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Contents

2	Company Summary
2	Recent Trends
3	Year's Summary
4	Chairman's Statement
6	Investment Report
15	Asset Distribution
16	Valuation of Investments
19	Twenty Largest UK Investments
19	Ten Largest Overseas Investments
20	Ten Year Record
21	Board of Directors
22	Directors' Report
24	Corporate Governance
27	Report on Directors' Remuneration
30	Statement of Directors' Responsibilities
31	Report of the Auditors
32	Consolidated Statement of Total Return
33	Consolidated Balance Sheet
34	Company Balance Sheet
35	Consolidated Cash Flow Statement
36	Notes to the Accounts
50	Majedie Share Plan & General PEP
51	Majedie Corporate ISA
52	Notice of Meeting
53	Shareholder Information
	Form of Proxy

Majedie Investments PLC is a self managed investment trust with total assets under management of over £200 million.

Our Objective is to maximise total shareholder return over the long term whilst increasing dividends by more than the rate of inflation.

Our Benchmark is 70% FTSE All-Share Index and 30% FTSE World ex UK Index (sterling) on a total return basis.

Company Summary

Total assets	£203.1m	
Shareholders' funds	£163.7m	
Market capitalisation	£127.8m	
Capital structure	10p ordinary shares	52,720,000
	Debt	£15m 9.5% debenture stock 2020 £25m 7.25% debenture stock 2025
Voting structure	Ordinary shares	100%
Wind-up date	None	
Management fee	The trust is self-managed and accordingly does not pay a fee to third party fund managers.	
ISA status	Up to £7,000 in each tax year until 2006.	
PEP status	The Company's policy is to hold at least one half of its investments by value in the ordinary shares of UK and other EU companies thus qualifying fully as an investment trust for Personal Equity Plan purposes.	
AITC	The Company is a member of the Association of Investment Trust Companies.	

Recent Trends

Net asset value per share (pence) decreased by 30.4% in the year

Dividends (pence) have increased for the thirteenth consecutive year, this year by 3.3%

Share price (pence) has decreased by 32.4% during the year

Year's Summary

Financial	2001	2000	%
<small>as at 30 September</small>			
Total assets	£203.1m	£274.6m	-26.0
Shareholders' funds	£163.7m	£235.3m	-30.4
Net asset value per share	310.7p	446.3p	-30.4
Share price	242.5p	358.5p	-32.4
Discount to net assets (debt at accounts value)	22.0%	19.7%	
Discount to net assets (debt at market value)	19.9%	17.4%	
Dividends per share	7.90p	7.65p	+3.3
Earnings per share	7.73p	7.01p	+10.3
Administrative expenses	£1.9m	£2.1m	-9.5
Administrative expenses/average net assets	0.9%	0.9%	

Year's high/low		2001	2000
Share price	high	383.0p	391.0p
	low	236.5p	324.5p
Net asset value	high	453.9p	488.0p
	low	276.4p	376.2p
Discount	high	22.0%	27.1%
	low	12.7%	4.2%

Performance	2001	2000
<small>year ended 30 September</small>		
Net asset value total return	-29.0%	18.4%
Share price total return	-30.8%	-0.2%
Benchmark total return	-23.1%	13.8%

Source: AITC; The WM Company

Chairman's Statement

Over the last 12 months world stock markets have been very volatile with significant falls over the period ending with the unexpected events and aftermath of the 11 September tragedy. It is disappointing to report a reduction in net assets of 30.4% and a total return underperformance of 5.9% compared with our benchmark. The portfolio is managed on a medium risk basis with a long term perspective and therefore will be affected by the course of world stock markets over a particular period. Nevertheless the main reason for our underperformance was the level of gearing employed in the portfolio which magnified the effect of the downturn in stock markets over the year.

In gross terms Majedie narrowly outperformed the benchmark over the year by 0.2% and over the last two years total assets outperformed by 3.9%. This gross basis calculated by The WM Company looks at the performance of Majedie's total assets and the relevant dividends received whereas the net asset value basis also takes account of expenses, debenture interest and the balance sheet effect of gearing which magnifies the changes in the value of the portfolio either up or down.

Performance

The portfolio outperformed in gross terms by 1.1% in the UK and underperformed marginally elsewhere. The good UK performance was due to reduced weightings in telecoms, media and technology and increased weightings in oils, utilities, insurance, banks and engineering. Holdings in the US financial sector and in the already underweight US technology and European media sectors hindered our performance.

Portfolio & Markets

The first half of the financial year was characterised by a severe fall in US economic activity which spread to Europe and the UK. The central banks responded by rapidly reducing interest rates. The whole portfolio was re-positioned with heavier weightings being taken in more recession-proof industries such as food producers, beverages, food retailers and pharmaceuticals. Sectors specifically sensitive to interest rate reductions were also increased such as banks, insurance, housebuilders and engineers. Previously high growth sectors of telecoms, media and technology were reduced further from already underweight positions.

In our third quarter world markets advanced for much of the period and the portfolio made good progress – beating the benchmark by 1.7% on a NAV total return basis. However, in our last quarter the portfolio was badly affected by the sudden fall in stock markets resulting from the events of 11 September. Although we avoided specific problem areas such as the airline sector, the portfolio was hurt by the rapid and substantial marking down of company valuations – the effect of which was exacerbated by our gearing.

Income & Dividend

Income from investments over the period increased by 10.9%. For much of the year stock market conditions favoured companies which pay higher levels of dividend and opportunities were taken to enhance our dividend income through investing in such companies as referred to above.

The Board is recommending a final dividend of 4.8p per share giving a total of 7.9p for the year representing an increase of 3.3% on last year's total dividend and a current yield of 3.3%. Not only is Majedie one of the higher yielding shares in the global growth investment trust sector but also this is the thirteenth year in which our dividend has increased by more than the rate of inflation.

Costs

Following the 28% reduction in costs last year, costs have again been reduced by 9.5% this year. The combination of increased income and reducing costs has meant that the Revenue Account is much closer to returning to a covered dividend position. However as I have commented before, Majedie has very strong revenue reserves for an investment trust and would consider using them to maintain the dividend according to our current policy should the need arise.

Outlook

In the immediate aftermath of 11 September the Federal Reserve Board cut interest rates followed by the UK and European Central Banks. The US Government also announced a \$170bn economic stimulus package comprising of tax cuts and spending increases equivalent to 1% of US GDP in order to support and boost its economy. This led to a rebound in world stock markets to pre-September levels as confidence returned, in the belief that these measures would underpin economic activity. Obviously, with the major economies having to adapt to recent events, the effect is likely to be a sharper downturn in the short term, which may facilitate some recovery towards the second half of 2002.

Directors & Staff

Finally I would like to express my appreciation to my fellow directors and the staff for their support and hard work throughout the year.



Henry S Barlow Chairman

21 November 2001

The financial year has been a challenging period. It began with continued strong growth in world GDP. However, this faltered as the technology sector suffered from an unprecedented downturn in orders towards the end of the 2000 calendar year.

This then led to an overall cutback in capital investment, which could not be offset by a quick cut in interest rates by the Federal Reserve Bank, due to the protracted period before the result of the election of President Bush was settled. By this time there had been a general loss in confidence, which the following dramatic cuts in interest rates by the Federal Reserve were unable to offset.

Over the year inflation remained low worldwide and the central banks in the UK, Europe and Japan all followed the US in cutting interest rates, in order to stimulate economic activity. The leading economy of the world, the US, was widely predicted to fall into recession in the first and second calendar quarters of 2001. However, it did not and continued to grow at a better than expected rate of 0.3% in the second quarter.

World markets fell sharply during the year under review, reflecting increased concern over corporate profits, largely as a result of the economic slowdown in the US. As earnings forecasts were revised downwards, equity valuations fell sharply, most notably in the technology, media and telecoms sectors. Telecoms stocks retreated as investors became concerned about their future earnings growth following the high prices paid for third generation mobile licences in Europe. IT hardware and software and computer services stocks also weakened on concerns that future earnings growth would be restricted by slower economic growth.

This provided a boost to more defensive sectors as investors sought sanctuary in earnings stability and visibility in the difficult market environment. Sectors such as beverages, pharmaceuticals and tobacco, where the portfolio was overweight, outperformed. However, volatility was a key characteristic of equity markets as investors rotated between growth and defensive sectors.

Unfortunately, Majedie's year-end coincided with the aftermath of the tragic events of 11 September, which caused a major sell-off across world markets particularly hurting the portfolio in oils and financials, which hit the trust's performance hard over the last three weeks of the financial year reducing the performance by 3 percentage points. This was an unfortunate out-turn given the fact that the portfolio had outperformed the benchmark by 1.7% in the third quarter.

There was a vortex of selling which followed the terrorist attacks in the US, which was partly driven by the insurance companies seeking to maintain their solvency requirements, which were subsequently relaxed by the FSA. However, markets have now decided that the world is not coming to an end and the desperate levels to which some securities fell in the financial and other sectors have been corrected by strong fiscal and monetary stimulus as all the central banks cut interest rates. Generally the major markets have now recovered most of what was lost in the immediate aftermath of the attack.

The portfolio did not have any holdings in airlines, and the heavy positions in Boeing and Zurich Financial Services, which suffered directly, had been sold several months earlier at far higher prices. The highly volatile telecom, media and technology sectors, although already underweight had been heavily reduced some months ago.

Outlook

One effect of the terrorist attacks has been to push the US economy into a technical recession, i.e. at least two quarters negative growth. This is dragging the rest of the world with it. The main concern is whether the downturn will be more protracted. In order to combat the resultant possible loss of confidence by the American consumer the Federal Reserve cut interest rates by 0.5% immediately before the US stockmarket reopened on 7 September. This was accompanied by cuts by the Bank of England and European Central Bank.

Subsequently, all three central banks cut rates again and the Federal Reserve has indicated that it is willing to take further action should the economic situation weaken and require it. Alan Greenspan, Chairman of the Federal Reserve, has also supported a vigorous fiscal stimulus for the economy in the form of a \$100bn tax cut. Since then President Bush has announced an injection plan of over \$170bn, comprising tax cuts and spending increases equivalent to over 1% on GDP. Therefore the US government is taking the necessary steps to try to ensure that the economy keeps moving.

Evidently, the tragic events of 11 September have changed the economic course of the world. However their effect may just shorten and make sharper the downturn in the short term, making possible a reasonable recovery over the medium term sometime in the second half of 2002.

Investment Philosophy

Over the long term the fund aims to slant its investments towards long term growth industries. However, in 2001, holdings in the traditional defensive areas of the market like food producers, food retailers, pharmaceuticals and tobacco were increased to give some protection against the emerging economic uncertainty. Conversely, as already mentioned the formerly high growth sectors of telecoms, media and technology were reduced dramatically from an underweight position to a very underweight position worldwide.

Elsewhere, as we forecast, interest rates were cut by the world's central banks, and the portfolio's exposure to interest rate sensitive sectors was increased. These included housebuilders and engineering in the UK and international industrials in the US. In the other big sectors of oils, banks and insurance the following action was taken. As expected the oil price settled for most of the year around \$25, so the oil weighting was raised to a market weighting. Subsequently the oil price has now fallen and the oil weighting has been adjusted. In banks differentiation was made between those which were exposed to merger and acquisition activity or other concerns like the Argentinian problem. These were either reduced or sold e.g. Citigroup and UBS were sold and Banco Bilbao Vizcaya Argentaria (BBVA), and Banco Santander Central Hispano (BSCH) were reduced.

