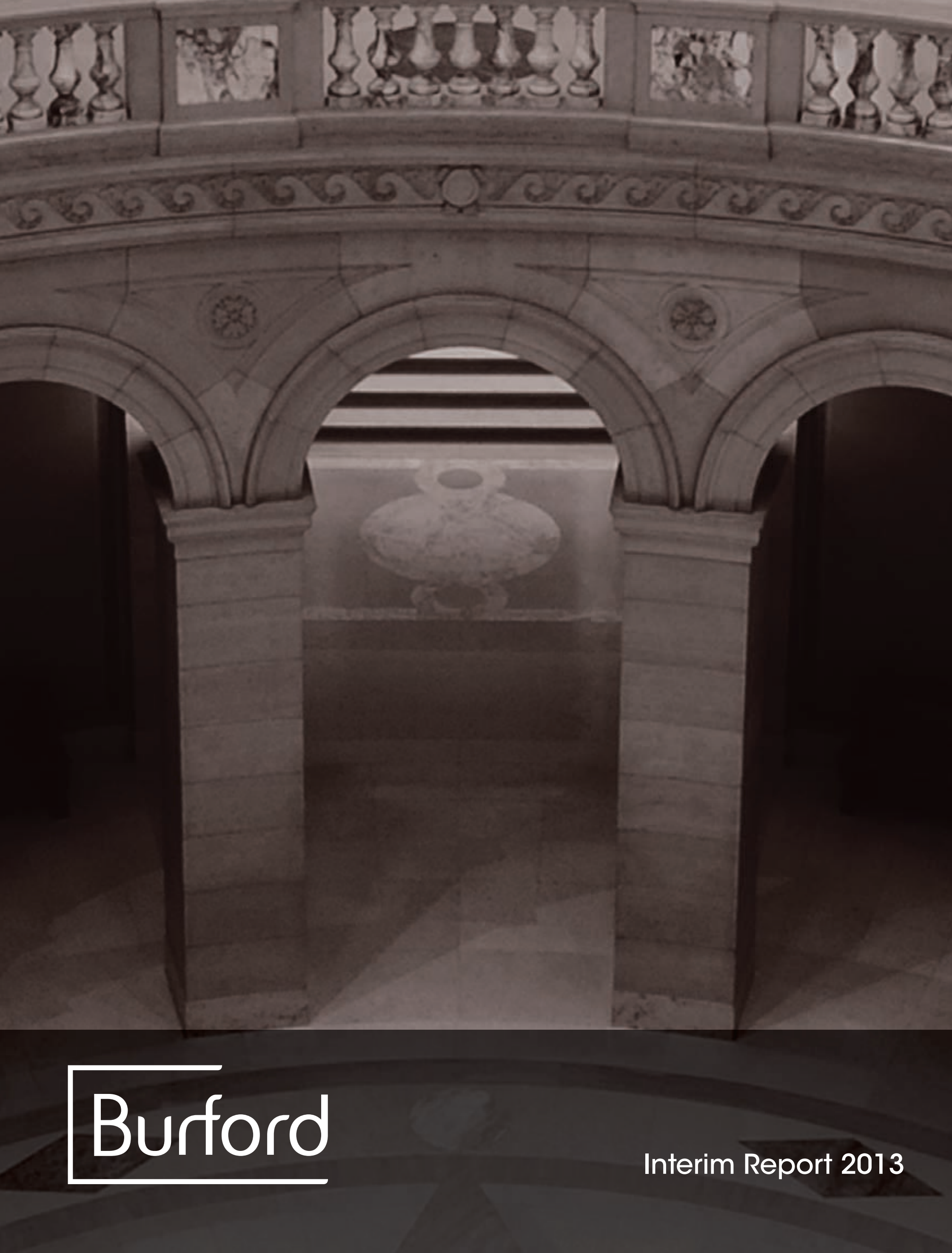

Burford

Interim Report 2013

About Burford Capital

Burford Capital is the world's largest provider of investment capital and risk solutions for litigation with the largest and most experienced dedicated team in the industry. Burford is publicly traded on the London Stock Exchange's AIM market under the ticker symbol BUR. Burford provides a broad range of corporate finance and insurance solutions to lawyers and clients engaged in significant litigation and arbitration around the world.

