

RUFFER INVESTMENT COMPANY LIMITED

Half-yearly financial report

31 December 2014

RUFFER INVESTMENT COMPANY LIMITED

CONTENTS

Investment Objective and Policy	2
Financial Highlights	2
Company Information	2
Company Performance	3
Investment Manager's Report	4
Top Ten Holdings	6
Responsibility Statement	7
Independent Review Report	8
Condensed Statement of Financial Position (Unaudited)	9
Condensed Statement of Comprehensive Income (Unaudited)	10
Condensed Statement of Changes in Equity (Unaudited)	11
Condensed Statement of Cash Flows (Unaudited)	12
Notes to the Unaudited Interim Condensed Financial Statements	13
Portfolio Statement (Unaudited)	19
General Information	23
Management and Administration	24

RUFFER INVESTMENT COMPANY LIMITED

Investment Objective and Policy

The principal objective of the Company is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England base rate (0.5% for the period ended 31 December 2014).

The Company predominantly invests in internationally listed or quoted equities or equity-related securities (including convertibles) and bonds which are issued by corporate issuers, supra-nationals or government organisations.

Financial Highlights

	31.12.14	
	Offer Price £	Net Asset Value £
Redeemable participating preference shares	2.180†	2.124*

† The price an investor would be expected to pay at the close of trading in the market (London Stock Exchange).

* This is the published Net Asset Value ("NAV") for valuation purposes as at 31.12.14. The Fund is valued weekly and at month end. For additional information refer to note 7 on page 17.

Company Information

Incorporation Date	01.06.04	
Launch Date	08.07.04 (C shares: 29.09.05)	
Initial Net Asset Value	98p per share (98p per 'C' share)**	
Launch Price	100p per share (100p per 'C' share)	
Accounting dates	Interim 31 December (Unaudited)	Final 30 June (Audited)

** On 12 December 2005, the 'C' shares were converted into redeemable participating preference shares in the Company at a ratio of 0.8314 redeemable participating preference shares for each 'C' share, in accordance with the conversion method in the Placing and Offer for Subscription Document.

RUFFER INVESTMENT COMPANY LIMITED

Company Performance

	Price at 31.12.14		Change in Bid Price	
	Bid Price	Offer Price	From Launch	From 30.06.14
	£	£	%	%
Shares	2.160	2.180	+ 116.00	+6.77

Prices are published in the Financial Times in the “Investment Companies” section, and in the Daily Telegraph’s “Share Prices & Market Capitalisations” section under “Investment Trusts”.

Fund Size

	Net Asset Value £	Net Asset Value per Share £	Number of Shares In Issue
31.12.14	324,707,117	2.108 *	154,013,416
30.06.14	318,040,568	2.065	154,013,416
30.06.13	319,114,093	2.139	149,188,416
30.06.12	270,884,661	1.915	141,488,416
30.06.11	248,248,134	1.953	127,138,416
30.06.10	178,695,014	1.823	98,042,672

* Net Asset Value per share reported to the London Stock Exchange was £2.124 using mid market values. Bid prices are presented as fair value in the financial statements. For additional information refer to note 7 on page 17.

Share Price Range

Accounting Period to:	Highest Offer Price £	Lowest Bid Price £
31.12.14	2.180	1.943
30.06.14	2.290	2.005
30.06.13	2.310	1.915
30.06.12	2.070	1.900
30.06.11	2.110	1.850
30.06.10	2.005	1.555

Net Asset Value Range

Accounting Period to:	Highest NAV £	Lowest NAV £
31.12.14	2.138	2.041
30.06.14	2.206	2.034
30.06.13	2.208	1.903
30.06.12	1.991	1.871
30.06.11	1.960	1.810
30.06.10	1.897	1.518

Past performance is not a guide to the future. The value of the shares and the income from them can go down as well as go up and you may not get back the amount originally invested.

RUFFER INVESTMENT COMPANY LIMITED

Investment Manager's Report

For the period from 1 July 2014 to 31 December 2014

In the six months from 1 July 2014 to 31 December 2014, the net asset value per share of the Company rose by +3.9% after allowing for the dividend of 1.7p paid during the period. The Company's share price performed better still (+6.8%) as the shares moved from a discount to a premium. The target return of twice the Bank of England base rate rose 0.5% over the period and by way of context the FTSE Allshare total return index fell by 0.4%.

It has been an eventful period in which markets have been disrupted by geopolitical events and an oil price in freefall. The UK 'survived' its referendum on Scottish independence (although the secondary implications will be long lasting); the Federal Reserve ended Quantitative Easing while the Bank of Japan increased its own QE initiative. In Europe (including the UK) politics became more fractional and the rise of fringe parties does not bode well for nimble political decision making in the foreseeable future.

Against this worrying backdrop the portfolio has performed reasonably well. Our aspiration is to be a steady ship regardless of what is going on in the world and the low level of volatility in the Company's Net Asset Value in recent months indicates that our protective positions have been in the right place. However, one is only as good as one's last crisis and the portfolio needs to evolve in order to deal with changing events in global markets. This is perhaps best illustrated in our option book. The profits in our volatility calls were crystallised in the 'flash crash' of October and have since been reinvested into interest rate swaptions to protect our long index-linked bond positions.

