



**Majedie Investments PLC** is an investment trust with total portfolio assets of over £147 million as at 30 September 2012.

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

1	Investment Objective
1	Investment Policy
2	Highlights for 2012
3	Group Summary
3	Recent Trends
4	Year's Summary
5	Chairman's Statement
8	Investment Manager's Report
12	Asset Distribution
13	Twenty Largest UK Investments
13	Ten Largest Overseas Investments
14	Valuation of Investments
16	Board of Directors
17	Directors' Report
20	Business Review
27	Corporate Governance Statement
32	Report on Directors' Remuneration
35	Statement of Directors' Responsibilities
36	Report of the Independent Auditor
38	Consolidated Statement of Comprehensive Income
39	Company Statement of Comprehensive Income
40	Consolidated Statement of Changes in Equity
42	Company Statement of Changes in Equity
44	Consolidated Balance Sheet
45	Company Balance Sheet
46	Consolidated Cash Flow Statement
47	Company Cash Flow Statement
48	Notes to the Accounts
87	Ten Year Record
88	Notice of Meeting
93	Majedie Savings Plans
94	Shareholder Information
loose	Form of Proxy

### Cautionary statement regarding forward-looking statements

This Annual Report has been prepared for the members of Majedie Investments PLC ("the Company") and no one else. The Company, its Directors or agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed.

This Annual Report contains certain forward-looking statements with respect to the principal risks and uncertainties facing the Company. By their nature, these statements and forecasts involve risk and uncertainty

because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward looking statements reflect the knowledge and information available at the date of preparation of this Annual Report and will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

## 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, (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 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 investment 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 save that the Company may invest up to 25 per cent. of its gross assets in any single fund managed by Javelin Capital. The Company will only invest in funds managed by Javelin Capital where the Board believes that the investment policy of such funds is consistent with the Company's objective of spreading investment risk.

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 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 <sup>2</sup>/<sub>3</sub> per cent. and any additional indebtedness is not to exceed 20 per cent. of adjusted capital and reserves.

## Highlights for 2012

Total shareholder return:	19.6%
Net asset value total return:	5.5%
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:	£8m

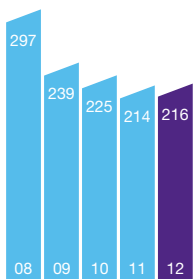
# Group Summary

Total assets*	£146.1m	
Shareholders' funds	£112.2m	
Market capitalisation	£81.8m	
Capital structure	10p ordinary shares	52,528,000
	Debt	£13.5m 9.5% debenture stock 2020 £20.7m 7.25% debenture stock 2025

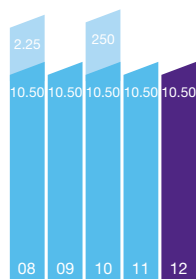
**ISA status** Up to £11,280 for 2012/13 tax year.

\* Represents total assets less current liabilities as at 30 September 2012.

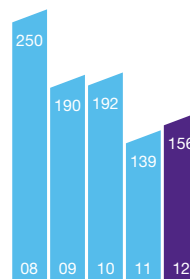
## Recent Trends



Net asset value per share (pence) increased by 0.5% in the year.



Core dividends (pence) have remained at 10.50 pence.



Share price (pence) has increased by 11.7% during the year.

# Year's Summary

<b>Financial*</b>	2012	2011	%
as at 30 September			
Total assets less current liabilities	£146.1m	£145.7m	0.3
Shareholders' funds	£112.2m	£111.6m	0.5
Net asset value per share	215.6p	214.5p	0.5
Share price	155.8p	139.5p	11.7
Discount to net assets (debt at par value)	27.8%	35.0%	
Discount to net assets (debt at fair value)	20.0%	29.8%	
Revenue return before tax	£2.7m	£2.6m	3.8
Earnings per share	4.9p	4.6p	6.5
Core dividends per share**	10.5p	10.5p	
Group costs (administrative expenses)	£3.2m	£4.8m	(33.3)
Company ongoing charges†	1.8%	1.9%	
Gearing/(Net cash)	9.2%	(1.7%)	
Maximum potential gearing	30.1%	30.3%	
Company gearing	11.1%	15.8%	

† Excludes performance fees and one off costs, but includes estimated running costs of pooled fund investments.

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

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

<b>Year's high/low</b>		2012	2011
Share price	high	168.5p	203.5p
	low	139.5p	133.8p
Net asset value	high	226.5p	214.8p
	low	202.7p	196.3p
Discount (debt at par)	high	29.8%	32.3%
	low	16.9%	13.1%
Discount (debt at fair value)	high	35.0%	26.3%
	low	20.0%	8.8%

# Chairman's Statement

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

**Following a strong recovery in world equity markets in the first half of the year volatility returned in the 3rd quarter as fears about the Eurozone returned before unprecedented action by Central Banks caused markets to recover and move ahead in the 4th quarter.**

During the year to 30 September 2012, the NAV and share price, both on a total return basis, returned 5.5% and 19.6% respectively, with the latter reflecting a fall in the Company's discount over the year. 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 2012 include the consolidation of the investments made in the Javelin funds, the Javelin Capital Global Equity Strategies Fund (QIF) and the Javelin Capital Emerging Markets Alpha Fund (UCITS), under a new classification of assets held for sale, both in accordance with IFRS. This requirement, due to the Company's controlling interest in the funds, results in various large presentational and disclosure impacts, 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 2012 was £2.7m compared to £2.6m for the prior year period. Group income for the period was £5.2m which overall is £0.3m less than last year. However income from Majedie Asset Management Limited (MAM) was £2.2m compared to £1.9m in the prior year period, reflecting a change in the allocation between interim and final dividends. Group income for the period was reduced by a decrease in dividend income from the QIF. Additionally, Core Portfolio dividend income decreased as a result of the £15.0m of cash raised for investment into the lower income UCITS fund during the year. Finally, with the introduction of third party client assets during the year, Group income was modestly improved by external fee income from Javelin Capital.

Total group costs were £3.2m for the period compared to £4.8m in the prior year period. This decrease reflects cost reductions across the group but primarily reflects the substantial cost reduction efforts made last year at Javelin Capital. Additionally, normalised Company costs continued to reduce during the year which is reflected in the Company's ongoing charges percentage (which replaces previous TER figures as from May 2012) falling to 1.8% from 1.9%. 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 23 January 2013 to shareholders on the register on 11 January 2013.

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 have determined that the carrying value of our holding will remain at £39.0m as at 30 September 2012 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 (and is included at this value in the weekly NAVs released to the market) as required under IFRS, but is held in the Company accounts at cost in accordance with our policy for unquoted investments. The Board has reviewed the valuation of Javelin Capital, which includes the additional £1.0m of capital provided in September 2012, and has determined that as at 30 September 2012 the valuation of Javelin Capital will be kept at cost, being £8.0m, 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 outperformed its benchmark by 1.2%. This is especially creditable in a strong year for equities given the bias of the portfolio towards defensive income generating stocks. I am pleased to report this performance following the considerable restructuring undertaken by the portfolio manager in the previous two years and in particular the successful broadening of the company's exposure to markets outside the UK, Europe and the United States which utilised the expertise of the Global Team. Furthermore the performance of the Core Portfolio compares favourably not only with the benchmark but also with other successful managers in the income category.

# Chairman's Statement

Secondly I would like to turn to the absolute return Funds managed by Javelin Capital. These are now concentrated on the UCITS fund following the General Meeting to which I refer later. The fund aims to produce an absolute return irrespective of the direction of the stock market and so in a strong year for equity markets it would be expected to underperform equities. Conversely in a poor year for equities, the fund would be expected to outperform this asset class as was the case last year. Whilst the Board had taken the decision by investing part of the portfolio in an absolute return product, to create a lower overall risk return profile for its assets, it is nevertheless disappointing the return was negative. One of the underlying reasons for the rise in stock markets during the period was monetary intervention on an unprecedented scale. This resulted in extreme market moves that the fund's particular strategy found difficult to turn to its advantage. Looking forward, the extreme policy of recent years should diminish and have less effect on markets and the Board remains confident the strategy will perform. In the longer term, exposure to the Javelin funds should reduce the volatility of the overall portfolio owing to a lower correlation with stock markets and therefore improve the risk/return characteristics of the Company.

Thirdly I would draw attention to MAM which has had a successful year with solid investment performance and good financial performance. The Board of MI has decided to maintain its valuation of the investment at £39.0m, on a basis consistent with prior years.

## Javelin Capital

Following the General Meeting and the consolidation of the Company's funds into the UCITS product, Javelin Capital has been able to simplify its structure and close its Irish entities. This has beneficial cost implications for both Javelin Capital and the Company. Also throughout the year Javelin Capital has made further operational and staff savings beyond those which I reported on at the half year stage. The extent of these savings is approximately 23% on an annualised basis and compares with a 37% reduction a year ago and it has been achieved whilst retaining key partners and staff. Overall it has reduced the breakeven level of external third party assets under management to circa £70m

from £300m at June 2011 and £100m at the date of last year's report. The environment for fund raising remains difficult and good performance will be a prerequisite for successful marketing. The UCITS fund is part of the Goldman Sachs International Serviced Platform in Luxembourg which has strong credibility with investors. As performance improves and a track record is built the Board believes the fund will attract further assets under management.

## Board Composition

Hubert Reid will retire from the Board after the AGM on 16th January 2013. Hubert has served as a non executive Director for 14 years having been appointed in 1999. He has been both Deputy Chairman and Chairman of the Audit Committee and his wise counsel will be greatly missed. I wish him a long and happy retirement and along with my co directors would like to thank him for his contribution to the Company. Looking forward it has been decided not to appoint a new non executive director as the Board believes the remaining directors provide the necessary breadth of skills and experience to run the Company.

## Change in Investment Trust Rules

From the 1st January 2012 the tax rules governing Investment Trusts changed. The Company has received approval to operate under the new regime from 1 October 2012. The main details are that income can be paid from realised capital gains and that the Company can invest more than 15% in a single holding. To this end I wrote to you in September to seek permission to allow the Company to invest up to 25% in a single investment, specifically in a Javelin Capital fund. I am pleased to report that this was supported strongly. At the AGM it is proposed to put a resolution to shareholders asking for permission to amend the Company's Articles of Association so as enable us to pay dividends from realised capital gains. As you know the Company currently has substantial revenue reserves and hence would not need to take advantage of the change. However shareholder support for such a resolution would provide flexibility for the future to manage a greater range of eventualities. As I have said previously these new rules represent a good outcome for your Company.



### Regulation

In addition to the changes in tax rules mentioned above, other regulations are proposed which will have an impact on investment trust companies. These include the UK Retail Distribution Review (RDR), the EU Alternative Investment Fund Managers Directive (AIFMD) and the US Foreign Account Tax Compliance Act (FATCA). Whilst the rationale behind the introduction of each of these new regulations is different they will potentially increase operational and regulatory risk for the Company. The RDR is due to take effect from 31 December 2012 with the aim of reducing conflicts of interest for advisors, clarity in terms of cost of advice and providing a more consistent level of advice across the retail investment sector. The Company's savings plan products are within the scope of RDR however as we are not advisors the RDR will not apply to those plans. We continue to monitor these regulations carefully and I will report on relevant developments as and if they impact on the Company in my future statements

### Annual General Meeting

The AGM will be held on 16 January 2013 at 12.00 noon at the City of London Club, 19 Old Broad Street London EC2N 1DS. Details are set out on page 88. As in prior years there will be presentations and an opportunity to ask questions. I do hope that you will be able to attend.

### Summary

There are a number of regulatory uncertainties facing the investment industry at present and I have outlined the most significant. On the other hand the tax changes affecting Investment Trusts have been beneficial as I stated earlier.

Overarching the above has been the lacklustre recovery in financial markets since 2008. I hope we will begin to see a steady, if seemingly muted, recovery from here, which will create a healthier base for the investment industry.



Andrew J Adcock Chairman  
4 December 2012

# 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 the other characteristics of the Company have had on the Net Assets Performance during the year. Note that the reports on page 12 to 15 are based on the aggregate value of the total assets of the Company.

## 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.

Markets proved volatile during the last quarter of 2011 but rallied strongly during the late winter and early spring of 2012. The second calendar quarter of 2012 was, however, particularly disappointing for equity markets as fears of a slowdown in Chinese growth combined with renewed problems in the peripheral Eurozone dominated investor sentiment. However, action by both the Federal Reserve and the European Central Bank in the summer, in tandem with the election of a Greek government not set on a path of immediate withdrawal from the Eurozone reassured global markets and a substantial rally developed from the end of June. Some evidence of a pickup in the US housing market and better employment data were also helpful factors.

One of the key elements of some underperformance over the past couple of years had been the area of the portfolio invested outside the UK, Europe and the United States. Measures were taken in the early months of 2012 with the help of the Global Team to broaden and diversify the portfolio. It is pleasing to report that this exercise has proved successful and that performance of the portion of the portfolio allocated to these two areas has been in line with benchmark over the second half of the financial year. Given the troubles of countries within the Eurozone, a decision was taken to reduce some exposure to companies within the Eurozone and rebalance European exposure to companies operating in

Switzerland and Norway. In the United States, where some evidence emerged of renewed growth in the summer of 2012, new positions were taken in Mosaic Corp, a major agrochemical company, Qualcomm, a key supplier of semiconductors to the telecommunications industry, Southern Company, a major supplier of electricity to the growing part of the sunbelt area, and Kellogg Corp, a well regarded consumer goods company. Within the existing portfolio, Home Depot was a star performer, rising by nearly 75% over the year. Illinois Tool Works and Coca Cola were also good performers over the twelve month period and, overall, a policy of gradually increasing the exposure of the portfolio to America over the year proved beneficial, as the US was by some margin the best performing of the major developed markets. In Europe, Bayer, Sanofi, Nestle and Telenor performed pleasingly over the year whilst Vivendi rallied strongly later in the summer after a torrid period in the earlier part of 2012.

In the UK, economic data was distorted by both the Jubilee holidays and the Olympic Games in August. Although it appeared the economy was entering a secondary recession, unemployment data continued to improve during the period and inflation continued to fall. The FTSE 100 index rallied strongly from the doldrums of the summer and by the early autumn was again challenging the highs of March. Within the portfolio, new holdings of WH Smith, ITV and Smiths Group performed pleasingly whilst financial stocks such as Aviva and Barclays, which had sold off particularly sharply over the summer, rallied well in the third quarter of the year. Existing holdings in the UK portion of the portfolio such as UBM, the UK media group, Legal and General, Babcock, the outsourcing specialist and Beazley, the Lloyds insurer, performed notably well over the year, whilst mining stocks such as Rio Tinto and BHP Billiton proved a little disappointing. The Board took out some portfolio insurance to protect the portfolio in late 2011 which impacted performance.

During the year, however, the Core Portfolio Total Return was 18.6%, an outperformance of its investment benchmark of 1.2%. Outperformance was particularly noticeable in the UK portion of the portfolio, but both the European and North American parts of the portfolio outperformed their respective benchmarks. The Far East, Japan and other parts of the world underperformed somewhat, but it was

noticeable that this underperformance occurred in the first half of the financial year before the portfolio was restructured and broadened. Thereafter, performance tended to be in line.

