



2016

Majedie Investments PLC
Half-Yearly Financial Report

31 March 2016

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Financial Highlights

	Half Year ended 31 March 2016
Total shareholder return (including dividends):	-0.7%
Net asset value (NAV) total return (debt at par including dividends):	+3.4%
Revenue Return per share:	5.0p
Interim Dividend:	3.0p
Directors' valuation of investment in Majedie Asset Management Limited:	£53.2m
Total assets*:	£187.0m

* Total assets are defined as total assets less current liabilities.

Investment Objective and Policy Statement

Investment Objective

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

General

The Company invests principally in securities of publicly quoted companies worldwide and in funds managed by its investment manager, though it may invest in unquoted securities up to levels set periodically by the Board, including its investment in Majedie Asset Management Limited (MAM). Investments in unquoted securities, other than those managed by its investment manager or made prior to the date of adoption of this investment policy, (measured by reference to the Company's cost of investment) will not exceed 10% of the Company's gross assets.

Risk Diversification

Whilst the Company will at all times invest and manage its assets in a manner that is consistent with spreading investment risk, there will be no rigid industry, sector, region or country restrictions. The overall approach is based on an analysis of global economies sector trends with a focus on companies and sectors judged likely to deliver strong growth over the long term. The number of investments held, together with the geographic and sector diversity of the portfolio, enable the Company to spread its risks with regard to liquidity, market volatility, currency movements and revenue streams.

The Company will not invest in any holding that would, at the time of investment, represent more than 15% of the value of its gross assets save that the Company may invest up to 25% of its gross assets in any single fund managed by its investment manager where the Board believes that the investment policy of such funds is consistent with the Company's objective of spreading investment risk.

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

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

Asset Allocation

The assets of the Company will be allocated principally between investments in publicly quoted companies worldwide and in investments intended to provide an absolute return (in each case either directly or through other funds or collective investment schemes managed by the Company's investment manager) and the Company's investment in MAM itself.

Benchmark

The Company does not have one overall benchmark, rather each distinct group of assets is viewed independently. Any investments made into funds managed by the Company's investment manager will be measured against the benchmark or benchmarks, if any, whose constituent investments appear to the Company to correspond most closely to those investments. It is important to note that in all cases investment decisions and portfolio construction are made on an independent basis. The Board however sets various specific portfolio limits for stocks and sectors in order to restrict risk levels from time to time, which remain subject to the investment restrictions set out in this section.

Gearing

The Company uses gearing currently via long term debentures. The Board has the ability to borrow up to 100% of adjusted capital and reserves. The Board also reviews the level of net gearing (borrowings less cash) on an on-going basis and sets a range at its discretion as appropriate. The Company's current debenture borrowings are limited by covenant to 66 $\frac{2}{3}$ %, and any additional indebtedness is not to exceed 20%, of adjusted capital and reserves.

Chief Executive's Report

In the six months to 31 March 2016 the NAV (net asset value with debt at par) rose by 3.4% on a total return basis and the share price fell by -0.7% also on a total return basis. In general, stock markets were volatile, particularly in early 2016, although markets have rallied from the low point reached in mid February. Over the six months the FTSE All-Share Index and MSCI World Index rose 3.5% and 10.9% respectively.

The Company's shares, which have traded periodically at a premium to NAV (debt at fair value) in the last eighteen months, are now trading at a discount. In general this reflects widening discounts across the Investment Company Sector due to volatile markets and the European Referendum and specifically a large institutional shareholding in the Company has been transferred to a new fund management group with whom the Company is seeking to establish a dialogue.

Investment Performance

The Company invests through a number of investment strategies managed by MAM and retains an equity holding in MAM. The Company has no overall benchmark; rather each fund has its own benchmark. The Company's total assets were £187.0m at 31 March 2016.

The largest asset allocation of £55.8m, which represents 29.9% of the Company's total assets, is in a segregated fund that is managed alongside the MAM UK Equity Fund. The funds are predominantly invested in UK equities with overseas equities limited to 20% and the strategy incorporates a dedicated allocation to UK smaller companies. It is the flagship product of MAM and since inception in

March 2003 has returned 12.4% per annum net of fees, which is an outperformance of 3.6% per annum compared to its benchmark, the FTSE All-Share Index. In the six months to 31 March 2016 the fund returned 0.9% net of fees, which is an underperformance of 2.6%.

The MAM UK Income Fund was started in December 2011 and its objective is to maintain an attractive yield whilst outperforming the FTSE All-Share Index. Since its inception the fund has returned 16.8% per annum net of fees, which is an outperformance of 8.6% per annum compared to its benchmark. The Company has an allocation of £20.0m which represents 10.7% of total assets. In the six months to 31 March 2016 the fund returned -0.7% net of fees which is an underperformance of 4.2%.

