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Majedie Investments PLC
Annual Report
30 September 2003

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Majedie Investments PLC is a self managed investment trust with total assets under management of £168 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*	£168.6m	
Shareholders' funds	£129.4m	
Market capitalisation	£104.0m	
Capital structure	10p ordinary shares	52,528,000
	Debt	£15m 9.5% debenture stock 2020 £25m 7.25% debenture stock 2025
Management fee	The trust is self-managed and accordingly does not pay a fee to third party fund managers.	
ISA status	Up to £7,000 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.	

* Represents total assets less current liabilities.

Recent Trends

Net asset value per share (pence) increased by 3.6% in the year

Dividends (pence) have increased for the fourteenth year, this year by 3.7%

Share price (pence) has increased by 5.6% during the year

Year's Summary

Financial*	2003	2002	%
as at 30 September			
Total assets	£168.6m	£164.3m	+2.6
Shareholders' funds	£129.4m	£124.9m	+3.6
Net asset value per share	246.6p	238.1p	+3.6
Share price	198.0p	187.5p	+5.6
Discount to net assets (debt at accounts value)	19.7%	21.3%	
Discount to net assets (debt at market value)	16.4%	17.2%	
Revenue return before tax	£3.6m	£5.3m	-32.1
Earnings per share	7.52p	9.97p	-24.6
Dividends per share	8.45p	8.15p	+3.7
Total costs (administrative expenses)	£3.6m	£2.5m	+44.0
Total costs/average net assets	2.9%	1.5%	
Total costs/average total assets	2.2%	1.2%	
Company costs (administrative expenses)	£2.1m	£2.2m	-4.5
Company costs/average Company net assets	1.7%	1.4%	
Company costs/average Company total assets	1.3%	1.1%	

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

Year's high/low		2003	2002
Share price	high	209.0p	289.5p
	low	157.5p	187.5p
Net asset value	high	259.6p	349.0p
	low	209.8p	238.1p
Discount	high	27.1%	23.8%
	low	18.2%	15.4%

Performance	2003	2002
year ended 30 September		
Investment portfolio return (total assets)	+9.7%	-14.5%
Net asset value total return	+7.4%	-21.4%
Share price total return	+10.5%	-20.3%
Benchmark total return	+17.8%	-21.5%

Source: Majedie; The WM Company

Chairman's Statement

Twelve months ago I reported on a financial year which had seen a large fall in stock market values. The effect of this on the portfolio had been significantly reduced through investment in defensive stocks and sectors and the holding of a large cash balance to reduce our effective gearing. For much of the financial year ended 30 September 2003 the Board continued to be cautious and the defensive stance in sector weightings and in stock selection was maintained. This was the main reason for the underperformance against the benchmark return of 17.8%, Majedie Investments' net assets having increased by 7.4% on a total return basis.

In the longer term context of the last four years, since the Investment Director joined the Company, the underlying investment performance of the portfolio of total assets has fallen 6.2% less than the benchmark.

The element of portfolio gearing provided by our long term debentures has been a drag on results in recent years and, as markets fell, the Board took steps to prevent effective gearing reaching unacceptably high levels by requiring cash or bonds to be held to offset part of the debentures. With the recovery in markets in this current year net gearing has been of some benefit, even allowing for the fact that total assets include around £15m in cash deposits as a partial offset of our £39m of debentures. These cash or bond holdings will be an on-going element of our total assets in the near term, though I hope that in time stock markets will recover to levels that allow us to utilise our debenture gearing in full. Meanwhile the invested assets portfolio will be managed in relation to our 70/30 benchmark leaving out of account any cash or bonds held specifically to offset part of the fixed gearing.

As noted later in this annual report, our new fund management subsidiary, Majedie Asset Management, has been established with some considerable success. Total costs of £3.6m included, as planned, £1.5m relating to the new business. In last year's annual report we referred to the effect of these costs on our operating results during the initial period while the new business establishes its revenue base. This is part of the down-

payment on our investment in the new company.

Nevertheless Majedie Asset Management has got away to a flying start since FSA approval was received last December and recorded £150.7m of assets under management as at 30 September 2003. Furthermore the investment performance achieved since launch has been strong. These achievements both represent a considerable improvement on our original estimates and bode well for the future.

Group revenue return before tax for the year was £3.6m compared with the previous year's £5.3m. This reduction results from the planned increase in the cost base of the new business referred to above and a reduction in income from the investment trust portfolio – down from £7.2m last year to £6.7m in the year just ended. Nevertheless we are proposing a dividend of 5.25p per share, which, added to the interim of 3.2p gives a total of 8.45p per share: an increase of 3.7% over the previous year.

Further details regarding the management of the portfolio of investments and the analysis of business performance are provided in the Investment Report on pages 6 and 7 and in the Financial Review on pages 12 and 13. I am therefore confident that in the current climate of modest stock market recovery from the ravages of the past three years, the Company is well placed to face the future.

Following the early success in establishing Majedie Asset Management, we will continue to look for business development opportunities which will complement our current businesses and build on our existing capabilities.

I would like to conclude by warmly thanking my colleagues on the boards of both Majedie Investments and Majedie Asset Management, and all the staff, for their unstinting support and hard work in the course of a year which has at times been highly challenging.

Henry S Barlow Chairman

19 November 2003

GROWTH IN MAJEDIE DIVIDENDS COMPARED WITH
INCREASES IN RETAIL PRICES INDEX BOTH REBASED TO 100

Investment Report

The financial year of 2003 has been very volatile, with all the problems of the Iraq war, the threat of deflation and ensuing uncertainty. The overall strategy including the defensive selection of sectors and stocks was designed to protect the downside for the portfolio against the great volatility and uncertainty of world markets produced by the Iraq war. A small overweighting in the UK market was maintained for much of the year because of the stronger underlying growth of the UK economy and the higher yield of UK stocks compared with other international markets.

The overweighting of the high dividend paying defensive sectors like utilities and tobacco in the UK hurt the performance in the first quarter of our year, as the war was deferred and growth sectors outperformed. In the vortex of selling in our second quarter caused by insurance companies maintaining their solvency ratios, the defensive sectors helped the portfolio. The decision to overweight the UK market and to hold cash against the debentures accounted for the rest of the lag.

As the year progressed and the global economic outlook improved, the portfolio was repositioned across cyclical sectors with higher investment overseas closer to the benchmark, to gain exposure to the global economic upturn expected in 2004. Bearing in mind the possible scenario of rising UK interest rates and tax increases and the better growth opportunities offered by the other international markets, the UK portfolio has been underweighted relative to the benchmark. The overall cash level has been reduced in recent months.

Over the course of the year it has become apparent that the US and Europe have learnt the lessons of seeing deflation at work in Japan. The net result has been an unprecedented level of stimulus in the US, consisting of huge government spending, tax cuts, very low interest rates and a huge injection (\$600bn) into the money supply. This has meant the threat of deflation has subsided and economic growth has been resumed in the US. Indeed with the Presidential election due late next year it is clear that the American administration is determined to keep the economy growing at all costs in order to achieve

the re-election of the President, and not have a re-run of history, whereby his father won the Gulf War and lost the election. Tax cuts have been brought forward to help add momentum to the economy and keep the consumer confident. The US still has the problem of a ballooning budget deficit but they plan for this to reduce as the measures they have taken boost growth. In order to gain greater exposure to the US the weighting was increased in the second half by investing in industrial and other cyclical companies in engineering, mining, technology, media, financials and aerospace. A good proportion of these sectors have high exports and therefore benefit from the boost in activity received from a declining dollar.

Over the last two years the UK has been the best performing western economy in terms of its steady trend of economic growth at 2%. This steady UK growth is likely to continue into 2004. However like the US, the UK has budget deficit problems. The massive rise in public spending raises the spectre of tax rises possibly in 2004. This would threaten the strength of consumer demand as some commentators believe that the household sector is already over-indebted. Whilst low interest rates obviously alleviate some of the pressures on the domestic and corporate sector, the Chancellor will have some difficult choices to make over the next few months. This is because he has already exceeded the Treasury's deficit forecasts and will have to start planning for the next general election due in either 2004 or 2005. Of course he may eschew the old labour model and hope that the UK produces enough growth to reduce the deficit over the next few years.

Europe has faced the prospect of deflation, plus some months of recession in Germany. The German response has been to make tax cuts and attempt some other structural reforms in areas like pensions and healthcare. Both Germany and France have ignored the Stability Pact, requiring a balanced budget, but which would cause a dramatic rise in unemployment with severe social and economic costs. This means that Germany has recognised that high unemployment would be very destabilising. In recognition of the improved prospects, weightings in Europe have been raised predominantly through investments in financials and industrials, in Germany, France and Spain. The latter is still the fastest growing European economy.

In the Asia Pacific region Japan is showing signs of corporate change and the portfolio has been invested in that market for the first time in two years. Hong Kong and the other Asia Pacific markets have improved as the threat of SARS has diminished and US companies have sought to rebuild inventories through their outsourced suppliers in the area. A new and long awaited dynamic has emerged, China is growing at 6-9% per annum and that economy's demand is having a heavy impact on world commodities from gold to platinum and oil. In recognition of this the weightings in Asia Pacific ex-Japan have been raised. Holdings in mining stocks in the UK and US, which also benefit from this rising demand, were taken to an overweight position during the year.

