Majedie

2013

# Majedie Investments PLC

## Annual Report

30 September 2013

# Contents

## Investment Objective

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

| Highlights | 2013 |
|---|---|
| Total shareholder return (including dividends): | +9.7% |
| Net asset value total return (including dividends): | +16.9% |
| Total dividends (per share): | 10.5p |
| Directors' valuation of investment in Majedie Asset Management Limited: | £46.0m |
| Javelin Capital LLP Net asset value included in Group accounts: | £2.5m |

# Year's Summary

| Group Capital Structure<br>as at 30 September | Note | 2013 | 2012 | % |
|---|---|---|---|---|
| Total Assets | 1 | £159.0m | £146.0m | +8.9 |
| Which are attributable to: | | | | |
| Debenture holders (Debt at par value) | 2 | £33.8m | £33.8m | |
| Equity Shareholders | | £125.2m | £112.2m | +11.6 |
| Gearing | 4 | 21.5% | 9.2% | |
| Potential Gearing | 4 | 27.0% | 30.1% | |
| Group total returns (capital growth plus dividends) | 5 | | | |
| Net asset value per share (debt at par value) | 3 | +16.9% | +5.5% | |
| Share price | | +9.7% | +19.6% | |
| Group capital returns | | | | |
| Net asset value per share (debt at par value) | 3 | 240.5p | 215.6p | +11.5 |
| Share price | | 160.0p | 155.8p | +2.7 |
| Discount of share price to net asset value per share | | | | |
| Debt at par value | | 33.5% | 27.8% | |
| Debt at fair value | | 28.4% | 20.0% | |
| Group revenue and dividends | | | | |
| Net Revenue available to Equity Shareholders | | £3.7m | £2.7m | |
| Net revenue return per share | | 6.8p | 4.9p | +38.8 |
| Total dividends per share | | 10.5p | 10.5p | |
| Total administrative expenses | | £2.0m | £3.2m | |
| Ongoing charges: | 6 | | | |
| Group (including costs of running subsidiary entities) | | 2.1% | 2.9% | |
| Company (costs of operating the Company) | | 1.7% | 1.8% | |

Notes

Definitions of terms used in the above summary are as follows:

1. **Total Assets** Total assets are defined as total assets less current liabilities.
2. **Debt at par or fair value** Par value is the nominal or face value attaching to the debentures which will be paid by the Company to the debenture holders on maturity. Fair value is the estimated market price the Company would pay to the debenture holders if the debentures were paid back before maturity at the relevant date.
3. **Net Asset Value** The Net Asset Value (NAV) is the value of all the Company's assets less any liabilities. The NAV is usually expressed as an amount per share.
4. **Gearing and Potential Gearing** Gearing represents the amount of borrowings that a company has and is also referred to as leverage. It is usually expressed as a percentage or ratio or equity shareholders funds and a positive percentage or ratio above one shows the extent of the borrowings. Gearing is calculated as borrowings less cash balances to arrive at a net borrowings figure. Potential Gearing excludes cash from the calculation. Details of the calculation for the Company are in note 25 on page 94.
5. **Total Return** Total returns include any dividends paid as well as capital returns as a result of an increase or decrease in a company's share price or net asset value.
6. **Ongoing charges** Ongoing charges are a measure of the normal ongoing costs of running a company. Further information is contained in the Business Review section of the Strategic Report on page 10.

| Year's high/low | | 2013 | 2012 |
|---|---|---|---|
| Share price | high | 183.0p | 168.5p |
| | low | 151.5p | 139.5p |
| Net asset value | high | 240.5p | 226.5p |
| | low | 211.9p | 202.7p |
| Discount (debt at par) | high | 33.5% | 29.8% |
| | low | 21.7% | 16.9% |
| Discount (debt at fair value) | high | 28.4% | 35.0% |
| | low | 13.2% | 20.0% |

# Ten Year Record

to 30 September 2013

| Year End | Total[†] Assets £000 | Equity shareholders' Funds £000 | NAV Per Share Pence | Share Price Pence | Discount % | Earnings Pence | Dividend Pence | Gearing/ (Net Cash) % | Potential Gearing % | Ongoing Charges[#] % |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| 2012 | 146,057 | 112,234 | 215.6 | 155.8 | 27.74 | 4.90 | 10.50** | 9.24 | 30.14 | 1.83 |
| 2013 | 159,013 | 125,166 | 240.5 | 160.0 | 33.47 | 6.80 | 10.50** | 21.47 | 27.04 | 1.73 |

Notes:

The Gearing Ratio is calculated as shown on note 25 on page 94.

* 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 International Financial Reporting Standards (IFRSs) dividends are not accrued until paid or approved.

[#] As from May 2012, Ongoing Charges replace previous cost ratios.

# Strategic Report

## Chairman's Statement

Following a strong first half of the year for world equity markets the 3rd quarter was weaker owing to concerns about a tightening of US Monetary policy. However when this proved unfounded markets rebounded in the 4th quarter as further evidence of economic recovery emerged. Overall for the year markets showed a strong return.

During the year to 30 September 2013 the net asset value (NAV) and share price, both on a total return basis, returned 16.9% and 9.7% respectively with the difference reflecting an increase in the Company's discount over the year. I highlight various aspects of performance for the period which is further detailed in the Investment Manager's section of the Strategic Report on pages 12 to 15. In order to achieve the Company's investment objective the portfolio, whilst mainly invested in equities, is also invested in asset classes which are not correlated to equity returns and which should provide protection to the portfolio in the event of weak equity markets. Implicit in this strategy is that in a year of strong equity markets, such as the past year, the Company's return will not fully reflect the performance of underlying equities. The Company's return is in line with other Investment Trusts that have adopted such a strategy over both the last year and the last three years, on a total return basis.

### Results and Dividends

The Company has adopted a suite of new accounting standards the major impact of which is in the scope of the Group consolidation. The relevant change, which has no impact on the Group NAV, is that the Company's investment in the Javelin Capital Emerging Markets Alpha Fund (JCEMAF) is now held as an investment at fair value through profit or loss consistent with the Company's other investments, rather than being consolidated previously. Further details of this change are shown in the Report of the Audit Committee on pages 31 to 34 and in note 1 to the Accounts on pages 60 to 62.

The Group's net revenue return before tax for the year to 30 September 2013 was £3.7m compared to £2.7m for the prior year period. Group income for the year remained flat at £5.2m, which included dividends from Majedie Asset Management Limited (MAM) of £2.3m (essentially unchanged from the prior year period). Finally, Group income was modestly improved by a small amount of external fee income from Javelin Capital LLP (Javelin Capital).

Total Group administrative expenses were £2.0m for the period compared to £3.2m in the prior year period. This decrease primarily reflects continued cost reductions at Javelin Capital but also reflects the closure of the Javelin Capital Global Equity Strategies Fund in the prior year. At the Company level expenses decreased by £0.1m during the year which in part reflects the Company's ongoing charges percentage falling to 1.7% from 1.8%. As I have mentioned in prior years, 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 22 January 2014 to shareholders on the register on 10 January 2014.

During the year the Company reduced its equity holding in MAM for a total consideration of £5.9m and a resultant total realised gain of £5.7m. As in prior years, the valuation of the investment in MAM is regularly reviewed by the Board. As such the Board have determined that the carrying value of our remaining holding will increase to £46.0m as at 30 September 2013 as I explain in the investment portfolio section below.

In contrast the investment in Javelin Capital is consolidated in the Group accounts at £2.5m, being its net asset value (and is included at its net asset 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 carrying value of Javelin Capital and has determined that as at 30 September 2013 the carrying value of Javelin Capital will be kept at cost, being £8.0m, in the Company accounts.

## Investment Portfolio

The Investment Manager's section of the Strategic Report on pages 12 to 15 provides the detailed commentary on the Group's investment activity and performance. However I would like to provide an overview of the key issues that affected the outturn for the year.

The Core Portfolio returned 17.4%, a relative underperformance as against the benchmark of 1.65% for the year. The portfolio's relative performance recovered in the second half of the year having lagged the strong rally in the first half, but it still remained behind the index for the full year. In terms of geography the main positive performer was the UK whilst stock selection in the US was the largest negative. I am pleased that the contribution from Japan was neutral as that market was particularly volatile. The overall performance was in line with other well known income managers. I would also like to comment on the Realisation Portfolio which has been in existence since 2009 and consisted of illiquid stocks that could not be immediately sold. The largest stock, Vostok Energy has now been fully written down. The Portfolio is now immaterial for the Company, but it has been a consistent drag to the performance of the Group since 2009.

Secondly I would like to turn to the absolute return fund managed by Javelin Capital (JCEMAF). In emerging markets the lack of trends or market direction has meant that the strategy has been unable to perform as I would have liked and expected. The JCEMAF declined by 5.9% over the year, after costs and fees. As markets return to normality I expect the JCEMAF to generate returns. The rationale for investing in this fund is to provide returns that are not correlated to that of equities with the objective to produce a more balanced return for the Company across the investment cycle. I note that asset classes such as Gilts and Gold which are used to achieve the same result have returned over the past year -4.5% and -24.0% respectively so the performance of the JCEMAF should remain in context.

Thirdly I would draw attention to MAM who have had an exceptional year both in terms of investment performance in their funds and financial performance. The Company further reduced its holding in May, by the equivalent of 3.5% of the total MAM shares in issue. The share sale was alongside and in equal proportion to the other founding shareholders and the Company now owns 26.7% of MAM. The Board has increased the valuation to £46.0m using a consistent methodology with that used in previous years.

## Javelin Capital

Whilst the investment environment has not been conducive for Javelin Capital's investment strategy it has continued to cut its costs over the last year. These amount to a fall of circa 30% and follow large savings in the previous year. The breakeven level of external third party assets has fallen to approximately £25m and the business is now very operationally leveraged to the receipt of third party funds which will be predicated on an improved performance of the JCEMAF.

## New Company Reporting Framework

New regulations for listed company reporting have been introduced and have been implemented for the first time by the Company in this Annual Report. These new requirements include the introduction of a new Strategic Report, Audit Committee Report and a revised Directors' Remuneration Report and Auditor's Report. We have also updated relevant parts of the Annual Report in conjunction with these new requirements which I hope will make the Annual Report more comprehensible.

## Alternative Investment Fund Managers Directive (AIFMD)

I have mentioned in previous statements that the Company, in common with other Investment Trusts, will have to comply with this new European Directive. The AIFMD will require the Company to appoint an Alternative Investment Fund Manager (AIFM) which will be regulated by the Financial Conduct Authority (FCA). After careful consideration we have determined that the most appropriate outcome is for the Company to undertake this new role. This new regulation will take effect for the Company from 22 July 2014 and it also requires the appointment of a depositary. I will provide further updates in my future statements.

### Foreign Account Tax Compliance Act (FATCA)

FATCA is another piece of new regulation impacting the Company which would have required reporting by the Company to the US tax authorities. I am pleased to report that during the year HMRC has reached an agreement with the US tax authorities such that the impact of FATCA has been substantially diminished. As with the AIFMD I will provide further updates in my future statements.

### Annual General Meeting

The AGM will be held on 15 January 2014 at 12.00pm at the City of London Club, 19 Old Broad Street London EC2N 1DS. Details are set out in the notice of meeting on page 97. 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 still many uncertainties facing the financial markets despite signs that in the developed world the recovery in financial markets is gaining traction. Additionally there are numerous regulatory changes that your Company needs to remain abreast of and I have spent some time on the AIFMD as this is the most relevant from a time perspective.

Against this background and given the company's stated Investment Objectives it is satisfactory that over the one and three year periods the performance has begun to achieve results in line with the peer group of similarly aligned Investment Trusts. We remain strongly focussed on continuing to improve the Group's relative and absolute financial performance.

Andrew Adcock

Andrew J Adcock Chairman
9 December 2013

# Strategic Report

# Business Review

### Introduction

Majedie Investments PLC (the Company) is an investment trust company with an investment objective to maximise total shareholder return whilst increasing dividends by more than the rate of inflation over the long term. In seeking to achieve this objective the Board has determined an investment policy and related guidelines and limits (described on page 8). Both the investment objective and the investment policy were approved by shareholders at a general meeting of the Company on 9 October 2012.

In pursuing the investment objective the Company has a business model that includes other entities, which together form the Group. The Group (as consolidated in the financial statements presented in this Annual Report) comprises the following active entities:

| Entity name | Nature of Operations |
|---|---|
| Majedie Investments PLC | Investment Trust Company investing in equities worldwide (including investments in JCEMAF and MAM) |
| Javelin Capital LLP | Asset Management (Investment Manager and General Administrator to the Company) |
| Majedie Portfolio Management Limited | Majedie Share Plan Manager |
| Javelin Capital Services Limited | Administrative Services for Javelin Capital |
| Majedie Unit Trust | Unauthorised Unit Trust |

Further details about the subsidiary entities can be found in note 14 to the Accounts on pages 80 and 81.

Under the business model used by the Company all operations are outsourced to other service providers (details can be found on pages 24 and 25.), although in accordance with the strategy and guidelines set by the Board and under its oversight.

The purpose of the Strategic Report (which is the Strategic Report for the Group) is to inform the shareholders of the Company and help them assess how the directors have performed their duty to promote the success of the Company in accordance with Section 172 of the Companies Act 2006 by:

- analysing development and performance using appropriate Key Performance Indicators (KPIs);
- providing a fair and balanced review of the Company's business;
- 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;
- 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.

# Business Review

## 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 MAM. 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 MAM 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 $^{2}/_{3}$ per cent. and any additional indebtedness is not to exceed 20 per cent. of adjusted capital and reserves.

## Regulatory and Competitive Environment

The Company is an investment trust and has a premium listing on the London Stock Exchange. It is subject to UK and European legislation and regulations including UK company law, IFRSs, 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.

The financial statements, starting on page 48, report on 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 IFRSs, 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 59 to 66. The Auditor's opinion on the financial statements, which is unqualified, appears on pages 45 to 47.

## 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 £21.8m, the revenue reserves represent approximately 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.

## Performance Management

The Board uses the following Key Performance Indicators (KPIs) to help assess progress against the Company's objectives. Further comments on these KPIs are contained in the Chairman's Statement and Investment Manager's Report sections of the Strategic Report on pages 4 to 6 and pages 12 to 15 respectively.

- Net Asset Value (NAV) and Shareholder Total Return:
  The Board believe that asset return is fundamental to delivering value over the long term and is a key determinant of shareholder return. The Board further believe that, in accordance with the Company's objective, the total return basis (which includes dividends paid out to shareholders) is the best measure of how to measure long term shareholder return. The Board at each meeting receives reports from the Investment Manager detailing the Company's NAV and shareholder total return performance, asset allocation and related analyses. Details of the NAV and share price performance for the year are shown on page 2.

- Investment Group performance:
  The Board believes that after asset allocation the performance of each of the investment groups (as per the investment policy on page 8) is the key driver of NAV return and hence shareholder return. The Board receives at each meeting detailed reports from the Investment Manager showing the performance of the investment groups which also includes relevant attribution analysis. The Investment Manager's section of the Strategic Report on pages 12 to 15 provides further detail on each investment group's performance for the year.

- Share Price Discount:
  As a closed ended listed investment company the share price of the Company can and does differ from that of the NAV. This can give rise to a premium or discount and as such is another component of total shareholder return. The Board is cognisant of the Company's share price discount but as noted previously believes that the best approach to delivering shareholder value over the long term is through asset growth. The Board continually monitors the Company's discount and does have the ability to buy back shares if thought appropriate although it must be noted that this ability is limited by the majority shareholding held by members of the Barlow family. Details of movements in the Company's share price discount over the year is shown in the Year's Summary on page 2.

- Expenses:
  The Board is aware of the impact of costs on returns and is conscious of seeking to minimise these both at the Company and Group level. The industry wide measure for investment trusts is Ongoing Charges which seeks to quantify the ongoing costs of running the Company. This measures the annual normal ongoing costs of an Investment Trust excluding performance fees, one off expenses and investment dealing costs as a percentage of average equity shareholders funds. Any investments made into pooled funds are included using the Company's share of estimated ongoing fund running costs. The calculation of ongoing charges at the Group level is not considered as relevant as they include expenses of operating subsidiaries which are run on the basis of achieving a profit for the Company. Nonetheless the Board does pay close attention to costs in the subsidiary entities. This can be seen by the continued strong reduction in costs at Javelin Capital as detailed in the Chairman's Statement section of the Strategic Report on page 5. Details of ongoing charges for the year are shown in the Year's Summary on page 2.

- Dividend Growth:
  Dividends paid to shareholders are an important component of the total shareholder return and this has been included in the Company's investment objective. The Board is aware of the importance of this objective to the Company's shareholders and has maintained the dividend by using some of the Company's large revenue reserves which amount to in excess of £21m as at 30 September 2013. In monitoring this objective the Board considers that requirement to increase dividends by more than the rate of inflation over the long term should be measured from 1985 when the Company became an investment trust. The Board receives detailed management accounts and forecasts which show the actual and forecast financial outturns, and available reserves, for the Company and the Group. For the year ended 30 September 2013 dividend growth since 1985 has been 4.7% (5.3% including special dividends) which is ahead of inflation over that period.

## Principal Risks

The principal risks and the Company's policies for managing these risks and the policy and practices with regard to financial instruments are summarised below and in note 25 to the accounts on pages 85 to 94.

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 MAM, 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 MAM 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 and Audit Committee regularly review statements on internal controls and procedures and subject the books and records of the Company to an annual external audit. The Corporate Governance Statement on pages 26 to 30 and the Report of the Audit Committee on pages 31 to 34 provide further information in respect of internal control systems and risk management procedures.

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

### Employees, Social, Environmental, Ethical and Human Rights Policy

The Company is an investment trust company with no employees and as such the Board considers that the Company has a very limited impact on the environment. In respect of the Group the only operating business is Javelin Capital which as a small asset manager operating in the financial services sector from leased premises in the City of London, has a very limited impact on the environment. Further information can be found in the Directors report on page 23.

The Company and the Group, when considering their day to day operations, aim to conduct themselves responsibly, ethically and fairly. Javelin Capital, as the Company's Investment Manager, provides investment management services to the Company to assist it to meet its objectives. In doing so it operates within the guidelines as set by the Board and takes account of social, environmental, ethical and human rights factors where appropriate.

### Gender Diversity

The Board are aware of the recommendations made in the Lord Davies Review in 2011 in respect to Board diversity. The Company's policy on diversity is included under the Nomination Committee on page 27 and this is applied when a new appointment to the Board is required. During the year no new appointments were made, with the only movement being in respect of Mr HV Reid who retired on 16 January 2013 and was not replaced. As such at the year end the composition of the Board was that all the directors were male.

On behalf of the Board

Andrew Adcock

Andrew J Adcock Chairman
9 December 2013

# Strategic Report

## 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 15 demonstrates the impact that each investment group and other characteristics of the Group have made on the Net Assets Performance during the year.

### Core Portfolio

As at 30 September 2013, the value of the Core Portfolio was £78.1m, representing 49.1% of the Group's Total Assets. The Core Portfolio comprises holdings in large-cap UK and international stocks, a small number of carefully selected mid-cap companies and cash, managed under an equity income investment mandate. The portfolio is benchmarked to perform against an index of 70% in UK listed companies and 30% overseas.

During the year, the Core Portfolio Total Return was 17.4%, an underperformance against its investment benchmark of 1.65%. The majority of this underperformance occurred in the US portion of the portfolio whilst holding a modest amount of cash, in what turned out to be a positive year overall for markets was also a negative factor, particularly after investment sentiment rebounded so quickly towards the end of June. However, the portfolio gained around 0.6% against its investment benchmark during the second half of the financial year as markets rotated away from international consumer stocks and mining stocks gained ground following a significant derating during the earlier part of the year.

Apart from a small sell-off during the latter half of November, equity markets made steady progress during Q4 2012. There was, however, a certain amount of tension at the end of the year as a stand-off developed in the US Congress over funding requirements for the government; these were resolved in an eleventh-hour compromise and, as a result, markets entered 2013 in robust form. The FTSE 100 index rallied from the 6,000 level at the beginning of January and, despite a degree of faltering during the end of March and early April, posted strong gains to rally by the middle of May to near to its all time record closing level of 6,930, last seen as long ago as December 1999. Thereafter, a sharp retrenchment took place over the following month, exacerbated mainly by fears of an ending of the Quantitative Easing programme carried out by the Federal Reserve in the US and also by data indicating that economic growth in China was slowing. Global Markets regained their equanimity, however, towards the end of June following assurances that support for global bond markets would not suddenly be turned off. Whilst in the UK, markets reacted positively to forward guidance on monetary policy by the new Governor of the Bank of England indicating that interest rates were unlikely to rise until beyond 2015, despite the fact that economic data from the UK showed that growth was starting to pick up quite sharply. Following a sharp rally early in July, markets remained generally range-bound until the end of the summer.