The MAM Tortoise Fund is a global absolute return fund which started in August 2007 and since inception has returned 8.7% per annum net of fees. The Company has an allocation of £28.7m, which represents 15.4% of the Company's total assets. The fund returned 4.4% net of fees in the six months to 31 March 2016 and as it is an absolute return fund it has no relevant benchmark.

The MAM Global Equity Fund, MAM Global Focus Fund and MAM US Equity Fund were launched in June 2014 and have returned 16.7%, 18.2% and 31.3% net of fees in the Sterling share classes, which represent an outperformance against their benchmarks of 2.7%, 4.2% and 3.5% respectively. The benchmarks are the MSCI ACWI and the S&P 500 in Sterling terms. The returns have benefited from the weakness of Sterling, though this has no effect on relative returns. The Company has allocations of £16.2m, £5.9m and £6.6m to the MAM Global Equity Fund, MAM Global Focus Fund and MAM US Equity Fund, which represent 8.7%, 3.2% and 3.5% respectively of total assets. In the six months to 31 March 2016 the funds returned 11.7%, 9.2% and 10.0% net of fees, which represents an outperformance of 0.8% in the MAM Global Equity Fund and an underperformance of 1.7% for the MAM Global Focus Fund and 3.9% for the MAM US Equity Fund.

The aggregate geographic and sector exposures for the MAM UK Equity Segregated Fund, MAM UK Income Fund, MAM Global Equity Fund, MAM Global Focus Fund and MAM US Equity Fund are shown on pages 8 and 9. To enhance transparency for shareholders, information on each MAM fund in which the Company invests is available on the website www.majedieinvestments.com. These are updated monthly.

MAM's assets under management have risen slightly to £11.4bn. The relatively new Global and US funds have yet to materially influence the total assets under management, but the early signs are encouraging. As part of a new agreement with MAM, the Company did not sell any shares in December 2015 and so the Company's holding is 16.7% of MAM. The Board has increased its valuation to £53.2m, which represents 28.5% of total assets, having also received a dividend of £2.0m in December 2015.

The net cash and realisation portfolio is less than 0.1% of total assets and does not include cash that is held in the segregated fund.

Results and Dividends

The capital return in the six months to 31 March 2016 was £4.1m and the income from investments was £3.5m. The small increase in income from £3.4m reflects a variety of factors, namely the sale of 2.5% of MAM shares in December 2014 and a £10m allocation from the UK Equity Segregated Fund to MAM Global Equity Fund in August 2015, both reducing income. These were offset by a higher dividend per share from MAM and increased income from the MAM UK Income Fund.

Administration and investment management expenses were flat at £1.1m. The second half of 2016 and more particularly the next year will benefit from considerably lower property expenses and other reductions in expenses. Costs remain a key focus for the Board.

Chief Executive's Report

The net revenue return after taxation for the six months to 31 March 2016 was £2.7m compared to £2.6m in the six months to 31 March 2015.

The interim dividend is 3.0 pence per share and will be paid on 24 June 2016 to shareholders on the register on 17 June 2016.

Summary

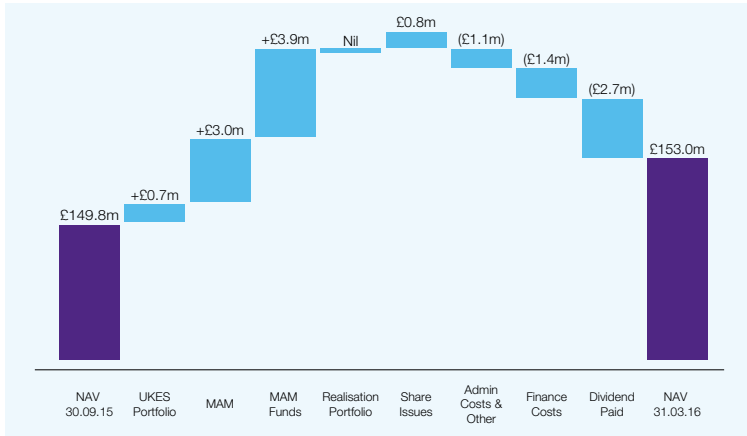
Whilst it is disappointing that a number of the MAM funds in which the Company is invested underperformed their benchmarks over this short period, the long term performance of the MAM funds remains excellent. The good performance of the MAM Tortoise Fund in the early months of 2016 is noteworthy and provided protection to the portfolio in particularly volatile markets. The re-allocation into the MAM Global Equity Fund from the UK Segregated Fund provided good returns as global equities materially outperformed UK equities.