Outlook

The economic outlook has improved since the Iraq war, with signs of growth across the world. In the US companies are rebuilding inventories and the all important business investment cycle is showing signs of moderate growth. Other central banks have followed the US in cutting interest rates so that they are now at very low levels. In the US they are unlikely to rise in the near future. This is because, beyond the initial rebound, longer term pressures from the deficit plus the continued dependence of the world economy on US demand, means the recovery is still fragile and uncertain. However in the UK the Monetary Policy Committee of the Bank of England has raised interest rates earlier than expected thus making the UK the first G7 economy to do so. As for stockmarkets they have rebounded from their lows on the Iraq war when they were oversold. Looking ahead on a reasonable economic trend most global markets are in general at fair value and if the global recovery continues should make steady progress throughout 2004. However the UK market may be held back relative to other major markets due to the early change in the direction of the interest rate cycle and by the implications of the Government's deteriorating finances.

G M Leates Investment Director

19 November 2003

Asset Distribution

at 30 September 2003

Classification of Assets	United Kingdom %	United States %	Continental Europe %	Pacific Basin %	Total 2003 %	Total 2002 %
Mining	2.4	0.6	–	–	3.0	2.1
Oil & Gas	7.7	0.8	0.2	–	8.7	10.7
Resources	10.1	1.4	0.2	–	11.7	12.8
Chemicals	0.2	–	0.3	–	0.5	0.5
Construction & Building Materials	3.9	0.4	0.2	–	4.5	4.1
Basic Industries	4.1	0.4	0.5	–	5.0	4.6
Aerospace & Defence	0.2	0.7	–	–	0.9	1.3
Diversified Industrials	–	1.2	0.5	0.1	1.8	0.9
Electronic & Electrical Equipment	–	–	–	–	–	0.2
Engineering & Machinery	0.7	0.5	–	–	1.2	1.0
General Industrials	0.9	2.4	0.5	0.1	3.9	3.4
Automobiles & Parts	0.2	–	–	–	0.2	–
Household Goods & Textiles	–	–	0.1	–	0.1	–
Cyclical Consumer Goods	0.2	–	0.1	–	0.3	–
Beverages	1.9	0.8	0.3	–	3.0	4.1
Food Producers & Processors	1.3	0.9	–	–	2.2	4.6
Health	0.5	0.1	–	–	0.6	0.3
Personal Care & Household Products	1.2	2.0	–	–	3.2	3.1
Pharmaceuticals & Biotechnology	5.2	0.7	0.6	–	6.5	3.9
Tobacco	1.7	–	–	–	1.7	5.4
Non-Cyclical Consumer Goods	11.8	4.5	0.9	–	17.2	21.4
General Retailers	3.4	1.2	–	–	4.6	3.8
Leisure & Hotels	3.1	0.3	–	–	3.4	3.1
Media & Entertainment	0.9	0.3	–	–	1.2	0.9
Support Services	0.5	–	–	–	0.5	0.5
Transport	1.6	0.8	–	–	2.4	1.4
Cyclical Services	9.5	2.6	–	–	12.1	9.7
Food & Drug Retailers	0.9	0.2	–	–	1.1	1.1
Telecommunications Services	3.2	0.2	0.2	–	3.6	0.5
Non-Cyclical Services	4.1	0.4	0.2	–	4.7	1.6
Electricity	0.6	0.2	–	–	0.8	4.4
Utilities	1.0	–	–	–	1.0	5.7
Utilities	1.6	0.2	–	–	1.8	10.1
Information Technology Hardware	–	0.9	–	–	0.9	–
Software & Computer Services	–	0.3	–	–	0.3	–
Information Technology	–	1.2	–	–	1.2	–
Banks	15.0	0.8	1.0	1.8	18.6	15.9
Insurance	0.3	0.6	–	–	0.9	0.5
Life Assurance	1.7	–	–	–	1.7	2.6
Investment Companies	0.5	–	–	1.3	1.8	1.6
Real Estate	1.4	0.9	–	–	2.3	2.4
Speciality & Other Finance	1.2	0.1	–	–	1.3	1.4
Unit Trusts/OEICs	3.3	–	0.2	1.2	4.7	0.3
Financials	23.4	2.4	1.2	4.3	31.3	24.7
Unlisted	0.4	–	–	–	0.4	0.4
Total Equities	66.1	15.5	3.6	4.4	89.6	88.7
Convertibles	0.2	–	–	–	0.2	0.2
Total Fixed Asset Investments	66.3	15.5	3.6	4.4	89.8	88.9
Cash	10.2	–	–	–	10.2	11.1
% Total at 30 September 2003	76.5	15.5	3.6	4.4	100.0	100.0

The Funds analysed on pages 10 and 11 comprises the fixed asset investments (excluding investment in own shares) of £152,185,000 and cash (as adjusted for amounts due to/from brokers for settlement) of £17,372,000.

Twenty Largest UK Investments

at 30 September 2003

Company	Market Value £000	% of Fund
BP	7,888	4.7
HSBC	7,380	4.4
Royal Bank of Scotland	6,990	4.1
GlaxoSmithKline	6,058	3.6
Barclays	4,387	2.6
Vodafone	4,243	2.5
Shell Transport & Trading	3,875	2.3
HBOS	3,612	2.1
Majedie Asset Management UK Opportunities	2,937	1.7
AstraZeneca	2,695	1.6
Enterprise Inns	2,584	1.5
Lloyds TSB	2,565	1.5
GUS	2,526	1.5
Daejan	2,369	1.4
Barratt Developments	2,118	1.2
Rio Tinto	2,027	1.2
Reckitt Benckiser	1,996	1.2
Diageo	1,935	1.1
Boots	1,853	1.1
Gallaher	1,841	1.1
	71,879	42.4

Ten Largest Overseas Investments

at 30 September 2003

	Market Value £'000	% of Fund
National Australia Bank (Australia)	1,881	1.1
Colgate-Palmolive (USA)	1,685	1.0
Sysco (USA)	1,497	0.9
Equity Office Properties (USA)	1,456	0.9
Dexia Banque International – Japan Dynamic Fund (Japan)	1,231	0.7
Commonwealth Bank of Australia (Australia)	1,131	0.7
3M Company (USA)	1,056	0.6
General Electric (USA)	1,043	0.6
Procter & Gamble (USA)	1,016	0.6
Pfizer (USA)	892	0.5
	12,888	7.6

Valuation of Investments

Holdings valued over £100,000 at 30 September 2003

Company	Market Value £000	% of Fund
Resources		
Mining		
Rio Tinto	2,027	1.2
Anglo American	1,622	1.0
Goldcorp (USA)	590	0.3
Newmont Mining (USA)	474	0.3
UK Coal	354	0.2
Oil & Gas		
BP	7,888	4.7
Shell Transport & Trading	3,875	2.3
Cairn Energy	793	0.5
BG	417	0.2
Apache (USA)	417	0.2
ENI (Italy)	408	0.2
Exxon Mobil (USA)	353	0.2
Devon Energy (USA)	348	0.2
Anadarko Petroleum (USA)	320	0.2
Basic Industries		
Chemicals		
BOC	413	0.2
BASF (Germany)	275	0.2
Air Liquide (France)	272	0.1
Construction & Building Materials		
Barratt Developments	2,118	1.2
Persimmon	1,641	1.0
Wilson Bowden	1,063	0.6
Taylor Woodrow	845	0.5
Wimpey (George)	548	0.3
Bovis Homes	477	0.3
Fluor Corp (USA)	393	0.3
Masco (USA)	295	0.2
Lafarge (France)	253	0.1
General Industrials		
Aerospace & Defence		
Raytheon (USA)	446	0.3
Smiths	368	0.2
Northrop Grumman (USA)	265	0.2
Lockheed Martin (USA)	258	0.1
Honeywell International (USA)	257	0.1

Company	Market Value £000	% of Fund
Diversified Industrials		
3M Company (USA)	1,056	0.6
General Electric (USA)	1,043	0.6
E.On (Germany)	440	0.3
Hutchison Whampoa (Hong Kong)	242	0.1
Suez (France)	230	0.1
RWE (Germany)	176	0.1
Engineering & Machinery		
Caterpillar (USA)	560	0.3
Spirax-Sarco Engineering	477	0.3
IMI	416	0.2
Metalrax	324	0.2
Illinois Tool Works (USA)	263	0.2
Cyclical Consumer Goods		
Automobiles & Parts		
Inchcape	316	0.2
Household Goods & Textiles		
Puma (Germany)	212	0.1
Non-Cyclical Consumer Goods		
Beverages		
Diageo	1,935	1.1
Scottish & Newcastle	810	0.5
Anheuser-Busch (USA)	683	0.4
Allied Domecq	569	0.3
Coca Cola (USA)	414	0.2
Pernod-Ricard (France)	285	0.2
Pepsico (USA)	276	0.2
Remy Cointreau (France)	193	0.1
Food Producers & Processors		
Sysco (USA)	1,497	0.9
Unilever	1,028	0.6
Cadbury Schweppes	722	0.4
Dairy Crest	463	0.3
Health		
Smith & Nephew	396	0.3
Amersham	389	0.2
HCA (USA)	200	0.1