In the UK, which comprises the majority of the portfolio's holding by value (67%), it was satisfactory to note that investment performance of the Core Portfolio outperformed its benchmark the All Share index which rose 18.9% on a total return basis. A number of new holdings such as GKN, the automotive engineer, Pennon, the domestic water utility, AMEC, the global oils service provider, Hammerson, the UK and European property investor and developer, Smith and Nephew, the medical equipment company, and Elementis, a global specialist chemical company with a UK listing were introduced, along with Ultra Electronics, the defence contractor. Entire holdings in Britvic, the soft drinks manufacturer and distributor, Balfour Beatty, the building and infrastructure contractor, and Group 4 Securicor, the money handling and prison operating company were sold.

In terms of major contributions to the overall performance of the portfolio, in the UK, ITV was the largest positive. This was a position that had been increased during the year and benefitted from substantial earnings upgrades and improved investor sentiment. Other significant positive contributors included Inchcape, the international vehicle distributor, GKN and IMI, the specialist engineering companies. On the negative front, 2013 proved a disappointing year for mining stocks in general, although the sector picked up relative ground against the broader market over the summer when a degree of sector rotation away from large global consumer stocks took place.

BHP Billiton, Rio Tinto and, most particularly, Antofagasta were all poor performers over the year but continue to be held as prospects for their markets are improving, valuations are, by historical standards undemanding and recent results have been more encouraging. Antofagasta once again paid a substantial special dividend this year. BP continued to suffer throughout the year as the legal action in the US concerning the oil spillage in the Gulf of Mexico in April 2010 continued to gather momentum, whilst Group 4 Securicor battled poor media coverage on a variety of fronts and also warned on profits. This holding, as has been mentioned, has now been sold in its entirety.

In the banking sector, Lloyds TSB was the clear sector winner over the year; although the Company does not hold Lloyds TSB. Holdings in Barclays and HSBC in the UK and JP Morgan Chase and Wells Fargo in the US meant that performance was in line with the banking sector over the year.

Exposure in Europe was again maintained by holding overweight positions in countries such as Switzerland and Norway which are outside the Eurozone and it was welcome to see some sound contributions from Telenor, the Norway based telecommunications company, and Roche, the Swiss pharmaceutical company; Statoil, the major Norwegian integrated oil company, on the other hand had a rather dull year, along with many other large European oil businesses. In the US, the performance of the portfolio was disappointing; Mosaic, the fertilizer producer, experienced a poor year as the longstanding global potash pricing agreements disintegrated with a harmful impact on profitability. Kelloggs, the well known food producer, tailed off over the summer, in line with a number of other global food groups. Southern Company, the domestic utility company, suffered some marked underperformance as utility stocks in general remained out of fashion. Technology stocks, where the portfolio is underweight given the general lack of yield in the sector, also benefitted from a pick up in the market over the summer, although overall for the year this underweight position was broadly neutral. On a brighter note, 3M and Illinois Tool Works in the industrials sector prospered over the year and at the end of the summer a new investment was made in Eaton, the diversified industrial supply company. The rest of the portfolio was broadened and restructured in 2012. In Japan, which is the largest component of the restructured portfolio, the stock market (Nikkei 225) rose 31.3% in sterling terms following a general election in the Autumn of 2012 and a new resolve to revive the economy. The Japanese section of the portfolio performed in line with the index as did the Emerging Market section.

Markets are still prone to move sharply as a result of changes, or perceived changes, in policies by the major Central Banks, but it was noticeable that the recent dual threats of a shutdown in a range of US government agencies and possible debt default on US treasuries were treated comparatively phlegmatically by investors. September 2013 marked the sixth anniversary of the beginning of the current round of market ferment, when a run developed in Northern Rock, so it seems markets have become somewhat more accustomed to weathering short term instabilities.

The portfolio, overall, continues to remain orientated towards sound income generating stocks which have the ability to provide a rising level of dividend payments over the long term. This policy results in overweight positions being held in areas such as telecommunications, utilities, healthcare and major global oil and gas companies. The portfolio remains underweight in companies more directly exposed to consumer expenditure and also to banks, where the need to rebuild balance sheets may have an impact on dividend paying capacity in the medium term. The portfolio also remains underweight in the technology and IT areas, where dividend payments are small or non-existent.

Equity markets have made good progress over the past year and the outlook remains promising given that global interest rates appear set to stay at historically very low levels and patterns of economic growth are now definitely appearing in the US and the UK. The Eurozone continues to suffer from high levels of unemployment, particularly amongst the young, whilst the struggle to retain the integrity of the common currency will continue to exercise policymakers for some time. Given this outlook, the level of cash held within the portfolio is lower than usual, although sufficient liquidity exists to take advantage of any new investment opportunities should they occur.

# Investment Manager's Report

Finally, we continue to manage a small non-core realisation portfolio, consisting of small-cap and early stage investments that were initiated between 2005 and 2008. The objective is to maximise the return available by exiting from these stocks wherever possible, although by their very nature all of them tend to be illiquid and difficult to sell. At the end of September 2013 the value of the non-core realisation portfolio was £0.9m, representing less than 1% of the Group's Total Assets, compared to £3.1m in 2012. The key decision in this part of the portfolio was to write down the value of the holding in Vostok Energy, the Russian gas producer from £1.8m to zero. The company has been trying to either float or sell itself to a larger entity for some considerable time to no avail and is now in a position of default to its bondholders. Over time, it is possible that some value may accrue to shareholders from a wind-up of the company but it is now prudent to assume this will not occur.

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

As at 30 September 2013, the value of this holding was £30.5m, representing 19.2% of the Group's Total Assets. In November 2012 the Company consolidated its exposure to the Javelin Funds into JCEMAF following the closure of the QIF Javelin Capital Global Equity Strategies Fund (JCGESF).

The JCEMAF 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. However Emerging Market equities were directionless over the past year meaning that the strategies have been unable to capture market trends This is historically very unusual and looking forward, experience continues to suggest that market trends will eventually reassert themselves and the strategies will then be well placed to benefit. Over the year the UCITS fund returned -5.9% after costs and fees.

### Majedie Asset Management (MAM)

As at 30th September 2013 the value was raised to £46.0m, representing 28.9% of the Group's Total Assets. MAM was launched in 2002 using finance provided by the Company, which retains a 26.7% interest following some share sales during the year. The business has grown to approximately £7.7bn 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. It remains well financed and highly profitable. During the year, £2.3m was received in dividend income from MAM and the Company received £5.9m from sales of MAM stock, in December 2012 and June 2013.

Further details concerning the determination of the valuation of MAM are described in the Report of the Audit Committee on pages 31 to 34.

### Javelin Capital

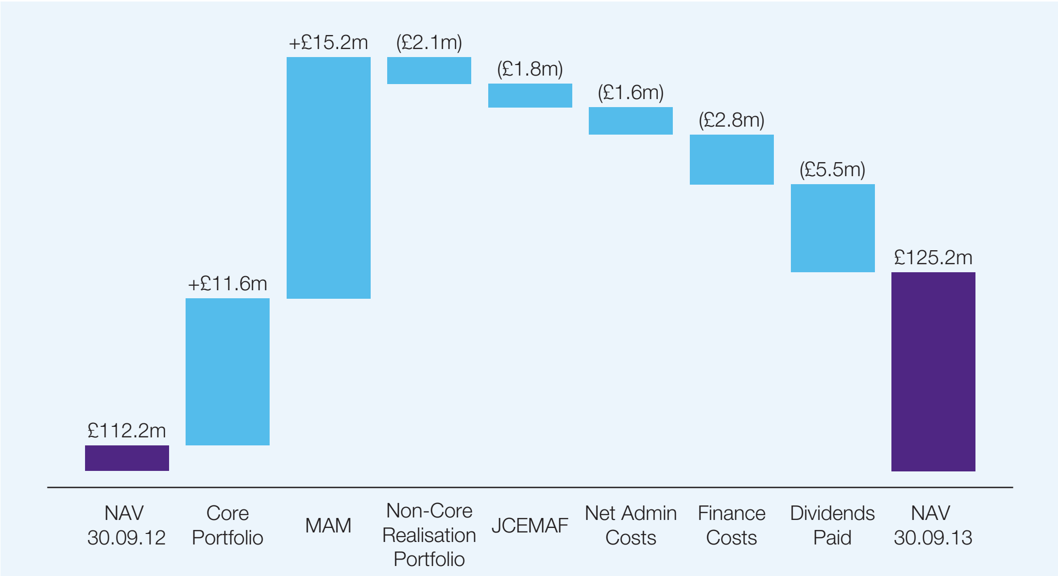
As at 30 September 2013, the net assets in Javelin Capital have been included in the Consolidated Accounts at £2.5m, representing 1.6% of the Group's Total Assets. This represents the original investment less start-up costs and losses incurred to date and is in accordance with consolidation accounting rules. In the Company accounts the value of the investment in Javelin Capital has been valued at cost, being £8.0m.

Javelin Capital remains focussed on gaining assets under management in accordance with its revised business plan. The Company holds an equity participation of 75% whilst the remaining 25% is held by the individual partners. The performance of the UCITS fund (JCEMAF) has been discussed earlier.

Further details concerning the determination of the valuation of Javelin Capital in the Group and Company accounts are described in the Report of the Audit Committee on pages 31 to 34.

### Development of Net Asset Value

The chart below demonstrates the Group's Net Asset Value (NAV) development during the year to 30 September 2013. In aggregate, the NAV has increased by £13.0m, having incurred net administration and finance costs of £4.4m, and having paid out £5.5m in dividends. In relation to the Group's investments, the Core Portfolio gained £11.6m, including the receipt of dividends, whilst MAM provided a total contribution of £15.2m, being dividends of £2.3m, total capital gains of £12.9m (comprising unrealised gains attributable to the increase in the valuation of £7.2m and realised gains totalling £5.7m from the sale of MAM stock during the year). Lastly the non core realisation portfolio declined by £2.1m and the JCEMAF by £1.8m during the year.




**Note:** Net admin costs are net of Javelin Capital management fee income as received from external investors and also in respect of the Company's investment in the JCEMAF.

### Investment Outlook

The outlook for equity markets is, as has been mentioned, looking relatively promising given the resumption of economic growth in the developed economies of the West and the low level of interest rates globally. However, the peripheral Eurozone countries continue to struggle with high levels of debt and unemployment and the impasse between Democrats and Republicans over US government expenditure, whilst temporarily resolved, is still a major issue to be revisited early in 2014. The timing of the start of 'tapering' by the Federal Reserve – or the reduction in scope of its bond purchase programme – is also a major factor in assessing the demand for equities. In China, where growth seems to be resuming again after a pause during 2013, there are still real worries about the integrity of the banking system and in Japan, Mr Abe's ambitious reform plans are at a relatively early stage. Nevertheless, the appetite amongst global investors for new equity issues has definitely risen over the past few months and a pick-up in activity in mergers and acquisitions can be anticipated given the healthy state of major corporate balance sheets. On balance, we look forward to the prospects for markets in 2014 with cautious optimism.

Nick Rundle Investment Director
Javelin Capital LLP
9 December 2013

# Strategic Report

# Asset Distribution

at 30 September 2013

| Classification of Assets | United Kingdom % | North America % | Continental Europe % | Pacific Basin % | Rest of World % | Total 2013 % | Total 2012 % |
|---|---|---|---|---|---|---|---|
| Oil & Gas Producers | 4.7 | 0.4 | 0.5 | | 0.1 | 5.7 | 7.1 |
| Oil Equipment, Services & Distribution | 0.6 | 0.6 | | | | 1.2 | 0.6 |
| **Oil & Gas** | **5.3** | **1.0** | **0.5** | | **0.1** | **6.9** | **7.7** |
| Chemicals | 0.5 | 0.8 | 0.4 | | | 1.7 | 1.1 |
| Mining | 3.0 | | | 0.1 | | 3.1 | 3.9 |
| **Basic Materials** | **3.5** | **0.8** | **0.4** | **0.1** | | **4.8** | **5.0** |
| Aerospace & Defence | 0.9 | | | | | 0.9 | 0.8 |
| Construction & Materials | | | | | | | 0.4 |
| Electronic & Electrical Equipment | | | 0.5 | 0.3 | | 0.8 | 1.0 |
| General Industrials | 0.7 | 0.7 | | 0.1 | | 1.5 | 1.2 |
| Industrial Engineering | 0.6 | 0.6 | | 0.1 | | 1.3 | 1.2 |
| Industrial Metals & Mining | | | | 0.1 | | 0.1 | 0.1 |
| Support Services | 0.8 | | | 0.1 | | 0.9 | 1.6 |
| **Industrials** | **3.0** | **1.3** | **0.5** | **0.7** | | **5.5** | **6.3** |
| Automobiles & Parts | 0.7 | | | 0.4 | | 1.1 | 0.3 |
| Beverages | | 0.4 | | | | 0.4 | 0.9 |
| Food Producers | 0.6 | 0.5 | 0.6 | | | 1.7 | 1.1 |
| Tobacco | 0.8 | 0.5 | | 0.1 | | 1.4 | 1.3 |
| **Consumer Goods** | **2.1** | **1.4** | **0.6** | **0.5** | | **4.6** | **3.6** |
| Health Care, Equipment & Services | 0.6 | | | | | 0.6 | |
| Pharmaceuticals & Biotechnology | 1.6 | 0.5 | 1.1 | 0.1 | 0.1 | 3.4 | 3.5 |
| **Health Care** | **2.2** | **0.5** | **1.1** | **0.1** | **0.1** | **4.0** | **3.5** |
| Food & Drug Retailers | 0.9 | | | 0.1 | | 1.0 | 1.1 |
| General Retailers | 1.2 | 0.5 | | | | 1.7 | 1.6 |
| Leisure Goods | | | | | | | 1.3 |
| Media | 1.7 | | 0.5 | | | 2.2 | 0.5 |
| Travel & Leisure | | 0.5 | | | | 0.5 | |
| **Consumer Services** | **3.8** | **1.0** | **0.5** | **0.1** | | **5.4** | **4.5** |
| Fixed Line Telecommunications | | 0.5 | | 0.1 | | 0.6 | 0.6 |
| Mobile Telecommunications | 1.7 | | 0.6 | 0.2 | 0.1 | 2.6 | 2.7 |
| **Telecommunications** | **1.7** | **0.5** | **0.6** | **0.3** | **0.1** | **3.2** | **3.3** |
| Electricity | 0.5 | 0.5 | | | | 1.0 | 1.3 |
| Gas, Water & Multi Utilities | 1.4 | | | | | 1.4 | 1.0 |
| **Utilities** | **1.9** | **0.5** | | | | **2.4** | **2.3** |
| Banks | 3.0 | 0.9 | | 0.6 | | 4.5 | 4.7 |
| Equity Investment Instruments | | 0.1 | | | | 0.1 | 1.1 |
| General Financial | 1.1 | | | 0.1 | | 1.2 | 1.4 |
| Life Insurance/Assurance | 1.3 | | | 0.1 | | 1.4 | |
| Non Life Insurance/Assurance | 1.2 | | | | | 1.2 | 1.0 |
| Real Estate Investment & Services | 1.3 | | | 0.1 | | 1.4 | 0.7 |
| **Financials** | **7.9** | **1.0** | | **0.9** | | **9.8** | **8.9** |
| Software & Computer Services | | | | 0.1 | | 0.1 | |
| Technology & Hardware Equipment | | 0.5 | | 0.1 | | 0.6 | 0.4 |
| **Technology** | | **0.5** | | **0.2** | | **0.7** | **0.4** |
| **Unlisted** | **29.4** | **0.3** | | | | **29.7** | **28.8** |
| **Javelin Funds** | | | | | **19.3** | **19.3** | **9.7** |
| **Total Equities** | **60.8** | **8.8** | **4.2** | **2.9** | **19.6** | **96.3** | **84.0** |
| **Total Non-current Assets** | **60.8** | **8.8** | **4.2** | **2.9** | **19.6** | **96.3** | **84.0** |
| **Cash And Cash Equivalents** | **3.7** | | | | | **3.7** | **16.0** |
| **% Total at 30 September 2013** | **64.5** | **8.8** | **4.2** | **2.9** | **19.6** | **100.0** | **100.0** |

The Fund as analysed on pages 16 to 19 comprises listed and unlisted investments totalling £151,939,000; including the investment in JCEMAF of £30,460,000; and cash/cash equivalents (as adjusted for amounts due to/from brokers for settlement) of £5,761,000

Unlisted investments comprise an amount of £46,000,000 in respect of the investment of MAM and £864,000 in respect of equity investments in various companies. Suspended stocks have been analysed in their listed sectors.

# Twenty Largest UK Investments

at 30 September 2013

| Company | 2013 Market Value £000 | 2013 % of Fund[4] | 2012 Market Value £000 | 2012 % of Fund[4] |
|---|---|---|---|---|
| MAM[1] | 46,000 | 29.2 | 39,000 | 26.8 |
| Royal Dutch Shell 'B' | 3,842 | 2.4 | 4,176 | 2.9 |
| HSBC | 2,845 | 1.8 | 3,010 | 2.1 |
| BP | 2,815 | 1.8 | 3,164 | 2.2 |
| Vodafone | 2,646 | 1.7 | 2,856 | 2.0 |
| GlaxoSmithKline | 2,492 | 1.6 | 2,712 | 1.9 |
| Rio Tinto | 1,965 | 1.2 | 2,020 | 1.4 |
| Barclays | 1,857 | 1.2 | 1,397 | 0.9 |
| ITV | 1,753 | 1.1 | 575 | 0.4 |
| BHP Billiton | 1,547 | 1.0 | 1,732 | 1.2 |
| Centrica | 1,386 | 0.9 | 1,475 | 1.0 |
| British Land | 1,299 | 0.8 | 914 | 0.6 |
| Imperial Tobacco | 1,258 | 0.8 | 802 | 0.6 |
| Antofagasta | 1,228 | 0.8 | 1,578 | 1.1 |
| GKN[2] | 1,197 | 0.7 | | |
| Smiths Group | 1,119 | 0.7 | 933 | 0.6 |
| Aviva | 1,091 | 0.7 | 1,036 | 0.7 |
| BAE Systems | 1,091 | 0.7 | 1,203 | 0.8 |
| Jardine Lloyd Thompson | 1,087 | 0.7 | 766 | 0.5 |
| W H Smith | 992 | 0.6 | 750 | 0.5 |
| | 79,510 | 50.4 | 70,099 | 48.2 |

# Ten Largest Overseas Investments

at 30 September 2013

| Company | 2013 Market Value £000 | 2013 % of Fund[4] | 2012 Market Value £000 | 2012 % of Fund[4] |
|---|---|---|---|---|
| JCEMAF (Lux)[3] | 30,460 | 19.3 | 14,144 | 9.7 |
| Roche (Switzerland) | 999 | 0.6 | 810 | 0.6 |
| Illinois Tool Works (USA) | 942 | 0.6 | 736 | 0.5 |
| Telenor (Norway) | 917 | 0.6 | 785 | 0.5 |
| 3M (USA) | 885 | 0.6 | 772 | 0.5 |
| Schlumberger (USA) | 873 | 0.6 | 806 | 0.5 |
| Nestlé (Switzerland) | 863 | 0.6 | 625 | 0.4 |
| McDonalds (USA) | 861 | 0.5 | 824 | 0.6 |
| Vivendi (France) | 853 | 0.5 | 605 | 0.4 |
| Altria (USA) | 849 | 0.5 | 827 | 0.6 |
| | 38,502 | 24.4 | 20,934 | 14.3 |

1 Unlisted

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

3 JCEMAF is a sub-fund of the Serviced Platform SICAV, a Luxembourg UCITS established by Goldman Sachs and advised by Javelin Capital.