There has been little change in the overall strategy of the Core Portfolio, which continues to seek out well financed dividend paying companies throughout the world. Cash has been invested where possible throughout the year and on an asset allocation basis some priority has been given to opportunities outside the UK where growth prospects seem somewhat brighter. Nevertheless, it has been pleasing to note the resilience of world equity markets against a background of indifferent macroeconomic and political news. Within the corporate sector, company balance sheets have continued to strengthen and overall dividend payments have risen substantially. With the continuing global policy of particularly loose monetary policy and historically low interest rates, it appears that bond markets are remaining remarkably complacent in the light of prospective inflation in the future. Against this backdrop, it appears that well financed, solid dividend paying companies will retain their attraction for investors and thus the policy of the Core Portfolio to seek out and invest in such companies will remain unchanged.

Turnover within the portfolio remains at relatively low levels although there has been some movement towards consumer orientated stocks after a period of underexposure to this area. The banking sector still appears to be mired in problems, particularly in mainland Europe, and thus the fund has no exposure in this geographical area, whilst globally the portfolio remains underexposed to banking stocks, to stocks orientated towards domestic consumers and also towards the technology sector where dividend yields generally tend to be low. Overweight positions continue to be held in industrial stocks, utilities and the oil and gas sector.

At current levels, equity markets have rallied well from the low point of the summer but key uncertainties remain concerning the future of the Eurozone and the sluggish levels of economic growth in the developed world. However, there is some evidence beginning to emerge of a recovery in the key American housing market and, in the UK, the end of the 'double dip' recessionary pattern that has dogged economic recovery for the past year. Against this background, equities may remain relatively well supported into 2013.

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, although by their very nature all of them tend to be illiquid. The value of the non-core realisation portfolio was £3.1m, representing less than 3% of the Group's total assets.

#### Javelin Capital Funds

The Funds both follow an identical strategy but with different domiciles. The Javelin Capital Global Equity Strategies Fund (JCGES), an Irish QIF, was seeded in September 2010 and the Javelin Capital Emerging Markets Alpha Fund (JCEMA), a UCITS Fund on the Goldman Sachs International Platform, was seeded in February 2012. Following the General Meeting in October 2012 the QIF was closed, the Company having withdrawn its capital in September 2012. The capital was redeployed into the UCITS Fund in November 2012. The combination into one fund will have benefits both in terms of cost savings and marketability.

The strategy utilises a range of proprietary long/short models with an emphasis on Emerging Markets. The objective of the Fund is to deliver absolute returns that are uncorrelated to the direction of the Core Portfolio and therefore lessening the overall market risk of the combined assets of the Company. After a promising 2010/11 against the background of the initial Eurozone crisis this year has proved more difficult to navigate. The QIF returned a disappointing -7.9% and the UCITS -4.9%. The strategies struggled against a backdrop of unprecedented intervention by Central Banks particularly the ECB. This caused the market to be volatile over the short term as pronouncements were made, but trendless over the medium term. It meant that the strategies found it difficult to capture market movements, but looking ahead past experience suggests that market trends will reassert themselves and the strategies are well placed to benefit from less random market movements.

At 30 September 2012 the value of the JCEMA was £14.1m representing 9.7% of the Group's total assets whilst the proceeds from the closure of JCGES, which are held in cash awaiting reinvestment, was £18.2m representing 12.5% of the Group's total assets.

# Investment Manager's Report

## Majedie Asset Management (MAM)

MAM was launched in 2002 using finance provided by the Company, which retains a near 30% interest. The business has grown to approximately £6.5bn in assets under management, predominantly long-only equity mandates for institutional clients. Its market leading investment performance has been recognised by the loyalty of its clients and the outside world having recently won an award for European Fund Manager of the year. During the year £2.2m was received in dividend income from MAM.

Taking account of, inter alia, MAM's current and forecasted financial performance the Board has decided to retain its valuation of the Company's holding at £39.0m, representing some 26.8% of the Group'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. A further £1.0m was provided in September 2012 comprising the total funding allocation.

Javelin Capital is now focussed on gaining assets under management in accordance with its revised business plan. The Company holds an equity participation of 75% with 25% held by the individual partners. The performance of the two funds has been discussed earlier.

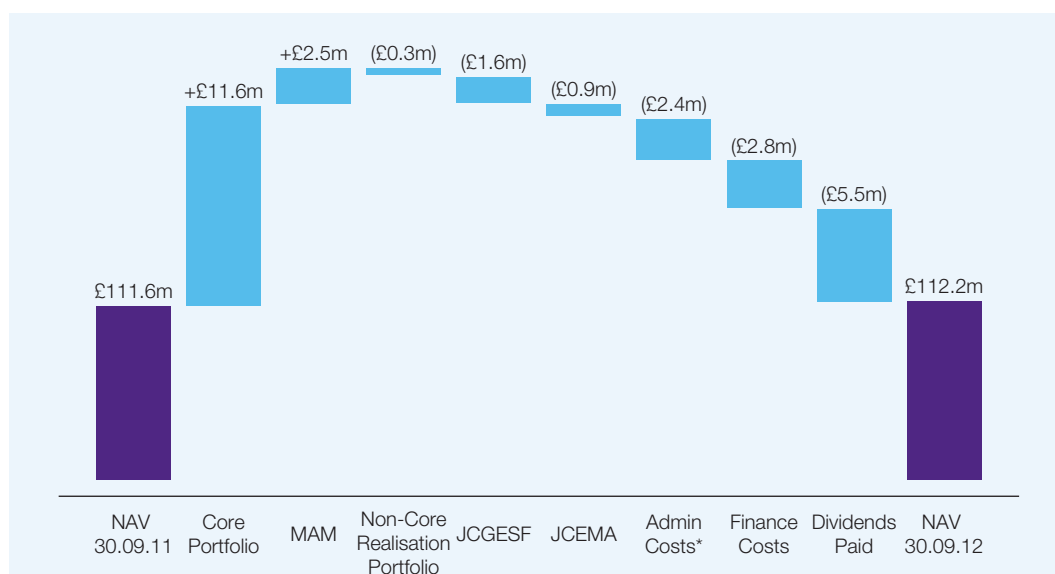
As at 30 September 2012, the net assets in Javelin Capital LLP have been included in the Consolidated Report & Accounts at £2.6m, representing 1.8% of the Group's total assets. This represents the original investment less start-up costs and losses incurred to date and is in accordance with consolidation accounting rules.

In the Company accounts the value of the investment in Javelin Capital LLP has been valued at cost, being £8.0m.

## Development of Net Asset Value (NAV)

The chart below demonstrates the NAV of the Company during the year to 30 September 2012. In aggregate, the NAV attributable to the Company has increased by £0.6m, having incurred net administration and finance costs of £5.4m, and having paid out £5.5m in dividends.

The core portfolio rose by £11.6m including the receipt of dividends, whilst MAM provided a contribution of £2.5m, being dividends of £2.2m and a capital increase of £0.3m. JCGESF and JCEMA together contributed a reduction in value of £2.5m.



\* Admin costs are net of Javelin Capital management fee income as charged to external investors and also in respect of the Company's investments in JCGESF and JCEMA.

### Investment Outlook

The long standing problems within the peripheral parts of the Eurozone remain relatively intractable despite a variety of initiatives launched by both domestic and supra-national financial institutions. Growth in China has notably slowed during the year and this has impacted somewhat on the patterns of economic development of other Far Eastern countries. On a brighter note, however, there do appear to be some encouraging signs of life in the American housing and employment markets, although the looming 'fiscal cliff' of automatic tax rises and spending reductions remains a key problem to be resolved in early 2013.

Nevertheless, the outlook for equity markets remains reasonable given the very substantial amounts of cash earning little return in both money market funds and corporate balance sheets worldwide. At least a part of this cash may be expected to be deployed in capital markets over the coming year.

**Nick Rundle** Investment Director

Javelin Capital LLP

4 December 2012

# Asset Distribution

at 30 September 2012

Classification of Assets	United Kingdom %	North America %	Continental Europe %	Pacific Basin %	Rest of World %	Total 2012 %	Total 2011 %
Oil & Gas Producers	5.8	0.5	0.5		0.3	7.1	7.4
Oil Equipment, Services & Distribution		0.6				0.6	0.4
<b>Oil &amp; Gas</b>	<b>5.8</b>	<b>1.1</b>	<b>0.5</b>		<b>0.3</b>	<b>7.7</b>	<b>7.8</b>
Chemicals		0.7	0.4			1.1	0.8
Forestry & Paper							0.2
Mining	3.7			0.2		3.9	3.6
<b>Basic Materials</b>	<b>3.7</b>	<b>0.7</b>	<b>0.4</b>	<b>0.2</b>		<b>5.0</b>	<b>4.6</b>
Aerospace & Defence	0.8					0.8	1.2
Construction & Materials	0.4					0.4	0.8
Electronic & Electrical Equipment			0.5	0.5		1.0	0.6
General Industrials	0.6	0.5		0.1		1.2	0.1
Industrial Engineering	0.6	0.5		0.1		1.2	1.1
Industrial Metals & Mining					0.1	0.1	0.1
Support Services	1.5			0.1		1.6	2.2
<b>Industrials</b>	<b>3.9</b>	<b>1.0</b>	<b>0.5</b>	<b>0.8</b>	<b>0.1</b>	<b>6.3</b>	<b>6.1</b>
Automobiles & Parts				0.3		0.3	0.5
Beverages	0.4	0.4			0.1	0.9	0.9
Food Producers	0.5	0.2	0.4			1.1	0.7
Household Goods							0.1
Personal Goods							0.1
Tobacco	0.6	0.6		0.1		1.3	1.0
<b>Consumer Goods</b>	<b>1.5</b>	<b>1.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.1</b>	<b>3.6</b>	<b>3.3</b>
Pharmaceuticals & Biotechnology	1.8	0.6	1.0		0.1	3.5	3.8
<b>Health Care</b>	<b>1.8</b>	<b>0.6</b>	<b>1.0</b>		<b>0.1</b>	<b>3.5</b>	<b>3.8</b>
Food & Drug Retailers	1.0			0.1		1.1	0.7
General Retailers	1.1	0.5				1.6	0.9
Leisure Goods	0.9		0.4			1.3	
Media		0.5				0.5	1.2
Travel & Leisure							2.3
<b>Consumer Services</b>	<b>3.0</b>	<b>1.0</b>	<b>0.4</b>	<b>0.1</b>		<b>4.5</b>	<b>5.1</b>
Fixed Line Telecommunications		0.6				0.6	0.9
Mobile Telecommunications	2.0		0.5	0.1	0.1	2.7	4.1
<b>Telecommunications</b>	<b>2.0</b>	<b>0.6</b>	<b>0.5</b>	<b>0.1</b>	<b>0.1</b>	<b>3.3</b>	<b>5.0</b>
Electricity	0.8	0.5				1.3	0.6
Gas, Water & Multi Utilities	1.0					1.0	0.9
<b>Utilities</b>	<b>1.8</b>	<b>0.5</b>				<b>2.3</b>	<b>1.5</b>
Banks	3.0	0.9		0.7	0.1	4.7	4.8
Equity Investment Instruments	0.9	0.1		0.1		1.1	0.2
General Financial	1.3			0.1		1.4	0.5
Life Insurance/Assurance							1.7
Non-equity Investment Instruments							(0.4)
Non Life Insurance/Assurance	1.0					1.0	0.7
Real Estate Investment Trusts	0.7					0.7	0.6
<b>Financials</b>	<b>6.9</b>	<b>1.0</b>		<b>0.9</b>	<b>0.1</b>	<b>8.9</b>	<b>8.1</b>
Software & Computer Services							0.1
Technology & Hardware Equipment		0.3		0.1		0.4	0.7
<b>Technology</b>		<b>0.3</b>		<b>0.1</b>		<b>0.4</b>	<b>0.8</b>
<b>Unlisted</b>	<b>28.6</b>	<b>0.2</b>				<b>28.8</b>	<b>29.2</b>
<b>Javelin Funds</b>					<b>9.7</b>	<b>9.7</b>	
<b>Total Equities</b>	<b>59.0</b>	<b>8.2</b>	<b>3.7</b>	<b>2.6</b>	<b>10.5</b>	<b>84.0</b>	<b>75.3</b>
<b>Total Non-current Assets</b>	<b>59.0</b>	<b>8.2</b>	<b>3.7</b>	<b>2.6</b>	<b>10.5</b>	<b>84.0</b>	<b>75.3</b>
<b>Cash and Cash Equivalents</b>	<b>16.0</b>					<b>16.0</b>	<b>24.7</b>
<b>% Total at 30 September</b>	<b>75.0</b>	<b>8.2</b>	<b>3.7</b>	<b>2.6</b>	<b>10.5</b>	<b>100.0</b>	<b>100.0</b>

The fund analysed on pages 13 to 15 comprises total listed and unlisted investments of £122,361,000 which also includes the investment in the Javelin Capital Emerging Markets Alpha Fund of £14,144,000 and cash/cash equivalents of £23,287,000.

Unlisted investments comprise an amount of £39,000,000 in respect of the investment of Majedie Asset Management and £2,935,000 in respect of equity investments in various companies. Suspended stocks have been analysed in their listed sectors.

## Twenty Largest UK Investments

at 30 September 2012

Company	2012		2011	
	Market Value £000	% of Fund	Market Value £000	% of Fund
Majedie Asset Management <sup>1</sup>	39,000	26.8	39,000	26.8
Royal Dutch Shell 'B'	4,176	2.9	4,426	3.0
BP	3,164	2.2	3,302	2.3
HSBC	3,010	2.1	3,727	2.6
Vodafone	2,856	2.0	3,533	2.4
GlaxoSmithKline	2,712	1.9	3,199	2.2
Rio Tinto	2,020	1.4	1,878	1.3
Vostok Energy <sup>1</sup>	1,858	1.3	1,926	1.3
BHP Billiton	1,732	1.2	1,912	1.3
Antofagasta	1,578	1.1	1,158	0.8
Centrica	1,475	1.0	1,191	0.8
Barclays	1,397	0.9	1,049	0.7
BAE Systems	1,203	0.8	989	0.7
BG Group	1,125	0.8	1,117	0.8
SSE	1,044	0.7	842	0.6
Sainsbury (J)	1,042	0.7	962	0.7
Aviva	1,036	0.7	1,145	0.7
Smiths Group <sup>2</sup>	933	0.6		
Legal & General	923	0.6	1,256	0.9
British Land	914	0.6	833	0.6
	<b>73,198</b>	<b>50.3</b>	<b>73,445</b>	<b>50.5</b>

## Ten Largest Overseas Investments

at 30 September 2012

Company	2012		2011	
	Market Value £000	% of Fund	Market Value £000	% of Fund
Javelin Capital Emerging Markets Alpha Fund (Lux) <sup>2</sup>	14,144	9.7		
Altria (USA)	827	0.6	774	0.5
McDonalds (USA)	824	0.6	817	0.6
AT&T (USA)	817	0.6	769	0.5
Roche (Switzerland)	810	0.6	831	0.6
Johnson & Johnson (USA)	810	0.6	777	0.5
Schlumberger (USA)	806	0.5	575	0.4
Statoil (Europe) <sup>2</sup>	800	0.5		
Southern Copper (USA) <sup>2</sup>	799	0.5		
Telenor (Norway)	785	0.5	498	0.3
	<b>21,422</b>	<b>14.7</b>	<b>5,041</b>	<b>3.4</b>

<sup>1</sup> Unlisted

<sup>2</sup> There is no comparative information for the investments listed as they represent new holdings.