Investment Report

However, historically banks with general exposure to domestic banking i.e. retail and mortgages, have proven to be quite defensive over previous cycles and an overweighting in the UK was taken. This is because despite forecast reductions in UK GDP to around 2.1% growth for 2002, the banks do not incur serious bad debt problems until GDP falls below 1%, which at this stage is thought unlikely. In insurance the vulnerable holdings in Zurich Financial, Allianz and American International Group were all sold. These have been replaced with holdings in CGNU and AXA, which have better prospects and sounder finances.

In view of the uncertain state of world markets and economies, cash was allowed to accumulate to 3.8%, at the year-end. This gives us flexibility to take advantage of opportunities as they arise.

Overall, given the world economic and political situation and given the fund's medium risk profile, the sector weightings provide reasonable protection on the downside whilst offering further upside if the situation improves and responds to the monetary and fiscal stimuli currently being undertaken across the world. For instance the fiscal injection from the proposed US fiscal loosening is estimated to add over 1% to US GDP in 2002.

On a gross basis, according to data provided by the WM Company, the total assets of the trust outperformed its benchmark by 0.2%.

72.4%

UNITED KINGDOM

The UK is Majedie's largest geographical asset class representing 72.4% of the portfolio. Over the year the UK outperformed its benchmark the FTSE All-Share Index by 1.1%.

The principal drivers behind this were the reduction of weightings in telecoms, media technology, and the raising of weightings in oils, and the defensives like utilities, foods, tobacco and quasi defensives which are geared to the market, like banks, insurance and engineering.

There appears to have been a reluctance on the part of some members of the Bank of England's Monetary Policy Committee (MPC) to make the cuts enacted since the attacks in the US. This reflects the much healthier domestic economy in the UK. The cuts have been rationalised in terms of the deteriorating global outlook. That being said, UK interest rates are now at their lowest levels since the early 1960s.

Significant upward revisions to first half GDP means that growth is likely to be comfortably above 2% this year, even with a much weaker second half. Although the August figures were surprisingly strong, manufacturing is still down 2% on the year. The latest survey evidence from both the CBI and the Purchasing Managers Index (PMI) suggests conditions remain weak. What has unsettled some MPC members is that the domestic economy remains strong, and the consumer in particular.

Recent revisions to the historic record reveal that economic growth has been considerably stronger than previously assumed. But the real strength has been the resilience of the consumer. Retail sales growth through September was robust, up 6.3% year on year. However, the surprise was the CBI distributive trades survey for September, which reported a five-year high, despite a downturn following the attacks in the US.

Therefore the consumer fundamentals remain encouraging. Interest rates are at their lowest levels for almost 40 years, employment stable, and average earnings growth well ahead of inflation. The key to consumer confidence will probably be the labour market. If there is no significant increase in unemployment then it is likely to remain high. There have been a number of headline grabbing lay-offs in the UK without total unemployment rising. However, if in the imminent annual budget appraisals everyone reduces staff requirements by 5%, that is far more serious than one large dramatic closure.

The UK market's immediate reaction to the terrorist outrage was to sell off sharply. This has now largely been reversed, despite the global economic and therefore profit outlook having deteriorated in the short-term. However, there is scope for equity markets to make further gains, particularly in view of the extent of monetary and fiscal reflation that is being put in place.

19.7%

US

The US is Majedie's second largest asset class representing 19.7% of the fund. Over the year the portfolio underperformed the benchmark by 0.8%.

This was due to heavy overweightings in financials and also in Honeywell, which fell badly after General Electric's bid failed and, although technology was 40% underweight, some holdings were badly affected by the downturn. However, stocks like Boeing were sold before they halved as concern about aircraft orders first emerged in April.

As already discussed, the US economy slowed significantly towards the end of 2000, but, despite concerns of many commentators, still did not fall into a technical recession by the end of the second calendar quarter with growth ahead of forecasts at 0.3%. The debate has now shifted from recession to recovery. In the aftermath of the terrorist attacks of 11 September, it has now become conventional wisdom that they will have the effect of pushing the US into a technical recession, and the real question now is how long and how severe will it be?

The stock market is a discounting mechanism. The recession and collapsing earnings are no longer surprises to anyone. What is very important is the response of the authorities. The Federal Reserve may have stayed tight too long, but they have been cutting rates aggressively recently, followed by other banks around the world. The terrorist attack has shocked the politicians out of their fiscal lethargy and obsession with budget surpluses, even with a sick economy. The US administration and the Congress are now competing to propose tax cuts and stimulus packages. Fiscal policy will soon be stimulative rather than restrictive. President Bush already has \$39bn of tax cuts in place, and a \$40bn special grant from Congress for security measures and to help airlines. In addition, the House approved another \$100bn for a stimulus package. Alan Greenspan has helped, taking interest rates down to 2%. As a result the US now has negative real interest rates – where the cost of borrowing is lower than inflation, for the first time since the early 1990s. That was sufficient to lift the economy out of recession then, it is hoped that it should do the same now.

It is thought that these moves will stabilise the economy by the spring of next year. Corporations both large and small are restructuring and cutting costs. To the extent they become lean and mean, small changes in the volume will cause big changes in profits. As a result of the attack, the recession will be deeper, but by the middle of next year, the US and the world economy should be expanding again.

The stimulus package will probably see the end of the "peace dividend" and a temporary reversal in the recent trend of reduced Federal spending as a percentage of gross domestic product, falling from 21% in 1990 to 18% last year. But America has never looked fondly on government spending, seeing it as essentially wasteful and unlikely to add value. Accelerated tax plans therefore form half of the plan. Tom DeLay, the Republican House Whip, put it bluntly recently saying: "If government spending stimulated the economy Japan wouldn't still be mired in nearly a decade long recession and the Soviet Union would still exist."

Already the Dow is up around 1,000 points from the low it reached after the terrorist attack. American companies, unencumbered by European style regulation, are laying off staff and rebuilding their balance sheets. This will improve profits after the excesses of the dotcom bubble and allow growth and investment to return. Another important feature recently was the latest consumer confidence survey, which showed a slight improvement, rather than the widely predicted capitulation. Indeed the October retail sales figures showing a rise of 7% was positive.

The proviso, however, must always be that there is not another major shock, either economic or terrorist, but even if there is, this massive fiscal and monetary stimulus will maintain the world economy, albeit at a lower level.

4.8%

EUROPE

Europe represented 4.8% of the fund's assets at the year-end. Over the financial year this portfolio underperformed its benchmark by 4.7%.

This was due to a cross section of sectors including industrials like Bayer, and UPC in media, as well as some technology.

Economic growth in Continental Europe slowed during the year, albeit from a relatively rapid pace to one closer to trend, reflecting the weaker global growth background. Early in the year economic activity remained comparatively robust and unemployment declined, contributing favourably to consumer expenditure and industrial production rose as demand for exports was supported by the Euro's weakness. With consumer confidence underpinned by accelerating wage growth and rising house prices, consumer price inflation remained well above the 2% ceiling set by the European Central Bank (ECB). It was also driven up by the oil price, which had risen sharply in Euro terms since early 1999. The ECB raised interest rates twice, in September and October, lifting the key rate to 4.75%, initially to subdue inflationary concerns, and later in an attempt to strengthen the ailing Euro.

However, whilst inflation continued to rise, moving further away from the ECB's 2% target, signs of a decline in activity began to emerge with France and Germany reporting lower than expected growth in the first quarter of 2001, as exports slumped forcing companies to scale back production. Against this background, the ECB was finally forced to respond to the slowing economy and lowered short term interest rates by 0.25% in May, bringing the key rates down to 4.5%. The rate has subsequently been reduced again to 3.25% due to weakening markets and events of 11 September.

European markets declined sharply during the year, reflecting increased concern over the effects of the US economic outlook and its effect on corporate profits. Earnings forecasts were reduced and equity valuations fell sharply, particularly in the technology and telecoms sectors. Telecoms shares fell on investor concern over their earnings outlook following the high prices paid for third generation mobile licences in Europe. IT hardware and software and computer services stocks also weakened on the concern that future earnings growth would be restricted by slower economic growth.

The defensive sectors performed well as investors sought sanctuary in earnings stability and visibility in the difficult market environment. However, volatility was a key characteristic of equity markets as investors rotated between growth and defensive sectors.

As the market continued to wrestle with the contradictory forces of deteriorating fundamentals and falling interest rates a number of measures were taken. The exposure to technology and telecoms was reduced on concern that their aggressive earnings growth targets might not be met against a weaker economic backdrop. Thus Alcatel, Philips, ST Microelectronics, Deutsche Telecom and Siemens were disposed of, and Telefonica and Portugal Telecom were reduced.

Within the pharmaceutical sector, exposure was reduced to those stocks whose growth outlook and quality of earnings have deteriorated. Positive news flow regarding drug pipelines diminished over the period, threatening the potential for Roche, which was sold. This was replaced by Aventis, which has a strong drug pipeline.

In the banking sector BBVA and BSCH were reduced on concerns regarding their Argentine exposure. UBS was sold due to its exposure to Swissair following the 11 September tragedy.

Following further economic weakness brought about by the 11 September attack, European earnings will remain weak into 2002. Like the other major markets there has been a rash of profit warnings across European companies. However, looking into 2002 if the US economy improves in the second half, Europe is also likely to see the bottom of the cycle and some recovery.

3.1%

PACIFIC BASIN

The portfolio in the Pacific Basin represents 3.1% of assets. The Pacific Basin (ex Japan) had a poor year underperforming the benchmark by 10.6% – as did Japan underperforming by 7.5%

The Pacific ex Japan portfolio is mainly focused in the two blue chip Australian banks and China Mobile in Hong Kong. The latter's weighting was reduced by half. Unfortunately, whilst they remain good long-term investments they had a poor year.

The Japanese portfolio was 50% underweight at the beginning of the year, and was subsequently reduced to a zero weighting. However the investment trusts held underperformed the Japanese market because their discounts widened significantly. Nevertheless the significant underweighting in the second half of the year helped performance.

Prior to the terrorist attack on the World Trade Centre, investors were already concerned by increasing evidence that the US was leading the world into an economic slow down. Events on 11 September brought the prospect of recession that much closer. As a result share prices in Japan fell to the lowest levels seen since 1986, reflecting a combination of domestic deflationary environment and declining external demand for key

exports, such as electrical goods and electronic components. The Bank of Japan has significantly increased liquidity in the banking system to alleviate the impact of the weak economy. After 11 September, the Bank of Japan has downgraded its economic outlook for the fifth time in as many months. In particular, it admitted that exports were falling, manufacturing outlook dropping and corporate profits declining sharply, a picture that most economists think implies that Japan is in recession. On the question of bad loans the Prime Minister Koizumi appears to have given up his pre-electoral determination to solve the bad loan problem, opting instead for a modest plan to purchase a limited set of bad loans from major banks over a four year period. The new plan essentially acknowledges the political cost of the bankruptcies and unemployment that would follow from a more aggressive programme. Therefore despite an apparent burst of resolve from Koizumi, his current policy now reflects the practical difficulty of imposing any kind of austerity programme in the midst of sharply lower world demand.

In Hong Kong, interest rates have fallen to levels which would historically have supported demand in both the economy and the important property market. However, even though China continues to see strong direct foreign investment and buoyant consumption, international factors are leading investors to remain cautious. It will take several months for the impact of political events on economic demand to become clearer but leaders in the OECD countries are already reacting to create conditions which are more favourable for an increase in consumer and business activity.