Company	Market Value £000	% of Fund
Personal Care & Household Products		
Reckitt Benckiser	1,996	1.2
Colgate-Palmolive (USA)	1,685	1.0
Procter & Gamble (USA)	1,016	0.6
Kimberley Clark (USA)	432	0.3
Gillette (USA)	231	0.1
Pharmaceuticals & Biotechnology		
GlaxoSmithKline	6,058	3.6
AstraZeneca	2,695	1.6
Pfizer (USA)	892	0.5
Aventis (France)	356	0.2
Novartis (Switzerland)	335	0.2
Sanofi (France)	329	0.2
Johnson & Johnson (USA)	268	0.2
Tobacco		
Gallaher	1,841	1.1
British American Tobacco	983	0.6
Cyclical Services		
General Retailers		
GUS	2,526	1.5
Boots	1,853	1.1
Alexon	714	0.4
Lowe's (USA)	556	0.3
Wal-Mart Stores (USA)	451	0.3
Federated Department Stores (USA)	328	0.2
Dixons	323	0.2
Brown (N)	313	0.2
Family Dollar Stores (USA)	312	0.2
Kohls Corporation (USA)	310	0.2
Leisure & Hotels		
Enterprise Inns	2,584	1.5
Whitbread	627	0.4
Intercontinental Hotels	610	0.4
Carnival	394	0.2
De Vere	352	0.2
Wolverhampton & Dudley Breweries	352	0.2
Mitchells & Butlers	292	0.2
Marriott International (USA)	259	0.2
Carnival (USA)	188	0.1

Company	Market Value £000	% of Fund
Media & Entertainment		
Pearson	485	0.3
Reed Elsevier	424	0.3
Yell	388	0.2
WPP	355	0.2
Viacom (USA)	240	0.1
Gannett (USA)	196	0.1
Support Services		
Compass	813	0.5
Transport		
Associated British Ports	719	0.4
National Express	676	0.4
Union Pacific (USA)	633	0.4
BAA	580	0.4
Firstgroup	425	0.3
United Parcel Service (USA)	403	0.2
Arriva	395	0.2
Southwest Airlines (USA)	244	0.1
Non-Cyclical Services		
Food & Drug Retailers		
Tesco	1,615	0.9
Walgreen (USA)	277	0.2
Telecommunication Services		
Vodafone	4,243	2.5
Cable & Wireless	569	0.4
BT	540	0.3
Swisscom (Switzerland)	298	0.2
Nextel Communications (USA)	290	0.2
Utilities		
Electricity		
Scottish & Southern Energy	699	0.4
Viridian	395	0.2
Southern Co (USA)	368	0.2
Utilities		
Kelda	741	0.4
Severn Trent	598	0.4
Centrica	363	0.2

Company	Market Value £000	% of Fund
Information Technology		
Information Technology Hardware		
International Business Machines (USA)	463	0.3
Dell (USA)	444	0.2
Cisco Systems (USA)	366	0.2
Intel (USA)	336	0.2
Software & Computer Services		
Microsoft (USA)	557	0.3
Financials		
Banks		
HSBC	7,380	4.4
Royal Bank of Scotland	6,990	4.1
Barclays	4,387	2.6
HBOS	3,612	2.1
Lloyds TSB	2,565	1.5
National Australia Bank (Australia)	1,881	1.1
Commonwealth Bank of Australia (Australia)	1,131	0.7
Citigroup (USA)	630	0.4
Alliance & Leicester	504	0.3
Wells Fargo & Co (USA)	487	0.3
Banco Popular Espanol (Spain)	298	0.2
Bank of Ireland (Ireland)	296	0.2
Southtrust (USA)	291	0.2
UBS (Switzerland)	287	0.1
BNP Paribas (France)	280	0.1
Deutsche Bank (Germany)	197	0.1
Banco Santander Central Hispano (Spain)	186	0.1
Banco Bilbao Vizcaya Argentaria (Spain)	180	0.1
Insurance		
Berkshire Hathaway (USA)	790	0.5
Amlin	282	0.2
Domestic & General	258	0.1
Metlife (USA)	186	0.1
Life Assurance		
Aviva	1,751	1.1
Legal & General	554	0.3
Prudential	503	0.3

Company	Market Value £000	% of Fund
Investment Companies		
Asset Management Investment Company	810	0.5
Foreign & Colonial Pacific Investment Trust	550	0.3
Templeton Emerging Markets Inv. Trust	478	0.3
Foreign & Colonial Emerging Markets Inv. Trust	471	0.3
Fleming Japanese Investment Trust	451	0.3
INVESCO Asia Trust	258	0.1
Real Estate		
Daejan	2,369	1.4
Equity Office Properties (USA)	1,456	0.9
Speciality & Other Finance		
Caledonia Investments	913	0.5
Provident Financial	484	0.3
Cattles	394	0.2
American Express (USA)	258	0.2
Exeter Investment Group	233	0.1
Unit Trusts/Open Ended Investment Companies		
Majedie Asset Management UK Opportunities	2,937	1.7
Majedie Asset Management UK Focus	1,372	0.8
Majedie Asset Management UK Equity	1,245	0.7
Dexia Banque Int. Japan Dynamic Fund (Japan)	1,231	0.7
Schroder Unit Trusts Tokyo Fund	758	0.5
Gartmore FM European Selected Opps Fund	304	0.2
Convertibles		
BAE Systems 7.75%		
NCCRP 2007/2010	313	0.2
Unlisted Investments		
Langdon Group	610	0.4

Financial Review

Investment Performance

The investment performance of total assets for the year ended 30 September 2003 is commented on in the Investment Report on pages 6 and 7. Gill Leates joined as Investment Director in 1999 and therefore the following table summarises the relative investment performance for the last four years comparing the returns from total assets with benchmark:

	+outperformance/-underperformance			
	Year ended 30 Sep	2 years to 30.9.03	3 years to 30.9.03	4 years to 30.9.03
2000	+4.4%			
2001	+0.3%			
2002	+8.9%			
2003	-6.9%	+1.4%	+1.7%	+6.2%

As at 30 September 2003 the Total Assets portfolio was £169.9m and included investments of £152.8m and cash balances of £16.0m as shown on page 29. For the year ended 30 September 2003 the return from total assets was 9.7%. This relates to the increase in value of investments and cash plus dividend income and interest received during the year without deducting costs or debenture interest as calculated by The WM Company. The net asset value total return during the year was 7.4%. The difference between the return from Total Assets and the NAV total return is due to costs, debenture interest and gearing as shown in the diagram below. The share price provided a total return of 10.5% as the discount narrowed from 21.3% to 19.7%.

ATTRIBUTION ANALYSIS

Total costs for all Majedie Group companies of £3.6m include £2.1m relating to the core investment trust portfolio business and £1.5m, as planned, relating to the new business compared with £0.23m last year. During the year a detailed cost review was undertaken. The costs attributable to the portfolio have reduced from £2.2m last year and are expected to reduce further in the current year as a result of cost savings, the allocation of central costs to the new business and certain one-off costs not recurring. As mentioned in last year's annual report, Majedie Asset Management Limited will take a couple of years to establish its revenue base and during that time the net costs of the new business will weigh on our overall results. It is nevertheless very encouraging that in terms of assets under management and investment performance the new business is well ahead of our original plans.

The level of gearing during the year ranged between 12% at its lowest and 20% at its highest.

Financial Statements

This is the first time the Company Statement of Total Return has been included in the annual report (page 28). It shows the results of the investment trust portfolio business on its own – including income of £6.7m, costs of £2.1m and a transfer to reserves of £0.5m.

The Company Balance Sheet on page 29 shows that investment in subsidiaries has increased as a result of the additional capital invested in Majedie Asset Management Limited. So far we have invested a total of £2.55m in

* The acknowledged method for comparing a portfolio's investment return with the return from its benchmark is the relative basis: i.e. $(1 + 7.4\%)/(1 + 17.8\%) - 1 = -8.8\%$

Source: The WM Company, Majedie

terms of share capital and loans. We have also separately invested in three of that company's products through the provision of £4m of seed funding – this is included in our investment portfolio on the balance sheet within 'Investments'.

The Consolidated Statement of Total Return (page 26) includes Majedie Asset Management Limited's results with those of the investment portfolio and other Majedie subsidiaries. The minority interest of £421,000 represents 30% of the net loss of Majedie Asset Management.

The Consolidated Balance Sheet (page 27) includes goodwill on consolidation as an intangible asset. As explained in note 11 this arose last year from costs incurred in respect of the set-up of Majedie Asset Management Limited. The directors have recently reviewed the situation and agreed that, in light of progress being made by the business, it is appropriate not to amortise the goodwill this year. The minority interest included on the Consolidated Balance Sheet relates to 30% of the net assets attributable to the company's ordinary shareholders having taken into account the rights attaching to preference shares and other creditors.

Majedie Asset Management Limited

Majedie Asset Management Limited was established in 2002 to take advantage of the growing demand for specialist, high performance UK equity products. The four fund managers have an average of fifteen years experience and have worked together as a team for the last eight years. The business received approval from the FSA on 19 December 2002, launched its UK equity pension fund management business on 13 January 2003 and commenced managing assets on 24 March 2003. Over the last year the team has been received very positively by pension fund consultants and multi-manager firms. Two particular achievements stand out from the company's short history so far: investment

performance for assets under management has been strong – exceeding the targeted levels of outperformance; and within nine months of launch the team has won mandates for assets totalling over £140m. As at 30 September 2003 assets under management were £150.7m.

Majedie Investments has a 70% equity shareholding in the new business with the remaining 30% held by the management team. As the business grows in size and profitability the balance of the shareholdings will change with Majedie ceding control once the business is self-sustaining and any debt has been repaid. Majedie's investment in the business is expected to grow in value even though concomitantly its percentage ownership is likely to reduce.

The Board of Majedie Asset Management Limited meets on a monthly basis and comprises:

Henry Barlow	– Chairman*
James de Uphaugh	– Managing Director
Chris Field	– Director
Robert Clarke	– Director*
Gill Leates	– Director*

*non-executive

The Audit Committee of Majedie Asset Management Limited meets quarterly and comprises:

Henry Barlow	– Chairman*
Robert Clarke*	
Gill Leates*	

Further details regarding the overall approach taken with regard to matters of risk management and internal control are provided in the report on corporate governance on pages 17 to 19.