In the last 6 months the best performing assets in the Company's portfolio have been long-dated index-linked gilts, the US dollar (which is partly made up of US equities which also posted positive returns) and options. Japanese equities made a positive contribution when we allow for the currency hedge; the yen weakened by 7% against sterling over the last 6 months. This currency weakness has spurred on Japanese equities and by hedging out the currency risk we have ensured that our return has not been diluted.

The most surprising entry in that list for many people is the long dated index-linked gilts. The newspaper headlines report ever falling inflation rates in the western world and so how can it be that inflation linked bonds should do well? Linkers are more than an inflation 'bet'. There are two parts to an index-linked bond; the inflation promise by the government to protect the real value of your capital and income and the government bond element (ie you are lending to HM Treasury and will benefit from falling bond yields). It is the latter characteristic that has done well in the last 6 months and shows that not only should these investments do well when people are seeking shelter from an inflationary storm, but they also do well if people believe that interest rates are going to stay low. The common denominator is low real interest rates. Thus we have an investment that can potentially protect us from monetary instability be it inflationary or deflationary. It would be wishful thinking to believe that these bonds would do well in a 1930's style deflationary slump, but we feel that this risk is underwritten by central banks who are hard wired to fight against deflation. In this way we do not feel that the long term protective qualities of the linkers are eradicated by their recent strong performance; they are a beneficiary of falling real interest rates and that can either come about through lower nominal bond yields or rising inflation. However, it is possible in the short term that they will give back some of the recent strong performance and for that reason we have bought some interest rate swaption protection to offset this risk.

There have been some modest changes in the shape of the portfolio since the annual report on 30 June 2014. Having reduced our Japanese exposure earlier in the year to 16% on short term concerns around the consumption tax increase, we have now brought this position back to 20%. We have also taken some profits in our dollar exposure moving from 28% to 22%. As explained earlier, our option book performed well through October's market fall and we realised those gains. Positions were initiated in Citic Securities and China Life to benefit from the ongoing liberalisation of the Chinese stock market and they have got off to an excellent start. A 51% profit was banked in our holding in Wal-Mart which had benefited from the oil 'tax cut' for US consumers and we cut our losses in IBM (-16%) as the company has struggled in an environment of low capex and with the costs of countering the threat from cloud computing.

RUFFER INVESTMENT COMPANY LIMITED

Investment Manager's Report (continued)

The second half of 2014 has proved more rewarding for our shareholders than the first and with no let-up in the uncertainties facing the investment world in 2015 we remain fixated with our capital preservation objective. The portfolio's protective asset classes are as essential now as they ever have been and if their time in the sun is not upon us then we would expect the equity book to make us money while we wait. This is a strategy that has worked well for us over the years.

Ruffer AIFM Ltd
15 January 2015

RUFFER INVESTMENT COMPANY LIMITED

Top Ten Holdings

Investments	Currency	Holding at 31.12.14	Fair Value £	% of Total Net Assets
UK Index-Linked Gilt 1.25% 22/11/2055	GBP	7,200,000	18,583,891	5.72
UK Index-Linked Gilt 1.875% 22/11/2022	GBP	10,700,000	16,703,374	5.14
UK Index-Linked Gilt 0.375% 22/03/2062	GBP	8,000,000	13,899,512	4.28
US Treasury Inflation Indexed 0.625% Bond 15/07/2021	USD	19,350,000	13,238,808	4.08
US Treasury Inflation Indexed 0.125% Bond 15/01/2023	USD	19,000,000	12,121,055	3.73
US Treasury Inflation Indexed 0.375% Bond 15/07/2023	USD	17,000,000	10,998,421	3.39
US Treasury Inflation Indexed 1.125% Bond 15/01/2021	USD	15,000,000	10,847,783	3.34
UK Index-Linked Gilt 1.25% 22/11/2017	GBP	7,000,000	10,067,029	3.11
Gold Bullion Securities Ltd	USD	115,000	8,458,041	2.60
CF Ruffer Japanese Fund**	GBP	4,500,000	8,030,250	2.47

** CF Ruffer Japanese Fund is classed as a related party as it shares the same Investment Manager as the Company.

RUFFER INVESTMENT COMPANY LIMITED

Responsibility Statement

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of half-yearly financial reports has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”;
- the condensed set of half-yearly financial reports (including the Investment Manager’s Report) meets the requirements of an interim management report and includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure and Transparency Rules, being 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; and a description of principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board,

Ashe Windham
Chairman

25 February 2015

Christopher Spencer
Director

25 February 2015

RUFFER INVESTMENT COMPANY LIMITED

Independent Review Report

To the Members of Ruffer Investment Company Limited

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2014 which comprises the condensed statement of financial position, condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

MOORE STEPHENS

Chartered Accountants
Town Mills South
La Rue Du Pre
St Peter Port
Guernsey GY1 3HZ
25 February 2015

RUFFER INVESTMENT COMPANY LIMITED

Condensed Statement of Financial Position (Unaudited)

		(Unaudited) 31.12.14	(Audited) 30.06.14
	<i>Notes</i>	£	£
ASSETS			
Cash and cash equivalents		19,623,641	15,193,265
Derivative financial assets		221,082	850,868
Receivables		358,354	3,547,454
Investment assets at fair value through profit or loss		305,807,606	300,291,140
Total assets		326,010,683	319,882,727
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Management share capital	3	2	2
Net assets attributable to holders of redeemable participating preference shares		324,707,117	318,040,568
Total equity		324,707,119	318,040,570
LIABILITIES			
Payables		956,289	1,842,157
Derivative financial liability		347,275	-
Total liabilities		1,303,564	1,842,157
Total equity and liabilities		326,010,683	319,882,727
Net assets attributable to holders of redeemable participating preference shares (per share)		2.108	2.065

The financial statements on pages 9 to 18 were approved on 25 February 2015 and signed on behalf of the Board of Directors by:

Ashe Windham
Chairman

Christopher Spencer
Director

The notes on pages 13 to 18 form an integral part of the interim condensed financial statements.