4 As defined on page 16.

# Valuation of Investments

Holdings valued over £100,000 at 30 September 2013

| Company | Market Value £000 | % of Fund[1] |
|---|---|---|
| **Oil & Gas** | | |
| *Oil & Gas Producers* | | |
| BG Group | 826 | 0.5% |
| BP | 2,815 | 1.8% |
| Exxon Mobil (USA) | 664 | 0.4% |
| Royal Dutch Shell 'B' | 3,842 | 2.4% |
| Sasol ADR (South Africa) | 119 | 0.1% |
| Statoil (Norway) | 841 | 0.5% |
| *Oil Equipment, Services & Distribution* | | |
| AMEC | 913 | 0.6% |
| Schlumberger (USA) | 873 | 0.6% |
| **Basic Materials** | | |
| *Chemicals* | | |
| Bayer (Germany) | 655 | 0.4% |
| Du Pont De Nemours (USA) | 795 | 0.5% |
| Elementis | 839 | 0.5% |
| Mosaic (USA) | 505 | 0.3% |
| *Mining* | | |
| Antofagasta | 1,228 | 0.8% |
| BHP Billiton | 1,547 | 1.0% |
| BHP Billiton (Aus) | 164 | 0.1% |
| Rio Tinto | 1,965 | 1.2% |

| Company | Market Value £000 | % of Fund[1] |
|---|---|---|
| **Industrials** | | |
| *Aerospace & Defence* | | |
| BAE Systems | 1,091 | 0.7% |
| Ultra Electronic | 378 | 0.2% |
| *Electronic & Electrical Equipment* | | |
| Hon Hai Precision GDR (Taiwan) | 135 | 0.1% |
| Samsung Electronic GDR (Korea) | 248 | 0.2% |
| Siemens (Germany) | 744 | 0.5% |
| *General Industrials* | | |
| 3M (USA) | 885 | 0.6% |
| Eaton (USA) | 213 | 0.1% |
| Smiths Group | 1,119 | 0.7% |
| *Industrial Engineering* | | |
| Illinois Tool Works (USA) | 942 | 0.6% |
| IMI | 946 | 0.6% |
| *Industrial Metals & Mining* | | |
| Posco ADR (Korea) | 136 | 0.1% |
| *Support Services* | | |
| Babcock | 837 | 0.5% |
| Bunzl | 535 | 0.3% |
| **Consumer Goods** | | |
| *Automobiles & Parts* | | |
| GKN | 1,197 | 0.7% |
| Honda (Japan) | 195 | 0.1% |
| Hyundai GDR (Asia) | 133 | 0.1% |
| Toyota (Japan) | 185 | 0.1% |
| *Beverages* | | |
| Coca-Cola (USA) | 585 | 0.4% |
| *Food Producers* | | |
| Kelloggs (USA) | 798 | 0.5% |
| Nestlé (Switzerland) | 863 | 0.6% |
| Unilever | 854 | 0.5% |
| *Tobacco* | | |
| Altria (USA) | 849 | 0.5% |
| Imperial Tobacco | 1,258 | 0.8% |
| Japan Tobacco (Japan) | 213 | 0.1% |

| Company | Market Value £000 | % of Fund[1] |
|---|---|---|
| **Health Care** | | |
| *Health Care, Equipment & Services* | | |
| Smith & Nephew | 964 | 0.6% |
| *Pharmaceuticals & Biotechnology* | | |
| GlaxoSmithKline | 2,492 | 1.6% |
| Johnson & Johnson (USA) | 803 | 0.5% |
| Roche (Switzerland) | 999 | 0.6% |
| Sanofi (France) | 689 | 0.4% |
| Takeda (Japan) | 221 | 0.1% |
| **Consumer Services** | | |
| *Food & Drug Retailers* | | |
| Greggs | 530 | 0.3% |
| Sainsbury (J) | 979 | 0.6% |
| Woolworths (Aus) | 149 | 0.1% |
| *General Retailers* | | |
| Home Depot (USA) | 843 | 0.5% |
| Inchcape | 916 | 0.6% |
| WH Smith | 992 | 0.6% |
| *Media* | | |
| ITV | 1,753 | 1.1% |
| UBM | 893 | 0.6% |
| Vivendi (France) | 853 | 0.5% |
| *Travel & Leisure* | | |
| McDonalds (USA) | 861 | 0.5% |
| **Telecommunications** | | |
| *Fixed Line Telecommunications* | | |
| AT&T (USA) | 731 | 0.5% |
| *Mobile Telecommunications* | | |
| America Movil ADR (Mexico) | 104 | 0.1% |
| NTT Docomo (Japan) | 224 | 0.1% |
| Softbank (Japan) | 141 | 0.1% |
| Telenor (Norway) | 917 | 0.6% |
| Vodafone | 2,646 | 1.7% |

1 As defined on page 16.

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

| Company | Market Value £000 | % of Fund[1] |
|---|---|---|
| **Utilities** | | |
| *Electricity* | | |
| Southern Company (USA) | 712 | 0.5% |
| SSE | 840 | 0.5% |
| *Gas, Water & Multi Utilities* | | |
| Centrica | 1,386 | 0.9% |
| Pennon Group | 839 | 0.5% |
| **Financials** | | |
| *Banks* | | |
| Barclays | 1,857 | 1.2% |
| Commonwealth Bank of Australia (Aus) | 133 | 0.1% |
| HSBC | 2,845 | 1.8% |
| JP Morgan Chase (USA) | 606 | 0.4% |
| Mitsubishi (Japan) | 221 | 0.1% |
| Mizuho (Japan) | 127 | 0.1% |
| Sumitomo Mitsui (Japan) | 164 | 0.1% |
| Wells Fargo (USA) | 791 | 0.5% |
| Westpac Banking (Aus) | 134 | 0.1% |
| *General Financial* | | |
| IG Group | 724 | 0.5% |
| Investec | 901 | 0.6% |
| Ishares MSCI South Africa Index ETF (USA) | 182 | 0.1% |
| Wesfarmers (Aus) | 166 | 0.1% |
| *Life Insurance* | | |
| AIA Group (Hong Kong) | 196 | 0.1% |
| Aviva | 1,091 | 0.7% |
| Legal & General | 981 | 0.6% |
| *Non Life Insurance* | | |
| Beazley | 839 | 0.5% |
| Jardine Lloyd Thompson | 1,087 | 0.7% |
| *Real Estate Investments & Services* | | |
| British Land | 1,299 | 0.8% |
| Cheung Kong (Hong Kong) | 212 | 0.1% |
| Hammerson | 752 | 0.5% |

| Company | Market Value £000 | % of Fund[1] |
|---|---|---|
| **Technology** | | |
| *Technology & Hardware Equipment* | | |
| Canon Inc. (Japan) | 102 | 0.1% |
| Qualcomm Inc. (USA) | 748 | 0.5% |
| Samsung Electronic (Asia) | 248 | 0.2% |
| **Unlisted Investments** | | |
| AOI Medical (USA) | 152 | 0.1% |
| Buried Hill Energy (USA) | 244 | 0.2% |
| MAM | 46,000 | 29.2% |
| Mitra Energy | 389 | 0.2% |
| **Javelin Funds** | | |
| JCEMAF (Lux) | 30,460 | 19.3% |

1 As defined on page 16.

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

# Board of Directors

This page forms part of the Director's Report

### Andrew J Adcock* MA Chairman

Mr Adcock was the managing partner of Brompton Asset Management LLP until he retired 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 Kleinwort Benson Bank Limited. He was appointed as a non-executive director of Foxtons Group plc and JP Morgan European Investment Trust plc in September 2013. He is also a Director of the Samuel Courtauld Trust and The Courtald Institute of Art. 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.

### 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 and on 1 February 2013, became a member of Javelin Capital LLP.

### 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, a Chartered Accountant, is currently Special Advisor to Kleinwort Benson, Chairman of Alder Asset Management and is also a Non-Executive Director of Novae Group plc, MM&K Limited and Chairman of the COIF Charity Funds. Previously he was Chairman of Kleinwort Benson Private Bank from 2004 to 2008 having held various senior roles in the Kleinwort Benson Group since 1995. Prior to that he 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, is Chairman of the Audit Committee and 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 2013.

## Introduction

The Directors' Report includes the Corporate Governance Statement, which can be found on pages 26 to 30, the Report of the Audit Committee, which can be found on pages 31 to 34 and the Directors' Remuneration Report on pages 35 to 43. A review of the Company's business is contained in the Strategic Report which includes 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.

New regulations for obtaining and retaining investment trust status apply to the Company with effect from 1 January 2012. One of the principal changes under the new investment trust tax regime is to remove the restriction that no single investment can represent more than 15 per cent. of gross assets at the time of its acquisition, and to replace this with a risk diversification approach; however, the 15 per cent. limit remains a restriction in the Company's investment policy as detailed on page 8. An application for approval as an investment trust under the new regime has been made and accepted by HM Revenue & Customs. Accordingly, the Company will be treated as an investment trust company for the year ended 30 September 2013 and for each subsequent accounting period, subject to there being no subsequent serious breaches of the regulations.

## Results and Dividend

Consolidated net revenue return before taxation amounted to £3,656,000 (2012: £2,681,000). The directors recommend a final ordinary dividend of 6.3p per ordinary share, payable on 22 January 2014 to shareholders on the register at the close of business on 10 January 2014. Together with the interim dividend of 4.2p per share paid on 26 June 2013, this makes a total distribution of 10.5p per share in respect of the financial year (2012: 10.5p per share).

## Risk Management and Objectives

The Company as an investment trust, and the Group, are subject to various risks in pursuing their objectives. The nature of these risks and the controls and policies in place across the Group that are used to minimise these risks are further detailed in the Strategic Report on pages 10 and 11 and in note 25 of the Accounts on pages 85 to 94.

## Directors

The directors in office at the date of this report are listed on page 20.

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

The Company's 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. Therefore none of the non-executive directors are required to stand for re-appointment under these provisions at the 2014 Annual General Meeting.

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 13 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 his performance within the annual Board performance evaluation, hereby recommends that shareholders vote in favour of the proposed re-appointment.

### Qualifying Third Party Indemnity Provisions
There are no qualifying third party indemnity provisions or qualifying pension scheme indemnity provisions which would require disclosure under Section 236 of the Companies Act 2006.

### Directors' Interests
Beneficial interests in ordinary shares as at:

| | 30 September 2013 | 1 October 2012 |
|---|---|---|
| Mr AJ Adcock | **20,000** | 20,000 |
| Mr JWM Barlow | **658,779** | 658,779 |
| 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 2013 | 1 October 2012 |
|---|---|---|
| Mr JWM Barlow | **2,160,779** | 2,160,779 |

There have been no changes to any of the above holdings between 30 September 2013 and the date of this report.

### Substantial Shareholdings
At 30 November 2013 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% |
| 1607 Capital Partners LLC | Non-beneficial | 2,638,427 | 5.02% |
| 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 | Non-beneficial | 877,433 | 1.67% |
| Miss AE Barlow | Non-beneficial | 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 31 October 2013 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, 15 January 2014 at 12:00 noon. The notice convening the Annual General Meeting is set out on pages 97 to 101.

The Board considers that Resolutions 1 to 9 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings.

### Purchase of Own Shares
Since 1 October 2012, 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 2013 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 2014 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 97.

The Authority will be used where the directors consider it to be in the best interests of the shareholders.

### Capital Structure
As part of its corporate governance the Board keeps under review the capital structure of the Company. At 30 September 2013 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. All of the shares of the Company are listed on the London Stock Exchange which is a regulated market.

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 8. The Board is responsible for setting the overall gearing range in which the Investment Manager may operate.

Details of gearing levels are contained in the Year's Summary on page 2, and in note 25 to the Accounts on page 94.

There is one employee share scheme operated by the Group. Further details are in note 24 to the accounts on pages 83 and 84.

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 or trigger any compensatory payments for directors, following a takeover bid.

### 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.

### Future Developments

The Chairman's Statement and the Investment Manager's Report sections of the Strategic Report on pages 12 to 15 provide details concerning relevant future developments of the Company and the Group in the forthcoming year.

### Employees, Social, Environmental, Ethical and Human Rights policy

The Company has no employees and as a result the Group has limited impact on the environment.

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, ethical and human rights factors, where appropriate.

### Carbon Reporting

In accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, the Company is required to report on its greenhouse gas emissions for those financial years ending on or after 30 September 2013. In accordance with the regulations the Company has determined that its organisational boundary, to which entities the regulations apply, is consistent with its consolidated financial accounts.

The Group operates in the financial services sector and in common with many organisations employs outsourcing such that most of its activities are performed by other outside organisations which do not give rise to any reportable emissions by the Group. However the Group, via its subsidiary Javelin Capital LLP, does undertake activities at its leased premises. In accordance with the provision of the centrally provided building services (including heating, light, cooling etc) to all lessees in the building by the landlord it is considered that the Group does not have emissions responsibility in respect of these services, which rather rest with the landlord. Javelin does however have responsibility for various other emissions in the usage of electricity by its office equipment in the course of undertaking its duties but it is not able to determine their amounts as compared to those provided by the landlord.

Additionally the Company has many investments in companies around the world, however the Company does not have the ability to control the activities of these investee companies and as such has no responsibility for their emissions.

Therefore the directors' believe that the Group has no reportable emissions for the year ended 30 September 2013.

## Donations

The Company made no political or charitable donations during the year (2012: nil) to organisations either within or outside of the EU.

## Post Balance Sheet Events

There have been no significant post balance sheet events of the Company or its subsidiaries.

## 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 has provided £8m in capital, which 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.

- 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 Capital governance is outlined in the Corporate Governance Statement on page 29), 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 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** |
| JCEMAF^ | 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 JCEMAF is a sub-fund of the Serviced Platform SICAV, which is a Luxembourg based UCITS.

** 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.

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

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

iii. Intra Group Asset Lease Agreement

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

- Capita Sinclair Henderson Ltd
  The Board has appointed Capita Sinclair Henderson Ltd (trading as Capita Asset Services) in November 2000 to act as Company Secretary and undertake fund 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 2013 the Group and the Company had eleven and ten days respectively of suppliers' invoices outstanding in respect of trade creditors (2012: Group: nine days; Company: eight days).

## 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 16 January 2013. 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
9 December 2013

# 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 the Corporate Governance Code as published by the Financial Reporting Council (FRC) in September 2012, as required by the Financial Conduct Authority (FCA). A copy of the Code can be found at www.frc.org.uk. The Board considers that the Company has complied with the provisions of the Code throughout the year ended 30 September 2013 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 A.4.1 – The directors have determined that, following Mr Hubert Reid's retirement in January 2013, the size of the Company's board does not warrant the appointment of a senior independent director.

Provision C.3.6 – 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 pages 24 and 25.

## 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, two non-executive directors and Mr JWM Barlow who is an executive director. Biographical details of the directors are shown on page 20.

Messrs AJ Adcock, PD Gadd 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 in his biography on page 20.

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 2013, six Board meetings were held, two Audit Committee meetings, one Management Engagement Committee meeting, one Nomination Committee meeting and one Remuneration Committee meeting. Attendance at these Board and Committee meetings detailed below.

| | Number of meetings | | | | |
|---|---|---|---|---|---|
| | Board | Audit | Management Engagement | Remuneration | Nomination |
| Directors | 6 | 2 | 1 | 1 | 1 |
| A J Adcock | 6 | 2 | 1 | 1 | 1 |
| J W M Barlow | 6 | n/a | n/a | n/a | n/a |
| RDC Henderson | 6 | 2 | 1 | 1 | 1 |
| P D Gadd | 6 | 2 | 1 | 1 | 1 |
| H V Reid | 3/3 | 1/1 | 1/1 | 1/1 | 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.

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.

The Board recognises the need for new directors to receive an appropriate induction. Existing directors receive regular updates, including in respect of regulatory and governance matters and development, and training needs were discussed as part of the Board evaluation process.

### 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 PD Gadd and Mr AJ Adcock. Mr JWM Barlow and representatives of the Auditors are invited to attend meetings of the Committee. It is considered that Mr RDC Henderson, who is a chartered Accountant, has recent relevant financial experience. The Board has agreed the terms of reference for the Audit Committee which meets at least twice a year. Further details on the work of the Audit Committee are detailed in the Report of the Audit Committee on pages 31 to 34.

- 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. The policy of the Committee is to consider 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. Gender and diversity are considered by the Committee and are taken into account when evaluating the skills, knowledge and experience desirable to fill each vacancy but all appointments to the Board are made on merit. The Committee has not set any measurable objectives in respect of this policy.

  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.

  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 15 minutes before the start of and during the Company's Annual General Meeting.

  The Nomination Committee met on 16 October 2013 to consider the re-appointment of directors at the Company's Annual General Meeting. Based on the outcome of the Board performance evaluation process and on the basis that he continued to make valuable contributions and exercise his judgement and express his opinions in an independent manner, the Committee has decided to recommend the re-appointment of Mr JWM Barlow. The Committee believes the directors provide the necessary breadth of skills and experience to run the Company.

- The Remuneration Committee comprises: Mr PD Gadd (Chairman), 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 are included in the Report on Directors' Remuneration on pages 35 to 43.

- 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 2013 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.

### 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 various sections of the Strategic Report on pages 4 to 19 provide further information.

The Company has three investor savings schemes which provide shareholders with cost effective and convenient ways of investing. Communication of up-to-date information is provided through the website at www.majedie.co.uk.

### Voting policy

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

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

### Javelin Capital LLP

The Board has representation on the Management Board of Javelin Capital LLP. Under the terms of the LLP Agreement the Company's Board is able to require amendments to Javelin Capital LLP's systems and controls if required, and has 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, 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 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.

### 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 or the Audit Committee 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 or the Audit Committee 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.

# Corporate Governance Statement

Further details relating to risk management and internal controls are contained in the Report of the Audit Committee on page 34.

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.

By Order of the Board

Andrew Adcock

Andrew J Adcock Chairman
9 December 2013

# Report of the Audit Committee

The Report of the Audit Committee forms part of the Corporate Governance Statement.

During the year ended 30 September 2013 the Committee comprised independent non-executive directors, being Mr RDC Henderson (Chairman), Mr AJ Adcock and Mr PD Gadd. Mr HV Reid retired from the Committee, and the Board, on 16 January 2013 and was not replaced. Mr JWM Barlow was also invited to attend meetings. The Committee usually meets twice a year in which it reviews the Half-Yearly Financial Report and the Annual Report.

The Company Secretary, Capita Asset Services, act as Secretary to the Committee and its terms of reference are available on request or may be obtained from the Company's website.

## Responsibilities

The Committee's responsibilities include monitoring the integrity of the financial statements of the Company (including that they are considered, as a whole, to be fair, balanced and understandable), 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 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.

During the year the Committee met twice, in May and November 2013, to review the Group's Half-Yearly Financial Report and Annual Report respectively, to review the internal control environments of outsourced service providers and to also oversee the relationship with the Auditor (which includes recommendations on fees, approval of their terms of engagement and assessing their independence and effectiveness).

## Significant issues related to the Financial Statements

In respect of the year ended 30 September 2013 the Committee considered the following issues to be significant to the financial statements:

## Valuation of Investments

The Company is a global equity investment trust which invests in many companies around the world, the majority of which are quoted and traded on a recognised stock exchange. However some of the Company's investments are held in companies that are not quoted or traded on a recognised stock exchange and for which price discovery requires careful analysis and judgment. Although these are small in number (and also usually by value) they do include the investments in both MAM and Javelin Capital LLP (Javelin Capital) and as such they are significant to the determination of the Company and Group's net asset value.

Investments in quoted companies are valued by the Company's external Fund Administrator using prices from third party pricing sources. The Fund Administrator reviews all prices and those that exceed a pre determined movement threshold are subject to further verification checks using additional pricing sources.

For unquoted investments the Investment Manager determines the relevant investment's fair value using the Company's policy as set out in note 1 to the Accounts on pages 59 to 66. All unquoted investments are subject to review both by the Investment Manager, the Committee and the Auditor.

Due to its size, the fair value of the investment in MAM receives special consideration. The Investment Manager prepares or receives detailed analyses, reports and explanations as to the historical financial and operational performance of MAM (the Company has representation on the MAM Board), peer group valuations, forecasts, MAM share transaction historical details and other relevant information. Using this information the Investment Manager, using a pricing model, derives a potential fair value for the investment. Output from the model is further revised by the Investment Manager, usually applying a discount to reflect the nature of the holding. The Investment Manager undertakes a review of the final calculation and prepares detailed papers which are reviewed by the Committee and Auditor. The Auditor undertakes a detailed review on the fair value as derived by the Investment Manager, which includes an independent valuation using a different pricing model, and discusses this with the Committee. The Committee, upon deciding a fair value to recommend to the Board, is cognisant of the range of fair values that could be applied to the investment and ensures that the derived value is within that range.

In accordance with IFRSs, the investment in Javelin Capital is subject to different accounting treatments in the Group and Company accounts. Although both are matters of interest for the Committee, the more pertinent value is that used in the Group accounts.

For the Group accounts, Javelin Capital is required to be consolidated at its net asset value. The accounts of relevant Javelin Capital entities are prepared by the Investment Manager and sent to the Company's external Fund Administrator who prepare the Group accounts. The Group accounts are checked by the Fund Administrator, the Investment Manager, and the Auditor and are reviewed by the Committee.

In respect of the investment in Javelin Capital in the Company's accounts, the carrying value of the investment in Javelin Capital is required to be valued in accordance with the Company's policy for unquoted investments as noted above. The policy, which uses valuation techniques in accordance with International Private Equity and Venture Capital Valuation Guidelines, requires that early stage investments (which normally generate trading losses in this phase) are to be valued at cost less any permanent diminution. The Investment Manager prepares detailed financial and operating reports on the performance of Javelin Capital, forecasts and other relevant information, which are reviewed by members of the Committee (in their capacity as representatives of the Company on the Management Board of Javelin Capital). The Investment Manager provides a recommendation based on this information which is reviewed by the Committee and the Auditor. In reviewing the Investment Managers recommendation the Committee gives weight to the potential future prospects of Javelin Capital.