# Valuation of Investments

Holdings valued over £100,000 at 30 September 2012 – including derivative instruments

Company	Market Value £000	% of Fund	Company	Market Value £000	% of Fund	Company	Market Value £000	% of Fund
<b>Oil &amp; Gas</b>			<b>Industrials</b>			<b>Health Care</b>		
<b>Oil &amp; Gas Producers</b>			<b>Aerospace &amp; Defence</b>			<b>Pharmaceuticals &amp; Biotechnology</b>		
BG Group	1,125	0.8	BAE Systems	1,203	0.8	GlaxoSmithKline	2,712	1.9
BP	3,164	2.2	<b>Construction &amp; Materials</b>			Johnson & Johnson		
Exxon Mobil (USA)	708	0.5	Balfour Beatty	607	0.4	(USA)	810	0.6
Petrol Brasileiros ADR			<b>Electronic &amp; Electrical Equipment</b>			Roche (Switzerland)	810	0.6
(Brazil)	260	0.2	Hon Hai Precision GDR			Sanofi (France)	581	0.4
Royal Dutch Shell 'B'	4,176	2.9	(Asia)	151	0.1	<b>Consumer Services</b>		
Sasol ADR (South Africa)	112	0.1	Samsung Electronic GDR			<b>Food &amp; Drug Retailers</b>		
Statoil (Norway)	800	0.5	(Asia)	441	0.3	Greggs	382	0.3
<b>Oil Equipment, Services &amp; Distribution</b>			<b>General Industrials</b>			Sainsbury (J)	1,042	0.7
Schlumberger (USA)	806	0.5	3M (USA)	772	0.5	Woolworths (Aus)	137	0.1
<b>Basic Materials</b>			<b>Industrial Engineering</b>			<b>General Retailers</b>		
<b>Chemicals</b>			Illinois Tools (USA)	736	0.5	Home Depot (USA)	673	0.5
Bayer (Germany)	587	0.4	IMI	810	0.6	Inchcape	899	0.6
Du Pont De Nemours			<b>Support Services</b>			WH Smiths	750	0.5
(USA)	622	0.4	Babcock	788	0.5	<b>Media</b>		
Mosaic (USA)	357	0.2	Bunzl	665	0.5	ITV	575	0.4
<b>Mining</b>			G4S	664	0.5	UBM	701	0.5
Antofagasta	1,578	1.1	<b>Consumer Goods</b>			Vivendi (France)	605	0.4
BHP Billiton	1,732	1.2	<b>Automobiles &amp; Parts</b>			<b>Travel &amp; Leisure</b>		
BHP Billiton (Aus)	169	0.1	Honda (Japan)	158	0.1	McDonalds (USA)	824	0.6
Vale SA ADR (Brazil)	162	0.1	Toyota (Japan)	113	0.1	<b>Telecommunications</b>		
Rio Tinto	2,020	1.4	<b>Beverages</b>			<b>Fixed Line Telecommunications</b>		
			Britvic	510	0.4	AT&T (USA)	817	0.6
			Coca-Cola (USA)	587	0.4	<b>Mobile Telecommunications</b>		
			<b>Food Producers</b>			America Movil ADR		
			Kelloggs (USA)	320	0.2	(Mexico)	134	0.1
			Nestlé (Switzerland)	625	0.4	Telenor (Norway)	785	0.5
			Unilever	901	0.6	Vodafone	2,856	2.0
			<b>Tobacco</b>					
			Altria (USA)	827	0.6			
			Imperial Tobacco	802	0.6			
			Japan Tobacco (Japan)	178	0.1			

Based on country of listing and operation. Depository Receipts are based on country of origin.



Company	Market Value £000	% of Fund
<b>Utilities</b>		
<b>Electricity</b>		
Southern Copper (USA)	799	0.5
SSE	1,044	0.7
<b>Gas, Water &amp; Multi Utilities</b>		
Centrica	1,475	1.0
<b>Financials</b>		
<b>Banks</b>		
Barclays	1,397	0.9
Commonwealth Bank of Australia (Aus)	116	0.1
HSBC	3,010	2.1
JP Morgan Chase (USA)	576	0.4
Mitsubishi (Japan)	163	0.1
National Bank of Australia (Aus)	189	0.1
Sumitomo Mitsui (Japan)	107	0.1
Wells Fargo (USA)	770	0.5
Westpac Banking (Aus)	254	0.2
<b>General Financial</b>		
IG Group	780	0.5
Investec	574	0.4
<b>Life Insurance</b>		
Aviva	1,036	0.7
Legal & General	923	0.6
<b>Non Equity Investment Instruments</b>		
Ishares MSCI South Africa Index ETF (USA)	193	0.1
<b>Non Life Insurance</b>		
Beazley	672	0.5
Jardine Lloyd Thompson	766	0.5
<b>Real Estate Investment Trusts</b>		
British Land	914	0.6

Company	Market Value £000	% of Fund
<b>Technology</b>		
<b>Technology &amp; Hardware Equipment</b>		
Canon Inc. (Japan)	103	0.1
Qualcomm Inc. (Japan)	387	0.3
<b>Unlisted Investments</b>		
AOI Medical (USA)	152	0.1
Buried Hill Energy (USA)	244	0.2
Diamond Wood China	212	0.1
Majedie Asset Management	39,000	26.8
Mitra Energy	390	0.3
Vostok Energy	1,858	1.3
<b>Javelin Funds</b>		
<b>Javelin Capital Emerging Markets</b>		
Alpha Fund (Lux)	14,144	9.7

Based on country of listing and operation. Depository Receipts are based on country of origin.

## 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 2011. He is a non-executive director of Majedie Portfolio Management Limited, F&C Global Smaller Companies PLC, Kleinwort Benson Holdings Limited and was appointed as a non-executive director of Kleinwort Benson Bank Limited in October 2012. 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 Board and Nomination Committee and a member of the Remuneration, Management Engagement and Audit Committees.

### **Hubert V Reid\* Deputy Chairman**

#### **Senior Independent Director**

Mr Reid is Chairman of Midas Income & Growth Trust PLC and was formerly Chairman of Enterprise Inns 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 Istock PLC, Bryant Group plc and of the Royal London Insurance Group. He was appointed a director of Majedie in 1999 and is a member of the Audit, Remuneration, Nomination and Management Engagement Committees.

### **J William M Barlow BA**

Mr Barlow was appointed Chief Operating Officer of Javelin Capital LLP on 27 June 2011, before which he was at Newedge Group, which is a Prime Broker for hedge funds. Previously he was Managing Director of DnB Asset Management (UK) Limited having been appointed in 2002. He joined Skandia Asset Management Limited as an equity portfolio manager in 1991. Mr Barlow was appointed to the Board in July 1999 and is a director of Majedie Portfolio Management Limited and Javelin Capital Services Limited, and is also a non-executive director of Majedie Asset Management Limited

### **Paul D Gadd\***

Mr 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 Chairman of the Remuneration and Management Engagement Committees and is a member of the Nomination and Audit Committees.

### **R David C Henderson\* FCA**

Mr Henderson, who is a Chartered Accountant, is currently Special Advisor to Kleinwort Benson Private Bank and is also a non-executive director of Novae Group plc, Healthcare Locums plc, Oak Trust (Guernsey) Limited, Price Forbes & Partners Limited, MM&K Limited and also has Board involvement of some 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 the Chairman of the Audit Committee and is a member of the Remuneration, Nomination and Management Engagement Committees.

\* Non-executive.

# Directors' Report

The directors submit their report and the accounts for the year ended 30 September 2012.

## Introduction

The Directors' Report includes the Business Review and Corporate Governance Statement, which can be found on pages 20 to 26 and pages 27 to 31 respectively and the Report on Directors' Remuneration on pages 32 to 34. 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 1158/59 of the Corporation Tax Act 2010 in respect of the year ended 30 September 2011. 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 for the year ended 30 September 2012 and will request formal confirmation of this in due course.

Due to the change in the investment trust tax rules for accounting periods commencing on or after 1 January 2012, the annual retrospective compliance process, as above, is replaced by an initial single pre-approval upon joining the new regime. The Company, in July 2012, received written approval from HM Revenue & Customs that it will be an approved investment trust under the new regime commencing from 1 October 2012.

## Results and Dividend

Consolidated net revenue return before taxation amounted to £2,681,000 (2011: £2,624,000). The directors recommend a final ordinary dividend of 6.3p per ordinary share, payable on 23 January 2013 to shareholders on the register at the close of business on 11 January 2013. Together with the interim dividend of 4.2p per share paid on 27 June 2012, this makes a total distribution of 10.5p per share in respect of the financial year (2011: 10.5p per share).

## Directors

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

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 PD Gadd, having been last re-appointed at the Annual General Meeting in 2009, will retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-appointment.

In accordance with Listing Rule 15.2.13A and in accordance with the UK Corporate Governance Code with respect of directors who have served over nine years, Mr JWM Barlow, being Chief Operating Officer of Javelin Capital LLP, the Investment Manager, must submit himself for annual re-appointment.

The Board has considered the continued appointment of Mr JWM Barlow who has 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 JWM Barlow continues to be effective, that he demonstrates commitment to his role and has 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 re-appointment.

# Directors' Report

In accordance with the requirements of the UK Corporate Governance Code, having served on the Board for over nine years, Mr HV Reid will retire at the forthcoming Annual General Meeting but will not seek re-election. The Board wishes to express its gratitude for Mr HV Reid's contribution to the Board over a period of 14 years. Looking forward it has been decided not to appoint a new non executive director as the Board believes the remaining directors provide the necessary breadth of skills and experience to run the Company.

## Directors' Interests

Beneficial interests in ordinary shares as at:

	30 September 2012	1 October 2011
Mr AJ Adcock	20,000	20,000
Mr JWM Barlow	658,779	676,083
Mr HV Reid	33,214	33,214
Mr PD Gadd	10,000	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 2012	1 October 2011
Mr JWM Barlow	2,160,779	2,160,779

There have been no changes to any of the above holdings between 30 September 2012 and the date of this report.

## Substantial Shareholdings

At 31 October 2012 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%
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	869,086	1.65%
Mr GB Barlow		877,433	1.67%
Miss AE Barlow		1,784,948	3.40%
Mr JWM Barlow	Beneficial	658,779	1.25%
	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 2012 and the date of this report.

## Annual General Meeting

The Annual General Meeting will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS on Wednesday 16 January 2013 at 12:00 noon. The notice convening the Annual General Meeting is set out on pages 88 to 92.

## 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 2012 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 2013 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 88.

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 Annual General Meeting 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.

### Amendment to the Articles

Article 127 of the Articles of Association of the Company provides for the creation of a capital reserve and sets out how that reserve may be applied by the Directors. As currently drafted, Article 127 prohibits the application of the Capital Reserve or any other moneys in the nature of accretion to capital in paying dividends or any other distribution (otherwise than by way of redemption or purchase of the Company's own shares). As currently drafted, Articles 130.2 and 130.3 set out restrictions on the payment of dividends and application of capital profits for distribution.

Such provisions mirrored the requirements under the Companies Act 2006 and the Corporation Tax Act 2010 which have since been relaxed. While the prohibition has been removed from the Companies Act 2006 and the Corporation Act 2010, the Company is restricted from making such distributions until the prohibition is also removed from the Articles. Shareholders are therefore being asked to approve the amendment of Articles 127, 130.2 and 130.3 to remove the prohibition on the Company from distributing its capital profits. Resolution 9 will be proposed as a special resolution.

Copies of the proposed new Articles of the Company, including in a version showing by tracked changes the alterations from the existing Articles, will be available for inspection during usual business hours or on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA up to and including the date of the AGM.

### Donations

The Company made no political or charitable donations during the year (2011: 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 18 January 2012. 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  
4 December 2012

# 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 38, 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 48 to 55. The Auditor's opinion on the financial statements, which is unqualified, appears on pages 36 and 37.

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](http://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 16 January 2013 is set out on page 88.

A General Meeting was held on 9 October 2012 at which proposed modifications to the Company's investment 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. For the year ended 30 September 2012 these sections broadly required 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.

Amendments to the Investment Trust regulations were approved by Parliament on 6 December 2011 and adopted for accounting periods beginning on or after 1 January 2012. This will amend the existing requirements to gain approval annually under S1158/59 of the Corporation Taxes Act 2010. Additionally in order to align company law with tax legislation, Section 833 of the Companies Act 2006 was amended with effect for accounting periods beginning on or after 6 April 2012. These amendments will be adopted for the year ending 30 September 2013 and include:

- The previous requirement to derive a minimum of 70% of income from shares and securities has been replaced by a more general requirement that the business must consist of "investing in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results."
- The 15% distribution requirement has been maintained but now incorporates all income not just income from shares and securities.
- The previous 15% holding test has been omitted from the new regulations. Instead a similar spread of risk test is incorporated within the new definition of an investment trust: the "aim of spreading investment risk and giving members the benefit of the results." The Company has submitted its original and revised investment policy to HMRC as required under the new regime.
- The requirement for the Articles to prohibit the distribution of realised gains on the sale of investments has now been removed.

### Capital Structure

As part of its corporate governance the Board keeps under review the capital structure of the Company. At 30 September 2012 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.

As noted above gearing is via two long term debentures. The limits on the ability to borrow are described in the investment policy on page 1. The Board is responsible for setting the overall gearing range in which the Investment Manager may operate.

Group gearing (borrowings less cash and equivalents) as at 30 September 2012 was 9.2% (2011: net cash of 1.2%) which reflects the cash held, primarily due to proceeds held from the redemption of the Company's holding in the QIF held pending reinvestment in the Javelin UCITS fund (2011: cash held for initial investment into the UCITS fund plus large cash balances held in the QIF fund). At the Company level, gearing as at 30 September 2012 was 11.1% (2011: gearing of 15.8%). This also reflects the cash held from the QIF held pending reinvestment in the UCITS fund (2011: cash held last year for the initial investment into the 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 on pages 75 to 84.

The Company has a range of equity investments including substantial investments in two unlisted asset management businesses, large cap global equities and an investment in an emerging market 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 Board 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 systems in place to manage the Company's internal controls are described further in the Corporate Governance Statement on page 31.

## 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 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.

The Company has invested seed capital in two funds managed by Javelin Capital LLP. In September 2010, the Company invested £20 million in the Javelin Capital Global Equity Strategies Fund, an Irish QIF. In February 2012, the Company invested £15 million in the Javelin Capital Emerging Markets Alpha Fund, a sub-fund of the Serviced Platform SICAV (UCITS). Both Javelin Capital Funds were emerging market equity funds with an absolute return objective which they aim to achieve through a market-neutral investment strategy.

At the time Javelin Capital launched the Javelin Capital Global Equity Strategies Fund, it considered an Irish QIF to be the best structure to adopt for the fund. Since then and following a review by Javelin Capital, it has become apparent that UCITS-compliant funds have become increasingly attractive to investors. As at 30 September 2012 the Company had redeemed the vast majority of its investment in the QIF which will be held in cash pending re-investment in the UCITS. The QIF will be wound down and de-registered with the Irish Central Bank and be placed into voluntary liquidation. This is expected to be complete in early 2013.

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:** as shown on page 5.
- **Investment group portfolio return:** see the chart on page 10. Both of these are discussed in detail in the Chairman's Statement and the Investment Manager's Report.
- **Share price discount:** The level of the discount at the end of the financial year calculated with debt at par was 27.8%, as compared to 35.0% in 2011. The prior year discount was distorted due to revisions to investments, primarily MAM, which were not reflected in the share price at year end.
- **Ongoing Charges:** From May 2012 a new measure of investment trust operating costs was introduced to the sector called ongoing charges, which replaced the previous Total Expense Ratio. Ongoing charges shows the annual normal or ongoing costs of an Investment Trust excluding performance fees, one off expenses and investment dealing costs as a percentage of average shareholder's funds. Where investments have been made into pooled funds estimated ongoing fund costs have been included in the Company's ongoing charges percentage.