- A 65% increase in Burford's profit before tax for the period (excluding the accounting impact of the Burford UK acquisition, the 2012 Reorganisation and UK restructuring costs) to $9.7 million (June 2012: $5.9 million).
  - The large one-time non-cash charge resulting in an accounting loss for the period is as described in the 2012 accounts and has no cash or NAV impact on the Company.
- Burford's income for the six months was $19.5 million, a 41% increase on prior year (June 2012: $13.8 million). The increase reflects:
  - an 86% increase in income from the litigation portfolio amid continuing increases in activity levels;
  - a 58% increase in income from the UK insurance business.
- Cash receipts from the litigation portfolio increased more than seven-fold as compared to the same period last year.
- Significant levels of activity in the UK business in the months leading up to the implementation of the Jackson reforms, with more than $150 million in new business exposure written in the first half – more than in all of 2011 and 2012 combined.
- Since inception through 30 June 2013, 25 investments have generated $128 million in gross investment recoveries and $40 million net of invested capital, producing a 46% return on invested capital.
- Burford continued to see significant volumes of market activity and continued to deploy capital in new investments as well as managing its substantial portfolio of existing investments.

Profit before tax increase

65%

Burford's profit before tax for the first six months of 2013 (excluding the accounting impact of the Burford UK acquisition, the 2012 Reorganisation and UK restructuring costs) was $9.7 million, a 65% increase over the same period in 2012 ($5.9 million).

New UK litigation insurance

$150m

Burford experienced significant levels of activity in the UK business, with more than $150 million in new business exposure written during the first six months of 2013 – more than in all of 2011 and 2012.

Income increase

41%

Burford's income for the first six months of 2013 was $19.5 million, a 41% increase over the same period in 2012 ($13.8 million).

Cash receipts increase

7x

Cash receipts from the litigation portfolio increased more than seven-fold as compared to the same period in 2012.

Full unaudited IFRS consolidated financial statements can be found in the following pages and a summary is set out below. The figures for taxation and profit after tax exclude the impact of the Burford UK acquisition, the 2012 Reorganisation and the one-off UK Restructuring costs and are shown to assist in understanding of the underlying performance of the Company. All other figures presented are derived directly from the unaudited consolidated financial statements.

(US$'000)	30 June 2013	30 June 2012	% change
Litigation-related investment income	10,096	5,421	
Insurance-related income	10,207	6,448	
Other income	(818)	1,926	
Total income	**19,485**	13,795	**41%**
Operating expenses – corporate and investment	(6,687)	(6,255)	
Operating expenses – insurance	(3,127)	(1,665)	
Profit before tax and the impacts relating to the Burford UK acquisition, the 2012 Reorganisation and UK Restructuring costs	**9,671**	5,875	**65%**
Taxation*	(1,303)	(1,075)	
Profit after tax**	**8,368**	4,800	**74%**

* Taxation does not include deferred taxation credit on amortisation of embedded value intangible asset.

** This is profit after tax excluding the impact of the Burford UK acquisition, the 2012 Reorganisation, and UK Restructuring costs, which are included in the Consolidated Statement of Comprehensive Income on page 08.


Sir Peter Middleton


Christopher Bogart


Jonathan Molot

The first half of 2013 was a busy and successful time for Burford. The investment portfolio continued to mature and provide cash returns. We enjoyed a significant level of activity in the UK. We increased the dividend by 30%, paying out almost $10 million to Shareholders in May. The share price has increased significantly since the beginning of the year.

Burford has also been actively making the transition from its old investment fund structure to being a new perpetual finance company. The final step of our reorganisation was the overwhelming approval of our Shareholders at May's AGM; we are grateful for your support. In these accounts, Shareholders will notice our move away from NAV per share given that we have shed our fund structure, along with the large non-cash charge associated with the reorganisation as required by IFRS. That charge won't recur after this year and has no practical impact on the Company. We explained all of these issues at length in our 2012 Annual Report and refer readers there for more information. The new Burford is already enjoying its greater flexibility and ability to adapt to market conditions. We will continue to write about the Company's capital structure going forward, but a first step will be our goal of completing this year the contingent preferred share issue we have been discussing for some time.

It is only a few months since the release of our comprehensive review of the business in our Annual Report and in keeping with our custom this shorter Interim Report will simply address developments in the business without repeating the material in the Annual Report.

Burford UK

We have completed the successful integration of Burford UK (formerly known as Firstassist), the UK legal expenses insurer purchased in 2012. Our approach to the UK market is now a comprehensive one; a single team offers a suite of insurance and litigation finance products on a fully integrated basis. Our offerings are now entirely under the Burford brand; we no longer use the Firstassist name. We have an experienced team in place, with Andrew Langhoff, our Chief Operating Officer and Chief Executive of Burford UK, resident in London and Ross Clark, a long-time senior Firstassist executive, serving as Chief Investment Officer for all UK litigation risk, be it insurance or funding. The business is well positioned to exploit a broad range of attractive market opportunities and to be nimble and responsive to client demand in the rapidly evolving UK legal landscape following the implementation of the Jackson reforms in April 2013.