### Group Reporting

As outlined in previous Annual and Half-Yearly Financial Reports new accounting standards were being introduced (including IFRS 10), for accounting periods starting on or after 1 January 2014 (but which can be adopted early, as a group), which would have the potential to impact the Group's consolidation. This was due to new requirements about which of the Group's investees are considered to be subsidiaries and therefore change the scope of the consolidation.

An amendment was issued by the IASB in 2012 (Investment Entities: Amendments to IFRS 10, IFRS 12 and IAS 27) which required entities that meet the criteria of an investment entity, to measure particular subsidiaries at fair value through the profit or loss rather than consolidate them. Other aspects of consolidation accounting including consolidation procedures, accounting for changes in non-controlling interest and accounting for loss of control of a subsidiary remain the same.

The Investment Manager and Auditor advised the Committee that the Company would meet the criteria and could be defined as an Investment Entity. In summary the major change is that the investment in the JCEMAF is able to be held at fair value through profit or loss rather than be consolidated. This change does not have a material impact on the Group's NAV but results in Group accounts being produced that are more comprehensible to shareholders.

The Committee has been monitoring developments closely and following a recommendation from the Investment Manager has recommended to the Board (and the Board has accepted that recommendation) that the Company adopt IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28, and the Investment Entities amendments to IFRS 10, IFRS 12 and IAS 27, for the year ended 30 September 2013. Further details on the new Standards and their adoption by the Company can be found in note 1 to the Accounts on pages 60 to 62.

The Chairman of the Committee will be available at the Annual General Meeting to answer any questions relating to the Annual Report.

## External Audit

The Company's external auditor is Ernst & Young LLP, who were appointed on 18 January 2008, replacing Deloitte & Touche LLP following an open tender process (there are no restrictions or impediments to the external audit tendering process). Given its small size and nature of operations the Company has no formal tendering policy in place.

The Company engages Ernst & Young LLP to undertake a review of the Half-Yearly Financial Report as well as the annual year end audit. On both occasions Ernst & Young LLP attend the relevant Audit Committee meeting.

In determining the effectiveness of the external audit the Committee takes account of the following factors:

| Factor | Assessment |
|---|---|
| The Audit Partner | Extent to which the partner demonstrates a strong understanding of the business and industry and the challenges that we face. Additionally is committed to audit quality, whose opinion is valued and sought after. |
| The Audit Team | Extent to which the audit team understand the business and industry, are properly resourced and experienced. |
| The Audit approach | The Audit approach is discussed with management and targets the significant issues early (and any new requirements as a result of new regulations etc), is communicated properly, is appropriate for our business and industry and includes an appropriate level of materiality. |
| The role of management | Information provided by management is timely and correct with proper work papers. Accounting systems and internal controls work properly to enable proper information and an audit trail to be provided. |
| The communications and formal reporting by the Auditor | Management and the Committee kept appropriately informed as the audit progresses – a "no surprises" basis is adopted. The formal report is appropriate and contains all the relevant material matters. |
| The support, insights and added value provided to the Committee | Guidance given to the Committee for best practice with provision of updates and or briefings or training between Committee meetings. |
| The independence and objectivity of the Auditor | Complies with the Financial Reporting Council (FRC) ethical standards and has the required degree of objectivity. |

In assessing the effectiveness of the audit, the Committee receives management assessments and reports from the Auditor and additionally does, from time to time, receive assessments on the auditor from the FRC.

As a result of its review the Committee is satisfied that in respect of the year ended 30 September 2013 the external audit process is effective and it recommends the appointment of Ernst & Young LLP as Auditors at the forthcoming Annual General Meeting.

# Report of the Audit Committee

### Policy for non-audit services

From time to time it may be appropriate and cost effective for the external auditor to provide services relating to tax compliance and 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 auditor to provide such services. The review of the Half-Yearly Financial Report whilst not a statutory audit is an audit related service, but not a non-audit service, and is separately disclosed. The Management Board of Javelin Capital LLP 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.

In determining auditor independence the Committee assesses all relationships with the auditor and receives from the auditor information on its independence policy along with safeguards and procedures it has developed to counter perceived threats to its objectivity. The auditor also provides confirmation that it is independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit is not impaired. During the year no non-audit services were provided by Ernst & Young LLP and the Committee is satisfied that they are independent having fulfilled its obligations to both the Company and its shareholders.

### Risk Management and Internal Control

The Group operates risk management and internal control systems appropriate for entities operating in the financial services sector and additionally as appropriate to its size and the scope of its activities. In reviewing these systems the Committee, and or the Board, receive regular reports. The Committee also receives control reports from its key third party outsourced service providers on the effectiveness of their own internal control systems and procedures. Any particular issues identified are documented and followed up by the Committee or the Board in following meetings.

The Company does not have an internal audit function as required under provision C.3.6 of the UK Corporate Governance Code. The Committee has considered this matter and is 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 operation. In particular the Company operates with Investment Management and General Administration services being undertaken by Javelin Capital LLP, Fund Administration and Company Secretarial functions by Capita Asset Services and custody by RBC Investor Services Trust.

For the year ended 30 September 2013 there have been no changes to the Group's risk management and internal control systems and the Committee considers that they are adequate and effective.

### Compliance, Whistleblowing and Fraud

The Company operates using an outsourced business model, in common with other investment trusts. As such the Committee and the Board receive reports regarding the compliance function of the Investment Manager and General Administrator including procedures for whistleblowing and for detecting fraud and bribery.

The Committee also seeks assurances from service providers that appropriate whistleblowing procedures are in place which enable their staff to raise concerns about possible improprieties in a confidential manner.

On behalf of the Board
RDC Henderson
Chairman of the Audit Committee
9 December 2013

# Report on Directors' Remuneration

## Annual Statement

The Company is a small investment trust company. Its Board comprises three non-executive directors and one executive director, Mr JWM Barlow. The remuneration of the directors is kept under review on a regular basis. In respect of the financial year ended 30 September 2013 the remuneration committee has decided that there should be no change to the remuneration of the non-executive directors or, save for the changes set out below as a result of Mr JWM Barlow becoming a partner in Javelin Capital LLP (Javelin Capital), to the remuneration of Mr JWM Barlow. Such decisions were made in the context of the ongoing performance of Javelin Capital and the Company, the fees payable to non-executive directors of other investment trusts and the partner profit shares payable to the partners of Javelin Capital.

Mr JWM Barlow's remuneration has changed during the year as a result of his becoming a partner in Javelin Capital. Prior to 1 February 2013, Mr JWM Barlow was an employee of Javelin Capital, and received a base salary of £135,000 per annum together with healthcare benefits and his director's fees of £27,000 per annum.

Mr JWM Barlow became a partner of Javelin Capital on 1 February 2013, and as set out in more detail below, he is entitled to a Priority Profit Share under the terms of the Javelin Capital Limited Liability Partnership Agreement (LLP Agreement) in respect of each financial year, whether or not Javelin Capital is in fact profitable during that year. In respect of the financial year ended 30 September 2013, Javelin Capital made a loss; the Company has been advised that the Priority Profit Shares of Mr JWM Barlow and the other partners of Javelin Capital would not be subject to tax unless Javelin Capital is profitable. Upon becoming a partner of Javelin Capital, Mr JWM Barlow, became entitled to a Priority Profit Share of £99,068 per annum instead of his previous salary. The Company has agreed with Mr Barlow that as and when Javelin Capital becomes profitable, and partner profit shares become subject to tax, his Priority Profit Share would be increased accordingly, up to a gross amount of £135,000.

As a partner in Javelin Capital, Mr JWM Barlow is entitled to a share in any profits of Javelin Capital. The percentage profit share of each partner in Javelin Capital is determined annually by the managing partner of Javelin Capital (with the profit shares of the managing partner and any partner who is a director of the Company being subject to approval by the Remuneration Committee of the Company).

Mr JWM Barlow is also entitled to a performance-based bonus in two broad areas: First, following Javelin Capital 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 are to be developed when that milestone is reached. Secondly, in respect of his marketing responsibilities, he is entitled to 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 that are 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 or partner of Javelin Capital. During the financial year ended 30 September 2013 he received no bonus, and neither his previous benefit nor bonus arrangements have been changed as a result of him becoming a partner.

PD Gadd
Chairman of the Remuneration Committee

## DIRECTORS' REMUNERATION POLICY

In accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the Regulations), it is proposed to table an ordinary resolution to approve the directors' remuneration policy as set out in this Section at the Company's Annual General Meeting (see pages 97 to 101). It is proposed that this policy will be adopted at that meeting with effect from 1 October 2013 and will remain in force until the Annual General Meeting of the Company in 2017, at which time a further resolution will be proposed.

### Non-Executive Directors

The components of the remuneration package for non-executive directors, and which are comprised in the directors' remuneration policy of the Company, are as set out below:

| Remuneration type | Description and approach by the Company to determination | Maximum potential Value |
|---|---|---|
| Fixed | | |
| Fees | Annual fees set at a competitive level for the industry and appropriate for role and based on individual skills, time commitment and experience. | Aggregate directors' fees cannot currently exceed £250,000 per annum |
| Additional fees for Senior Independent Director and Chairs of Committees | Additional fees may be paid to any director designated as the Senior Independent Director and to any director who chairs any committee of the Board depending on the time commitment and responsibility involved. Such fees will be set at a competitive level for the industry and appropriate for the role and based on individual skills, time commitment and experience. | Aggregate directors' fees cannot currently exceed £250,000 per annum |
| Additional fees for service on subsidiary undertaking boards or for other services | Additional fees will be paid to non-executive directors who are members of the boards of any subsidiary undertakings of the Company, or who provide additional services on behalf of the Company, and are required to devote additional time in such role. Such fees will reflect the additional time commitments assumed. | Aggregate directors' fees cannot currently exceed £250,000 per annum |
| Expenses | Non-executive directors can claim for out-of-pocket expenses in the furtherance of their duties. | Ad-hoc basis. |
| Payment for loss of office | No payments will be made to non-executive directors for loss of office. | |

Each component of the remuneration package set out above supports the short and long-term strategic objectives of the Company by ensuring that the non-executive directors' remuneration is set at a competitive level which reflects the responsibilities of, and the time devoted by, the non-executive directors.

Non-executive directors have 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 deferral or claw back provisions.

### Executive Director

The components of the remuneration package for the executive director, and which are comprised in the directors' remuneration policy of the Company, are set out below:

| Remuneration type | Description and approach by the Company to determination | Maximum potential Value |
|---|---|---|
| **Fixed** | | |
| Fees (Company) | Annual fees set at a competitive level for the industry and appropriate for role and based on individual skills, time commitment and experience. | Aggregate directors' fees cannot currently exceed £250,000 per annum |
| Priority Profit Share (if a partner in Javelin Capital) or salary (if an employee of Javelin Capital or any other member of the Group) | Set at a competitive level for the industry and appropriate for role and based on individual skills, time commitment and experience, and to be consistent with the priority profit shares, or salaries, receivable by the other Javelin Capital partners and employees. | £135,000 per annum unless otherwise resolved by the Remuneration Committee |
| Healthcare (Javelin Capital) | Medical and death or disability insurance. | As per Group healthcare provider quote |
| **Variable** | | |
| Quarterly new business incentive (Javelin Capital) | Assessed at 0.1% per annum on the level of new third party assets raised directly by the individual and under management by Javelin Capital. Any such bonus is paid quarterly in arrears. | 0.1% annually of new third party assets raised by him and under management |
| Annual Company bonus (payable to Mr JWM Barlow only) | Payable only if Javelin Capital becomes profitable Assessed against Company and business financial performance and individual personal achievements relating to a range of operational and business development targets. To include appropriate retention arrangements. | The amount of any such bonus will be fixed in due course if Javelin Capital becomes profitable. In any event it will not exceed 50% of base salary. |
| Annual Profit Share (Javelin Capital) | Under the LLP Agreement, a proportion of Javelin Capital's net profit (after allowance for staff costs and Priority Profit Shares) is payable in bonuses to the partners and employees of Javelin Capital in respect of each financial year. Such proportion shall be, in the first financial year in which Javelin Capital makes a profit, 20%, in the second financial year 30%, in the third financial year, 40% and thereafter 45%. The amount payable to each person, including any director of the Company who is also a partner or employee of Javelin Capital, shall be assessed against Javelin Capital's business and financial performance and individual personal achievements (and after having taken into account the quarterly and Company bonuses above) relating to a range of operational and business development targets. Includes appropriate retention arrangements. 50% of the total Annual Profit Share Bonus and the Performance Fee Profit Share in each year shall be invested in funds managed by Javelin Capital and shall not be withdrawn for a period of at least two years. | Up to 45% of Javelin Capital net profit (after allowance for staff costs and Priority Profit Shares) |

| Remuneration type | Description and approach by the Company to determination | Maximum potential Value |
|---|---|---|
| **Variable** (continued) | | |
| Performance Fee Profit Share (Javelin Capital) | Under the LLP Agreement, a proportion of any performance fees received by Javelin Capital is payable in bonuses to the partners and employees of Javelin in respect of each financial year. Such proportion shall be, in relation to each fund of Javelin Capital, 90% in its first year, 75% in the second year, 60% in the third year and 45% thereafter. 50% of the total Annual Profit Share Bonus and the Performance Fee Profit Share in each year shall be invested in funds managed by Javelin Capital and shall not be withdrawn for a period of at least two years. | Up to the relevant percentage (from 45% to 90%) of performance fees received by Javelin Capital. |
| Residual Profit Share (Javelin Capital) | Under the LLP Agreement, the profits of Javelin Capital after payment of any profit shares referred to above are receivable by the partners of Javelin Capital in accordance with their respective partnership shares in respect of each financial year. All such profits would initially be paid to the partners in proportion to their capital contributions until all such contributions, together with notional interest, have been repaid. Thereafter, the Company is initially entitled to receive 75% of such profits and the individual partners collectively 25% of such profits; subject to the attaining of performance hurdles, the profit share of the individual partners shall increase to a maximum of 45%. The proportion of such profit share attributable to each partner will be determined by the managing partner on an annual basis, with the profit share of the managing partner and any partner who is also a director of the Company being subject to the approval of the Remuneration Committee. | Up to the relevant percentage (between 25% and 45%) of residual profits, having repaid all capital contributions and notional interest thereon. |

As a partner in Javelin Capital, Mr JWM Barlow does not receive any pension benefits. The profit shares referred to above to which the partners of Javelin Capital (including any executive director who is also a partner of Javelin Capital) are entitled, and their order of payment are;

- Priority Profit Share: this entitles the partner to an annual fixed profit share. In the case of Mr JWM Barlow, his priority profit share is an amount of £135,000 (reduced on an interim basis to £99,068 as noted above), paid monthly, and subject to an annual review. This profit share is paid independently of the profitability of Javelin Capital;

- Performance Fee Profit Share: This is a variable profit share based on the investment performance of certain Javelin Capital funds. In the event of a performance fee being earned and received by Javelin Capital the individual partners' are eligible to be allocated a fixed, percentage thereof, the allocation of which amongst the individual partners' is as determined by the managing partner of Javelin Capital. This profit share is for the first 4 years of the relevant fund only and the percentage due to the individual partners reduces in each of those years, as set out above. The Performance Fee Profit Share is also paid independently of the overall profitability of Javelin Capital. Mr JWM Barlow is not entitled to receive a performance fee profit share, being instead entitled to the quarterly new business incentive payment referred to above;

- Bonus Profit Share: This is a variable profit share, as set out above, which is based on the overall profitability of Javelin Capital. It is formulaic in nature and sets the remuneration of all individuals in Javelin Capital at a fixed percentage of net profit of Javelin Capital. It doing so it takes into account the prior profit shares, salaries, incentives and other staff costs. In the event that the prior profit shares and salaries, incentives etc exceed the calculated percentage then no profit share is allocated, or bonus, in respect of employees, is paid. If the calculation determines that a profit share should be allocated or bonus paid in respect of employees, then the allocations to individual partners and employees is as determined by the managing partner of Javelin Capital, save that the profit share payable to the managing partner of Javelin Capital and to any partner who is also a director of the Company is subject to the prior approval of the Remuneration Committee;

- Residual Profit Share: Any remaining profits left, if any, after all the previous profit shares have been allocated are allocated to all partners in accordance with their ownership interest in Javelin Capital, as set out above.

Mr JWM Barlow is subject to the LLP Agreement governing Javelin Capital as varied by an Accession Agreement entered into by him on 21 February 2013. The terms of the LLP Agreement include providing for six months' notice of termination by either party, an entitlement to share in the profits of the partnership and various post partnership obligations and restrictions considered to be appropriate for a role of this type within the financial services sector. There are no other provisions which would give rise to or impact upon remuneration payments of payments for loss of office, save as set out above.

Additionally he is subject to his letter of appointment as a Director of the Company, the terms of which are the same as for the non-executive directors, and to a letter dated 4 October 2012 which sets out the terms of his new business incentive bonus. There are no current arrangements concerning his annual Company bonus; as this will be agreed as and when applicable, subject to the constraints set out above.

Each component of the remuneration package set out above supports the short and long-term strategic objectives of the Company as follows:

- The Priority Profit Share or remuneration ensures that the executive directors' base profit share or remuneration is set at a competitive level;

- The non-fixed elements of the remuneration package aim to ensure that the fixed costs of Javelin Capital and the Company are restrained, and that the remuneration received by an executive director should largely be aligned with the performance of Javelin Capital;

- The key to the success of Javelin Capital, in both the long and short term, will be the attraction of third party assets. The new business incentive bonus is directly linked to the level of assets attracted by the individual;

- The performance of the Javelin Capital funds in both the long and short term, will be critical in attracting new third party assets under management. The Performance Fee Bonus directly aligns the interests of the individual fund managers with those of Javelin Capital and the Company;

- The annual bonus payable to Mr JWM Barlow and the partners' Bonus Profit Share are payable only if Javelin Capital achieves profitability. The success of Javelin Capital is dependent on its achieving profitability in the long term; providing that the bonus is payable only out of such profits directly aligns the interests of the Javelin Capital partners and employees with those of Javelin Capital and the Company;

- The Residual Profit Share is again payable only out of Javelin Capital profits, and therefore directly aligns the interests of the individual Javelin Capital partners with those of the Company.

Save as set out above there are no specific additional performance measures or targets applicable to any of the components of the executive directors' remuneration. The new business incentive bonus was fixed to be in line with standard market practice for bonuses of this nature for new businesses. The overall bonus pools set out above were agreed following negotiation between the Company and the individual partners, and reflect market practice. Because the bonuses essentially reflect an allocation of profit, no further performance measures are felt to be appropriate. In allocating any such bonuses, the managing partner of Javelin Capital (and in approving such bonuses, the Remuneration Committee) will take account of individual comparative performance.

Save for the payment of directors' fees, there is no difference between the Company's policy on the remuneration of directors from the remuneration of employees or of partners of Javelin Capital generally.

### Approach to Recruitment Remuneration

The principle adopted by the Committee in respect of recruitment of directors is that the fees for a non-executive director should reflect the responsibilities and time commitment required. This is also referenced to other similar organisations and appointments. 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. Any new non-executive director would be paid on the same basis as the existing non-executive directors.

As noted above the aggregate level of directors' fees must not exceed a set limit, as set out in the Company's articles of association, which is currently £250,000 per annum.

In respect of executive directors', the Committee seeks to incentivise and align the relevant individual's interests with that of the Company and Group. In doing so the Committee looks to set fixed remuneration, at a level appropriate given the responsibilities and in line with the market for financial services businesses in the City of London. The variable remuneration is structured in order to provide a reward for individual performance at both the Company and Javelin Capital level. Any new executive director's remuneration package would contain a fixed salary or Priority Profit Share element, in line with those set out above, together with an entitlement to participate in the bonus schemes set out above on the same basis as is set out above. The maximum level of variable remuneration which may be granted would be equal to the individual allocation of the bonus pools set out above.

### Policy on Payment for Loss of Office

The Company's policy is that notice periods for loss of office of executive directors of the Company should be of three months' duration. Any director who is also a partner in Javelin Capital would be entitled to a notice period of 6 months before being removed as a partner.

The Company's policy is that no payment should be made for loss of office, save for any remuneration or Javelin Capital Priority Profit Share in respect of any notice period, and that should be paid during any notice period, and shall be subject to reduction in the event of the director gaining alternative employment.