RUFFER INVESTMENT COMPANY LIMITED

Condensed Statement of Comprehensive Income (Unaudited)

	01.07.2014 to		01.07.2013 to	
	31.12.2014		31.12.2013	
	Revenue	Capital	Total	Total
	£	£	£	£
Fixed interest income	496,778	-	496,778	456,684
Dividend income	1,485,428	-	1,485,428	2,018,880
Net changes in fair value on financial assets at fair value through profit or loss	-	8,190,975	8,190,975	(6,908,771)
Other gains	-	1,358,665	1,358,665	5,844,365
Total income	1,982,206	9,549,640	11,531,846	1,411,158
Management fees	-	(1,546,008)	(1,546,008)	(1,567,297)
Expenses	(415,943)	(105,623)	(521,566)	(452,853)
Total expenses	(415,943)	(1,651,631)	(2,067,574)	(2,020,150)
Profit/(loss) for the period before tax	1,566,263	7,898,009	9,464,272	(608,992)
Withholding tax	(179,495)	-	(179,495)	(264,244)
Profit/(loss) for the period after tax	1,386,768	7,898,009	9,284,777	(873,236)
Total comprehensive income/(expense) for the period	1,386,768	7,898,009	9,284,777	(873,236)
Basic and diluted earnings/(loss) per share *	0.90p	5.13p	6.03p	(0.58)p

*Basic and diluted earnings/(loss) per share are calculated by dividing the profit after taxation and increase in net assets attributable to holders of redeemable participating preference shares by the weighted average number of redeemable participating preference shares. The weighted average number of shares for the period was 154,013,416 (30.06.2014: 152,720,745).

The notes on pages 13 to 18 form an integral part of the interim condensed financial statements.

RUFFER INVESTMENT COMPANY LIMITED

Condensed Statement of Changes in Equity (Unaudited)

	Share capital	Distributable reserves	Total
	£	£	01.07.2014 to 31.12.2014
			£
Balance at 30 June 2014	124,887,120	193,153,448	318,040,568
Total comprehensive income for the period	-	9,284,777	9,284,777
Transactions with Shareholders:			
Distribution for the period	-	(2,618,228)	(2,618,228)
Balance at 31 December 2014	124,887,120	199,819,997	324,707,117

Net Assets attributable to holders of redeemable participating preference shares at the end of the period 324,707,117

	Share capital	Distributable reserves	Total
	£	£	01.07.2013 to 31.12.2013
			£
<i>Balance at 30 June 2013</i>	114,304,639	204,809,454	319,114,093
<i>Total comprehensive expense for the period</i>	-	(873,236)	(873,236)
<i>Transactions with Shareholders:</i>			
<i>Share capital issued</i>	8,280,375	-	8,280,375
<i>Share issue costs</i>	(82,804)	-	(82,804)
<i>Distribution for the period</i>	-	(2,584,228)	(2,584,228)
<i>Balance at 31 December 2013</i>	122,502,210	201,351,990	323,854,200

Net Assets attributable to holders of redeemable participating preference shares at the end of the period 323,854,200

Under The Companies (Guernsey) Law, 2008, the Company can distribute dividends from capital and revenue reserves, subject to a net asset and solvency test.

The notes on pages 13 to 18 form an integral part of the interim condensed financial statements.

RUFFER INVESTMENT COMPANY LIMITED

Condensed Statement of Cash Flows (Unaudited)

	01.07.2014 to 31.12.2014	01.07.2013 to 31.12.2013
	£	£
Cash flows from operating activities		
Purchase of financial assets at fair value through profit or loss	(104,105,046)	(52,665,215)
Proceeds from sale of financial assets at fair value through profit or loss (including realised gains)	108,621,661	40,538,165
Other receivables	(9,645)	(6,576)
Transaction costs paid to brokers	(105,623)	(97,866)
Fixed interest income received	521,481	425,534
Dividends received	1,441,919	2,112,175
Operating expenses paid	(1,651,869)	(1,898,893)
Foreign exchange gains	2,335,726	3,519,417
Cash generated/(used in) from operating activities	7,048,604	(8,073,259)
Cash flows from financing activities		
Dividends paid	(2,618,228)	(2,584,228)
Proceeds from issue of redeemable participating preference shares	-	8,605,725
Share issue costs	-	(86,057)
Net cash (used in)/generated from financing activities	(2,618,228)	5,935,440
Net increase/(decrease) in cash and cash equivalents	4,430,376	(2,137,819)
Cash and cash equivalents at beginning of the period	15,193,265	21,095,015
Cash and cash equivalents at end of the period	19,623,641	18,957,196

The notes on pages 13 to 18 form an integral part of the interim condensed financial statements.