Robert E Clarke Managing Director
19 November 2003

Board of Directors

Henry S Barlow OBE MA FCA (59) 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. He was appointed non-executive Chairman of Majedie Asset Management Limited in May 2002.

Hubert V Reid (62) Deputy Chairman*

Senior Independent Non-Executive Director

Former Managing Director of the Boddington Group plc and Chairman upon its acquisition by Greenalls 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 and Michael Page International 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 (46) 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 and non-executive director of Majedie Asset Management Limited in May 2002.

Gillian M Leates BA MSI (46) 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 and non-executive Director of Majedie Asset Management Limited in May 2002.

Sir John K Barlow Bt MA (69)*

In 1958 he joined Thomas Barlow & Bro. whose principal business was the management of quoted plantation companies which included Majedie (Johore) Rubber Estates. 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 until becoming a non-executive Director in 2000. He is a member of the Nominations Committee.

Professor Paul Marsh BSc (Econ) PhD (56)*

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 Associate Dean Finance Programmes. 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.

J William M Barlow BA (39)*

He is Managing Director of DnB Asset Management (UK) Limited. In 1991 he joined Skandia Asset Management Limited as a portfolio manager. 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.

David C Ritchie BSc FFA CCMI (59)*

Chairman of Edinburgh Income and Value Trust plc and Fleming Japanese Investment Trust plc, he is a non-executive director of Schroder UK Growth Fund plc and AMEC Staff Pensions Trustee Limited and a member of the Lord Chancellor's Strategic Investment Board. He is a former executive chairman of Scottish Widows Investment Management and a main board director and deputy chief executive of Scottish Widows. He was appointed a director of Majedie in January 1999 and is a member of the Audit Committee.

*non-executive

Directors' Report

The directors submit their report and the accounts for the year ended 30 September 2003.

Introduction

A review of developments during the year and of future prospects is contained in the Chairman's Statement on pages 4 and 5. The section on Corporate Governance on pages 17 to 19 and the Report on Directors' Remuneration on pages 20 to 23 form part of this report. The audited financial statements are presented on pages 26 to 47. The Investment Report on pages 6 and 7 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 8 to 11.

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 £3,583,000 (2002: £5,250,000). The directors recommend a final dividend of 5.25p per ordinary share, payable on 30 January 2004 to shareholders on the register at the close of business on 16 January 2004. Together with the interim dividend of 3.2p per share paid on 4 July 2003, this makes a total distribution of 8.45p per share (2002: 8.15p per share).

Directors

The directors are listed on page 14.

The directors retiring at the Annual General Meeting by rotation in accordance with the Articles of Association are H S Barlow and Sir John K Barlow.

Directors' Interests

Beneficial interests in ordinary shares as at 30 September:

	2003	2002
H S Barlow	14,555,619	14,555,619
H V Reid	17,857	10,918
R E Clarke	14,248	13,311
G M Leates	2,228	2,120
Sir John K Barlow	2,910,642	3,010,642
D C Ritchie	15,717	15,352
J W M Barlow	1,238,857	1,138,857

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:

	2003	2002
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 19,926,395 shares at 30 September 2003 (2002: 19,918,551).

The beneficial holdings of H V Reid have increased by 969 shares since the year end as a result of regular purchases through the Share Plan.

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.

Directors' Report

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	17.47%
M H D Barlow – beneficial	5.62%
– non-beneficial	3.28%
G B Barlow	3.52%
Miss A E Barlow	3.35%

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 2003 the Company had four days of suppliers' invoices outstanding in respect of trade creditors (2002: nil).

Status

The Company has received written confirmation from the Inland Revenue 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 2001.

In the opinion of the directors the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval and the Company will continue to request formally written confirmation of investment trust status each year.

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

Activities

At the Annual General Meeting of the Company held on 15 January 2003, shareholders gave approval for the directors to make market purchases of up to 7,873,947 ordinary shares of 10p each. During the year ended 30 September 2003 the Company did not make any purchases of its own shares (2002: 192,000 shares).

Special Business

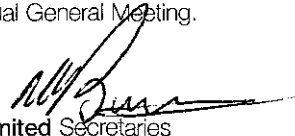
Shareholder approval is sought at the Annual General Meeting to make certain amendments to the rules of the Majedie Investments PLC Discretionary Share Option Scheme 2000 as explained in greater detail in the Report on Directors' Remuneration on page 21.

Shareholder approval is sought at the Annual General Meeting to renew the authority of the Company to exercise the power contained in its Articles of Association to make market purchases of its own shares. The directors consider it desirable that the Company be authorised to make such purchases. The maximum number of shares which may be purchased under this authority is 7,873,947 being 14.99% of the issued share capital. Any shares so purchased 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.

Auditors

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treat the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

By Order of the Board


Sinclair Henderson Limited Secretaries

19 November 2003

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 2003.

The Board acknowledges the recent introduction of the revised Combined Code which will apply to the Company's financial year beginning on 1 October 2004. The Board will consider the implications for Majedie of the revised Code over the coming months with a view to being ready to comply and/or explain by that date.

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 56% 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 most 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 14. 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 K 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 K 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.

Corporate Governance

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 20 to 23 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 Annual General Meeting 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 which meets at least twice a year. 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 systems of internal control relating to the Company and its subsidiaries and for reviewing the effectiveness of those systems. An ongoing process, in accordance with the guidance of the Turnbull Committee on internal control, has been in existence for some time to identify, evaluate and manage risks faced by Group companies. Key procedures are also in place to provide effective financial control over the Group's operations.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

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

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

There are two main operating businesses within the Majedie Group: the investment trust portfolio business within Majedie Investments PLC and the pension fund management business of Majedie Asset Management Limited. Further information on the latter company is provided on page 13 which includes reference to its audit committee which for the time being meets on a quarterly basis while the business is growing quickly. The audit committee considers quarterly reports prepared by an independent compliance consultancy which reviews the compliance environment operating within the company particularly in relation to the relevant FSA rules. Having considered the operation of the relevant internal controls and any changes which have been made or which are proposed, the audit committee of Majedie Asset Management Limited reports to the Board of Majedie Investments PLC each year on the status of the systems of internal control in the subsidiary company.

Given the nature of the activities of the two main operating Group companies and the fact that certain key functions are sub-contracted to third party service provider organisations, the directors have reviewed the controls operating within Group companies and have obtained information from key third party suppliers regarding the relevant controls operated by them.

The Company does not have an internal audit function. Having recently considered this matter, the directors are of the opinion that there is no need at the present time for the Company to have an internal audit function.

In accordance with guidance issued to 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 Board has prepared this report, in accordance with the requirements of the Directors' Remuneration Report Regulations 2002, in respect of the year ended 30 September 2003. An ordinary resolution to receive and approve this report will be put to the members at the forthcoming Annual General Meeting.

Company law requires your Company's Auditors to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on page 25.

Remuneration Committee

The Remuneration Committee comprises solely non-executive directors: Hubert Reid (Chairman), Henry Barlow, William Barlow and Paul Marsh. The Committee has been materially assisted by David Ritchie and Sir John K Barlow, non-executive directors of the Company.

The Role of the Committee and Policies on Directors' Remuneration

The role of the Committee is to establish Board policy in respect of terms of employment, including remuneration packages, in detail for 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

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) develop the business 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 2003 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 discretionary bonus scheme for the year to 30 September 2003 comprised two elements relating to investment performance and business development in developing the business according to the Board's strategy. Pre-determined maxima were established by the Remuneration Committee at the start of the year for each element taking into account the extent to which an individual has the potential to influence the relevant outcomes. For the investment performance bonus element the Committee in exercising its discretion has taken account of various factors including the extent to which the investment performance of the fund exceeds the benchmark both in the most recent financial year and over a longer period outside of the most recent financial year. For the business development element the Committee has taken account of what it considers to be the success achieved and efforts expended by an individual. The Remuneration Committee may on occasion exercise its discretion to make limited bonus payments outside of the two above-mentioned areas. Payments under the bonus scheme are not pensionable.

Share Option Scheme

The Company currently operates an executive share option scheme known as the Majedie Investments PLC Discretionary Share Option Scheme 2000 (the "Scheme"). The Scheme is divided into two parts. Part one is an Inland Revenue approved scheme while part two allows for the grant of unapproved options on similar terms.

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 limit the total number of new shares that can be used for options to 5% of the shares in issue.

Directors' interests in share options are disclosed in the tables below. During the year ended 30 September 2003 the share price traded within a range of 157.5p to 209.0p. The share price on 30 September 2003 was 198.0p. The performance targets attaching to the grants summarised in the table below are that the options are not exercisable unless total shareholder return between the date of grant and the proposed date of exercise exceeds the relevant annualised hurdle rate specified at the time of grant as shown on the table. The specific hurdle rates were chosen by the Committee at the time of granting the share options as the best estimate at that time of the expected return from the UK stock market over the following ten years. The share options may not be exercised unless the total return from Majedie shares over the period from grant to exercise is greater than the expected return from the stock total market over the same period as at the time of the grant. Before any options are exercised detailed calculations will be carried out to check that the total return from Majedie shares exceeds the hurdle rate as specified.

Since the Scheme was approved by shareholders in 2001 a number of developments have taken place in the field of share options, both in terms of their tax treatment

and market practice. Following recommendations from the Remuneration Committee the Board considers it appropriate to amend the rules of the Scheme to take account of some of these changes. In particular the Board proposes that the individual limit on options under the Scheme should be modified. The Scheme rules currently provide that in any ten-year period an individual may only receive options over shares worth a maximum of four times salary. In accordance with current institutional guidelines, the Board considers it more appropriate to phase the granting of options by granting them on an annual basis. The Board therefore proposes to replace the existing individual limit with one that operates annually as a percentage of the relevant employee's salary. It is proposed that the new limit should provide that, in any year, an individual may not be granted options over shares with a value of more than 100% of his or her salary for existing employees or 200% of salary for new joiners.