G M Leates

21 November 2001

Asset Distribution

at 30 September 2001

Classification of Assets	United Kingdom %	United States %	Continental Europe %	Pacific Basin %	Total 2001 %	Total 2000 %
Mining	1.4	-	-	-	1.4	0.7
Oil & Gas	11.0	1.6	0.4	-	13.0	8.9
Resources	12.4	1.6	0.4	-	14.4	9.6
Chemicals	0.2	0.4	-	-	0.6	0.5
Construction & Building Materials	2.5	-	-	-	2.5	1.2
Forestry & Paper	-	0.5	-	-	0.5	-
Basic Industries	2.7	0.9	-	-	3.6	1.7
Aerospace & Defence	2.3	-	-	-	2.3	2.5
Diversified Industrials	-	1.8	0.7	0.1	2.6	0.8
Electronic & Electrical Equipment	0.3	0.1	-	0.1	0.5	2.6
Engineering & Machinery	1.1	0.7	-	-	1.8	0.8
General Industrials	3.7	2.6	0.7	0.2	7.2	6.7
Automobiles & Parts	0.1	-	0.2	-	0.3	0.3
Cyclical Consumer Goods	0.1	-	0.2	-	0.3	0.3
Beverages	1.5	0.6	0.2	-	2.3	1.2
Food Producers & Processors	1.4	1.3	0.2	-	2.9	1.5
Health	0.1	-	-	-	0.1	0.1
Personal Care & Household Products	-	2.0	-	-	2.0	1.2
Pharmaceuticals	7.6	3.1	0.7	-	11.4	10.6
Tobacco	2.4	0.7	-	-	3.1	0.2
Non-Cyclical Consumer Goods	13.0	7.7	1.1	-	21.8	14.8
Distributors	0.2	-	-	-	0.2	0.2
General Retailers	2.6	0.8	-	-	3.4	1.9
Leisure Entertainment & Hotels	1.5	-	-	-	1.5	0.8
Media & Photography	1.4	1.1	-	-	2.5	7.3
Support Services	0.2	-	-	-	0.2	0.2
Transport	0.3	-	-	-	0.3	0.4
Cyclical Services	6.2	1.9	-	-	8.1	10.8
Food & Drug Retailers	0.5	0.5	0.2	-	1.2	2.9
Telecommunication Services	4.3	-	0.4	0.5	5.2	12.4
Non-Cyclical Services	4.8	0.5	0.6	0.5	6.4	15.3
Electricity	1.4	0.3	-	-	1.7	1.9
Gas Distribution	-	0.1	-	-	0.1	0.7
Water	0.7	-	-	-	0.7	0.1
Utilities	2.1	0.4	-	-	2.5	2.7
Information Technology Hardware	0.1	0.9	0.2	-	1.2	5.7
Software & Computer Services	0.2	0.3	-	-	0.5	3.1
Information Technology	0.3	1.2	0.2	-	1.7	8.8
Banks	12.8	1.1	1.0	1.1	16.0	12.4
Insurance	0.2	-	0.3	-	0.5	2.5
Life Assurance	3.9	-	-	-	3.9	2.2
Investment Companies	2.3	-	-	1.3	3.6	6.6
Real Estate	1.3	0.9	-	-	2.2	1.0
Speciality & Other Finance	2.3	0.9	-	-	3.2	2.7
Unit Trusts	-	-	0.3	-	0.3	0.4
Financials	22.8	2.9	1.6	2.4	29.7	27.8
Unlisted	0.3	-	-	-	0.3	0.3
Total Equities	68.4	19.7	4.8	3.1	96.0	98.8
Convertibles	0.2	-	-	-	0.2	0.2
Total Fixed Asset Investments	68.6	19.7	4.8	3.1	96.2	99.0
Cash	3.8	-	-	-	3.8	1.0
% Total at 30 September 2001	72.4	19.7	4.8	3.1	100.0	
% Total at 30 September 2000	69.3	18.2	6.5	6.0		100.0

The Fund analysed on pages 15 to 19 comprises the fixed asset investments (£196,140,000) and cash (£7,680,000).

Valuation of Investments

Holdings valued over £100,000 at 30 September 2001

Company	Market Value £000	% of Fund
Resources		
Mining		
Rio Tinto	2,087	1.0
Lonmin	568	0.3
UK Coal	269	0.1

Company	Market Value £000	% of Fund
Oil & Gas		
BP Amoco	13,488	6.6
Shell Transport & Trading	6,885	3.4
Texaco (USA)	1,990	1.0
BG	1,115	0.5
Enterprise Oil	1,032	0.5
Anadarko		
Petroleum (USA)	744	0.3
Exxon Mobil (USA)	429	0.2
ENI (Italy)	375	0.2
Total Fina Elf (France)	368	0.2
Schlumberger (USA)	180	0.1

Basic Industries

Company	Market Value £000	% of Fund
Chemicals		
Du Pont De Nemours & Co (USA)	842	0.4
BOC	469	0.2

Construction & Building Materials

Company	Market Value £000	% of Fund
Hanson	880	0.4
Barratt Developments	867	0.4
Aggregate Industries	835	0.4
Pochin's	658	0.3
Berkeley	556	0.3
RMC	553	0.3
Wilson Bowden	489	0.2
Wimpey (George)	266	0.2

Forestry & Paper

Company	Market Value £000	% of Fund
International Paper (USA)	924	0.5

Company	Market Value £000	% of Fund
General Industrials		
Aerospace & Defence		
Smiths	1,948	1.0
BAE Systems	1,835	0.9
Rolls-Royce	884	0.4

Diversified Industrials

Company	Market Value £000	% of Fund
General Electric (USA)	2,278	1.1
Tyco International (USA)	910	0.5
Suez (France)	542	0.3
E.On (Germany)	524	0.3
Minnesota Mining (USA)	453	0.2
RWE (Germany)	300	0.1
Hutchison Whampoa (Hong Kong)	276	0.1

Electronic & Electrical Equipment

Company	Market Value £000	% of Fund
Laird	321	0.2
Pace Micro Technology	232	0.1
TCL International (Hong Kong)	168	0.1
Flextronics International (USA)	128	0.1

Engineering & Machinery

Company	Market Value £000	% of Fund
Deere & Co (USA)	614	0.3
Bodycote International	533	0.3
Halma	504	0.2
Caterpillar (USA)	488	0.2
Morgan Crucible	371	0.2
Weir Group	309	0.2
Spirax-Sarco Engineering	276	0.1
Metalrax	254	0.1
Thermo Electron (USA)	245	0.1

Cyclical Consumer Goods

Company	Market Value £000	% of Fund
Automobiles & Parts		
Renault (France)	342	0.2
GKN	206	0.1

Company	Market Value £000	% of Fund
Non-Cyclical Consumer Goods		
Beverages		

Diageo	2,594	1.3
Pepsi Bottling (USA)	627	0.3
Allied Domecq	569	0.3
Pepsico (USA)	330	0.1
Coca-Cola (USA)	239	0.1
Pernod-Ricard (France)	198	0.1
Remy Cointreau (France)	130	0.1

Food Producers & Processors

Sysco (USA)	2,100	1.0
Cadbury Schweppes	1,744	0.9
Unilever	1,033	0.5
Heinz HJ (USA)	574	0.3
Nestle (Switzerland)	477	0.2

Health

SSL International	249	0.1
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Personal Care & Household

Company	Market Value £000	% of Fund
Products		
Colgate-Palmolive (USA)	2,774	1.4
Procter & Gamble (USA)	817	0.4
Gillette (USA)	485	0.2

Pharmaceuticals

GlaxoSmithKline	12,917	6.3
AstraZeneca	2,532	1.3
American Home Products (USA)	2,375	1.2
Pfizer (USA)	1,576	0.8
Johnson & Johnson (USA)	1,430	0.7
Aventis (France)	1,103	0.5
Pharmacia (USA)	502	0.2
Schering Plough (USA)	394	0.2
Novartis (Switzerland)	383	0.2

Tobacco

British American Tobacco	4,898	2.4
Philip Morris (USA)	1,325	0.7

Company	Market Value £000	% of Fund
Cyclical Services		
Distributors		
Electrocomponents	450	0.2
General Retailers		
GUS	1,620	0.8
Boots	1,479	0.7
Wal-Mart Stores (USA)	923	0.4
Marks & Spencer	778	0.4
NEXT	716	0.4
Kingfisher	512	0.3
Home Depot (USA)	279	0.1
Kohls (USA)	240	0.1
Federated Department Stores (USA)	230	0.1
Harvey Nichols	169	0.1
Leisure Entertainment & Hotels		
Compass	922	0.4
P&O Princess Cruises	583	0.3
Wetherspoon	518	0.3
Whitbread	426	0.2
Enterprise Inns	324	0.2
De Vere	236	0.1
AOL Time Warner (USA)	101	0.0
Media & Photography		
Comcast (USA)	1,587	0.8
Reuters	958	0.5
Pearson	729	0.3
AT&T Liberty Media (USA)	565	0.3
Trinity Mirror	522	0.3
EMI	284	0.1
Taylor Nelson Sofres	182	0.1
United Business Media	125	0.1

Company	Market Value £000	% of Fund
Support Services		
Serco	263	0.1
Brambles Industries	241	0.1
Transport		
Arriva	330	0.2
Exel	265	0.1
Non-Cyclical Services		
Food & Drug Retailers		
Walgreen (USA)	956	0.5
Sainsbury	571	0.3
Ahold (Netherlands)	493	0.2
Somerfield	435	0.2
Telecommunication Services		
Vodafone	7,389	3.6
Cable & Wireless	1,401	0.7
China Mobile (Hong Kong)	1,077	0.5
Portugal Telecom (Portugal)	575	0.3
Telefonica (Spain)	171	0.1
Utilities		
Electricity		
Scottish Power	1,824	0.9
Innogy Holdings	633	0.3
Southern Co (USA)	484	0.2
British Energy	404	0.2
Mirant (USA)	176	0.1
Gas Distribution		
Williams (USA)	131	0.1
Water		
United Utilities	1,076	0.5
Severn Trent	292	0.2

Company	Market Value £000	% of Fund
Information Technology		
Information Technology Hardware		
International Business Machines (USA)		
	534	0.3
Intel (USA)	351	0.2
Nokia (Finland)	333	0.2
Cisco Systems (USA)	244	0.1
Motorola (USA)	223	0.1
EMC (USA)	179	0.1
Texas Instruments (USA)	153	0.1
Psion	138	0.1
Software & Computer Services		
Amerindo Internet Fund	479	0.2
Sage	278	0.1
MISYS	163	0.1
Financials		
Banks		
HSBC	6,103	3.0
Royal Bank of Scotland	5,947	2.9
Barclays	5,777	2.8
Lloyds TSB	3,705	1.8
HBOS	2,202	1.1
Northern Trust (USA)	2,145	1.0
National Australia Bank (Australia)	1,292	0.7
BNP Paribas (France)	1,113	0.6
Standard Chartered	1,059	0.5
Commonwealth Bank of Australia (Australia)	880	0.5
Abbey National	599	0.3
Alliance & Leicester	450	0.2
UBS (Switzerland)	271	0.1
Northern Rock	256	0.1
Allied Irish Banks (Ireland)	227	0.1
Bank of Ireland (Ireland)	221	0.1
Banco Santander Central Hispano (Spain)	157	0.1
Banco Bilbao Vizcaya (Spain)	140	0.1

