment holding gains	28,434	1,911	30,345	(92,088)	4,589	(87,499)
Adjustments for listing/delisting during financial year	(3,429)	3,429		851	(851)	
Closing fair value at end of year	111,257	36,034	147,291	148,337	30,644	178,981
Closing cost at end of year	104,461	13,450	117,911	169,975	9,971	179,946
Gains/(losses) at end of year	6,796	22,584	29,380	(21,638)	20,673	(965)
Closing fair value at end of year	111,257	36,034	147,291	148,337	30,644	178,981

Unlisted investments include an amount of £5,465,000 in 10 various companies, £30,000,000 for our investment in MAM as detailed on page 53 and £569,000 (2008: £972,000) of loan or convertible notes that pay a fixed rate of interest. The valuation of investments on pages 12 and 13 includes 11 unlisted investments of over £100,000 (including MAM).

During the year the Company incurred transaction costs amounting to £374,000 (2008: £345,000) of which £243,000 (2008: £238,000) related to the purchases of investments and £131,000 (2008: £107,000) related to the sales of investments. These amounts are included in losses 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:

	2009 £000	2008 £000
Net loss on investments	(54,068)	(7,844)
Exchange gains on settlement		2
Increase/(decrease) in holding gains on investments	30,345	(87,499)
	(23,723)	(95,341)

## 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:

	Fair Value £000	% of Class Held
Hydrodec	1,440	4.064
Capital Lease Aviation	1,500	3.195

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

	2009 £000	2008 £000
Deemed cost of investment	1,207	1,207
Holding gains	28,793	21,293
Fair value at 30 September	30,000	22,500

The carrying value of MAM in the 30 September 2009 Consolidated Financial Statements is its fair value as assessed at 30 September 2009. 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 2009 and the 2010 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 2009 show a net profit after taxation of £14,222,000 (2008: £8,101,000) and shareholders' funds of £25,945,000 (2008: £16,180,000). 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.

# Notes to the Accounts

## 13 Investment in Subsidiaries – Company

The Company's subsidiaries at 30 September 2009 are as follows:

Barlow Service Company Limited	– non trading
Majedie Portfolio Management Limited	– manager of the Majedie Share Plan, authorised and regulated by the Financial Services Authority

All the subsidiaries are incorporated in Great Britain and are wholly owned.

During the year Majedie Investment Trust Management Limited; Barlow Investments Limited; Majedie Properties Limited; and Majedie Securities Limited were struck off the Register of Companies. Additionally on 8 September 2009, a further application was made to the Register of Companies to voluntarily strike off Barlow Service Company Limited.

Company	2009 £000	2008 £000
Cost:		
At beginning of year	1,002	1,002
Disposals	(2)	
At end of year	1,000	1,002
Depreciation:		
At beginning of year	(808)	(808)
Depreciation in year	(31)	
At end of year	(839)	(808)
Valuation at end of year	161	194

## 14 Trade and Other Receivables

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Sales for future settlement	1,078	1,437	1,078	1,437
Payments in advance	435	225	434	
Dividends receivable	343	647	343	647
Other amounts due from MAM		6		6
Accrued income	18	14	18	14
Taxation recoverable	23	11	23	11
Amounts due from subsidiary undertakings			90	298
	1,897	2,340	1,986	2,413



## 15 Cash and Cash Equivalents

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Deposits	11,830	7,484	11,856	7,484
Other balances	554	651	275	234
	<b>12,384</b>	<b>8,135</b>	<b>12,131</b>	<b>7,718</b>

## 16 Trade and Other Payables

Amounts falling due within one year:

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Purchases for future settlement	2,618	1,301	2,618	1,301
Accrued expenses	590	377	589	4
Other creditors	645	617	645	617
Amounts owed to subsidiary undertakings				177
	<b>3,853</b>	<b>2,295</b>	<b>3,852</b>	<b>2,099</b>

Amounts falling due after more than one year:

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
£13.5m (2008: £13.5m) 9.5% debenture stock 2020	13,376	13,369	13,376	13,369
£20.7m (2008: £20.7m) 7.25% debenture stock 2025	20,386	20,375	20,386	20,375
	<b>33,762</b>	<b>33,744</b>	<b>33,762</b>	<b>33,744</b>

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.

# Notes to the Accounts

## 17 Called Up Share Capital

	2009 £000	2008 £000
Allotted and fully paid at 30 September: 52,528,000 (2008: 52,528,000) ordinary shares of 10p each	5,253	5,253
Authorised at 30 September: 70,000,000 (2008: 70,000,000) ordinary shares of 10p each	7,000	7,000

There are 505,490 (2008: 763,852) ordinary shares of 10p each held by the Employee Incentive Trust. See note 18.