The rules of the Scheme currently limit the number of shares which can be issued in the first four years to 2.5% of shares in issue and in any three year rolling period to 3% of shares in issue. This is to ensure that the issue of new shares under the scheme, if any, is spread over time. In practice it is the Board's intention, whenever possible, that options will be satisfied by shares acquired in the market, thus avoiding any dilution. However if options were to be satisfied by the issue of new shares, then by granting options annually the Board considers that the dilutive effect would be spread over time. It is therefore proposed that these limits be removed.

The proposed amendments require the prior approval of shareholders. Accordingly a resolution number 7 is set out in the notice to shareholders of the Annual General Meeting seeking such approval. The Board also considers it appropriate to make amendments to the Scheme rules in order to reflect recent changes in the legislation regarding the taxation of share option schemes. These amendments do not, however, require shareholder approval.

Report on Directors' Remuneration

A copy of the rules of the Scheme marked to show the proposed amendments will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of the notice of the Annual General Meeting until the conclusion of that meeting and at the place of the Annual General Meeting for a period of at least 15 minutes prior to the meeting and during the meeting itself.

Approved Share Options held by Directors

The following Inland Revenue approved options were held by directors during the year to 30 September 2003:

	Date of Grant	Exercise Price pence	Hurdle Rate (p.a.)	Earliest date of exercise	Latest date of exercise	At 1 Oct 2002	Granted during the year	Exercised during the year	At 30 Sept 2003
R E Clarke	14/02/01	361.5	8.5%	14/02/04	13/02/11	8,298	-	-	8,298
G M Leates	14/02/01	361.5	8.5%	14/02/04	13/02/11	8,298	-	-	8,298

Unapproved Share Options held by Directors

The following unapproved options were held by directors during the year to 30 September 2003.

R E Clarke	14/02/01	361.5	8.5%	14/02/04	13/02/11	80,885	-	-	80,885
G M Leates	14/02/01	361.5	8.5%	14/02/04	13/02/11	55,325	-	-	55,325
R E Clarke	23/11/01	283.5	8.5%	23/11/04	22/11/11	59,964	-	-	59,964
G M Leates	23/11/01	283.5	8.5%	23/11/04	22/11/11	43,033	-	-	43,033
R E Clarke	22/11/02	196.5	7.5%	22/11/05	21/11/12	-	86,513	-	86,513
G M Leates	22/11/02	196.5	7.5%	22/11/05	21/11/12	-	62,086	-	62,086

Directors' Remuneration

The remuneration of the directors for the year ended 30 September 2003 was as follows:

	Salary & Fees £000	Bonus £000	Pension Contributions £000	Other Benefits £000	Total 2003 £000	Total 2002 £000
Executive Directors						
R E Clarke	170	51	25	18	264	310
G M Leates	122	25	20	11	178	270
Non-Executive Directors						
H S Barlow	30	-	-	-	30	30
H V Reid	25	-	-	-	25	25
Sir John K Barlow	20	-	-	-	20	20
P Marsh	20	-	-	-	20	20
D C Ritchie	20	-	-	-	20	20
J W M Barlow	20	-	-	-	20	20
	427	76	45	29	577	715

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 two (2002: two).

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

The Company's policy with regard to directors' service contracts is that no special provision is made for compensation in the event of loss of office. A fair but robust principle of mitigation would be applied to the payment of compensation in the context of advice received. Robert Clarke has a service contract dated 9 November 1998 requiring twelve months notice of termination from either the Company or the individual. Gill Leates has a service contract dated 23 November 1999 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.

Performance

The graph below compares the total return to ordinary shareholders (assuming all dividends are reinvested), compared to the total return on a hypothetical holding of shares made up of shares of the same kinds and

number as those by reference to which the following benchmark equity index is calculated. Our benchmark is 70% FTSE All-Share Index and 30% FTSE World ex UK Index (sterling) and has been chosen as a comparator for the purpose of this graph since it is the Company's formal benchmark.

MAJEDIE SHARE PRICE TOTAL RETURN VS BENCHMARK

Audited Sections of the Report on Directors' Remuneration

The following sections of the Report have been audited: the table of directors' remuneration including information relating to pensions and the tables of approved and unapproved share options together with the information relating to share prices and the performance targets attached to the share options granted.

Approval

The Report on Directors' Remuneration on pages 20 to 23 was approved by the Board on 19 November 2003.

On behalf of the Board

H V Reid Chairman of the Remuneration Committee
19 November 2003

Statement of Directors' Responsibilities

United Kingdom 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.

The financial statements are published on www.majedie.co.uk, which is a website maintained by the Company. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Report of the Independent Auditors

Independent Auditors' Report to the Members of Majedie Investments PLC

We have audited the financial statements of Majedie Investments PLC for the year ended 30 September 2003 which comprise the statements of total return, the balance sheets, the cash flow statement and the related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As 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. They are also responsible for the preparation of the other information contained in the Annual Report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you 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 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 of the Financial Services Authority, 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 including the unaudited part of the directors' remuneration report 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 and the part of the directors' remuneration report described as having been audited. 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 and the part of the directors' remuneration report described as having been audited 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 and the part of the directors' remuneration report described as having been audited.

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 2003 and of the return of the Group for the year then ended; and
- the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

19 November 2003

Consolidated Statement of Total Return

for the year ended 30 September 2003

		Revenue	Capital	2003 Total	Revenue	Capital	2002 Total
	Notes	£000	£000	£000	£000	£000	£000
Net realised losses on sales			(6,350)	(6,350)		(12,987)	(12,987)
Increase/(decrease) in unrealised appreciation			15,010	15,010		(22,473)	(22,473)
Total capital return on investments	13		8,660	8,660		(35,460)	(35,460)
Dividends and interest	2	6,671		6,671	7,180		7,180
Other income	3	71		71	25		25
Gross revenue and capital return		6,742	8,660	15,402	7,205	(35,460)	(28,255)
Administrative expenses	4	(2,346)	(1,226)	(3,572)	(1,143)	(1,340)	(2,483)
Return on ordinary activities before finance costs and taxation		4,396	7,434	11,830	6,062	(36,800)	(30,738)
Finance costs	7	(813)	(2,437)	(3,250)	(812)	(2,437)	(3,249)
Return on ordinary activities before taxation	4	3,583	4,997	8,580	5,250	(39,237)	(33,987)
Taxation on ordinary activities	8	(77)		(77)	(102)		(102)
Return on ordinary activities after taxation		3,506	4,997	8,503	5,148	(39,237)	(34,089)
Minority interest	15	421		421	69		69
Return attributable to equity shareholders		3,927	4,997	8,924	5,217	(39,237)	(34,020)
Dividends	9	(4,413)		(4,413)	(4,250)		(4,250)
Transfer (from)/to reserves	21	(486)	4,997	4,511	967	(39,237)	(38,270)
Basic and diluted return per ordinary share	10	7.52p	9.51p	17.03p	9.97p	(74.55)p	(64.58)p

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.


The notes on pages 31 to 47 form part of these accounts.

Consolidated Balance Sheet

at 30 September 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Intangible assets	11	458	458
Tangible assets	12	450	378
Investments	13	152,779	147,474
		<u>153,687</u>	<u>148,310</u>
Current assets			
Debtors	16	1,278	3,505
Cash at bank and on deposit	17	17,372	16,530
		<u>18,650</u>	<u>20,035</u>
Creditors			
Amounts falling due within one year	18	3,742	4,001
		<u>3,742</u>	<u>4,001</u>
Net current assets		<u>14,908</u>	<u>16,034</u>
Total assets less current liabilities		<u>168,595</u>	<u>164,344</u>
Creditors			
Amounts falling due after more than one year	19	39,382	39,370
		<u>39,382</u>	<u>39,370</u>
Net assets		<u>129,213</u>	<u>124,974</u>
Capital and reserves			
Called up share capital	20	5,253	5,253
Share premium account	21	785	785
Capital redemption reserve	21	56	56
Capital reserve – realised	21	76,587	86,600
Capital reserve – unrealised	21	21,146	6,136
Revenue reserve	21	25,577	26,063
		<u>129,404</u>	<u>124,893</u>
Equity shareholders' funds	22	<u>129,404</u>	<u>124,893</u>
Minority interest	15	(191)	81
		<u>129,213</u>	<u>124,974</u>
Net asset value per share	23	<u>246.6p</u>	<u>238.1p</u>

Approved by the Board on 19 November 2003


Henry S Barlow

H V Reid

Directors 

The notes on pages 31 to 47 form part of these accounts.