While we are excited about the future, we are delighted with the performance during the first half of the year. As lawyers rushed to pursue claims before the April implementation of the Jackson reforms, we saw an unprecedented level of demand for our insurance products. In turn we devoted enormous resources to meeting that demand, including adding resources from our US-based team to assist our UK team. Our scale and market-focused approach proved invaluable and unlike many other market participants who simply were not able to process the demand, we were able to keep up while maintaining our quality and underwriting standards.

The result was that we wrote more than $150 million in new business exposure in the first quarter – more business than Firstassist had written in all of 2011 and 2012 combined. Because of the conditional and deferred nature of our litigation expenses insurance products, it is too soon to tell how much that potential exposure will convert into actual premiums, which will turn into income for the Group over the next few years as cases settle, but it seems clear that the former Firstassist will exceed our expectations and that we have a

"We are very pleased with Burford's progress. The UK business has performed strongly and has substantially exceeded expectations, and its recent activity has set the stage for years of profits. The core investment portfolio is showing solid performance and increasing levels of activity. The business is maturing well and we are grateful for Shareholder support of the reorganisation and the conversion to an operating business. We look forward to a successful second half of 2013."

Sir Peter Middleton GCB, Chairman

valuable annuity in hand. It is worth noting that the UK litigation insurance segment contributed a further $10.2 million in income and $5.9 million in profit before tax in the first six months of 2013.

While our focus on meeting the demand for insurance products caused us to de-emphasise litigation funding in the UK for a time, we're also happy to report that our UK funding business is proceeding nicely, with strong demand for capital and some early success. Indeed, we saw our first resolution of a UK funding matter in the second quarter, with a return of more than 100% in less than a year. We also completed a law firm financing transaction, a market innovation.

We also engaged in a restructuring of the UK business in the second quarter to reduce our headcount and expense base, whilst seeking to improve our skills mix. This restructuring was a necessary consequence in light of the changes we expect from the Jackson reforms and it was, in our view, important to act quickly to maximise the value of our "annuity" once those reforms took effect. (The interim accounts presented in this report include a one-time provision for this restructuring, which will pay for itself in the next year in cost savings.) Going forward, we are happy to add resources to address demand, but we wanted to start from an appropriately lean and efficient platform.

It is too early to tell what the real impact of the Jackson reforms will be on UK litigation generally, let alone litigation finance and insurance. The court system is still dealing with the enormous bulge of pre-Jackson filings while the Jackson era remains uncertain. Our very early experience is consistent with our prior assessment – that there remains demand for insurance coverage in larger commercial matters and that the demand for various financing products has increased. However, more time is needed for the new reality to come into sharper focus. Whatever happens, it certainly feels as though there is strong market demand for Burford's products and solutions, and for the presence of a substantial and professional player in the market.

Finally, we have noted before that it sometimes makes sense for us to collaborate with a partner to obtain specialised expertise rather than doing everything organically. Patent litigation is one such area we have previously identified as falling into that category. UK insolvency finance is another, and thus we were pleased to announce in July 2013 a small investment in and strategic relationship with Manolete Partners, an insolvency-financing specialist also backed by Jon Moulton, a leading UK private equity investor.

Investment portfolio

Consistent with our prior commentary about the litigation investment portfolio, we are continuing to see activity in the portfolio as matters mature. Our profits from the portfolio are up significantly over the same period last year (an increase from $5.4 million in portfolio income in 2012 to $10.1 million in 2013), as are our cash inflows, with $21.6 million of cash proceeds in 2013 versus $2.5 million in 2012, representing an increase of 764%.

Continuing our non-IFRS reporting on portfolio activity and progress:

> Since inception through 30 June 2013, 25 investments have generated $128 million in gross investment recoveries* and $40 million net of invested capital, producing a 46% return on invested capital. Comparatively, through 30 June 2012, only 12 investments had generated $61 million in gross investment recoveries and $20 million net of invested

* Investment recoveries and pending investment recoveries are non-IFRS terms defined in footnotes 1 and 2 to the Burford 2012 Annual Report.

"The first half of 2013 was a busy and successful time for Burford. The investment portfolio continued to mature and provide cash returns. We enjoyed a significant level of activity in the UK."