Ordinary shares carry one vote each on a poll.

## 18 Own Shares – Group and Company

Following the exercise of share options under the Long Term Incentive Plan (LTIP) during the year 258,362 shares were sold by the Majedie Investments PLC Employee Incentive Trust (EIT) at a value of £44,000 resulting in a loss of £826,000. The total number of options outstanding at the date of this report is 106,656 under the Discretionary Share Option Scheme 2000 and nil under the LTIP and the total shareholding of the Trust is 505,490 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.

	Number of Shares	Own Shares Reserve £000
As at 30 September 2008	763,852	(2,573)
Net disposals	(258,362)	871
As at 30 September 2009	505,490	(1,702)

## 19 Net Asset Value

The consolidated net asset value per share has been calculated based on equity shareholders' funds of £124,181,000 (2008: £153,465,000) and on 52,022,510 (2008: 51,764,148) 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

	2009 £000	2008 £000
Group		
Increase in cash in the year	4,249	1,371
Non cash items	(18)	(16)
Change in net debt	4,231	1,355
Net debt beginning of year	(25,609)	(26,964)
Net debt at end of year	(21,378)	(25,609)

## 20 Reconciliation of Net Cash Flow to Movement in Net Debt continued

Company	2009 £000	2008 £000
Increase in cash in the year	4,413	1,284
Non cash items	(18)	(16)
Change in net debt	4,395	1,268
Net debt at beginning of year	(26,026)	(27,294)
Net debt at end of year	(21,631)	(26,026)

## 21 Analysis of Changes in Net Debt

Group	At 30 September 2008 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2009 £000
Cash at bank	8,135	4,249		12,384
Debt due after one year	(33,744)		(18)	(33,762)
	(25,609)	4,249	(18)	(21,378)

Company	At 30 September 2008 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2009 £000
Cash at bank	7,718	4,413		12,131
Debt due after one year	(33,744)		(18)	(33,762)
	(26,026)	4,413	(18)	(21,631)

## 22 Operating Lease Commitments

During the year the Company entered into a new 10 year non-cancellable operating lease (with a break clause in 5 years) in respect of premises, which included a rent free period. The rent free element has been apportioned over the lease up to the date of the break clause. The Company has an annual commitment at 30 September 2009 under the new lease of £145,000 (2008: £146,000 under the prior lease). This operating lease commitment is disclosed in the table below:

Expiry Date	2009 new lease £000	2008 prior lease £000
Within one year	121	70
Between one and two years	145	
Between two and three years	145	
Between three and four years	145	
Five years and above	35	
	589	70

## 23 Financial Commitments

At 30 September 2009 the Group had no financial commitments which had not been accrued for (2008: none).

# Notes to the Accounts

## 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.

### 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.

### 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.

	2009					
	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 2008	255,803	330.09	369,394	0.0	213,085	0.0
During the year:						
Awarded			106,207	0.0		
Forfeited						
Exercised			(30,925)	0.0	(197,272)	0.0
Expired	(149,147)	330.14	(290,498)	0.0		
Increase in awards due to dividends paid			12,249	0.0	1,258	0.0
Outstanding at 30 September 2009	<u>106,656</u>	<u>330.03</u>	<u>166,427</u>	<u>0.0</u>	<u>17,071</u>	<u>0.0</u>
Exercisable at 30 September 2009						

## 24 Share-based Payments continued

	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				
Expired						
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

The aggregate estimated fair value of the 106,207 TSR-based awards on 4 December 2008, being the date on which the awards were granted was £51,000 (2008: £213,000 relating to the aggregate estimated fair value of 147,072 options granted on 3 December 2007).

There were no matching awards granted in 2009. 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.

On 5 December 2008, 101,982 share options were exercised at a share price of 155.5p giving a gain to the employee of £159,000. Similarly on 12 December 2008, 126,215 share options were exercised at a share price of 148p with a gain to the employee of £187,000 (2008: 230,784 share options were exercised at a share price of 304p and a resultant gain to the employee of £202,000, and 168,678 share options were exercised at a share price of 296.5p and resultant gain to the employee of £136,000).

During the year 290,498 share options lapsed in accordance with the leaving agreements for two former directors.