The ongoing charges of the Company for the year ended 30 September 2012 was 1.8% (2011: 1.9%).
- **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 4.9%, 5.5% 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 pages 5 to 7.

## 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 £23.7m, 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 inflation over the long term.

## Employees, Social, Environmental and Ethical policy

The Company has no employees and the Board consists entirely of non-executive Directors and as a result the Group has limited 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 ongoing charges percentage over net assets is 1.8%. Company operating costs continued to decrease this year, even excluding the impact of the increased investment made into the Javelin Capital pooled funds, but the ratio reflects the lower average asset base and the allocation to emerging markets via the Javelin Funds. The Board pays close attention to cost control and the current situation is referred to further in the Chairman's Statement on pages 5 to 7.

## 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 up to £3.5m. 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. On 29 June 2011 £2.5m was provided with the remainder at the Board's discretion. This was obtained and the remaining £1.0m was provided on 25 September 2012.
- 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 30), 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%‡
Javelin Capital Emerging Markets Alpha Fund^	1-1.25% p.a.	10-20%#

\* 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. The QIF closed and the holding redeemed in September 2012.

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

‡ The fees are as set in the funds documentation. 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 in respect of the QIF).

\*\*\* The non-core portfolio attracts a management fee as per the Core Portfolio but has no performance fee.

^ The Javelin Capital Emerging Markets Alpha Fund is a sub-fund of the Serviced Platform SICAV, which is a Luxembourg based UCITS.

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) in November 2000 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 6 February 2012. 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 2012 the Group and the Company had nine and eight days respectively of suppliers' invoices outstanding in respect of trade creditors (2011: Group and Company four days).

## **Majedie Asset Management Limited**

Majedie Asset Management is an investment management boutique specialising in UK equities which launched in 2003. Having started with a 70% shareholding the Company now retains a 29.8% interest. The relevant developments during the year are referred to in the Investment Manager's report on page 10 and further referred to in note 13 on pages 68 and 69.

## **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.

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 £2.5m was paid on 29 June 2011 and the remainder on 25 September 2012.

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 68 provide further information on developments.

On 20 September 2010 the Company invested £20m into the Javelin Capital Global Equity Strategies Fund (QIF) which was followed on 16 February 2012 by £15m being invested into the second Javelin Capital fund, the Javelin Capital Emerging Markets Alpha Fund (UCITS). Following a review by Javelin Capital in 2012, it became apparent that the UCITS fund was more attractive to investors, the QIF was closed with all remaining investor funds being redeemed in September 2012. It was proposed that the Company's investment in the QIF would be redeployed into the UCITS fund. After the Company's shareholders approved a change to the Company's investment policy on 9 October 2012 to permit this the funds were invested in November 2012. The characteristics and performance of these two fund investments are detailed in the Investment Manager's Report section.

## **Continued Appointment of the Manager**

The Board has concluded that it is in the 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 24 and 25.

# Corporate Governance Statement

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

This section of the annual report describes how 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](http://www.frc.org.uk). The Board considers that the Company has complied with the provisions of the Code throughout the year ended 30 September 2012 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 to its accounting, administration, company secretarial and custody arrangements being outsourced to the parties detailed on page 31.

## 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 is an executive director. 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 currently the Senior Independent Director. However, following his retirement in 2013 and after due consideration with the size of the Company, it has been determined that no Senior Independent Director is required.

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 2012, six Board meetings were held, two Audit Committee meetings, one Management Engagement Committee meeting and one Remuneration Committee meeting. Attendance at these Board and Committee meetings are detailed below.

	Number of meetings			
	Board	Audit	Management Engagement	Remuneration
Directors	6	2	1	1
A J Adcock	6	2	1	1
J W M Barlow	6	n/a	n/a	n/a
RDC Henderson	6	2	1	1
P D Gadd	6	2	1	1
H V Reid	6	2	1	1

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

# Corporate Governance Statement

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 RDC Henderson (Chairman), Mr HV Reid, Mr PD Gadd and Mr AJ Adcock. Mr JWM Barlow and representatives of the Auditors are invited to attend meetings of the Committee. The Board has agreed the terms of reference for the Audit Committee which meets at least twice a year. In particular during the year the Committee 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 attends meetings at the request of the Committee, from time to time. 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. All appointments to the Board are made on merit. However, gender and diversity generally are taken into account when evaluating the skills, knowledge and experience desirable to fill each vacancy.

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 or 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.



Mr JWM Barlow has a contract of employment with Javelin Capital Services Limited. 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 on 16 October 2012 to consider the re-appointment of directors at the Company's Annual General Meeting. It decided to recommend the re-appointment of Messrs PD Gadd and JWM Barlow on the basis that they continued to make valuable contributions and exercise their judgement and express their opinions in an independent manner. As noted previously Mr HV Reid will not be seeking re-election and it has been decided not to appoint a new non executive director as the Committee believes the remaining directors provide the necessary breadth of skills and experience to run the Company.

- **The Remuneration Committee** comprises: Mr PD Gadd (Chairman), Mr HV Reid, Mr AJ Adcock and Mr RDC Henderson. Mr JWM Barlow was invited to attend and participate as appropriate. Further details on the work of the Remuneration Committee is included in the Report on Directors' Remuneration on pages 32 to 34.
- **The Management Engagement Committee** ("MEC"). The MEC was established on 14 October 2010 and comprises: Mr PD Gadd (Chairman), and the non-executive directors. Mr JWM Barlow attends meetings at the request of the Committee, from time to time. 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 16 October 2012 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 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.

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 at the Annual General Meeting 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 20 to 26 provides 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](http://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](http://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 and also must approve his remuneration.

Javelin Capital LLP governance is comprised of:

- **Management Board**

The Management Board is the Javelin Capital LLP governing body. It meets regularly, usually monthly and is comprised of Company representatives and partners, although other parties may be invited to meetings as required. It also fulfils audit and remuneration committee functions and currently now also undertakes any investment committee responsibilities.
- **Risk Committee**

The Risk Committee operates under terms of reference as approved by the Management Board which include monitoring and controlling risk guidelines, product approval and Javelin Capital LLP's overall control environment. The Risk Committee meets regularly, usually twice a year.
- **Investment Committee**

The Investment Committee terms of reference was to provide independent review of investment processes and products in light of the external environment. Given the changes at Javelin Capital LLP it was agreed that a separate Investment Committee was not required at this time and that its functions would be undertaken by the Management Board.



### 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 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.

Firstly 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 requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 as required by 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 2012, the Committee comprised independent non-executive directors – being Paul Gadd (Chairman from 1 December 2011), Andrew Adcock, Hubert Reid (Chairman until 30 November 2011) and David Henderson. William Barlow was 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 also recommends and monitors the level and structure of remuneration for senior management.

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 2012 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 £6,000 per annum, as detailed in the Javelin Capital section, is payable to non-executive directors who represent the Company on the Javelin Capital LLP 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 3 year duration period, a one month notice period by either party and no termination or loss of office payments.

### Executive Director

Mr J W M 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.

During the year the Committee met to agree the terms of any potential bonus and agreed that due to his responsibilities Mr Barlow would be eligible to receive a bonus in respect of two broad areas.

Firstly, following Javelin Capital LLP becoming profitable on an on-going basis, he would be eligible to receive a bonus on his performance in relation to certain operational and/or business development targets which would be set by the Board. Any such appropriate terms will be developed in the future when that milestone is reached.

Secondly, in respect of his marketing responsibilities, it has been agreed that Mr Barlow will receive a bonus, to be paid by Javelin Capital, of an annual amount equal to 0.1% of any new monies raised and under management by Javelin Capital LLP that were agreed to be attributable to him. Any such bonus would be paid in cash in respect of such monies whilst they continue to be managed by Javelin Capital and would be paid quarterly in arrears. Any entitlement to such bonus would terminate in the event of Mr Barlow ceasing to be an employee of Javelin Capital.

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")

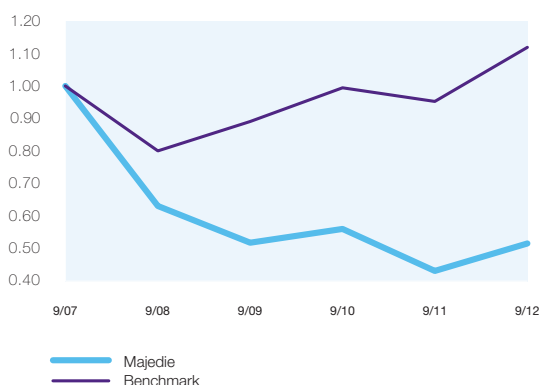
Javelin Capital, a UK Limited Liability Partnership of which the Company is a partner, has been in operation since 1 September 2010. As a partner, the Board can appoint representatives to attend the monthly Javelin Capital Management Board meetings. Directors attending the management board meetings, with the exception of the Chairman of the Board, will be paid an additional fee supplement of up to £6,000 per annum, based upon a fee of £500 per monthly meeting. Mr 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. The LLP Agreement provides that the remuneration of Javelin Capital Managing Partner, and certain aspects of the remuneration of the other partners', are subject to the approval of the Company representatives on the Management Board.

# Report on Directors' Remuneration

## 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 2012 (REBASED)

## AUDITED SECTION

### Directors' Remuneration

The remuneration of the directors for the year ended 30 September 2012 was as follows:

	Salary £000	Other Benefits £000	Basic fees £000	Additional fees £000	Total 2012 £000	Total 2011 £000
<b>Non-executive directors</b>						
A J Adcock			75		75	75
H V Reid			27	10	37	41
P D Gadd			27	8	35	32
J W M Barlow						24
C J Arnheim						27
R D C Henderson			27	8	35	1
<b>Executive director</b>						
J W M Barlow	135	4	27		166	44
	<b>135</b>	<b>4</b>	<b>183</b>	<b>26</b>	<b>348</b>	<b>244</b>

Mr R D C Henderson and Mr P D Gadd were appointed Chairman of the Audit and Remuneration Committees respectively on 1 December 2011. Mr J W M Barlow's other benefits relate to healthcare costs. He received no bonus during the year.

## Approval

The Report on Directors' Remuneration on pages 32 to 34 was approved by the Board on 4 December 2012.

On behalf of the Board

**P D Gadd** 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  
4 December 2012

# Report of the Independent Auditor

Independent Auditor's Report to the Members of Majedie Investments PLC

We have audited the financial statements of Majedie Investments PLC for the year ended 30 September 2012 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 35, 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 2012 and of the group and the parent company's profit 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 19, 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

4 December 2012

# Consolidated Statement of Comprehensive Income

for the year ended 30 September 2012

	Notes	Revenue return £000	2012 Capital return £000	Total £000	Revenue return £000	2011 Capital return £000	Total £000
<b>Investments</b>							
Gains on investments at fair value through profit or loss	13		7,832	7,832		2,233	2,233
Exchange loss on disposal of foreign subsidiary			(840)	(840)			
<b>Net investment result</b>			<b>6,992</b>	<b>6,992</b>		<b>2,233</b>	<b>2,233</b>
<b>Income</b>							
Income from investments	3	5,100		5,100	5,434		5,434
Other income	3	63		63	106		106
<b>Total income</b>		<b>5,163</b>		<b>5,163</b>	<b>5,540</b>		<b>5,540</b>
<b>Expenses</b>							
Administrative expenses	5	(1,777)	(1,442)	(3,219)	(2,195)	(2,633)	(4,828)
<b>Return/(loss) before finance costs and taxation</b>		<b>3,386</b>	<b>5,550</b>	<b>8,936</b>	<b>3,345</b>	<b>(400)</b>	<b>2,945</b>
Finance costs	8	(705)	(2,115)	(2,820)	(721)	(2,165)	(2,886)
<b>Net return/(loss) before taxation</b>		<b>2,681</b>	<b>3,435</b>	<b>6,116</b>	<b>2,624</b>	<b>(2,565)</b>	<b>59</b>
Taxation	9	(132)		(132)	(200)		(200)
<b>Net return/(loss) after taxation for the year</b>		<b>2,549</b>	<b>3,435</b>	<b>5,984</b>	<b>2,424</b>	<b>(2,565)</b>	<b>(141)</b>
<b>Other comprehensive income – exchange differences on translation of foreign operations</b>							
Attributable to:			37	37		(37)	(37)
Equity holders of the company			37	37		(37)	(37)
Non-controlling interest							
			<b>37</b>	<b>37</b>		<b>(37)</b>	<b>(37)</b>
<b>Total comprehensive income for the year</b>		<b>2,549</b>	<b>3,472</b>	<b>6,021</b>	<b>2,424</b>	<b>(2,602)</b>	<b>(178)</b>
<b>Net return/(loss) after taxation attributable to:</b>							
Equity holders of the Company		2,552	3,445	5,997	2,427	(2,568)	(141)
Non-controlling interest		(3)	(10)	(13)	(3)	3	
		<b>2,549</b>	<b>3,435</b>	<b>5,984</b>	<b>2,424</b>	<b>(2,565)</b>	<b>(141)</b>
<b>Return/(loss) per ordinary share:</b>							
Basic and diluted	11	pence 4.9	pence 6.6	pence 11.5	pence 4.6	pence (4.9)	pence (0.3)

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 86 form part of these accounts.



# Company Statement of Comprehensive Income

for the year ended 30 September 2012

	Notes	Revenue return £000	2012 Capital return £000	Total £000	Revenue return £000	2011 Capital return £000	Total £000
<b>Investments</b>							
Gains on investments at fair value through profit or loss	13		6,258	6,258		1,547	1,547
<b>Net investment result</b>			<b>6,258</b>	<b>6,258</b>		<b>1,547</b>	<b>1,547</b>
<b>Income</b>							
Income from investments	3	5,132		5,132	5,382		5,382
Other income	3	34		34	19		19
<b>Total income</b>		<b>5,166</b>		<b>5,166</b>	<b>5,401</b>		<b>5,401</b>
<b>Expenses</b>							
Management fees	4	(382)	(412)	(794)	(418)	(519)	(937)
Administrative expenses	5	(568)	(237)	(805)	(730)	(320)	(1,050)
<b>Return before finance costs and taxation</b>		<b>4,216</b>	<b>5,609</b>	<b>9,825</b>	<b>4,253</b>	<b>708</b>	<b>4,961</b>
Finance costs	8	(701)	(2,104)	(2,805)	(701)	(2,102)	(2,803)
<b>Net return/(loss) before taxation</b>		<b>3,515</b>	<b>3,505</b>	<b>7,020</b>	<b>3,552</b>	<b>(1,394)</b>	<b>2,158</b>
Taxation	9	(113)		(113)	(121)		(121)
<b>Net return/(loss) after taxation for the year</b>		<b>3,402</b>	<b>3,505</b>	<b>6,907</b>	<b>3,431</b>	<b>(1,394)</b>	<b>2,037</b>
<b>Return/(loss) per ordinary share:</b>							
Basic and diluted	11	pence 6.6	pence 6.7	pence 13.3	pence 6.5	pence (2.6)	pence 3.9

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 86 form part of these accounts.