Christopher Bogart, Chief Executive Officer

capital, demonstrating the degree of portfolio acceleration.

At 30 June 2013, Burford had an additional $41 million in gross pending investment recoveries across eight investments and $15 million net of invested capital, for a 57% return on invested capital.

We are maintaining our portfolio approach to litigation investing and we do not propose to comment on individual investments, other than annually to provide some commentary on investments that are entirely concluded. In this Interim Report, we restrict ourselves to aggregate information.

Commitments
Since inception, Burford has committed $386 million of capital to 51 investments:

	Commitment amount ($ million)	Number of investments
Short duration portfolio	65	13
Core portfolio	235	33
Special situations portfolio	27	3
Other investments*	59	2
Total	386	51

At 30 June 2013, Burford's current commitments were as follows:

	Commitment amount ($ million)	Number of investments
Short duration portfolio	27	5
Core portfolio	172	21
Special situations portfolio	8	1
Other investments*	59	2
Total	266	29

* Includes Burford UK and the litigation portfolio financing

The portfolio is behaving in line with our expectations. As matters progress through the litigation process, some settle and we receive our return from those settlements, sometimes rapidly and sometimes over time. Some of those settlements exceed our expectations, in timing, quantum or both, and some disappoint (while still providing a return – we have never lost money on a settled investment), but overall they produce desirable returns.

While many matters settle, some do not. By definition, a settlement requires a claimant to accept less than it is claiming and typically less than it believes it could recover through a trial or arbitration, and while many claimants are willing to accept that discount in exchange for certainty and risk avoidance, some are not. Thus, the portion of the portfolio that does not settle also behaves consistently with our expectations: some matters win and produce results that are in excess of their settlement values, and some matters disappoint, either by producing lower results or outright losses. And when there is a win, there may well be a further component of time and activity, including appeals and judgement enforcement activity.

That is exactly what has happened in the portfolio in the six months to 30 June. More than a dozen matters had some sort of economic activity, although in many cases less than a complete resolution (for example, one party settling but another continuing to litigate). Some settled, some had a win that increased their value and some disappointed. But the important point is that the aggregate performance was solidly positive and considerably more active than a year ago. (It is important to remember that there is some seasonality in this business, with more activity occurring in the second half and especially the fourth quarter of the year. December is historically our busiest month.)

"We now have a large, well-diversified and active investment portfolio that is increasingly providing net positive results and cash flow. We look forward to its continued development."

Jonathan Molot, Chief Investment Officer

In summary, Burford now has a large, well-diversified and active investment portfolio that is increasingly providing net positive results and cash flow, and we continue to make new investments to add to that portfolio. We look forward to the continued development of the investment portfolio.

Other financial comments

A couple of other items on the financial statements deserve attention.

We show a small loss on the income statement for our cash management investments as opposed to the usual small profit. This is a consequence of the broad declines in value experienced by fixed income funds late in the second quarter. Because we mark those funds to market, we have booked an unrealised loss at 30 June, although we in fact realised cash profits from our cash management of more than $1 million in the period. See note 9 to the financial statements for more information. And, of course, the foreign exchange loss we show is entirely non-cash.

As discussed extensively in our 2012 Annual Report, the accounting for the 2012 Reorganisation included a large non-cash charge in 2013 pursuant to IFRS 2. This charge is explained in detail in note 7 of the current financial statements, has no impact on net assets and will not recur.

We are very pleased with Burford's progress. The UK business has performed strongly and has substantially exceeded expectations, and its recent activity has set the stage for years of profits. The core investment portfolio is showing solid performance and increasing levels of activity. The business is maturing well and we are grateful for Shareholder support of the reorganisation and the conversion to an operating business. We look forward to a successful second half of 2013.

Sir Peter Middleton GCB
Chairman

Christopher Bogart
Chief Executive Officer

Jonathan Molot
Chief Investment Officer

16 September 2013

Messrs. Bogart and Molot, like all of Burford's people other than our four directors, are employees and officers of subsidiaries of Burford Capital Limited.

Introduction

We have been engaged by Burford Capital Limited to review the condensed set of financial statements in the Interim Report for the six months ended 30 June 2013 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 20. We have read the other information contained in the Interim 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 guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with International Accounting Standard 34, "Interim Financial Reporting".