The options and awards outstanding at 30 September 2009 had a weighted average remaining contractual life of 0.2 years, 3.9 years and 2.1 years in respect of the Discretionary Share Options Scheme 2000, TSR-based Awards and Matching Awards respectively (2008: 2.7 years, 3.3 years and 1.9 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:

	2009 TSR-based Awards	2008 TSR-based Awards	2008 Matching Awards
Weighted Average share price	162.5p	350.0p	323.1p
Weighted Average exercise price	0.0p	0.0p	0.0p
Expected Volatility	33.0%	15.0%	19.3%
Expected Life	5yrs	5 yrs	3 yrs
Risk Free rate	3.0%	4.5%	4.8%
Expected dividends	6.5%	2.8%	3.2%

## 24 Share-based Payments continued

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 an employee leaving the Company on 28 November 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 £191,000 (2008: £246,000) being included as part of the total expense of £251,000 (2008: £516,000) relating to share-based payment transactions in the year ended 30 September 2009.

## 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.

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 2009 was £37,026,000 (2008: £22,400,000).

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.

## 25 Financial Instruments and Risk Profile continued

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

	2009 £000	2008 £000
Monetary exposures		
UK sterling	12,131	7,718
Non-monetary exposures		
US dollar	18,804	9,121
Euro	8,940	8,341
Hong Kong dollar	2,021	855
Indonesian rupiah		113
Swiss franc	1,623	207
Singapore dollar	735	
Thai baht		476
Japanese yen	4,376	
Canadian dollar		670
Australian dollar	526	2,617
UK sterling	112,637	159,188
	<b>149,662</b>	<b>181,588</b>
Total assets	<b>161,793</b>	<b>189,306</b>
Liabilities		
Monetary exposures		
UK sterling	(33,762)	(33,744)
Non-monetary exposures		
UK sterling	(3,852)	(2,099)
	<b>(37,614)</b>	<b>(35,843)</b>
Total net assets	<b>124,179</b>	<b>153,463</b>

### Sensitivity analysis

A 5% increase in sterling at 30 September 2009 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 £1,851,000 (2008: £1,067,000). A 5% 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.

# Notes to the Accounts

## 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:

	2009 £000	2008 £000
Floating rate financial assets		
UK sterling	12,131	7,718
Fixed rate financial assets		
As referred to in note 12	569	972
Financial assets not carrying interest	149,093	180,616
<b>Total assets</b>	<b>161,793</b>	<b>189,306</b>
Fixed rate financial liabilities		
UK sterling	(33,762)	(33,744)
Financial liabilities not carrying interest		
UK sterling	(3,852)	(2,099)
<b>Total liabilities</b>	<b>(37,614)</b>	<b>(35,843)</b>
<b>Total net assets</b>	<b>124,179</b>	<b>153,463</b>

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 52. 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 2009 would have increased total assets and total return by £5,563,000 (2008: £7,417,000). A 5% decrease in listed equity valuations would have had the equal but opposite effect.



## 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 it 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 by Management and reported to the Board;
- 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 2009, cash balances total £12,131,000 (2008: £7,718,000), debtors and prepayments total £1,986,000 (2008: £2,413,000). 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 £569,000 (2008: £972,000). One loan note with a cost of £422,000 is currently impaired and has been written down to £nil. The minimum exposure to credit risk during the year was £20,069,000 and the maximum exposure was £10,404,000.

### 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:

Undiscounted cash flows	Due within 1 year £'000	Due between 1 and 2 years £'000	Due between 2 and 3 years £'000	Due 3 years and beyond £'000	Total £'000
2009					
9.5% debenture stock 2020				13,500	13,500
7.25% debenture stock 2025				20,700	20,700
Interest on financial liabilities	2,783	2,783	2,783	29,216	37,565
Trade payable and other liabilities (excluding social security and sundry taxes)	3,852				3,852
At 30 September 2009	6,635	2,783	2,783	63,416	75,617

# Notes to the Accounts

## 25 Financial Instruments and Risk Profile continued

Undiscounted cash flows	Due within 1 year £'000	Due between 1 and 2 years £'000	Due between 2 and 3 years £'000	Due 3 years and beyond £'000	Total £'000
2008					
9.5% debenture stock 2020				13,500	13,500
7.25% debenture stock 2025				20,700	20,700
Interest on financial liabilities	2,783	2,783	2,783	31,999	40,348
Trade payable and other liabilities (excluding social security and sundry taxes)	2,099				2,099
At 30 September 2008	4,882	2,783	2,783	66,199	76,647

## Fair value of financial assets and liabilities

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

	Book Value 2009 £'000	Book Value 2008 £'000	Fair Value 2009 £'000	Fair Value 2008 £'000
Financial assets				
Investment portfolio	147,291	178,981	147,291	178,981
Cash	12,131	7,718	12,131	7,718
Financial liabilities				
£13.5m (2008: £13.5m) 9.5% debenture stock 2020	13,376	13,369	16,462	17,016
£20.7m (2008: £20.7m) 7.25% debenture stock 2025	20,386	20,375	21,870	22,257

