Majedie

2011

Majedie Investments PLC

Annual Report

30 September 2011

Majedie Investments PLC is an investment trust with total portfolio assets of over £156 million as at 30 September 2011.

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

Contents

Investment Objective

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

Investment Policy

General

The Company invests principally in securities of publicly quoted companies worldwide and in funds managed by Javelin Capital LLP, though it may invest in unquoted securities up to levels set periodically by the Board, including its investment in Majedie Asset Management Limited. Investments in unquoted securities, other than those managed by Javelin Capital LLP, (measured by reference to the Company's cost of investment) will not exceed 10 per cent. of the Company's gross assets.

Risk diversification

Whilst the Company will at all times invest and manage its assets in a manner that is consistent with spreading investment risk, there will be no rigid industry, sector, region or country restrictions.

The overall approach is based on an analysis of global economies 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 will not invest in any holding that would, at the time of investment, represent more than 15 per cent. of the value of its gross assets.

The Company may utilise derivative instruments including index-linked notes, contracts for difference, covered options and other equity-related derivative instruments for efficient portfolio management and investment purposes.

Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described above.

Asset allocation

The assets of the Company are split into four major groups. These are the Core Portfolio, funds managed by Javelin Capital LLP, and the Company's investments in Majedie Asset Management Limited and Javelin Capital LLP.

Benchmark

The Company does not have one overall benchmark, rather each distinct group of assets is viewed independently. For the actively managed Core Portfolio the benchmark comprises 70 per cent FTSE All-Share Index and 30 per cent FTSE World ex-UK Index (Sterling) on a total return basis. Any investments made into Javelin Capital LLP products are measured against the relevant fund benchmark as contained in the fund's prospectus. It is important to note that in all cases 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 from time to time, which remain subject to the investment restrictions set out in this section.

Gearing

The Company uses gearing currently via long term debentures. The Board has the ability to borrow up to 100 per cent 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 66 $^2/_3$ per cent, and any additional indebtedness is not to exceed 20 per cent, of adjusted capital and reserves.

Highlights for 2011

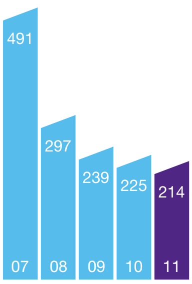
Total shareholder return:	–23.2%
Net asset value total return:	–0.4%
Final dividend (per share):	6.3p
Total dividends (per share):	10.5p
Directors' valuation of investment in Majedie Asset Management Limited:	£39m
Investment in Javelin Capital LLP of:	£7m

Group Summary

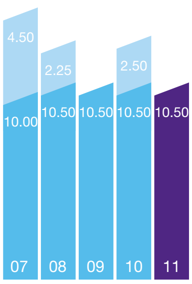
Total assets*	£145.7m	
Shareholders' funds	£111.6m	
Market capitalisation	£73.3m	
Capital structure	10p ordinary shares	52,528,000
	Debt	£13.5m 9.5% debenture stock 2020 £20.7m 7.25% debenture stock 2025
ISA status	Up to £10,680 for 2011/12 tax year.	

* Represents total assets less current liabilities as at 30 September 2011.

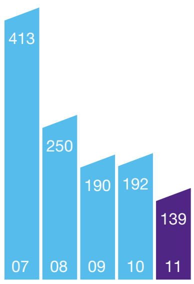
Recent Trends



Net asset value per share (pence) decreased by 4.8% in the year.



Core dividends (pence) have remained at 10.50 pence.



Share price (pence) has decreased by 27.2% during the year.

Year's Summary

Financial*	2011	2010	%
as at 30 September			
Total assets less current liabilities	£145.7m	£150.9m	(3.4)
Shareholders' funds	£111.6m	£117.2m	(4.8)
Net asset value per share	214.5p	225.2p	(4.8)
Share price	139.5p	191.5p	(27.2)
Discount to net assets (debt at par value)	35.0%	15.0%	
Discount to net assets (debt at fair value)	29.8%	9.4%	
Revenue return before tax	£2.6m	£6.3m	(58.7)
Earnings per share	4.6p	11.8p	(61.0)
Core dividends per share**	10.5p	10.5p	
Total dividends per share**	10.5p	13.0p	
Group costs (administrative expenses)	£4.8m	£5.1m	(5.9)
Company costs/average Company net assets	1.7%	2.4%	
Company costs/average Company total assets	1.3%	1.8%	
Maximum potential gearing	30.3%	28.8%	

* 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.

Year's high/low		2011	2010
Share price	high	203.5p	214.7p
	low	133.8p	167.5p
Net asset value	high	214.8p	256.6p
	low	196.3p	210.4p
Discount (debt at par)	high	32.3%	24.7%
	low	13.1%	15.0%
Discount (debt at fair value)	high	26.3%	20.6%
	low	8.8%	9.9%

Chairman's Statement

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

In what has been a turbulent and volatile year in world equity markets the Company's Net Asset Value (NAV) has fared relatively well which reflects the restructuring of the investment portfolio undertaken last year and in particular a much reduced volatility.

During the year to 30 September 2011 the NAV and share price, both on a total return basis, returned –0.4% and –23.2% respectively. I highlight various aspects of performance for the year below which is further detailed and explained in the Investment Manager's report on pages 8 to 11.

Results and Dividends

The Group results for the year ended 30 September 2011 include the consolidation of the investment made in the Javelin Capital Global Equity Strategies Fund (QIF) in accordance with IFRS. This requirement, due to the Company's controlling interest in the QIF, results in various large presentational and disclosure impacts, including the recognition of a non-controlling interest, but has had no material effect on the results for the year.

The Group's net revenue return before tax for the year to 30 September 2011 was £2.6m compared to £6.3m for the prior year period. Group income for the period was £5.5m which is £4.6m lower than the prior year period primarily reflecting the fall in total revenue from Majedie Asset Management Limited (MAM). Total revenue from MAM was £1.9m compared to £6.2m in the prior year period which included a special dividend of £5.4m. Underlying dividend income for the period from MAM, in accordance with the new shareholder's agreement, increased from £0.8m to £1.9m. Group income for the period was enhanced by improved dividend receipts from investee companies which offset the anticipated lower level of income from our £20m investment into the absolute return QIF. Finally essentially all income from Javelin Capital for the year is in fact derived from within the Group and is eliminated on consolidation.

Total group costs were £4.8m for the period compared to £5.1m in the prior year period. This decrease reflects the one off nature of some setup costs written off last year and the inclusion of Javelin Capital LLP and QIF operating costs over the year. Additionally core Company costs continued to reduce to just under £2m for the year as compared to £2.2m for the prior period. Cost control remains a key focus of the Board.

The Board has decided that the final dividend is to be maintained at 6.3 pence per share which is consistent with previous years. The final dividend will be paid on 25 January 2012 to shareholders on the register on 6 January 2012.

The investment in MAM is held at fair value in both the Company and Group accounts and its valuation is reviewed by the Board regularly. The Board has determined that the carrying value of our holding will be increased from £30m to £39m as at 30 September 2011 as I explain in the investment portfolio section below.

In contrast the investment in Javelin Capital is consolidated in the Group accounts at net asset value as required under IFRS but is held in the Company accounts as an investment at cost in accordance with our policy for subsidiaries. The Board has reviewed the valuation of Javelin Capital following the restructuring and recapitalisation that was completed during the year and has determined that as at 30 September 2011 the valuation of Javelin Capital will be kept at cost, being £7m, in the Company accounts.

Investment Portfolio

The Investment Manager's report on pages 8 to 11 provides the detailed commentary on the Company's investment activity and performance.

However, I would like to provide an overview of the key issues affecting the outturn for the year.

Firstly, the Core Portfolio, which has performed slightly below its benchmark. The primary cause of this underperformance has related to stock selection in the Asia Pacific portfolio as discussed in the Investment Manager's report.

Secondly, I would highlight the performance of MAM which has had another successful year, not only producing strong relative performance for its clients but also commencing the development of a global product to augment the existing UK products. The global team have got off to a good start and we wish them and the whole MAM team every success in the year ahead. As a result of the progress at MAM, the Board of MI has increased the valuation of the investment from £30m to £39m on a basis consistent with prior years.

Thirdly, I would like to turn to funds managed by Javelin Capital LLP. This comprises, to date, the QIF, which aims to produce an absolute return irrespective of underlying stock market performance from a highly liquid and diverse portfolio. In the first 12 months the QIF produced a small positive return. This was commendable given the conservative constraints placed on the fund, by the manager, during the start up phase and its relative showing in comparison to the peer group. Overall the fund was in the top decile of all hedge funds for the period. Moreover the Board feels that the decision to invest part of the Company's investment portfolio in an absolute return product has been confirmed by providing a more diverse risk and return profile for its assets, particularly so during a period of weak global stock markets as was the case in the quarter to 30 September 2011. Suffice to say that in this quarter a "benchmark return", as in the Core Portfolio, would have produced a diminution in value of some 13.5% as compared to the positive QIF return of 5% resulting in a benefit to the Company of over £3m.

Javelin Capital

I would like to comment on developments at Javelin Capital in addition to the performance of its flagship fund, mentioned above. Following the General Meeting and successful shareholder vote to invest further capital into Javelin in order to secure its long term funding until profitability is reached, considerable progress has been made. The cost base of Javelin has been reduced substantially, by approximately 37% on an annual run rate basis. This has been achieved whilst retaining all the key partners and staff. Overall this cost saving has reduced the breakeven level in terms of assets under management from over £300m to approximately £100m. The task of raising external funds remains paramount but the performance of the flagship fund over the first 12 months will, hopefully, make this task more realistic in what remains a very difficult environment for all asset management ventures.

I would like to take this opportunity to thank all the Javelin employees for their contribution both to performance and the reorganisation process.

Board Composition

There have been a number of changes on the Board during the year. Firstly in conjunction with the restructuring of Javelin Capital LLP, Mr Gerry Aherne resigned from the Board and retired as a partner of Javelin Capital on 21 April 2011. Secondly and also in conjunction with changes at Javelin Capital LLP, Mr William Barlow became Chief Operating Officer of Javelin Capital LLP on 27 June 2011 and became an executive director of the Company from that date. Thirdly, Mr Chris Arnheim resigned from the Board on 21 September 2011. Finally following a thorough search, Mr David Henderson was appointed to the Board on 22 September 2011. I am delighted to welcome David to the Board, where I believe the range and breadth of his skills will prove very beneficial.

Annual General Meeting

The AGM will be held on 18 January 2012 at 12:30pm at the Pewterers' Hall, Oat Lane, London EC2V 7DE. Details are set out on page 85. As in prior years there will be presentations and an opportunity to ask questions. I do hope you will be able to attend.

Outlook

The uncertainty surrounding the euro area which has received much publicity, does not appear closer to a positive resolution. This is destabilising capital markets and arguably producing a negative effect in terms of economic growth not only in the euro region but elsewhere. Combined with other uncertainties such as the lack of political stability in the Middle East, it is difficult to generate much enthusiasm for the short term performance of capital markets. Fortunately the corporate sector is in reasonable financial shape and not expensively rated. However this alone is insufficient reason to generate much optimism in the short to medium term. Until the outlook improves we will continue with our conservative asset allocation strategies.

Andrew Adcock

Andrew J Adcock Chairman
24 November 2011

Investment Manager's Report

The Company's assets are managed in four separate major groups which the Board continues to believe provide the correct balance in order to achieve the Investment Objective of maximising shareholder return whilst looking to increase dividends by more than the rate of inflation over the long term.

The chart on page 10 demonstrates the impact that each investment group and other characteristics of the Company has made on the Net Assets Performance during the year. Note that the reports on pages 12 to 15 are based on the aggregate total value of the total assets of the Group.

Core Portfolio

The Core Portfolio comprises holdings in large-cap UK and international stocks and a small number of carefully selected mid-cap companies, managed under an equity income investment mandate. The portfolio is benchmarked to perform against an index of 70% in UK listed companies and 30% overseas. During the early summer of 2011, a decision was taken to raise cash levels substantially in anticipation of future problems within the Eurozone. In the circumstances, this proved to be a timely decision as events unfolded. Companies such as Alstom and ArcelorMittal were disposed of in their entirety, both companies which were thought to be particularly susceptible to faltering global growth. In the United States both Hewlett-Packard and BMC Software were sold before sharp price falls and in the Far East both Acer, the computer manufacturer and China Railway were sold particularly advantageously. Nevertheless, as a result of some poor trading news from both Toyota and Nintendo in particular the portfolio underperformed its benchmark by some margin in Japan and the Far East. This had a decidedly negative impact on overall portfolio performance. As a result, a new investment approach for this area of the market is to be implemented which will hopefully neutralise this negative influence on the overall portfolio.

During the last quarter of 2010 and the spring and early summer of 2011 markets tended to gain ground as hopes grew of a solidly built rebound in global growth after the traumas of 2008 and 2009. However, the investment mood began to change in July as data indicated a slowing in the economic recovery and increased debt stress in peripheral parts of the Eurozone, most notably in Greece. Markets fell sharply in the early part of August and for the next two months became range-bound as fears continued to grow concerning the viability of the euro. Politicians in Europe staged a number of summit meetings to try and relieve the upward pressure on sovereign debt yields in Greece, Portugal, Spain and Italy and although the ECB began to buy bonds in the latter two countries relatively aggressively, markets remained unconvinced that sufficient funding was being made available to cope with the overall problem.

Elsewhere in the world, unemployment in the USA stayed at historically high levels and fears about a stuttering in the economic recovery emerged over the summer; China, too, saw growth subside a little as efforts were made to cope with rising levels of inflation in the domestic economy. Emerging markets were not immune from these factors and failed to decouple from the developed world, falling sharply in the late summer as investors repatriated funds from these hitherto popular markets. Absence of liquidity became a key factor in markets as banks became increasingly unwilling to lend to each other, fearing potential defaults from their counterparties. The plight of Dexia, the Belgium based banking group which had to be rescued by its government, was a particularly graphic demonstration of the problems faced by the sector as liquidity dried up.

During the year, the Core Portfolio Total Return was –4.9%, an underperformance of its investment benchmark of 0.7%. The Core Portfolio lost ground relatively against the market as risk appetite returned for investors but outperformed in the last two quarters as sentiment became increasingly risk averse. This change in investor sentiment towards more defensive, income producing stocks favoured the investment style of the portfolio, but even these stocks were not immune to the downward pressure on equity markets during the third quarter of 2011. In fact, markets globally and the stocks within them have tended recently to show a greater propensity to rise and fall in tandem as investors' appetite for risk changes. Over time, this will provide stock pickers with greater opportunities to trade stocks caught up in the current general market volatility.

The portfolio remains orientated towards sound income generating stocks which should be well placed to participate in an equity market rally when investors become somewhat more risk seeking. During the year, new positions were taken in stocks such as Centrica, IG Group and Jardine Lloyd Thompson in the UK, DuPont and Carnival in the USA, Siemens and Telenor in Europe and Axiata, one of the largest Asian telecommunications companies in the Far East, all companies with resilient business models and judged capable of withstanding the high levels of volatility currently being seen in the world economy.

The portfolio remains underexposed to financial stocks and to domestic consumers who it is felt will continue to struggle for some considerable time. Major oil stocks such as Royal Dutch Shell, pharmaceutical companies such as GlaxoSmithKline and Roche and utility companies such as Scottish and Southern Energy, all held in the Core Portfolio, have proved notably resistant during recent market falls. Mining companies, star performers during the early part of 2011 were very hard hit by the switch in investor risk appetite in the late summer; the fund had, however, been realising profits in this area and is currently underweight in the sector.

At current levels, equity markets appear to be modestly rated and pricing in a dip in economic activity for the coming year but history has shown before that a recovery from a financial and credit crisis can take substantially longer to resolve than a periodic trade recession. In particular, there seems to be no great imperative actively to redeploy the cash raised in the early summer back into the market until there is a clear and credible path forward to resolving the problems of Greece, Spain and Italy. A substantial proportion of this cash is likely to be used to seed the new Javelin UCITS fund.

Finally, we continue to manage a small non-core realisation portfolio, consisting of small-cap and early stage investments that were initiated between 2005 and 2008. The objective is to maximise the return available by exiting from these stocks wherever possible, although by their very nature all of them tend to be illiquid and hard to sell. However, a number of realisations were made during the year and at 30 September 2011 the value of the non-core realisation portfolio was £3.5m, representing less than 2.5% of the Company's Total Assets. Further realisations are expected over time but at the moment markets are very unreceptive to the flotation of new issues and investors have become increasingly wary following the disappointing performance of high profile issues such as Glencore last June.

Javelin Capital Global Equity Strategies Fund

In late September 2010 an investment was made as seed capital into the first flagship product to be launched by Javelin Capital LLP. The fund has been managed by an investment team of experienced portfolio managers and has utilised a range of long-short equity strategies. Using proprietary models, the team has analysed and implemented the strategies most appropriate for different regions and sectors. The strategies are uncorrelated to each other and hence the combination within the fund has resulted in lower volatility and reduced risk. By seeding this fund, the Company has benefitted from adopting a risk averse strategy in the form of an allocation of resources to an absolute return strategy that has returned 1.65% during the year in sterling terms. This strategy was particularly important during the third quarter of 2011 when the All-Share Index fell by 13.5% whilst the Global Equity Strategies fund rose in sterling terms by 5%.

As at 30 September 2011, the value of this holding was £20.1m representing 13.8% of the Company's Total Assets.

Majedie Asset Management (MAM)

MAM was launched in 2002 using finance provided by the Company, which retains a 29.9% interest. The business has grown to approximately £5.6bn in assets under management, predominantly long-only equity mandates for institutional clients.

Its market leading investment performance has been recognised by the industry through the Financial News award of UK Asset Management Firm of the Year in October 2011. It remains well financed and highly profitable and during the year, £1.9m was received in dividend income from MAM.

Taking account of, inter alia, MAM's current and forecasted financial performance the Board has decided to increase its valuation of the Company's holding from £30m to £39m, representing 26.8% of the Company's Total Assets.