As disclosed in note 1, the annual financial statements of the Company will be prepared in accordance with IFRS. The condensed set of financial statements included in this Interim 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 Interim 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 enquiries, 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 Interim Report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Ernst & Young LLP
Guernsey, Channel Islands

16 September 2013

Notes:
1 The maintenance and integrity of the Burford Capital Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2 Legislation in Guernsey governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Consolidated Statement of Comprehensive Income

for the period ended 30 June 2013

	Notes 2	1 January 2013 to 30 June 2013 $'000	1 January 2012 to 30 June 2012 As restated $'000
Income			
Net gains on litigation-related investments	10	6,749	2,887
Insurance-related income		10,207	6,448
Interest and other income from litigation-related activities	12	3,347	2,534
Net (losses)/gains on cash management investments at fair value through profit or loss	9	(403)	2,168
Net losses on foreign exchange		(415)	(242)
Total income		19,485	13,795
Operating expenses		(9,814)	(7,920)
Profit before tax and the impacts relating to the Burford UK acquisition, the 2012 Reorganisation and UK Restructuring costs		9,671	5,875
Non-cash, non-NAV charge associated with the 2012 Reorganisation	7	(26,539)	–
Reorganisation advisory fees		(619)	–
UK Restructuring costs	14	(1,148)	–
Non-recurring Burford UK acquisition impacts	5	–	4,119
Amortisation of embedded value intangible asset arising on Burford UK acquisition	6	(5,927)	(5,508)
(Loss)/profit for the period before taxation		(24,562)	4,486
Taxation	4	(1,303)	(1,075)
Deferred tax credit on amortisation of embedded value intangible asset	4	1,482	1,377
Total taxation		179	302
(Loss)/profit for the period after taxation		(24,383)	4,788
Attributable to non-controlling interests		–	(155)
Attributable to controlling interests		(24,383)	4,943
		(24,383)	4,788
Other comprehensive income			
Exchange differences on translation of foreign operations on consolidation		(2,040)	(44)
Total comprehensive income for the period that may be reclassified to the income statement		(26,423)	4,744
Attributable to non-controlling interests		–	(155)
Attributable to controlling interests		(26,423)	4,899
		Cents	Cents
Basic and diluted profit per ordinary share	16	(11.92)	2.75
Basic and diluted comprehensive income per ordinary share	16	(12.92)	2.72

The notes on pages 12 to 28 form an integral part of these consolidated financial statements.

as at 30 June 2013

	Notes 2	30 June 2013 $'000	31 December 2012 $'000	30 June 2012 As restated $'000
Assets				
Non-current assets				
Embedded value intangible asset	6	13,956	21,196	25,919
Tangible assets		463	565	245
Litigation-related investments	10	161,226	159,749	149,109
Litigation portfolio financing	11	30,000	30,000	30,000
Due from settlement of litigation-related investments	12	42,406	28,482	17,572
		248,051	239,992	222,845
Current assets				
Cash management investments at fair value through profit or loss	9	40,979	50,790	60,326
Due from settlement of litigation-related investments	12	5,886	15,358	10,907
Due from sales of cash management investments at fair value through profit or loss		–	–	10,011
Receivables and prepayments	13	11,496	13,311	11,228
Cash and cash equivalents		27,263	25,559	13,509
		85,624	105,018	105,981
Total assets		333,675	345,010	328,826
Liabilities				
Current liabilities				
Payables	14	6,795	6,312	2,660
Current tax payable		1,269	1,503	1,581
		8,064	7,815	4,241
Non-current liabilities				
Deferred consideration (Burford UK acquisition)		–	–	10,372
Deferred tax payable	4	3,312	5,087	6,493
		3,312	5,087	16,865
Total liabilities		11,376	12,902	21,106
Total net assets		322,299	332,108	307,720
Represented by:				
Share capital	15	328,749	302,210	290,376
Reserves		(6,450)	29,898	17,207
Equity attributable to owners of parent		322,299	332,108	307,583
Non-controlling interests		–	–	137
Total equity shareholders' funds		322,299	332,108	307,720

The notes on pages 12 to 28 form an integral part of these consolidated financial statements.