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 a combination of information provided by FT Interactive Data and Discounted cash flow analysis 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:

	2009 £000	2008 £000
Net debt		
Cash	(12,131)	(7,718)
Debentures	33,762	33,744
Sub total	21,631	26,026
Equity		
Equity share capital	5,253	5,253
Retained earnings and other reserves	118,926	148,210
Sub total	124,179	153,463
Net debt as a percentage of net assets	17.4%	17.0%

## 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; and
- 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<sup>2</sup>/<sub>3</sub>% of adjusted share capital and reserves in accordance with the respective Trust Deeds; and
- 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 2009, the fair value of the Company's warrants, both listed and unlisted was £nil (2008: £18,000).

Changes in the fair value of warrants amounting to £18,000 (2008: £3,000) have been debited to the income statement in the year ended 30 September 2009.

# Notes to the Accounts

## 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 (MAM) 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	
	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000	2008 £000
<b>Majedie Asset Management Limited</b>						
Ordinary dividend due to Group	1,906					
Special dividend due to Group		2,484				

At 30 September 2009 the Company held investments in funds managed by MAM representing 1.0% (2008: 1.5%) of the Company's investment portfolio as set out in the table below.

Fund	2009	2008
	Market Value £000	Market Value £000
Majedie Asset Management UK Opportunities 'A'		2,447
Majedie Asset Management UK Focus 'B'		248
Majedie Asset Management UK Equity 'B'		246
Majedie Asset Management Tortoise Fund 'B'	1,645	
	<b>1,645</b>	<b>2,941</b>

Distributions totalling £23,000 (2008: £78,000) from these investments were received by the Company during the year.

The investment in the Tortoise fund has incurred direct fees of £81,000 (2008: £nil) during the year.

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 26 to 28.

	2009 £000	2008 £000
Short-term employee benefits	282	949
Share-based payments		492
	<b>282</b>	<b>1,441</b>

# Ten Year Record

to 30 September 2009

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 %
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
2009	157,943	124,181	238.7*	189.8	20.51	8.14	10.50***	17.22	27.19	2.06

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 56.

\*\* 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 ninth Annual General Meeting of Majedie Investments PLC will be held on 20 January 2010 at Fishmongers' Hall, London Bridge, London EC4R 9EL 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 2009.
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 2009.
4. To elect P D Gadd as a director.
5. To elect C J Arnheim as a director.
6. To re-elect H V Reid as a director.
7. To re-elect J W M Barlow as a director.
8. To re-elect G P Aherne as a director.
9. 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:

10. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 10p each in the capital of the Company ("Ordinary Shares"), provided that:
  - (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 7,873,947, or if less, 14.99% of the number of shares in circulation immediately following the passing of this resolution;
  - (b) the minimum price which may be paid for each Ordinary Share is 10p;
  - (c) the maximum price payable by the Company for each Ordinary Share is the higher of:
    - (i) 105% of the average of the middle market quotations of the Ordinary Shares in the Company for the five business days prior to the date of the market purchase; and
    - (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No.2233/2003);
  - (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2011 or, if earlier, on the expiry of 18 months from the passing of this Resolution, unless such authority is renewed prior to such time; and
  - (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.
11. The Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, are to be treated as provisions of the Company's Articles of Association and the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose 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

24 November 2009

#### *Note 1*

To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast) members must be entered on the Company's register of members at 6.00 pm on 18 January 2010 (or, in the event of any adjournment, 6.00 pm on the date which is two days (excluding weekends and bank holidays) before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

#### *Note 2*

A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, a copy of the enclosed personalised form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, not later than 48 hours before (excluding weekends and bank holidays) the time of the meeting or any adjustment thereof. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands. On a vote by poll every member present in person or by proxy shall have one vote for every ordinary share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing.

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 3*

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the register of members in respect of the joint holding (the first-named being the most senior).

#### *Note 4*

Any 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 member 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 member as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Note 2 above does not apply to a Nominated Person. The rights described in that Note can only be exercised by registered members of the Company.

#### *Note 5*

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 6.00 pm on 18 January 2010 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 that time. Changes to entries on the relevant register of members after 6.00 pm on 18 January 2010 ("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

## Notice of Meeting

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 6*

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual, which is available to download from the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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 using the CREST service 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, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. 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 issuer'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.

### *Note 7*

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 8*

In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:

- a) to do so would:
  - (i) interfere unduly with the preparation for the meeting, or
  - (ii) involve the disclosure of confidential information;
- b) the answer has already been given on a website in the form of an answer to a question; or
- c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.