Valuation of Investments

Holdings valued over £100,000 at 30 September 2001

Company	Market Value £000	% of Fund
Insurance		
AXA (France)	540	0.3
Domestic & General	316	0.2
Life Assurance		
Prudential	2,958	1.5
CGNU	2,938	1.5
Legal & General	2,072	0.9
Investment Companies		
Asset Management Investment Company	1,751	0.9
GAM Japan	1,556	0.8
Electra Investment Trust	696	0.3
3i Group	490	0.2
Herald Investment Trust	437	0.2
Foreign & Colonial Pacific Investment Trust	436	0.2
TR Property Investment Trust	416	0.2
Thompson Clive Investments	336	0.2
Foreign & Colonial Emerging Markets Investment Trust	317	0.1
Kleinwort Development Fund	232	0.1
INVESCO Asia Trust	183	0.1
3i Bioscience Investment Trust	181	0.1

Company	Market Value £000	% of Fund
PPM Far East Derivatives	125	0.1
INVESCO techMARK Enterprise Trust	104	0.1
Real Estate		
Equity Office Properties (USA)	1,909	0.9
Daejan	1,673	0.8
London Merchant Securities	515	0.3
Canary Wharf	470	0.2
Speciality & Other Finance		
Exeter Investment Group	2,928	1.4
Household International (USA)	1,343	0.7
Caledonia Investments	673	0.3
Singer & Friedlander Group	525	0.3
Amvescap	510	0.2
Stilwell Financial (USA)	264	0.1
American Express (USA)	210	0.1
Cattles	151	0.1

Company	Market Value £000	% of Fund
Unit Trusts		
Gartmore European Selected Opportunities Fund	324	0.2
INVESCO European Growth Fund	296	0.1
Unlisted Investments		
Langdon Group	610	0.3
Convertibles		
BAE Systems 7.75% NCCRP 2007/2010	431	0.2

Twenty Largest UK Investments

at 30 September 2001

	Market Value £'000	% of Fund
BP Amoco	13,488	6.6
GlaxoSmithKline	12,917	6.3
Vodafone	7,389	3.6
Shell Transport & Trading	6,885	3.4
HSBC	6,103	3.0
Royal Bank of Scotland	5,947	2.9
Barclays	5,777	2.8
British American Tobacco	4,898	2.4
Lloyds TSB	3,705	1.8
Prudential	2,958	1.5
CGNU	2,938	1.5
Exeter Investment Group	2,928	1.4
Diageo	2,594	1.3
AstraZeneca	2,532	1.3
BAE Systems	2,318	1.1
HBOS	2,202	1.1
Rio Tinto	2,087	1.0
Legal & General	2,072	1.0
Smiths	1,948	1.0
Scottish Power	1,824	0.9
	93,510	45.9

Ten Largest Overseas Investments

at 30 September 2001

Company	Market Value £000	% of Fund
Colgate-Palmolive (USA)	2,774	1.4
American Home Products (USA)	2,375	1.2
General Electric (USA)	2,278	1.1
Northern Trust (USA)	2,145	1.0
Sysco (USA)	2,100	1.0
Texaco (USA)	1,990	1.0
Equity Office Properties (USA)	1,909	0.9
Comcast (USA)	1,587	0.8
Pfizer (USA)	1,576	0.8
Global Asset Management (Japan)	1,556	0.8
	20,290	10.0

Ten Year Record

to 30 September 2001

Year End	Total Assets £'000	Shareholders' Funds £'000	NAV Per Share Pence	Share Price Pence	Discount %	Earnings Pence	Net Dividend Pence	Actual Gearing Ratio %	Potential Gearing Ratio %	Cost of Running Trust %
1992	88,786	88,786	169.0	149.0	11.84	5.04	4.75	92.2	100.0	1.09
1993	116,185	116,185	221.2	193.0	12.74	5.35	5.00	95.2	100.0	0.81
1994	133,801	118,996	226.5	199.0	12.15	5.64	5.25	106.7	112.4	0.80
1995	146,064	131,254	249.2	211.0	15.32	6.50	5.75	104.7	111.3	1.10
1996	163,176	148,372	283.4	242.0	14.62	7.65	6.60	105.7	110.0	1.29
1997	196,034	181,228	345.3	292.5	15.44	6.58	6.90	101.1	108.2	1.45
1998	180,298	165,490	315.3	296.0	6.13	5.48	7.20	99.4	108.9	1.36
1999	216,519	201,708	383.3	367.0	4.24	8.09	7.40	102.3	107.3	1.48
2000	274,620	235,269	446.3	358.5	19.68	7.01	7.65	115.5	116.7	0.89
2001	203,067	163,299*	310.7	242.5	21.95	7.73	7.90	119.6	124.4	0.92

The figures for the years ending 30 September 1995 are as originally reported (except that the relevant figures have been revised to reflect the one for one capitalisation issue in 1993). They have not been revised to reflect the current accounting policy for the recognition of dividend income on the ex-dividend date basis, the accounts for those years having included such income on the date payable basis.

Earnings for the years ending 30 September 1997 are as originally reported and have not been revised to reflect the current accounting policy of charging 75% of relevant expenses and finance costs to capital.

The Actual Gearing Ratio is calculated as total assets less cash and fixed interest assets divided by shareholders' funds. The Potential Gearing Ratio is calculated as total assets divided by shareholders' funds. The cost of running the trust is calculated by taking the total administrative expenses and dividing by the average monthly net asset value during the year.

* Shareholders' Funds for 2001 represent net assets less investment in own shares, see note 13 on page 41.

GROWTH IN MAJEDIE DIVIDENDS (PENCE PER SHARE)
COMPARED WITH INCREASES IN RETAIL PRICES INDEX

Board of Directors

Henry S Barlow OBE MA FCA (57) Chairman*

He has lived in Malaysia since 1970 returning for frequent visits to the UK to pursue a number of business interests, chiefly involving agriculture. A former joint Managing Director of the Highlands Group, a large plantation company, he was appointed a director of Majedie in 1978. He has served on a number of committees, including that of the British-Malaysian Industry and Trade Association, ultimately as Chairman, and now sits on the boards of Golden Hope Plantations Berhad, HSBC Bank Malaysia Berhad and Guthrie Ropel Berhad, and on the audit committees of the last two. He is a member of the Audit, Remuneration and Nominations Committees.

Hubert V Reid (60) Deputy Chairman*

Senior Independent Non-Executive Director
Former Managing Director of the Boddington Group plc and Chairman upon its acquisition by Greenhalls Group plc, he is Chairman of Enterprise Inns plc and the Royal London Mutual Insurance Society Limited and a non-executive director of the Taverners Trust PLC. He was appointed a director of Majedie in January 1999 and is Chairman of the Audit, Remuneration and Nominations Committees.

Robert E Clarke BSc MSc ACA (44) Managing Director

Between 1982 and 1985 he worked in Canada for Clarkson Gordon and the Bank of Montreal. He returned to the UK in 1985 to work for Hoare Govett and was appointed Finance Director of Hoare Govett Securities Limited in 1988. After six years as Finance Director of Alwen Hough Johnson Limited, a Lloyd's broker specialising in reinsurance, he joined Majedie as Finance Director in 1996. He completed a Masters in Finance degree at London Business School in the same year. He was appointed Managing Director in July 1998.

Gillian M Leates BA MSI (44) Investment Director

Between 1981 and 1989 she worked for Schroder Investment Management, initially as an analyst then as the fund manager of the Schroder Special Exempt Smaller Companies Fund. In 1989 she joined Courtaulds Investment Management and in 1997 was given sole responsibility for the £975m UK equity portfolio of the Courtaulds Pension Fund. She joined Majedie and was appointed Investment Director in May 1999.

Sir John K Barlow Bt MA (67)*

In 1958 he joined Thomas Barlow & Bro. whose principal business was the management of quoted plantation companies. In 1978, during the second stage of the Group's reorganisation caused by the Malaysianisation of overseas assets, he became a director and then Chairman of Majedie. He is a member of the Nominations Committee.

Professor Paul Marsh BSc (Econ) PhD (54)*

Esmée Fairbairn Professor of Finance at London Business School and non-executive director of Hoare Govett Indices Limited. He joined LBS in 1974 and has held a number of posts including Faculty Dean, Deputy Principal and Director of the Masters Programme in Finance. Past directorships include M&G Group PLC and M&G Investment Management Limited. He was appointed a director of Majedie in January 1999 and is a member of the Remuneration Committee.

David C Ritchie BSc FFA CIMgt (57)*

He is a non-executive director of Edinburgh Income and Value Trust plc (chairman), Fleming Japanese Investment Trust plc (chairman), Schroder UK Growth Fund plc, Deutsche Scotland Ltd, and Gaucho Grill plc and a member of the Lord Chancellor's Strategic Investment Board. He was executive chairman of Scottish Widows Investment Management Ltd until 1998, having joined Scottish Widows in 1966, becoming a main board director and deputy group chief executive in 1990. He was appointed a director of Majedie in January 1999 and is a member of the Audit Committee.

J William M Barlow BA (37)*

He has been a portfolio manager with Skandia Asset Management Limited since 1991 and currently has responsibility for European equities. He has been a non-executive director of Majedie Investment Trust Management Limited since 1996. He was appointed to the Board in July 1999 and is a member of the Remuneration Committee.

*non-executive

Directors' Report

The directors submit their report and the accounts for the year ended 30 September 2001.

Introduction

A review of developments during the year and of future prospects is contained in the Chairman's Statement on pages 4 to 5, the section on Corporate Governance on pages 24 to 26 and the Report on Directors' Remuneration on pages 27 to 29 form part of this report. The audited financial statements are presented on pages 32 to 49. The Investment Report on pages 6 to 14 refers to the progress of markets during the year and the changes which have been made to the portfolio. An analysis of the portfolio is given on pages 15 to 19.

Principal Activity

The Company operates as an investment trust company engaged in the investment of funds in listed securities.

Results and Dividend

Consolidated net revenue before taxation amounted to £4,366,000 (2000 – £4,007,000). The directors recommend a final dividend of 4.8p per ordinary share, payable on 31 January 2002 to shareholders on the register at the close of business on 18 January 2002. Together with the interim dividend of 3.1p per share paid on 5 July 2001, this makes a total distribution of 7.9p per share (2000 – 7.65p per share).

Directors

The directors are listed on page 21.

The directors retiring at the Annual General Meeting by rotation in accordance with the Articles of Association are G M Leates and P Marsh.

Directors' Interests

Beneficial interests in ordinary shares as at 30 September:

	2001	2000
H S Barlow	12,843,026	12,843,026
H V Reid	6,039	2,376
R E Clarke	13,008	12,800
G M Leates	2,049	1,998
Sir John K Barlow	2,918,186	2,958,186
D C Ritchie	15,094	14,931
J W M Barlow	1,196,223	1,196,223

The beneficial interests disclosed above include the total holdings of Majedie shares within certain trusts where there are other beneficiaries.

Non-beneficial interests in ordinary shares as trustees for various settlements as at 30 September:

	2001	2000
Sir John K Barlow	1,231,205	1,231,205
H S Barlow	313,084	313,084
J W M Barlow	300,000	300,000

Some of the directors' holdings are duplicated, the total after elimination of duplicated holdings being 18,347,813 shares at 30 September 2001 (2000 – 18,423,728).

The beneficial holdings of H V Reid have increased by 748 shares since the year end as a result of regular purchases through the Share Plan. The beneficial holdings of R E Clarke and D C Ritchie have increased by 12 and 11 shares respectively since the year end as a result of the reinvestment of tax credits through the PEP Scheme.