The financial statements on pages 8 to 28 were approved by the Board of Directors on 16 September 2013 and were signed on its behalf by:

Charles Parkinson
Director

16 September 2013

Consolidated Statement of Cash Flows

for the period ended 30 June 2013

	Notes	1 January 2013 to 30 June 2013 $'000	1 January 2012 to 30 June 2012 As restated $'000
Cash flows from operating activities			
(Loss)/profit for the period before tax		(24,562)	4,486
Adjusted for:			
Fair value change on cash management investments at fair value through profit or loss		1,596	1,128
Fair value change on litigation-related investments		(6,601)	(156)
Realised gains on disposal of cash management investments at fair value through profit or loss		(902)	(2,798)
Realised gains on realisation of litigation-related investments		(148)	(2,731)
Non-cash, non-NAV charge associated with the 2012 Reorganisation	2	26,539	–
Amortisation of embedded value intangible asset		5,927	5,508
Non-recurring Burford UK acquisition impacts		–	(6,247)
Depreciation of tangible fixed assets		163	21
Effect of exchange rate changes on cash and cash equivalents		(902)	–
		1,110	(789)
Changes in working capital			
Decrease in receivables		1,815	5,306
Decrease in payables		(89)	(2,874)
Taxation paid		(1,537)	(823)
Net proceeds from disposal of cash management investments at fair value through profit or loss		9,117	65,884
Purchase of litigation-related investments		(20,310)	(38,777)
Proceeds from litigation-related investments		21,599	2,513
Net cash inflow from operating activities		11,705	30,440
Cash flows from financing activities			
Dividend paid		(9,925)	(6,588)
Net cash outflow from financing activities		(9,925)	(6,588)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		–	(19,245)
Purchases of tangible fixed assets		(76)	–
Net cash outflow from investing activities		(76)	(19,245)
Net increase in cash and cash equivalents		1,704	4,607
Reconciliation of net cash flow to movements in cash and cash equivalents			
Cash and cash equivalents at beginning of period		25,559	8,902
Increase in cash and cash equivalents		1,704	4,607
Cash and cash equivalents at end of period		27,263	13,509

The notes on pages 12 to 28 form an integral part of these consolidated financial statements.

for the period to 30 June 2013

30 June 2013

	Share capital $'000	Revenue reserve $'000	Foreign currency consolidation reserve $'000	Total $'000
At 1 January 2013	302,210	29,771	127	332,108
Loss for the period	–	(24,383)	–	(24,383)
Other comprehensive income	–	–	(2,040)	(2,040)
Dividends paid	–	(9,925)	–	(9,925)
Issue of share capital	26,539	–	–	26,539
Balance at 30 June 2013	328,749	(4,537)	(1,913)	322,299

30 June 2012
As restated (note 2)

	Share capital $'000	Revenue reserve $'000	Available-for-sale reserve $'000	Foreign currency consolidation reserve $'000	Non-controlling interest $'000	Total $'000
At 1 January 2012	290,376	10,799	8,097	–	–	309,272
Transfer on adoption of IFRS 9	–	8,097	(8,097)	–	–	–
Profit/(loss) for the period	–	4,943	–	–	(155)	4,788
Other comprehensive income	–	–		(44)	–	(44)
Dividends paid	–	(6,588)	–	–	–	(6,588)
Adjustment arising from change in non-controlling interest on acquisition	–	–	–	–	292	292
Balance at 30 June 2012	290,376	17,251	–	(44)	137	307,720

The notes on pages 12 to 28 form an integral part of these consolidated financial statements.

1 Legal form and principal activity

Burford Capital Limited (the "Company") and its subsidiaries (the "Subsidiaries") (together the "Group") provide investment capital, financing and risk solutions with a focus on the litigation and arbitration sector and following the acquisition of Firstassist Legal Group Holdings Limited ("Firstassist") on 29 February 2012, the provision of litigation insurance. Firstassist changed its name to Burford Capital Holdings (UK) Limited ("Burford UK") on 25 January 2013.

The Company was incorporated under The Companies (Guernsey) Law, 2008 (the "Law") on 11 September 2009. Shares in the Company were admitted to trading on AIM, a market operated by the London Stock Exchange, on 21 October 2009.

These financial statements cover the period from 1 January 2013 to 30 June 2013.

2 Principal accounting policies

There have been no changes to the Group's principal risks and uncertainties in the six-month period ended 30 June 2013 and the Board does not anticipate any changes to the principal risks and uncertainties in the second half of the year.

These consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". These financial statements do not contain all the information and disclosures as presented in the annual financial statements. The consolidated condensed interim financial statements are presented in United States Dollars and are rounded to the nearest $'000 unless otherwise indicated.

New standards, interpretations and amendments

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 31 December 2012, except for the changes outlined below effective as of 1 January 2013.

Following the issue of IFRS 13 "Fair Value Measurement", which establishes a framework for measuring fair value and associated disclosures, the Group has adopted the disclosure requirements in respect of financial instruments in the notes to these condensed consolidated financial statements. Financial assets and financial liabilities measured at fair value continue to be valued using the techniques set out in the accounting policies used in the 2012 Annual Report. These changes had no significant impact on the measurement of the Group's assets and liabilities. The IFRS 13 disclosures required by IAS 34 are given in note 18.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the interim condensed consolidated financial statements of the Group.