Javelin Capital LLP

The Company launched Javelin Capital LLP on 1 September 2010. An initial £4.5m was invested by the Company to finance the start-up, initial operating costs and regulatory capital. However, in the difficult market environment of 2011, it became apparent that it would take appreciably longer to gain traction within third party and outsourced funds for its initial investment product and thus further investment would be necessary to grow the investment proposition. A restructuring of the business was completed and further funding was secured of up to £3.5m, of which £2.5m was provided in June 2011.

Javelin Capital is now focused on gaining assets under management in accordance with its revised business plan. The Company holds an equity participation of 75% whilst the remaining 25% is held by partners. Further details of this new agreement are provided in the Business Review section on pages 22 to 24.

The performance of the Javelin Capital Global Equity Strategies Fund has been encouraging over its first year and considerable efforts will now be put in place to market its achievement against similar funds over what has been a very volatile year.

A further fund launch of a UCITS long-short product in Emerging Markets is anticipated in the near future.

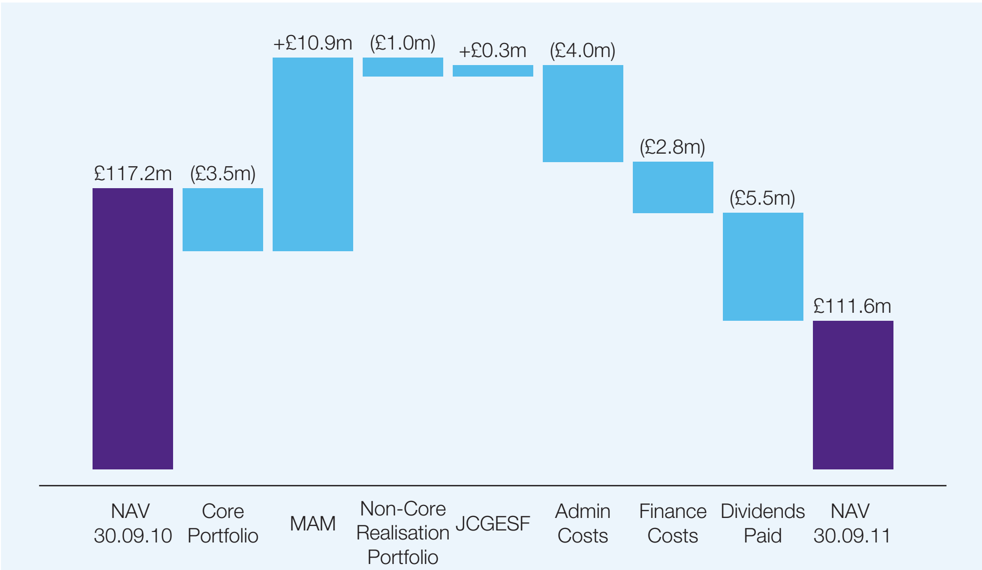
As at 30 September 2011, the net assets in Javelin Capital LLP have been included in the Consolidated Report & Accounts at £1.9m, representing 1.3% of the Company's Total Assets. This represents the original investment less start-up costs and losses incurred to date and is accordance with consolidation accounting rules.

In the Company accounts the value of the investment in Javelin Capital LLP has been valued at cost, being £7m.

Development of Net Asset Value

The chart below demonstrates the Net Asset Value of the Company during the year to 30 September 2011. In aggregate, the NAV has decreased by £5.6m, having incurred administration and finance costs of £6.8m, which include Javelin Capital LLP, and having paid out £5.5m in dividends.

The core portfolio lost £3.5m after allowance for receipt of dividends, whilst MAM provided a contribution of £10.9m, being dividends of £1.9m and an increase in the valuation of our investment by £9m. The JCGESF contributed £0.3m.



Outlook

The outlook for capital markets is very unclear and the debt problems within the Eurozone seem likely to be dragged out into 2012 despite the recent changes in government in both Greece and Italy. Growth remains particularly subdued throughout the West and levels of unemployment, particularly amongst the young and unskilled are high and show little sign of falling in the short term. On the other hand, the corporate sector in the developed world is far better capitalised than was the case in 2008 and there has been some evidence, particularly in the United States of a small pick-up in merger and acquisition activity. Equity markets are unlikely to make substantial progress until a clear path forward for the Eurozone can be envisaged so we continue to maintain a cautious and defensive overall stance.

Nick Rundle Investment Director
Javelin Capital LLP
24 November 2011

Asset Distribution

at 30 September 2011

Classification of Assets	United Kingdom %	North America %	Continental Europe %	Pacific Basin %	Rest of the world %	Total 2011 %	Total 2010 %
Oil & Gas Producers	6.5	0.5	0.2		0.2	7.4	9.1
Oil Equipment & Services		0.4				0.4	0.6
Oil & Gas	**6.5**	**0.9**	**0.2**		**0.2**	**7.8**	**9.7**
Chemicals		0.6	0.2			0.8	0.5
Forestry & Paper					0.2	0.2	
Industrial Metals							
Mining	3.4				0.2	3.6	5.2
Basic Materials	**3.4**	**0.6**	**0.2**		**0.4**	**4.6**	**5.7**
Aerospace & Defence	0.7	0.5				1.2	1.4
Construction & Materials	0.6		0.1		0.1	0.8	1.2
Electronic & Electrical Equipment			0.5		0.1	0.6	
General Industrials			0.1			0.1	0.5
Industrial Engineering	0.7	0.4				1.1	2.5
Industrial Metals & Mining					0.1	0.1	0.3
Industrial Transportation							0.3
Support Services	1.8		0.1	0.3		2.2	2.3
Industrials	**3.8**	**0.9**	**0.8**	**0.3**	**0.3**	**6.1**	**8.5**
Automobiles & Parts				0.5		0.5	0.6
Beverages	0.4	0.4	0.1			0.9	1.1
Food Producers	0.7					0.7	1.4
Household Goods					0.1	0.1	
Leisure Goods							0.4
Personal Goods			0.1			0.1	
Tobacco	0.5	0.5				1.0	0.9
Consumer Goods	**1.6**	**0.9**	**0.2**	**0.5**	**0.1**	**3.3**	**4.4**
Health Care, Equipment & Services							0.1
Pharmaceuticals & Biotechnology	2.2	0.5	1.1			3.8	4.9
Health Care	**2.2**	**0.5**	**1.1**			**3.8**	**5.0**
Food & Drug Retailers	0.7					0.7	0.8
General Retailers	0.4	0.5				0.9	2.0
Leisure Goods							1.1
Media	0.7		0.3		0.2	1.2	1.8
Travel & Leisure	1.2	1.0			0.1	2.3	
Consumer Services	**3.0**	**1.5**	**0.3**		**0.3**	**5.1**	**5.7**
Fixed Line Telecommunications		0.5	0.4			0.9	0.6
Mobile Telecommunications	2.5		0.5	1.0	0.1	4.1	4.3
Telecommunications	**2.5**	**0.5**	**0.9**	**1.0**	**0.1**	**5.0**	**4.9**
Electricity	0.6					0.6	1.2
Gas, Water & Multi Utilities	0.8			0.1		0.9	0.9
Utilities	**1.4**			**0.1**		**1.5**	**2.1**
Banks	3.2	1.0		0.3	0.3	4.8	6.7
Equity Investment Instruments	0.2					0.2	13.8
General Financial	0.5					0.5	0.3
Life Insurance/Assurance	1.7					1.7	2.2
Non-equity Investment Instruments		(0.1)	(0.5)	0.2		(0.4)	
Non Life Insurance/Assurance	0.7					0.7	0.3
Real Estate Investment Trusts	0.6					0.6	0.8
Financials	**6.9**	**0.9**	**(0.5)**	**0.5**	**0.3**	**8.1**	**24.1**
Software & Computer Services					0.1	0.1	1.0
Technology & Hardware Equipment				0.7		0.7	2.1
Technology				**0.7**	**0.1**	**0.8**	**3.1**
Unlisted/Fixed Interest	**28.9**	**0.1**	**0.2**			**29.2**	**23.2**
Total Equities	**60.2**	**6.8**	**3.4**	**3.1**	**1.8**	**75.3**	**96.4**
Total Funds	**60.2**	**6.8**	**3.4**	**3.1**	**1.8**	**75.3**	**96.4**
Cash And Cash Equivalents	**24.7**					**24.7**	**3.6**
% Total at 30 September 2011	**84.9**	**6.8**	**3.4**	**3.1**	**1.8**	**100.0**	**100.0**

Unlisted/Fixed Interest investments comprise an amount of £39,000,000 in respect of the investment of Majedie Asset Management, £258,000 in unlisted fixed interest investments and £3,186,000 in respect of equity investments in various companies. Suspended stocks have been analysed in their listed sectors.

The Fund as used in the analysis above and on pages 13 and 15 totals £145,419,000 (being investments held at fair value of £112,822,000, derivatives held at fair value of £136,000 financial liabilities held at fair value of (£3,311,000), derivatives held at fair value of (£99,000), cash of £37,553,000 plus amounts due (to)/from brokers (£1,682,000)).

Twenty Largest UK Investments

at 30 September 2011

Company	2011 Market Value £000	2011 % of Fund	2010 Market Value £000	2010 % of Fund
Majedie Asset Management[1]	39,000	26.8	30,000	19.9
Royal Dutch Shell 'B'	4,426	3.0	5,385	3.6
HSBC	3,727	2.6	5,644	3.7
Vodafone	3,533	2.4	4,006	2.7
BP	3,302	2.3	3,850	2.6
GlaxoSmithKline	3,199	2.2	4,014	2.7
Vostok Energy[1]	1,926	1.3	2,906	1.9
BHP Billiton	1,912	1.3	2,835	1.9
Rio Tinto	1,878	1.3	3,163	2.1
Legal & General	1,256	0.9	1,501	1.0
Centrica[2]	1,191	0.8		
Antofagasta	1,158	0.8	1,792	1.2
Aviva	1,145	0.8	1,855	1.2
BG Group	1,117	0.8	1,846	1.2
Barclays	1,049	0.7	1,648	1.1
Unilever	1,011	0.7	1,657	1.1
UBM (formerly United Business Media)	1,010	0.7	944	0.6
BAE Systems	989	0.7	1,095	0.7
Babcock	988	0.7	826	0.5
Sainsbury (J)	962	0.7	1,172	0.8
	74,779	51.5	76,139	51.5

Ten Largest Overseas Investments

at 30 September 2011

Company	2011 Market Value £000	2011 % of Fund	2010 Market Value £000	2010 % of Fund
Canon Inc. (Japan)	927	0.6	929	0.6
Roche (Switzerland)	831	0.6	828	0.5
McDonalds (USA)[2]	817	0.6		
Johnson & Johnson (USA)	777	0.5	884	0.6
Altria (USA)	774	0.5	800	0.5
Wells Fargo (USA)	774	0.5	796	0.5
Phillipine Long Distance (Asia)	773	0.5	491	0.3
AT&T (USA)	769	0.5	907	0.6
Sanofi (formerly Sanofi-Aventis) (France)	765	0.5	1,006	0.7
Toyota (Japan)	736	0.5	932	0.6
	7,943	5.3	7,573	4.9

1 Unlisted

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

Valuation of Investments

Holdings valued over £100,000 at 30 September 2011 – including derivative instruments

Company	Market Value £000	% of Fund
Oil & Gas		
Oil & Gas Producers		
BG Group	1,117	0.8%
BP	3,302	2.3%
Cnooc Ltd (USA) *	196	0.1%
ENI (Italy)	497	0.3%
Exxon Mobil (USA)	700	0.5%
Great Eastern Energy	555	0.4%
Royal Dutch Shell 'B'	4,426	3.0%
Oil Equipment, Services & Distribution		
Schlumberger (USA)	575	0.4%
Automobiles		
Automobiles & Parts		
Toyota (Japan)	736	0.5%
Basic Materials		
Chemicals		
Basf (Germany)*	194	0.1%
Bayer (Germany)	496	0.3%
Dow Chemical Co/ The (USA)*	177	0.1%
Du Pont De Nemours (USA)	641	0.4%
Koninklijke (Netherlands)* – Short	(216)	(0.1%)
Forestry & Paper		
Nine Dragons Paper Holdings (Asia)*	132	0.1%
Industrial Metals & Mining		
Arcelormittal (Netherlands)*	133	0.1%
Norsk Hydro (Norway)*	147	0.1%
Mining		
Acerinox (Spain)* – Short	(143)	(0.1%)
Antofagasta	1,158	0.8%
BHP Billiton	1,912	1.3%
Cia De Minas Buenaventura (USA)*	111	0.1%
Rio Tinto	1,878	1.3%
Salzgitter (Germany)* – Short	(152)	(0.1%)
Yamana Gold (USA)* – Short	(114)	(0.1%)
Yanzhou Coal Mining (USA)*	196	0.1%

Company	Market Value £000	% of Fund
Industrial Goods & Services		
Aerospace & Defence		
BAE Systems	989	0.7%
Lockheed Martin (USA)	699	0.5%
Construction & Materials		
Balfour Beatty	895	0.6%
Cemex Sab (USA)*	200	0.1%
Heidelbergcement (Germany)*	151	0.1%
Sandvik (Sweden)* – Short	(142)	(0.1%)
Electronic & Electrical Equipment		
Byd Co (Asia)*	112	0.1%
Siemens (Germany)	697	0.5%
General Industrials		
Thyssenkrupp (Germany)*	139	0.1%
Industrial Engineering		
Abb Ltd (Switzerland)*	148	0.1%
Charter International	694	0.5%
Illinois Tools (USA)	668	0.5%
IMI	319	0.2%
Support Services		
Babcock	988	0.7%
Bunzl	846	0.6%
G4S	801	0.6%
Mitsui (Japan)	471	0.3%
Consumer Goods		
Beverages		
Britvic	630	0.4%
Coca-Cola (USA)	651	0.4%
Food Producers		
Unilever	1,011	0.7%
Household Goods & Home Construction		
Gafisa (USA)*	192	0.1%
Tobacco		
Altria (USA)	774	0.5%
Imperial Tobacco	761	0.5%

Company	Market Value £000	% of Fund
Health Care		
Pharmaceuticals & Biotechnology		
GlaxoSmithKline	3,199	2.2%
Johnson & Johnson (USA)	777	0.5%
Roche (Switzerland)	831	0.6%
Sanofi (formerly Sanofi-Aventis) (France)	765	0.5%
Consumer Services		
Food & Drug Retailers		
Sainsbury (J)	962	0.7%
General Retailers		
Home Depot (USA)	675	0.5%
Inchcape	559	0.4%
Media		
Grupo Televisa (USA)*	204	0.1%
UBM (formerly United Business Media)	1,010	0.7%
Vivendi (France)	449	0.3%
Travel & Leisure		
Carnival (USA)	584	0.4%
Compass	782	0.5%
McDonalds (USA)	817	0.6%
Tam Sa (USA)*	200	0.1%
Thomas Cook	219	0.1%
Whitbread	713	0.5%
Telecommunications		
Fixed Line Telecommunications		
AT&T (USA)	768	0.5%
Telefonica (Spain)	620	0.4%
Mobile Telecommunications		
2 Ergo	148	0.1%
Phillipine Long Distance (Asia)	773	0.5%
PT XL Axiata (Asia)	631	0.4%
SK Telecom (USA)*	101	0.1%
Telenor (Norway)	498	0.3%
Vimplecom (USA)*	201	0.1%
Vodafone	3,533	2.4%
Utilities		
Electricity		
Scottish & Southern Energy	842	0.6%

*Represents those investments held through Javelin Capital Strategies Fund.

Based on country of listing and operation.

Company	Market Value £000	% of Fund
Gas, Water & Multi Utilities		
Centrica	1,191	0.8%
Transaction Solutions (Australia)	130	0.1%
Financials		
Banks		
Banco Bradesco (USA)*	200	0.1%
Barclays	1,049	0.7%
DBS Group Holdings (Asia)	495	0.3%
HSBC	3,727	2.6%
Icici Bank (USA)*	198	0.1%
JP Morgan Chase (USA)	629	0.4%
KB Financial Group (USA)*	101	0.1%
Wells Fargo (USA)	774	0.5%
Non Life Insurance		
Beazley	583	0.4%
Jardine Lloyd Thompson	506	0.3%
Life Insurance		
Aviva	1,145	0.8%
Legal & General	1,256	0.9%
General Financial		
IG Group	671	0.5%
Equity Investment Instruments		
Ishares MSCI Brazil (USA)* – Short	(614)	(0.4%)
Ishares MSCI Emerging Markets (USA)* – Short	(603)	(0.4%)
Juridica Investments	246	0.2%
Proshares Ultrashort FTSE China 25 (USA)*	370	0.3%
Non Equity Investment Instruments		
Ishares Asia Trust ETF (Asia)	345	0.2%
Real Estate Investment Trusts		
British Land	833	0.6%
Technology		
Software & Computer Services		
Baidu (USA)*	213	0.1%
Technology & Hardware Equipment		
Canon Inc. (Japan)	927	0.6%
Unlisted Investments		
AOI Medical	152	0.1%
Buried Hill Energy (USA)	218	0.1%
Celadon Mining	175	0.1%
Diamond Wood China	230	0.2%
Majedie Asset Management	39,000	26.8%
Mitra Energy	404	0.3%
Vostok Energy	1,926	1.3%
Unlisted Fixed Interest Investments		
Providence Resources 12% (Ireland)	258	0.2%

*Represents those investments held through Javelin Capital Strategies Fund.

Based on country of listing and operation.

Board of Directors

Andrew J Adcock* MA Chairman

Mr Adcock was a managing partner of Brompton Asset Management LLP, however he retired as a partner in July of this year. He is a director of Majedie Portfolio Management Limited and is a non-executive director of F&C Global Smaller Companies PLC and was appointed as a non-executive director of Kleinwort Benson Holdings Limited in February 2011. He is also a Trustee of the Samuel Courtauld Trust. He was Vice Chairman, Citigroup Corporate Finance until his retirement in 2009. 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 was appointed a director of Majedie on 1 April 2008 and is the Chairman of the PLC Board, Management Engagement Committee and Nomination Committee, and a member of the Remuneration and Audit Committees.