Company Statement of Total Return

for the year ended 30 September 2003

		Revenue	Capital	2003 Total	Revenue	Capital	2002 Total
	Notes	£000	£000	£000	£000	£000	£000
Net realised losses on sales			(6,350)	(6,350)		(12,987)	(12,987)
Increase/(decrease) in unrealised appreciation			15,010	15,010		(22,473)	(22,473)
Revaluation of investment in subsidiary undertaking						(28)	(28)
Total capital return on investments	13		8,660	8,660		(35,488)	(35,488)
Dividends and interest	2	6,658		6,658	7,175		7,175
Other income	3	39		39	25		25
Gross revenue and capital return		6,697	8,660	15,357	7,200	(35,488)	(28,288)
Administrative expenses	4	(897)	(1,226)	(2,123)	(879)	(1,340)	(2,219)
Return on ordinary activities before finance costs and taxation		5,800	7,434	13,234	6,321	(36,828)	(30,507)
Finance costs	7	(813)	(2,437)	(3,250)	(812)	(2,437)	(3,249)
Return on ordinary activities before taxation	4	4,987	4,997	9,984	5,509	(39,265)	(33,756)
Taxation on ordinary activities	8	(77)		(77)	(102)		(102)
Return attributable to equity shareholders		4,910	4,997	9,907	5,407	(39,265)	(33,858)
Dividends	9	(4,413)		(4,413)	(4,250)		(4,250)
Transfer to/(from) reserves	21	497	4,997	5,494	1,157	(39,265)	(38,108)
Basic and diluted return per ordinary share	10	9.40p	9.51p	18.91p	10.33p	(74.60)p	(64.27)p

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

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

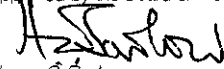
The notes on pages 31 to 47 form part of these accounts.

Company Balance Sheet

at 30 September 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Investments	13	152,779	147,474
Investment in subsidiaries	15	2,952	1,002
		<u>155,731</u>	<u>148,476</u>
Current assets			
Debtors	16	1,564	3,238
Cash at bank and on deposit	17	15,992	15,950
		<u>17,556</u>	<u>19,188</u>
Creditors			
Amounts falling due within one year	18	3,356	3,239
		<u>14,200</u>	<u>15,949</u>
Net current assets			
		<u>169,931</u>	<u>164,425</u>
Total assets less current liabilities			
Creditors			
Amounts falling due after more than one year	19	39,382	39,370
		<u>130,549</u>	<u>125,055</u>
Net assets			
Capital and reserves			
Called up share capital	20	5,253	5,253
Share premium account	21	785	785
Capital redemption reserve	21	56	56
Capital reserve – realised	21	76,584	86,597
Capital reserve – unrealised	21	20,340	5,330
Revenue reserve	21	27,531	27,034
		<u>130,549</u>	<u>125,055</u>
Equity shareholders' funds			

Approved by the Board on 19 November 2003



Henry S Barlow

H V Reid

Directors



The notes on pages 31 to 47 form part of these accounts.

Consolidated Cash Flow Statement

for the year ended 30 September 2003

	Notes	2003 £000	2002 £000
Operating activities			
Cash received from investments		6,283	6,442
Interest received		797	237
Cash payments		(3,850)	(2,003)
Net cash inflow from operating activities	24	3,230	4,676
Servicing of finance			
Interest paid		(3,237)	(3,237)
Net cash outflow from servicing of finance		(3,237)	(3,237)
Taxation			
Tax recovered		17	76
Capital expenditure and financial investment			
Purchases of investments		(58,073)	(71,807)
Sales of investments		63,220	84,074
Purchases of tangible assets		(218)	(348)
Sales of tangible assets		9	–
Net cash inflow from capital expenditure and financial investment		4,938	11,919
Equity dividends paid		(4,256)	(4,188)
Cash inflow before financing		692	9,246
Financing			
Ordinary shares purchased for cancellation		–	(546)
Minority interest purchase of shares in subsidiary		150	150
Net cash inflow/(outflow) from financing		150	(396)
Increase in cash in the year	25	842	8,850

The notes on pages 31 to 47 form part of these accounts.

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 United Kingdom Accounting Standards and the 2003 Statement of Recommended Practice for the Financial Statements of Investment Trust Companies ("the SORP").

Basis of Consolidation

The consolidated accounts incorporate the audited accounts of the Company and its subsidiaries made up to 30 September 2003.

Investment Income

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

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 ("BVCA").

Investments in own shares held under option (note 14) are valued at the lower of market value and exercise price on a pro rata basis starting with the lowest exercise price in respect of the options granted over the past three years.

With the exception of Majedie Asset Management Limited, 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. Majedie Asset Management Limited is valued in accordance with the policy for unlisted investments described above. In these accounts the investment is stated at cost in accordance with BVCA guidelines for early stage investments.

Notes to the Accounts

1 Accounting Policies *continued*

Goodwill and Intangible Fixed Assets

Where goodwill arises on consolidation the specific circumstances will be reviewed to assess its useful economic life. Where the relevant goodwill is considered to have an indefinite useful economic life, it will not be amortised. Although this constitutes a departure from the Companies Act 1985 it is considered appropriate in order to give a true and fair view and is permitted by Financial Reporting Standard No. 10: Goodwill and Intangible Assets, in such circumstances. At the end of each reporting period the goodwill is subject to an annual impairment review to reassess the fair value in light of current circumstances.

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 Group, 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 13 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.

Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard No. 19: Deferred Taxation.

Any tax relief obtained in respect of investment management expenses and finance costs allocated to capital is reflected in the capital reserve and a corresponding amount is charged against revenue. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses. The Group uses the marginal method of allocation of tax relief on expenses charged to capital reserve in accordance with the SORP.

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

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Listed investments				
– UK dividend income	5,224	5,970	5,224	5,970
Listed investments				
– unfranked	645	971	645	971
Unlisted investments				
– UK dividend income	8	11	8	11
Interest on deposits	795	236	765	231
Interest on loans	–	–	17	–
Exchange differences on income	(1)	(8)	(1)	(8)
	6,671	7,180	6,658	7,175

3 Other Income

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Client fee income	32	–	–	–
Profit on sale of tangible fixed asset	9	–	–	–
Other income	30	25	39	25
	71	25	39	25

4 Return on Ordinary Activities before Taxation

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
After charging:				
Staff costs – note 6	1,675	999	940	975
Other staff costs and directors' fees	267	196	202	196
Advisers' costs	508	523	284	311
Information costs	327	179	160	168
Establishment costs	120	122	100	122
Operating lease rentals – premises	158	160	108	160
Depreciation on tangible assets	146	56	–	–
Auditors' remuneration for:				
Audit	54	26	34	26
Other services to the Group	80	8	80	8
Other expenses	237	214	215	253
	3,572	2,483	2,123	2,219

Notes to the Accounts

4 Return on Ordinary Activities before Taxation continued

A charge of £1,226,000 (2002: £1,340,000) to capital and an equivalent credit to revenue has been made in both the Group and Company to recognise the accounting policy of charging 75% of investment management expenses to capital.

In the 2002 Annual Report the initial administration costs of Majedie Asset Management Limited were shown separately. This year the figures have been recategorised under the relevant expense categories.

For the year ended 30 September 2002 additional fees of £96,000 in respect of services related to the set up of Majedie Asset Management Limited were paid to the auditors and are included in the cost of the investment – see note 15.

5 Directors' Emoluments – Company

	2003 £000	2002 £000
Salaries and fees	427	426
Bonuses	76	217
Pension contributions	45	45
Other benefits	29	27
	577	715

The Report on Directors' Remuneration on pages 20 to 23 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 – Group

	2003 £000	2002 £000
Salaries and other payments	1,316	828
Social security costs	201	78
Pension contributions	158	93
	1,675	999

	2003 Number	2002 Number
Management and office staff	16	10

7 Finance Costs – Group and Company

	2003 Revenue £000	2003 Capital £000	2003 Total £000	2002 Revenue £000	2002 Capital £000	2002 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	453	1,359	1,812
Amortisation of expenses associated with debenture issue	4	9	13	3	9	12
	813	2,437	3,250	812	2,437	3,249

8 Taxation

Current Taxation – Group and Company

The current taxation for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

Reconciliation of tax charge:

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Revenue on ordinary activities before taxation	<u>3,583</u>	<u>5,250</u>	<u>4,987</u>	<u>5,509</u>
Theoretical tax at UK CT rate of 30%	1,075	1,575	1,496	1,653
Effects of:				
– UK dividends which are not taxable	(1,569)	(1,794)	(1,569)	(1,794)
– Other income which is not taxable	(7)	(8)	(7)	(8)
– Excess expenses for current year	501	227	80	149
– Overseas taxation which is not recoverable	<u>77</u>	<u>102</u>	<u>77</u>	<u>102</u>
Actual current tax charge	<u>77</u>	<u>102</u>	<u>77</u>	<u>102</u>

Group

After claiming relief against accrued income taxable on receipt, the Group has unrelieved excess expenses of £21,746,000 (2002: £16,274,000). It is unlikely that the Group will generate sufficient taxable income in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

Company

After claiming relief against accrued income taxable on receipt, the Company has unrelieved excess expenses of £20,183,000 (2002: £16,274,000). It is unlikely that the Group will generate sufficient taxable income in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

The allocation of expenses to capital does not result in any tax effect.

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

Notes to the Accounts

9 Dividends – Group and Company

	2003 £000	2002 £000
Interim ordinary 3.2p (2002: 3.2p)	1,671	1,665
Proposed final ordinary 5.25p (2002: 4.95p)	2,742	2,585
	<u>4,413</u>	<u>4,250</u>

The employee incentive trust referred to in note 14 has waived its rights to receive dividends from the Company and therefore the interim and final dividends for both 2002 and 2003 have been reduced accordingly.

10 Return per Ordinary Share

Group and Company

Basic return per ordinary share is based on 52,226,591 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 14 (2002: 52,342,057).

Basic returns per ordinary share are based on the return on ordinary activities after taxation attributable to equity shareholders excluding any unrealised appreciation/(depreciation) in respect of the Company's own shares held in the employee incentive trust referred to in note 14.

There is no dilution to the basic return per ordinary share shown for the years ended 30 September 2002 and 2003 since the share options referred to in note 14 would, if exercised, be satisfied by the shares already held by the employee incentive trust.