2 Principal accounting policies continued

Basis of consolidation

The consolidated financial statements comprise the financial statements of Burford Capital Limited and the Subsidiaries. All the Subsidiaries are consolidated in full from the date of acquisition.

All intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full.

The Subsidiaries' accounting policies and financial year end are consistent with those of the Company.

Restatement of comparatives: early adoption of IFRS 9, Financial Instruments

The Group adopted IFRS 9 Financial Instruments (2010) ("IFRS 9") with a date of initial application of 1 January 2012. IFRS 9 is required to be adopted by 1 January 2015; the Group elected to adopt it early, with AIM's consent, to achieve reporting consistency between unrealised and realised gains and losses that was not available under the previous accounting policy.

The decision to early adopt IFRS 9 with a date of initial application of 1 January 2012 was taken after the interim financial statements for the period ended 30 June 2012 had been published. Therefore the comparative numbers for the period ended 30 June 2012 have been restated to reflect the early adoption. As a consequence of the change, due diligence and closing costs capitalised as part of the investment cost have been expensed in the income statement.

The total net assets at 30 June 2012 have been restated to $307,720,000, which is a reduction of $187,000 on the net assets of $307,907,000 per the 2012 interim financial statements.

3 Material agreements

Investment Adviser Agreement

Following the acquisition of the Investment Adviser under the 2012 Reorganisation (see Note 7), the Investment Adviser Agreement was terminated at the end of 2012. Details of the Investment Adviser Agreement were disclosed in the 2012 Annual Report.

Administration fee

Under the terms of an administration agreement dated 15 October 2009 between the Company and International Administration Group (Guernsey) Limited (the "Administrator"), as amended, effective 1 January 2011, the Administrator is entitled to receive an annual fee payable quarterly in advance, and further annual fees for the administration of each of the Subsidiaries expected to total approximately $400,000 per annum.

Cash management arrangements

The Company retained Potomac River Capital LLC ("Potomac") to provide treasury management services and to perform investment services with respect to the Company's surplus cash pending investment. No fees are payable other than fees embedded in the underlying investments made by Potomac.

4 Taxation

The Company is exempt from tax in Guernsey. In certain cases, a Subsidiary of the Company may elect to make use of investment structures that are subject to income tax in a country related to the investment. Burford UK and its Subsidiaries (see note 5) are subject to UK taxation based on profits and income for the period as determined in accordance with relevant tax legislation.

All material tax arising in the current period arose in Burford UK and comprises current taxation of $1,225,000 (30 June 2012: $1,075,000) and a deferred tax credit of $1,482,000 (30 June 2012: $1,377,000) relating to the amortisation of the intangible asset.

	30 June 2013 $'000	31 December 2012 $'000	30 June 2012 $'000
Deferred tax liability at start of period	5,087	–	–
Deferred taxation on embedded value intangible asset	–	7,968	7,968
Tax released on amortisation of embedded value intangible asset	(1,482)	(2,979)	(1,377)
Deferred tax – Burford UK	21	–	–
Foreign exchange adjustment	(314)	98	(98)
Deferred tax liability at end of period	3,312	5,087	6,493

5 Acquisition of subsidiary

On 29 February 2012, the Company acquired Burford UK (formerly known as Firstassist) and its Subsidiaries. Burford UK's principal activity is the provision of litigation insurance. Burford UK is regulated by the FCA (formerly known as the FSA) as an insurance intermediary. The Company originally acquired 100% of Burford UK's preferred ordinary shares and 87.5% of Burford UK's ordinary shares. The remaining 12.5% ordinary shares were acquired on 21 December 2012. The acquisition enables expansion into the UK market through an existing profitable business and the Group also gains the services of a leading team to pursue litigation finance in addition to the insurance business acquired.

Burford UK contributed $10,207,000 total income and an after tax profit of $4,707,000 to the Group during the period, before deduction of $4,445,000 in respect of non-cash amortisation of the embedded value intangible asset less associated deferred tax credit.

The net non-recurring gain of $4,119,000 associated with the Burford UK acquisition recorded in the 30 June 2012 Consolidated Statement of Comprehensive Income is broken down below:

	30 June 2012 $'000
Bargain purchase gain arising on Burford UK acquisition	6,247
Burford UK acquisition costs – non-recurring	(2,026)
Amortisation of discount on future Burford UK contingent deferred consideration	(102)
	4,119

As a result of the acquisition the Group has additional exposure to currency risk as Burford UK conducts its operations in Sterling.