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

Substantial Shareholdings

Apart from the directors' interests above, at the date of this report the Company has also been notified of the following substantial holdings in its issued capital:

The AXA Group	17.40%
M H D Barlow – beneficial	5.25%
– non-beneficial	3.32%
Miss A E Barlow	3.23%
G B Barlow	3.18%

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

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 2001 the Company had no unsettled suppliers invoices in respect of trade creditors (2000: nil).

Status

Following discussions between the Inland Revenue and the Association of Investment Trust Companies in August 2001, it has become possible, once again, to obtain written confirmation of investment trust status where it has been formally requested. On submission of such a request by the Company, the Inland Revenue has confirmed the Company as an approved investment trust for taxation purposes under section 842 of the Income and Corporation Taxes Act 1988 in respect of the year ended 30 September 2000, and also 30 September 1999. In the opinion of the directors the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval and the Company will continue to formally request written confirmation of investment trust status each year.

The Company is not a close company. The Company is a public limited company and an investment company under section 266 of the Companies Act 1985.

Special Business

Shareholder approval is sought at the Annual General Meeting to renew the ability of the Company to exercise the power contained in its Articles of Association to make market purchases of its own shares. The directors consider it desirable that the Company be authorised to make such purchases. The maximum number of shares which may be purchased under this authority is 7,902,278 being 14.99% of the issued share capital. Any shares so purchased will be cancelled. Under the proposed authority the maximum price (exclusive of expenses) which may be paid for such shares shall be 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made.

Purchases, if any, will be made within guidelines set by the Board from time to time in light of prevailing market conditions.

Auditors

A resolution will be proposed at the Annual General Meeting to re-appoint Deloitte & Touche as auditors and to authorise the directors to fix their remuneration.

By Order of the Board


Sinclair Henderson Limited Secretaries

21 November 2001

Corporate Governance

This section of the annual report describes how Majedie has applied the principles of the Combined Code on Corporate Governance, as required by the United Kingdom Listing Authority. The Board considers that the Company has complied with the provisions of Section 1 of the Combined Code throughout the year ended 30 September 2001.

It is relevant to consider the special nature of Majedie compared with other listed companies in relation to matters of corporate governance.

In complying with the more detailed aspects of best corporate governance practice, the Board takes into account the following:

- Majedie is a listed investment trust;
- the Barlow family as a whole owns about 55% of the shares in issue; and
- the Company itself is responsible for the investment management function.

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 is to maximise total shareholder return for all shareholders. A strong representation of independent non-executive directors is important but all directors carry out their duties impartially in the interests of all shareholders. Being an independently run fund management business, Majedie, unlike other investment trusts, has executive management. It is therefore important and appropriate that executive directors are involved in the running of the business at Board level.

Directors

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

There are eight members of the Board as set out on page 21. The roles of Chairman, Deputy Chairman and Managing Director are filled by Henry Barlow, Hubert Reid and Robert Clarke respectively. There are two executive directors and six non-executive directors of whom five are independent. Sir John Barlow is not considered to be independent by virtue of having been a former executive director of the Company. Hubert Reid is the senior independent non-executive director. He chairs each of the Board's three committees which are referred to in greater detail below.

The Nominations Committee comprises solely non-executive directors: Hubert Reid (Chairman), Henry Barlow and Sir John Barlow. It considers the appointment of candidates before deciding whether to make a recommendation to the Board in respect of both executive and non-executive directors. The ultimate appointment of a director is a matter for the whole Board. Under the Company's Articles of Association all directors are required to be elected by shareholders at the first Annual General Meeting after their appointment. The directors must seek re-election by the shareholders at least once every three years.

All non-executive directors are appointed for a fixed term lasting no more than three years after an individual director's election or re-election by shareholders at a general meeting. Towards the end of each fixed term the Board will consider whether to renew a particular appointment.

The Board has agreed and established a procedure for directors in furtherance of their duties, to take independent professional advice if necessary, at the Company's expense.

Directors' Remuneration

The Remuneration Committee comprises solely non-executive directors: Hubert Reid (Chairman), Henry Barlow, William Barlow and Paul Marsh. The Report on Directors' Remuneration on pages 27 to 29 explains the approach taken by the Committee to the structuring of remuneration for executive directors.

Relations with Shareholders

Senior executives hold meetings with the Company's principal shareholders to discuss the Company's strategy, financial and investment performance. Shareholders are encouraged to attend the AGM and participate in the proceedings. Separate resolutions are tabled in respect of each substantial issue.

Accountability and Audit

In the annual report each year the directors seek to provide shareholders with information in sufficient detail to allow them to obtain a reasonable understanding of recent developments affecting the business and the prospects for the Company in the year ahead. The Audit Committee comprises solely non-executive directors: Hubert Reid (Chairman), Henry Barlow and David Ritchie. The Board has agreed the terms of reference for the Audit Committee. A key objective is to maintain an effective relationship with the auditors allowing for the Committee to consult the auditors without executive management being present, if appropriate.

Internal Control Review

The directors acknowledge that they are responsible for the Company's systems of internal control and for reviewing their effectiveness.

An ongoing process, in accordance with the guidance of the Turnbull Committee on internal control has been established for identifying, evaluating and managing risks faced by the Company. This process has been in place since 1 October 2000 up to the date of this annual report. Key procedures established with a view to providing effective financial control have also been in place for the same period.

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.

Internal Control Assessment Process

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, investment, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the likelihood of such risks becoming a reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and relevant controls.

Corporate Governance

Against this background and bearing in mind the need for the review of risk issues and associated controls, the Board has split the review process into four sections reflecting the nature of the risks being addressed. These sections are as follows:

- Business/Strategy
- Investment
- Operations
- Compliance

Given the nature of the Company's activities and the fact that certain key functions are subcontracted the directors have reviewed the controls operating within the Company and have obtained information from key third party suppliers regarding the relevant controls operated by them. To enable the Board to make an appropriate risk and control assessment the information and assurances sought from third party suppliers include the following:

- details of the control environment and control procedures;
- identification and evaluation of risks and control objectives;
- assessment of the communication procedures with third party suppliers.

The key procedures which have been established to provide internal financial controls are as follows:

- The Board is responsible for setting overall investment policy and business strategy. The directors monitor the management of the portfolio on a regular basis at Board meetings.
- The investment management function within the Company is the responsibility of the Investment Director and the Managing Director who report to the Board regularly.
- Investment trust administration, accounting and company secretarial duties for the Company are performed by Sinclair Henderson Limited.
- The costs of the business are accounted for and paid by Barlow Service Company Limited.

- The custody of investment assets is undertaken by Royal Trust.
- The duties of investment management, accounting and the custody of assets are segregated. The in-house procedures and those of the third party service providers are designed to complement one another. This outsourcing provides a degree of expertise which would not be available to the Company if it were to remain in-house.
- The directors of the Company clearly define the duties and responsibilities of the Company's agents and advisers. Their appointment is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements.
- Mandates for authorisation of investment transactions and expense payments are set by the Board.
- The Board reviews financial information produced by the executive directors and the administrator in detail on a regular basis.

The Company does not have an internal audit function. The investment trust administration and custody function are delegated to independent third parties whose internal controls are reviewed by the Board. The directors are of the opinion that there is no need for the Company to have an internal audit function. However this situation is reviewed annually.

In accordance with guidance issued to directors of listed companies, the directors have carried out a review of the effectiveness of the system of internal control as it has operated over the year.

Going Concern

The directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the financial statements.

Report on Directors' Remuneration

The Remuneration Committee comprises solely non-executive directors: Hubert Reid (Chairman), Henry Barlow, William Barlow and Paul Marsh.

The Role of the Committee

The role of the Committee is to establish Board policy in respect of terms of employment, including remuneration packages, in detail for each executive director and in general for certain senior executives. The Committee seeks to encourage the enhancement of the Company's performance and to ensure that remuneration packages offered are competitive and designed to attract, retain and motivate executive directors and senior executives of the right calibre. In setting both the policy related to and levels of remuneration and benefits for executive directors and senior executives, the Committee takes account of market data and independent professional advice. In particular the Committee is mindful that the Company operates in the financial services sector in the City of London where there is competition among organisations for well-qualified senior executives.

Remuneration Structure

Last year the Remuneration Committee appointed an independent remuneration consultant to review the remuneration structure and long term incentives for directors and senior employees. He was also asked to advise on relevant salary levels. The Remuneration Committee and the full Board of Directors believe that the bonus structure and share option scheme described below appropriately incentivise executives to: i) achieve a degree of investment outperformance in keeping with a moderate level of risk; ii) grow funds under management in a profitable manner and iii) reduce the level of the discount to net assets over time and seek to reduce its volatility.

The main components of the Group's remuneration packages for executive directors and senior executives for the year to 30 September 2001 were as set out below.

Salary

The basic salary for each executive director is determined by the Committee after taking into account market data provided by independent consultants, individual performance and the extent and the nature of an individual's responsibilities.

Bonus

The bonus scheme is based on the investment performance of the portfolio and increasing funds under management. The investment performance bonus relates directly to the extent to which the net asset value (NAV) total return exceeds the benchmark and rewards executives proportionately up to a pre-determined maximum set in advance each year by the Remuneration Committee. With regard to additional funds under management any bonus amounts paid are at the discretion of the Remuneration Committee and will depend on the success achieved and efforts expended in increasing funds. In assessing the maxima for each executive the Committee takes account of the extent to which he or she has the potential to influence the outcome of either investment performance or acquisition of funds under management. If considered appropriate the Remuneration Committee exercises its discretion to make limited bonus payments outside of the two above-mentioned areas.

As explained in the Chairman's Statement the net asset value total return for the year ended 30 September 2001 was significantly affected by the level of gearing. It has been decided therefore that in future the investment performance bonus should relate directly and solely to the element of performance directly attributable to the fund manager's skills. This will be measured by the extent to which the performance of total assets on a gross basis as calculated by The WM Company exceeds the benchmark. Half of this bonus will relate to relative performance for the year in question and half will relate to relative performance over the three years just ended. In all other respects the bonus scheme will remain the same.

Report on Directors' Remuneration

Share Option Scheme

At the Annual General Meeting on 16 January 2001 shareholders approved the introduction of a new share option scheme. On the grant of options under the Scheme, the Board sets performance targets to which the exercise of options are subject and which relate to the on-going financial performance of the Company. The Scheme Rules provide for options to be exercisable after three years and before ten years have elapsed after the date of grant and that total options outstanding to be no greater than 5% of shares in issue.

On 14 February 2001 options at an exercise price of 361.50p were granted as follows: Robert Clarke: 89,183; Gill Leates: 63,623. The Company's employee incentive trust, which operates the Scheme, acquired a total of 169,151 shares in the Company on 30 March 2001. The shares under option total 152,806 leaving 16,345 shares held by the trust to cover future liabilities in respect of National Insurance Contributions. During the year ended 30 September 2001 the share price traded within a range of 236.5p to 383.0p.

The performance target attaching to the grants referred to above is that the options will not be exercisable unless total shareholder return between the date of grant and the proposed date of exercise is greater than an annualised return of 8.5%.