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Basic and diluted revenue returns are based on net revenue after taxation of	3,927	5,217	4,910	5,407
Basic and diluted capital returns are based on net capital return of	4,968	(39,018)	4,968	(39,046)

11 Intangible Fixed Assets – Group

	2003 Goodwill £000	2002 Goodwill £000
Cost & value:		
At beginning of year	458	–
Additions	–	458
At end of year	<u>458</u>	<u>458</u>

As a result of an agreement signed in 2002 to establish a new pension fund management business, goodwill on consolidation arose as at 30 September 2002 in connection with the carrying value of the investment in Majedie Asset Management Limited. The carrying value of the investment includes relevant acquisition costs which in turn include the cost of professional advice received directly in connection with the specific transaction.

Last year the directors considered Majedie Asset Management Limited to have an indefinite useful economic life and as a result decided that the goodwill should not be amortised in accordance with the accounting policy set out in note 1. This year the directors have carried out an impairment review. In light of the progress being made by the company in establishing its business they have considered that it is appropriate to continue with the policy of not amortising this goodwill on consolidation. This treatment is consistent with the investment in the subsidiary being valued at cost in the Company Balance Sheet and follows the recommended treatment outlined in both Financial Reporting Standard No. 7: Fair Values in Acquisition Accounting and in the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies.

12 Tangible Assets – Group

	Leasehold Improvements £000	Office Equipment £000	Motor Vehicles £000	Total £000
Cost:				
At 30 September 2002	307	583	28	918
Additions	10	208	–	218
Disposals	–	(137)	(28)	(165)
At 30 September 2003	<u>317</u>	<u>654</u>	<u>–</u>	<u>971</u>
Depreciation:				
At 30 September 2002	260	255	25	540
Charge for year	19	124	3	146
Disposals	–	(137)	(28)	(165)
At 30 September 2003	<u>279</u>	<u>242</u>	<u>–</u>	<u>521</u>
Net book value:				
At 30 September 2003	<u>38</u>	<u>412</u>	<u>–</u>	<u>450</u>
At 30 September 2002	47	328	3	378

Notes to the Accounts

13 Investments – Group and Company

	Listed UK £000	Listed Overseas £000	Unlisted Investments £000	Total £000
Cost:				
At 30 September 2002	118,977	20,751	1,610	141,338
Additions	39,083	20,080	–	59,163
Disposal proceeds	(57,451)	(5,061)	(6)	(62,518)
Realised losses on disposals	(4,134)	(1,222)	(994)	(6,350)
At 30 September 2003	96,475	34,548	610	131,633
Unrealised appreciation/ (depreciation):				
At 30 September 2002	6,582	554	(1,000)	6,136
Movement for the year	12,583	1,427	1,000	15,010
At 30 September 2003	19,165	1,981	–	21,146
Valuation at				
30 September 2003	115,640	36,529	610	152,779
Valuation at				
30 September 2002	125,559	21,305	610	147,474

In the current year there are no additions to investments in own shares (2002: £374,000). Unrealised appreciation on investments in own shares for the year is £29,000 (2002: £219,000 depreciation).

	2003 £000	2002 £000
Capital return comprises:		
Realised losses on disposals	(6,350)	(12,987)
Increase/(decrease) in unrealised appreciation on investments	14,981	(22,254)
Unrealised appreciation/(depreciation) on own shares held	29	(219)
	8,660	(35,460)

The Company Statement of Total Return includes no revaluation in respect of investment in subsidiary undertakings for the current year (2002: (£28,000)).

13 Investments continued

The investment portfolio is analysed as follows:

	2003 £000	2002 £000
Listed equities	151,248	145,952
Listed loan stocks	14	34
Listed preference shares	313	313
Unlisted equities	610	610
Investment portfolio	<u>152,185</u>	<u>146,909</u>
Investment in own shares – note 14	<u>594</u>	<u>565</u>
Investments	<u>152,779</u>	<u>147,474</u>

14 Investment in Own Shares held – Group and Company

Following the granting of further share options to directors and employees on 22 November 2002 under the Discretionary Share Option Scheme, the total number of options granted by the Company is now 469,023 and the total shareholding of the Majedie Investments PLC Incentive Trust is 301,409 ordinary shares. The shares will be held by the trust until the relevant options are exercised or until they lapse and are included on the Balance Sheet as an asset of the Company according to UITF 13: Accounting for ESOP Trusts. 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 20 to 23.

	Number of shares	£000
Cost:		
At 30 September 2002	301,409	906
Additions	–	–
At 30 September 2003	<u>301,409</u>	<u>906</u>
Unrealised depreciation:		
At 30 September 2002		(341)
Movement for the year		<u>29</u>
At 30 September 2003		<u>312</u>
Valuation at 30 September 2003		<u>594</u>
Valuation at 30 September 2002		<u>565</u>

Notes to the Accounts

15 Investments in Subsidiaries

The Company's subsidiaries are as follows:

Majedie Asset Management Limited – FSA regulated specialist fund management company

Barlow Service Company Limited – provides administrative services to group companies

Majedie Portfolio Management Limited – FSA regulated 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

Cost:	£000
At 30 September 2002	1,810
Additions	1,950
At 30 September 2003	<u>3,760</u>
Unrealised depreciation:	
At 30 September 2002	(808)
Movement for the year (2002: (£28,000))	-
At 30 September 2003	<u>(808)</u>
Valuation at 30 September 2003	<u>2,952</u>
Valuation at 30 September 2002	1,002

All the subsidiaries are incorporated in Great Britain and are wholly owned except Majedie Asset Management Limited. Majedie Asset Management Limited was incorporated on 24 May 2002 and focuses on the management of UK equities for pension funds. Majedie Investments PLC owns 70% of the equity share capital of Majedie Asset Management Limited. To date £2,758,000 (2002: £808,000) has been invested in Majedie Asset Management Limited comprising £700,000 ordinary share capital and £1,600,000 preference share capital (2002: £350,000 ordinary share capital) and £458,000 (2002: £458,000) in respect of advisers' costs which relate directly to the investment (see note 11). In addition Majedie Investments PLC has lent the company £250,000 in the form of a subordinated loan.

The results of Majedie Asset Management Limited for the year ended 30 September 2003 amount to a loss of £1,404,000, and are included within "Return on ordinary activities before finance costs and taxation" (2002: loss of £231,000).

The minority interest disclosed on the Consolidated Statement of Total Return represents 30% of Majedie Asset Management Limited's loss from ordinary activities after taxation. The minority interest disclosed in the Consolidated Balance Sheet relates to 30% of the net assets attributable to the Company's ordinary shareholders having taken into account the rights attaching to preference shares and other creditors.

Further comment regarding the business and the investment in Majedie Asset Management Limited is included in the Financial Review on page 13.

16 Debtors

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Sales for future settlement	–	1,794	–	1,794
Dividends receivable	974	1,379	974	1,379
Payments in advance	241	267	54	–
Taxation recoverable	54	53	54	53
Accrued income	9	12	9	12
Amounts due from subsidiary undertakings	–	–	473	–
	1,278	3,505	1,564	3,238

Included in amounts due from subsidiary undertakings is an amount of £250,000, plus interest at a rate of 5% plus six month LIBOR, in respect of a subordinated loan to Majedie Assets Management Limited. This amount is recoverable after more than one year.

17 Cash at Bank and on Deposit

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Deposits	15,804	15,828	15,804	15,828
Other balances	1,568	702	188	122
	17,372	16,530	15,992	15,950

18 Creditors

Amounts falling due within one year:

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Proposed final dividend	2,742	2,585	2,742	2,585
Accrued expenses	440	938	–	–
Other creditors	560	478	560	478
Amounts owed to subsidiary undertakings	–	–	54	176
	3,742	4,001	3,356	3,239

Notes to the Accounts

19 Creditors

Amounts falling due after more than one year:

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
£15m 9.5% debenture stock 2020	14,826	14,822	14,826	14,822
£25m 7.25% debenture stock 2025	24,556	24,548	24,556	24,548
	39,382	39,370	39,382	39,370

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

In accordance with Financial Reporting Standard No. 4: Capital Instruments, expenses associated with the issue of debenture stocks were deducted from the gross proceeds and are being accounted for, at a constant rate, over the life of the debentures.

20 Called Up Share Capital

	2003 £000	2002 £000
Allotted and fully paid at 30 September:		
52,528,000 (2002: 52,528,000) ordinary shares of 10p each	5,253	5,253
Authorised at 30 September:		
70,000,000 (2002: 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 22.

21 Reserves

	Share Premium Account £000	Capital Redemption Reserve £000	Capital Reserve- Realised £000	Capital Reserve- Unrealised £000	Revenue Reserve £000
Group					
At 30 September 2002	785	56	86,600	6,136	26,063
Increase in unrealised appreciation before transfer on disposal	-	-	-	11,414	-
Transfer on disposal of investments	-	-	(3,596)	3,596	-
Net loss on realisation of investments	-	-	(2,754)	-	-
Costs charged to capital	-	-	(3,663)	-	-
Retained net deficit for the year	-	-	-	-	(486)
At 30 September 2003	785	56	76,587	21,146	25,577

21 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 2002	785	56	86,597	5,330	27,034
Increase in unrealised appreciation before transfer on disposal	-	-	-	11,414	-
Transfer on disposal of investments	-	-	(3,596)	3,596	-
Net loss on realisation of investments	-	-	(2,754)	-	-
Costs charged to capital	-	-	(3,663)	-	-
Retained net revenue for the year	-	-	-	-	497
At 30 September 2003	785	56	76,584	20,340	27,531

22 Reconciliation of Movements in Shareholders' Funds

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Opening shareholders' funds	124,893	163,709	125,055	163,709
Net revenue for the year	3,927	5,217	4,910	5,407
Costs of ordinary shares purchased for cancellation	-	(546)	-	(546)
Dividends	(4,413)	(4,250)	(4,413)	(4,250)
Net capital return for the year	4,997	(39,237)	4,997	(39,265)
Closing shareholders' funds	129,404	124,893	130,549	125,055

Notes to the Accounts

23 Net Asset Value

The basic net asset value per ordinary share has been calculated on 52,226,591 (2002: 52,226,591) ordinary shares in issue at the year end and net assets attributable to shareholders of £128,810,000 (2002: £124,328,000).