Investments in a variety of MAM funds provide the Company with a well diversified portfolio in terms of investment style and geographic and sector exposures. The investment in MAM is a key differentiator and its value has grown strongly in recent years because of excellent performance and growth in assets under management over the last three years. As MAM's business model embraces limited capacity across its fund range, shareholders should not expect the rate of growth to continue until the Global and US funds gain traction with investors. The signs are, however, promising.

The Company issued 306,000 shares at a premium to NAV (debt at fair value) in the six months to 31 March 2016 and it is encouraging that the Company has been selected to be included as a Money Observer Rated Fund for 2016. The Company has also been selected to be on the recently launched Fidelity FundsNetwork Platform, a retail platform for investment companies.

Development of Net Asset Value

The chart below shows the Group's NAV development during the six months to 31 March 2016. In aggregate the NAV has increased by £3.2m, having recorded total investment income and gains of £7.6m, net proceeds from the issue of shares during the six months of £0.8m, and having incurred net administration and finance costs of £2.5m, and lastly having paid out dividends of £2.7m.



Chief Executive's Report

Allocation of Total Assets at 31 March 2016

	% of Total Assets
MAM UK Equity Segregated Fund	29.9
MAM UK Income Fund	10.7
MAM Global Equity Fund	8.7
MAM Global Focus Fund	3.2
MAM US Equity Fund	3.5
MAM Tortoise Fund	15.4
MAM	28.5
Net cash/realisation fund*	0.1
	100.0

* Net cash and realisation fund does not include cash held in the MAM UK Equity Segregated Fund or MAM funds.

MAM Fund Performance

	6 months to 31 March			Since invested by the Company		
	% Fund return	% Benchmark return	% Relative performance	% Fund return	% Benchmark return	% Relative performance
MAM UK Equity Segregated Fund	0.9	3.5	(2.6)	(1.2)	0.4	(1.6)
MAM UK Income Fund	(0.7)	3.5	(4.2)	15.1	3.9	11.2
MAM Global Equity Fund	11.7	10.9	0.8	16.7	14.0	2.7
MAM Global Focus Fund	9.2	10.9	(1.7)	18.2	14.0	4.2
MAM US Equity Fund	10.0	13.9	(3.9)	31.3	27.8	3.5
MAM Tortoise Fund	4.4			(4.2)		

Notes:

All Fund returns are shown net of fees.

The MAM UK Equity Segregated Fund commenced on 22 January 2014.

The initial investment in the MAM UK Income Fund was made on 29 January 2014.

The initial investments in MAM Global Equity Fund, MAM Global Focus Fund and MAM US Equity Fund were made on 30 June 2014 and 27 June 2014 respectively. The Company is invested in the Sterling share classes.

The initial investment in the MAM Tortoise Fund was made on 29 January 2014.

William Barlow

Chief Executive

For and on behalf of the Board

24 May 2016

Fund Analysis

at 31 March 2016

Geographical Analysis

	% of Total
UK	62.6
Europe	12.0
North America	19.1
Asia Pacific	1.3
Emerging Markets	3.2
Cash	1.8
	<hr/> 100.0 <hr/>

Sector Analysis

	% of Total
Basic Materials	5.7
Consumer Goods	3.4
Consumer Services	20.5
Financials	24.5
Healthcare	5.7
Industrials	8.9
Oil & Gas	9.3
Technology	5.6
Telecommunications	13.5
Utilities	1.1
Cash	1.8
	<hr/> 100.0 <hr/>

Notes:

The assets analysed above are the aggregate exposure of MAM UK Equity Segregated Fund, MAM UK Income Fund, MAM Global Equity Fund, MAM Global Focus Fund and MAM US Equity Fund. The aggregate represents a total of 56.0% of the Company's total assets.

Exposures are classified on the stock exchange on which the underlying equity is listed and FTSE sector classification.

Twenty Largest MAM UK Equity Segregated Fund Holdings

at 31 March 2016

Company	Market Value £000	% of MAM UK Equity Segregated Fund
MAM UK Smaller Companies Fund	5,145	9.4
HSBC Holdings plc	3,380	6.2
BP plc	3,296	6.0
Royal Dutch Shell plc	3,221	5.9
Vodafone Group Plc	2,807	5.1
Orange SA	2,079	3.8
Tesco Plc	1,946	3.6
GlaxoSmithKline plc	1,617	3.0
Barclays Bank PLC	1,527	2.8
Rentokil Initial plc	1,424	2.6
Telecom Italia SpA	1,357	2.5
Royal KPN NV	1,334	2.4
Royal Bank of Scotland Group plc	1,328	2.4
BT Group plc	1,256	2.3
Wm Morrison Supermarkets plc	1,204	2.2
BHP Billiton Plc	1,166	2.1
Anglo American plc	1,153	2.1
Travis Perkins plc	830	1.5
Ryanair Holdings plc	815	1.5
Rio Tinto plc	810	1.5
	37,695	68.9

Interim Management Report

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal uncertainties for the remaining six months of the financial year are set out in the Chief Executive's Report on pages 4 to 8. This half-yearly financial report has not been audited or reviewed by the Company's auditor.