Hubert V Reid* Deputy Chairman

Senior Independent Director

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

J William M Barlow BA

In 1991 he joined Skandia Asset Management Limited as an equity portfolio manager and was made Managing Director of DnB Asset Management (UK) Limited in 2002. Mr Barlow was appointed Chief Operating Officer of Javelin Capital LLP, on 27 June 2011 and prior to joining Javelin Capital LLP he was employed by Newedge Group, which is a Prime Broker for Hedge Funds. Mr Barlow was appointed to the Board in July 1999 and is a director of Majedie Portfolio Management Limited. He is also a non-executive director of Aintree Racecourse Company Limited.

Paul D Gadd*

Paul Gadd was appointed as a director of Majedie 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 a member of the Audit, Nomination, Remuneration and Management Engagement Committees.

R David C Henderson* FCA

David Henderson, who is a Chartered Accountant, is currently Senior Adviser to Kleinwort Benson Limited and a non-executive Director of Cenkos Securities PLC, Novae Group PLC, Healthcare Locums plc, Oak Trust (Guernsey) Limited, Price Forbes & Partners Limited, MM&K Limited and also Chairman of the COIF Charity Funds. Previously he was Chairman at Kleinwort Benson Private Bank from 2004 to 2008 having held various senior roles in the Kleinwort Benson Group since 1995. Prior to that David spent 11 years at Russell Reynolds Associates which followed 10 years at Morgan Grenfell & Co and 6 years at what is now Baker Tilly. He was appointed as a director of Majedie on 22 September 2011 and is a member of the Audit, Remuneration, Nomination and Management Engagement Committees.

* Non-executive.

Directors' Report

The directors submit their report and the accounts for the year ended 30 September 2011.

Introduction

The Directors' Report includes the Business Review and Corporate Governance Statement, which can be found on pages 19 to 24 and pages 25 to 29 respectively and the Report on Directors' Remuneration on pages 30 to 32. A review of the developments during the year is contained in the Chairman's statement and should be read in conjunction with the Directors' Report.

Principal Activity and Status

The Company is a public limited company and an investment company under Section 833 of the Companies Act 2006. It operates as an investment trust and is not a close company.

The Company has received written confirmation from HM Revenue & Customs that it was an approved investment trust for taxation purposes under Sections 1158/9 of the Corporation Tax Act 2010 in respect of the year ended 30 September 2010.

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.

Results and Dividend

Consolidated net revenue return before taxation amounted to £2,624,000 (2010: £6,287,000). The directors recommend a final ordinary dividend of 6.3p per ordinary share, payable on 25 January 2012 to shareholders on the register at the close of business on 6 January 2012. Together with the interim dividend of 4.2p per share paid on 29 June 2011, this makes a total distribution of 10.5p per share in respect of the financial year (2010: 13.0p per share).

Directors

The directors in office at the date of this report are listed on page 16.

Mr RDC Henderson was appointed on 22 September 2011. Mr GP Aherne and Mr C Arnheim resigned on 21 April 2011 and 21 September 2011 respectively.

Directors' retirement by rotation and appointment is subject to the Articles of Association and the UK Corporate Governance Code.

The Articles of Association require that at every Annual General Meeting any director who has not retired from office at the preceding two Annual General Meetings shall stand for re-appointment by the Company.

In accordance with the Company's Articles of Association Mr AJ Adcock having been last re-appointed at the Annual General Meeting in 2008, will retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-appointment. Mr RDC Henderson having been appointed on 22 September 2011, will in accordance with the Articles of Association offer himself for appointment.

In accordance with Listing Rule 15.2.13.A, Mr JWM Barlow, being Chief Operating Officer of Javelin Capital LLP, the Investment Manager, must submit himself for annual re-appointment. Further Mr HV Reid together with Mr JWM Barlow, have served on the Board for over nine years. In accordance with the UK Corporate Governance Code, they will stand for annual re-appointment at the forthcoming Annual General Meeting.

The Board has considered the continued appointments of Mr HV Reid and Mr JWM Barlow who have served for over 12 years. The Board's view is that length of tenure does not compromise independence and that experience and continuity can add strength to a Board. The Board is conscious of the need to maintain continuity on the Board and believes retaining directors with sufficient experience of both the Company and the markets is of great benefit to the shareholders. The Board believes that the performance of Mr HV 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.

The Board, having considered the retiring directors' performance within the annual Board performance evaluation, hereby recommends that shareholders vote in favour of each director's proposed appointment and re-appointment (as applicable).

Directors' Interests

Beneficial interests in ordinary shares as at:

	30 September 2011	1 October 2010
Mr AJ Adcock	20,000	20,000
Mr JWM Barlow	676,083	676,083
Mr HV Reid	33,214	33,214
Mr PD Gadd	10,000	–

Mr RDC Henderson has no beneficial interest in the shares of the Company.

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

	30 September 2011	1 October 2010
Mr JWM Barlow	2,160,779	1,897,165

There have been no changes to any of the above holdings between 30 September 2011 and the date of this report.

Substantial Shareholdings

At 30 September 2011 the Company has been notified of the following substantial holdings in shares carrying voting rights:

Mr HS Barlow	Beneficial	15,017,619	28.59%
	Non-beneficial	613,084	1.17%
The AXA Group		7,103,119	13.52%
Mr MHD Barlow	Beneficial	1,776,241	3.38%
	Non-beneficial	1,360,750	2.59%
Sir JK Barlow	Beneficial	1,561,805	2.97%
	Non-beneficial	18,348	0.03%
Mr GB Barlow		862,433	1.64%
Miss AE Barlow		1,784,948	3.40%
Mr JWM Barlow	Beneficial	665,456	1.27%
	Non-beneficial	2,160,779	4.11%

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

There have been no changes to any of the above holdings between 30 September 2011 and the date of this report.

Annual General Meeting

The Annual General Meeting will be held at Pewterers' Hall, Oat Lane, London, EC2V 7DE on 18 January 2012 at 12:30pm. The notice convening the Annual General Meeting is set out on pages 85 to 89.

Purchase of own shares

Since 1 October 2011, and up to the date of this report, the Company has made no market purchases for cancellation of Ordinary shares. At the Annual General Meeting in 2011 the directors were given power to buy back 7,873,947 Ordinary shares. Since the Annual General Meeting the directors have not bought any shares under this authority. This authority will expire at the 2011 Annual General Meeting.

However, the directors consider it desirable that the Company be authorised to make such purchases and accordingly 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 maximum number of shares which may be purchased under this authority is 7,873,947 being 14.99% of the issued share capital. Any shares so purchased will be cancelled. The restrictions on such purchases, (including minimum and maximum prices), are outlined in the Notice of Meeting on page 85.

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

Notice period for general meetings

The Board believes that it is in the best interests of shareholders of the Company to have the ability to call meetings on 14 days' clear notice should a matter require urgency. The Board will therefore, as last year, propose a resolution at the AGM to approve the reduction in the minimum notice period from 21 clear days to 14 clear days for all general meetings other than annual general meetings. The directors do not intend to use fewer than 21 clear days' notice unless immediate action is required.

Donations

The Company made no political or charitable donations during the year (2010: nil).

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 19 January 2011. 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.

Going Concern

The directors believe, after review and due consideration of future forecast and cashflow projections, that the Company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason and taking account of the large number of readily realisable investments held within its portfolio, the Board continues to adopt the going concern basis in preparing the financial statements.

By Order of the Board
Capita Sinclair Henderson Limited
Company Secretary
24 November 2011

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;
- describing how the Company manages these risks;
- 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; and
- explaining the future business plans of the Company.

Regulatory and Competitive Environment

The Company is an investment trust and has a premium listing on the London Stock Exchange. It is subject to United Kingdom and European legislation and regulations including 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 directors are charged with ensuring that the Company complies with its objectives as well as these regulations.

Under the Companies Act 2006, Section 833, the Company is defined as an investment company. As such, it analyses its Statement of Comprehensive Income between profits available for distribution by way of dividends and capital profits. The financial statements, starting on page 36, report on these profits, the changes in equity, the balance sheet position and the cash flows in the current and prior financial period. This is in compliance with current International Financial Reporting Standards, supplemented by the Revised Statement of Recommended Practice for Investment Trust Companies and Venture Capital Trusts (SORP) issued in January 2009. The principal accounting policies of the Company are set out in note 1 to the accounts on pages 46 to 51. The Auditors' opinion on the financial statements, which is unqualified, appears on pages 34 and 35.

In addition to the annual and 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.

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.

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 18 January 2012 is set out on page 85.

A General Meeting was held on 29 June 2011 at which proposals for the provision of further contributions to Javelin Capital LLP and proposed modifications to the Company's investment objective and policy were approved.

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 Sections 1158 to 1162 of the Corporation Tax Act 2010. These sections broadly require that:

- the Company's revenue (including dividend and interest receipts but excluding profits on the 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; and
- realised profits on the 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 2010, since when the Company has continued to comply with these rules.

The government has completed a review of these rules resulting in changes which it is anticipated will come into force for accounting periods commencing from 1 January 2012. The review seeks to modernise tax rules for investment trusts in-line with other collective investment schemes. Changes include a new spread of risk test, an approved transactions white list, advance approval process for investment trust status and a reform of the income requirements to allow income from a wider range of sources. The Board welcomes these changes which will have a positive impact on the Company.

Capital Structure

As part of its corporate governance the Board keeps under review the capital structure of the Company. At 30 September 2011 the Company had a nominal 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 Manager may operate.

Net gearing as at 30 September is negative reflecting the substantial cash balances held, partially due to impending seeding monies for the new Javelin in UCITS fund.

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.

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 26 to the accounts.

The Company has a range of equity investments including substantial investments in two unlisted asset management businesses, large cap global equities and a new investment in a global equities absolute return fund. The major risk for the Company remains, investment risk, primarily market risk, however it is recognised that the investments in the two unlisted asset management businesses, and in particular the investment in Majedie Asset Management, represent a degree of concentration risk for the Company.

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.

Under the terms of the Management Agreement the Investment Manager manages the Company's assets. The Core Portfolio is managed with various specific limits for individual stocks and market sectors which are employed to restrict risk levels. The level of portfolio risk in the Core Portfolio is assessed in relation to the benchmark utilising various portfolio risk management tools. It should be noted that whilst we have a benchmark in the Core Portfolio, the portfolio is constructed independently and can be significantly different. Therefore the Core 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. Strategy Risk:
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 with the Investment Manager in relation to a range of issues including the allocation of assets between geographic regions and industrial sectors, level and effect of gearing and currency exposure;

ii. Business Risk:
inappropriate management or controls in either Majedie Asset Management and/or Javelin Capital LLP could result in financial loss, reputational risk and regulatory censure. The Group has representation on both entities' governing boards to monitor business financial performance and operations;

iii. Compliance Risk:
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 Sections 1158 to 1162 of the Corporation Tax Act 2010; and

iv. Operational Risk:
inadequate financial controls and failure by an outsourced supplier to perform to the required standard 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 Board has representation on the governing board of Javelin Capital LLP who will also monitor the performance of other outsourced service providers. The financial risks are set out in more detail in note 26 on pages 71 to 81.

The systems in place to manage the Company's internal controls are described further in the Corporate Governance Statement on page 29.

Management of Assets and Shareholder Value

The Company invests around the world in markets, sectors and companies that the Board and Investment Manager believe will generate long term growth in capital and income for shareholders. The Company now manages its assets by allocating resources to the following major groups:

- Core Portfolio;
- Funds managed by Javelin Capital LLP;
- MAM; and
- Javelin Capital LLP.

The Board believes that the groups will enable a spread of risk and deliver a higher quality of earnings. The Investment Manager manages the Core Portfolio by analysing potential and current investments against a range of parameters. Many potential investments are considered each year. Investment risks are spread through holding a range of securities across a range of sectors and countries.

In respect of funds managed by Javelin Capital LLP, the Company currently invests in the Javelin Capital Global Equity Strategies Fund (an Irish listed Qualifying Investment Fund (QIF)) which employs an approach that involves a range of strategies, analysis and algorithms. Investment risks are managed by having a spread of investments, a range of strategies and sophisticated risk management techniques.

Finally the Company has significant investments in Majedie Asset Management Limited (MAM) and Javelin Capital LLP, both asset management businesses. The Board believes that these investments provide or will provide a valuable source of future return. The Board has representation on both entities' governing boards in order to monitor strategy and financial performance.

The Board reviews the investment performance of the Company against a range of measures relevant to each investment group.

Performance Highlights

The Board uses the following Key Performance Indicators (KPIs) to help assess progress against the Company's objectives. The KPIs are commented on within the Chairman's Statement on pages 5 to 7 and Investment Manager's Report on pages 8 to 11.

- NAV total return and total shareholder return.

- Investment group portfolio return: see the chart on page 10.

- Share price discount: The level of the discount at the end of the financial year calculated with debt at par was 35.0% and was higher than at the start of the year. This partially reflects revisions to the Company's unlisted investments, primarily MAM, contained in this Annual Report, which were not reflected in the share price at the year end.

- Net Asset Value performance
  The Company's Net Asset Value has decreased by 4.8% in the year to 30 September 2011, compared with a decrease of 5.7% over the same period last year. The net assets decreased by £5.6m to £111.6m. The performance of the Net Asset Value is discussed within the Chairman's statement.

- Total expense ratio
  The total expense ratio of the Company for the year ended 30 September 2011 was 1.7% (2010: 2.4%).

- Dividend growth
  Dividend growth over the long term (as recognised for this purpose as from 1985 when the Company became an investment trust), has been at 5%, 5.7% including special dividends, which is ahead of inflation over the same period. Further details regarding the results and dividends can be found 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 Manager pursues the best opportunities. The Company has a comparatively high level of revenue reserves for the investment trust sector. At £25.8m, the revenue reserves represent more than four times the current annual core dividend distribution. The strength of these reserves will from time to time assist in underpinning our progressive dividend policy in years when the income from the portfolio is insufficient to cover completely the annual distribution.

The policy aim is to increase dividends by more than the rate of inflation over the long term. This objective was approved by shareholders at a General Meeting held on 29 June 2011.

Corporate Social Responsibility

In common with many investment trust companies, the Group has no direct impact on the environment. When considering its day-to-day operations, the Company aims to conduct itself responsibly, ethically and fairly.

The Company has appointed Javelin Capital LLP to manage its portfolio of investments. Javelin has been tasked with managing the portfolio, and its operations, with a view to achieving the Company's investment objective and in doing so takes account of social, environmental and ethical factors, where appropriate.

Costs

The Company's expense ratio over net assets is 1.7% which compares with the investment trust sector average of 1.6%. The Company core operating costs have decreased from £2.2m to £2.0m this year but the ratio has been negatively impacted by the lower average asset base in the current period. The Board pays close attention to cost control and the current situation is referred to further in the Chairman's Statement on page 5.

Material Contracts

- Javelin Capital LLP

  i. LLP Agreement
  The investment in Javelin Capital LLP is in accordance with the terms of a Limited Liability Partnership Agreement dated 31 August 2010, which was subsequently amended and restated on 29 June 2011. The revised terms include:

  - The Company will provide £4.5m initial capital and a further capital contribution of £2.5m. Both will attract interest at a commercial rate, until it is repaid from future Javelin Capital LLP profits. This repayment has priority over other distributions from residual profits. Further capital can be provided at the Company's discretion, and at the General Meeting held on 29 June 2011 shareholder approval was obtained for a further £1m contribution upon Board approval.

  - The Company has a 75% interest in Javelin Capital LLP with the other partners holding the remaining 25%. On achieving certain pre-set financial targets, which were revised in conjunction with the restructure in June 2011, the Company will reduce its interest to ultimately 55%.

- The agreement provides for various types of profit share including performance fee, bonus and residual profit share. Under the agreement the Company is to receive an entitlement to profits equal to its capital contribution plus accumulated interest first before other partners are entitled to bonus or residual profit shares.

- The Board has representation on the Javelin Capital Management Board (Javelin governance is outlined in the Corporate Governance Statement on page 28), including the appointment of the Chairman. This includes various control, meeting and voting rights. The agreement also provides for the requirement to obtain Majedie approval in a variety of areas including anything considered a restricted matter. The Board can appoint or remove the Managing Partner/Chief Executive who has day to day operational control and also must approve his remuneration.

- In the event of a sale proposed by the Company the agreement includes drag along provisions including certain pre-emption rights to the other partners.

There are also two side letters that relate to the LLP Agreement which provide for a possible change in control rights and provide for the liability of partners in respect of their capital and current account balances.

ii. Management and Administration Services Agreements

The Board has appointed Javelin Capital LLP as its investment manager and general administrator. The terms of the appointment are defined under a Management Agreement and Administration Services Agreement dated 31 August 2010. The agreement divides the Company's investments into distinct portfolios which are the Core Portfolio, non-core portfolio, MAM, Javelin Capital Funds and the Treasury account. The fees payable under the Management Agreement are detailed below:

Fund/Portfolio	Management* Fee	Performance Fee
Core Portfolio***	0.70% p.a.	10%†
Treasury Account	0.70% p.a.	NIL
MAM	NIL	NIL**
Javelin Capital Global Equity Strategies Fund#	1.25% p.a.	20%‡

* The management fee is on a sliding scale ranging from 0.7% p.a. to 0.4% p.a. based on the combined value of the core and non-core portfolios.

† The performance fee is based on outperformance against the benchmark on a rolling three year basis.

The Javelin Capital Global Equity Strategies Fund is a sub-fund of Javelin Capital Strategies plc, which is an Irish Qualifying Investment Fund (QIF) listed on the Irish Stock Exchange. This is the first fund managed by Javelin Capital LLP and further sub-funds can be launched in due course.

** The agreements provide for a fee of £60,000 per annum in respect of MAM duties.

‡ The fees are as set in the supplement to the fund prospectus for the QIF. The performance fee entitlement only occurs once the hurdle has been exceeded and is calculated on a high water mark basis using an equalisation method.