# Consolidated Statement of Changes in Equity

for the year ended 30 September 2012

	Notes	Share capital £000	Share premium £000	Capital redemption reserve £000	Share options reserve £000
<b>Year ended 30 September 2012</b>					
As at 1 October 2011		5,253	785	56	(178)
Net gain for the year					
Other comprehensive income – exchange differences on translation of foreign subsidiary					
Share options expense	25				31
Dividends declared and paid in year	10				
Cessation of Non controlling interest	15				
<b>As at 30 September 2012</b>		<b>5,253</b>	<b>785</b>	<b>56</b>	<b>(147)</b>
<b>Year ended 30 September 2011</b>					
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	15				
Own shares (sold)/purchased by Employee Incentive Trust (EIT)					(74)
<b>As at 30 September 2011</b>		<b>5,253</b>	<b>785</b>	<b>56</b>	<b>(178)</b>

The notes on pages 48 to 86 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
84,377	23,006	(1,628)	(37)	248	111,882
3,445	2,552			(13)	5,984
			37		37
	(5,465)				31
				(235)	(5,465)
					(235)
<u>87,822</u>	<u>20,093</u>	<u>(1,628)</u>			<u>112,234</u>
86,945	26,042	(1,702)			117,159
(2,568)	2,427				(141)
			(37)		(37)
	(5,463)				116
				248	(5,463)
					248
		74			
<u>84,377</u>	<u>23,006</u>	<u>(1,628)</u>	<u>(37)</u>	<u>248</u>	<u>111,882</u>

# Company Statement of Changes in Equity

for the year ended 30 September 2012

	Notes	Share capital £000	Share premium £000	Capital redemption reserve £000
<b>Year ended 30 September 2012</b>				
As at 1 October 2011		5,253	785	56
Net profit for the year				
Share options expense	25			
Dividends declared and paid in year	10			
<b>As at 30 September 2012</b>		<b>5,253</b>	<b>785</b>	<b>56</b>
<b>Year ended 30 September 2011</b>				
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)				
<b>As at 30 September 2011</b>		<b>5,253</b>	<b>785</b>	<b>56</b>

The notes on pages 48 to 86 form part of these accounts.

Share options reserve £000	Capital reserve £000	Revenue reserve £000	Own shares reserve £000	Total £000
(178)	86,067	25,811	(1,628)	116,166
	3,505	3,402		6,907
31				31
		<u>(5,465)</u>		<u>(5,465)</u>
<u>(147)</u>	<u>89,572</u>	<u>23,748</u>	<u>(1,628)</u>	<u>117,639</u>
(220)	87,461	27,843	(1,702)	119,476
	(1,394)	3,431		2,037
116				116
		(5,463)		(5,463)
<u>(74)</u>			<u>74</u>	
<u>(178)</u>	<u>86,067</u>	<u>25,811</u>	<u>(1,628)</u>	<u>116,166</u>

# Consolidated Balance Sheet

as at 30 September 2012

	Notes	2012 £000	2011 £000
<b>Non-current assets</b>			
Property and equipment	12	247	410
Investments held at fair value through profit or loss	13	108,217	112,822
		<b>108,464</b>	<b>113,232</b>
<b>Current assets</b>			
Derivative instruments held at fair value through profit or loss	14		136
Trade and other receivables	16	1,418	5,817
Cash and cash equivalents	17	23,287	37,553
		<b>24,705</b>	<b>43,506</b>
Asset classified as held for sale	13	14,199	
<b>Total current assets</b>		<b>38,904</b>	<b>43,506</b>
<b>Total assets</b>		<b>147,368</b>	<b>156,738</b>
<b>Current liabilities</b>			
Financial liabilities held at fair value through profit or loss	13		(3,311)
Derivative instruments held at fair value through profit or loss	14		(99)
Trade and other payables	18	(1,256)	(7,645)
		<b>(1,256)</b>	<b>(11,055)</b>
Liabilities directly associated with the assets classified as held for sale	13	(55)	
<b>Total current liabilities</b>		<b>(1,311)</b>	<b>(11,055)</b>
<b>Total assets less current liabilities</b>		<b>146,057</b>	<b>145,683</b>
<b>Non-current liabilities</b>			
Debentures	18	(33,823)	(33,801)
<b>Total liabilities</b>		<b>(35,134)</b>	<b>(44,856)</b>
<b>Net assets</b>		<b>112,234</b>	<b>111,882</b>
<b>Represented by:</b>			
Ordinary share capital	19	5,253	5,253
Share premium		785	785
Capital redemption reserve		56	56
Share options reserve		(147)	(178)
Capital reserve		87,822	84,377
Revenue reserve		20,093	23,006
Own shares reserve	20	(1,628)	(1,628)
Currency translation reserve			(37)
<b>Equity Shareholders' Funds</b>		<b>112,234</b>	<b>111,634</b>
Non-controlling interest	15		248
<b>Total equity</b>		<b>112,234</b>	<b>111,882</b>
<b>Net asset value per share</b>			
Basic and fully diluted	21	pence 215.6	pence 214.5

Approved by the Board of Majedie Investments PLC (Company no. 109305) and authorised for issue on 4 December 2012.

Andrew J Adcock  
J William M Barlow  
Directors

The notes on pages 48 to 86 form part of these accounts.

# Company Balance Sheet

as at 30 September 2012

	Notes	2012 £000	2011 £000
<b>Non-current assets</b>			
Property and equipment	12	133	178
Investments held at fair value through profit or loss	13	122,361	127,176
Investments in subsidiaries held at fair value through profit or loss	13	8,021	7,000
Investments in subsidiaries held at cost	13	171	171
		<u>130,686</u>	<u>134,525</u>
<b>Current assets</b>			
Trade and other receivables	16	855	1,180
Cash and cash equivalents	17	20,922	15,245
		<u>21,777</u>	<u>16,425</u>
<b>Total assets</b>		<u>152,463</u>	<u>150,950</u>
<b>Current liabilities</b>			
Trade and other payables	18	(1,001)	(983)
<b>Total assets less current liabilities</b>		<u>151,462</u>	<u>149,967</u>
<b>Non-current liabilities</b>			
Debentures	18	(33,823)	(33,801)
<b>Total liabilities</b>		<u>(34,824)</u>	<u>(34,784)</u>
<b>Net assets</b>		<u>117,639</u>	<u>116,166</u>
<b>Represented by:</b>			
Ordinary share capital	19	5,253	5,253
Share premium		785	785
Capital redemption reserve		56	56
Share options reserve		(147)	(178)
Capital reserve		89,572	86,067
Revenue reserve		23,748	25,811
Own shares reserve	20	(1,628)	(1,628)
<b>Equity Shareholders' Funds</b>		<u>117,639</u>	<u>116,166</u>

Approved by the Board of Majedie Investments PLC (Company no. 109305) and authorised for issue on 4 December 2012.

Andrew J Adcock

J William M Barlow

Directors

The notes on pages 48 to 86 form part of these accounts.



# Consolidated Cash Flow Statement

for the year ended 30 September 2012

	Notes	2012 £000	2011 £000
<b>Net cash flow from operating activities</b>			
Consolidated net return before taxation		6,116	59
Adjustments for:			
Gains on investments	13	(7,832)	(2,233)
Dividends reinvested			(5)
Share based remuneration		31	116
Depreciation		166	208
Purchases of investments		(116,131)	(1,300,122)
Sales of investments		125,175	1,319,735
Adjustment to non-current asset investments on consolidation			20,000
Proceeds from derivative contracts		(911)	483
Exchange gains on translation of foreign investments			(109)
Increase in non-controlling interest			248
		6,614	38,380
Finance costs		2,820	2,886
<b>Operating cashflows before movements in working capital</b>		9,434	41,266
(Decrease)/increase in trade and other payables		(528)	139
Decrease/(increase) in trade and other receivables		204	(758)
<b>Net cash inflow from operating activities before tax</b>		9,110	40,647
Tax recovered		37	29
Tax on unfranked income		(158)	(245)
<b>Net cash inflow from operating activities</b>		8,989	40,431
<b>Investing activities</b>			
Purchases of tangible assets		(3)	(87)
Investment in Javelin UCITS Fund classified as asset held for sale		(14,990)	
<b>Net cash outflow from investing activities</b>		(14,993)	(87)
<b>Financing activities</b>			
Interest paid		(2,797)	(2,866)
Dividends paid		(5,465)	(5,463)
<b>Net cash outflow from financing activities</b>		(8,262)	(8,329)
(Decrease)/increase in cash and cash equivalents for year	22	(14,266)	32,015
Cash and cash equivalents at start of year		37,553	5,538
Cash and cash equivalents at end of year		23,287	37,553

The notes on pages 48 to 86 form part of these accounts.

# Company Cash Flow Statement

for the year ended 30 September 2012

	Notes	2012 £000	2011 £000
<b>Net cash flow from operating activities</b>			
Company net return before taxation		7,020	2,158
Adjustments for:			
Gains on investments	13	(6,258)	(1,547)
Dividends reinvested			(5)
Share based remuneration		31	116
Depreciation		45	47
Purchases of investments		(32,901)	(15,692)
Sales of investments		43,944	35,546
Proceeds from derivative contracts		183	
		12,064	20,623
Finance costs		2,805	2,803
<b>Operating cashflows before movements in working capital</b>		14,869	23,426
Increase/(decrease) in trade and other payables		18	(210)
Decrease/(increase) in trade and other receivables		135	(141)
<b>Net cash inflow from operating activities before tax</b>		15,022	23,075
Tax recovered		37	29
Tax on unfranked income		(134)	(166)
<b>Net cash inflow from operating activities</b>		14,925	22,938
<b>Investing activities</b>			
Purchases of tangible assets			(4)
Investment in subsidiaries		(1,000)	(2,500)
<b>Net cash outflow from investing activities</b>		(1,000)	(2,504)
<b>Financing activities</b>			
Interest paid		(2,783)	(2,783)
Dividends paid		(5,465)	(5,463)
<b>Net cash outflow from financing activities</b>		(8,248)	(8,246)
<b>Increase in cash and cash equivalents for year</b>		5,677	12,188
Cash and cash equivalents at start of year		15,245	3,057
<b>Cash and cash equivalents at end of year</b>		20,922	15,245

The notes on pages 48 to 86 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 94. The nature of the Group's operations and its principal activities are set out in the Business Review on pages 20 to 26 and in note 2 on page 55.

## Critical Accounting Assumptions and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out below.

## Unquoted Investments

Unquoted investments are valued at management's best estimate of fair value in accordance with IFRS having regard to International Private Equity and Venture Capital Valuation Guidelines as recommended by the British Venture Capital Association. The principles which the Group applies are set out on pages 52 and 53. The inputs into the valuation methodologies adopted include observable historical data such as earnings or cash flow as well as more subjective data such as earnings forecasts or discount rates. As a result of this, the determination of fair value requires significant management judgement. At the year end, unquoted investments (including MAM) represent 37.4% of consolidated shareholders' funds.

## Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 25 and on page 51.

## 1 Significant Accounting Policies

The principal accounting policies adopted are set out as follows:

The accounts on pages 38 to 86 comprise the audited results of the Company and its subsidiaries for the year ended 30 September 2012, 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 Group's activities are continuing, except as indicated in note 15. It is considered that the relevant sections of IFRS 5 in respect of discontinued operations do not apply.

## 1 Significant Accounting Policies continued

### Basis of Consolidation

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

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. When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. All Group entities have the same year end date, except for the Javelin Capital Emerging Markets Alpha Fund which has a 31 December year end.

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 interest'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.

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:

### Standards Issued 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
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014

Management anticipates that all of the relevant pronouncements will be adopted in the next accounting period subject to the results of the detailed review as outlined below. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application, except for IFRS 10. A detailed review will be performed by the Board to quantify any potential impact on the subsequent application of IFRS 10.

## 1 Significant Accounting Policies *continued*

IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation – Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. On 31 October 2012 the IASB issued Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). The amendment gives entities that meet the criteria of an investment entity the ability to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. However, the requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary remain the same. Management's provisional analysis is that IFRS 10 and the Investment Entities amendment, which can be early adopted, will change the classification (as subsidiary or otherwise) of the JCEMA investee entity as at 1 October 2012. This change will have no material effect on the Group's overall results, but will provide a much simpler view of its activities.

### 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. Up until 6 April 2012, 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 entity are presented in the currency of the primary economic environment in which the entity operates, i.e. its functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Pounds Sterling (Sterling) which is the functional currency of the Company, and the presentational currency of the Group. Transactions in currencies other than Sterling are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the year in respect of those investments which are classified as fair value through profit or loss. All foreign exchange gains and losses, except those arising from the translation of foreign subsidiaries, are recognised in the Consolidated Statement of Comprehensive Income. In accordance with IAS 21, a foreign currency translation reserve has been established in respect of the exchange movements arising on consolidation since 30 September 2011. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 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 in order to earn potential future revenues.

### Income

Dividend income from investments is taken to the revenue account on an ex-dividend basis. Dividend expense relating to equity securities sold short is recognised when the Shareholders' right to receive payment is established. 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.

## 1 Significant Accounting Policies continued

### Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the 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 on an accruals basis.

### 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. Finance costs are debited on an accruals basis using the effective interest method.

### Share Based Payments

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.

### 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.

# Notes to the Accounts

## 1 Significant Accounting Policies *continued*

### Property and Equipment

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

### Leasing

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

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

### Investments Held at Fair Value Through Profit or Loss

The Group classifies its investments in debt and equity securities, and derivatives, as financial assets or financial liabilities at fair value through profit or loss.

This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

#### (i) Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading. The Group does not currently classify any derivatives as hedges in a hedging relationship.

#### (ii) Financial assets and liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy.

The Group's policy requires the Investment Manager and the Board to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information. These financial assets and liabilities are expected to be realised within 12 months of the statement of financial position date.

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 for listed securities, 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.



## 1 Significant Accounting Policies continued

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.

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.

### **Non-current assets (or disposal groups) held-for-sale**

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

### **Investment in Subsidiaries**

In its separate financial statements the Company recognises its investment in subsidiaries at cost, less any impairment or if they are held and managed as investments 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. Financial assets and financial liabilities are initially measured at fair value.

### **Derivative Financial Instruments**

Derivative 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 through profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group's activities expose it primarily to the financial risks of changes in market prices, foreign currency exchange rates and interest rates. Derivative transactions which the Company may enter into comprise forward foreign exchange contracts (the purpose of which is to manage currency risks arising from the Company's investing activities), quoted options or Contracts For Difference (CFDs) on shares held within the portfolio, or on indices appropriate to sections of the portfolio (the purpose of which is to provide protection against falls in the capital values of the holdings) and futures contracts on indices appropriate to sections of the portfolio (one purpose for which may be to provide protection against falls in the capital values of the holdings). The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies as approved by the Board, which has set written principles for the use of financial derivatives.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Comprehensive Income as they arise. If capital in nature, the associated change in value is presented as a capital item in the Statement of Comprehensive Income.

# Notes to the Accounts

## 1 Significant Accounting Policies *continued*

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.

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.

### **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 either classified as financial liabilities at fair value through profit or loss and are recognised initially at fair value or 'other financial liabilities' (including borrowings and trade and other payables that are classified and subsequently measured at amortised cost). Financial liabilities are subsequently measured at fair value and changes in fair value are recognised in the Statement of Comprehensive Income.

### **Non current liabilities**

The debentures are initially recognised at cost, being the fair value of the consideration received less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future payments over the expected life of the financial liabilities, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

## 1 Significant Accounting Policies continued

### 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 Statement of Comprehensive Income and subsequently 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.

Share options reserve represents the expense of share based payments. The fair value of share options is measured at grant date and spread over the vesting period. The deemed expense is transferred to the share options reserve.

Share premium account represents the excess over nominal value of consideration received for equity shares, net of expenses of the share issue.

### 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.

### Dividends payable to shareholders

Dividends to shareholders are accounted for in the period in which they are paid or approved in general meetings. Dividends payable to shareholders are recognised in the Statement of Changes in Equity when they are paid, or have been approved by shareholders in the case of a final dividend and become a liability of the Company.