The financial statements continue to be prepared on a going concern basis. The approach used for the Annual Report is applied, including proper consideration of financial and cashflow forecasts, and it is believed that the Company has adequate financial resources to continue to operate for the foreseeable future.

The principal risks facing the Company are unchanged since the date of the Annual Report for the year ended 30 September 2015 as set out in the Business Review within the Strategic Report in that report (pages 14 and 15) with no particular subsequent heightened uncertainty. Risks faced by the Company include, but are not limited to, market risk, discount volatility, regulatory risk, financial risk, risks associated with banking and hedging and non-compliance with Section 1158 of the Corporation Tax Act 2010.

Responsibility Statement of the Directors in respect of the Half-Yearly Financial Report

In accordance with the Disclosure and Transparency Rules 4.2.7R and 4.2.8R, we confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as required by the Disclosure and Transparency Rule 4.2.4R, and gives a true and fair view of the assets, liabilities and financial position of the Company;
- (b) the Chief Executive's Report includes a fair review of the information required to be disclosed under the Disclosure and Transparency Rule 4.2.7R, interim management report. This includes (i) an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements presented in the Half-Yearly Financial Report and (ii) a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- (c) there were no changes in the transactions or arrangements with related parties as described in the Group's Annual Report for the year ended 30 September 2015 that would have had a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Andrew J Adcock

Chairman

For and on behalf of the Board

24 May 2016

Condensed Consolidated Statement of Comprehensive Income

for the half year ended 31 March 2016

				Half year ended 31 March 2016		
				(unaudited)		
				Revenue	Capital	Total
				return	return	
				£'000	£'000	£'000
Notes						
	Investments					
	Gains on investments at fair value through profit or loss				4,112	4,112
	Net investment result				4,112	4,112
	Income					
	Income from investments	2		3,431		3,431
	Other income	2		30		30
	Total income			3,461		3,461
	Expenses					
	Management fees			(53)	(159)	(212)
	Administration expenses			(394)	(455)	(849)
	Return before finance costs and taxation			3,014	3,498	6,512
	Finance costs			(351)	(1,055)	(1,406)
	Net return before taxation			2,663	2,443	5,106
	Taxation	3		(5)		(5)
	Net return after taxation for the period			2,658	2,443	5,101
	Return per ordinary share:			pence	pence	pence
	Basic and diluted	4		5.0	4.6	9.6

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

See notes 1 to 18.

Half year ended 31 March 2015		
	(unaudited)	
Revenue return £'000	Capital return £'000	Total £'000
	18,310	18,310
	18,310	18,310
3,359	2	3,361
23		23
3,382	2	3,384
(65)	(195)	(260)
(402)	(448)	(850)
2,915	17,669	20,584
(351)	(1,054)	(1,405)
2,564	16,615	19,179
(11)		(11)
2,553	16,615	19,168
pence	pence	pence
4.9	31.8	36.7

Year ended 30 September 2015		
	(audited)	
Revenue return £'000	Capital return £'000	Total £'000
	15,854	15,854
	15,854	15,854
6,534	2	6,536
38		38
6,572	2	6,574
(123)	(369)	(492)
(780)	(844)	(1,624)
5,669	14,643	20,312
(703)	(2,108)	(2,811)
4,966	12,535	17,501
(32)		(32)
4,934	12,535	17,469
pence	pence	pence
9.4	24.0	33.4

Condensed Consolidated Statement of Changes in Equity

for the half year ended 31 March 2016

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000
Half year ended 31 March 2016				
(unaudited)				
30 September 2015		5,313	2,280	56
Net return after taxation for the period				
New shares issued		31	775	
Share issue expenses			(1)	
Dividends declared and paid in period	7			
31 March 2016		5,344	3,054	56
Half year ended 31 March 2015				
(unaudited)				
30 September 2014		5,253	785	56
Net return after taxation for the period				
Share options expense	5			
Dividends declared and paid in period	7			
31 March 2015		5,253	785	56
Year ended 30 September 2015				
(audited)				
30 September 2014		5,253	785	56
Net return after taxation for the year				
Share options expense	5			
Sale of own shares by Employee Benefit Trust (EBT)				
Share options exercised				
Transfer between reserves				
New shares issued		60	1,497	
Share issue expenses			(2)	
Dividends declared and paid in year	7			
30 September 2015		5,313	2,280	56