*** The non-core portfolio attracts a management fee of 0.70% p.a. and no performance fee.

The Management Agreement entitles either party to terminate the arrangement with six months' notice after an initial period of three years. Additionally the Company can terminate the Manager's appointment in respect of a distinct portfolio if the performance of that portfolio falls below a nominated benchmark. The Administration Services Agreement delegated, to Javelin Capital LLP, various rights to enable it to act as general administrator. Fees payable under the Administration Services Agreement are capped at £265,000 per annum with fees agreed on a cost only basis. The Administration Services Agreement may be terminated on three months' notice.

iii. Intra Group Asset Lease Agreement

The asset lease agreement with Javelin Capital Services Limited identifies certain assets to be leased to and used by Javelin. Javelin will pay a lease charge equal to the depreciation suffered by the Company on those assets. The agreement provides for these assets to be transferred to Javelin at a future date at net book value.

- Capita Sinclair Henderson Ltd
  The Board has appointed Capita Sinclair Henderson Ltd (trading as Capita Financial Group – Specialist Fund Services) to act as Company Secretary and undertake certain administration services. The terms of Capita Sinclair Henderson Ltd's appointment are defined under a secretarial and administration services agreement dated 17 November 2000. The agreement entitles either party to terminate the arrangement with twelve months' notice.

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 2011 the Group and the Company had fourteen and twenty-one days respectively of suppliers' invoices outstanding in respect of trade creditors (2010: Group and Company four days).

Majedie Asset Management Limited

Majedie Asset Management is an investment management boutique specialising in UK and Global equities which launched in 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 Investment Manager's report on page 9 and further referred to in note 13 on page 65.

Javelin Capital LLP

Javelin Capital LLP commenced operations on 1 September 2010. On that date Javelin Capital LLP assumed responsibility for managing the Company's investments and the provision of general administration services. All previous Majedie employees transferred to Javelin Capital LLP under the new arrangements.

On 20 September 2010 the Company invested £20m into the Javelin Capital Global Equity Strategies Fund (QIF), the first fund launch by Javelin Capital LLP. The characteristics of this investment are detailed in the Investment Manager's Report section.

The Company initially provided £4.5m in operational and regulatory capital for Javelin Capital LLP. At a General Meeting on 29 June 2011, the shareholders approved a further investment of up to £3.5m in Javelin Capital LLP to provide additional operational and regulatory capital, of which £2.5 million was paid on 29 June 2011.

The Company has an initial 75% ownership. This will fall to 55% if the partnership achieves certain preset financial targets. The Chairman's Statement on page 6 and additionally the notes to the accounts on page 65 provide further information on developments.

Continued Appointment of the Manager

The Board has concluded that it is in shareholders interests that Javelin Capital LLP should continue as Manager of the Company on the existing terms. The Board considers the arrangements for the provision of investment management and other services to the Company on an annual basis.

The principal terms of the agreement with the Investment Manager have been set out on pages 22 and 23.

Corporate Governance Statement

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

This section of the annual report describes the Company has applied the principles of section 1 of the UK Corporate Governance Code (the "Code"), as required by the Financial Services Authority (FSA). A copy of the Code can be found at www.frc.org.uk. The Board considers that the Company has complied with the provisions of the Code throughout the year ended 30 September 2011 except as set out below.

Provision A.2.1 – Due to the nature and structure of the Company the Board does not feel it is necessary to appoint a Chief Executive.

Provision C.3.5 – The Company does not have an internal audit function due its accounting, administration, company secretarial and custody arrangements being outsourced to the parties detailed on page 29.

The Company

The Company has historically been self managed but following the launch of Javelin Capital, the Company's investments and administration have been managed by Javelin Capital LLP since September 2010. In complying with the more detailed aspects of best corporate governance practice, the Board takes into account that the Company is a listed investment trust 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.

Board and Directors

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. Its composition satisfies the requirements of the Code and is composed of an independent Chairman, three non-executive directors and Mr JWM Barlow who became an executive director on 27 June 2011. Biographical details of the directors are shown on page 16.

Messrs AJ Adcock, PD Gadd, HV Reid and RDC Henderson are considered to be independent as defined by the Code but the Board considers that all directors exercise their judgements in an independent manner. The Chairman's other commitments are determined in his biography on page 16.

Mr HV Reid is the Senior Independent Director and chairs the Audit and Remuneration Committees.

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 2011, nine Board meetings were held and additionally two Audit Committee meetings, two Nomination Committee meetings and one Remuneration Committee meeting. Attendance at these Board and Committee meetings were as follows:

	Number of meetings			
	Board	Audit	Nomination	Remuneration
Directors	9	2	2	1
AJ Adcock	9	2	2	1
GP Aherne	4	n/a	n/a	n/a
CJ Arnheim	8	–	1	n/a
PD Gadd	9	2	2	1
HV Reid	9	2	2	1
JWM Barlow	8	n/a	1*	n/a

* JWM Barlow resigned from the Nomination Committee on 27 June 2011.

Since the Company's financial year end the Company has held two Board meetings, a Management Engagement Committee meeting and a Remuneration Committee meeting. All Board members and Committee members attended their respective meetings.

The Board has undertaken a formal and rigorous evaluation of its own performance and of its Committees 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's and directors' other commitments are such that all directors are capable of devoting sufficient time to the Company.

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.

Directors' and Officers' Liability Insurance and Indemnities

The Company has arranged Directors' and Officers' Liability Insurance which provides cover for legal expenses under certain circumstances. The Company's Articles of Association take advantage of statutory provisions to indemnify the directors against certain liabilities owed to third parties even where such liability arises from conduct amounting to negligence or breach of duty or of trust. In addition, under the terms of appointment of each director, the Company has agreed, subject to the restrictions and limitations imposed by statute and by the Company's Articles of Association, to indemnify each director against all costs, expenses, losses and liabilities incurred in execution of his office as director or otherwise in relation to such office. Save for such indemnity provisions in the Company's Articles of Association and in the directors' terms of appointment, there are no qualifying third party indemnity provisions in force.

Committees

The Board has established the following Committees:

- The Audit Committee comprises:
  Mr HV Reid (Chairman), Mr PD Gadd, Mr RDC Henderson and Mr AJ Adcock. Mr JWM Barlow and representatives of the Auditors are invited to attend meetings of the Committee. It is intended that Mr HV Reid retire as Chairman of the Audit Committee from 30 November 2011 to be replaced by Mr RDC Henderson. 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 reviewed the Group's half-yearly and annual reports to ensure they are prepared to a high standard and comply with all the relevant legislation and guidelines where appropriate.

  The Audit Committee is responsible for monitoring the integrity of the financial statements of the Company, reviewing the Company's internal financial controls and risk management systems, making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment and terms of engagement of the external auditor, monitoring the external auditor's independence and developing and implementing a policy on the engagement of the external auditor to supply non-audit services.

  The Audit Committee has considered the independence and objectivity of the Auditors. It has informed 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 Board recommends the appointment of Ernst and Young LLP as Auditors at the forthcoming Annual General Meeting.

- The Nomination Committee comprises:
  Mr AJ Adcock (Chairman) and the non-executive directors. Mr JWM Barlow resigned from the Nomination Committee on 27 June 2011 but may attend future meetings at the request of the Committee. 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 made use of an external search consultant to assist with the recruitment of Mr RDC Henderson.

  The Committee recommended the appointment of Mr RDC Henderson to the Board and he was appointed on 22 September 2011.

  The Company's Articles of Association require a director appointed during the year to retire and seek appointment by shareholders at the next Annual General Meeting and all directors must seek re-appointment at least every three years. All directors are appointed for a term of three years after appointment or re-appointment by shareholders at a general meeting. A director's appointment may be terminated by the Company on the director by providing one month's notice. Towards the end of each fixed term the Nomination Committee and the Board will consider whether to renew a particular appointment.

  No director has a contract of employment with the Company. Directors' terms and conditions for appointment are set out in letters of appointment which are available for inspection at the Registered Office of the Company and will be available at the Annual General Meeting.

The Nomination Committee met twice during the year to consider the re-appointment of directors at the Company's Annual General Meeting and the appointment of Mr RDC Henderson as a non executive director. It decided to recommend the re-appointment of Messrs AJ Adcock, JWM Barlow and HV Reid on the basis that they continued to make valuable contributions and to exercise their judgement and express their opinions in an independent manner.

- The Remuneration Committee comprises: Mr HV Reid (Chairman), Mr AJ Adcock, Mr RDC Henderson and Mr PD Gadd. Mr JWM Barlow and Mr GP Aherne were invited to attend and participate in the relevant meetings. It is also intended that Mr HV Reid retire as Chairman of the Remuneration Committee from 30 November 2011 and be replaced by Mr PD Gadd. Further details on the work of the Remuneration Committee is included in the Report on Directors' Remuneration on pages 30 to 32.

- Management Engagement Committee ("MEC"). The Management Engagement Committee was established on 14 October 2010 and comprises; Mr AJ Adcock (Chairman), and the non-executive directors. Mr JWM Barlow resigned from the Management Engagement Committee on 27 June 2011 but may attend future meetings at the request of the Committee. The Board has agreed terms of reference for the Committee which meets at least once a year to consider the performance of the Investment Manager, the terms of the Investment Manager's engagement and to consider the continued appointment of the Investment Manager. The MEC met on 18 October 2011 and recommended that Javelin Capital LLP be retained as Investment Manager.

  The Board has concluded that it is in the best interests of shareholders that Javelin Capital LLP should continue to be the Investment Manager of the Company on under its existing terms.

  In addition to the Investment Management role, the Board has delegated to external third parties the custodial services, the day to day accounting, company secretarial services, administration and registration services. The MEC annually reviews their performance and their contracts.

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

Conflicts of Interest

The Directors have declared any conflicts or potential conflict of interest to the Board of directors which has the authority to approve such situations. The Company Secretary maintains the Register of directors' Conflicts of Interests which is reviewed quarterly by the Board and when changes are notified. The directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions which relate to any of their conflicts.

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 judgement 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.

Corporate Governance Statement

Relations with Shareholders

Members of the Board and the Investment Manager hold meetings with the Company's principal shareholders and prospective investors to develop an understanding of the views of shareholders and to discuss the Company's strategy and financial and investment performance. Any issues raised by shareholders are reported to the full Board. Shareholders are encouraged to attend the Annual General Meeting and to participate in proceedings. Shareholders wishing to contact the directors to raise specific issues can do so directly or by writing to the Company Secretary.

In the annual report each year the directors seek to provide shareholders with information in sufficient detail to allow them to obtain a reasonable understanding of recent developments affecting the business and the prospects for the Company in the year ahead. The Business Review on pages 19 to 24 provides additional further information.

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.

Voting policy

The exercise of voting rights attached to the Company's portfolio has been delegated to Javelin Capital LLP in the absence of explicit instructions from the Board. Javelin Capital LLP are empowered to exercise discretion in the use of the Company's voting rights.

Javelin Capital LLP are required to include on their website a disclosure about the nature of their commitment to the FRC's Stewardship Code and details may be found at www.javelincapital.com/Governance/FRC-Stewardship-Code.

Policy for non-audit services

The Board monitors the Company's relationship with its external auditor with a view to ensuring that the external auditor does not provide non-audit services that have the potential to impair or appear to impair the independence of their audit role. The Board has agreed that, from time to time it may be appropriate and cost effective for the external auditor to provide services relating to tax compliance and tax planning but other services should only be provided where alternative providers do not exist or where it is cost effective or in the Group's interest for the external auditors to provide such services.

The Management Board of Javelin Capital LLP, upon which the Company has representation, provides a similar oversight in respect of non-audit services provided by the external auditor to the Javelin Group. Any areas of concern are raised with the Board of the Company.

Controls of third party providers

The Board regularly reviews the performance of the companies providing services to the Company and considers regular reports providing assurances from those companies that appropriate controls are in place to mitigate risks relating to services undertaken on behalf of the Company. The Board also seeks assurances that service providers have 'whistle blowing' procedures in place to enable their staff to raise concerns about possible improprieties in a confidential manner.

Javelin Capital LLP

The Board has representation on the Management Board of Javelin Capital LLP and under the terms of the LLP Agreement is able to require amendments to systems and controls if required, and the ability to change the Managing Partner/Chief Executive and also must approve his remuneration.

Javelin Capital LLP governance is comprised of:

- Management Board
  The Management Board meets monthly and is comprised of Company representatives and other partners. Other employees and partners are invited to attend meetings as required.

- Risk Committee
  The Risk Committee will meet at least twice a year under terms of reference agreed by the Management Board. The Committee will control risk guidelines, product approval and the firms' control environment, and undertake audit committee responsibilities.

- Investment Committee
  The investment Committee will provide an independent review to investment processes and products in light of the external environment. It will include external investment professionals and will meet on an ad-hoc basis.

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
- the Investment Manager'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, as required under provision C.3.5. of the UK Corporate Governance Code. 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 Investment Management and certain administrative functions are undertaken by Javelin Capital LLP. Fund administration, accounting and company secretarial functions of the Company 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 provision C.2.1 of the UK Corporate Governance 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.

Report on Directors' Remuneration

This report has been prepared in accordance with 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

During the year to 30 September 2011, the Committee comprised independent non-executive directors – being HV Reid (Chairman), AJ Adcock, PD Gadd and RDC Henderson (appointed to the Committee on 22 September 2011). CJ Arnheim and JWM Barlow were also invited to attend meetings.

The Company Secretary, Capita Sinclair Henderson Limited, act as Secretary to the Committee and its terms of reference 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 appointment and the remuneration of the Chairman and each director.

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 of the right calibre. In setting both the policy related to, and levels of, remuneration and benefits for directors, the Committee takes account of market data and seeks independent professional advice when required.

Directors' fees (excluding any special duties fees) are, under the Company's articles of association, subject to a limit of £250,000 per annum. The Committee has given full consideration to the principles of good governance of the UK Corporate Governance Code and the Board has accepted the Committee's recommendations without amendment.

Remuneration Policy

Non-Executive Directors

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 by reference to other organisations and appointments.

The Committee reviewed directors' remuneration in October 2011 and agreed to retain the Chairman's fee at £75,000 per annum, 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. A further supplement of up to £5,500 per annum, as detailed in the Javelin Capital section is payable to non-executive directors who represent the Company on the Javelin Capital Management Board.

Non-executive directors are entitled to claim out of pocket expenses incurred in carrying out their duties but are not eligible for bonuses, pension benefits, share options or long term incentive schemes. No non-executive director has a service contract, rather a letter of appointment with the Company. The terms include an initial three year duration period, a one month notice period by either party and no termination or loss of office payments.

Executive Director

Mr JWM Barlow was appointed Chief Operating Officer of Javelin Capital LLP on 27 June 2011 and remains a director of the Company. Due to his appointment he is considered to be an executive director from that date.

His remuneration in respect of his Javelin Capital appointment was approved by the Javelin Capital Management Board (including Majedie representatives) and is comprised of a base salary of £135,000 per annum, a discretionary bonus (see below), plus healthcare, life benefits and eligibility for the Javelin Capital pension scheme. Additionally he continues to receive his previous basic fees of £27,000 per annum as a director of the Company.

At the time of his appointment it was decided that given the nature of his role and responsibilities he would be eligible for a discretionary bonus to be paid for by the Company or Javelin Capital as appropriate. Any such bonus will be based on the achievement of pre-agreed objectives which have yet to be developed and will be subject to appropriate retention and/or claw back mechanisms.

He remains subject to his existing terms of appointment as a director of the Company and also has an employment contract with Javelin Capital Services Limited in respect of his Javelin Capital position. The terms of that contract include providing for three months' notice of termination by either party, annual salary reviews and various post employment obligations and restrictions considered to be appropriate for a role of this type within the financial services sector.

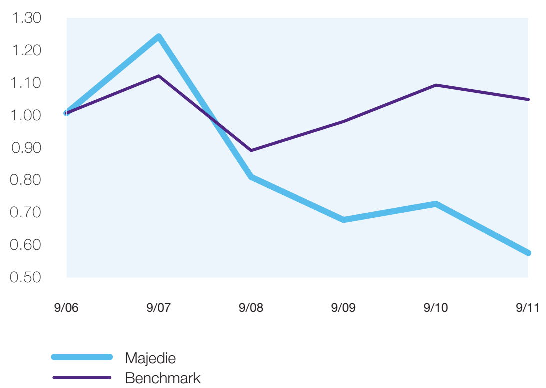
Javelin Capital LLP ("Javelin Capital")

Javelin Capital, a UK Limited Liability Partnership of which the Company is a partner has been in operation since 1 September 2010. As a partner, the Board can appoint representatives to attend the monthly Javelin Capital Management Board meetings. The directors with the exception of the Chairman of the Board receive an additional fee of up to £5,500 per annum, based upon a fee of £500 per meeting, in recognition of their attendance and contribution at the monthly management board meetings. Mr JWM Barlow is also a member of the Management Board but in his capacity as Chief Operating Officer of Javelin Capital LLP and does not receive this supplement.

The Limited Liability Partnership ('LLP') Agreement provides for up to three directors to represent the Company on the Management Board and requires at least one director to be present at each meeting. Additionally the Chairman of the Management Board shall be a Company representative.

Performance

The graph below compares the total shareholder return to a hypothetical portfolio constructed according to a benchmark equity index, calculated as 70% FTSE All-Share Index and 30% FTSE World ex UK Index (Sterling). Although the Company abandoned this as an overall benchmark in 2010 it remains as the comparator for the purpose of this graph since it is the formal benchmark adopted in respect of the Core Portfolio element of the Company's investments.



TOTAL SHAREHOLDER RETURN V BENCHMARK
5 YEARS TO 30 SEPTEMBER 2011 (REBASED)

Report on Directors' Remuneration

AUDITED SECTION

Directors' Remuneration

The remuneration of the directors for the year ended 30 September 2011 was as follows:

	Salary £000	Other Benefits £000	Basic fees £000	Additional fees £000	Total 2011 £000	Total 2010 £000
Non-executive directors						
AJ Adcock	–	–	75	–	75	61
HV Reid	–	–	27	14	41	35
JWM Barlow	–	–	20	4	24	27
PD Gadd	–	–	27	5	32	27
HS Barlow	–	–	–	–	–	15
CJ Arnheim*	–	–	27	–	27	20
GP Aherne#	–	–	–	–	–	24
RDC Henderson†	–	–	1	–	1	–
Executive directors						
JWM Barlow	36	1	7	–	44	–
GP Aherne#	–	–	–	–	–	123
	36	**1**	**184**	**23**	**244**	**332**

Mr GP Aherne resigned from the Board and retired from Javelin Capital LLP on 21 April 2011. In addition to the amounts shown in the above table his gross drawing entitlement from Javelin Capital LLP for the year, including his notice provision, was £179,000 with other benefits of £6,000. No compensation for loss of office was paid by the Company or Javelin Capital LLP.