RUFFER INVESTMENT COMPANY LIMITED

Notes to the Unaudited Interim Condensed Financial Statements

1. Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company's interim condensed financial statements.

Basis of preparation

The unaudited interim condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the Disclosure and Transparency Rules ("DTR's") of the UK's Financial Conduct Authority.

They have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss, and in accordance with the Principal Documents and applicable Guernsey Law.

This half-yearly financial report, covering the period from 1 July 2014 to 31 December 2014, is not audited.

In order to better reflect the activities of an investment company supplementary information which analyses the income statement between items of revenue and capital nature has been presented within the Condensed Statement of Comprehensive Income.

The same accounting policies and methods of computation have been applied to the interim condensed financial statements as in the annual financial report at 30 June 2014. The presentation of the interim condensed financial statements is consistent with the annual financial report.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2014. The Audit Report on those accounts was not qualified.

The preparation of the interim condensed financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Standards, amendments and interpretations that are not yet effective

The following standards and interpretations, which have not been applied in these financial statements, were in issue at the reporting date but not yet effective:

IFRS 9 - Financial instruments: Classification and measurement (effective date – 1 January 2018)

IAS 32 - Financial Instruments: Presentation (effective date – 1 January 2014)

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2018. This standard has not yet been adopted by the European Union.

The Board anticipate that the adoption of these standards and interpretations in a future period will not have a material impact on the financial statements of the Company, other than IFRS 9. The Company is currently evaluating the potential effect of this standard.

2. Dividends to shareholders

Dividends, if any, will be declared semi-annually usually in September and March each year. An interim dividend of 1.7p per share (£2,618,228) was approved on 25 September 2014 and paid on 24 October 2014, in respect of the period from 1 January 2014 until 30 June 2014. An interim dividend of 1.7p per share in respect of the half year ending 31 December 2014 was declared on 25 February 2015. The dividend is payable on 27 March 2015 to shareholders of record at 6 March 2015.

RUFFER INVESTMENT COMPANY LIMITED

Notes to the Unaudited Interim Condensed Financial Statements (continued)

3. Share capital account

	31.12.2014	30.06.14
	£	£
Authorised share capital		
100 Management Shares of £1.00 each	100	100
200,000,000 Unclassified Shares of 0.01p each	20,000	20,000
75,000,000 C Shares of 0.1p each	75,000	75,000
	95,100	95,100

	Number of shares		Share capital	
	31.12.2014	30.06.14	31.12.2014	30.06.14
			£	£
Issued share capital				
Management shares				
Management Shares of £1.00 each	2	2	2	2
Equity shares				
Redeemable Participating Preference Shares of 0.01p each:				
Balance at start of period/year	154,013,416	149,188,416	124,887,120	114,304,639
Issued during the period/year	-	4,825,000	-	10,689,375
Share issues costs written off	-	-	-	(106,894)
Balance as at end of period/year	154,013,416	154,013,416	124,887,120	124,887,120

Blocklisting and additional shares issued

At the start of the period, the Company had the ability to issue 14,081,342 redeemable participating shares under a blocklisting facility. During the period the Company made no (30.06.14: 3,464,820) further application to the Financial Conduct Authority and to the London Stock Exchange for redeemable participating preference shares of 0.01pence each to be admitted to the Official List under a general corporate purposes blocklisting facility. Under the blocklisting facility, no (31.12.13: 3,725,000) new redeemable participating preference shares of 0.01 pence each were allotted and issued during the period.

As at 31 December 2014, the Company had the ability to issue a further 14,081,342 redeemable participating preference shares under the blocklisting facility.

Redeemable participating preference shares in issue

As at 31 December 2014 the Company had 154,013,416 redeemable participating preference shares of 0.01 pence each and 2 Management shares of £1.00 each in issue. Therefore, the total voting rights in the Company at 31 December 2014 were 154,013,416.

Purchase of Own Shares by the Company

An ordinary resolution was granted on 19 November 2014 which authorised the Company in accordance with The Companies (Guernsey) Law, 2008 to make purchases of its own shares as defined in that Ordinance of its Participating Shares of 0.01 pence each, provided that:

- (i) the maximum number of Shares the Company can purchase is no more than 14.99% of the Company's issued share capital:

RUFFER INVESTMENT COMPANY LIMITED

Notes to the Unaudited Interim Condensed Financial Statements (continued)

3. Share capital account (continued)

Purchase of Own Shares by the Company (continued)

- (ii) the minimum price (exclusive of expenses) which may be paid for a Share is 0.01 pence, being the nominal value per share;
- (iii) the maximum price (exclusive of expenses) which may be paid for the Share is an amount equal to the higher of (i) 105 % of the average of the middle market quotations for a Share taken from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Share is purchased and (ii) the price stipulated in Article 5(i) of the Buy-back and Stabilisation Regulation (No 2237 of 2003);
- (iv) purchases may only be made pursuant to this authority if the Shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to the lower of the undiluted or diluted Net Asset Value;
- (v) the authority conferred shall expire at the conclusion of the Annual General Meeting (“AGM”) of the Company in 2015 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and
- (vi) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract.

4. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities.