Share options reserve £'000	Capital reserve £'000	Revenue reserve £'000	Own shares reserve £'000	Total £'000
	122,943	19,215		149,807
	2,443	2,658		5,101
				806
				(1)
		(2,667)		(2,667)
	<u>125,386</u>	<u>19,206</u>		<u>153,046</u>
(104)	110,910	18,200	(1,039)	134,061
	16,615	2,553		19,168
3				3
		(2,350)		(2,350)
<u>(101)</u>	<u>127,525</u>	<u>18,403</u>	<u>(1,039)</u>	<u>150,882</u>
(104)	110,910	18,200	(1,039)	134,061
	12,535	4,934		17,469
3	(8)			(5)
	(147)		793	646
(246)			246	
347	(347)			1,557
				(2)
		(3,919)		(3,919)
	<u>122,943</u>	<u>19,215</u>		<u>149,807</u>

Condensed Consolidated Balance Sheet

at 31 March 2016

	31 March 2016 (unaudited) £'000	31 March 2015 (unaudited) £'000	30 September 2015 (audited) £'000
Notes			
Non-current assets			
Property and equipment	52	71	64
Investments held at fair value through profit or loss	9 185,356	183,033	181,644
	185,408	183,104	181,708
Current assets			
Trade and other receivables	382	385	799
Cash and cash equivalents	2,159	2,348	2,537
	2,541	2,733	3,336
Total assets	187,949	185,837	185,044
Current liabilities			
Trade and other payables	(988)	(1,069)	(1,336)
Total assets less current liabilities	186,961	184,768	183,708
Non-current liabilities			
Debentures	(33,915)	(33,886)	(33,901)
Total liabilities	(34,903)	(34,955)	(35,237)
Net assets	153,046	150,882	149,807

	31 March 2016 (unaudited) £'000	31 March 2015 (unaudited) £'000	30 September 2015 (audited) £'000
Represented by:			
Ordinary share capital	5,344	5,253	5,313
Share premium	3,054	785	2,280
Capital redemption reserve	56	56	56
Share options reserve		(101)	
Capital reserve	125,386	127,525	122,943
Revenue reserve	19,206	18,403	19,215
Own shares reserve		(1,039)	
Equity Shareholders' Funds	153,046	150,882	149,807
Net asset value per share	pence	pence	pence
Basic and fully diluted	12 286.4	288.9	281.9

Condensed Consolidated Cash Flow Statement

for the half year ended 31 March 2016

		Half year ended 31 March 2016 (unaudited) £'000	Half year ended 31 March 2015 (unaudited) £'000	Year ended 30 September 2015 (audited) £'000
	Notes			
Net cash inflow from operating activities	15	2,545	2,578	3,914
Investing activities				
Purchase of tangible assets		(56)		(1)
Net cash outflow from investing activities		(56)		(1)
Financing activities				
Interest paid		(1,392)	(1,392)	(2,783)
Dividends paid		(2,667)	(2,350)	(3,919)
Net proceeds from share issues		1,192		1,168
Proceeds from sale of own shares by EBT				646
Net cash outflow from financing activities		(2,867)	(3,742)	(4,888)
Decrease in cash and cash equivalents for period	16	(378)	(1,164)	(975)
Cash and cash equivalents at start of period		2,537	3,512	3,512
Cash and cash equivalents at end of period		2,159	2,348	2,537

Notes to the Accounts

as at 31 March 2016

1. Accounting Policies

The Condensed Consolidated Financial Statements on pages 12 to 18 comprise the unaudited results of the Company and subsidiaries for the six months to 31 March 2016 and are presented in pounds sterling, as this is the functional currency of the Group.

The Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all financial information required for full annual financial statements. The Condensed Consolidated Financial Statements have been prepared using the accounting policies adopted in the audited financial statements for the year ended 30 September 2015.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 September 2015, and since 1 October 2015 no new standards were adopted.

Notes to the Accounts

as at 31 March 2016

2. Income

	Half year ended 31 March 2016 £'000	Half year ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Income from investments			
Franked investment income*	3,283	3,200†	6,086†
Accumulation income	104	80	183
Overseas dividends	44	81	267
	3,431	3,361	6,536
Other income			
Deposit interest			1
Sundry income	30	23	37
	30	23	38
Total income	3,461	3,384	6,574
Total income comprises:			
Dividends	3,431	3,361†	6,536†
Interest			1
Other income	30	23	37
	3,461	3,384	6,574
Income from investments			
Listed UK	1,201	1,215†	2,996†
Listed overseas	44	81	267
Unlisted*	2,082	2,065	3,273
	3,327	3,361	6,536

* Includes MAM dividend income of £2,082,000 (half year to 31 March 2015: £2,065,000 and year ended 30 September 2015: £3,273,000).

† Includes capital dividend of £Nil (half year to 31 March 2015: £2,000 and year ended 30 September 2015: £2,000).