* Mr CJ Arnheim resigned from the Board on 21 September 2011.

† Mr RDC Henderson was appointed to the Board on 22 September 2011.

Approval

The Report on Directors' Remuneration on pages 30 to 32 was approved by the Board on 24 November 2011.

On behalf of the Board

H V Reid Chairman of the Remuneration Committee

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union. Under Company Law the directors must not approve the Group financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that period. In preparing the Group financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board
Andrew J Adcock Chairman
24 November 2011

We have audited the financial statements of Majedie Investments PLC for the year ended 30 September 2011 which comprise the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statements 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 and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 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 auditor

As explained more fully in the Statement of Directors' Responsibilities on page 33, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; 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, on page 18, in relation to going concern;

- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and

- certain elements of the report to shareholders by the Board on directors' remuneration.

Ratan Engineer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London
24 November 2011

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2011

	Notes	2011 Revenue return £000	2011 Capital return £000	2011 Total £000	2010 Revenue return £000	2010 Capital return £000	2010 Total £000
Investments							
Gains/(losses) on investments at fair value through profit or loss	13		2,233	2,233		(2,361)	(2,361)
Net investment result			2,233	2,233		(2,361)	(2,361)
Income							
Income from investments	3	5,434		5,434	10,011		10,011
Other income	3	106		106	82		82
Total income		5,540		5,540	10,093		10,093
Expenses							
Administrative expenses	5	(2,195)	(2,633)	(4,828)	(3,105)	(2,017)	(5,122)
Return/loss before finance costs and taxation		3,345	(400)	2,945	6,988	(4,378)	2,610
Finance costs	8	(721)	(2,165)	(2,886)	(701)	(2,101)	(2,802)
Net return/loss before taxation		2,624	(2,565)	59	6,287	(6,479)	(192)
Taxation	9	(200)		(200)	(131)		(131)
Net return/loss after taxation for the year		2,424	(2,565)	(141)	6,156	(6,479)	(323)
Other comprehensive income – exchange differences on translation of foreign operations			(37)	(37)			
Total comprehensive income for the year		2,424	(2,602)	(178)	6,156	(6,479)	(323)
Net return/loss after taxation attributable to:							
Equity holders of the Company		2,427	(2,568)	(141)	6,156	(6,479)	(323)
Non-controlling interest		(3)	3				
		2,424	(2,565)	(141)	6,156	(6,479)	(323)
Return/loss per ordinary share:		pence	pence	pence	pence	pence	pence
Basic and diluted	11	4.6	(4.9)	(0.3)	11.8	(12.4)	(0.6)

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

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 48 to 83 form part of these accounts.

Company Statement of Comprehensive Income

for the year ended 30 September 2011

	Notes	2011 Revenue return £000	2011 Capital return £000	2011 Total £000	2010 Revenue return £000	2010 Capital return £000	2010 Total £000
Investments							
Gains/(losses) on investments at fair value through profit or loss	13		1,547	1,547		(2,361)	(2,361)
Net investment result			1,547	1,547		(2,361)	(2,361)
Income							
Income from investments	3	5,382		5,382	10,011		10,011
Other income	3	19		19	130		130
Total income		5,401		5,401	10,141		10,141
Expenses							
Investment Management fees	4	(418)	(519)	(937)	(34)	(44)	(78)
Administrative expenses	5	(730)	(320)	(1,050)	(1,038)	(1,735)	(2,773)
Return/loss before finance costs and taxation		4,253	708	4,961	9,069	(4,140)	4,929
Finance costs	8	(701)	(2,102)	(2,803)	(701)	(2,101)	(2,802)
Net return/loss before taxation		3,552	(1,394)	2,158	8,368	(6,241)	2,127
Taxation	9	(121)		(121)	(131)		(131)
Net return/loss after taxation for the year		3,431	(1,394)	2,037	8,237	(6,241)	1,996
Return/loss per ordinary share:		pence	pence	pence	pence	pence	pence
Basic and diluted	11	6.5	(2.6)	3.9	15.8	(12.0)	3.8

The total column of this statement is the Statement of Comprehensive Income of the Company prepared under IFRS. The supplementary revenue return and capital return columns are prepared under guidance published by the AIC.

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 48 to 83 form part of these accounts.

Consolidated Statement of Changes in Equity

for the year ended 30 September 2011

	Notes	Share capital £000	Share premium £000	Capital redemption reserve £000	Share options reserve £000
Year ended 30 September 2011					
As at 1 October 2010		5,253	785	56	(220)
Net loss for the year					
Other comprehensive income – exchange differences on translation of foreign subsidiary					
Share options expense	25				116
Dividends declared and paid in year	10				
Consolidation of subsidiary					
Own shares (sold)/purchased by Employee Incentive Trust (EIT)					(74)
As at 30 September 2011		5,253	785	56	(178)
Year ended 30 September 2010					
As at 1 October 2009		5,253	785	56	(284)
Net loss for the year					
Share options expense	25				64
Dividends declared and paid in year	10				
As at 30 September 2010		5,253	785	56	(220)

The notes on pages 48 to 83 form part of these accounts.

Capital reserve £000	Revenue reserve £000	Own shares reserve £000	Currency translation reserve £000	Non-controlling interest £000	Total £000
86,945	26,042	(1,702)			117,159
(2,568)	2,427				(141)
			(37)		(37)
					116
	(5,463)				(5,463)
				248	248
		74			
84,377	23,006	(1,628)	(37)	248	111,882
93,424	26,649	(1,702)			124,181
(6,479)	6,156				(323)
					64
	(6,763)				(6,763)
86,945	26,042	(1,702)			117,159

Company Statement of Changes in Equity

for the year ended 30 September 2011

	Notes	Share capital £000	Share premium £000	Capital redemption reserve £000
Year ended 30 September 2011				
As at 1 October 2010		5,253	785	56
Net profit for the year				
Share options expense	25			
Dividends declared and paid in year	10			
Own shares (sold)/purchased by Employee Incentive Trust (EIT)				
As at 30 September 2011		5,253	785	56
Year ended 30 September 2010				
As at 1 October 2009		5,253	785	56
Net profit for the year				
Share options expense	25			
Dividends declared and paid in year	10			
As at 30 September 2010		5,253	785	56

The notes on pages 48 to 83 form part of these accounts.

	Share options reserve £000	Capital reserve £000	Revenue reserve £000	Own shares reserve £000	Total £000
	(220)	87,461	27,843	(1,702)	119,476
		(1,394)	3,431		2,037
	116				116
			(5,463)		(5,463)
	(74)			74	
	(178)	86,067	25,811	(1,628)	116,166
	(284)	93,702	26,369	(1,702)	124,179
		(6,241)	8,237		1,996
	64				64
			(6,763)		(6,763)
	(220)	87,461	27,843	(1,702)	119,476

Consolidated Balance Sheet

as at 30 September 2011

	Notes	2011 £000	2010 £000
Non-current assets			
Property and equipment	12	410	531
Investments held at fair value through profit or loss	13	112,822	145,423
		113,232	145,954
Current assets			
Derivative instruments held at fair value through profit or loss	14	136	
Trade and other receivables	16	5,817	1,691
Cash and cash equivalents	17	37,553	5,538
		43,506	7,229
Total assets		156,738	153,183
Current liabilities			
Financial liabilities held at fair value through profit or loss	12	(3,311)	
Derivative instruments held at fair value through profit or loss	14	(99)	
Trade and other payables	18	(7,645)	(2,243)
		(11,055)	(2,243)
Total assets less current liabilities		145,683	150,940
Non-current liabilities			
Debentures	18	(33,801)	(33,781)
Total liabilities		(44,856)	(36,024)
Net assets		111,882	117,159
Represented by:			
Ordinary share capital	19	5,253	5,253
Share premium		785	785
Capital redemption reserve		56	56
Share options reserve		(178)	(220)
Capital reserve		84,377	86,945
Revenue reserve		23,006	26,042
Own shares reserve	20	(1,628)	(1,702)
Currency translation reserve		(37)	
Equity Shareholders' Funds		111,634	117,159
Non-controlling interest		248	
Total equity		111,882	117,159
Net asset value per share		pence	pence
Basic and fully diluted	21	214.5	225.2

Approved by the Board of Majedie Investments PLC (Company no. 109305) and authorised for issue on 24 November 2011.

Andrew J Adcock
Hubert V Reid
Directors

The notes on pages 48 to 83 form part of these accounts.

Company Balance Sheet

as at 30 September 2011

	Notes	2011 £000	2010 £000
Non-current assets			
Property and equipment	12	178	221
Investments held at fair value through profit or loss	13	127,176	145,423
Investments in subsidiaries held at cost	13	7,171	4,671
		134,525	150,315
Current assets			
Trade and other receivables	16	1,180	1,676
Cash and cash equivalents	17	15,245	3,057
		16,425	4,733
Total assets		150,950	155,048
Current liabilities			
Trade and other payables	18	(983)	(1,791)
Total assets less current liabilities		149,967	153,257
Non-current liabilities			
Debentures	18	(33,801)	(33,781)
Total liabilities		(34,784)	(35,572)
Net assets		116,166	119,476
Represented by:			
Ordinary share capital	19	5,253	5,253
Share premium		785	785
Capital redemption reserve		56	56
Share options reserve		(178)	(220)
Capital reserve		86,067	87,461
Revenue reserve		25,811	27,843
Own shares reserve	20	(1,628)	(1,702)
Equity Shareholders' Funds		116,166	119,476

Approved by the Board of Majedie Investments PLC (Company no. 109305) and authorised for issue on 24 November 2011.

Andrew J Adcock
Hubert V Reid
Directors

The notes on pages 48 to 83 form part of these accounts.

Consolidated Cash Flow Statement

for the year ended 30 September 2011

	Notes	2011 £000	2010 £000
Net cash flow from operating activities			
Consolidated net return before taxation		59	(192)
Adjustments for:			
(Gains)/losses on investments	13	(2,233)	2,361
Dividends reinvested		(5)	(45)
Share based remuneration		116	64
Depreciation		208	84
Purchases of investments*		(1,300,122)	(57,963)
Sales of investments*		1,319,735	55,741
Adjustment to non-current asset investments on consolidation		20,000	
Proceeds from derivative contracts		483	
Exchange gains on translation of foreign investments		(109)	
Increase in non-controlling interest		248	
		38,380	50
Finance costs		2,886	2,802
Operating cashflows before movements in working capital		41,266	2,852
Increase in trade and other payables		139	410
Increase in trade and other receivables		(758)	(18)
Net cash inflow from operating activities before tax		40,647	3,244
Tax recovered		29	10
Tax on unfranked income		(245)	(163)
Net cash inflow from operating activities		40,431	3,091
Investing activities			
Purchases of tangible assets		(87)	(420)
Disposals of tangible assets			29
Net cash outflow from investing activities		(87)	(391)
Financing activities			
Interest paid		(2,866)	(2,783)
Dividends paid		(5,463)	(6,763)
Net cash outflow from financing activities		(8,329)	(9,546)
Increase/(decrease) in cash and cash equivalents for year	22	32,015	(6,846)
Cash and cash equivalents at start of year		5,538	12,384
Cash and cash equivalents at end of year		37,553	5,538

* The large increase in investment transactions in the year to 30 September 2011 reflects the high volume trading activity in the QIF in line with its investment approach and industry peers.

The notes on pages 48 to 83 form part of these accounts.

Company Cash Flow Statement

for the year ended 30 September 2011

	Notes	2011 £000	2010 £000
Net cash flow from operating activities			
Company net return before taxation		2,158	2,127
Adjustments for:			
(Gains)/losses on investments	13	(1,547)	2,361
Dividends reinvested		(5)	(45)
Share based remuneration		116	64
Depreciation		47	64
Purchases of investments		(15,692)	(57,963)
Sales of investments		35,546	55,741
		20,623	2,349
Finance costs		2,803	2,802
Operating cashflows before movements in working capital		23,426	5,151
Increase in trade and other payables		(210)	(41)
(Increase)/decrease in trade and other receivables		(141)	86
Net cash inflow from operating activities before tax		23,075	5,196
Tax recovered		29	10
Tax on unfranked income		(166)	(163)
Net cash inflow from operating activities		22,938	5,043
Investing activities			
Purchases of tangible assets		(4)	(90)
Disposals of tangible assets			29
Purchases of subsidiaries		(2,500)	(4,510)
Net cash outflow from investing activities		(2,504)	(4,571)
Financing activities			
Interest paid		(2,783)	(2,783)
Dividends paid		(5,463)	(6,763)
Net cash outflow from financing activities		(8,246)	(9,546)
Increase/(decrease) in cash and cash equivalents for year	22	12,188	(9,074)
Cash and cash equivalents at start of year		3,057	12,131
Cash and cash equivalents at end of year		15,245	3,057

The notes on pages 48 to 83 form part of these accounts.

Notes to the Accounts

General Information

Majedie Investments PLC is a company incorporated in England under the Companies Act 2006. 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 91. The nature of the Group's operations and its principal activities are set out in the Business Review on pages 20 to 24 and in note 2 on page 51.

Use of estimates and judgements

The preparation of financial statements requires the Group to make estimates and assumptions that affect items reported in the Balance Sheets and Statements of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and to, some extent, future events and actions, actual results ultimately may differ from those estimates, possibly significantly. The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments. These are valued in accordance with the policies as set out on pages 49 and 50. At the year end, unquoted investments represent 38.0% of shareholders funds.

1 Significant Accounting Policies

The principal accounting policies adopted are set out as follows:

The accounts on pages 36 to 83 comprise the audited results of the Company and its subsidiaries for the year ended 30 September 2011, and are presented in pounds sterling rounded to the nearest thousand, as this is the functional currency in which the Group and Company transactions are undertaken.

Going Concern

The Directors have a reasonable expectation that the Company has sufficient resources to continue operational existence for the foreseeable future. Accordingly the Financial Statements have been prepared on a going concern basis.

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, 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 is not inconsistent with the requirements of IFRSs, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP. All the companies' activities are continuing.

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.

The results of subsidiaries acquired or disposed of during this year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or disposal as appropriate. All Group entities have the same year end date.

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

1 Significant Accounting Policies continued

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.

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 9	Financial Instruments: Classification & Measurement	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 24	Related Party Disclosures (revised)	1 January 2011

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, with the exception of additional disclosure requirements.

Presentation of Statement of Comprehensive Income

In order to reflect better the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally the net revenue is the measure that the directors believe to be appropriate in assessing the Company's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010.

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, 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 as other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised as other comprehensive income.

The assets and .liabilities of foreign operations are translated into sterling at the rates of exchange ruling at the balance sheet date. Income and expenses are translated at weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income.

1 Significant Accounting Policies continued

Segmental Reporting
A segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses (including intra-group revenues and expenses), for which discrete financial information is available and whose operating results are regularly renewed by the entity's chief decision maker who can make decisions on resource allocation and performance assessment. An operating segment could engage in business activities for what it has yet to earn revenues.

Income
Dividend income from investments is taken to the revenue account on an ex-dividend basis. UK dividends are included net of tax credits. Overseas dividends are included gross of any withholding tax. Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in the capital column.

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 and other interest receivable is included on an accruals basis.

Special dividends are taken to the revenue or capital account depending on their nature.

Expenses
All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, 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 13).
- 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.
- The investment management performance fee, which is based on capital out-performance, is charged wholly to capital.

Pension Costs
Payments made to the Group'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. In addition, other interest payable is allocated 75% to capital and 25% to the revenue account.

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 the number 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.

1 Significant Accounting Policies continued

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

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

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

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Leasehold improvements are written off in equal annual instalments over the minimum period of the lease whereas depreciation for other tangible assets is provided for at 25% to 33% per annum using the straight-line method.

Leasing

Leases are classified as 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 classified as 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.

Fair values for unquoted investments, or investments for which the market is inactive, are established by using various valuation techniques in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These may include recent arm's length market transactions, the current fair value of another instrument which is substantially the same earnings, multiples, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised.

1 Significant Accounting Policies continued

Changes in the fair value of investments and gains on the sale of investments are recognised as they arise in the Statement of Comprehensive Income.

Investment in Subsidiaries
In its separate financial statements the Company recognises its investment in subsidiaries at cost, less any impairment or if they are investment vehicles they are valued at fair value.

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
Derivatives financial instruments are initially recognised on trade date and are measured at fair value. After initial recognition, derivative financial instruments are measured at fair value.

Contracts for Difference (CFDs) represent agreements that obligate two parties to exchange cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise deemed notional amount. The ultimate gain or loss depends upon the prices at which the underlying financial instruments of the CFD is valued at the CFDs settlement date. Realised and movements in unrealised gains and losses are included in the Consolidated Statement of Comprehensive Income.

Short sales are those in which a borrowed security is sold in anticipation of a decline in the market value of that security, or for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit and loss.

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash and marketable securities; changes in the futures contracts' value are settled daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market. Futures are settled on a net basis.

Changes in the fair value of derivative financial instruments are recognised as they arise in the Statement of Comprehensive Income.

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

Cash and Cash Equivalents
Cash and cash equivalents comprise cash deposited with banks, cash balances at brokers and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Prime broker cash balances are held with Goldman Sachs International and Morgan Stanley & Co International. Short and long cash positions held with these brokers can be netted off as per the prime broker agreements.

Collateral Cash held at brokers
Collateral cash consists of margin cash held as collateral for open derivative positions with the prime brokers, Goldman Sachs International and Morgan Stanley & Co International. Short and long cash positions held with these brokers can be netted off as per the prime broker agreements.

1 Significant Accounting Policies continued

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.