Investment Management Agreement

The Company is managed by Ruffer AIFM Ltd, a subsidiary of Ruffer LLP, a privately owned business registered in England and Wales as a limited liability partnership. The Company and the Investment Manager have entered into an Investment Management Agreement under which the Investment Manager has been given responsibility for the day-to-day discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment objective and policy, subject to the overall supervision of the Directors and in accordance with the investment restrictions in the Investment Management Agreement and the Company's Articles of Association.

Due to the recent changes introduced by virtue of the Alternative Investment Fund Managers Directive (“AIFMD”), the Company terminated the Investment Management Agreement with Ruffer LLP and appointed Ruffer AIFM Limited (the “AIFM”) as the new Investment Manager with effect from 21 July 2014. The new Investment Manager is entitled to an investment management fee payable to the AIFM monthly in arrears at a rate of 1% of the Net Asset Value per annum. The AIFM is authorised and regulated by the United Kingdom Financial Conduct Authority as a full-scope alternative investment fund manager. Pursuant to the AIFMD and its implementing legislation, the AIFM is subject to a new supervisory regime, and new rules governing its portfolio and risk management activities.

The market value of CF Ruffer Japanese Fund, CF Ruffer Baker Steel Gold Fund and Ruffer Illiquid Strategies Fund of Funds 2009 Limited are deducted from the NAV of the Company before the calculation of management fees on a monthly basis. For additional information refer to the Portfolio Statement on pages 19 to 22.

During the period ended 31 December 2014, management fees of £1,546,008 (31.12.13: £1,567,297) were charged to the Company, of which £1,546,008 (31.12.13: £1,567,297) was charged to the capital reserves of the Company. The amount of £777,548 (30.06.14: £504,487) remained payable at the period/year end.

RUFFER INVESTMENT COMPANY LIMITED

Notes to the Unaudited Interim Condensed Financial Statements (continued)

4. Related party transactions (continued)

Shares held in the managing member of Ruffer LLP

As at 31 December 2014, an immediate family member of the Chairman Ashe Windham owned 100 (30.06.14: 100) shares in the Managing Member of the Ruffer LLP. This amounts to less than 5% (30.06.14: less than 5%) of the company's issued share capital.

Directors

The Company has six non-executive directors, all of whom except Wayne Bulpitt and Peter Luthy are independent of the Investment Manager.

Under the Corporate Governance Code Wayne Bulpitt and Peter Luthy are not considered to be independent by reason of being directors of Ruffer Illiquid Strategies Fund of Funds 2009 Limited and Ruffer Illiquid Strategies Fund of Funds 2011 Limited, two Guernsey registered investment companies managed by the Company's Investment Manager.

The Directors of the Company are remunerated for their services at such a rate as the Directors determine provided that the aggregate amount of such fees does not exceed £170,000 (30.06.14: £170,000) per annum.

Each Director was paid a fee of £25,000 (30.06.14: £25,000) per annum, except for the Chairman who was paid £35,000 (30.06.14: £35,000) per annum.

Total Directors' fees for the period, including the outstanding Directors' fees at the end of the period, are detailed below.

	01.07.2014 to 31.12.2014	01.07.2013 to 31.12.2013
	£	£
Directors' fees for the period	80,000	80,000
Payable at end of the period	40,000	40,000

Shares held by related parties

As at 31 December 2014, Directors of the Company held the following numbers of shares beneficially:-

	31.12.2014	30.06.14
	Shares	Shares
Ashe Windham*	80,000	80,000
Christopher Spencer	14,157	14,157
Jeannette Etherden	36,627	36,627
Peter Luthy**	120,000	120,000
Wayne Bulpitt	20,000	20,000

* Ashe Windham holds 63,500 shares whilst his wife holds 16,500.

** Peter Luthy holds these shares jointly with his wife.

As at 31 December 2014, Hamish Baillie, Investment Director of the Investment Manager owned 143,000 (30.06.14: 100,000) shares in the Company.

As at 31 December 2014, Steve Russell, Investment Director of the Investment Manager owned 6,450 (30.06.14: 6,450) shares in the Company.

As at 31 December 2014, the Investment Manager held 10,605,064 (30.06.2014: 9,651,004) shares on behalf of its discretionary clients in the Company.

Investments in related funds

As at 31 December 2014, the Company held investments in six (30.06.14: six) related investment funds valued at £25,346,595 (30.06.14: £26,042,209). Refer to the Portfolio Statement on pages 19 to 22 for details.

RUFFER INVESTMENT COMPANY LIMITED

Notes to the Unaudited Interim Condensed Financial Statements (continued)

5. Operating segment reporting

The Board of Directors makes the strategic resource allocations on behalf of the Company. The Company has determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

There were no changes in the reportable segments during the period.

As required by IFRS 8, the total fair value of the financial instruments held by the Company by each major geographical segment, and the equivalent percentages of the total value of the Company, are reported in the Portfolio Statement.

Revenue earned is reported separately on the face of the Condensed Statement of Comprehensive Income as dividend income received from equities, and interest income received from fixed interest securities and bank deposits.

The Condensed Statement of Cash Flows separately reports cash flows from operating, investing and financing activities.

6. Principle risks and uncertainties

In general terms these may be highlighted as including an unexpected and sharp appreciation of Sterling against the US Dollar and other currencies held in the portfolio. A sudden decline in inflation expectations or a prolonged period of outright deflation across developed economies could also have an adverse impact on the portfolio, as could a sudden rise in real interest rates in the UK or US. Other potential risks include a sharp fall in the price of gold and unexpected stock specific declines in the share prices of the portfolio's equity investments. Using mid market values equities currently constitute 48.0% of the Company's Net Asset Value, with no single exposure greater than 2.15%. The above risks could specifically affect, among other things, the Company's 22.1% in US Dollar denominated assets, 37.1% in government index-linked bonds and 3.8% in gold and gold equities.