3. Taxation

The charge for the half year to 31 March 2016 is £5,000 (half year to 31 March 2015: £11,000; year ended 30 September 2015: £32,000). These amounts represent irrecoverable withholding tax paid on overseas investment income.

The Company has an effective corporation tax rate of 0%. As investment gains are exempt from tax owing to the Company's status as an approved Investment Trust and there is expected to be an excess of management expenses over taxable income there is no charge for corporation tax.

4. Calculation of Returns per ordinary share

Basic returns per ordinary share in each period are based on the return on ordinary activities after taxation attributable to equity shareholders. Basic return per ordinary share for the period is based on 53,293,143 (half year ended 31 March 2015: 52,219,613 and year ended 30 September 2015: 52,355,999) shares, being the weighted average number of shares in issue after adjustment for the shares held by the Employee Benefit Trust (EBT), if any.

5. Share-based payments

The Group did not operate any share-based payment schemes during the period, as the 2006 Long Term Incentive Plan (LTIP) was wound-up during the year ended 30 September 2015, following the last vesting of historical awards granted (both Total Shareholder Return (TSR) based awards and Matching awards) under the LTIP.

As such there were no outstanding share options at the period end (31 March 2015: 216,031 LTIP: TSR-based awards and 12,660 LTIP: Matching awards; 30 September 2015: nil).

Similarly, there were no transactions in options nor any share based payments charge recognised in the period (31 March 2015: Increase in TSR-based and Matching awards due to dividends paid of 4,040 and 237 shares respectively and a charge of £3,000; 30 September 2015: Increase in TSR-based and Matching awards of 6,401 and 375 due to dividends paid respectively and a charge of £3,000).

As a result of the wind up of the LTIP scheme, the EBT disposed of its remaining shares, being either sold back to the market or used to meet exercising options, during the year ended 30 September 2015. Therefore as at 31 March 2016 the EBT holds no shares and has been wound-up (31 March 2015: 308,387 shares; 30 September 2015: no shares).

Notes to the Accounts

as at 31 March 2016

6. Business segments

For management purposes, the Group is organised into one principal activity, being investing activities:

Investing activities

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

The Company operates as an investment trust company and its portfolio contains investments in companies listed in a number of countries. Geographical information about the portfolio is provided on page 9.

7. Dividends

In accordance with IAS 10: Events After the Balance Sheet Date, interim dividends are not accounted for until paid. The following table summarises the amounts recognised as distributions to equity holders in the relevant period:

	Half year ended 31 March 2016 £'000	Half year ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
2015 Final dividend of 5.00p paid on 27 January 2016	2,667		
2015 Interim dividend of 3.00p paid on 27 June 2015			1,569
2014 Final dividend of 4.50p paid on 21 January 2015		2,350	2,350
	2,667	2,350	3,919

The Directors propose an interim dividend for 2016 of 3.0p per share, to be paid on 24 June 2016.

8. Investments

All investments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price for listed securities, depending on the convention of the exchange on which the investment is quoted. Investments in unit trusts or open ended investment companies are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager.

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

9. Fair Value Hierarchy

Except for the Company's 9.5% Debenture Stock 2020 and 7.25% Debenture Stock 2025, which is measured at amortised cost under the effective interest method, financial assets and financial liabilities of the Company are carried in the Balance Sheet at their fair value (investments) or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends receivable, accrued income, cash at bank, due to brokers and provision for deferred tax). The fair value is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than a forced or liquidation sale.

Notes to the Accounts

as at 31 March 2016

9. Fair Value Hierarchy continued

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

	Group			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Financial assets				
Financial assets held at fair value through profit or loss				
Equities and managed funds				
Listed equity securities	132,054			132,054
Unlisted equity securities			53,302	53,302
	132,054		53,302	185,356

	Group			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Financial assets				
Financial assets held at fair value through profit or loss				
Equities and managed funds				
Listed equity securities	140,078			140,078
Unlisted equity securities			42,955	42,955
	140,078		42,955	183,033

9. Fair Value Hierarchy continued

Financial assets	Group			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Financial assets held at fair value through profit or loss				
Equities and managed funds				
Listed equity securities	129,217			129,217
Unlisted equity securities			52,427	52,427
	<u>129,217</u>		<u>52,427</u>	<u>181,644</u>

There have been no transfers during the period between Levels 1 and 2, and no transfers into or out of Level 3.