Financial liabilities are classified as financial liabilities at fair value through profit or loss and are recognised initially at fair value. Financial liabilities are subsequently measured at fair value and changes in fair value are recognised in the statement of comprehensive income.

Debentures
All debentures are recorded at proceeds received, net of direct issue costs and held at amortised cost with the interest expense being recognised on an effective yield basis.

Trade Payables
Trade payables are not interest bearing and are stated at carrying value which equates to their fair value.

Reserves
Gains and losses on the sale of investments and investment holding gains and losses are accounted for in the capital reserve. The translation reserve is used to record exchange differences arising from the translation of the financial statements of the Group's foreign subsidiary.

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.

2 Business segments

For management purposes, the Group is currently organised into the following two principal activities:

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

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 12 to 15 and exposure to different currencies is disclosed in note 26 on pages 72 and 73.

Investment management services
To complement this investment objective and create income and capital for the Group, Javelin Capital LLP has been launched to market a range of funds to third party investors and provide investment management and advisory services.

2 Business Segments continued

	Group 2011 Investing activities £000	Group 2011 Investment management and advisory services £000	Group 2011 Eliminations £000	Group 2011 Total £000	Group 2010 Investing activities £000	Group 2010 Investment management and advisory services £000	Group 2010 Eliminations £000	Group 2010 Total £000
Income from investment management services		1,318	(1,318)					
Other operating and investment income	5,537	3		5,540	10,091	2		10,093
Intra-group income	(25)		25		50	92	(142)	
	5,512	1,321	(1,293)	5,540	10,141	94	(142)	10,093
Performance shares and options fair value charge	(116)			(116)	(64)			(64)
Other administrative costs	(1,304)	(2,979)		(4,283)	(2,054)	(2,356)		(4,410)
Intra-group expenses	(1,318)		1,318		(85)	(25)	110	
Other operating expenses	13	(442)		(429)	(648)			(648)
	(2,725)	(3,421)	1,318	(4,828)	(2,851)	(2,381)	110	(5,122)
Operating profit/(loss)	2,787	(2,100)	25	712	7,290	(2,287)	(32)	4,971
Finance costs	(2,886)			(2,886)	(2,802)			(2,802)
Intra-group finance costs		25	(25)			(25)	25	
Gains/(losses) on fair value through profit and loss	2,233			2,233	(2,361)			(2,361)
Profit/(loss) before tax	2,134	(2,075)		59	2,127	(2,312)	(7)	(192)
Dividends	(5,463)			(5,463)	(6,763)			(6,763)
Total assets	152,949	3,789		156,738	150,241	2,942		153,183
Total liabilities	(44,131)	(725)		(44,856)	(35,571)	(453)		(36,024)
Intra-group assets/(liabilities)	7,419	(419)	(7,000)		4,801	(301)	(4,500)	
Net assets	116,237	2,645	(7,000)	111,882	119,471	2,188	(4,500)	117,159

3 Income

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Income from investments				
Franked investment income†	4,153	8,778	4,153	8,778
UK unfranked investment income	138	21	138	21
Overseas dividends	1,105	1,156	1,053	1,156
Fixed interest and convertible bonds	38	56	38	56
	5,434	10,011	5,382	10,011

† Includes MAM special dividend income of £nil (2010: £5,400,000).

3 Income continued

	Group 2011 £000		Group 2010 £000		Company 2011 £000		Company 2010 £000	
Other income								
Deposit interest	68		44		6		43	
Other interest	19				19		25	
Sundry income	19		38		(6)		62	
		106		82		19		130
Total income		5,540		10,093		5,401		10,141
Total income comprises:								
Dividends	5,396		9,955		5,344		9,955	
Interest	125		100		63		124	
Other income	19		38		(6)		62	
		5,540		10,093		5,401		10,141
Income from investments								
Listed UK	2,377		2,618		2,377		2,618	
Listed overseas	1,143		1,156		1,091		1,156	
Unlisted	1,914		6,237		1,914		6,237	
		5,434		10,011		5,382		10,011

4 Management Fees

	Company 2011			Company 2010		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Investment management	173	519	692	14	44	58
Administration	245		245	20		20
	418	519	937	34	44	78

A summary of the terms of the Management Agreement for the Company with Javelin Capital LLP is given in the Business Review on pages 22 and 23. At 30 September 2011, an amount of £49,000 was outstanding for payment of investment management fees when due (2010: £58,000) and outstanding administration fees of £22,000 (2010: £20,000).

The Manager is also entitled to a performance fee from the Company in accordance with the provisions of the Management Agreement, the calculation of which is also described in the Business Review on page 23. No performance fee is due in respect of the year ended 30 September 2011 (2010: £nil).

5 Administrative Expenses

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Staff costs – note 7	1,385	851	122	768
Other staff costs and directors' fees	354	232	239	232
Advisers' costs	715	498	379	444
Restructuring costs	265		139	
Information costs	738	129	52	82
Establishment costs	119	132		113
Operating lease rentals – premises	123	132		132
Depreciation on tangible assets	208	84	47	64
Auditors' remuneration (see below)	103	66	55	52
Pre start-up costs	195	2,516		627
Other expenses	623	482	17	259
	4,828	5,122	1,050	2,773

A charge of £2,633,000 (2010: £2,017,000 inclusive of £627,000 pre-start-up costs) to capital and an equivalent credit to revenue has been made in the Group and a charge of £319,000 (2010: £1,167,000) in the Company has been made to recognise the accounting policy of charging 75% of direct investment management expenses to capital.

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

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Audit services				
– statutory audit	96	60	48	46
Other non-audit services	7	6	7	6
	103	66	55	52

6 Directors' Emoluments

	Company 2011 £000	Company 2010 £000
Salaries and fees	243	332
Other benefits	1	
	244	332

The Report on Directors' Remuneration on pages 30 to 32 explains the Company's policy on remuneration for directors for the year. It also provides further details of directors' remuneration.

7 Staff Costs including Executive Directors

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Salaries and other payments	1,089	684		607
Social security costs	129	73	6	67
Pension contributions	51	30		30
Share based remuneration – note 25	116	64	116	64
	1,385	851	122	768

	Group 2011 Number	Group 2010 Number	Company 2011 Number	Company 2010 Number
Average number of employees:				
Management and office staff	11	17		7

8 Finance Costs

	Group 2011			Group 2010		
	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	1,125	1,500	375	1,125	1,500
Amortisation of expenses associated with debenture issue	5	15	20	5	14	19
Other interest payable	20	63	83			
	721	2,165	2,886	701	2,101	2,802

	Company 2011			Company 2010		
	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	1,125	1,500	375	1,125	1,500
Amortisation of expenses associated with debenture issue	5	15	20	5	14	19
	701	2,102	2,803	701	2,101	2,802

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

9 Taxation

Analysis of tax charge

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Tax on overseas dividends	200	131	121	131

9 Taxation continued

Reconciliation of tax charge:
The current taxation for the year is higher than the standard rate of corporation tax in the UK of 27%, (2010: 28%). The differences are explained below:

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Net return before taxation	59	(192)	2,158	2,127
Taxation at UK Corporation Tax rate of 27% (2010: 28%)	16	(54)	583	595

	Group 2011 £000		Group 2010 £000		Company 2011 £000		Company 2010 £000	
Effects of:								
– UK dividends which are not taxable	(1,158)		(2,455)		(1,158)		(2,455)	
– foreign dividends which are not taxable	(278)		(302)		(278)		(302)	
– (losses)/gains on investments which are not taxable	(603)		661		(417)		661	
– expenses not deductible for tax purposes	53		221		57		227	
– excess expenses for current year	1,970		1,929		1,213		1,274	
– overseas taxation which is not recoverable	200		131		121		131	
Actual current tax charge		200		131		121		131

Group

After claiming relief against accrued income taxable on receipt, the Group has unrelieved excess expenses of £61,728,000 (2010: £54,432,000). It is not yet certain 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 £56,597,000 (2010: £52,093,000). It is not yet certain 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.

10 Dividends

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

	Group and Company 2011 £000		Group and Company 2010 £000	
2009 Final dividend of 6.30p paid on 27 January 2010			3,277	
2010 Special dividend of 2.50p paid on 8 March 2010			1,301	
2010 Interim dividend of 4.20p paid on 30 June 2010			2,185	
2010 Final dividend of 6.30p paid on 26 January 2011	3,277			
2011 Interim dividend of 4.20p paid on 29 June 2011	2,186			
		5,463		6,763

	2011 £000		2010 £000	
Proposed final dividend for the year ended 30 September 2011 of 6.30p (2010: final dividend of 6.30p) per ordinary share	3,279		3,277	
		3,279		3,277

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 1158 of the Corporation Tax Act 2010 are considered.

	2011 £000		2010 £000	
Interim dividend for the year ended 30 September 2011 of 4.20p (2010: 4.20p) per ordinary share	2,186		2,185	
Proposed final dividend for the year ended 30 September 2011 of 6.30p (2010: 6.30p) per ordinary share	3,279		3,277	
Special dividend for the year ended 30 September 2011 of nil (2010: 2.50p) per ordinary share			1,301	
		5,465		6,763

11 Return/(Loss) per Ordinary Share

Basic return/(loss) per ordinary share is based on 52,029,833 (2010: 52,022,510) ordinary shares, being the weighted average number of shares in issue having adjusted for the shares held by the Employee Incentive Trust referred to in note 20. Basic returns per ordinary share are based on the net return after taxation attributable to equity shareholders. There is no dilution to the basic return/(loss) per ordinary share shown for the years ended 30 September 2011 and 2010 since the share options referred to in note 20 would, if exercised, be satisfied by the shares already held by the Employee Incentive Trust.

	Group 2011 £000		Group 2010 £000	
Basic and diluted revenue returns are based on net revenue after taxation of:	2,427		6,156	
Basic and diluted capital returns are based on net capital loss of:	(2,568)		(6,479)	
Basic and diluted total returns are based on loss of:		(141)		(323)

11 Return/(Loss) per Ordinary Share continued

	Company 2011 £000	Company 2010 £000
Basic and diluted revenue returns are based on net revenue after taxation of:	3,431	8,237
Basic and diluted capital returns are based on net capital loss of:	(1,394)	(6,241)
Basic and diluted total returns are based on return of:	2,037	1,996

12 Property and Equipment

	Group Leasehold Improvements £000	Group Office Equipment £000	Group Total £000
Cost:			
At 1 October 2010	171	494	665
Additions		87	87
Disposals			
At 30 September 2011	171	581	752
Depreciation:			
At 1 October 2010	23	111	134
Charge for year	17	191	208
Disposals			
At 30 September 2011	40	302	342
Net book value:			
At 30 September 2011	131	279	410
At 30 September 2010	148	383	531

	Company Leasehold Improvements £000	Company Office Equipment £000	Company Total £000
Cost:			
At 1 October 2010	171	164	335
Additions		4	4
Disposals			
At 30 September 2011	171	168	339
Depreciation:			
At 1 October 2010	23	91	114
Charge for year	17	30	47
Disposals			
At 30 September 2011	40	121	161
Net book value:			
At 30 September 2011	131	47	178
At 30 September 2010	148	73	221

13 Investments at Fair Value Through Profit or Loss

	Group 2011			Group 2010		
	Listed £000	Unlisted £000	Total £000	Listed £000	Unlisted £000	Total £000
Opening cost at beginning of year	110,166	14,034	124,200	104,461	13,450	117,911
Gains/(losses) at beginning of year	369	20,854	21,223	6,796	22,584	29,380
Opening fair value at beginning of year	110,535	34,888	145,423	111,257	36,034	147,291
Transfer on consolidation of QIF	(20,000)		(20,000)			
Purchases at cost*	1,305,385		1,305,385	55,988		55,988
Sales – proceeds*	(1,322,570)	(512)	(1,323,082)	(55,401)	(94)	(55,495)
(Losses)/gains on sales	(3,791)	(660)	(4,451)	5,903	(107)	5,796
(Decrease)/increase in investment holding gains	(2,564)	8,728	6,164	(6,427)	(1,730)	(8,157)
Adjustments for listing/delisting during financial year				(785)	785	
Foreign exchange gains on retranslation of Foreign investment	72		72			
Closing fair value at end of year	67,067	42,444	109,511	110,535	34,888	145,423
Closing cost at end of year	69,262	12,862	82,124	110,166	14,034	124,200
(Losses)/gains at end of year	(2,195)	29,582	27,387	369	20,854	21,223
Closing fair value at end of year	67,067	42,444	109,511	110,535	34,888	145,423

* The large increase in investment transactions in the year to 30 September 2011 reflects the high volume trading activity in the QIF in line with its investment approach and industry peers.

Investments are disclosed as investments held at fair value of £112,822,000 less financial liabilities held at fair value of £3,311,000.

	Company 2011			
	Listed £000	Unlisted £000	Related and subsidiary companies £000	Total £000
Opening cost at beginning of year	110,166	13,986	5,510	129,962
Gains/(losses) at beginning of year	369	20,902	(839)	20,432
Opening fair value at beginning of year	110,535	34,888	4,671	150,094
Purchases at cost	15,094		2,500	17,594
Sales – proceeds	(34,376)	(512)		(34,888)
Losses on sales	(4,054)	(660)		(4,714)
(Decrease)/increase in investment holding gains	(2,467)	8,728		6,261
Adjustments for listing/delisting during financial year				
Closing fair value at end of year	84,732	42,444	7,171	134,347
Closing cost at end of year	86,830	12,814	8,010	107,654
(Losses)/gains at end of year	(2,098)	29,630	(839)	26,693
Closing fair value at end of year	84,732	42,444	7,171	134,347

13 Investments at Fair Value Through Profit or Loss continued

	Company 2010			
	Listed £000	Unlisted £000	Related and subsidiary companies £000	Total £000
Opening cost at beginning of year	104,461	13,450	1,000	118,911
Gains/(losses) at beginning of year	6,796	22,584	(839)	28,541
Opening fair value at beginning of year	111,257	36,034	161	147,452
Purchases at cost	55,988		4,510	60,498
Sales – proceeds	(55,401)	(94)		(55,495)
Gains/(losses) on sales	5,903	(107)		5,796
(Decrease)/increase in investment holding gains	(6,427)	(1,730)		(8,157)
Adjustments for listing/delisting during financial year	(785)	785		
Closing fair value at end of year	110,535	34,888	4,671	150,094
Closing cost at end of year	110,166	14,034	5,510	129,710
Gains/(losses) at end of year	369	20,854	(839)	20,384
Closing fair value at end of year	110,535	34,888	4,671	150,094

All operating subsidiaries are held at cost, less any impairment, unless considered to be an investment fund and then held at fair value.

Unlisted investments include an amount of £3,186,000 in 20 various companies, £39,000,000 for our investment in MAM as detailed on page 65 and £258,000 (2010: £558,000) of loan or convertible notes that pay a fixed rate of interest. The valuation of investments on pages 14 and 15 includes 8 unlisted investments of over £100,000 (including MAM).

During the year the Company incurred transaction costs amounting to £151,000 (2010: £296,000) of which £74,000 (2010: £186,000) related to the purchases of investments and £77,000 (2010: £110,000) related to the sales of investments. These amounts are included in gains/(losses) on investments at fair value through profit or loss, as disclosed in the Consolidated and Company Statement of Comprehensive Income.

The composition of the investment return is analysed below:

	Group 2011 £000	Group 2010 £000	**Company 2011 £000**	Company 2010 £000
Net (losses)/gains on sales of equity investments	(4,451)	5,796	(4,714)	5,796
Increase/(decrease) in holding gains on equity investments	6,164	(8,157)	6,261	(8,157)
Proceeds on sale of derivative contracts	483			
Unrealised gains on derivative contracts (note 14)	37			
Net return on investments	**2,233**	(2,361)	**1,547**	(2,361)

13 Investments at Fair Value Through Profit or Loss continued

Fair value hierarchy disclosures

The Group has adopted the amendment to IFRS 7, effective 1 January 2009. This requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Quoted prices provided by external pricing services, brokers and vendors are included in Level 1, if they reflect actual and regularly occurring market transactions on an arms length basis.

- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

  Level 2 inputs include the following:

  - quoted prices for similar (ie not identical) assets in active markets.
  - quoted prices for identical or similar assets or liabilities in markets that are not active. Characteristics of an inactive market include a significant decline in the volume and level of trading activity, the available prices vary significantly over time or among market participants or the prices are not current.
  - inputs other than quoted prices that are observable for the asset (for example, interest rates and yield curves observable at commonly quoted intervals).
  - inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market-corroborated inputs).

- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date, without adjustment for transaction costs necessary to realise the asset.