Any bonuses to which any directors of the Company may be entitled or entitled to participate in will be subject to their being an employee or partner of Javelin Capital at the time payment falls due, and no payment will be made in the event of prior loss of office. Each Javelin Capital partner is entitled to retain any partnership units allocated to them if they leave two or more years after becoming a partner, or 50% of such units if they leave more than a year after becoming a partner, or 25% of such units if they leave within a year of becoming a partner. Such units would entitle them to a share in the proceeds of any sale of Javelin Capital. There are no restrictions on the ability of Javelin Capital to issue further units to dilute the holdings of former partners, and it is expected that such units would therefore in practice have no material financial entitlement.

## Consideration of Employment Conditions Elsewhere in the Company

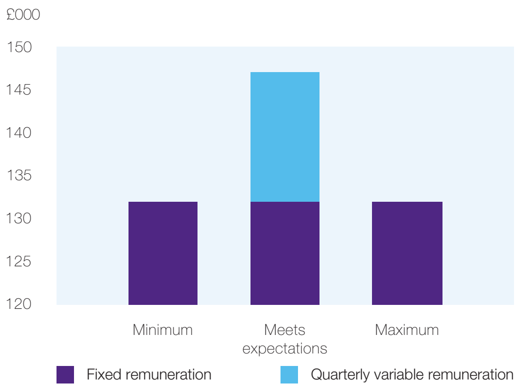
The pay and performance conditions of any executive director of the Company are designed to be consistent with those of the employees of the Group and the partners in Javelin Capital. The same remuneration policies apply to the other senior employee of the Group. The remuneration of the other senior employees of the Group, and the Javelin Capital partners, is a material factor in setting the remuneration of the executive director. The Committee has discussed the remuneration policy set out in this Remuneration Report with Mr V Pina on a number of occasions to ensure that it is consistent with the terms of the LLP Agreement and the policies proposed to be applied by Javelin Capital. The remuneration of the executive director was compared with that of the partners of Javelin Capital at the time of his becoming an executive director

## Shareholder Views on Remuneration

The Company has not received any views in respect of directors' remuneration expressed to it by shareholders.

## Illustration of Application of Remuneration Policy

## Executive Director




Notes:

1. Fixed remuneration includes directors' fees, current reduced Priority Profit Share and benefits.
2. Quarterly variable remuneration, which is in respect of the current year only, is on the basis that external AUM is raised as a result of his forecast marketing activities but which is subject to investment performance. It is not possible to calculate a value in excess of this for the maximum column as it is based on AUM raised which is theoretically uncapped.
3. Annual variable remuneration is not able to be calculated the under meets expectations or maximum columns, as he is entitled to participate in the Javelin Capital bonus pools, which are theoretically uncapped.

## The Consideration of Directors' Remuneration

The remuneration of the directors was considered by the Remuneration Committee at a meeting held on 16 October 2013. At each meeting, the members of the Remuneration Committee were Mr PD Gadd, Mr AJ Adcock and Mr RDC Henderson. No person provided to the Remuneration Committee advice or services that materially assisted the Remuneration Committee in respect of their consideration of directors' remuneration for the financial year ended 30 September 2013.

## Annual Report on Remuneration

## Audited Section

## Annual Report

The remuneration of the directors for the year ended 30 September 2013 was as follows:

| | Salary & Fees | | Fixed Profit Share | | Taxable Benefits | | Total Remuneration | |
|---|---|---|---|---|---|---|---|---|
| | 2013 £000 | 2012 £000 | 2013 £000 | 2012 £000 | 2013 £000 | 2012 £000 | 2013 £000 | 2012 £000 |
| Non-executive Directors | | | | | | | | |
| AJ Adcock | 75 | 75 | | | | | 75 | 75 |
| HV Reid | 13 | 37 | | | | | 13 | 37 |
| PD Gadd | 35 | 35 | | | | | 35 | 35 |
| RDC Henderson | 35 | 35 | | | | | 35 | 35 |
| Executive Director | | | | | | | | |
| JWM Barlow | 72 | 162 | 66 | | 5 | 4 | 143 | 166 |
| | 230 | 344 | 66 | | 5 | 4 | 301 | 348 |

Mr JWM Barlow's taxable benefits relate to healthcare costs (he receives no pension contributions). Other than the payments of directors fees to Mr Hubert Reid, who retired as a director on 16 January 2013, shown in the table above, there have been no payments to past directors during the financial year ended 30 September 2013, whether for loss of office or otherwise.

## Scheme Interests Awarded during the Financial Year

No awards were made to directors during the year under the Company's Long Term Incentive Plan.

# Report on Directors' Remuneration

## Directors Interests

The Company does not have any requirement or guidelines for any director to own shares in the Company.

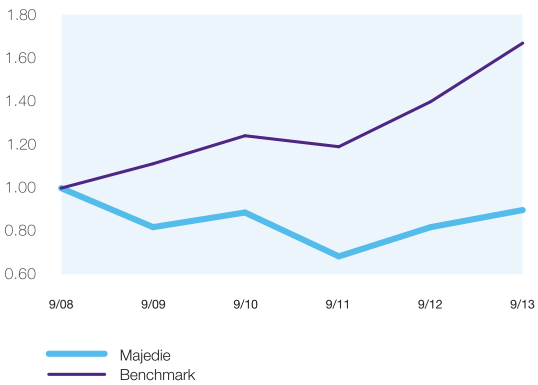
The interests of the directors of the Company (including their connected persons) as at 30 September 2013 and as at 9 December 2013 are as follows.

| Director | Type of holding | No of fully paid ordinary 10p shares 30 September 2013 | 9 December 2013 |
|---|---|---|---|
| Mr AJ Adcock | Beneficial | 20,000 | 20,000 |
| Mr RDC Henderson | Beneficial | – | – |
| Mr PD Gadd | Beneficial | 10,000 | 10,000 |
| Mr JWM Barlow | Beneficial | 658,779 | 658,779 |
| Mr JWM Barlow | Non-beneficial | 2,160,779 | 2,160,779 |

## Non Audited Section

### Performance

Set out below is a graph showing the total shareholder return attributable to the ordinary shares in the Company in respect of the five financial years ended 30 September 2013 and 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 investment group.




TOTAL SHAREHOLDER RETURN V BENCHMARK
5 YEARS TO 30 SEPTEMBER 2013 (REBASED)

## Remuneration of the Director Undertaking the Role of Chief Executive Officer

The table below sets out the remuneration of the director of the Company who fulfils a role most closely corresponding to that of chief executive officer (CEO) over the preceding five financial years:

| Year ended | Director undertaking role of CEO | Total remuneration | Current year variable remuneration awarded vrs maximum potential value | Prior year or future year awards vested vrs maximum potential value |
|---|---|---|---|---|
| 30 Sep 2013 | Mr JWM Barlow | £143,531 | | |
| 30 Sept 2012 | Mr JWM Barlow | £166,640 | | |
| 30 Sept 2011 | Mr GP Aherne | £185,040 | | |
| 30 Sept 2010 | Mr GP Aherne | £260,000 | 100% | |
| 30 Sept 2009 | Mr GP Aherne | £147,000 | | |
| 30 Sept 2008 | Mr RE Clarke | £902,994 | 95% | 86% |

The table below sets out the changes in the disclosed elements of the director undertaking the role of CEO as compared to employees of the Group:

| Year ended | Fixed remuneration | | Benefits | | Variable remuneration | |
|---|---|---|---|---|---|---|
| | CEO | Staff | CEO | Staff | CEO | Staff |
| 30 September 2013 | (14.8%) | (36.3%) | 18.2% | 26.9% | | |

Notes:

1. The reduction in the CEO fixed remuneration is explained on page 35. The reduction in average staff fixed remuneration reflects the impact of higher paid staff leaving over a small number of employees.
2. The increase in benefits largely reflects the increase costs of providing those benefits by the relevant service providers.

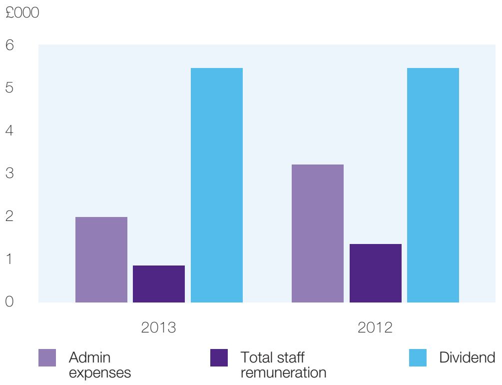
## Relative Importance of Spend on Pay

The table below sets out, in respect of the financial year ended 30 September 2013 and the preceding financial year:

a) the actual administrative expenditure of the Group;

b) the remuneration paid to or receivable by all members of the Group (including for this purpose partnership distributions to the partners of Javelin Capital); and

c) the distributions made to shareholders by way of dividend or share buyback.




Note:
The items listed in the table above are as required by the Regulations with the exception of administrative expenses for the Group which has been included as the Directors believe that it will help aid understanding of the relative importance of the spend on staff pay.

## Statement of Implementation of Remuneration Policy in Respect of the Financial Year Ending 30 September 2014

### Non-Executive Directors’

The Committee intends to review fees in light of responsibilities undertaken and time commitment required, particularly in light of the new Alternative Investment Fund Manager Directive which will apply to the Company from July 2014, and market conditions.

### Executive Director

The Committee intends to review the Priority Profit Share as against market conditions. Additionally the Committee will determine if the Priority Profit Share will be raised from its interim level on the basis of the expected profitability of Javelin Capital.

In respect of the variable elements of the director’s remuneration, all elements are currently prescribed under the LLP Agreement or Mr JWM Barlow’s bonus letter, save in respect of any Company profit bonus. If Javelin Capital does become profitable during the financial year ending 30 September 2014, the Remuneration Committee will formulate appropriate performance targets, which will be reported on in the Remuneration Report for the year ending 30 September 2014.

## Statement of Voting at General Meeting

At the Annual General Meeting of the Company held on 16 January 2013, a resolution was proposed by the Company to approve the Report on Directors’ Remuneration for the year ended 30 September 2012. 99.8% of the votes cast were in favour of the resolution with 0.1% against. 0.1% of the votes were withheld.

## Basis of Preparation

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 amended, as required by the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the principles relating to the directors’ remuneration.

The Report on Directors’ Remuneration on pages 35 to 43 was approved by the Board on 9 December 2013.

On behalf of the Board

PD 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 IFRSs 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;
- make judgements and estimates that are reasonable and prudent; and
- state that the Annual Report, taken as a whole, is fair, balanced and understandable and provides sufficient information to allow shareholders to assess the Group's performance.

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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Corporate Governance Statement, A Director's Remuneration Report and a Directors' Report that comply with that law and those regulations.

The Directors of the Company, whose names are shown on page 20 of this Report, each confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and net return of the Group;
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- they consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Andrew Adcock

Andrew J Adcock Chairman
9 December 2013

# 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 2013 which comprise the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Cash Flows and the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent 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 set out on page 44, the directors are responsible for the preparation of the Group and Company 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 Group and Company 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Company's affairs as at 30 September 2013 and of the Group'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;
- the 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.

### Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team:

- existence and ownership of the Group's investments; and
- valuation of the Group's investments.

### Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming our audit opinion in the Report of the Independent Auditor. When establishing our overall audit strategy, we determined materiality for the Group to be £1.2 million, which is 1% of total equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessment, together with our assessment of the Group's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the group should be 75% of materiality, namely £0.9 million. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

We have reported to the Audit Committee all audit differences in excess of £61 thousand, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

### An overview of the scope of our audit

Our response to the risks identified above was as follows:

- we obtained independent confirmation from the custodian of the Group's investments and agreed them to the books and records of the Company;
- we agreed year end prices for quoted investments to an independent source; and
- with the assistance of our valuation experts, we considered the appropriateness of the valuation techniques applied to unlisted investments by reviewing the valuation model, and obtained evidence to corroborate the inputs into the valuation model.

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

In our opinion:

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

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

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 25, in relation to going concern;
- 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
9 December 2013

# Consolidated Statement of Comprehensive Income

for the year ended 30 September 2013

| | Notes | 2013 Revenue return £000 | 2013 Capital return £000 | 2013 Total £000 | 2012 Revenue return £000 | 2012 Capital return £000 | 2012 Total £000 |
|---|---|---|---|---|---|---|---|
| **Investments** | | | | | | | |
| Gains on investments at fair value through profit or loss | 13 | | 18,046 | 18,046 | | 7,832 | 7,832 |
| Exchange loss on disposal of foreign subsidiary | | | | | | (840) | (840) |
| **Net investment result** | | | 18,046 | 18,046 | | 6,992 | 6,992 |
| **Income** | | | | | | | |
| Income from investments | 3 | 5,120 | | 5,120 | 5,100 | | 5,100 |
| Other income | 3 | 118 | | 118 | 63 | | 63 |
| **Total income** | | 5,238 | | 5,238 | 5,163 | | 5,163 |
| **Expenses** | | | | | | | |
| Administrative expenses | 5 | (880) | (1,109) | (1,989) | (1,777) | (1,442) | (3,219) |
| **Return before finance cost and taxation** | | 4,358 | 16,937 | 21,295 | 3,386 | 5,550 | 8,936 |
| Finance costs | 8 | (702) | (2,105) | (2,807) | (705) | (2,115) | (2,820) |
| **Net return before taxation** | | 3,656 | 14,832 | 18,488 | 2,681 | 3,435 | 6,116 |
| Taxation | 9 | (115) | | (115) | (132) | | (132) |
| **Net return after taxation for the year** | | 3,541 | 14,832 | 18,373 | 2,549 | 3,435 | 5,984 |
| Other comprehensive income – exchange differences on translation of foreign operations | | | | | | 37 | 37 |
| Attributable to: | | | | | | | |
| Equity holders of the company | | | | | | 37 | 37 |
| Non-controlling interest | | | | | | | |
| | | | | | | 37 | 37 |
| **Total comprehensive income for the year** | | 3,541 | 14,832 | 18,373 | 2,549 | 3,472 | 6,021 |
| **Net return after taxation attributable to:** | | | | | | | |
| Equity holders of the Company | | 3,541 | 14,832 | 18,373 | 2,552 | 3,445 | 5,997 |
| Non-controlling interest | 14 | | | | (3) | (10) | (13) |
| | | 3,541 | 14,832 | 18,373 | 2,549 | 3,435 | 5,984 |
| **Return per ordinary share:** | | pence | pence | pence | pence | pence | pence |
| Basic and diluted | 11 | 6.8 | 28.5 | 35.3 | 4.9 | 6.6 | 11.5 |

The total column of this statement is the Consolidated Statement of Comprehensive Income of the Group prepared in accordance with IFRSs as adopted by the European Union. 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 58 to 96 form part of these accounts.

# Company Statement of Comprehensive Income

for the year ended 30 September 2013

| | Notes | 2013 Revenue return £000 | 2013 Capital return £000 | 2013 Total £000 | 2012 Revenue return £000 | 2012 Capital return £000 | 2012 Total £000 |
|---|---|---|---|---|---|---|---|
| **Investments** | | | | | | | |
| Gains on investments at fair value through profit or loss | 13 | | 17,679 | 17,679 | | 6,258 | 6,258 |
| **Net investment result** | | | 17,679 | 17,679 | | 6,258 | 6,258 |
| **Income** | | | | | | | |
| Income from investments | 3 | 5,120 | | 5,120 | 5,132 | | 5,132 |
| Other income | 3 | 112 | | 112 | 34 | | 34 |
| **Total income** | | 5,232 | | 5,232 | 5,166 | | 5,166 |
| **Expenses** | | | | | | | |
| Management fees | 4 | (404) | (415) | (819) | (402) | (412) | (814) |
| Administrative expenses | 5 | (516) | (197) | (713) | (548) | (237) | (785) |
| **Return before finance costs and taxation** | | 4,312 | 17,067 | 21,379 | 4,216 | 5,609 | 9,825 |
| Finance costs | 8 | (702) | (2,105) | (2,807) | (701) | (2,104) | (2,805) |
| **Net return before taxation** | | 3,610 | 14,962 | 18,572 | 3,515 | 3,505 | 7,020 |
| Taxation | 9 | (115) | | (115) | (113) | | (113) |
| **Net return after taxation for the year** | | 3,495 | 14,962 | 18,457 | 3,402 | 3,505 | 6,907 |
| **Return per ordinary share:** | | pence | pence | pence | pence | pence | pence |
| Basic and diluted | 11 | 6.7 | 28.8 | 35.5 | 6.6 | 6.7 | 13.3 |

The total column of this statement is the Statement of Comprehensive Income of the Company prepared under IFRSs as adopted by the European Union. 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 58 to 96 form part of these accounts.

# Consolidated Statement of Changes in Equity

for the year ended 30 September 2013

| | Notes | Share capital £000 | Share premium £000 | Capital redemption reserve £000 | Share options reserve £000 |
|---|---|---|---|---|---|
| **Year ended 30 September 2013** | | | | | |
| As at 1 October 2012 | | 5,253 | 785 | 56 | (147) |
| Net gain for the year | | | | | |
| Share options expense | 24 | | | | 24 |
| Dividends declared and paid in year | 10 | | | | |
| **As at 30 September 2013** | | 5,253 | 785 | 56 | (123) |
| **Year ended 30 September 2012** | | | | | |
| 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 | 24 | | | | 31 |
| Dividends declared and paid in year | 10 | | | | |
| Cessation of Non controlling interest | | | | | |
| **As at 30 September 2012** | | 5,253 | 785 | 56 | (147) |

The notes on pages 58 to 96 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 |
|---|---|---|---|---|---|
| 87,822 | 20,093 | (1,628) | | | 112,234 |
| 14,832 | 3,541 | | | | 18,373 |
| | | | | | 24 |
| | (5,465) | | | | (5,465) |
| 102,654 | 18,169 | (1,628) | | | 125,166 |

| 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 |
| | | | | | 31 |
| | (5,465) | | | | (5,465) |
| | | | | (235) | (235) |
| 87,822 | 20,093 | (1,628) | | | 112,234 |

# Company Statement of Changes in Equity

for the year ended 30 September 2013

| | Notes | Share capital £000 | Share premium £000 | Capital redemption reserve £000 |
|---|---|---|---|---|
| **Year ended 30 September 2013** | | | | |
| As at 1 October 2012 | | 5,253 | 785 | 56 |
| Net gain for the year | | | | |
| Share options expense | 24 | | | |
| Dividends declared and paid in year | 10 | | | |
| **As at 30 September 2013** | | 5,253 | 785 | 56 |
| **Year ended 30 September 2012** | | | | |
| As at 1 October 2011 | | 5,253 | 785 | 56 |
| Net gain for the year | | | | |
| Share options expense | 24 | | | |
| Dividends declared and paid in year | 10 | | | |
| **As at 30 September 2012** | | 5,253 | 785 | 56 |

The notes on pages 58 to 96 form part of these accounts.

| Share options reserve £000 | Capital reserve £000 | Revenue reserve £000 | Own shares reserve £000 | Total £000 |
|---|---|---|---|---|
| (147) | 89,572 | 23,748 | (1,628) | 117,639 |
| | 14,962 | 3,495 | | 18,457 |
| 24 | | | | 24 |
| | | (5,465) | | (5,465) |
| (123) | 104,534 | 21,778 | (1,628) | 130,655 |
| | | | | |
| (178) | 86,067 | 25,811 | (1,628) | 116,166 |
| | 3,505 | 3,402 | | 6,907 |
| 31 | | | | 31 |
| | | (5,465) | | (5,465) |
| (147) | 89,572 | 23,748 | (1,628) | 117,639 |

# Consolidated Balance Sheet

as at 30 September 2013

| | Notes | 2013 £000 | 2012 as restated* £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | 12 | 105 | 247 |
| Investments held at fair value through profit or loss | 13 | 151,939 | 122,361 |
| | | 152,044 | 122,608 |
| **Current assets** | | | |
| Trade and other receivables | 15 | 2,690 | 1,418 |
| Cash and cash equivalents | 16 | 5,523 | 23,287 |
| | | 8,213 | 24,705 |
| **Total assets** | | 160,257 | 147,313 |
| **Current liabilities** | | | |
| Trade and other payables | 17 | (1,244) | (1,256) |
| **Total assets less current liabilities** | | 159,013 | 146,057 |
| **Non-current liabilities** | | | |
| Debentures | 17 | (33,847) | (33,823) |
| **Total liabilities** | | (35,091) | (35,079) |
| **Net assets** | | 125,166 | 112,234 |
| **Represented by:** | | | |
| Ordinary share capital | 18 | 5,253 | 5,253 |
| Share premium | | 785 | 785 |
| Capital redemption reserve | | 56 | 56 |
| Share options reserve | | (123) | (147) |
| Capital reserve | | 102,654 | 87,822 |
| Revenue reserve | | 18,169 | 20,093 |
| Own shares reserve | 19 | (1,628) | (1,628) |
| **Equity Shareholders' Funds** | | 125,166 | 112,234 |
| **Net asset value per share** | | pence | pence |
| Basic and fully diluted | 20 | 240.5 | 215.6 |

* Comparative figures have been restated for the review of the treatment of the investment in JCEMAF as disclosed in note 1 on pages 60 to 62.