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

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

Notes to the Accounts

as at 31 March 2016

9. Fair Value Hierarchy continued

Investments classified within Level 3 have significant unobservable inputs. Level 3 instruments include private equity and corporate debt securities. As observable prices are not available for these securities, the Group has used valuation techniques to derive the fair value. In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with IPEV Valuation Guidelines. New investments are initially carried at cost, for a limited period, being the price of the most recent investment in the investee. This is in accordance with IPEV Guidelines as the cost of recent investments will generally provide a good indication of fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's current Level 3 classified investments comprise certain immaterial unlisted investments, which total in aggregate £93,000, and the investment in MAM valued at £53,209,000. The carrying value of MAM is normally assessed twice a year by the Audit Committee and is approved by the Board. The fair value of MAM is based on the price at which the Company may sell its shares back to MAM and its employees, which is currently considered to be the sole market for the Company's shares. The significant input in assessing the price is the earnings of MAM and a 5.0% increase/decrease in MAM's earnings would result in an increase/decrease of 4.3% in the carrying value of MAM.

The following table presents the movement in Level 3 instruments for the period ended 31 March 2016:

Group	2016	
	Total £000	Equity investments £000
Opening balance	52,427	52,427
Total gain for the year included in the Statement of Comprehensive Income	875	875
	53,302	53,302

9. Fair Value Hierarchy *continued*

The fair value of the debenture stock is calculated using Discounted Cash Flow analysis and by reference to the redemption yields of a similar companies' debt instrument, with an appropriate margin spread added.

Group	Half year ended 31 March 2016		Half year ended 31 March 2015		Year ended 30 September 2015	
	Book Value £000	Fair Value £000	Book Value £000	Fair Value £000	Book Value £000	Fair Value £000
£13.5m (2015: £13.5m) 9.5% debenture stock 2020	13,438	16,745	13,426	17,164	13,433	16,839
£20.7m (2015: £20.7m) 7.25% debenture stock 2025	20,477	26,183	20,460	26,158	20,468	25,805
	33,915	42,928	33,886	43,322	33,901	42,644

The above financial liabilities would be classified as Level 2 financial investments in the Fair Value hierarchy.

10. Principal financial risks

The principal financial risks which the Company faces include exposure to:

- Market risk
- Foreign currency risk
- Interest rate risk
- Other price risk
- Credit risk
- Liquidity risk

Further details of the Company's management of these risks and exposure to them is set out in Note 27 of the Company's Annual Report for the year ended 30 September 2015, as issued on 4 December 2015. There have been no changes to the management of or exposure to these risks since that date.

Notes to the Accounts

as at 31 March 2016

11. Majedie Asset Management Limited

As at 31 March 2016, the Company has a 16.7% equity shareholding in MAM which provides investment management and advisory services.

The carrying value of the investment in MAM is included in the Condensed Consolidated Balance Sheet as part of investments at fair value through profit or loss:

	31 March 2016 £'000	31 March 2015 £'000	30 September 2015 £'000
Deemed cost of investment	540	540	540
Holding gains	52,669	42,260	51,760
Fair value at period end	53,209	42,800	52,300

The carrying value of MAM in the 31 March 2016 Condensed Consolidated Financial Statements is its fair value as assessed by the Audit Committee and approved by the Board as at 31 March 2016.

12. Net Asset Value

The consolidated net asset value per share has been calculated based on Equity Shareholders' Funds and on 53,439,000 (31 March 2015: 52,219,613 and 30 September 2015: 53,133,000) ordinary shares, being the shares in issue at the period end (31 March 2015: having also deducted the number of shares held by the EBT).

13. Ordinary Share Capital

	31 March 2016		31 March 2015		30 September 2015	
	Number	£'000	Number	£'000	Number	£'000
Opening balance	53,133,000	5,313	53,528,000	5,253	53,528,000	5,253
Ordinary 10p shares issued	306,000	31			605,000	60
Closing balance	53,439,000	5,344	53,528,000	5,253	53,133,000	5,313

All shares are allotted fully paid up, and are of one class only ordinary 10p. New ordinary shares can only be issued at a premium to the relevant NAV (with debt at fair value).

13. Ordinary Share Capital *continued*

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

14. Share Premium

	31 March 2016 £'000	31 March 2015 £'000	30 September 2015 £'000
Opening balance	2,280	785	785
Ordinary 10p shares issued	775		1,497
Issue costs	(1)		(2)
Closing balance	3,054	785	2,280

Notes to the Accounts

as at 31 March 2016

15. Reconciliation of Operating Profit to Operating Cash Flow

	Half year ended 31 March 2016 £'000	Half year ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Consolidated net return before taxation	5,106	19,179	17,501
Adjustments for:			
Gains on investments	(4,112)	(18,310)	(15,854)
Accumulation dividends	(104)	(80)	(183)
Share based remuneration		3	3
Loss on disposal of tangible assets	58		
Depreciation	10	9	17
Purchases of investments	(6,994)	(20,850)	(44,053)
Sales of investments	7,297	21,351	43,806
	1,261	1,302	1,237
Finance costs	1,406	1,405	2,811
Operating cash flows before movements in working capital	2,667	2,707	4,048
Decrease in trade and other payables	(88)	(47)	(108)
(Increase)/decrease in trade and other receivables	(23)	(72)	20
Net cash inflow from operating activities before tax	2,556	2,588	3,960
Tax recovered		8	11
Tax on unfranked income	(11)	(18)	(57)
Net cash inflow from operating activities	2,545	2,578	3,914