13 Investments at Fair Value Through Profit or Loss continued

The table below sets out fair value measurements of financial assets in accordance with the IFRS fair value hierarchy system:

	Group 2011				Group 2010			
Financial assets	Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets designated at fair value through profit or loss								
Equities and managed funds								
Listed equity securities	70,009			70,009	110,464			110,464
Unlisted equity securities			42,182	42,182			34,325	34,325
Unlisted preference shares			4	4	71		5	76
Exchange traded funds		369		369				
Interest bearing securities								
Unlisted convertible bonds			258	258			558	558
Derivatives financial assets								
Contracts for difference		136		136				
	70,009	505	42,444	112,958	110,535		34,888	145,423

Financial liabilities	Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities designated at fair value through profit or loss								
Listed equities	2,093			2,093				
Exchange traded funds	1,218			1,218				
Derivatives								
Contracts for difference		96		96				
Index futures	3			3				
Financial liabilities measured at amortised cost								
9.5% Debenture stock 2020		13,392		13,392		13,384		13,384
7.25% Debenture stock 2025		20,409		20,409		20,397		20,397
	3,314	33,897		37,211		33,781		33,781

13 Investments at Fair Value Through Profit or Loss continued

Financial assets	Company 2011 Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Company 2010 Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets designated at fair value through profit or loss								
Equities and managed funds								
Listed equity securities	84,732			84,732	110,464			110,464
Unlisted equity securities			49,353	49,353			38,996	38,996
Unlisted preference shares			4	4	71		5	76
Interest bearing securities								
Unlisted convertible bonds			258	258			558	558
	84,732		49,615	134,347	110,535		39,559	150,094

Financial liabilities	Company 2011 Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Company 2010 Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities measured at amortised cost								
9.5% Debenture stock 2020		13,392		13,392		13,384		13,384
7.25% Debenture stock 2025		20,409		20,409		20,397		20,397
		33,801		33,801		33,781		33,781

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Group does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs. Level 3 instruments include private equity and corporate debt securities. As observable prices are not available for these securities, the Group has used valuation techniques to derive the fair value. In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines. New investments are initially carried at cost, for a limited period, being the price of the most recent investment in the investee. This is in accordance with IPEVC Guidelines as the cost of recent investments will generally provide a good indication of fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

13 Investments at Fair Value Through Profit or Loss continued

The following table presents the movement in level 3 instruments for the year ended 30 September 2011:

	Group 2011				
	Total £000	Equity investments £000	Convertible bonds £000	Convertible loan notes £000	Preference shares £000
Opening balance	34,888	34,325	260	298	5
Purchases					
Transfers from Level 1					
Sales – proceeds	(512)	(217)		(295)	
Total gains/(losses) for the year included in the income statement	8,068	8,074	(2)	(3)	(1)
	42,444	42,182	258		4

	Group 2010				
Opening balance	36,034	35,465	274	294	1
Purchases					
Transfers from Level 1	785	785			
Sales – proceeds	(94)	(94)			
Total (losses)/gains for the year included in the income statement	(1,837)	(1,831)	(14)	4	4
	34,888	34,325	260	298	5

	Company 2011				
	Total £000	Equity investments £000	Convertible bonds £000	Convertible loan notes £000	Preference shares £000
Opening balance	39,559	38,996	260	298	5
Purchases	2,500	2,500			
Transfers from Level 1					
Sales – proceeds	(512)	(217)		(295)	
Total gains/(losses) for the year included in the income statement	8,068	8,074	(2)	(3)	(1)
	49,615	49,353	258		4

	Company 2010				
Opening balance	36,195	35,626	274	294	1
Purchases	4,510	4,510			
Transfers from Level 1	785	785			
Sales – proceeds	(94)	(94)			
Total (losses)/gains for the year included in the income statement	(1,837)	(1,831)	(14)	4	4
	39,559	38,996	260	298	5

13 Investments at Fair Value Through Profit or Loss continued

Substantial Share Interests

The Group 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 and the QIF which are disclosed separately below) in the context of these accounts are shown below:

	Fair Value £000	% of Class Held
AOI Medical	152	4.76
Sutherland Health	39	4.30

The Group does not exercise significant influence over the operating and financial policies of the above companies which are therefore not considered to be associated companies.

Javelin Capital Global Equity Strategies Fund (QIF)

The Company has invested £20m of seed capital to the QIF and currently has a 98.77% interest in the QIF. As such and in accordance with IFRS, the QIF is consolidated into the group accounts for the year to 30 September 2011. The QIF is being actively marketed to potential external investors and it is forecast that the Company's interest will reduce significantly in the future which will result in the QIF being deconsolidated. The results of the QIF for the period ended 30 September 2011 are shown in note 15 on page 66.

Majedie Asset Management (MAM)

MAM is a UK based asset management firm, 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:

	2011 £000	2011 £000	2010 £000	2010 £000
Deemed cost of investment	1,207		1,207	
Holding gains	37,793		28,793	
Fair value at 30 September		39,000		30,000

The carrying value of MAM in the 30 September 2011 Consolidated Financial Statements is its fair value as assessed at 30 September 2011. 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 2011 and the 2012 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 marketability discount.

The results of MAM for the year ended 30 September 2011 show a net profit after taxation of £10,630,000 (2010: £14,633,000) and shareholders' funds of £25,134,000 (2010: £18,892,000). As the Company does not exercise significant influence over the operating and financial policies of MAM it is not considered to be an associate, and their 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.

During the year ended 30 September 2011 the Company had a 30% equity shareholding in MAM. MAM has established on an Employee Benefit Trust and in accordance with the revised shareholders' agreement, the founding shareholders will sell a certain number of shares to the EBT, usually annually and at the prescribed price (calculated in accordance with the shareholder agreement).

On 26 October 2011, the Company sold 590 ordinary 0.1p shares to the EBT for a consideration of £166,000 and a realised gain of £160,000. Following this transaction the Company holds 127,981 ordinary 0.1p shares representing a 29.9% equity shareholding.

14 Derivative financial instruments

Introduction

The company and its subsidiaries may invest in both exchange traded and OTC financial derivative instruments. There were no investments held by the Company in derivative instruments at the reporting date. However, through the Company's investment in Javelin Capital Global Equity Strategies Fund (QIF) the Fund has invested in the following financial derivative instruments at the reporting date:

a) Contracts for differences ("CFDs")

Details of how the QIF uses CFDs are disclosed in the accounting policies note on page 50. Also, as at 30 September 2011, the fair value of CFDs is disclosed below and on the Balance Sheet.

b) Futures

Details of how the QIF uses futures are disclosed in the accounting policies note on page 50. Also, as at 30 September 2011, the fair value of open futures positions is disclosed below and on the Balance Sheet.

	Group 2011		
	Assets £000	Liabilities £000	Net £000
Derivatives instruments			
Contracts for difference	136	(96)	40
Index futures		(3)	(3)
	136	(99)	37

15 Investment in Subsidiaries

a) Subsidiary undertakings at 30 September 2011

	Company				
Company and business	Country of Registration Incorporation and Operation	Number and class of shares held by group	Group Holding	Capital Reserves at 30.09.11 £000	Profit after tax for the year ended 30.09.11 £000
Majedie Portfolio Management Limited – Majedie share plan manager, authorised and regulated by the FSA	UK	1,000,000 Ordinary shares	100%	162	
Majedie Unit Trust – Unauthorised unit trust to receive Javelin Capital income	UK	10,000 Units	100%	(1,605)	(1,615)
Javelin Capital LLP – Asset Management, authorised and regulated by the FSA	UK	75% interest	75%	1,897	(1,848)
Javelin Capital Services Limited – Administration Services	UK	100 Ordinary shares	75%		
Javelin Capital Fund Management Limited – Asset Management	Ireland	125,000 Ordinary shares	75%	125	7
Javelin Capital Strategies Plc (subfund: Javelin Capital Global Equity Strategies Fund) – Qualifying Investment Fund (QIF), supervised by the Central Bank in Ireland	Ireland	310,840 Redeemable Participating shares	98.7%	20,166	(46)

15 Investment in Subsidiaries – Company

Javelin Capital Services Limited and Javelin Capital Fund Management Limited are all wholly owned subsidiaries of Javelin Capital LLP.

Following a review of the Javelin group the Javelin Capital EBT was wound up and it ceased to be a partner in Javelin Capital LLP on 30 September 2011.

b) Non-Controlling Interest

The non-controlling interest reflected in the Consolidated Statement of Comprehensive Income and Balance Sheet represents the other investors in the QIF as recognised in accordance with IFRS.

In respect of the consolidation of the Javelin Capital entities into the Group accounts, in accordance with the Company's accounting policies and the income and loss recognition provisions of the Limited Liability Partner Agreement for Javelin Capital LLP there is no Non-Controlling interest to be recognised in the Consolidated Statement of Comprehensive Income or Balance Sheet.

16 Trade and Other Receivables

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Sales for future settlement	4,179	832	174	832
Payments in advance	1,256	451	193	36
Dividends receivable	298	346	298	346
Accrued income	18	17	8	17
Taxation recoverable	66	45	66	45
Amounts due from subsidiary undertakings			441	400
	5,817	1,691	1,180	1,676

The directors consider that the carrying amounts of trade and other receivables approximates to their fair value.

17 Cash and Cash Equivalents

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Deposits at banks	17,051	4,903	14,809	2,686
Collateral cash held with brokers	2,115			
Non collateral cash held with brokers	17,575			
Other balances	812	635	436	371
	37,553	5,538	15,245	3,057

Cash used for collateral is restricted.

18 Trade and Other Payables

Amounts falling due within one year:

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Purchases for future settlement	5,861	598		598
Accrued expenses	285	449	276	522
Other creditors	1,499	1,196	707	671
	7,645	2,243	983	1,791

The Directors consider that the carrying amounts of trade and other receivables approximates to their fair value.

Amounts falling due after more than one year:

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
£13.5m (2010: £13.5m) 9.5% debenture stock 2020	13,392	13,384	13,392	13,384
£20.7m (2010: £20.7m) 7.25% debenture stock 2025	20,409	20,397	20,409	20,397
	33,801	33,781	33,801	33,781

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 8.

19 Called Up Share Capital

	Company 2011 £000	Company 2010 £000
Allotted and fully paid at 30 September: 52,528,000 (2010: 52,528,000) ordinary shares of 10p each	5,253	5,253

There are 483,387 (2010: 505,490) ordinary shares of 10p each held by the Employee Incentive Trust. See note 20.

Ordinary shares carry one vote each on a poll.

20 Own Shares

The total number of options outstanding at the date of this report is 188,756 under the LTIP and the total shareholding of the Employee Incentive Trust is 483,387 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	Group and Company Own Shares Reserve £000
As at 1 October 2010	505,490	(1,702)
Options exercised	(22,103)	74
As at 30 September 2011	483,387	(1,628)

21 Net Asset Value

The consolidated net asset value per share has been calculated based on equity shareholders' funds of £111,634,000 (2010: £117,159,000) and on 52,044,613 (2010: 52,022,510) ordinary shares, being the shares in issue at the year end having deducted the number of shares held by the EIT.

22 Analysis of Changes in Net Funds/(Debt)

Group	At 30 September 2010 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2011 £000
Cash at bank and with brokers	5,538	32,015		37,553
Debt due after one year	(33,781)		(20)	(33,801)
	(28,243)	32,015	(20)	3,752

Company	At 30 September 2010 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2011 £000
Cash at bank	3,057	12,188		15,245
Debt due after one year	(33,781)		(20)	(33,801)
	(30,724)	12,188	(20)	(18,556)

23 Operating Lease Commitments

The Group has a 10 year non-cancellable operating lease (with a break clause in 5 years) in respect of premises, including a rent free period. The rent free element has been apportioned over the lease up to the date of the break clause. The Group has an annual commitment at 30 September 2011 under the lease of £145,000 (2010: £145,000). This operating lease commitment is disclosed in the table below:

Expiry Date	Group 2011 £000	Group 2010 £000
Within one year	145	145
Between one and two years	145	145
Between two and three years	32	145
Between three and four years		35
Five years and above		
	322	470

24 Financial Commitments

At 30 September 2011 the Group had no financial commitments which had not been accrued for (2010: none).

25 Share-based Payments

The Group currently operates one share-based payment scheme being the 2006 Long Term Incentive Plan (LTIP) which in turn has two sections relating to TSR-based Awards and Matching Awards. With the introduction of Javelin Capital LLP and resultant employee transfers from the Company no further awards will be made under the LTIP. Javelin Capital LLP does not operate any share-based payment schemes.

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.

25 Share-based Payments continued

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.

	Group 2011			
	TSR-based Awards		Matching Awards	
	No. of Options	Weighted Average Exercise Price (p)	No. of Options	Weighted Average Exercise Price (p)
Outstanding at 1 October 2010	291,268	0.0	17,812	0.0
During the year:				
Awarded				
Forfeited				
Exercised	(13,430)	0.0	(8,673)	0.0
Expired	(122,965)	0.0		
Increase in awards due to dividends paid	23,446	0.0	1,298	0.0
Outstanding at 30 September 2011	178,319	0.0	10,437	0.0
Exercisable at 30 September 2011			10,437	

	Group 2010					
	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 2009	106,656	330.03	166,427	0.0	17,071	0.0
During the year:						
Awarded			112,721	0.0		
Forfeited						
Exercised						
Expired	(106,656)	330.03				
Increase in awards due to dividends paid			12,120	0.0	741	0.0
Outstanding at 30 September 2010			291,268	0.0	17,812	0.0
Exercisable at 30 September 2010						

There were no awards made during the year (2010: £154,000 relating to the aggregate estimated fair value of 112,721 TSR-based options granted on 4 December 2008).

On 31 March 2011, 5,701 share options were exercised at a share price of 180p with a resultant gain to the former employee of £10,000. Additionally on 24 June 2011, 16,402 share options were exercised at a share price of 172.50p giving a gain to the former employee of £28,000.

During the year 122,965 share options lapsed in accordance with the leaving agreement for a former employee.

25 Share-based Payments continued

The awards outstanding at 30 September 2011 had a weighted average remaining contractual life of 3.4 years and 0.1 years in respect of the TSR-based Awards and Matching Awards respectively (2010: 0.2 years for the Discretionary Share Options Scheme 2000 and then 3.9 years and 2.1 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:

	2011 TSR-based Awards	2010 TSR-based Awards
Weighted Average share price	n/a	200.0p
Weighted Average exercise price	n/a	0.0p
Expected Volatility	n/a	34.0%
Expected Life	n/a	5 yrs
Risk Free rate	n/a	2.5%
Expected dividends	n/a	5.25%

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.

For the year ended 30 September 2011, the Company recognised a total share options expense of £116,000 (2010: £64,000 including a one-off vesting charge of £59,000 (2010: nil)) relating to share-based payment transactions in the year ended 30 September 2011.

26 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 13 – cash balances, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income, and the debenture loans used to finance its operations. The Company 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 its net assets and which could result in both or either a reduction in its 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 and Group's exposure to these risks. The risk management policies identified in this note have not changed materially from the previous accounting period in respect of the Company.

26 Financial Instruments and Risk Profile continued

In respect of the Javelin Capital Global Equity Strategies Fund (QIF), the QIF invests in order to meet its objectives utilising the Investment Manager's strategy by investing primarily in global equity markets, including both developed and emerging markets. The portfolio it holds is expected to be well diversified across countries and sectors, with no specific, or permanent, regional or sector focus. In order to achieve its objectives, the QIF takes both long and short positions. Such long exposure is attained through investing in equity and equity- related securities. The QIF maintains flexibility and may invest in the following financial instruments without limitation:

- a full range of financial instruments in both developed and emerging markets including equities, equity-related securities, futures, options, warrants and other access products;
- other financial instruments may be used, including, but not limited to, index futures, structured products, swaps and contracts for difference ("CFDs");
- commodity futures and commodity-related exchange traded funds ("ETFs");
- spot and forward foreign currency exchange contracts, options and related instruments; and
- cash on deposit or cash equivalents may be held; these deposits may, or may not, be held through the Prime Brokers and its Custodian.

The QIF Board ensures that the QIF is operating in accordance with its prospectus and Irish QIF regulations.

The QIF Board receives regular reports from its various service providers so that it can monitor the QIF's exposure to these risks. Similar to the Company the QIF, is also exposed to various risks as it pursues its investment objective which are the same as those for the Company.

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 Group and 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 Group and Company's exposure to foreign currencies through its investments in overseas securities as at 30 September 2011 was £24,640,000 and £22,210,000 respectively (2010: £51,648,000 Group and Company).

In respect of the Company, the Investment Manager monitors the Company's exposure to foreign currencies and the Board receives reports on a regular basis. In making investment decisions the Investment Manager is mindful of the Company's Core Portfolio 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.

In respect of the QIF its functional currency is the US dollar and in addition to its investments in securities it has large cash balances in US dollars. The investment manager manages all foreign currency risk from a US dollar perspective utilising various strategies and diversification of investments held. The Company does not currently hedge its QIF investment in pounds sterling.

26 Financial Instruments and Risk Profile continued

The currency risk of the Group and Company's non-sterling monetary financial assets and liabilities at the Balance Sheet date was:

Currency exposure	Group 2011 Overseas investments £000	Group 2011 Net monetary assets £000	Group 2011 Total currency exposure £000	Group 2010 Overseas investments £'000	Group 2010 Net monetary assets £000	Group 2010 Total currency exposure £000
US Dollar	12,304	19,417	31,722	37,124		37,124
Euro	3,905	285	4,190	6,573		6,573
Yen	2,134		2,134	2,462		2,462
Other non-sterling	6,297	(12)	6,285	5,489		5,489
	24,640	19,690	44,330	51,648		51,648

Currency exposure	Company 2011 Overseas investments £000	Company 2011 Net monetary assets £000	Company 2011 Total currency exposure £000	Company 2010 Overseas investments £'000	Company 2010 Net monetary assets £000	Company 2010 Total currency exposure £000
US Dollar	12,361		12,361	37,124		37,124
Euro	4,013		4,013	6,573		6,573
Yen	2,134		2,134	2,462		2,462
Other non-sterling	3,702		3,702	5,489		5,489
	22,210		22,210	51,648		51,648

Sensitivity analysis

If sterling had strengthened by 5% relative to all currencies on the reporting date, with all the other variables held constant, the income and the net assets attributable to equity holders of the parent would have decreased by the amounts shown below. The analysis is performed on the same basis for 2010. The revenue impact is an estimated figure for 12 months based on the relevant cash balances at the reporting date.

Income Statement	Group 2011 £000		Group 2010 £000		Company 2011 £000		Company 2010 £000	
Revenue return	(1)							
Capital return	(1,232)		(2,582)		(1,110)		(2,582)	
Net assets		(1,233)		(2,582)		(1,110)		(2,582)

A 5% weakening of sterling against the above currencies would have resulted in an equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

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.

26 Financial Instruments and Risk Profile continued

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.

In respect of the QIF, it has substantial cash balances at its Prime Brokers and uses leverage as part of its investment activities that expose the Fund to interest rate risk. The Fund sets limits on gearing employed and monitors cash and borrowings daily. Additionally both cash balances held and borrowings are short term in nature. Cash held at brokers earns a return similar to the overnight money market less client protection charges and whilst substantial gives rise to limited interest rate risk.