#### *Note 9*

A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares:

- a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way;
- b) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.

#### *Note 10*

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 Auditors' 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 11*

Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

#### *Note 12*

Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM. A matter may properly be included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

#### *Note 13*

A copy of this notice of Annual General Meeting is available on the Company's website: [www.majedie.co.uk](http://www.majedie.co.uk)

#### *Note 14*

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 Current Articles of Association and the proposed New Articles of Association.

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

# 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 the new legislation and take account of other changes in practice since the existing Articles were adopted.

This summary has been designed to highlight the more important changes.

## 2. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Act significantly reduces the constitutional significance of a company's memorandum. The Act provides that, with effect from 1 October 2009, a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in a company. Under the Act, the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

Further the Act states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 11 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

## 3. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Act are in the main amended to bring them into line with the Act.

## 4. Authorised share capital

The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this by removing the Company's authorised share capital. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Act, save in respect of employee share schemes.

Articles relating to increase in authorised share capital and cancellation of unissued share capital have also been removed from the New Articles as a result of the removal of the Company's authorised share capital.

## 5. Share purchase and reduction of share capital

With effect from 1 October 2009, specific authorisations in a company's articles of association for share buy-backs and reduction of shares are no longer required and will be permitted, unless there are specific restrictions on such transactions in the articles of association. Such authorisations have been removed from the New Articles as they are no longer necessary.

## 6. Redeemable shares

Until 1 October 2009, if a company wished to issue redeemable shares, it had to include in its articles of association the terms and manner of redemption. The Act, from 1 October 2009, enables directors to determine such matters instead provided they are so authorised by the articles of association. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

## 7. Shareholder Rights Directive

The Companies (Shareholders' Rights) Regulations 2009 came into force on 3 August 2009 and implemented the EU Shareholder Rights Directive in the UK by way of amendments to the Act. Certain changes are introduced in the New Articles to reflect the new rules.

The chairman's casting vote has been removed, as traded companies can no longer include such a provision in their articles of association.

The Act now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles reflect these changes and clarify how the provisions of the Act giving a proxy a second vote on a show of hands would apply to discretionary instructions.

A provision has been included in the New Articles to clarify that there is no obligation on the Company to check that a proxy or corporate representative is voting in accordance with instructions. This follows the introduction of a new section in the Act which requires a proxy to vote in accordance with instructions.

The New Articles contain amended provisions in relation to service of notice during curtailment of postal services. Section 308 of the Act only allows a notice to be in hard copy, in electronic form or by website, and section 308 is not subject to the articles of association. This brings into doubt whether a notice may be given by way of a newspaper advert. However, under section 310, to whom a notice is sent can be subject to the articles of association, and therefore the updated provisions try to offer maximum flexibility by defining those people to whom a notice may be sent.

The Act has also been amended to require the Company to give at least 21 clear days' notice of general meetings unless, in the case of general meetings that are not AGMs, the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 clear days has been passed. AGMs must continue to be held on at least 21 clear days' notice. The New Articles reflect these new requirements.

General meetings adjourned for lack of quorum must now be held at least 10 clear days after the original meeting. The New Articles reflect this requirement.

# 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\*, Tower 42, 25 Old Broad Street, London, EC2N 1HQ (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 2009/10 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

Tower 42  
25 Old Broad Street  
London EC2N 1HQ  
Telephone: 020 7626 1243  
Fax: 020 7374 4854  
E-mail: [majedie@majedie.co.uk](mailto:majedie@majedie.co.uk)  
Registered Number: 109305 England

## Company Secretary

Capita Sinclair Henderson Limited  
Trading as Capita Financial Group –  
Specialist Fund Services  
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](http://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 2010

Ex-dividend date	6 January 2010
Record date	8 January 2010
Annual General Meeting	20 January 2010
2008/09 final dividend paid	27 January 2010
Interim results announcement	May
2009/10 interim dividend paid	30 June 2010
Financial year end	30 September
Final results announcement	November
Annual report mailed to shareholders	December

## Website

[www.majedie.co.uk](http://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 74). You may transfer an existing PEP to the Majedie General PEP (page 74). 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.





## WARNING TO SHAREHOLDERS - BOILER ROOM SCAMS



Over the last year, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FSA before getting involved by visiting [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register)
- Report the matter to the FSA either by calling 0845 606 1234 or visiting [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at [www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml](http://www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml)

Details of any share dealing facilities that the company endorses will be included in company mailings.

More detailed information on this or similar activity can be found on the FSA website [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)

**Majedie Investments PLC**

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