## 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 77 and 78.

### 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.

# Notes to the Accounts

## 2 Business Segments continued

	Group 2012				Group 2011			
	Investing activities £000	Investment management and advisory services £000	Eliminations £000	Total £000	Investing activities £000	Investment management and advisory services £000	Eliminations £000	Total £000
External income from investment management services		18		18		1,318	(1,318)	
Intra-group income from investment management services		1,241	(1,241)					
Other operating and investment income	5,142	3		5,145	5,537	3		5,540
Intra-group finance income					(25)		25	
	5,142	1,262	(1,241)	5,163	5,512	1,321	(1,293)	5,540
Performance shares and options fair value charge	(31)			(31)	(116)			(116)
Other administrative costs	(1,194)	(1,716)		(2,910)	(1,304)	(2,979)		(4,283)
Intra-group investment management services expenses	(1,181)	(60)	1,241		(1,318)		1,318	
Other operating expenses	(78)	(200)		(278)	13	(442)		(429)
	(2,484)	(1,976)	1,241	(3,219)	(2,725)	(3,421)	1,318	(4,828)
Operating profit/(loss)	2,658	(714)		1,944	2,787	(2,100)	25	712
Finance costs	(2,820)			(2,820)	(2,886)			(2,886)
Intra-group finance costs						25	(25)	
Gains on fair value through profit and loss	7,832			7,832	2,233			2,233
Foreign exchange loss on disposal of subsidiary	(840)			(840)				
Profit/(loss) before tax	6,830	(714)		6,116	2,134	(2,075)		59
Total assets	144,094	3,274		147,368	152,949	3,789		156,738
Total liabilities	(34,911)	(223)		(35,134)	(44,131)	(725)		(44,856)
Intra-group assets/(liabilities)	8,426	(426)	(8,000)		7,419	(419)	(7,000)	
Net assets	117,609	2,625	(8,000)	112,234	116,237	2,645	(7,000)	111,882

## 3 Income

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Income from investments				
Franked investment income <sup>†</sup>	4,113	4,153	4,113	4,153
UK unfranked investment income	135	138	135	138
Overseas dividends	835	1,105	867	1,053
Fixed interest and convertible bonds	17	38	17	38
	5,100	5,434	5,132	5,382

<sup>†</sup> Includes MAM ordinary dividend income of £2,215,000 (2011: £1,914,000).

### 3 Income continued

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
<b>Other income</b>				
Deposit interest	32	68	21	6
Other interest		19		19
Sundry income	31	19	13	(6)
	<b>63</b>	<b>106</b>	<b>34</b>	<b>19</b>
<b>Total income</b>	<b>5,163</b>	<b>5,540</b>	<b>5,166</b>	<b>5,401</b>
<b>Total income comprises:</b>				
Dividends	5,083	5,396	5,115	5,344
Interest	49	125	38	63
Other income	31	19	13	(6)
	<b>5,163</b>	<b>5,540</b>	<b>5,166</b>	<b>5,401</b>
<b>Income from investments</b>				
Listed UK	2,033	2,377	2,033	2,377
Listed overseas	852	1,143	884	1,091
Unlisted	2,215	1,914	2,215	1,914
	<b>5,100</b>	<b>5,434</b>	<b>5,132</b>	<b>5,382</b>

### 4 Management Fees

	Company 2012			Company 2011		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Investment management	137	412	549	173	519	692
Administration	245		245	245		245
	<b>382</b>	<b>412</b>	<b>794</b>	<b>418</b>	<b>519</b>	<b>937</b>

A summary of the terms of the Management Agreement for the Company with Javelin Capital LLP is given in the Business Review on pages 24 and 25. At 30 September 2012, an amount of £52,000 was outstanding for payment of investment management fees when due (2011: £49,000) and outstanding administration fees of £22,000 (2011: £22,000).

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 25. No performance fee is due in respect of the year ended 30 September 2012 (2011: £nil).

# Notes to the Accounts

## 5 Administrative Expenses

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Staff costs – note 7	720	1,385	31	122
Other staff costs and directors' fees	304	354	233	239
Advisers' costs	569	715	322	379
Restructuring costs		265		139
Information costs	454	738	44	52
Establishment costs	121	119		
Operating lease rentals – premises	124	123		
Depreciation on tangible assets	166	208	45	47
Auditor's remuneration (see below)	73	110	55	55
Pre start-up costs		195		
Other expenses	688	616	75	17
	<b>3,219</b>	<b>4,828</b>	<b>805</b>	<b>1,050</b>

A charge of £1,442,000 (2011: £2,633,000) to capital and an equivalent credit to revenue has been made in the Group and a charge of £237,000 (2011: £320,000) 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 Auditor for the year, all of which were charged to revenue, comprised:

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Audit services				
– statutory audit	66	103	48	48
Other non-audit services	7	7	7	7
	<b>73</b>	<b>110</b>	<b>55</b>	<b>55</b>

All fees incurred during the year were to Ernst & Young LLP (2011: All Ernst & Young LLP except for £18,200 to PricewaterhouseCoopers LLP in respect of the QIF).

## 6 Directors' Emoluments

	Company 2012 £000	Company 2011 £000
Fees	209	207
	<b>209</b>	<b>207</b>

The Report on Directors' Remuneration on pages 32 to 34 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 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Salaries and other payments	591	1,089		
Social security costs	69	129		6
Pension contributions	29	51		
Share based remuneration – note 25	31	116	31	116
	<b>720</b>	<b>1,385</b>	<b>31</b>	<b>122</b>

	Group 2012 Number	Group 2011 Number	Company 2012 Number	Company 2011 Number
Average number of employees: Management and office staff	<b>8</b>	<b>11</b>		

## 8 Finance Costs

	Group 2012			Group 2011		
	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	17	22	5	15	20
Other interest payable	4	11	15	20	63	83
	<b>705</b>	<b>2,115</b>	<b>2,820</b>	<b>721</b>	<b>2,165</b>	<b>2,886</b>

	Company 2012			Company 2011		
	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	17	22	5	15	20
	<b>701</b>	<b>2,104</b>	<b>2,805</b>	<b>701</b>	<b>2,102</b>	<b>2,803</b>

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

## 9 Taxation

### Analysis of tax charge

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Tax on overseas dividends	<b>132</b>	<b>200</b>	<b>113</b>	<b>121</b>



# Notes to the Accounts

## 9 Taxation continued

### Reconciliation of tax charge:

The current taxation for the year is lower (2011: higher) than the standard rate of corporation tax in the UK of 24%, (2011: 26%). The differences are explained below:

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Net return before taxation	6,116	59	7,020	2,158
Taxation at UK Corporation Tax rate of 25% (2011: 27%)	1,529	16	1,755	583
Effects of:				
– UK dividends which are not taxable	(1,054)	(1,158)	(1,054)	(1,158)
– foreign dividends which are not taxable	(213)	(278)	(213)	(278)
– gains on investments which are not taxable	(1,748)	(603)	(1,564)	(417)
– expenses not deductible for tax purposes	28	53	33	57
– excess expenses for current year	1,458	1,970	1,043	1,213
– overseas taxation which is not recoverable	132	200	113	121
Actual current tax charge	132	200	113	121

### Group

After claiming relief against accrued income taxable on receipt, the Group has unrelieved excess expenses of £67,564,000 (2011: £61,728,000). 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 £60,681,000 (2011: £56,597,000). 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 2012 £000	Group and Company 2011 £000
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
2011 Final dividend of 6.30p paid on 25 January 2012	3,279	
2012 Interim dividend of 4.20p paid on 27 June 2012	2,186	
	<b>5,465</b>	<b>5,463</b>
	2012 £000	2011 £000
Proposed final dividend for the year ended 30 September 2012 of 6.30p (2011: final dividend of 6.30p) per ordinary share	3,279	3,279
	<b>3,279</b>	<b>3,279</b>

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

Set out below is the total dividend to be paid in respect of the financial year. This is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

	2012 £000	2011 £000
Interim dividend for the year ended 30 September 2012 of 4.20p (2011: 4.20p) per ordinary share	2,186	2,186
Proposed final dividend for the year ended 30 September 2012 of 6.30p (2011: 6.30p) per ordinary share	3,279	3,279
	<b>5,465</b>	<b>5,465</b>

## 11 Return/(Loss) per Ordinary Share

Basic return/(loss) per ordinary share is based on 52,044,613 (2011: 52,029,833) 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 2012 and 2011 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 2012 £000	Group 2011 £000
Basic and diluted revenue returns are based on net revenue after taxation of:	2,552	2,427
Basic and diluted capital returns are based on net capital return/(loss) of:	3,445	(2,568)
Basic and diluted total returns are based on return/(loss) of:	<b>5,997</b>	<b>(141)</b>

# Notes to the Accounts

## 11 Return/(Loss) per Ordinary Share continued

	Company 2012 £000	Company 2011 £000
Basic and diluted revenue returns are based on net revenue after taxation of:	3,402	3,431
Basic and diluted capital returns are based on net capital return/(loss) of:	3,505	(1,394)
Basic and diluted total returns are based on return of:	<b>6,907</b>	<b>2,037</b>

## 12 Property and Equipment

	Group Leasehold Improvements £000	Group Office Equipment £000	Group Total £000
Cost:			
At 1 October 2011	171	581	752
Additions		3	3
Disposals		(1)	(1)
At 30 September 2012	<b>171</b>	<b>583</b>	<b>754</b>
Depreciation:			
At 1 October 2011	40	302	342
Charge for year	17	149	166
Disposals		(1)	(1)
At 30 September 2012	<b>57</b>	<b>450</b>	<b>507</b>
Net book value:			
At 30 September 2012	<b>114</b>	<b>133</b>	<b>247</b>
At 30 September 2011	131	279	410

	Company Leasehold Improvements £000	Company Office Equipment £000	Company Total £000
Cost:			
At 1 October 2011	171	168	339
Additions			
Disposals			
At 30 September 2012	<b>171</b>	<b>168</b>	<b>339</b>
Depreciation:			
At 1 October 2011	40	121	161
Charge for year	17	28	45
Disposals			
At 30 September 2012	<b>57</b>	<b>149</b>	<b>206</b>
Net book value:			
At 30 September 2012	<b>114</b>	<b>19</b>	<b>133</b>
At 30 September 2011	131	47	178

### 13 Investments at Fair Value Through Profit or Loss

	Group 2012			Group 2011		
	Listed £000	Unlisted £000	Total £000	Listed £000	Unlisted £000	Total £000
Opening cost at beginning of year	69,262	12,862	82,124	110,166	14,034	124,200
Gains/(losses) at beginning of year	(2,195)	29,582	27,387	369	20,854	21,223
Opening fair value at beginning of year	67,067	42,444	109,511	110,535	34,888	145,423
Transfer on consolidation of QIF				(20,000)		(20,000)
Purchases at cost	110,270		110,270	1,305,385		1,305,385
Sales – proceeds	(120,422)	(574)	(120,996)	(1,322,570)	(512)	(1,323,082)
Gains/(losses) on sales	1,500	(1,957)	(457)	(3,791)	(660)	(4,451)
Increase/(decrease) in investment holding gains	7,904	2,022	9,926	(2,564)	8,728	6,164
Foreign exchange (losses)/gains on retranslation of foreign investment	(37)		(37)	72		72
<b>Closing fair value at end of year</b>	<b>66,282</b>	<b>41,935</b>	<b>108,217</b>	<b>67,067</b>	<b>42,444</b>	<b>109,511</b>
Closing cost at end of year	60,573	10,331	70,904	69,262	12,862	82,124
Gains/(losses) at end of year	5,709	31,604	37,313	(2,195)	29,582	27,387
<b>Closing fair value at end of year</b>	<b>66,282</b>	<b>41,935</b>	<b>108,217</b>	<b>67,067</b>	<b>42,444</b>	<b>109,511</b>

The comparative figures for the Group investments on the Balance Sheet are disclosed as investments held at fair value of £112,822,000 less financial liabilities held at fair value of £3,311,000.

	Company 2012			
	Listed £000	Unlisted £000	Related and subsidiary companies £000	Total £000
Opening cost at beginning of year	86,830	12,814	8,010	107,654
(Losses)/gains at beginning of year	(2,098)	29,630	(839)	26,693
Opening fair value at beginning of year	84,732	42,444	7,171	134,347
Purchases at cost	32,901		1,000	33,901
Sales – proceeds	(43,196)	(574)		(43,770)
Losses on sales	(973)	(1,957)		(2,930)
Increase in investment holding gains	6,962	2,022	21	9,005
<b>Closing fair value at end of year</b>	<b>80,426</b>	<b>41,935</b>	<b>8,192</b>	<b>130,553</b>
Closing cost at end of year	75,562	10,283	9,010	94,855
Gains/(losses) at end of year	4,864	31,652	(818)	35,698
<b>Closing fair value at end of year</b>	<b>80,426</b>	<b>41,935</b>	<b>8,192</b>	<b>130,553</b>

# Notes to the Accounts

## 13 Investments at Fair Value Through Profit or Loss continued

	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	129,662
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
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

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 £2,935,000 in 18 various companies (2011: £3,186,000 in 20 companies), £39,000,000 (2011: £39,000,000) for our investment in MAM as detailed on pages 68 and 69 and £nil (2011: £258,000) of loan or convertible notes that pay a fixed rate of interest. The valuation of investments on pages 14 and 15 includes 6 unlisted investments of over £100,000 (including MAM).

During the year the Company incurred transaction costs amounting to £113,000 (2011: £151,000) of which £59,000 (2011: £74,000) related to the purchases of investments and £54,000 (2011: £77,000) 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 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Net losses on sales of equity investments	(457)	(4,451)	(2,930)	(4,714)
Net loss on sale of Javelin UCITS investment classified as an asset held for sale (page 68)	(10)			
Increase in holding gains on equity investments	9,926	6,164	9,005	6,261
Decrease in value of Javelin UCITS investment classified as an asset held for sale (page 68)	(716)			
Proceeds on sale of derivative contracts (note 14)	(911)	483	183	
Unrealised gains on derivative contracts (note 14)		37		
<b>Net return on investments</b>	<b>7,832</b>	<b>2,233</b>	<b>6,258</b>	<b>1,547</b>

### 13 Investments at Fair Value Through Profit or Loss continued

#### Fair value hierarchy disclosures

The Group is required 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 be 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.







# Notes to the Accounts

## 13 Investments at Fair Value Through Profit or Loss continued

	Company 2011				
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 Statement of Comprehensive Income	8,068	8,074	(2)	(3)	(1)
	49,615	49,353	258		4

### 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 Javelin Funds 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

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 (JCGES)

The Company invested £20m of seed capital into the JCGES fund on 20 September 2010. During the year, after a review by Javelin Capital, it was agreed to close the fund. As such on 21 September 2012 the Company, at that time the only remaining shareholder, redeemed its participating redeemable shares for £17.7m and a loss of £2.3m (excluding a gain of £0.8m received from the FX hedging programme undertaken on the investment). The Company has a residual interest in the JCGEF as the only holder of subscriber shares in the umbrella company, Javelin Capital Strategies plc, and will receive any surplus assets on liquidation. Due to its controlling interest in the JCGES fund, the holding was fully consolidated into the group accounts during the year in accordance with IFRS. The results for the JCGES fund for the year are shown in note 15 on page 71.