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 14 and the Report on Directors' Remuneration on page 21.

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

	Group 2003 £000	Group 2002 £000
Return on ordinary activities before taxation	8,580	(33,987)
Capital return on investments	(8,660)	35,460
Profit on sale of tangible fixed asset	(9)	–
Depreciation	146	56
Interest and debenture expenses	3,250	3,249
Decrease/(increase) in debtors, accrued income and payments in advance	434	(697)
(Decrease)/increase in other creditors and accrued expenses	(416)	733
Tax on unfranked income	(95)	(138)
Net cash inflow from operating activities	<u>3,230</u>	<u>4,676</u>

25 Reconciliation of Net Cash Flow to Movement in Net Debt

	2003 £000	2002 £000
Increase in cash in the year	842	8,850
Other non cash items	(12)	(12)
Change in net debt	830	8,838
Net debt at 30 September 2002	(22,840)	(31,678)
Net debt at 30 September 2003	<u>(22,010)</u>	<u>(22,840)</u>

26 Analysis of Changes in Net Debt

	At 30 September 2002 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2003 £000
Cash at bank	16,530	842	–	17,372
Debt due after one year	(39,370)	–	(12)	(39,382)
	<u>(22,840)</u>	<u>842</u>	<u>(12)</u>	<u>(22,010)</u>

27 Operating Lease Commitments

A subsidiary company, Barlow Service Company Limited, had an annual commitment of £177,000 at 30 September 2003 (2002: £177,000) under a non-cancellable operating lease in respect of premises. The operating lease commitment will expire in less than one year from the balance sheet date.

28 Financial Commitments

In addition to the financial commitment detailed in note 27, at 30 September 2003 the Group had no financial commitments which had not been accrued for (2002: £1,250,000). The financial commitments in 2002 were £150,000 in respect of an underwriting and £1,100,000 in respect of additional share capital and subordinated loan for Majedie Asset Management Limited.

29 Financial Instruments and Risk Profile

The Majedie Group comprises two main businesses: Majedie Investments PLC (Company) – the core investment trust portfolio business and a 70% subsidiary: Majedie Asset Management Limited – a new fund management business specialising in UK equities largely for institutional clients. For this reason the two businesses are dealt with separately below.

Majedie Investments PLC

The financial instruments of Majedie Investments PLC ("the Company") comprise its investment portfolio – see note 13, cash balances, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income, and the debenture loans used to finance the Company's operations. The Company does not use derivatives. The figures disclosed below exclude 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 8 to 11. 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.

Notes to the Accounts

29 Financial Instruments and Risk Profile *continued*

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 19.

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

	Book value 2003 £000	Book value 2002 £000	Fair value 2003 £000	Fair value 2002 £000
Financial assets				
Investment portfolio	152,779	147,474	152,779	147,474
Cash	15,992	15,950	15,992	15,950
Financial liabilities				
£15m 9.5% debenture stock 2020	14,826	14,822	18,703	19,538
£25m 7.25% debenture stock 2025	24,556	24,548	25,813	25,953

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:

	2003 £000	2002 £000
Currency		
US dollar	26,256	14,746
Euro	4,867	3,160
Hong Kong dollar	242	202
Japanese yen	1,231	–
Swiss franc	921	420
Australian dollar	3,012	2,778
	36,529	21,306

29 Financial Instruments and Risk Profile *continued*

Majedie Asset Management Limited

Majedie Asset Management Limited ("the company") manages the investment portfolios of its clients and does not hold equity investments or other securities on its own account. In managing the relevant portfolios the company takes into account, when making decisions, various risk factors including market price risk and indirect interest rate risk. The company has no direct exposure to foreign currencies and has no financial assets other than cash.

The operations of Majedie Asset Management Limited are financed primarily through equity and preference share capital and loans provided by Majedie Investments PLC and equity capital provided by the senior management of the company.

30 Related Party Transactions

As at 30 September 2003 a balance of £179,895 (2002: £138,583) was due to Barlow Service Company Limited from Majedie Asset Management Limited in respect of administration costs paid on behalf of Majedie Asset Management Limited.

At 30 September 2003 the Company held investments in funds managed by Majedie Asset Management Limited representing 3.2% of the Company's investment portfolio as set out in the table below (2002: £nil):

Fund	2003 Market Value £000
Majedie Asset Management UK Opportunities	2,937
Majedie Asset Management UK Focus	1,372
Majedie Asset Management UK Equity	1,245
	<u>5,554</u>

There were no dividends received by the Company during the year from these investments (2002: £nil).

The Company makes investments from time to time in companies, on the boards of which a non-executive director of the Company serves as a director. The Company's non-executive directors are not involved in any day-to-day investment decisions relating to the investment portfolio.

At 30 September 2003 the Company held an investment in Exeter Investment Group representing 0.1% (2002: 0.1%) of the Company's investment portfolio. Exeter Investment Group is the parent company of Sinclair Henderson Limited which is the Company Secretary and fund administrator of the Company.

R E Clarke had a season ticket loan outstanding during the year. The maximum amount outstanding was £1,847 (2002: £2,052) and the balance at 30 September 2003 was £nil (2002: £1,847).

Ten Year Record

to 30 September 2003

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 %
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	163,709	310.7*	242.5	21.95	7.73	7.90	119.4	124.1	0.92
2002	164,344	124,893	238.1*	187.5	21.25	9.97	8.15	118.3	131.7	1.51
2003	168,595	129,404	246.6*	198.0	19.72	7.52	8.45	117.1	130.6	2.90

The figures for the year 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 year 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, minority interest and own shares held divided by shareholders' funds less own shares held. The Potential Gearing Ratio is calculated as total assets less minority interest and own shares held divided by shareholders' funds less own shares held. The cost of running the trust is calculated by taking the total administrative expenses and dividing by the average quarterly net asset value during the year (previously this was calculated by taking the average monthly net asset value during the year).

* The 2001, 2002 and 2003 NAV Per Share figures have been calculated as described in note 23 on page 44.

Majedie Savings Plans

Majedie Share Plan

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

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

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

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

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

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 Real Time Dealing Service.

Shares may be purchased either by way of a lump sum payment or through regular monthly payments. The minimum lump sum investment is £500, while the minimum direct debit subscription is £50. 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 Halifax Bank of Scotland (HBOS) 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, Halifax Share Dealing Limited, Trinity Road, Halifax HX1 2RG (telephone: 0870 600 9966).

Majedie General PEP

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

Further details may be obtained from the Company's Registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH (telephone: 0870 702 0000).

Notice of Meeting

Notice is hereby given that the ninety third Annual General Meeting of the Company will be held on 14 January 2004 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 of 5.25p per share in respect of the year ended 30 September 2003.
2. To receive and adopt the Directors' Report and Accounts for the year ended 30 September 2003.
3. To receive and approve the Report on Directors' Remuneration.
4. To re-elect H S Barlow[§] as a director.
5. To re-elect Sir John K Barlow* as a director.
6. To re-appoint Deloitte & Touche LLP as auditors and to authorise the directors to fix their remuneration.

[§] Member of the Audit, Nominations and Remuneration Committees

* Member of the Nominations Committee

Special Business

7. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:
 - (a) That the proposed amendments (the "Amendments") to the Majedie Investments PLC Discretionary Share Option Scheme 2000 summarised in the Report on Directors' Remuneration as set out in the Report and Accounts of the Company for the financial year ended 30 September 2003 and marked on the copy of the rules produced to the meeting and, for the purposes of identification only, initialled by the Chairman, be and are hereby approved (to the extent that the approval of shareholders to such Amendments is required); and
 - (b) That the Directors be and are hereby authorised to do all acts and things necessary or desirable to bring the Amendments into effect including the making of any such changes as the Directors may consider necessary or desirable to comply with the requirements of the London Stock Exchange, the UK Listing Authority, the Inland Revenue and institutional investors.

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

8. 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 7,873,947; 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

19 November 2003

23 Cathedral Yard

Exeter

Devon EX1 1HB

Copies of directors' service contracts, the Articles of Association and the Register of Directors' interests in the shares of the Company are available for inspection at the Company's registered office during normal business hours and from noon on Wednesday 14 January 2004 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 41 of the Uncertified Securities Regulations 2001, 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 12 January 2004. 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 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 LLP

Stockbrokers

Dresdner Kleinwort Wasserstein

Key Dates in 2004

Annual General Meeting	14 January
2002/03 final dividend paid	30 January
Interim results announcement	26 May
2003/04 interim dividend paid	2 July
Financial year end	30 September
Final results announcement	20 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 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, The Daily Telegraph, The Independent and London Evening Standard. Shares may be bought through the Majedie Share Plan or Majedie Corporate ISA (details of which are set out on page 49). You may transfer an existing PEP to the Majedie General PEP (page 49). You may also purchase shares through an on-line dealing facility or via your stockbroker or bank.

Net Asset Value

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

Capital Gains Tax

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