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

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Floating rate financial assets				
UK sterling	17,746	5,538	22,245	7,557
US dollars	19,807			
Fixed rate financial assets Euros				
As referred to in note 13	258	558	258	558
Financial assets not carrying interest	118,927	147,087	128,447	146,933
Total assets	156,738	153,183	150,950	155,048
Fixed rate financial liabilities				
UK sterling	(33,801)	(33,781)	(33,801)	(33,781)
Financial liabilities not carrying interest	(11,055)	(2,243)	(983)	(1,791)
Total liabilities	(44,856)	(36,024)	(34,784)	(35,572)
Net assets	111,882	117,159	116,166	119,476

Floating rate financial assets usually comprise collateral cash and also cash on deposit with banks and prime brokers which is repayable on demand and receive a rate of interest based on the base rates in force over the period. The Company balance includes the £7.0m (2010: £4.5m) investment in Javelin Capital LLP which receives a commercial rate of interest from 31 August 2010 until full repayment occurs in accordance with the terms of the LLP Agreement. Fixed rate financial assets comprise convertible bonds or loan notes. The fixed rate financial liabilities comprise the Group and Company's debentures totalling £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).

26 Financial Instruments and Risk Profile continued

Sensitivity analysis

Based on closing cash balances held on deposits with banks and with Prime Brokers, a 0.50% decrease (0.50%) in base interest rates would have the following effect on net assets of the Group and Company:

Income Statement	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Revenue return	(184)	(25)	(74)	(13)
Net assets	(184)	(25)	(74)	(13)

A 0.5% increase (0.5%) in interest rates would have resulted in a proportionate equal and opposite effect on the above amounts on the basis that all other variables remain constant. The above analysis is based on closing balances only and is not representative of the year as a whole.

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 13 on page 59. 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. 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.

In respect of the QIF it has equity securities and related derivative instruments that are also susceptible to other price risk arising from uncertainties about the future prices of the instruments. With regards to the changes in actual market prices, the QIF is managed on an absolute return basis and does not have a benchmark as such.

The Investment Manager's policy is to manage risk through a combination of monitoring the exposure to individual securities, industry and geographic sectors, whilst maintaining a constant awareness in real time of the portfolio exposures in accordance with the investment strategy. The QIF Board receive quarterly reports from the Investment Manager detailing portfolio composition. The closing fair value of equities and related derivatives exposed to price risk is shown as part of note 13. Individual significant positions are disclosed in the portfolio of investments on pages 14 and 15. Furthermore, the QIF typically invests in highly liquid securities for which price discovery is easily undertaken.

26 Financial Instruments and Risk Profile continued

Concentration of exposure to other price risks

An analysis of the Group's investment portfolio is shown on page 12. This shows that the largest amount of equity investments by value is in UK companies (31.3%), with 14.8% of total investments listed or exposed to overseas countries. It also shows the concentration of investments in various sectors.

The following table details the exposure to market price risk on its quoted and unquoted equity investments:

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Fixed Asset Investments at Fair Value through Profit and Loss				
Listed equity investments	70,378	110,535	84,732	110,535
Unlisted	42,444	34,888	42,444	34,888
Related and Subsidiary Companies			7,171	4,671
Unsettled derivatives contracts	136			
	112,958	145,423	134,347	150,094
Financial Liabilities at Fair Value through Profit and Loss				
Listed equity investments – sold short	(3,311)			
Unsettled derivatives contracts	(99)			
	(3,410)			

Sensitivity analysis

If share prices on listed equity investments had decreased by 10% at the reporting date with all other variables remaining constant, the income and the net assets attributable to the equity holders of the Group would have decreased by the amounts shown below. The analysis for last year assumed a share price decrease of 5%.

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Income Statement				
Capital return	(6,706)	(11,054)	(4,237)	(5,527)
Net assets	(6,706)	(11,054)	(4,237)	(5,527)

A 10% increase (5% increase) in share prices would have resulted in a proportionate equal and opposite effect on the above amounts on the basis that all other variables remain constant.

26 Financial Instruments and Risk Profile continued

Credit Risk

Credit risk is the risk of other parties failing to discharge an obligation causing the Group financial loss. The Group'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 by the Investment Manager with a number of approved brokers in the ordinary course of business. All new brokers are reviewed by the Investment Manager 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 Manager. The Board receives regular reports on the composition of the investment portfolio.
- The QIF is exposed to credit risk, through its exposure in respect of assets it holds at Prime Brokers and its Custodian. Certain liens exist over the assets of the QIF that arise from time to time in the normal course of business and the Prime Brokers and Custodian have at all times a floating charge over the assets of the QIF. The QIF will rank as one of the Prime Brokers' unsecured creditors in relation to assets which the Prime Brokers use for their own account, or that of any other customer. In the event of insolvency of a Prime Broker or its Custodian, the QIF may not be able to recover equivalent assets from that Prime Broker or Custodian in full.
- Derivatives used by the QIF may be exchange traded or OTC. The risk of default is considered minimal as the vast majority of securities are dematerialised and thus the book entry is made for cash settlement at the same time as the book entry for the transfer of the security. Exchange traded derivatives transactions are also considered to create minor risk of default, as the exchange involved will generally guarantee trade effected on the exchange. The QIF is also exposed to counterparty credit risk on trading equity securities, cash and cash equivalents, and other receivable balances. All transactions in equity securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment.

26 Financial Instruments and Risk Profile continued

Credit Risk Exposure
At the reporting date, the financial assets exposed to credit risk amounted to the following:

	Group 2011 £000		Group 2010 £000		Company 2011 £000		Company 2010 £000	
Investments in debt instruments	258		558		258		558	
Cash on deposit and at banks	17,863		5,538		15,245		3,057	
Collateral cash held with brokers	2,115							
Non-collateral cash held with brokers	17,575							
Sales for future settlement	4,179		832		174		832	
Unsettled derivatives contracts	136							
Interest, dividends and other receivables	1,638		859		1,006		844	
		43,764		7,787		16,683		5,291
Maximum exposure during the year	6,552		7,787		2,815		5,290	
Minimum exposure during the year	50,099		16,373		16,683		16,210	

All amounts included in the analysis above are based on their carrying values.

None of the financial assets were past due or impaired at the reporting date.

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

Liquidity risk is not significant as the majority of the Group'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 Group'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 Company does have exposure to concentration risk due to its two investments in MAM and Javelin Capital, primarily in relation to MAM at 26.8% of the Company's investment portfolio. The Company closely monitors these investments and received regular financial reports and believes that the current concentration risk is in-line with the Company's objective of diversifying its investment portfolio into four major groups.

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

In respect of the QIF, it manages its liquidity risk by investing predominantly in securities it expects to liquidate within 3 days, without substantial market impact, and by financing its trading activities through the use of margin loans with its Prime Brokers. Additionally, trading limits are in place to limit the extent to which liabilities may be extended to the QIF.

26 Financial Instruments and Risk Profile continued

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

Undiscounted cash flows	Group 2011 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
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	23,650	31,999
Listed investments sold short	3,311				3,311
Derivative instruments	99				99
Trade payable and other liabilities (excluding social security and sundry taxes)	7,645				7,645
	13,838	2,783	2,783	57,850	77,254

Undiscounted cash flows	Group 2010 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
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	26,433	34,782
Trade payable and other liabilities (excluding social security and sundry taxes)	2,243				2,243
	5,026	2,783	2,783	60,633	71,225

Undiscounted cash flows	Company 2011 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
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	23,650	31,999
Trade payable and other liabilities (excluding social security and sundry taxes)	983				983
	3,766	2,783	2,783	57,850	67,182

Undiscounted cash flows	Company 2010 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
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	26,433	34,782
Trade payable and other liabilities (excluding social security and sundry taxes)	1,791				1,791
	4,574	2,783	2,783	60,633	70,773

26 Financial Instruments and Risk Profile continued

Categories of financial assets and liabilities

The following table analyses the carrying amounts of the financial assets and liabilities by categories as defined in IAS 39:

Financial assets	Group 2011 £000		Group 2010 £000		Company 2011 £000		Company 2010 £000	
Financial assets at fair value through profit or loss								
Equity and debt securities	112,822		145,423		134,347		150,094	
Derivatives Contracts	136							
		112,958		145,423		134,347		150,094
Other financial assets[1]	43,370		7,229		16,425		4,733	
		156,328		152,652		150,772		154,827

Financial liabilities	Group 2011 £000		Group 2010 £000		Company 2011 £000		Company 2010 £000	
Financial liabilities at fair value through profit or loss								
Equities	3,311							
Derivatives contracts	99							
		3,410						
Financial liabilities measured at amortised cost[2]	41,446		36,024		34,784		35,572	
		44,856		36,024		34,784		35,572

[1] Other financial assets include: cash and cash equivalents, due from brokers, cash collateral on securities borrowed, dividend and interest receivables, other receivables and prepayments.

[2] Financial liabilities measured at amortised cost include: debenture stock issued, due to brokers, fees and other payables and accrued expenses.

The investment portfolio has been valued in accordance with the accounting policy in note 1 to the accounts, i.e. at fair value. The fair value of the debenture stock is calculated using Discounted Cash Flow analysis and by reference to the redemption yields of a similar companies' debt instrument, with an appropriate margin spread added.

Group and Company Financial liabilities	Book Value 2011 £000		Book Value 2010 £000		Fair Value 2011 £000		Fair Value 2010 £000	
£13.5m (2010: £13.5m) 9.5% debenture stock 2020	13,392		13,384		17,168		17,532	
£20.7m (2010: £20.7m) 7.25% debenture stock 2025	20,409		20,397		24,790		23,473	
		33,801		33,781		41,958		41,005

26 Financial Instruments and Risk Profile continued

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.

Capital at 30 September comprises:

	Group 2011 £000		Group 2010 £000		Company 2011 £000		Company 2010 £000	
Net (funds)/debt								
Cash and cash equivalents	(37,553)		(5,538)		(15,245)		(3,057)	
Debentures	33,801		33,781		33,801		33,781	
Sub total		(3,752)		28,243		18,556		30,724
Equity								
Equity share capital	5,253		5,253		5,253		5,253	
Retained earnings and other reserves	106,381		111,906		110,913		114,223	
Sub total		111,634		117,159		116,166		119,476
Net debt as a percentage of net assets		(3.4%)		24.1%		16.0%		25.7%

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 Manager'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 66⅔% 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.

27 Related Party Transactions

Javelin Capital LLP

Javelin Capital LLP (Javelin Capital) is the investment manager and general administrator to the Company and is also the parent entity of Javelin Capital Fund Management Limited (JCFM) and Javelin Capital Services Limited (JCS) all of which are consolidated in the Group accounts.

Javelin Capital Strategies Plc is an Irish Stock Exchange listed Qualifying Investment Fund (QIF). It currently has one sub-fund called the Javelin Capital Global Equity Strategies Fund, which due to the relative size of the Company's investment in the sub-fund is also consolidated into the Group accounts. Javelin Capital and JCFM act as investment manager and manager for the QIF respectively and are entitled to receive management and performance fees.

In addition to any fees received from the QIF, Javelin Capital is also entitled to receive management, performance and administration fees from the Company itself in accordance with the relevant agreements. These agreements take account of any fees charged in the QIF so that no double charging occurs.

JCS provides administrative services to the Group. In performing these services it incurs expenses which are recovered by way of recharges and management fees. The Company allows the Javelin Capital entities use of various assets to perform their respective functions for which it receives a lease fee, however this can be waived by the Company at its discretion.

Following approval by shareholders at a General Meeting of the Company held on 29 June 2011, the Company provided additional capital to Javelin Capital of £2.5m.

The Company has a £20m investment in the Javelin Capital Global Equity Strategies Fund. This investment is subject to management and performance fees in accordance with the fund's prospectus and supplement.

Javelin Capital as investment manager is required to, or chooses to do so, under certain circumstances make payments to the QIF in order to reimburse the fund for expense rebates or compensation payments.

The Company pays certain costs on behalf of Majedie Portfolio Management Limited (MPM) in connection with the Majedie Investments PLC Share Plan and additionally is charged a management fee by MPM. Any such costs paid by the Company are recharged to MPM net of any management fees due.

27 Related Party Transactions continued

The table below discloses the transactions and balances between those entities:

Transactions during the period:	2011 £000	2010 £000
QIF fee revenue due to Javelin Capital	284	7
QIF fee revenue due to JCFM	206	
Company management fee revenue due to Javelin Capital	692	58
Company administration fee revenue due to Javelin Capital	265	25
Company lease charge to JCS		4
JCS management fee income from Javelin Capital	3,033	2,356
Javelin Capital payments to the QIF	5	
MPM costs recharged by the Company	34	35
MPM management fees charged to the Company	33	34
Balances outstanding at the end of the period:		
Between JCS and the Company	348	283
Between JCS and Javelin Capital	133	37
Between JCS and JCFM	10	
Between the Company and MPM	93	92
Between JCFM and Javelin Capital	55	
Between the QIF and Javelin Capital	5	
Between JCFM and the QIF	48	7

Transactions between group companies during the year were made on terms equivalent to those that occur in arm's length transactions.

Majedie Asset Management (MAM)

MAM is accounted for as an investment in both the Company and Group accounts and is valued at fair value through profit or loss. During the year the Company received dividends from MAM of £1,914,000 of which none was outstanding at year end (2010: £6,181,000 and nil). The Company has no investments in any MAM funds.

Remuneration

The remuneration of the directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS24:Related Party Disclosures. Further information about the remuneration of individual directors is provided in the audited part of the Report on Directors' Remuneration on pages 30 to 32.

	2011 £000	2011 £000	2010 £000	2010 £000
Short term employee benefits	244		332	
		244		332

Ten Year Record

to 30 September 2011

Year End	Total† Assets £000	Share-holders' Funds £000	NAV Per Share Pence	Share Price Pence	Discount %	Earnings Pence	Net Dividend Pence	Actual Gearing Ratio %	Potential Gearing Ratio %	Total Company Costs Ratio %
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
2010	150,940	117,159	225.2*	191.5	15.00	11.83	13.00***	23.63	28.83	2.36#
2011	145,683	111,634	214.5*	139.5	34.96	4.66	10.50***	–3.59	30.28	1.74

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 21 on page 69.

** 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.

Excludes non-operating setup costs expensed in relation to Javelin Capital LLP.

Notice of Meeting

Notice is hereby given that the one hundred and first Annual General Meeting of Majedie Investments PLC will be held at Pewterers' Hall, Oat Lane, London EC2V 7DE on Wednesday, 18 January 2012 at 12.30pm for the purpose of transacting the following:

To consider and, if thought fit, pass the following Resolutions of which Resolutions 1 to 8 will be proposed as Ordinary Resolutions and Resolutions 9 and 10 shall be proposed as Special Resolutions.

Ordinary Business

1. To receive and adopt the Directors' Report and Accounts for the year ended 30 September 2011.
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 2011.
4. To appoint RDC Henderson as a director.
5. To re-appoint AJ Adcock as a director.
6. To re-appoint HV Reid as a director.
7. To re-appoint JWM Barlow as a director.
8. To appoint Ernst & Young LLP as auditors and to authorise the directors to fix their remuneration.

Special Business

9. 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 2013 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.

10. THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice.

Registered Office
Tower 42
25 Old Broad Street
London EC2N 1HQ

Registered in England Number: 109305

By order of the Board
Capita Sinclair Henderson Limited
Company Secretary
24 November 2011

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 16 January 2012 (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.

Shareholders may cast a vote electronically rather than completing a hard copy proxy form. To do so, go to Computershare's URL: www.eproxyappointment.com where the following details, which can be found on your proxy card or in an email received from Computershare, will be required:

- *the meeting control number;*
- *your shareholder reference number; and*
- *your unique pin code.*

For the electronic proxy to be valid it must be received by Computershare no later than 12.30 pm on Monday 16 January 2012.

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 16 January 2012 shall be entitled to attend and vote at the aforesaid Annual General Meeting in respect of the number of shares registered in their name at the that time. Changes to entries on the relevant register of members after 6.00 pm on 16 January 2012 ("the specified time") shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice.

Note 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). 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:

(ii) 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 and any subsequent notices in respect of section 388A of the Companies Act 2011 will be available on the Company's website www.majedie co.uk.

Note 14
The terms and conditions of appointment of Directors 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. None of the Directors has a contract of service with the Company.

Note 15
You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than these expressly stated.

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 £10,680 for the 2011/12 tax year. Investments can be split between a cash ISA (up to a limit of £5,340) and a stocks and shares ISA (up to a limit of £10,680).

The Majedie Corporate ISA is provided in conjunction with Halifax Share Dealing (HSDL) who act as an HM Revenue & Customs Approved ISA Manager. For more information, an ISA booklet and/or an application form please contact the Majedie Corporate ISA Manager, Halifax Share Dealing Limited, Lovell Park Road, Leeds, West Yorkshire, LS1 1NS (telephone: 0845 850 0181).

Majedie General ISA (formerly a 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 ISA.

Further details may be obtained from the Company's ISA 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
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

Investment Manager
Javelin Capital LLP
Tower 42
25 Old Broad Street
London EC2N 1HQ
Telephone: 020 7382 8170
Fax: 020 7374 4854
Email: info@javelincapital.com

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0870 707 1159

Shareholders should notify all changes of name and address in writing to the Registrars. Shareholders may check details of their holdings, historical dividends, graphs and other data by accessing www.computershare.com.

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

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

Stockbrokers
Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

Key Dates in 2012

Ex-dividend date	4 January 2012
Record date	6 January 2012
Annual General Meeting	18 January 2012
2010/11 final dividend paid	25 January 2012
Interim results announcement	May
2011/12 interim dividend paid	27 June 2012
Financial year end	30 September
Final results announcement	November
Annual report mailed to shareholders	December

Website
www.majedie.co.uk

Share Price
The share price is quoted daily in The Times, Financial Times, The Daily Telegraph, The Independent and London Evening Standard. Shares may be bought through the Majedie Share Plan or Majedie Corporate ISA (details of which are set out on page 89). You may transfer an existing PEP or ISA to the Majedie General ISA (page 89). You may also purchase shares through an on-line dealing facility or via your stockbroker or bank.

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

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

Notes

WARNING TO SHAREHOLDERS - BOILER ROOM SCAMS

In recent years, 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/** and contacting the firm using the details on the register
- Report the matter to the FSA either by calling **0845 606 1234** or visiting **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**

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 CFEB website **www.moneymadeclear.fsa.gov.uk**

May 2010

Majedie Investments PLC

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25 Old Broad Street
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