Approved by the Board of Majedie Investments PLC (Company no. 109305) and authorised for issue on 9 December 2013.

Andrew Adcock

Andrew J Adcock
J William M Barlow
Directors

The notes on pages 58 to 96 form part of these accounts.

# Company Balance Sheet

as at 30 September 2013

| | Notes | 2013 £000 | 2012 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | 12 | 98 | 133 |
| Investments held at fair value through profit or loss | 13 | 151,939 | 122,361 |
| Investments in subsidiaries held at fair value through profit or loss | 13 | 8,193 | 8,192 |
| | | 160,230 | 130,686 |
| **Current assets** | | | |
| Trade and other receivables | 15 | 1,313 | 855 |
| Cash and cash equivalents | 16 | 3,991 | 20,922 |
| | | 5,304 | 21,777 |
| **Total assets** | | 165,534 | 152,463 |
| **Current liabilities** | | | |
| Trade and other payables | 17 | (1,032) | (1,001) |
| **Total assets less current liabilities** | | 164,502 | 151,462 |
| **Non-current liabilities** | | | |
| Debentures | 17 | (33,847) | (33,823) |
| **Total liabilities** | | (34,879) | (34,824) |
| **Net assets** | | 130,655 | 117,639 |
| **Represented by:** | | | |
| Ordinary share capital | 18 | 5,253 | 5,253 |
| Share premium | | 785 | 785 |
| Capital redemption reserve | | 56 | 56 |
| Share options reserve | | (123) | (147) |
| Capital reserve | | 104,534 | 89,572 |
| Revenue reserve | | 21,778 | 23,748 |
| Own shares reserve | 19 | (1,628) | (1,628) |
| **Equity Shareholders' Funds** | | 130,655 | 117,639 |

Approved by the Board of Majedie Investments PLC (Company no. 109305) and authorised for issue on 9 December 2013.

Andrew Adcock

Andrew J Adcock
J William M Barlow
Directors

The notes on pages 58 to 96 form part of these accounts.

# Consolidated Cash Flow Statement

for the year ended 30 September 2013

| | Notes | 2013 £000 | 2012 as restated* £000 |
|---|---|---|---|
| **Net cash flow from operating activities** | | | |
| Consolidated net return before taxation | | 18,488 | 6,116 |
| Adjustments for: | | | |
| Gains on investments | 13 | (18,046) | (7,962) |
| Consolidation adjustment on Javelin Capital fee income | 13 | 368 | 130 |
| Share based remuneration | | 24 | 31 |
| Depreciation | | 142 | 166 |
| Purchases of investments | | (31,862) | (131,121) |
| Sales of investments | | 19,724 | 125,175 |
| Proceeds from derivative contracts | | | (911) |
| | | (11,162) | (8,376) |
| Finance costs | | 2,807 | 2,820 |
| **Operating cashflows before movements in working capital** | | (8,355) | (5,556) |
| Decrease in trade and other payables | | (137) | (528) |
| (Increase)/decrease in trade and other receivables | | (916) | 204 |
| **Net cash outflow from operating activities before tax** | | (9,408) | (5,880) |
| Tax recovered | | 28 | 37 |
| Tax on unfranked income | | (136) | (158) |
| **Net cash outflow from operating activities** | | (9,516) | (6,001) |
| **Investing activities** | | | |
| Purchases of tangible assets | | | (3) |
| **Net cash outflow from investing activities** | | | (3) |
| **Financing activities** | | | |
| Interest paid | | (2,783) | (2,797) |
| Dividends paid | | (5,465) | (5,465) |
| **Net cash outflow from financing activities** | | (8,248) | (8,262) |
| **Decrease in cash and cash equivalents for year** | 21 | (17,764) | (14,266) |
| **Cash and cash equivalents at start of year** | | 23,287 | 37,553 |
| **Cash and cash equivalents at end of year** | | 5,523 | 23,287 |

* Comparative figures have been restated for the review of the treatment of the investment in JCEMAF as disclosed in note 1 on pages 60 to 62.

The notes on pages 58 to 96 form part of these accounts.

# Company Cash Flow Statement

for the year ended 30 September 2013

| | Notes | 2013 £000 | 2012 £000 |
|---|---|---|---|
| **Net cash flow from operating activities** | | | |
| Company net return before taxation | | 18,572 | 7,020 |
| Adjustments for: | | | |
| Gains on investments | 13 | (17,679) | (6,258) |
| Share based remuneration | | 24 | 31 |
| Depreciation | | 35 | 45 |
| Purchases of investments | | (31,862) | (32,901) |
| Sales of investments | | 19,724 | 43,944 |
| Proceeds from derivative contracts | | | 183 |
| | | (11,186) | 12,064 |
| Finance costs | | 2,807 | 2,805 |
| **Operating cashflows before movements in working capital** | | (8,379) | 14,869 |
| (Decrease)/increase in trade and other payables | | (94) | 18 |
| (Increase)/decrease in trade and other receivables | | (102) | 135 |
| **Net cash (outflow)/inflow from operating activities before tax** | | (8,575) | 15,022 |
| Tax recovered | | 28 | 37 |
| Tax on unfranked income | | (136) | (134) |
| **Net cash (outflow)/inflow from operating activities** | | (8,683) | 14,925 |
| **Investing activities** | | | |
| Investment in subsidiaries | | | (1,000) |
| **Net cash outflow from investing activities** | | | (1,000) |
| **Financing activities** | | | |
| Interest paid | | (2,783) | (2,783) |
| Dividends paid | | (5,465) | (5,465) |
| **Net cash outflow from financing activities** | | (8,248) | (8,248) |
| **(Decrease)/increase in cash and cash equivalents for year** | 21 | (16,931) | 5,677 |
| **Cash and cash equivalents at start of year** | | 20,922 | 15,245 |
| **Cash and cash equivalents at end of year** | | 3,991 | 20,922 |

The notes on pages 58 to 96 form part of these 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 103. The nature of the Group's operations and its principal activities are set out in the Business Review on pages 7 to 11.

### Critical Accounting Assumptions and Judgements

The preparation of financial statements in conformity with IFRSs 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.

### Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- obtains funds from one or more investors for the purpose of providing those investors with investment services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Board has agreed with the recommendation of the Audit Committee that the Company meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

As an investment trust, the Company's stated investment policy (see page 8), details its objective of providing investment management services to investors which includes investing in UK and global equities, fixed income securities and certain derivative instruments for the purpose of returns in the form of investment income and capital appreciation.

The Group reports regularly to its shareholders via monthly and quarterly investor information, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRSs in the Group's Half-Yearly and Annual Reports.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; it has ownership interests in the form of equity and similar interests; it has more than one investor and its investors are not related parties.

### Unquoted Investments

Unquoted investments are valued at management's best estimate of fair value in accordance with IFRSs 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 64 and 65. 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 Majedie Asset Management (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 24 and on pages 83 and 84.

1 Significant Accounting Policies

The principal accounting policies adopted are set out as follows:

The accounts on pages 48 to 96 comprise the audited results of the Company and its subsidiaries for the year ended 30 September 2013, 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 in operational existence for the foreseeable future. Accordingly the Financial Statements have been prepared on a going concern basis.

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 were not able to 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.

Basis of Accounting
The accounts of the Group and the Company have been prepared in accordance with IFRSs. 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 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.

Basis of Consolidation
The Company is an investment entity and, as such, does not consolidate the entities it controls which do not provide investment related services to the Company. Instead, interests in such entities are classified as fair value through profit or loss, and measured at fair value. This represents a change in accounting policy in the current year, more details of which are provided on pages 60 to 62.

The Consolidated Accounts incorporate the accounts of the Company and entities controlled by the Company which themselves provide investment related services (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.

## 1 Significant Accounting Policies continued

The results of subsidiaries acquired or disposed of 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.

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.

### Standards Issued But Not Yet Effective

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

| International Accounting Standards (IAS/IFRSs) | | Effective date |
|---|---|---|
| IFRS 9 | Financial Instruments: Classification & Measurement | 1 January 2015 |
| IFRS 13 | Fair Value Measurement | 1 January 2013 |

Management anticipates that all of the relevant pronouncements will be adopted in the next accounting period. 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.

### Changes in accounting policies and disclosures

### New and amended standards and interpretations

The Group has early adopted IFRS 10, 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12, 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011, 'Separate Financial Statements' and IAS 28, 'Investments in Associates and Joint Ventures', and has applied the transition guidance of IFRS 10, 11 and 12, and the Investment Entities amendments to IFRS 10, IFRS 12 and IAS 27 (the "Amendments") all of which are effective 1 January 2014.

*IFRS 10 Consolidated Financial Statements and Investment Entities Amendments*

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities.

### 1 Significant Accounting Policies continued

In addition, IFRS 10 includes an exemption from consolidation for entities, which meet the definition of an investment entity, and requires such entities to recognise all investments at fair value through profit or loss. Notwithstanding the exemption to consolidation explained above, the standard requires an investment entity to consolidate a subsidiary that provides services that relate to the investment entity's investment activities.

The Company meets the definition of an investment entity (see page 58), and, therefore, all investments are recognised at fair value through profit or loss other than those subsidiaries which provide investment related services to the Company. This has changed the treatment for the Company's investment in JCEMAF from the acquisition date of 16 January 2012. The adoption of IFRS 10 has resulted in the Group treating its investment in JCEMAF as an investment in subsidiary at fair value through profit or loss (see note 14). Previously this investment was treated as a subsidiary classified as an 'asset held for sale' under IFRS 5.

The change does not affect the measurement of this investment as previously under IFRS 5 JCEMAF was an asset valued at the lower of its carrying amount and fair value less costs to sell (which as a listed entity, are negligible), and because its carrying amount was to be recovered principally through a sale transaction rather than through continuing use. By adopting IFRS 10, the investment is now being measured at fair value through profit or loss.

Under the transitional provisions of IFRS 10 this change in accounting policy is required to be accounted for retrospectively and therefore the relevant comparative figures have been restated. However, as the adoption date is from the acquisition date of JCEMAF of 16 January 2012, the resultant change only affects balance sheet reclassification of the Group's assets and liabilities, and a third balance sheet as at the beginning of the preceding period is not considered necessary.

On initial application of a new standard, IAS 8.28(i) requires the disclosure of the effect on each financial statement line-item and on return per share. These disclosures are required for the current period and for each prior period presented, to the extent practicable. IFRS 10 C2A partly relaxes this general requirement. It states that an entity may only present the quantitative information required under IAS 8.28(i) for the annual period immediately preceding the first annual period for which IFRS 10 is applied. In view of this relief, an entity is not required to disclose the impact of transition to IFRS 10 for the current period or for an earlier period than the immediately preceding period. There is no impact on reserves as at 1 October 2012.

The following shows the adjustments made to each financial statement line-item for the comparative period:

| Extracts | 2012 (Group) £000 | Adjustment | 2012 (Group restated) £000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investments held at fair value through profit or loss | 108,217 | 14,144 | 122,361 |
| **Current assets** | | | |
| Asset classified as held for sale | 14,199 | (14,199) | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Liabilities directly associated with the assets classified as held for sale | (55) | 55 | |
| **Group net assets** | 112,234 | | 112,234 |

1 Significant Accounting Policies continued

The transition did not have any impact for the period on the Statement of Comprehensive Income or the Group's basic and diluted return per ordinary share.

*IFRS 12 Disclosures of Interests in Other Entities*

IFRS 12 requires entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some other interests in other entities. Entities are also required to provide more disclosures around certain 'structured entities'. Adoption of the standard has impacted the Group's level of disclosures in certain of the above noted areas, but has not impacted the Group's position of results of operations. There are no structured entities. IFRS 12 disclosures are provided in note 14.

*IAS 27 Revised Separate Financial Statements*

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This standard has not impacted the financial statements of the Group.

*IFRS 11 Joint Arrangements and IAS 28 Revised Investments in Associates and Joint Ventures*

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 describes the application of the equity method to investments in joint ventures in addition to associates. These standards have also been early adopted but have not impacted the financial statements of the Group.

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 and all other assets/ liabilities which are classified and held at 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. 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 reviewed 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.

## 1 Significant Accounting Policies continued

### 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.

### Expenses

All administrative 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; 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.

## 1 Significant Accounting Policies continued

### Taxation

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

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

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

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

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

### Property and Equipment

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

### Leasing

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

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

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

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.

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 has 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.

Investment in Subsidiaries

In its separate financial statements the Company recognises its investment in subsidiaries 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.

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 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 16 to 19 and exposure to different currencies is disclosed in note 25 on pages 86 and 87.

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

## 2 Business Segments continued

| | Group 2013 Investing activities £000 | Group 2013 Investment management and advisory services £000 | Group 2013 Eliminations £000 | Group 2013 Total £000 | Group 2012 Investing activities £000 | Group 2012 Investment management and advisory services £000 | Group 2012 Eliminations £000 | Group 2012 Total £000 |
|---|---|---|---|---|---|---|---|---|
| External income from investment management services | | 31 | | 31 | | 18 | | 18 |
| Intra-group income from investment management services | | 1,187 | (1,187) | | | 1,241 | (1,241) | |
| Other operating and investment income | 5,232 | (6) | (19) | 5,207 | 5,142 | 3 | | 5,145 |
| | 5,232 | 1,212 | (1,206) | 5,238 | 5,142 | 1,262 | (1,241) | 5,163 |
| Share based payments charge | (24) | | | (24) | (31) | | | (31) |
| Other administrative costs | (688) | (1,162) | 19 | (1,831) | (1,194) | (1,716) | | (2,910) |
| Intra-group investment management services expenses | (819) | (368) | 1,187 | | (1,181) | (60) | 1,241 | |
| Other operating expenses | | (134) | | (134) | (78) | (200) | | (278) |
| | (1,531) | (1,664) | 1,206 | (1,989) | (2,484) | (1,976) | 1,241 | (3,219) |
| Operating profit/(loss) | 3,701 | (452) | | 3,249 | 2,658 | (714) | | 1,944 |
| Finance costs | (2,807) | | | (2,807) | (2,820) | | | (2,820) |
| Gains on fair value through profit and loss | 17,678 | 368 | | 18,046 | 7,832 | | | 7,832 |
| Foreign exchange loss on disposal of subsidiary | | | | | (840) | | | (840) |
| Profit/(loss) before tax | 18,572 | (84) | | 18,488 | 6,830 | (714) | | 6,116 |
| Total assets | 157,026 | 3,231 | | 160,257 | 144,094 | 3,274 | | 147,368 |
| Total liabilities | (34,945) | (146) | | (35,091) | (34,911) | (223) | | (35,134) |
| Intra-group assets/(liabilities) | 8,542 | (542) | (8,000) | | 8,426 | (426) | (8,000) | |
| Net assets | 130,623 | 2,543 | (8,000) | 125,166 | 117,609 | 2,625 | (8,000) | 112,234 |

## 3 Income

| | Group 2013 £000 | | Group 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| Income from investments | | | | | | | | |
| Franked investment income† | 4,114 | | 4,113 | | 4,114 | | 4,113 | |
| UK unfranked investment income | 63 | | 135 | | 63 | | 135 | |
| Overseas dividends | 943 | | 835 | | 943 | | 867 | |
| Fixed interest and convertible bonds | | | 17 | | | | 17 | |
| | | 5,120 | | 5,100 | | 5,120 | | 5,132 |

† Includes MAM ordinary dividend income of £2,260,000 (2012: £2,215,000).

3 Income continued

| | Group 2013 £000 | | Group 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| **Other income** | | | | | | | | |
| Deposit interest | 22 | | 32 | | 19 | | 21 | |
| Sundry income | 96 | | 31 | | 93 | | 13 | |
| | | 118 | | 63 | | 112 | | 34 |
| **Total income** | | 5,238 | | 5,163 | | 5,232 | | 5,166 |
| **Total income comprises:** | | | | | | | | |
| Dividends | 5,120 | | 5,083 | | 5,120 | | 5,115 | |
| Interest | 22 | | 49 | | 19 | | 38 | |
| Other income | 96 | | 31 | | 93 | | 13 | |
| | | 5,238 | | 5,163 | | 5,232 | | 5,166 |
| **Income from investments** | | | | | | | | |
| Listed UK | 1,917 | | 2,033 | | 1,917 | | 2,033 | |
| Listed overseas | 943 | | 852 | | 943 | | 884 | |
| Unlisted | 2,260 | | 2,215 | | 2,260 | | 2,215 | |
| | | 5,120 | | 5,100 | | 5,120 | | 5,132 |

4 Management Fees

| | Company 2013 | | | Company 2012 | | |
|---|---|---|---|---|---|---|
| | Revenue return £000 | Capital return £000 | Total £000 | Revenue return £000 | Capital return £000 | Total £000 |
| Investment management | 139 | 415 | 554 | 137 | 412 | 549 |
| Administration | 265 | | 265 | 265 | | 265 |
| | 404 | 415 | 819 | 402 | 412 | 814 |

A summary of the terms of the Management Agreement for the Company with Javelin Capital LLP is given in the Directors' Report on pages 24 and 25. At 30 September 2013, an amount of £47,000 was outstanding for payment of investment management fees when due (2012: £52,000) and outstanding administration fees of £22,000 (2012: £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 Directors' Report on page 25. No performance fee is due in respect of the year ended 30 September 2013 (2012: £nil).

## 5 Administrative Expenses

| | Group 2013 £000 | | Group 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| Staff costs – note 7 | 328 | | 720 | | 24 | | 31 | |
| Other staff costs and directors' fees | 206 | | 304 | | 206 | | 233 | |
| Advisers' costs | 411 | | 569 | | 261 | | 302 | |
| Information costs | 335 | | 454 | | 33 | | 44 | |
| Establishment costs | 122 | | 121 | | | | | |
| Operating lease rentals – premises | 123 | | 124 | | | | | |
| Depreciation on tangible assets | 142 | | 166 | | 35 | | 45 | |
| Auditor's remuneration (see below) | 75 | | 73 | | 57 | | 55 | |
| Other expenses | 247 | | 688 | | 97 | | 75 | |
| | | 1,989 | | 3,219 | | 713 | | 785 |

A charge of £1,109,000 (2012: £1,442,000) to capital and an equivalent credit to revenue has been made in the Group and a charge of £197,000 (2012: £237,000) 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 2013 £000 | | Group 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| Audit services | | | | | | | | |
| – statutory audit | 68 | | 66 | | 50 | | 48 | |
| Other audit related services | 7 | | 7 | | 7 | | 7 | |
| | | 75 | | 73 | | 57 | | 55 |

All fees incurred during the year were to Ernst & Young LLP

## 6 Directors' Emoluments

| | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|
| Fees | 185 | | 209 | |
| Salary | 45 | | 135 | |
| Other benefits | 5 | | 4 | |
| Partnership profit shares | 66 | | | |
| | | 301 | | 348 |

The Report on Directors' Remuneration on pages 35 to 43 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 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---|---|---|---|---|
| Salaries and other payments | 253 | 591 | | |
| Social security costs | 29 | 69 | | |
| Pension contributions | 22 | 29 | | |
| Share based remuneration – note 24 | 24 | 31 | 24 | 31 |
| | 328 | 720 | 24 | 31 |

| | Group 2013 Number | Group 2012 Number |
|---|---|---|
| Average number of employees: | | |
| Management and office staff | 5 | 8 |

## 8 Finance Costs

| | Group 2013 | | | Group 2012 | | |
|---|---|---|---|---|---|---|
| | 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 | 6 | 18 | 24 | 5 | 17 | 22 |
| Other interest payable | | | | 4 | 11 | 15 |
| | 702 | 2,105 | 2,807 | 705 | 2,115 | 2,820 |

| | Company 2013 | | | Company 2012 | | |
|---|---|---|---|---|---|---|
| | 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 | 6 | 18 | 24 | 5 | 17 | 22 |
| | 702 | 2,105 | 2,807 | 701 | 2,104 | 2,805 |

Further details of the debenture stocks in issue are provided in note 17.