Pension Contributions

All executive directors and senior executives are eligible for membership of the Barlow Service Company Pension Scheme which is a non-contributory money purchase plan administered by Scottish Widows' Fund & Life Assurance Society. The Company matches additional contributions made by members up to an additional 4% of salary. The scheme also provides members with permanent health insurance and life assurance cover on the basis of a lump sum death in service policy. The number of directors to whom retirement benefits are accruing under the money purchase plan in respect of qualifying service is 2 (2000 - 2).

Other Benefits

Executive directors and senior executives are also eligible for a range of other benefits including the provision of a company car or non-pensionable salary supplement alternative, permanent health insurance and membership of a private medical scheme.

Service Contracts

Robert Clarke has a service contract requiring twelve months notice of termination from either the Company or the individual. Gill Leates has a service contract requiring six months notice of termination from either the Company or the individual. None of the other directors have service contracts with the Company. Non-executive directors have memoranda of terms.

Directors' Remuneration

The remuneration of the directors for the year ended 30 September 2001 was as follows:

	Salary & Fees £000	Bonus £000	Pension Contributions £000	Other Benefits £000	Total 2001 £000	Total 2000 £000
Executive Directors						
R E Clarke	161	12	29	16	218	250
G M Leates	114	12	20	11	157	184
H Bagan	-	-	-	-	-	72
Non-Executive Directors						
H S Barlow	30	-	-	-	30	18
H V Reid	25	-	-	-	25	24
Sir Richard Baker Wilbraham*	5	-	-	-	5	21
Sir John K Barlow	20	-	-	-	20	20
P Marsh	20	-	-	-	20	20
D C Ritchie	20	-	-	-	20	20
W G Underwood*	5	-	-	-	5	63
J W M Barlow	20	-	-	-	20	12
	420	24	49	27	520	704

* William Underwood and Sir Richard Wilbraham retired as non-executive directors on 16 January 2001.

Waiver of Emoluments

In the year ended 30 September 2000 Henry Barlow, Sir John Barlow and William Barlow each waived £8,000 of their fees.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results of the Group for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the Group's system of internal financial control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Report of the Auditors

Auditors' Report to the Members of Majedie Investments PLC

We have audited the financial statements of Majedie Investments PLC for the year ended 30 September 2001 which comprise the statement of total return, the balance sheets, the cash flow statement and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards, and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 September 2001 and of the return of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR
21 November 2001

Consolidated Statement of Total Return

for the year ended 30 September 2001

	Notes	Revenue £000	Capital £000	2001 Total £000	Revenue £000	Capital £000	2000 Total £000
Net realised gains on sales			10,801	10,801		4,326	4,326
(Decrease)/increase in unrealised appreciation			(78,923)	(78,923)		31,896	31,896
Total capital return on investments	12		(68,122)	(68,122)		36,222	36,222
Dividends and interest	2	5,937		5,937	5,328		5,328
Rents and other income	3	41		41	64		64
Gross revenue and capital return		5,978	(68,122)	(62,144)	5,392	36,222	41,614
Administrative expenses	4	(800)	(1,120)	(1,920)	(870)	(1,207)	(2,077)
Return on ordinary activities before finance costs and taxation		5,178	(69,242)	(64,064)	4,522	35,015	39,537
Finance costs	7	(812)	(2,435)	(3,247)	(515)	(1,546)	(2,061)
Return on ordinary activities before taxation	4	4,366	(71,677)	(67,311)	4,007	33,469	37,476
Taxation on ordinary activities	8	(297)	200	(97)	(312)	238	(74)
Return on ordinary activities after taxation attributable to equity shareholders		4,069	(71,477)	(67,408)	3,695	33,707	37,402
Dividends	9	(4,152)		(4,152)	(4,033)		(4,033)
Transfer (from)/to reserves	20	(83)	(71,477)	(71,560)	(338)	33,707	33,369
Basic return per ordinary share	10	7.73p	(135.80)p	(128.07)p	7.01p	63.99p	71.00p
Diluted return per ordinary share	10	-	-	-	7.01p	63.99p	71.00p

The revenue column of this statement is the Consolidated Profit and Loss Account of the Group.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

Consolidated Balance Sheet

at 30 September 2001

	Notes	2001 £000	2000 £000
Fixed assets			
Tangible assets	11	86	141
Investments	12	196,550	275,487
		196,636	275,628
Current assets			
Debtors	15	2,627	792
Cash at bank and on deposit	16	7,680	2,836
		10,307	3,628
Creditors			
Amounts falling due within one year	17	3,876	4,636
		6,431	(1,008)
Net current assets/(liabilities)			
		203,067	274,620
Total assets less current liabilities			
Creditors			
Amounts falling due after more than one year	18	39,358	39,351
		163,709	235,269
Total net assets			
Capital and reserves			
Called up share capital	19	5,272	5,272
Share premium account	20	785	785
Capital reserve – realised	20	103,364	95,915
Capital reserve – unrealised	20	28,609	107,535
Capital redemption reserve	20	37	37
Revenue reserve	20	25,642	25,725
		163,709	235,269
Equity shareholders' funds			
	21	163,709	235,269
Net asset value per share			
	22	310.7p	446.3p

Approved by the Board on 21 November 2001

Henry S Barlow
H V Reid
Directors

Henry S Barlow
H V Reid

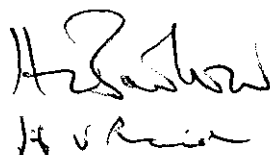
Company Balance Sheet

at 30 September 2001

	Notes	2001 £000	2000 £000
Fixed assets			
Investments	12	196,550	275,487
Investment in subsidiaries	14	222	222
		196,772	275,709
Current assets			
Debtors	15	2,556	713
Cash at bank and on deposit	16	7,677	2,818
		10,233	3,531
Creditors			
Amounts falling due within one year	17	3,938	4,620
		6,295	(1,089)
Net current assets/(liabilities)		6,295	(1,089)
Total assets less current liabilities		203,067	274,620
Creditors			
Amounts falling due after more than one year	18	39,358	39,351
Total net assets		163,709	235,269
Capital and reserves			
Called up share capital	19	5,272	5,272
Share premium account	20	785	785
Capital reserve – realised	20	103,361	96,201
Capital reserve – unrealised	20	27,831	106,468
Capital redemption reserve	20	37	37
Revenue reserve	20	26,423	26,506
Equity shareholders' funds	21	163,709	235,269

Approved by the Board on 21 November 2001

Henry S Barlow
H V Reid
Directors



Consolidated Cash Flow Statement

for the year ended 30 September 2001

	Notes	2001 £000	2000 £000
Operating activities			
Cash received from investments		5,593	4,889
Interest received		123	512
Cash payments		(2,215)	(1,833)
Net cash inflow from operating activities	23	3,501	3,568
Servicing of finance			
Interest paid		(4,580)	(570)
Debenture issue costs		(3)	(238)
Net cash outflow from servicing of finance		(4,583)	(808)
Taxation			
Tax recovered/(paid)		48	(271)
Capital expenditure and financial investment			
Purchases of investments		(77,341)	(57,386)
Sales of investments		87,254	26,541
Purchases of tangible assets		(29)	(37)
Sales of tangible assets		22	22
Net cash inflow/(outflow) from capital expenditure and financial investment		9,906	(30,860)
Equity dividends paid		(4,028)	(3,854)
Cash inflow/(outflow) before financing		4,844	(32,225)
Financing			
Issue of £25m 7.25% debenture stock		-	24,771
Issue of ordinary share capital		-	192
Net cash inflow from financing		-	24,963
Increase/(decrease) in cash in the year	24	4,844	(7,262)

Notes to the Accounts

1 Accounting Policies

Basis of Accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, and in accordance with applicable Accounting Standards and the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies.

Basis of Consolidation

The consolidated accounts incorporate the audited accounts of the Company and its subsidiaries made up to 30 September 2001.

Investment Income

Dividend income from investments is taken to the revenue account on an ex-dividend basis and net of any associated tax credit. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security. Deposit interest and rents receivable are included on an accruals basis.

Allocation of Costs to Capital

75% of investment management expenses and finance costs are charged to capital in accordance with the Board's expectation of the split of total returns over the long term between capital gains and income.

Expenses

Expenses are accounted for on an accruals basis. Where they relate directly to the acquisition or disposal of an investment, expenses are either added to the cost of the investment or deducted from sale proceeds as appropriate. 75% of investment management expenses are charged to capital as noted above; 25% of investment management expenses and all other expenses are charged through the revenue account. Expenses include pension contributions made to a money purchase scheme.

Finance Costs

75% of finance costs arising from the debenture stocks are charged to capital at a constant rate on the carrying amount of the debt; 25% of the finance costs are charged on the same basis to the revenue account.

Investments – Fixed Assets

Listed investments are valued at closing mid-market value. Unlisted investments are stated at the Board's estimate of their fair value. Unlisted investments are valued with reference to available information including market prices, latest dealings, accounting information and professional advice as appropriate in accordance with the guidelines issued by the British Venture Capital Association.

Investments in own shares held (note 13) are valued at the lower of market value and exercise price.

Investments in subsidiary undertakings are included in the Company balance sheet at net asset value. Any profits or losses are taken to the capital reserve.

1 Accounting Policies *continued*

Tangible Assets

Tangible assets are stated at cost less depreciation. 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.

Operating Lease Rentals

Total operating lease rentals up to the date of the next rent review, in respect of premises occupied by the Company, are spread evenly over the term.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or, where accrued, at the year end rate. Foreign currency deposits and balances are converted into sterling at the year end rates of exchange. The valuation of investments listed overseas shown in note 12 has been translated into sterling at the year end exchange rates. Profits and losses arising on exchange are taken to capital reserves if they are of a capital nature, otherwise they are taken to the revenue account.

Deferred Taxation

Deferred taxation is provided on the liability method on all short term timing differences.

Reserves

Gains and losses on the realisation of investments and foreign currency are accounted for in the realised capital reserve. Increases and decreases in the valuation of investments and currency held at the year end are accounted for in the unrealised capital reserve. No provision is made for tax on capital gains since the Company operates as an investment trust for tax purposes.

2 Dividends and Interest

	2001 £000	2000 £000
Listed investments – UK dividend income	4,885	4,031
Listed investments – unfranked	899	679
Unlisted investments – UK dividend income	9	61
Unlisted investments – unfranked	–	45
Interest on deposits	134	512
Exchange differences on income	10	–
	<u>5,937</u>	<u>5,328</u>

3 Rents and Other Income

	2001 £000	2000 £000
Rents	–	49
Other income	41	15
	<u>41</u>	<u>64</u>

Notes to the Accounts

4 Return on Ordinary Activities before Taxation

	2001 £000	2000 £000
After charging:		
Depreciation of tangible assets	62	78
Staff costs – note 6	639	873
Auditors' remuneration for:		
Audit	26	26
Other services to the group	25	34
Operating lease rentals – premises	160	160
Other expenses	1,008	906
	1,920	2,077

A charge of £1,120,000 (2000 – £1,207,000) to capital and an equivalent credit to revenue has been made to recognise the accounting policy of charging 75% of investment management expenses to capital.

5 Directors' Emoluments

	2001 £000	2000 £000
Salaries and fees	420	501
Bonuses	24	106
Pension contributions	49	61
Other benefits	27	36
	520	704

The Report on Directors' Remuneration on pages 27 to 29 explains the Company's policy on remuneration for executive directors and senior executives. It also provides further details of directors' remuneration and awards under the share option scheme.