7. NAV reconciliation

The Company announces its NAV, based on mid-market value, to the London Stock Exchange ("LSE") after each weekly and month end valuation point. The following is a reconciliation of the NAV per share attributable to redeemable participating preference shareholders as presented in these financial statements, using International Financial Reporting Standards to the NAV per share reported to the LSE:-

	31.12.2014	30.06.14
	£	£
NAV per share for valuation purposes	2.124	2.061
IAS 39 valuations (MID to BID)	(0.004)	(0.002)
Adjustment to valuation*	(0.012)	0.006
Net assets attributable to holders of redeemable participating preference shares (per share)	<u>2.108</u>	<u>2.065</u>

* These were adjustments to the valuation which had been overstated at 31 December 2014 (understated at 30 June 2014) as a result of administrative errors.

8. Subsequent events

These financial statements were approved for issuance by the Board on 25 February 2015. Subsequent events have been evaluated until this date.

Subsequent to the period end and up to the date of this report, the Company allotted and issued 100,000 redeemable participating preference shares of 0.01 pence under the blocklisting facility for a consideration of £221,000.

RUFFER INVESTMENT COMPANY LIMITED

Notes to the Unaudited Interim Condensed Financial Statements (continued)

8. Subsequent events (continued)

As at the date of this report the Company had 154,113,416 redeemable participating preference shares of 0.01p each and 2 Management shares of £1.00 each in issue. Therefore, the total voting rights in the Company at the date of this report were 154,113,418.

RUFFER INVESTMENT COMPANY LIMITED

Portfolio Statement (Unaudited)

	Currency	Holding at 31.12.14	Fair Value £	% of Total Net Assets*
Government Index-Linked Bonds 37.3%				
<i>(30.06.14 - 33.83%)</i>				
United Kingdom				
UK Index-Linked Gilt 1.25% 22/11/2017	GBP	7,000,000	10,067,029	3.11
UK Index-Linked Gilt 1.875% 22/11/2022	GBP	10,700,000	16,703,374	5.14
UK Index-Linked Gilt 1.25% 22/11/2055	GBP	7,200,000	18,583,891	5.72
UK Index-Linked Gilt 0.375% 22/03/2062	GBP	8,000,000	13,899,512	4.28
			59,253,806	18.25
United States				
US Treasury Inflation Indexed 1.125% Bond 15/01/2021	USD	15,000,000	10,847,783	3.34
US Treasury Inflation Indexed 0.625% Bond 15/07/2021	USD	19,350,000	13,238,808	4.08
US Treasury Inflation Indexed 0.125% Bond 15/01/2023	USD	19,000,000	12,121,055	3.73
US Treasury Inflation Indexed 0.375% Bond 15/07/2023	USD	17,000,000	10,998,421	3.39
US Treasury Inflation Indexed 2.125% Bond 15/02/2041	USD	8,600,000	7,808,195	2.40
US Treasury Inflation Indexed 0.625% Bond 15/02/2043	USD	11,000,000	6,850,040	2.11
			61,864,302	19.05
Total Government Indexed-Linked Bonds			121,118,108	37.30
Preference Shares 0.74%				
<i>(30.06.14 - 0.23%)</i>				
Germany				
Volkswagen	EUR	13,000	1,865,382	0.57
			1,865,382	0.57
United Kingdom				
Raven Russia Preference Shares	GBP	466,474	541,110	0.17
			541,110	0.17
Total Preference Shares			2,406,492	0.74
Equities 46.65%				
<i>(30.06.14 - 49.55%)</i>				
Europe				
France				
Rubis	EUR	22,242	813,934	0.25
			813,934	0.25
Germany				
Deutsche Wohnen	EUR	126,217	1,914,437	0.59
Heliocentris Energy Solutions AG	EUR	400,000	1,536,571	0.47
TAG Immobilien AG	EUR	283,782	2,114,188	0.65
			5,565,196	1.71

RUFFER INVESTMENT COMPANY LIMITED

Portfolio Statement (Unaudited) (continued)