### Javelin Capital Emerging Markets Alpha Fund (JCEMA)

The Company invested £15m of seed capital into the JCEMA fund on 16 January 2012 and as at 30 September 2012 has an 82.15% controlling interest. On 24 February 2012 a small holding was transferred into a different share class in the fund resulting in a loss of £10,000. This holding is consolidated into the group accounts in accordance with IFRS 5 under the classification of Assets held for sale. Further information is on page 69. The results for the JCEMA fund for the year are shown in note 15 on page 71.

On 2 November 2012, the Company subscribed to an additional 194,571 Class D GBP shares in the Javelin Capital Emerging Markets Alpha Fund at a cost of £18.15m.

### 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:

	2012 £000	2011 £000
Deemed cost of investment	1,197	1,207
Holding gains	37,803	37,793
Fair value at 30 September	39,000	39,000

### 13 Investments at Fair Value Through Profit or Loss continued

The carrying value of MAM in the 30 September 2012 Consolidated Financial Statements is its fair value as assessed at 30 September 2012. 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 2012 and the 2013 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 2012 show a net profit after taxation of £17,296,000 (2011: £10,630,000) and shareholders' funds of £30,041,000 (2011: £25,134,000). 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.

In accordance with the revised shareholders' agreement, the founding shareholders (including the Company) will sell a certain number of shares to the MAM Employee Benefit Trust, usually annually and at the prescribed price (as calculated in accordance with the revised shareholders' agreement). During the year on 27 October and 16 December 2011 the Company sold 590 and 431 shares to the MAM Employee Benefit Trust for an overall consideration of £324,000 and a gain of £314,000. Following these transactions the Company holds 127,550 ordinary 0.1p shares representing a 29.8% shareholding.

#### Assets classified as held-for-sale

As noted on page 68, the Company has made investments into JCEMA which result in a controlling interest. At the time of the initial investment (and which currently remains the case), the fund is thought more attractive to investors and along with active marketing it was considered that the Company's interest could become non-controlling within 12 months. The fund therefore could be consolidated in accordance with IFRS 5, which was not available to the JCGES fund, under a new classification called asset classified as held for sale. Within that timeframe if the Company's interest becomes non-controlling it will be reclassified to investments held at fair value through profit or loss, however should this not be the case the investment will be accounted for in accordance with IFRS 10 and the investment entities exemptions, as appropriate.

### 14 Derivative financial instruments

#### Introduction

Typically, derivative contracts serve as components of the Group's investment strategy and are utilised primarily to structure and hedge investments, to enhance performance and reduce risk to the Group (the Group does not designate any derivative as a hedging instrument for hedge accounting purposes). The derivative contracts that the Group typically holds in the portfolio include:

- Futures and forward contracts relating to foreign currencies, market indices and bonds
- Options relating to foreign currencies, market indices, equities and interest rates
- Swaps relating to equity indices and Contracts for Difference (CFDs)
- Short selling equities

As explained above, the Group uses derivative financial instruments to economically hedge its risks associated primarily with interest rate and foreign currency fluctuations. Derivative financial instruments may also be used for trading purposes where the Investment Manager believes this would be more effective than investing directly in the underlying financial instruments.

The notional amount of certain types of financial instruments provides a basis for comparison with instruments recognised on the balance sheet but does not necessarily indicate the amount of future cash flows involved or the current fair value of the derivatives.

## Notes to the Accounts

### 14 Derivative financial instruments continued

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, indices, security prices or foreign exchange rates relative to the derivatives terms. The aggregate contractual or notional amount of derivative financial instruments held, the extent to which instruments are favourable or unfavourable and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

Derivatives often reflect, at their inception, only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the underlying of a derivative contract may have a significant impact on the profit or loss of the Group.

OTC derivatives may expose the Group to the risks associated with the absence of an exchange market on which to close out an open position.

The Group's investment objective sets limits on investments in derivatives with high risk profile. The Investment Manager is instructed to closely monitor the Group's exposure under derivative contracts as part of the overall management of the Group's market risk (see also note 26).

As mentioned in note 13, included within the composition of investment return for the year is a realised derivatives gain of £0.8m in relation to the FX hedging programme undertaken on the Javelin Capital Global Equity Strategies Fund (JCGES) – a US denominated Irish listed fund.

Additionally, during the year, the Company purchased some FTSE 100 put options for portfolio protection purposes. These were held until expiry and expired out of the money resulting in a loss of £0.6m. Details of the Group and Company's unsettled derivatives are below:

	Group 2012			Group 2011		
	Assets £000	Liabilities £000	Net £000	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 2012

Company and business	Country of Registration Incorporation and Operation	Number and class of shares held by group	Company		Profit after tax for the year ended 30.09.12 £000
			Group Holding	Capital Reserves at 30.09.12 £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%	(3,458)	(1,852)
Javelin Capital LLP – Asset Management, authorised and regulated by the FSA	UK	75% interest	75%	2,625	(714)
Javelin Capital Services Limited – Administration Services	UK	100 Ordinary shares	75%		
Javelin Capital Fund Management Limited# – Not trading	Ireland	2 Ordinary shares	75%		
Javelin Capital Strategies Plc^ (subfund: Javelin Capital Global Equity Strategies Fund) – Qualifying Investment Fund (QIF), supervised by the Central Bank in Ireland – Not trading	Ireland	2 Subscriber shares	100%	21	(1,391)
Serviced Platform SICAV† (subfund: Javelin Capital Emerging Markets Alpha Fund) – Undertakings for Collective Investment in Transferable Securities (UCITS), supervised by the Commission de Surveillance du Secteur Financier (CSSF)	LUX	140,000 Class D GBP shares 5,000 Class D USD shares 10,407 Class E USD shares	82.2%		

Javelin Capital Services Limited (JCS) and Javelin Capital Fund Management Limited (JCFM) are all wholly owned subsidiaries of Javelin Capital LLP.

# JCFM ceased trading on 19 June 2012 and its regulatory capital was returned to Javelin Capital LLP.

^ The QIF ceased trading on 21 September 2012 with all redeemable preference shares being redeemed. The Company owns 2 subscriber shares which will receive any surplus on liquidation.

† The Javelin Capital Emerging Markets Alpha Fund is a sub-fund of the Services Platform SICAV. The SICAV has a financial year end of December with its first accounts being in respect of the period to 31 December 2012.

### b) Non-Controlling Interest

Following the closure of the QIF on 21 September 2012, the non-controlling interest previously reflected in the Consolidated Statement of Comprehensive Income and Balance Sheet, and including its proportion of results for the current period of the QIF up to the date of closure, representing the other investors in the QIF has been derecognised in accordance with IFRS.

## Notes to the Accounts

### 15 Investment in Subsidiaries continued

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 Partnership 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 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Sales for future settlement		4,179		174
Prepayments	1,111	1,256	27	193
Dividends receivable	254	298	254	298
Accrued income	3	18	3	8
Taxation recoverable	50	66	50	66
Amounts due from subsidiary undertakings			521	441
	<b>1,418</b>	<b>5,817</b>	<b>855</b>	<b>1,180</b>

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

### 17 Cash and Cash Equivalents

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Deposits at banks	22,129	17,051	20,431	14,809
Collateral cash held with brokers	91	2,115		
Cash held with brokers		17,575		
Other balances	1,067	812	491	436
	<b>23,287</b>	<b>37,553</b>	<b>20,922</b>	<b>15,245</b>

Cash used for collateral is restricted.

### 18 Trade and Other Payables

Amounts falling due within one year:

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Purchases for future settlement		5,861		
Accrued expenses	313	285	249	276
Other creditors	943	1,499	752	707
	<b>1,256</b>	<b>7,645</b>	<b>1,001</b>	<b>983</b>

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 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
£13.5m (2011: £13.5m) 9.5% debenture stock 2020	13,401	13,392	13,401	13,392
£20.7m (2011: £20.7m) 7.25% debenture stock 2025	20,422	20,409	20,422	20,409
	<b>33,823</b>	<b>33,801</b>	<b>33,823</b>	<b>33,801</b>

## 18 Trade and Other Payables continued

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 amortised 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 2012 £000	Company 2011 £000
Allotted and fully paid at 30 September: 52,528,000 (2011: 52,528,000) ordinary shares of 10p each	5,253	5,253

There are 483,387 (2011: 483,387) 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 201,601 under the Long Term Incentive Plan ("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 2011	483,387	(1,628)
Options exercised		
As at 30 September 2012	483,387	(1,628)

## 21 Net Asset Value

The consolidated net asset value per share has been calculated based on equity shareholders' funds of £112,234,000 (2011: £111,634,000) and on 52,044,613 (2011: 52,044,613) 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 Cash/(Debt)

Group	At 30 September 2011 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2012 £000
Cash at bank and with brokers	37,553	(14,266)		23,287
Debt due after one year	(33,801)		(22)	(33,823)
	3,752	(14,266)	(22)	(10,536)

Company	At 30 September 2011 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2012 £000
Cash at bank	15,245	5,677		20,922
Debt due after one year	(33,801)		(22)	(33,823)
	(18,556)	5,677	(22)	(12,901)

# Notes to the Accounts

## 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 2012 under the lease of £145,000 (2011: £145,000). This operating lease commitment is disclosed in the table below:

Expiry Date	Group 2012 £000	Group 2011 £000
Within one year	145	145
Between one and two years	34	145
Between two and three years		32
	<b>179</b>	<b>322</b>

## 24 Financial Commitments

At 30 September 2012 the Group had no financial commitments which had not been accrued for (2011: none).

## 25 Share-based Payments

The Group currently operates one share-based payment scheme being the 2006 LTIP which in turn has two sections relating to Total Shareholder Return ("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.

### 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 2012			
	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 2011	178,319	0.0	10,437	0.0
During the year:				
Awarded				
Forfeited				
Exercised				
Expired				
Increase in awards due to dividends paid	12,134	0.0	711	0.0
Outstanding at 30 September 2012	<b>190,453</b>	<b>0.0</b>	<b>11,148</b>	<b>0.0</b>
Exercisable at 30 September 2012			<b>11,148</b>	<b>0.0</b>



## 25 Share-based Payments continued

	Group 2011			
	TSR-based Awards		Matching Awards	
	No.	Weighted Average Exercise Price (p)	No.	Weighted Average Exercise Price (p)
	Options of		Options of	
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	<u>178,319</u>	0.0	<u>10,437</u>	0.0
Exercisable at 30 September 2011			<u>10,437</u>	0.0

The awards outstanding at 30 September 2012 had a weighted average remaining contractual life of 1.4 years and nil in respect of the TSR-based Awards and Matching Awards respectively (2011: 3.4 years and 0.1 years respectively).

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

For the year ended 30 September 2012, the Company recognised a total share options expense of £31,000 (2011: £116,000 including a one-off vesting charge of £59,000) 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 risk management processes of the Company are aligned with those of the Group as a whole and it is at the Group level that the majority of the risk management procedures are performed. Where relevant and materially different to the Group position, Company specific risk exposures are explained alongside those of the Group. The following risk and sensitivity analysis included in this note are based on the ongoing operations of the Group and Company therefore does not include disclosures in relation to the investment in the QIF (previously consolidated as a subsidiary and which closed during September 2012).

### Management of market risk

Management of market risk is fundamental to the Group's investment objective and the investment portfolio is continually monitored to ensure an appropriate balance of risk and reward.

Exposure to any one entity is monitored by the Board and senior management. The Company has complied with the requirement of the relevant tax legislation for an investment trust not to invest more than 15% of the total value of its investments in the securities of any one group at the time of the initial acquisition, or subsequent purchase.

## 26 Financial Instruments and Risk Profile continued

From time to time, the Group may seek to reduce or increase its exposure to stock markets and currencies by taking positions in currency forward contracts, index futures and options relating to one or more stock markets. These instruments are used for the purpose of hedging some or all of the existing exposure within the Group's investment portfolio to those currencies or particular markets or to enable increased exposure when deemed appropriate and with the specific approval of the Board.

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:

- 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.

### 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 2012 was £24,793,000 and £25,653,000 respectively (2011: £24,640,000 and £22,210,000 respectively).

## 26 Financial Instruments and Risk Profile continued

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.

The Group is able, although unlikely, to enter into forward currency contracts as a means of limiting or increasing its exposure to particular currencies. Such contracts can be used for the purpose of hedging the existing currency exposure of elements of the Group's portfolio (as a means of reducing risk) or to enable increased exposure when this is deemed appropriate.

During the year, part of the Company's portfolio currency exposure in respect of its £20m US dollar investment in Javelin Capital Global Strategies Fund (QIF) was managed by a hedging programme until the fund was closed on 21 September 2012 (as discussed on page 68). There were no other forward currency contracts undertaken during the year.

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 2012			Group 2011		
	Overseas investments	Net monetary assets	Total currency exposure	Overseas investments	Net monetary assets	Total currency exposure
	£000	£000	£000	£'000	£000	£000
US Dollar	16,059	91	16,150	12,304	19,417	31,721
Euro	2,729		2,729	3,905	285	4,190
Yen	1,540		1,540	2,134		2,134
Other non-sterling	4,465		4,465	6,297	(12)	6,285
	<b>24,793</b>	<b>91</b>	<b>24,884</b>	<b>24,640</b>	<b>19,690</b>	<b>44,330</b>

Currency exposure	Company 2012			Company 2011		
	Overseas investments	Net monetary assets	Total currency exposure	Overseas investments	Net monetary assets	Total currency exposure
	£000	£000	£000	£'000	£000	£000
US Dollar	16,920		16,920	12,361		12,361
Euro	2,729		2,729	4,013		4,013
Yen	1,540		1,540	2,134		2,134
Other non-sterling	4,464		4,464	3,702		3,702
	<b>25,653</b>		<b>25,653</b>	<b>22,210</b>		<b>22,210</b>

### 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 2011. The revenue impact is an estimated figure for 12 months based on the relevant cash balances at the reporting date.

## Notes to the Accounts

### 26 Financial Instruments and Risk Profile continued

Income Statement	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Revenue return		(1)		
Capital return	(1,240)	(1,232)	(1,283)	(1,110)
<b>Net assets</b>	<b>(1,240)</b>	<b>(1,233)</b>	<b>(1,283)</b>	<b>(1,110)</b>

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. The Company's exposure has been calculated as at the year end and may not be representative of the year as a whole.

#### 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.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

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.

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

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Floating rate financial assets				
UK sterling	23,196	17,746	28,922	22,245
US dollars	91	19,807		
Fixed rate financial assets Euros				
As referred to in note 13		258		258
Financial assets not carrying interest	109,882	118,927	123,541	128,447
	<b>133,169</b>	<b>156,738</b>	<b>152,463</b>	<b>150,950</b>
Fixed rate financial liabilities				
UK sterling	(33,823)	(33,801)	(33,823)	(33,801)
Financial liabilities not carrying interest	(1,256)	(11,055)	(1,001)	(983)
	<b>(35,079)</b>	<b>(44,856)</b>	<b>(34,824)</b>	<b>(34,784)</b>

## 26 Financial Instruments and Risk Profile continued

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 £8.0m (2011: £7.0m) 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).

### Sensitivity analysis

Based on closing cash balances held on deposits with banks, a 0.50% decrease (2011: 0.50%) in base interest rates would have the following effect on net assets of the Group and Company:

Income Statement	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Revenue return	(106)	(184)	(95)	(74)
Net assets	(106)	(184)	(95)	(74)

A 0.5% increase (2011: 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 63. 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.

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. Derivative positions are marked to market and exposure to counterparties is also monitored on a daily basis by the investment manager; the Board review it on a quarterly basis.

As mentioned earlier, the Investment Manager may use derivative instruments in order to 'hedge' the market risk, including foreign currency risk, inherent in the portfolio. The Investment Manager reviews the risk associated with individual investments and where they believe it appropriate may use derivatives to mitigate the risk of adverse market or currency movements. The Investment Manager discusses the hedging strategy with the Board at its quarterly meetings.