6 Staff Costs including Executive Directors

	2001 £000	2000 £000
Salaries and other payments	495	700
Social security costs	72	101
Pension contributions	72	72
	639	873
	2001 Number	2000 Number
Management and office staff	8	9

7 Finance Costs

	2001			2000		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Interest on £15m 9.5% debenture stock 2020	356	1,069	1,425	356	1,069	1,425
Interest on £25m 7.25% debenture stock 2025	453	1,359	1,812	157	473	630
Amortisation of expenses associated with debenture issue	3	7	10	2	4	6
	812	2,435	3,247	515	1,546	2,061

8 Taxation

	2001 £000	2000 £000
Charge for the year based on net revenue before taxation:		
Overseas tax	97	74
	97	74

A credit of £200,000 (2000 – £238,000) to capital and an equivalent charge to revenue has been made to recognise the tax effect of allocating expenses to capital.

9 Dividends

	2001 £000	2000 £000
Interim ordinary 3.1p (2000 – 3.1p)	1,629	1,634
Proposed final ordinary 4.8p (2000 – 4.55p)	2,523	2,399
	4,152	4,033

The employee incentive trust referred to in note 13 has waived its rights to receive dividends from the Company and therefore the interim and final dividends have been reduced accordingly.

10 Return per Ordinary Share

Basic return per ordinary share is based on 52,634,266 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 13 (2000 – 52,674,372). No diluted return per ordinary share is shown for the year ended 30 September 2001 since the share options referred to in note 13 would, if exercised, be satisfied by the shares already held by the employee incentive trust. Furthermore, there are no longer any other share options or LTIP awards outstanding under previous incentive schemes. Diluted return per ordinary share for the year ended 30 September 2000 is based on 52,674,372 ordinary shares, being the weighted average number of shares in issue, adjusted for the exercise of outstanding options.

	2001 £000	2000 £000
Basic and diluted revenue returns are based on net revenue after taxation of	4,069	3,695
Basic and diluted capital returns are based on net capital return of	(71,477)	33,707

Notes to the Accounts

11 Tangible Assets – Group

	Leasehold Improvements £000	Office Equipment £000	Motor Vehicles £000	Total £000
Cost:				
At 30 September 2000	278	334	73	685
Additions	-	29	-	29
Disposals	-	-	(45)	(45)
At 30 September 2001	<u>278</u>	<u>363</u>	<u>28</u>	<u>669</u>
Depreciation:				
At 30 September 2000	231	282	31	544
Charge for year	15	38	9	62
Disposals	-	-	(23)	(23)
At 30 September 2001	<u>246</u>	<u>320</u>	<u>17</u>	<u>583</u>
Net book value:				
At 30 September 2001	<u>32</u>	<u>43</u>	<u>11</u>	<u>86</u>
At 30 September 2000	47	52	42	141

12 Investments – Group and Company

	Listed UK £000	Listed Overseas £000	Unlisted Investments £000	Total £000
Cost:				
At 30 September 2000	120,426	45,177	2,349	167,952
Additions	54,547	25,664	-	80,211
Disposal proceeds	(64,512)	(26,403)	(112)	(91,027)
Realised gains/(losses) on disposals	6,863	4,305	(366)	10,802
At 30 September 2001	<u>117,324</u>	<u>48,743</u>	<u>1,871</u>	<u>167,938</u>
Unrealised appreciation/ (depreciation):				
At 30 September 2000	80,282	28,817	(1,564)	107,535
Movement for the year	(55,688)	(23,617)	382	(78,923)
At 30 September 2001	<u>24,594</u>	<u>5,200</u>	<u>(1,182)</u>	<u>28,612</u>
Valuation at				
30 September 2001	<u>141,918</u>	<u>53,943</u>	<u>689</u>	<u>196,550</u>
Valuation at				
30 September 2000	200,708	73,994	785	275,487

Included within additions and unrealised appreciation/(depreciation) is £532,000 and (£122,000) respectively in respect of the investment in own shares, see note 13.

12 Investments continued

	2001 £000	2000 £000
Capital return comprises:		
Realised gains on disposals	10,802	4,326
(Decrease)/increase in unrealised appreciation on investments	(78,801)	31,896
Unrealised depreciation on own shares held	(122)	-
Exchange differences on settlement	(1)	-
	<u>(68,122)</u>	<u>36,222</u>

The investment portfolio is analysed as follows:

	2001 £000	2000 £000
Listed equities	194,968	274,186
Listed loan stocks	52	71
Listed preference shares	431	445
Unlisted equities	689	734
Unlisted loan stocks	-	51
Investment portfolio	<u>196,140</u>	<u>275,487</u>
Investment in own shares – note 13	410	-
Investments	<u>196,550</u>	<u>275,487</u>

13 Investment in Own Shares held – Group and Company

Following the granting of share options to RE Clarke and GM Leates on 14 February 2001 under the new Discretionary Share Option Scheme, the Company's employee incentive trust acquired 169,151 shares in the Company on 30 March 2001. The shares will be held by the trust until the relevant options are exercised and are included on the balance sheet as an asset of the Company according to UITF 13. The shares are valued in accordance with the policy detailed in note 1. Further details of the scheme are given in the Report on Directors' Remuneration on pages 27 to 29.

	2001 £000
Cost:	
At 30 September 2000	-
Additions	532
At 30 September 2001	<u>532</u>
Unrealised depreciation:	
At 30 September 2000	-
Movement for the year	(122)
At 30 September 2001	<u>(122)</u>
Valuation at 30 September 2001	<u>410</u>

Notes to the Accounts

14 Investments in Subsidiaries

The Company's subsidiaries are as follows:

Barlow Service Company Limited – administrative services to group companies

Majedie Portfolio Management Limited – IMRO registered Manager of the Majedie Share Plan

Majedie Investment Trust Management Limited – non trading

Barlow Investments Limited – non trading

Majedie Properties Limited – non trading

Majedie Securities Limited – non trading

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

	2001 £000
Cost:	
At 30 September 2000	1,002
Additions	–
At 30 September 2001	<u>1,002</u>
Unrealised depreciation:	
At 30 September 2000	(780)
Movement for the year	–
At 30 September 2001	<u>(780)</u>
Valuation at 30 September 2001	<u>222</u>
Valuation at 30 September 2000	<u>222</u>

15 Debtors

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Amounts falling due within one year:				
Sales for future settlement	1,573	–	1,573	–
Dividends receivable	875	679	875	679
Payments in advance	71	79	–	–
Taxation recoverable	93	34	93	34
Accrued income	15	–	15	–
	<u>2,627</u>	<u>792</u>	<u>2,556</u>	<u>713</u>

16 Cash at Bank and on Deposit

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Deposits	7,447	2,746	7,447	2,746
Other balances	233	90	230	72
	7,680	2,836	7,677	2,818

17 Creditors

Amounts falling due within one year:

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Purchases for future settlement	670	–	670	–
Proposed final dividend	2,523	2,399	2,523	2,399
Taxation payable	–	227	–	227
Accrued expenses	219	495	3	3
Other creditors	464	441	464	441
Accrued debenture interest	–	1,074	–	1,074
Amounts owed to subsidiary undertakings	–	–	278	476
	3,876	4,636	3,938	4,620

18 Creditors

Amounts falling due after more than one year:

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
£15m 9.5% debenture stock 2020	14,818	14,815	14,818	14,815
£25m 7.25% debenture stock 2025	24,540	24,536	24,540	24,536
	39,358	39,351	39,358	39,351

Both debenture stocks are secured by a floating charge over the Company's assets.

Notes to the Accounts

19 Called Up Share Capital

	2001 £000	2000 £000
Allotted and fully paid at 30 September: 52,720,000 (2000 – 52,720,000) ordinary shares of 10p each	5,272	5,272
Authorised at 30 September: 70,000,000 (2000 – 70,000,000) ordinary shares of 10p each	7,000	7,000

Details of directors' share options are set out in the Report on Directors' Remuneration on page 28.

20 Reserves

	Share Premium Account £000	Capital Redemption Reserve £000	Capital Reserve- Realised £000	Capital Reserve- Unrealised £000	Revenue Reserve £000
Group					
At 30 September 2000	785	37	95,915	107,535	25,725
Adjustment to prior year	–	–	3	(3)	–
Increase in unrealised depreciation before transfer on disposal	–	–	–	(42,060)	–
Transfer on disposal of investments	–	–	36,863	(36,863)	–
Net loss on realisation of investments	–	–	(26,061)	–	–
Costs charged to capital	–	–	(3,555)	–	–
Exchange differences on capital items	–	–	(1)	–	–
Tax effect of capital items	–	–	200	–	–
Retained net deficit for the year	–	–	–	–	(83)
At 30 September 2001	785	37	103,364	28,609	25,642

20 Reserves continued

	Share Premium Account £000	Capital Redemption Reserve £000	Capital Reserve- Realised £000	Capital Reserve- Unrealised £000	Revenue Reserve £000
Company					
At 30 September 2000	785	37	96,201	106,468	26,506
Adjustment to prior year	-	-	(286)	286	-
Increase in unrealised depreciation before transfer on disposal	-	-	-	(42,060)	-
Transfer on disposal of investments	-	-	36,863	(36,863)	-
Net gain on realisation of investments	-	-	(26,061)	-	-
Costs charged to capital	-	-	(3,555)	-	-
Exchange differences on capital items	-	-	(1)	-	-
Tax effect of capital items	-	-	200	-	-
Retained net deficit for the year	-	-	-	-	(83)
At 30 September 2001	785	37	103,361	27,831	26,423

The revenue account of the Company is not presented as part of these financial statements as permitted by Section 230 of the Companies Act 1985. The Company's return on ordinary activities after taxation attributable to equity shareholders amounted to £4,069,000 (2000 – £3,686,000).

Notes to the Accounts

21 Reconciliation of Movements in Shareholders' Funds

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Opening shareholders' funds	235,269	201,708	235,269	201,708
Net revenue for the year	4,069	3,695	4,069	3,686
Dividends	(4,152)	(4,033)	(4,152)	(4,033)
Net capital (deficit)/surplus for the year	(71,477)	33,707	(71,477)	33,716
New shares issued	-	192	-	192
Closing shareholders' funds	163,709	235,269	163,709	235,269

22 Net Asset Value

The basic net asset value per ordinary share has been calculated on 52,550,849 (2000 – 52,720,000) ordinary shares in issue at the year end and the net assets attributable to shareholders of £163,299,000 (2000 – £235,269,000).

The net asset value per ordinary share has been calculated in accordance with the principles of Financial Reporting Standard No. 14: Earnings per Share, i.e. after deducting the carrying value of the shares held by the employee incentive trust from net assets and the number of shares in question from the shares in issue at the year end. For more details regarding the employee incentive trust see note 13 and the Report on Directors' Remuneration on page 28.

23 Reconciliation of Return on Ordinary Activities before Tax to Net Cash Flow from Operating Activities

	Group 2001 £000	Group 2000 £000
Revenue before taxation	(67,311)	37,476
Capital return on investments	68,121	(36,222)
Scrip dividends	-	(23)
Depreciation	62	78
Interest and debenture expenses	3,248	2,061
(Increase)/decrease in debtors, accrued income and payments in advance	(203)	326
Decrease in other creditors and accrued expenses	(253)	(54)
Tax on unfranked income	(163)	(74)
Net cash inflow from operating activities	3,501	3,568

24 Reconciliation of Net Cash Flow to Movement in Net Debt

	2001 £000	2000 £000
Increase/(decrease) in cash in the year	4,844	(7,262)
Decrease/(increase) in debt due after more than one year	3	(24,533)
Other non cash items	(10)	(7)
Change in net debt	4,837	(31,802)
Net debt at 30 September 2000	(36,515)	(4,713)
Net debt at 30 September 2001	(31,678)	(36,515)

25 Analysis of Changes in Net Debt

	At 30 September 2000 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2001 £000
Cash at bank	2,836	4,844	-	7,680
Debt due after one year	(39,351)	3	(10)	(39,358)
	(36,515)	4,847	(10)	(31,678)

26 Operating Lease Commitments

A subsidiary company, Barlow Service Company Limited, had an annual commitment of £177,000, at 30 September 2001 (2000 – £177,000) under a non-cancellable operating lease in respect of premises. The operating lease commitment will expire in less than five years from the balance sheet date.