## 9 Taxation

### Analysis of tax charge

| | Group 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---|---|---|---|---|
| Tax on overseas dividends | 115 | 132 | 115 | 113 |

## 9 Taxation continued

### Reconciliation of tax charge:

The current taxation for the year is higher (2012: lower) than the standard rate of corporation tax in the UK of 23%, (2012: 24%). The differences are explained below:

| | Group 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---|---|---|---|---|
| Net return before taxation | 18,488 | 6,116 | 18,572 | 7,020 |
| Taxation at UK Corporation Tax rate of 23.5% (2012: 25%) | 4,345 | 1,529 | 4,364 | 1,755 |

| | Group 2013 £000 | | Group 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| Effects of: | | | | | | | | |
| – UK dividends which are not taxable | (985) | | (1,054) | | (985) | | (1,054) | |
| – foreign dividends which are not taxable | (213) | | (213) | | (213) | | (213) | |
| – gains on investments which are not taxable | (4,241) | | (1,748) | | (4,155) | | (1,564) | |
| – expenses not deductible for tax purposes | 22 | | 28 | | 22 | | 33 | |
| – excess expenses for current year | 1,072 | | 1,458 | | 967 | | 1,043 | |
| – overseas taxation which is not recoverable | 115 | | 132 | | 115 | | 113 | |
| Actual current tax charge | | 115 | | 132 | | 115 | | 113 |

Group

After claiming relief against accrued income taxable on receipt, the Group has unrelieved excess expenses of £72,126,000 (2012: £67,564,000). 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 £64,796,000 (2012: £60,681,000). 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 2013 £000 | | Group and Company 2012 £000 | |
|---|---|---|---|---|
| 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 | |
| 2012 Final dividend of 6.30p paid on 23 January 2013 | 3,279 | | | |
| 2013 Interim dividend of 4.20p paid on 26 June 2013 | 2,186 | | | |
| | | 5,465 | | 5,465 |

| | 2013 £000 | | 2012 £000 | |
|---|---|---|---|---|
| Proposed final dividend for the year ended 30 September 2013 of 6.30p (2012: final dividend of 6.30p) per ordinary share | 3,279 | | 3,279 | |
| | | 3,279 | | 3,279 |

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.

| | 2013 £000 | | 2012 £000 | |
|---|---|---|---|---|
| Interim dividend for the year ended 30 September 2013 of 4.20p (2012: 4.20p) per ordinary share | 2,186 | | 2,186 | |
| Proposed final dividend for the year ended 30 September 2013 of 6.30p (2012: 6.30p) per ordinary share | 3,279 | | 3,279 | |
| | | 5,465 | | 5.465 |

## 11 Return per Ordinary Share

Basic return per ordinary share is based on 52,044,613 (2012: 52,044,613) 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 19. Basic returns per ordinary share are based on the net return after taxation attributable to equity shareholders. There is no dilution to the basic return per ordinary share shown for the years ended 30 September 2013 and 2012 since the share options referred to in note 19 would, if exercised, be satisfied by the shares already held by the Employee Incentive Trust (EIT).

| | Group 2013 £000 | | Group 2012 £000 | |
|---|---|---|---|---|
| Basic and diluted revenue returns are based on net revenue after taxation of: | 3,541 | | 2,552 | |
| Basic and diluted capital returns are based on net capital return of: | 14,832 | | 3,445 | |
| Basic and diluted total returns are based on return of: | | 18,373 | | 5,997 |

## 11 Return per Ordinary Share continued

| | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|
| Basic and diluted revenue returns are based on net revenue after taxation of: | 3,495 | | 3,402 | |
| Basic and diluted capital returns are based on net capital return of: | 14,962 | | 3,505 | |
| Basic and diluted total returns are based on return of: | | 18,457 | | 6,907 |

## 12 Property and Equipment

| | Group Leasehold Improvements £000 | | Group Office Equipment £000 | | Group Total £000 | |
|---|---|---|---|---|---|---|
| Cost: | | | | | | |
| At 1 October 2012 | 171 | | 583 | | 754 | |
| Additions | | | | | | |
| Disposals | | | | | | |
| At 30 September 2013 | | 171 | | 583 | | 754 |
| Depreciation: | | | | | | |
| At 1 October 2012 | 57 | | 450 | | 507 | |
| Charge for year | 18 | | 124 | | 142 | |
| Disposals | | | | | | |
| At 30 September 2013 | | 75 | | 574 | | 649 |
| Net book value: | | | | | | |
| At 30 September 2013 | | 96 | | 9 | | 105 |
| At 30 September 2012 | | 114 | | 133 | | 247 |

| | Company Leasehold Improvements £000 | | Company Office Equipment £000 | | Company Total £000 | |
|---|---|---|---|---|---|---|
| Cost: | | | | | | |
| At 1 October 2012 | 171 | | 168 | | 339 | |
| Additions | | | | | | |
| Disposals | | | | | | |
| At 30 September 2013 | | 171 | | 168 | | 339 |
| Depreciation: | | | | | | |
| At 1 October 2012 | 57 | | 149 | | 206 | |
| Charge for year | 18 | | 17 | | 35 | |
| Disposals | | | | | | |
| At 30 September 2013 | | 75 | | 166 | | 241 |
| Net book value: | | | | | | |
| At 30 September 2013 | | 96 | | 2 | | 98 |
| At 30 September 2012 | | 114 | | 19 | | 133 |

## 13 Investments at Fair Value Through Profit or Loss

| | Group 2013 | | | Group as restated* 2012 | | |
|---|---|---|---|---|---|---|
| | Listed £000 | Unlisted £000 | Total £000 | Listed £000 | Unlisted £000 | Total £000 |
| Opening cost at beginning of year | 75,563 | 10,331 | 85,894 | 69,262 | 12,862 | 82,124 |
| Gains/(losses) at beginning of year | 4,863 | 31,604 | 36,467 | (2,195) | 29,582 | 27,387 |
| Opening fair value at beginning of year | 80,426 | 41,935 | 122,361 | 67,067 | 42,444 | 109,511 |
| Purchases at cost | 31,987 | | 31,987 | 125,270 | | 125,270 |
| Sales – proceeds | (14,189) | (5,898) | (20,087) | (120,422) | (574) | (120,996) |
| Gains/(losses) on sales | 994 | 121 | 1,115 | 1,490 | (1,957) | (467) |
| Increase in investment holding gains | 5,878 | 10,685 | 16,563 | 7,058 | 2,022 | 9,080 |
| Transfer on de-listing of shares | (21) | 21 | | | | |
| Foreign exchange losses on retranslation of foreign investment | | | | (37) | | (37) |
| Closing fair value at end of year | 105,075 | 46,864 | 151,939 | 80,426 | 41,935 | 122,361 |
| Closing cost at end of year | 94,334 | 4,575 | 98,909 | 75,563 | 10,331 | 85,894 |
| Gains at end of year | 10,741 | 42,289 | 53,030 | 4,863 | 31,604 | 36,467 |
| Closing fair value at end of year | 105,075 | 46,864 | 151,939 | 80,426 | 41,935 | 122,361 |

* Comparative figures have been restated for the review of the treatment of the investment in JCEMAF as disclosed in note 1 on pages 60 to 62.

| | Company 2013 | | | |
|---|---|---|---|---|
| | Listed £000 | Unlisted £000 | Related and subsidiary companies £000 | Total £000 |
| Opening cost at beginning of year | 75,562 | 10,283 | 9,010 | 94,855 |
| Gains/(losses) at beginning of year | 4,864 | 31,652 | (818) | 35,698 |
| Opening fair value at beginning of year | 80,426 | 41,935 | 8,192 | 130,553 |
| Purchases at cost | 31,987 | | | 31,987 |
| Sales – proceeds | (14,189) | (5,898) | | (20,087) |
| Gains on sales | 994 | 128 | | 1,122 |
| Increase in investment holding gains | 5,878 | 10,678 | 1 | 16,557 |
| Transfer on de-listing of shares | (21) | 21 | | |
| Closing fair value at end of year | 105,075 | 46,864 | 8,193 | 160,132 |
| Closing cost at end of year | 94,333 | 4,534 | 9,010 | 107,877 |
| Gains/(losses) at end of year | 10,742 | 42,330 | (817) | 52,255 |
| Closing fair value at end of year | 105,075 | 46,864 | 8,193 | 160,132 |

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

| | 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 |
| **Closing fair value at end of year** | 80,426 | 41,935 | 8,192 | 130,553 |
| 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 |
| **Closing fair value at end of year** | 80,426 | 41,935 | 8,192 | 130,553 |

All operating subsidiaries are held at fair value.

Unlisted investments include an amount of £864,000 in 5 various companies (2012: £2,935,000 in 18 companies) and £46,000,000 (2012: £39,000,000) for our investment in MAM as detailed on pages 79 and 80. The valuation of investments on pages 18 and 19 includes 4 unlisted investments of over £100,000 (including MAM).

During the year the Company incurred transaction costs amounting to £105,000 (2012: £113,000) of which £78,000 (2012: £59,000) related to the purchases of investments and £27,000 (2012: £54,000) related to the sales of investments. These amounts are included in gains 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 2013 £000** | Group 2012 as restated* £000 | **Company 2013 £000** | Company 2012 £000 |
|---|---|---|---|---|
| Net gains/(losses) on sales of equity investments | 1,115 | (467) | 1,122 | (2,930) |
| Increase in holding gains on equity investments | 16,563 | 9,080 | 16,557 | 9,005 |
| Consolidation adjustment on Javelin Capital fee income | 368 | 130 | | |
| Proceeds on sale of derivative contracts | | (911) | | 183 |
| **Net return on investments** | 18,046 | 7,832 | 17,679 | 6,258 |

* Comparative figures have been restated for the review of the treatment of the investment in JCEMAF as disclosed in note 1 on pages 60 to 62.

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 an asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement of the asset. For this purpose, the significance of an input is assessed against the fair value measurement of an asset or liability 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 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.

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

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

| | Group 2013 | | | | Group as restated* 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| Financial assets | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
| Financial assets designated at fair value through profit or loss | | | | | | | | |
| Equities and managed funds | | | | | | | | |
| Listed equity securities | 104,893 | | | 104,893 | 80,233 | | | 80,233 |
| Unlisted equity securities | | | 46,864 | 46,864 | | | 41,935 | 41,935 |
| Listed exchange traded funds | 182 | | | 182 | | 193 | | 193 |
| | 105,075 | | 46,864 | 151,939 | 80,233 | 193 | 41,935 | 122,361 |

* Comparative figures have been restated for the review of the treatment of the investment in JCEMAF as disclosed in note 1 on pages 60 to 62.

| | Company 2013 | | | | Company 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| Financial assets | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
| Financial assets designated at fair value through profit or loss | | | | | | | | |
| Equities and managed funds | | | | | | | | |
| Listed equity securities | 104,893 | | | 104,893 | 80,233 | | | 80,233 |
| Unlisted equity securities | | | 55,057 | 55,057 | | | 50,127 | 50,127 |
| Listed exchange traded funds | 182 | | | 182 | | 193 | | 193 |
| | 105,075 | | 55,057 | 160,132 | 80,233 | 193 | 50,127 | 130,553 |

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. During the year there were transfers of £193,000 from Level 2 to Level 1 for Listed exchange traded funds.

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

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

The following table presents the movement in Level 3 instruments for the year ended 30 September 2013:

| | Group 2013 | | | |
|---|---|---|---|---|
| | Total £000 | Equity investments £000 | Convertible bonds £000 | Preference shares £000 |
| Opening balance | 41,935 | 41,935 | | |
| Transfers from Level 1 | 21 | 21 | | |
| Sales – proceeds | (5,898) | (5,898) | | |
| Total gains for the year included in the Statement of Comprehensive Income | 10,806 | 10,806 | | |
| | 46,864 | 46,864 | | |

| | Group 2012 | | | |
|---|---|---|---|---|
| Opening balance | 42,444 | 42,182 | 258 | 4 |
| Transfers from Level 1 | | | | |
| Sales – proceeds | (574) | (324) | (243) | (7) |
| Total gains for the year included in the Statement of Comprehensive Income | 65 | 77 | (15) | 3 |
| | 41,935 | 41,935 | | |

| | Company 2013 | | | |
|---|---|---|---|---|
| | Total £000 | Equity investments £000 | Convertible bonds £000 | Preference shares £000 |
| Opening balance | 50,127 | 50,127 | | |
| Transfers from Level 1 | 21 | 21 | | |
| Sales – proceeds | (5,898) | (5,898) | | |
| Total gains for the year included in the Statement of Comprehensive Income | 10,807 | 10,807 | | |
| | 55,057 | 55,057 | | |

| | Company 2012 | | | |
|---|---|---|---|---|
| Opening balance | 49,615 | 49,353 | 258 | 4 |
| Purchases | 1,000 | 1,000 | | |
| Transfers from Level 1 | | | | |
| Sales – proceeds | (574) | (324) | (243) | (7) |
| Total gains/(losses) for the year included in the Statement of Comprehensive Income | 86 | 98 | (15) | 3 |
| | 50,127 | 50,127 | | |

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

### Substantial Share Interests

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

| | Fair Value £000 | % of Class Held |
|---|---|---|
| AOI Medical (unlisted) | 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 Emerging Markets Alpha Fund (JCEMAF)

The Company invested £15m and £18.15m of seed capital into the JCEMAF on 16 January and 2 November 2012 respectively and as at 30 September 2013 had an 89.5% controlling interest. This investment is shown in the Company and Group accounts as an investment held at fair value through profit or loss rather than being consolidated which is in accordance with the Investment Entities amendment to IFRS 10, which the Group has early adopted (see note 1 on pages 60 to 62 for further information).

### Majedie Asset Management (MAM)

MAM is a UK based asset management firm, which provides investment management and advisory services primarily 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:

| | 2013 £000 | | 2012 £000 | |
|---|---|---|---|---|
| Deemed cost of investment | 1,038 | | 1,197 | |
| Holding gains | 44,962 | | 37,803 | |
| Fair value at 30 September | | 46,000 | | 39,000 |

The carrying value of MAM in the 30 September 2013 Consolidated Financial Statements is its fair value as assessed at 30 September 2013. Details of the determination of the fair value of MAM are included in the Report of the Audit Committee on pages 31 and 32.

Due to the nature and operation of the Company's Shareholder agreement, it is considered by the Board that the Company does not exercise significant influence over the operating and financial policies of MAM and as such it is not considered to be an associate, and their results are not consolidated in the Group's results.

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 (EBT), usually annually, and at the relevant prescribed price (as calculated in accordance with the revised shareholders' agreement).

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

During the year the Company sold 1,975 shares and 15,000 shares on the 20 December 2012 and 14 June 2013 respectively for a total consideration of £5,899,000 resulting in a realised gain of £5,739,000.

After these transactions the Company holds 110,575 ordinary 0.1p shares which represents a 26.7% shareholding in MAM.

### 14 Investment in Subsidiaries

#### a) Subsidiary undertakings at 30 September 2013

| | | | Company | | |
|---|---|---|---|---|---|
| Company and business | Country of Registration Incorporation and Operation | Number and class of shares held by Group | Group Holding | Capital & Reserves at 30.09.13 thousand | Profit after tax for the year ended 30.09.13 thousand |
| Majedie Portfolio Management Limited – Majedie share plan manager, authorised and regulated by the FCA | UK | 1,000,000 Ordinary shares | 100% | £162 | |
| Majedie Unit Trust – Unauthorised unit trust | UK | 10,000 | 100% | (£3,521) | (£63) |
| Javelin Capital LLP – Asset Management, authorised and regulated by the FCA | UK | 75% interest | 75% | £2,543 | (£84) |
| 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 – In liquidation | Ireland | 2 Subscriber shares | 100% | £21 | |
| 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 | 89.5% | $56,665 | $565 |

† 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. The figures stated above are as at 31 December 2012 (its year end).

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

#### b) Non-Controlling Interest

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.

### 14 Investment in Subsidiaries continued

#### b) Non-Controlling Interest continued

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 period of the QIF up to the date of closure, representing the other investors in the QIF was derecognised in accordance with IFRS.

### 15 Trade and Other Receivables

| | Group 2013 £000 | | Group 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| Sales for future settlement | 363 | | | | 363 | | | |
| Prepayments | 2,044 | | 1,111 | | 30 | | 27 | |
| Dividends receivable | 240 | | 254 | | 240 | | 254 | |
| Accrued income | | | 3 | | | | 3 | |
| Taxation recoverable | 43 | | 50 | | 43 | | 50 | |
| Amounts due from subsidiary undertakings | | | | | 637 | | 521 | |
| | | 2,690 | | 1,418 | | 1,313 | | 855 |

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

### 16 Cash and Cash Equivalents

| | Group 2013 £000 | | Group 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| Deposits at banks | 4,641 | | 22,129 | | 3,466 | | 20,431 | |
| Collateral cash held with brokers | 91 | | 91 | | | | | |
| Other balances | 791 | | 1,067 | | 525 | | 491 | |
| | | 5,523 | | 23,287 | | 3,991 | | 20,922 |

Cash used for collateral is restricted.

### 17 Trade and Other Payables

Amounts falling due within one year:

| | Group 2013 £000 | | Group 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| Purchases for future settlement | 125 | | | | 125 | | | |
| Accrued expenses | 313 | | 313 | | 178 | | 249 | |
| Other creditors | 806 | | 943 | | 729 | | 752 | |
| | | 1,244 | | 1,256 | | 1,032 | | 1,001 |

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 2013 £000 | | Group 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| £13.5m (2012: £13.5m) 9.5% debenture stock 2020 | 13,410 | | 13,401 | | 13,410 | | 13,401 | |
| £20.7m (2012: £20.7m) 7.25% debenture stock 2025 | 20,437 | | 20,422 | | 20,437 | | 20,422 | |
| | | 33,847 | | 33,823 | | 33,847 | | 33,823 |

### 17 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.

### 18 Called Up Share Capital

| | Company 2013 £000 | Company 2012 £000 |
|---|---|---|
| Allotted and fully paid at 30 September: | | |
| 52,528,000 (2012: 52,528,000) ordinary shares of 10p each | 5,253 | 5,253 |

There are 483,387 (2012: 483,387) ordinary shares of 10p each held by the Employee Incentive Trust. See note 19.

Ordinary shares carry one vote each on a poll. The Companies Act 2006 abolished the requirement for the Company to have authorised share capital. The Company adopted new Articles of Association on 20 January 2010 which, inter alia, reflected the new legislation. Accordingly the Company has no authorised share capital. The Directors will still be limited as the number of shares they can allot at any one time as the Companies Act 2006 requires that directors seek authority from the shareholders for the allotment of new shares.

### 19 Own Shares

The total number of options outstanding at the date of this report is 214,628 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. Consideration paid on acquisition of these shares is 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 2012 | 483,387 | (1,628) |
| Options exercised | | |
| As at 30 September 2013 | 483,387 | (1,628) |

### 20 Net Asset Value

The consolidated net asset value per share has been calculated based on equity shareholders' funds of £125,166,000 (2012: £112,234,000) and on 52,044,613 (2012: 52,044,613) ordinary shares, being the shares in issue at the year end having deducted the number of shares held by the Employee Incentive Trust.

## 21 Analysis of Changes in Net Debt

| Group | At 30 September 2012 £000 | | Cash Flows £000 | Non Cash Items £000 | At 30 September 2013 £000 |
|---|---|---|---|---|---|
| Cash at bank and with brokers | 23,287 | | (17,764) | | 5,523 |
| Debt due after one year | (33,823) | | | (24) | (33,847) |
| | | (10,536) | (17,764) | (24) | (28,324) |

| Company | At 30 September 2012 £000 | | Cash Flows £000 | Non Cash Items £000 | At 30 September 2013 £000 |
|---|---|---|---|---|---|
| Cash at bank | 20,922 | | (16,931) | | 3,991 |
| Debt due after one year | (33,823) | | | (24) | (33,847) |
| | | (12,901) | (16,931) | (24) | (29,856) |

## 22 Operating Lease Commitments

The Group has a 10 year non-cancellable operating lease (with a rent review and break clause in 5 years) in respect of premises, which included a rent free period. During the year the Group extended the lease for a further period of 2 years which included an additional rent free period. The rent free elements have been apportioned over the lease up to the date of the relevant break clause. The rent due under the lease is subject to a review in December 2013. The review is upward only in nature and includes a new minimum value. The Group has a current annual commitment at 30 September 2013 under the lease of £145,000 (2012: £145,000). This operating lease commitment, as adjusted for the rent review minimum uplift in December 2013, is disclosed in the table below:

| Expiry Date | Group 2013 £000 | Group 2012 £000 |
|---|---|---|
| Within one year | 159 | 145 |
| Between one and two years | 163 | 34 |
| Between two and three years | 41 | |
| | 363 | 179 |

## 23 Financial Commitments

At 30 September 2013 the Group had no financial commitments which had not been accrued for (2012: none).

## 24 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. In accordance with the LTIP rules existing awards increase by any dividends declared by the Company until they vest.