	Currency	Holding at 31.12.14	Fair Value £	% of Total Net Assets*
Norway				
Aker	EUR	95,000	1,336,763	0.41
			1,336,763	0.41
United Kingdom				
Antofagasta Plc	GBP	400,000	3,008,000	0.93
Better Capital Ltd	GBP	1,727,800	1,511,825	0.47
Better Capital PCC Ltd	GBP	3,088,700	2,285,638	0.70
BP Plc	GBP	1,400,000	5,748,400	1.78
BT Group Plc	GBP	400,000	1,606,000	0.49
Cape Plc	GBP	850,000	2,044,250	0.63
Colt Group SA	GBP	645,225	843,309	0.26
Games Workshop Group Plc	GBP	250,000	1,262,500	0.39
Glencore Plc	GBP	675,000	2,016,225	0.62
ICAP Plc	GBP	340,000	1,538,160	0.47
IP Group Plc	GBP	454,546	927,274	0.29
Lloyds Banking Group Plc	GBP	3,956,300	2,999,667	0.92
Oakley Capital Investments Ltd	GBP	2,825,794	4,309,336	1.33
P2P Global Investments Plc	GBP	217,740	2,558,445	0.79
Raven Russia Ltd	GBP	1,738,494	821,438	0.25
Renn Universal Growth Trust Ltd	GBP	937,500	2,090,625	0.65
Seaenergy Plc	GBP	300,000	72,000	0.02
Secure Trust Bank Plc	GBP	48,345	1,346,892	0.41
The Royal Bank of Scotland Group Plc	GBP	688,400	2,710,919	0.83
Vodafone Group Plc	GBP	1,232,727	2,744,667	0.85
			42,445,570	13.08
Total European Equities			50,161,463	15.45
United States				
Aetna Inc	USD	32,500	1,851,515	0.57
Check Point Software Technologies Ltd	USD	41,500	2,089,572	0.65
Humana Inc	USD	41,982	3,867,164	1.19
Leucadia National Corp	USD	237,580	3,413,046	1.05
Lockheed Martin Corp	USD	55,000	6,792,946	2.09
Oracle Corp	USD	130,000	3,749,303	1.16
The Boeing Company	USD	41,362	3,446,900	1.06
Viacom Inc	USD	40,000	1,930,415	0.59
Total United States Equities			27,140,861	8.36
Asia				
China				
China Life Insurance Co Ltd	CNY	560,000	1,403,271	0.43
Citic Securities Co Ltd	CNY	670,000	1,612,422	0.50
Samsonite International SA	CNY	1,200,000	2,282,548	0.70
			5,298,241	1.63

RUFFER INVESTMENT COMPANY LIMITED

Portfolio Statement (Unaudited) (continued)

	Currency	Holding at 31.12.14	Fair Value £	% of Total Net Assets*
Asia (continued)				
Japan				
Aeon Co Ltd	JPY	227,700	1,478,039	0.46
Bridgestone Corp	JPY	77,000	1,729,085	0.53
CF Ruffer Japanese Fund**	GBP	4,500,000	8,030,250	2.47
East Japan Railway Company	JPY	30,000	1,463,683	0.45
Fujitsu Ltd	JPY	675,000	2,325,989	0.72
Japan Residential Investment Co Ltd	GBP	8,330,000	4,456,550	1.37
Mitsubishi Electric Corp	JPY	220,000	1,701,077	0.52
Mitsubishi UFJ Financial Group Inc	JPY	1,950,000	6,926,054	2.13
Mizuho Financial Group Inc	JPY	4,700,000	5,088,521	1.57
NTT Data Corp	JPY	200,000	4,819,567	1.48
NTT Urban Development Corp	JPY	419,000	2,738,851	0.84
Orix Corp	JPY	450,000	3,664,823	1.14
Resona Holdings Inc	JPY	1,080,000	3,534,406	1.09
Sumitomo Mitsui Financial Group Inc	JPY	300,000	7,019,931	2.16
T&D Holdings Inc	JPY	900,000	7,016,722	2.16
Yamato Holdings Co Ltd	JPY	155,000	1,985,316	0.61
			63,978,864	19.70
Singapore				
M1 Ltd	SGD	2,800,000	4,892,162	1.51
			4,892,162	1.51
Total Asian Equities			74,169,267	22.84
Total Equities			151,471,591	46.65
Investment Funds 4.81%				
<i>(30.06.14 - 5.14%)</i>				
United Kingdom				
Herald Worldwide Fund	GBP	64,341	1,808,614	0.56
Ruffer Illiquid Strategies Fund of Funds 2009 Ltd**	GBP	2,535,409	4,763,065	1.47
Ruffer SICAV Global Smaller Companies Fund**	GBP	45,129	5,715,530	1.75
Ruffer SICAV UK Mid & Smaller Companies Fund**	GBP	13,235	2,035,146	0.63
Weiss Korea Opportunity Fund Ltd	GBP	1,100,000	1,298,000	0.40
			15,620,355	4.81
Total Investment Funds			15,620,355	4.81

RUFFER INVESTMENT COMPANY LIMITED

Portfolio Statement (Unaudited) (continued)

	Currency	Holding at 31.12.14	Fair Value £	% of Total Net Assets*
Gold & Gold Mining Equities 3.84%				
<i>(30.06.14 - 4.85%)</i>				
United Kingdom				
CF Ruffer Baker Steel Gold Fund**	GBP	2,830,683	2,078,005	0.64
Gold Bullion Securities Ltd	USD	115,000	8,458,041	2.60
			10,536,046	3.24
Canada				
Barrick Gold Corp	CAD	280,000	1,930,415	0.60
			1,930,415	0.60
Total Gold & Gold Mining Equities			12,466,461	3.84
Options 0.84%				
<i>(30.06.14 - 0.82%)</i>				
United Kingdom				
Ruffer Protection Strategies International**	GBP	1,804,371	2,724,599	0.84
			2,724,599	0.84
Total financial assets at fair value through profit or loss			305,807,606	94.18
Other net current assets			18,899,513	5.82
Management share capital			(2)	-
Total Value of Company (attributable to redeemable participating preference shares)			324,707,117	100.00

* All percentages relate to net assets attributable to holders of redeemable participating preference shares

**Ruffer Illiquid Strategies Fund of Funds 2009 and Ruffer Protection Strategies International are classed as related parties as they share the same Investment Manager (Ruffer AIFM Ltd) as the Company. CF Ruffer Baker Steel Gold Fund, CF Ruffer Japanese Fund, Ruffer SICAV Global Smaller Companies Fund and Ruffer SICAV UK Mid & Smaller Companies Fund are also classed as related parties as their investment manager (Ruffer LLP) is the parent of the Company's Investment Manager.