At the year end there were no derivative contracts open. During the year, the Company entered into two Index Put Options contracts to provide a limited degree of protection from a fall in the value of the FTSE 100 index.

These contracts incurred net losses of £0.6m and are included within the investment return in note 13.

### 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 (30.4%), with 24.8% of total investments listed or exposed to overseas countries (including listed Javelin funds). It also shows the concentration of investments in various sectors.

# Notes to the Accounts

## 26 Financial Instruments and Risk Profile continued

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

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
<b>Non-current Asset Investments at Fair Value through Profit and Loss</b>				
Listed equity investments	66,282	70,378	80,426	84,732
Unlisted	41,935	42,444	41,935	42,444
Related and Subsidiary Companies			8,192	7,171
Unsettled derivatives contracts		136		
	<b>108,217</b>	<b>112,958</b>	<b>130,553</b>	<b>134,347</b>
<b>Financial Liabilities at Fair Value through Profit and Loss</b>				
Listed equity investments – sold short		(3,311)		
Unsettled derivatives contracts		(99)		
		<b>(3,410)</b>		

### 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.

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
<b>Income Statement</b>				
Capital return	(6,628)	(6,706)	(8,043)	(4,237)
<b>Net assets</b>	<b>(6,628)</b>	<b>(6,706)</b>	<b>(8,043)</b>	<b>(4,237)</b>

A 10% increase (2011: 10%) 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. The analyses has been calculated on the investments held at the year end and this may not be representative of the year as a whole.

### 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 Investor Services, 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.
- A credit exposure could arise in respect of derivatives contracts entered into by the Group if the counterparty were unable to fulfill its contractual obligations.

## 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 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Investments in debt instruments		258		258
Cash on deposit and at banks	22,129	17,863	20,922	15,245
Collateral cash held with brokers	91	2,115		
Cash held with brokers	1,067	17,575		
Sales for future settlement		4,179		174
Unsettled derivatives contracts		136		
Interest, dividends and other receivables	1,419	1,638	848	1,006
	<b>24,706</b>	<b>43,764</b>	<b>21,770</b>	<b>16,683</b>
Minimum exposure during the year	44,524	50,099	21,777	16,683
Maximum exposure during the year	24,706	6,552	3,118	2,815

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 (2011: none).

### Liquidity Risk

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

The Company may periodically invest in derivatives contracts and debt securities that are traded over the counter. The Company is exposed to the daily settlement of margin calls on derivatives.

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% (2011: 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.

### Collateral

Collateral is posted by the Group in relation to derivative transactions. These are transacted under auspices of the International Swaps and Derivatives Association and may require collateral to be posted from time to time. The Group does not hold collateral from other counterparties.

At the year end there were no financial assets pledged as collateral.

# Notes to the Accounts

## 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 2012				Total £000
	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	
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	20,029	28,378
Trade payables and other liabilities (excluding social security and sundry taxes)	1,256				1,256
	<b>4,039</b>	<b>2,783</b>	<b>2,783</b>	<b>54,229</b>	<b>63,834</b>

Undiscounted cash flows	Group 2011				Total £000
	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	
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
	<b>13,838</b>	<b>2,783</b>	<b>2,783</b>	<b>57,850</b>	<b>77,254</b>

Undiscounted cash flows	Company 2012				Total £000
	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	
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	20,029	28,378
Trade payables and other liabilities (excluding social security and sundry taxes)	1,001				1,001
	<b>3,784</b>	<b>2,783</b>	<b>2,783</b>	<b>54,229</b>	<b>63,579</b>

Undiscounted cash flows	Company 2011				Total £000
	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	
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
	<b>3,766</b>	<b>2,783</b>	<b>2,783</b>	<b>57,850</b>	<b>67,182</b>



## 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:

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
<b>Financial assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
Equity and debt securities	108,217	112,822	130,553	134,347
Derivatives Contracts		136		
	<b>108,217</b>	<b>112,958</b>	<b>130,553</b>	<b>134,347</b>
<b>Other financial assets<sup>1</sup></b>	<b>24,705</b>	<b>43,370</b>	<b>21,777</b>	<b>16,425</b>
	<b>132,922</b>	<b>156,328</b>	<b>152,330</b>	<b>150,772</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
Equities		3,311		
Derivatives contracts		99		
		<b>3,410</b>		
<b>Financial liabilities measured at amortised cost<sup>2</sup></b>	<b>35,079</b>	<b>41,446</b>	<b>34,824</b>	<b>34,784</b>
	<b>35,079</b>	<b>44,856</b>	<b>34,824</b>	<b>34,784</b>

<sup>1</sup> Other financial assets include: cash and cash equivalents, due from brokers, cash collateral on securities borrowed, dividend and interest receivables, other receivables and prepayments.

<sup>2</sup> 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.

	Book Value 2012 £000	Book Value 2011 £000	Fair Value 2012 £000	Fair Value 2011 £000
<b>Group and Company Financial liabilities</b>				
£13.5m (2011: £13.5m) 9.5% debenture stock 2020	13,401	13,392	18,895	17,168
£20.7m (2011: £20.7m) 7.25% debenture stock 2025	20,422	20,409	25,815	24,790
	<b>33,823</b>	<b>33,801</b>	<b>44,710</b>	<b>41,958</b>

# Notes to the Accounts

## 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 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 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Debt/(Net Cash)				
Adjusted cash and cash equivalents	(23,449)	(35,725)	(20,776)	(15,442)
Debentures	33,823	33,801	33,823	33,801
Sub total	10,374	(1,924)	13,047	18,359
Equity				
Equity share capital	5,253	5,253	5,253	5,253
Retained earnings and other reserves	106,981	106,381	112,386	110,913
Shareholders' funds	112,234	111,634	117,639	116,166
Gearing				
Debt/(Net Cash) as a percentage of shareholders' funds	9.2%	(1.7%)	11.1%	15.8%

Maximum potential gearing represents the highest gearing percentage on the assumption that the Group or Company held no cash. As at 30 September 2012, in respect of the Group and the Company, this was 30.1% and 28.8% respectively (2011: Group and Company; 30.3% and 29.1% respectively).

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 66<sup>2</sup>/<sub>3</sub>% of adjusted share capital and reserves in accordance with the respective Trust Deeds; and
- the Company has to comply with statutory requirements regarding minimum share capital and restriction tests relating to dividend distributions.

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

## 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 MI group accounts as part of the Javelin Capital group of entities. During the year, following a review of the Javelin Capital group structure, it was determined that JCFM was no longer required. JCFM ceased operations in June 2012 with its management company functions being undertaken by the QIF directly. As part of its closure JCFM received Central Bank of Ireland approval to cease as a regulated entity and with the resultant capital structure reorganisation, JCFM's existing regulatory share capital of £125,000 was returned to Javelin Capital. New nominal share capital of €2 was introduced and JCFM will be wound up in due course.

Javelin Capital Strategies Plc is an Irish Stock Exchange listed Qualifying Investment Fund (QIF). Its one sub-fund, the Javelin Capital Global Equity Strategies Fund was closed in September 2012 with all participating redeemable preference share funds being returned to investors. The QIF will be liquidated in due course. JC and JCFM (until June 2012) acted as investment manager and manager for the QIF respectively and were entitled to receive management or advisory and performance fees. Javelin Capital Emerging Markets Alpha Fund is a sub-fund of the Serviced Platform SICAV, a Luxembourg Undertakings for Collective Investment Scheme (UCITS), as established by Goldman Sachs International. Javelin Capital acts as investment manager to the sub-fund and is entitled to receive management and performance fees.

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

JCS provides administrative services to the group and in performing these services it incurs expenses. Additionally for administrative reasons the Company pays certain expenses on behalf of the Group. In both cases recharges and/or management fees are used such that each group entity bears its appropriate relevant portion of the group expenses incurred. The Company allows Javelin Capital group 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.

Javelin Capital, as investment manager to its various funds or accounts, is required to, or chooses to do so, under certain circumstances make payments to reimburse the fund or account for expense rebates or compensation payments.

The Company provided an additional £1.0m of partner capital to Javelin Capital on 25 September 2012.

On 20 September 2010 the Company invested £20m into the Javelin Capital Global Equity Strategies Fund (QIF) which was followed on 16 February 2012 by £15m being invested into the second Javelin Capital fund, the Javelin Capital Emerging Markets Alpha Fund (UCITS). Following a review by Javelin Capital in 2012 which it became apparent that the UCITS fund was more attractive to investors the QIF was closed with all remaining investor funds being redeemed in September 2012. The Company redeemed its entire redeemable preference shares for £17.7m and a loss of £2.3m (which excludes a gain of £0.8m received as a result of an FX hedging programme undertaken by the Company on this investment). It was proposed that the Company's investment in the QIF would be redeployed into the UCITS fund. After the Company's shareholders approved a change to the Company's investment policy on 9 October 2012 to permit this £18.15m was invested in November 2012. These investments are subject to management and performance fees in accordance with the relevant prospectus.

The Company pays certain costs on behalf of Majedie Portfolio Management Limited (MPM) for operating 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.

# Notes to the Accounts

## 27 Related Party Transactions continued

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

	2012 £000	2011 £000
Transactions during the period:		
QIF fee revenue due to JCFM	179	270
Advisory fee revenue due to Javelin Capital from JCFM	145	209
Company management fee revenue due to Javelin Capital	549	692
Company administration fee revenue due to Javelin Capital	265	265
JCS management fee income from Javelin Capital	1,878	3,033
Javelin Capital LLP payments made to funds	1	5
MPM costs recharged by the Company	35	35
Balances outstanding at the end of the period:		
Between JCS and the Company	426	348
Between JCS and Javelin Capital	131	133
Between JCS and JCFM	1	10
Between the Company and MPM	95	93
Between JCFM and Javelin Capital	18	55
Between the QIF and Javelin Capital		5
Between JCFM and the QIF		48

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 £2,215,000 and proceeds of £324,000, as a result of the sale of shares to the MAM Employee Benefit Trust, of which none was outstanding at year end (2011: £1,914,000 of dividends 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 32 to 34.

	2012 £000	2011 £000
Short term employee benefits	348	244
	<b>348</b>	<b>244</b>

# Ten Year Record

to 30 September 2012

Year End	Total Assets £000	Shareholders' Funds £000	NAV Per Share Pence	Share Price Pence	Discount %	Earnings Pence	Dividend Pence	Gearing/ (Net Cash) Ratio %	Maximum Potential Gearing Ratio %	Total Company Costs Ratio/ Ongoing Charges %
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**	24.11	28.83	2.36
2011	145,683	111,634	214.5	139.5	34.96	4.66	10.50**	-1.72	30.28	1.92 <sup>#</sup>
2012	146,057	112,234	215.6	155.8	27.74	4.90	10.50**	9.24	30.14	1.83 <sup>#</sup>

The Gearing Ratio is calculated as shown on note 26 on page 84. The Maximum Potential Gearing Ratio is calculated as total assets less minority interest divided by shareholders' funds.

\* 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.

<sup>#</sup> As from May 2012, Ongoing Charges replace previous cost ratios. Ongoing Charges provides a percentage of the normal annual running costs of a company. The 2011 figure has been restated for comparative purposes.

# Notice of Meeting

Notice is hereby given that the one hundred and first Annual General Meeting of Majedie Investments PLC will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS on Wednesday, 16 January 2013 at 12.00 noon for the purpose of transacting the following:

To consider and, if thought fit, pass the following Resolutions of which Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolutions 7 to 9 shall be proposed as Special Resolutions.

## Ordinary Business

1. To receive and adopt the Directors' Report and Accounts for the year ended 30 September 2012.
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 2012.
4. To re-appoint PD Gadd as a director.
5. To re-appoint JWM Barlow as a director.
6. To appoint Ernst & Young LLP as auditors and to authorise the directors to fix their remuneration.

## Special Business

7. 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 2014 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.
8. 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.

9. THAT the Articles of the Company be amended by:

(a) substituting Article 127 with the following:

"127 Establishment of reserve

127.1 The directors may, from time to time, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the directors think fit. The directors may divide the reserve into such special funds as they think fit, and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided they think fit. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

127.2 The directors shall establish a reserve to be called the "Capital Reserve". All surpluses arising from the realisation of investments and all other moneys realised on or derived from the realisation of or dealing with any capital asset in excess of the book value and all other moneys which are in the nature of accretion to capital shall be credited to the Capital Reserve. Any loss realised on the sale repayment or payment of any investments or other capital assets may be carried to the debit of the Capital Reserve except so far as the directors may in their discretion decide to make good the same out of the other funds of the Company. All sums carried and standing to the credit of the Capital Reserve may be applied for any of the purposes to which sums standing to any revenue reserve are applicable. The directors may determine whether any amount received by the Company is to be dealt with as income or capital or partly in one way and partly in the other and may determine whether any cost, liability or expense (including any costs withheld or sums expended in connection with the management of assets or any interest charge) is to be treated as a cost, liability or expense, chargeable to capital or to revenue or partly one and partly the other having regard, inter alia, to the investment objectives of the Company."

(b) deleting Article 130 in its entirety and substituting it with the following:

"130 Restriction on dividends

No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of the Statutes."

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  
4 December 2012

# Notice of Meeting

## *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 14 January 2013 (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](http://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 12.00 noon on Monday 14 January 2013.*

## *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 14 January 2013 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 14 January 2013 ("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](http://www.euroclear.com/CREST)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

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

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

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

*Note 7*

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

*Note 8*

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

- a) to do so would:
  - (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.

# Notice of Meeting

## *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 2006 will be available on the Company's website [www.majedie.co.uk](http://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 £11,280 for the 2012/13 tax year. Investments can be split between a cash ISA (up to a limit of £5,640) and a stocks and shares ISA (up to a limit of £11,280).

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](mailto:majedie@majedie.co.uk)  
Registered Number: 109305 England

## Company Secretary

Capita Sinclair Henderson Limited  
Trading as Capita Financial Group –  
Specialist Fund Services  
Beaufort House  
51 New North Road  
Exeter EX4 4EP  
Telephone: 01392 412122  
Fax: 01392 253282

## 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](mailto: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](http://www.computershare.com).

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

## Auditors

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

## Stockbrokers

Centkos Securities plc  
6.7.8 Tokenhouse Yard  
London EC2R 7AS

## Key Dates in 2013

Ex-dividend date	9 January 2013
Record date	11 January 2013
Annual General Meeting	16 January 2013
2011/12 final dividend payable	23 January 2013
Interim results announcement	May 2013
2012/13 interim dividend payable	June 2013
Financial year end	30 September 2013
Final results announcement	December 2013
Annual report mailed to shareholders	December 2013

## Website

[www.majedie.co.uk](http://www.majedie.co.uk)

## Share Price

The share price is quoted daily in The Times, Financial Times, The Daily Telegraph, The Independent and London Evening Standard. Shares may be bought through the Majedie Share Plan or Majedie Corporate ISA (details of which are set out on page 93). You may transfer an existing PEP or ISA to the Majedie General ISA (page 93). 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

## 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/](http://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](http://www.moneymadeclear.fsa.gov.uk)
- If the calls persist, hang up.

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

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

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

**Majedie Investments PLC**

Tower 42  
25 Old Broad Street  
London EC2N 1HQ

Telephone 020 7626 1243  
Facsimile 020 7374 4854  
E-mail [majedie@majedie.co.uk](mailto:majedie@majedie.co.uk)

[www.majedie.co.uk](http://www.majedie.co.uk)