## 24 Share-based Payments continued

### Long Term Incentive Plan: Matching Awards

Executive directors and senior executives receive a certain percentage of their overall bonus for the year in deferred shares. The shares granted according to these matching awards only vest once the executive has completed three years' further service. There are no other performance conditions. In accordance with the LTIP rules existing awards increase by any dividends declared by the Company until they vest.

| | Group 2013 | | | |
|---|---|---|---|---|
| | 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 2012 | 190,453 | 0.0 | 11,148 | 0.0 |
| During the year: | | | | |
| Awarded | | | | |
| Forfeited | | | | |
| Exercised | | | | |
| Expired | | | | |
| Increase in awards due to dividends paid | 12,306 | 0.0 | 721 | 0.0 |
| Outstanding at 30 September 2013 | 202,759 | 0.0 | 11,869 | 0.0 |
| Exercisable at 30 September 2013 | 36,208 | 0.0 | 11,869 | 0.0 |

| | 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 | 190,453 | 0.0 | 11,148 | 0.0 |
| Exercisable at 30 September 2012 | | | 11,148 | 0.0 |

The awards outstanding at 30 September 2013 had a weighted average remaining contractual life of 0.6 years and nil in respect of the TSR-based Awards and Matching Awards respectively (2012: 1.4 years and nil years respectively).

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

For the year ended 30 September 2013, the Company recognised a total share options expense of £24,000 (2012: £31,000) relating to share-based payment transactions.

## 25 Financial Instruments and Risk Profile

As an investment trust, the Company invests in securities for the long term in order to achieve its investment objective as stated on page 8. 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.

### 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 the Investment Manager. The Board have complied with the investment policy requirement not to invest more than 15% of the total value of its gross assets, save that the Company can invest up to 25% of its gross assets in any single fund managed by Javelin Capital.

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, (as distinct from the Group), is unlikely to use derivatives for hedging purposes and then only in exceptional circumstances with the specific prior approval of the Board. No hedging was used during the year.

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.

## 25 Financial Instruments and Risk Profile continued

### 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 2013 was £26,424,000 and £26,291,000 respectively (2012: £25,787,000 and £25,653,000 respectively).

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.

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

| | Group 2013 | | | Group as restated* 2012 | | |
|---|---|---|---|---|---|---|
| Currency exposure | Overseas investments £000 | Net monetary assets £000 | Total currency exposure £000 | Overseas investments £000 | Net monetary assets £000 | Total currency exposure £000 |
| US Dollar | 16,068 | 91 | 16,159 | 16,962 | 91 | 17,053 |
| Euro | 2,941 | | 2,941 | 2,729 | | 2,729 |
| Yen | 2,241 | | 2,241 | 1,540 | | 1,540 |
| Other non-sterling | 5,083 | | 5,083 | 4,465 | | 4,465 |
| | 26,333 | 91 | 26,424 | 25,696 | 91 | 25,787 |

## 25 Financial Instruments and Risk Profile continued

| Currency exposure | Company 2013 Overseas investments £000 | Company 2013 Net monetary assets £000 | Company 2013 Total currency exposure £000 | Company 2012 Overseas investments £000 | Company 2012 Net monetary assets £000 | Company 2012 Total currency exposure £000 |
|---|---|---|---|---|---|---|
| US Dollar | 16,026 | | 16,026 | 16,920 | | 16,920 |
| Euro | 2,941 | | 2,941 | 2,729 | | 2,729 |
| Yen | 2,241 | | 2,241 | 1,540 | | 1,540 |
| Other non-sterling | 5,083 | | 5,083 | 4,464 | | 4,464 |
| | 26,291 | | 26,291 | 25,653 | | 25,653 |

### 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 2012. The revenue impact is an estimated figure for 12 months based on the relevant foreign currency denominated balances at the reporting date.

| Income Statement | Group 2013 £000 | Group 2012 as restated* £000 | Company 2013 £000 | Company 2012 £000 |
|---|---|---|---|---|
| Revenue return | | | | |
| Capital return | (1,321) | (1,289) | (1,315) | (1,283) |
| **Net assets** | (1,321) | (1,289) | (1,315) | (1,283) |

* Comparative figures have been restated for the review of the treatment of the investment in JCEMAF as disclosed in note 1 on pages 60 to 62.

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.

## 25 Financial Instruments and Risk Profile continued

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

| | Group 2013 £000 | Group as restated* 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---|---|---|---|---|
| Floating rate financial assets | | | | |
| UK sterling | 5,432 | 23,196 | 11,991 | 28,922 |
| US dollars | 91 | 91 | | |
| Financial assets not carrying interest | 154,734 | 124,026 | 153,543 | 123,541 |
| | 160,257 | 147,313 | 165,534 | 152,463 |
| Fixed rate financial liabilities | | | | |
| UK sterling | (33,847) | (33,823) | (33,847) | (33,823) |
| Financial liabilities not carrying interest | (1,244) | (1,256) | (1,032) | (1,001) |
| | (35,091) | (35,079) | (34,879) | (34,824) |

* Comparative figures have been restated for the review of the treatment of the investment in JCEMAF as disclosed in note 1 on pages 60 to 62.

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 (2012: £8.0m) investment in Javelin Capital LLP which receives a commercial rate of interest from 31 August 2010 until full repayment occurs in accordance with the Revised LLP Agreement (via an additional profit share of residual profits from Javelin Capital LLP). 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 0.5% decrease (2012: 0.5%) in base interest rates would have the following effect on net assets and profit before tax of the Group and Company:

| Income Statement | Group 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---|---|---|---|---|
| Revenue return | (16) | (106) | (14) | (95) |
| Net assets | (16) | (106) | (14) | (95) |

A 0.5% increase (2012: 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.

## 25 Financial Instruments and Risk Profile continued

### 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 74. 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 the investment policy.

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 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.

### Concentration of exposure to other price risks

An analysis of the Group's investment portfolio is shown on page 16. This shows that the largest amount of equity investments by value is in UK companies (31.4%), with 35.2% of total investments listed or exposed to overseas countries (including the listed JCEMAF). It also shows the concentration of investments in various sectors.

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

| | Group 2013 £000 | | Group as restated* 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| **Non-current Asset Investments at Fair Value through Profit and Loss** | | | | | | | | |
| Listed equity investments | 105,075 | | 80,426 | | 105,075 | | 80,426 | |
| Unlisted | 46,864 | | 41,935 | | 46,864 | | 41,935 | |
| Related and Subsidiary Companies | | | | | 8,193 | | 8,192 | |
| | | 151,939 | | 122,361 | | 160,132 | | 130,553 |

* Comparative figures have been restated for the review of the treatment of the investment in JCEMAF as disclosed in note 1 on pages 60 to 62.

25 Financial Instruments and Risk Profile continued

Sensitivity analysis

If share prices on listed equity investments had decreased by 10% at the reporting date with all other variables remaining constant, the profit before tax and the net assets attributable to the equity holders of the Group would have decreased by the amounts shown below.

| | Group 2013 £000 | Group as restated* 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---|---|---|---|---|
| Income Statement | | | | |
| Capital return | (10,508) | (8,043) | (10,508) | (8,043) |
| Net assets | (10,508) | (8,043) | (10,508) | (8,043) |

* Comparative figures have been restated for the review of the treatment of the investment in JCEMAF as disclosed in note 1 on pages 60 to 62.

A 10% increase (2012: 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 Trust, the Company's custodian which if it became bankrupt or insolvent could cause the Company's rights with respect to securities held to be delayed. The Company receives regular internal control reports from the Custodian which are reviewed by the Investment Manager and reported to the Audit Committee.
- 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.

### 25 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 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---|---|---|---|---|
| Cash on deposit and at banks | 5,432 | 22,129 | 3,991 | 20,922 |
| Collateral cash held with brokers | 91 | 91 | | |
| Cash held with brokers | | 1,067 | | |
| Sales for future settlement | 363 | | 363 | |
| Interest, dividends and other receivables | 2,327 | 1,418 | 950 | 848 |
| | 8,213 | 24,705 | 5,304 | 21,770 |
| Minimum exposure during the year | 7,758 | 24,705 | 4,953 | 3,118 |
| Maximum exposure during the year | 10,098 | 44,524 | 7,263 | 21,777 |

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 (2012: 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 monitored although it is recognised that 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 29.2% (2012: 26.8%) of the Company's investment portfolio. The Company closely monitors these investments and receives regular financial reports and believes that the current concentration risk is in-line with the Company's objective of diversifying its investment portfolio into the investment groups as per its investment policy.

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 (2012: Nil).

## 25 Financial Instruments and Risk Profile continued

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

| | Group 2013 | | | | |
|---|---|---|---|---|---|
| Undiscounted cash flows | Due within 1 year £000 | Due between 1 and 2 years £000 | Due between 2 and 3 years £000 | Due 3 years and beyond £000 | Total £000 |
| 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 | 17,246 | 25,595 |
| Trade payables and other liabilities | 1,244 | | | | 1,244 |
| | 4,027 | 2,783 | 2,783 | 51,446 | 61,039 |

| | Group 2012 | | | | |
|---|---|---|---|---|---|
| Undiscounted cash flows | Due within 1 year £000 | Due between 1 and 2 years £000 | Due between 2 and 3 years £000 | Due 3 years and beyond £000 | Total £000 |
| 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 | 1,256 | | | | 1,256 |
| | 4,039 | 2,783 | 2,783 | 54,229 | 63,834 |

| | Company 2013 | | | | |
|---|---|---|---|---|---|
| Undiscounted cash flows | Due within 1 year £000 | Due between 1 and 2 years £000 | Due between 2 and 3 years £000 | Due 3 years and beyond £000 | Total £000 |
| 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 | 17,246 | 25,595 |
| Trade payables and other liabilities | 1,032 | | | | 1,032 |
| | 3,815 | 2,783 | 2,783 | 51,446 | 60,827 |

| | Company 2012 | | | | |
|---|---|---|---|---|---|
| Undiscounted cash flows | Due within 1 year £000 | Due between 1 and 2 years £000 | Due between 2 and 3 years £000 | Due 3 years and beyond £000 | Total £000 |
| 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 | 1,001 | | | | 1,001 |
| | 3,784 | 2,783 | 2,783 | 54,229 | 63,579 |

## 25 Financial Instruments and Risk Profile continued

### Categories of financial assets and liabilities

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

| Financial assets | Group 2013 £000 | Group as restated* 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | 151,939 | 122,361 | 160,132 | 130,553 |
| | 151,939 | 122,361 | 160,132 | 130,553 |
| Other financial assets[1] | 8,213 | 24,705 | 5,304 | 21,777 |
| | 160,152 | 147,066 | 165,436 | 152,330 |

| Financial liabilities | Group 2013 £000 | Group as restated* 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---|---|---|---|---|
| Financial liabilities measured at amortised cost[2] | 35,091 | 35,079 | 34,879 | 34,824 |
| | 35,091 | 35,079 | 34,879 | 34,824 |

* Comparative figures have been restated for the review of the treatment of the investment in JCEMAF as disclosed in note 1 on pages 60 to 62.

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

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

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

| Group and Company Financial liabilities | Book Value 2013 £000 | Book Value 2012 £000 | Fair Value 2013 £000 | Fair Value 2012 £000 |
|---|---|---|---|---|
| £13.5m (2012: £13.5m) 9.5% debenture stock 2020 | 13,410 | 13,401 | 17,768 | 18,895 |
| £20.7m (2012: £20.7m) 7.25% debenture stock 2025 | 20,437 | 20,422 | 24,995 | 25,815 |
| | 33,847 | 33,823 | 42,763 | 44,710 |

### 25 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 2013 £000 | | Group 2012 £000 | | Company 2013 £000 | | Company 2012 £000 | |
|---|---|---|---|---|---|---|---|---|
| Net Debt | | | | | | | | |
| Adjusted cash and cash equivalents | (6,969) | | (23,449) | | (4,272) | | (20,776) | |
| Debentures | 33,847 | | 33,823 | | 33,847 | | 33,823 | |
| Sub total | | 26,878 | | 10,374 | | 29,575 | | 13,047 |
| Equity | | | | | | | | |
| Equity share capital | 5,253 | | 5,253 | | 5,253 | | 5,253 | |
| Retained earnings and other reserves | 119,913 | | 106,981 | | 125,402 | | 112,386 | |
| Shareholders' funds | | 125,166 | | 112,234 | | 130,655 | | 117,639 |
| Gearing | | | | | | | | |
| Net Debt as a percentage of shareholders' funds | | 21.5% | | 9.2% | | 22.6% | | 11.1% |

Maximum potential gearing represents the highest gearing percentage on the assumption that the Group or Company held no cash. As at 30 September 2013, in respect of the Group and the Company, this was 27.0% and 25.9% respectively (2012: Group and Company; 30.1% and 28.8% 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 66⅔% of adjusted share capital and reserves in accordance with the respective Trust Deeds; and
- the Company has to comply with statutory requirements regarding minimum share capital and restriction tests relating to dividend distributions.

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

## 26 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 into the Group accounts. JCFM is in the process of being wound up.

Javelin Capital Strategies Plc was an Irish Stock Exchange listed Qualifying Investment Fund (QIF). Its one sub-fund, the Javelin Capital Global Equity Strategies Fund was closed in September 2010 with all participating redeemable preference share funds being returned to investors. The QIF is in the process of being liquidated and any surplus on liquidation will be returned to the Company.

JCEMAF 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 JCEMAF and is entitled to receive management and performance fees.

In addition to any fees received from JCEMAF, Javelin Capital is also entitled to receive management, performance and administration fees from the Company itself in accordance with the relevant agreements. These agreements take account of any fees charged at the JCEMAF level 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 is required to, or chooses to do so, under certain circumstances make payments to reimburse JCEMAF or account for expense rebates or compensation payments.

During the year, Mr JWM Barlow became a partner of Javelin Capital. Further details are contained in the Directors Remuneration Report on page 35.

The Company has an investment in the JCEMAF which is valued at £30.5m as at 30 September 2013 (2012: £14.1m), and which is subject to management and performance fees in accordance with its 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.

### 26 Related Party Transactions continued

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

| Transactions during the period: | 2013 £000 | 2012 £000 |
|---|---|---|
| QIF fee revenue due to JCFM | | 179 |
| Advisory fee revenue due to Javelin Capital from JCFM | | 145 |
| JCEMAF advisory fee revenue due to Javelin Capital (from the Company) | 368 | 130 |
| Company management fee revenue due to Javelin Capital | 554 | 549 |
| Company administration fee revenue due to Javelin Capital | 265 | 265 |
| Company lease charge to JCS | 19 | |
| JCS management fee income from Javelin Capital | 1,292 | 1,878 |
| Javelin Capital payments made to funds | | 1 |
| MPM costs recharged by the Company | 35 | 35 |
| **Balances outstanding at the end of the period:** | | |
| Between JCS and the Company | 542 | 426 |
| Between JCS and Javelin Capital | 377 | 131 |
| Between JCS and JCFM | | 1 |
| Between the Company and MPM | 95 | 95 |
| Between JCFM and Javelin Capital | 9 | 18 |

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 £2,260,000 and proceeds of £5,899,000, as a result of the sale of shares to the MAM Employee Benefit Trust and to MAM for cancellation, of which none was outstanding at year end (2012: £2,215,000 of dividends, £324,000 of proceeds with nil outstanding). 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 IAS 24: Related Party Disclosures. Further information about the remuneration of individual directors is provided in the audited part of the Report on Directors Remuneration on pages 35 to 43.

| | 2013 £000 | | 2012 £000 | |
|---|---|---|---|---|
| Short term employee benefits | 235 | | 348 | |
| Partnership profit shares | 66 | | | |
| | | 301 | | 348 |

# Notice of Meeting

*This Notice of Meeting is an important document, if shareholders are in any doubt as to what action to take, they should consult an appropriate independent advisor.*

Notice is hereby given that the one hundred and second Annual General Meeting of Majedie Investments PLC will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS on Wednesday, 15 January 2014 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 7 will be proposed as Ordinary Resolutions and Resolutions 8 and 9 shall be proposed as Special Resolutions.

Ordinary Business

1. To receive the Directors' Report and Accounts for the year ended 30 September 2013.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2013.
3. To approve the Directors' Remuneration Policy.
4. To declare a final dividend of 6.30p per share in respect of the year ended 30 September 2013.
5. To re-appoint JWM Barlow as a director.
6. To appoint Ernst & Young LLP as auditors.
7. To authorise the directors to fix the auditor's remuneration.

Special Business

8. 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 2015 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.

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

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

Registered in England Number: 109305

By order of the Board
Capita Sinclair Henderson Limited
Company Secretary
9 December 2013

*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 12 January 2014 (or, in the event of any adjournment, 6.00 pm on the date which is two days (excluding weekends and bank holidays) before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

*Note 2*
A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, a copy of the enclosed personalised form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, not later than 48 hours before (excluding weekends and bank holidays) the time of the meeting or any adjustment thereof. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands. On a vote by poll every member present in person or by proxy shall have one vote for every ordinary share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing.

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

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

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

*For the electronic proxy to be valid it must be received by Computershare no later than 12.00 noon on Monday 13 January 2014.*

*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 12 January 2014 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 12 January 2014 ("the specified time") shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice.

*Note 6*
CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual, which is available to download from the Euroclear website (www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

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

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

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

*Note 7*
As at the date of this Notice, the Company's issued share capital and total voting rights amounted to 52,528,000 ordinary shares carrying one vote each.

*Note 8*
In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:

a) to do so would:

(ii) interfere unduly with the preparation for the meeting, or

(ii) involve the disclosure of confidential information;

b) the answer has already been given on a website in the form of an answer to a question; or

c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

*Note 9*
A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares:

a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way;

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

*Note 10*
Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

*Note 11*
Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

*Note 12*
Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM. A matter may properly be included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

*Note 13*
A copy of this notice and any subsequent notices in respect of section 388A of the Companies Act 2006 will be available on the Company's website www.majedie.co.uk.

*Note 14*
The terms and conditions of appointment of Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Saturdays and public holidays) until the date of the Meeting and at the place of the Meeting for a period of fifteen minutes prior to and during the Meeting. None of the Directors has a contract of service with the Company.

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

*Note 16*
If a shareholder receiving this notice has sold or transferred all shares in the Trust, this notice and any other relevant documents (e.g. form of proxy) should be passed to the person through whom the sale or transfer was effected, for transmission to the purchaser.

## 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 Conduct 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 is no initial charge and no annual management charge for the ISA. Furthermore there is no brokerage charge on purchases 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 £20. The maximum investment permitted is currently £11,520 for the 2013/14 tax year. Investments can be split between a cash ISA (up to a limit of £5,760) and a stocks and shares ISA (up to a limit of £11,520).

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 please visit www.halifax.co.uk/sharedealing/our-accounts/self-select-isa/, or to apply for an account please contact Halifax Share Dealing on 0845 850 0181.

Halifax Share Dealing Limited. Registered in England and Wales no. 3195646. Registered Office: Trinity Road, Halifax, West Yorkshire, HX1 2RG. Authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS under registration number 183332. A Member of the London Stock Exchange and an HM Revenue & Customs Approved ISA Manager.

† Please visit www.halifax.co.uk/sharedealing/charges or call 0845 850 0181 for further information

## Majedie General ISA (formerly a PEP)

Although you are no longer able to put new money into a PEP, your existing PEP investments remain sheltered from tax and can continue to grow. You may transfer an existing PEP from another manager to the Majedie General ISA.

Further details may be obtained from the Company's ISA Manager, The Share Centre, PO BOX 2000, Aylesbury, Buckinghamshire HP21 8ZB (telephone: 0800 800 008).

# Shareholder Information

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

### Company Secretary & Fund Administrator
Capita Sinclair Henderson Limited
Trading as Capita Asset Services
Beaufort House
51 New North Road
Exeter EX4 4EP
Telephone: 01392 412122
Fax: 01392 253282

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

### Custodian
RBC Investor Services Trust
Riverbank House
2 Swan Lane
London EC4R 3AF

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

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

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

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

### Stockbrokers
Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

# Shareholder Information

## Key Dates in 2014

| | |
|---|---|
| Ex-dividend date | 8 January 2014 |
| Record date | 10 January 2014 |
| Annual General Meeting | 15 January 2014 |
| 2012/13 final dividend payable | 22 January 2014 |
| Interim results announcement | May 2014 |
| 2013/14 interim dividend payable | June 2014 |
| Financial year end | 30 September 2014 |
| Final results announcement | December 2014 |
| Annual Report mailed to shareholders | December 2014 |

## Website

www.majedie.co.uk

## Share Price

The share price is quoted daily in The Times, Financial Times, The Daily Telegraph, The Independent and London Evening Standard. Shares may be bought through the Majedie Share Plan or Majedie Corporate ISA (details of which are set out on page 102). You may transfer an existing PEP or ISA to the Majedie General ISA (page 102). You may also purchase shares through an on-line dealing facility or via your stockbroker or bank.

## Net Asset Value

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

## Capital Gains Tax

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

## Warning to shareholders

Many companies are aware that their shareholders have received unsolicited calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turns out to be worthless or high risk shares based in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers for free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment "advice".

If you are in any doubt about the veracity of an unsolicited telephone call, please either call the Company or the Registrar.

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