RUFFER INVESTMENT COMPANY LIMITED

General Information

Ruffer Investment Company Limited was incorporated with limited liability in Guernsey as a company limited by shares and as an authorised closed-ended investment company on 1 June 2004. The objective of the Company is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England base rate by investing predominantly in internationally listed or quoted equities or equity related securities (including convertibles) and bonds which are issued by corporate issuers, supra-nationals or government organisations.

The Company's redeemable participating shares are listed on the London Stock Exchange.

The accounting date of the Company is 30 June in each year. These interim financial statements were authorised for issue on 25 February 2015 by the Directors.

The prices of the shares in the Company are published in The Financial Times in the "Investment Companies" section, and in the Daily Telegraph's "Share Prices & Market Capitalisations" section under "Investment Trusts".

It is the intention of the Investment Manager to conduct the affairs of the Company so as to ensure that it will not become resident in the United Kingdom. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom through a branch or agency situated therein, the Company will not be subject to United Kingdom Corporation Tax or Income Tax.

The Investment Manager receives an annual fee, payable monthly in arrears, at the rate of 1% per annum of the NAV of the Company on a mid market basis.

Due to the recent changes introduced by virtue of the Alternative Investment Fund Managers Directive ("AIFMD"), the Company terminated the Investment Management Agreement with Ruffer LLP and appointed Ruffer AIFM Limited (the "AIFM") as the new Investment Manager with effect from 21 July 2014. The new Investment Manager is entitled to an investment management fee payable to the AIFM monthly in arrears at a rate of 1% of the Net Asset Value per annum. The AIFM is authorised and regulated by the United Kingdom Financial Conduct Authority as a full-scope alternative investment fund manager. Pursuant to the AIFMD and its implementing legislation, the AIFM is subject to a new supervisory regime, and new rules governing its portfolio and risk management activities.

Also due to the changes introduced by virtue of the AIFMD, the Company and the Administrator have amended and restated the existing Administration Agreement to include the AIFM as a party in accordance with the terms of the Administration Agreement with effect from the 21 July 2014. The Administrator is entitled to receive an annual fee equal to 0.15% per annum on the first £100 million and 0.10% per annum thereafter on the NAV of the Company on a mid market basis, subject to a minimum fee of £60,000 per annum.

The Custodian is entitled to receive from the Company a fee of £2,000 per annum. The Custodian is also entitled to charge for certain expenses incurred by it in connection with its duties.

The Company entered into an agreement with Northern Trust (Guernsey) Limited for the provision of depository services with effect from 21 July 2014. The Depositary is entitled to an annual Depositary fee payable to Northern Trust (Guernsey) Limited monthly in arrears at a rate of 0.01% of the Net Asset Value of the Company below £100 million, 0.008% on Net Assets between £100 million and £200 million and 0.006% in excess of £200 million as at the last business day of the month subject to a minimum fee of £20,000 per annum.

RUFFER INVESTMENT COMPANY LIMITED

Management and Administration

Directors

Ashe Windham
Wayne Bulpitt
Jeannette Etherden
Peter Luthy
Christopher Spencer
John V Baldwin

Registered Office

PO Box 255,
Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey,
Channel Islands, GY1 3QL

Auditor

Lance Spurrier
Moore Stephens,
Town Mills South,
La Rue du Pre,
St. Peter Port,
Guernsey,
Channel Islands, GY1 3HZ

Investment Manager¹

Ruffer LLP,
80 Victoria Street,
London, SW1E 5JL

Sponsor and Broker

Cenkos Securities Plc,
6.7.8 Tokenhouse Yard,
London, EC2R 7AS

Solicitors to the Company as to UK law

Lawrence Graham LLP,
4 More London Riverside,
London, SE1 2AU

Investment Manager and Alternative Investment Fund Manager²

Ruffer AIFM Limited,
80 Victoria Street,
London, SW1E 5JL

Company Secretary, Administrator and Registrar

Northern Trust International
Fund Administration
Services
(Guernsey) Limited,
Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey,
Channel Islands, GY1 3QL

CREST Agent

Computershare Investor
Services (Jersey)
Limited,
Queensway House,
Hilgrove Street,
St. Helier,
Jersey, JE1 1ES

Advocates to the Company as to Guernsey law

Mourant Ozannes,
1 Le Marchant Street,
St. Peter Port,
Guernsey,
Channel Islands, GY1 4HP

Custodian

Northern Trust (Guernsey)
Limited,
Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey,
Channel Islands, GY1 3QL

Depository³

Northern Trust (Guernsey)
Limited,
Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey,
Channel Islands, GY1 3QL

1. Ruffer LLP resigned as Investment Manager on 21 July 2014.
2. Ruffer AIFM Limited was appointed as Investment Manager and Alternative Investment Fund Manager on 21 July 2014.
3. Northern Trust (Guernsey) Limited was appointed as Depository on 21 July 2014.