16. Reconciliation of Net Cash Flow to Movement in Net Debt

	Half year ended 31 March 2016 £'000	Half year ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Decrease in cash	(378)	(1,164)	(975)
Non cash items	(14)	(13)	(28)
Change in net debt	(392)	(1,177)	(1,003)
Net debt beginning of period	(31,364)	(30,361)	(30,361)
Net debt at end of period	(31,756)	(31,538)	(31,364)

17. Related Party Transactions

Majedie Asset Management

MAM became investment manager to the Company from 13 January 2014 under the terms of an Investment Agreement. The agreement provides for MAM to manage the Company's investment assets on both a segregated account basis and also by investments into various MAM collective investment vehicles or funds. Details of the Investment Agreement are contained in the material contracts section of the Directors' Report in the Company's Annual Report for the year ended 30 September 2015. As Investment Manager MAM is entitled to receive investment management fees. In respect of the segregated account investment these are charged directly to the Company and are shown as an expense in its accounts. Any fees due in respect of investments made into any MAM funds are charged to the fund and are therefore included as part of the investment value of the relevant holdings. Details concerning the Company's investments in the period in the MAM funds are shown in the Chief Executive's Report on pages 4, 5 and 8.

In addition to the above, the Company retains an investment in MAM itself. Mr JWM Barlow is a non-executive director of MAM but receives no remuneration for this role. MAM is accounted for as an investment in both the Company and Group accounts and is valued at fair value through profit or loss. Details concerning the Company's investment in MAM is included in the Chief Executive's Report on page 5 and in note 11 on page 28.

Notes to the Accounts

as at 31 March 2016

17. Related Party Transactions continued

Majedie Portfolio Management (MPM)

The Company pays certain costs on behalf of MPM for operating the Majedie Investments PLC Share Plan and additionally is charged a management fee by MPM. Any such costs paid by the Company are recharged to MPM, net of any management fees due.

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

	Half year ended 31 March 2016 £'000	Half year ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Transactions during the period:			
Dividend income received from MAM	2,082	2,065	3,273
MAM share sale realised gains		5,659	5,659
MPM costs recharged by the Company	18	18	36
Management fee income due to MAM (segregated account only)	212	260	492
Balances outstanding at the end of the period:			
Between the Company and MAM (investment management fees)	104	132	106
Value of Company's investment in MAM	53,209	42,800	52,300
Between the Company and MPM	96	95	96

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

18. Financial Information

The financial information contained in this Half-Yearly Financial Report does not constitute full statutory accounts as defined in Section 434 of the Companies Act 2006.

The information for the year ended 30 September 2015 has been extracted from the latest published audited accounts. Those accounts have been filed with the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. Those statutory accounts were prepared in accordance with IFRS, as adopted by the European Union.

Company Information

Board of Directors

A J Adcock, Chairman

P D Gadd

R D C Henderson

J W M Barlow (Executive)

All Directors are non-executive unless indicated

Registered Office

1 King's Arms Yard

London EC2R 7AF

Telephone: 020 7626 1243

E-mail: majedie@majedieinvestments.com

Registered number: 109305 England

Company Secretary &

Fund Administrators

Capita Sinclair Henderson Limited

Trading as Capita Asset Services

Beaufort House

51 New North Road

Exeter EX4 4EP

Telephone: 01392 412122

Fax: 01392 253282

Investment Manager

Majedie Asset Management Limited

10 Old Bailey

London EC4M 7NG

Telephone: 020 7618 3900

E-mail: info@majedie.com

Depository

BNY Mellon Trust & Depository (UK) Limited

BNY Mellon Centre

160 Queen Victoria Street

London EC4V 4LA

The Depository has delegated the safe keeping of the Company's assets to the Custodian, The Bank of New York Mellon SA/NV, London Branch.

Registrars

Computershare Investor Services PLC

The Pavilions

Bridgwater Road

Bristol BS99 6ZZ

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Auditors

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25 Churchill Place

Canary Wharf

London E14 5EY

Stockbrokers

Stockdale Securities Limited

Beaufort House

15 St. Botolph Street

London EC3A 7BB

Website

www.majedieinvestments.com

Financial Calendar

Year end	30 September
Annual results	December
Half year results	May
Annual General Meeting	January
Dividends paid	January and June

2016 Interim Dividend Timetable

The interim dividend for the period ended 31 March 2016 is 3.0p per share.

Ex-dividend date	16 June
Record date	17 June
Payment date	24 June

Notes