27 Financial Commitments

At 30 September 2001 the Group did not have any financial commitments, other than those mentioned in note 26, which had not been accrued for (2000 – nil).

Notes to the Accounts

28 Financial Instruments and Risk Profile

The Company's financial instruments comprise its investment portfolio (see note 12), cash balances, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income, and the debenture loans used to finance the Company's operations. The Company does not use derivatives. The numerical disclosure below excludes short-term debtors and creditors.

As an investment trust, the Company invests in securities for the long term. Accordingly, it is the Company's policy that no trading in investments or other financial instruments shall be undertaken.

The Company has little exposure to credit and cash flow risk. Unlisted investments in the portfolio are subject to liquidity risk. This risk is taken into account by the directors when arriving at the valuation of these assets.

The principal risks the Company faces in its portfolio management activities are:

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

The Company takes account of these risks when setting investment policy and making investment decisions.

Market Price Risk

The Company's exposure to market price risk comprises mainly movements in the value of its equity investments.

A detailed breakdown of the investment portfolio is given on pages 15 to 19. Uncertainty arises as a result of future changes in the market prices of the Company's equity investments. Economic and market data are monitored by the Investment Director within an overall investment strategy approved by the Board.

Foreign Currency Risk

The Company is exposed to foreign currency risk through its investment in securities listed on overseas stock markets. The Company does not normally hedge against foreign currency movements but takes account of the relative strengths and weaknesses of currencies in making investment decisions.

Interest Rate Risk

The Company is exposed indirectly to interest rate risk through the effect of interest rate changes on the valuation of its investment portfolio. The majority of its financial assets are equity shares, which pay dividends, not interest.

The Company finances its operations primarily through retained profits, including realised and unrealised capital gains, and equity share capital. In addition there are long-term debenture loans which have a fixed rate of interest (see note 18).

28 Financial Instruments and Risk Profile *continued*

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

	Book value 2001 £000	Book value 2000 £000	Fair value 2001 £000	Fair value 2000 £000
Financial assets				
Investment portfolio	196,140	275,487	196,140	275,487
Financial liabilities				
£15m 9.5% debenture stock 2020	14,818	14,815	18,872	20,812
£25m 7.25% debenture stock 2025	24,540	24,536	24,734	25,000

The investment portfolio has been valued in accordance with the accounting policy in note 1 to the Accounts. Accordingly, book value equates to fair value. The fair value of the debenture stock is based on the quoted mid-market price as at 30 September in each year.

The Company's exposure to foreign currencies through its investments in overseas securities as at 30 September is shown below:

	2001 £000	2000 £000
Currency		
US dollar	40,986	53,124
Euro	8,110	11,954
Hong Kong dollar	1,522	4,890
Swiss franc	1,230	3,893
Australian dollar	2,171	2,412
Swedish kroner	-	801
Norwegian kroner	-	45
	54,019	77,119

29 Related Party Transactions

R E Clarke and G M Leates had season ticket loans outstanding during the year. The maximum amounts outstanding were £2,124 and £360, (2000 - £2,200 and £868) and the balances at 30 September 2001 were £1,700 and £nil respectively (2000 - £1,600 and £506).

Majedie Share Plan

The Majedie Share Plan is a straightforward and low cost way to invest or save in the shares of Majedie Investments PLC. Charges are kept low and the Plan is very flexible.

Lump sum investments are dealt with on a weekly or daily basis whereas the monthly savings facility is an affordable and effective way of building a substantial shareholding over the longer term. The minimum lump sum investment is £250, while the minimum monthly amount is £25. There are no maximum limits.

There are no dealing charges and there is no annual management fee. Your lump sum or monthly payments will be used to buy as many shares as possible after deducting Government Stamp Duty, currently at the rate of 0.5%. On the sale of shares a fixed charge of £15 + VAT is levied.

Dividends may either be paid in cash or reinvested in the Plan. Existing Majedie shareholdings may be transferred into the Plan. You may close your plan by selling all your shares at any time.

For more information, a Majedie Share Plan booklet and/or an application form please contact the Majedie Share Plan Manager, Majedie Portfolio Management Limited, 1 Minster Court, Mincing Lane, London EC3R 7ZZ (telephone: 020 7626 1243).

Majedie General PEP

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

Further details may be obtained from the Company's Registrars, Computershare Investor Services PLC, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR (telephone: 0870 702 0010).

Majedie Corporate ISA

The Majedie Corporate ISA (Individual Savings Account) provides individuals with a tax effective 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 the Inland Revenue;
- no minimum period of investment.

The Majedie Corporate ISA provides the additional benefit of extremely low cost. There are no initial charges and no annual management charges. Furthermore there is no brokerage charge on purchases or sales as part of the weekly bulk dealing for the scheme. However there is Government Stamp Duty on purchases, currently at 0.5%, and there is also an additional charge should you wish to make use of the Rapid Dealing Service.

Shares may be purchased either by way of a lump sum payment or through regular monthly payments. The minimum lump sum investment is £500, while the minimum direct debit subscription is £50. If you do not want to use the other available components of an ISA then the maximum investment permitted in shares in a MAXI ISA is £7,000 in each tax year until 2006. The maximum which may be invested in shares in a MINI ISA for the time being is £3,000. Income may be paid direct to your bank or building society on a half-yearly basis or reinvested.

The Majedie Corporate ISA is provided in conjunction with Bank of Scotland who act as the Approved ISA Manager. For more information, an ISA booklet and/or an application form please contact the Majedie Corporate ISA Manager, Bank of Scotland, ISA Department, PO Box 17122, 600 Gorgie Road, Edinburgh EH11 3WA (telephone: 0131 442 8271).

Notice of Meeting

Notice is hereby given that the ninety first Annual General Meeting of the Company will be held on Wednesday 16 January 2002 at the London Underwriting Centre, 3 Minster Court, Mincing Lane, London EC3R 7DD at 12.15pm for the purpose of transacting the following:

Ordinary Business

1. To declare a final dividend in respect of the year ended 30 September 2001.
2. To receive and adopt the Directors' Report and Accounts for the year ended 30 September 2001.
3. To re-elect G M Leates as a director.
4. To re-elect P Marsh[§] as a director.
5. To re-appoint Deloitte & Touche as auditors and to authorise the directors to fix their remuneration.


[§] Member of the Remuneration Committee

Special Business

To consider and, if thought fit, pass the following resolutions which will be proposed as a special resolution:

6. THAT the Company generally be and is hereby authorised for the purpose of Section 166 of the Companies Act 1985 to make market purchases (as defined in Section 163 of the said Act) of shares of 10p each in the capital of the Company (shares) provided that:
 - a) the maximum number of shares hereby authorised to be purchased is 7,902,728; being 14.99% of the issued share capital.
 - b) the minimum price which may be paid for such shares is 10p per share;
 - c) the maximum price (exclusive of expenses) which may be paid for such shares shall be 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
 - d) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the next Annual General Meeting of the Company and the date which is eighteen months after the date on which this resolution is passed; and
 - e) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract.

By order of the Board


Sinclair Henderson Limited Secretaries

21 November 2001

23 Cathedral Yard

Exeter

Devon EX1 1HB

Copies of directors' service contracts are available for inspection at the Company's registered office during normal business hours and from noon on Wednesday 16 January 2002 at the place of the meeting until its conclusion. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of him or her. Such proxies need not be members of the Company but are not entitled to vote except on a poll. Pursuant to Regulation 34 of the Uncertified Securities Regulations 1995, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting is 12.15pm on 14 January 2002. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

Shareholder Information

Registered Office

1 Minster Court
Mincing Lane
London EC3R 7ZZ

Telephone: 020 7626 1243
Fax: 020 7929 0904
E-mail: majedie@majedie.co.uk
Registered Number: 109305 England

Company Secretary

Sinclair Henderson Limited
23 Cathedral Yard
Exeter
Devon EX1 1HB

Telephone: 01392 412122
Fax: 01392 253282
E-mail: sinclairhenderson@exeter.co.uk

Registrars

Computershare Investor Services PLC
PO Box 435
Owen House
8 Bankhead Crossway North
Edinburgh
EH11 4BR

Telephone: 0870 702 0010

Shareholders should notify all changes of name and address in writing to the Registrars.

Auditors

Deloitte & Touche

Stockbrokers

Dresdner Kleinwort Wasserstein

Key Dates in 2002

Annual General Meeting	16 January
2000/01 final dividend paid	31 January
Interim results announcement	22 May
2001/02 interim dividend paid	5 July
Financial year end	30 September
Final results announcement	22 November

Internet

Majedie's website is at www.majedie.co.uk

Shareholders may check details of their holdings, historical dividends, graphs and other data by accessing www.computershare.com. Please have your shareholder number, shown on the your share certificate and dividend vouchers, to hand in order to access this information.

Share Price

The share price is quoted daily in The Times, Financial Times, 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 pages 50 and 51). You may transfer an existing PEP to the Majedie General PEP (page 50). 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 Stock Exchange, through its website and monthly through the Association of Investment Trust Companies. 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.

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Majedie Investments PLC

Form of Proxy

for use at the Annual General Meeting to be held on Wednesday 16 January 2002

I/We
 (full registered name(s) in BLOCK CAPITALS PLEASE)

of

being (a) member(s) of MAJEDIE INVESTMENTS PLC hereby appoint the Chairman of the meeting

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday 16 January 2002 and at any adjournment thereof.

I/We direct our proxy to vote as indicated below.

Ordinary Resolutions	For	Against
1. To declare a final dividend of 4.8p per share		
2. To receive the Directors' Report and Accounts		
3. To re-elect G M Leates as a director		
4. To re-elect P Marsh [§] as a director		
5. To re-appoint Deloitte & Touche as auditors and to authorise the directors to fix their remuneration		

Special Resolutions

6. To authorise market purchases of the Company's own shares		
--	--	--

Date

Signature

[§] Member of the Remuneration Committee

Notes:

- To be valid this proxy duly signed, together with the power of attorney or other authority (if any) under which it is executed, must be lodged at the office of the Company's Registrars, Computershare Investor Services PLC, PO Box 1075, Bristol, BS99 3FA, not less than 48 hours before the time fixed for the meeting or any adjourned meeting.
- If you wish to appoint as your proxy any person other than the Chairman of the meeting, insert the full name and address of the proxy in the space provided, delete the words 'the Chairman of the meeting' and initial the amendment. A proxy need not be a member of the Company and may attend the meeting in person but may not vote except on a poll.
- In the case of joint holders the signature of any one joint holder shall be sufficient, but the names of all joint holders should be stated. The vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names stand in the register of members.
- A corporation may complete the proxy under its common seal or under the hand of a duly authorised officer.
- The return of the form of proxy will not preclude a member from attending in person and voting at the meeting.

Majedie Investments PLC

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