5 Acquisition of subsidiary continued

Like the Company, Burford UK's business is centred around litigation activity and the assessment of litigation risk and thus the substantive risks set forth previously for the Group generally apply to Burford UK as well. The principal additional risks unique to Burford UK are (i) that Burford UK obtains insurance capacity through an arrangement with Great Lakes Reinsurance (UK) Plc (a wholly owned subsidiary of MunichRe) and thus is dependent on the continuation of that arrangement and the ongoing solvency of Great Lakes (which is currently rated A+ by AM Best and AA- by S&P) and (ii) that the implementation of the recently passed Legal Aid, Sentencing and Prosecution of Offenders Act will reduce the demand for Burford UK's current product offerings.

6 Embedded value intangible asset

	30 June 2013 $'000	31 December 2012 $'000	30 June 2012 $'000
At 1 January	21,196	–	–
Additions – Burford UK	–	31,874	31,874
Amortisation	(5,927)	(11,079)	(5,508)
Exchange difference on retranslation	(1,313)	401	(447)
At 30 June/31 December	13,956	21,196	25,919

Burford UK was acquired on 29 February 2012. The intangible asset represents the value of Burford UK's book of business at the date of acquisition, it has an estimated useful life extending to 2016 and is being amortised in accordance with the expected maturity of the business.

7 Non-cash, non-NAV charge associated with the 2012 Reorganisation

On 21 November 2012, the Company entered into a Reorganisation transaction (the "2012 Reorganisation") the ultimate effect of which was to internalise the management of the Company and acquire the Investment Adviser. The consideration for the acquisition was 24,545,454 shares of the Company's stock. The Reorganisation was completed on 12 December 2012, and the Company issued the aforementioned shares on that date to the Investment Adviser's principals, Christopher Bogart and Jonathan Molot. As a result of the Reorganisation, the Company has, inter alia, become the owner of Burford Capital LLC, the US operating entity that employs what are now the Company's US employees and which has built a substantial market-leading position in the litigation finance market, and the Company is also no longer obliged to make payments of management and performance fees to the Investment Adviser.

The legal form of the Reorganisation transaction was a reverse triangular merger pursuant to section 351 of the US Internal Revenue Code whereby the Company created a subsidiary that merged with and into the Investment Adviser in a reverse subsidiary merger, and all of the equity interests in the surviving entity (Burford Capital LLC) were issued to the Company, which in turn issued the aforementioned shares which were then transferred to Messrs. Bogart and Molot. As a result, and as disclosed in the Company's November 2012 RNS announcement, Messrs. Bogart and Molot became owners of those shares immediately and unconditionally, although the shares are subject to a two year lock-up period.

7 Non-cash, non-NAV charge associated with the 2012 Reorganisation continued

From a corporate law and corporate structure perspective, the Reorganisation is a sale of a business for stock and does not contain any employment component (in that Messrs. Bogart and Molot were employees of Burford Capital LLC both before and after the Reorganisation), and the transaction was entirely concluded within 2012. However, because Messrs. Bogart and Molot are continuing as employees of Burford Capital LLC, IFRS treats the Reorganisation as falling under both IFRS 2 and IFRS 3, notwithstanding the potential for inconsistency between the actual legal form of the transaction and the accounting treatment. This accounting position was solidified in January 2013 (with retroactive effect) following release of general guidance by the IFRS Interpretations Committee.

Thus, for accounting purposes only, the Company has determined a fair value for the Reorganisation transaction by using the implied market value of the shares issued based on their bid price converted to US dollars and without considering their illiquidity or certain contractual restrictions on their transfer, yielding total consideration of $38,373,111. Of that amount, $518,534 relating to tangible assets acquired and a non-cash charge computed pursuant to IFRS 3 of $11,315,080, reflecting the internalisation referred to above were recognised in the Group's 2012 Annual Report.

In February 2013, the accounting review of the application of IFRS 2 (as influenced by the IFRS Interpretations Committee's January 2013 action) reached the conclusion that the remaining $26,539,497 in deemed value would be appropriately recognised as a non-cash charge to income (with a corresponding increase in equity thus having no NAV impact) over a three-year period in light of certain pre-existing provisions in the principals' employment arrangements for liquidated damages in the event of employment termination. The Company took the view that sustained recognition of non-cash charges of this sort was not advisable and thus, with the consent of the principals, eliminated those provisions nunc pro tunc, following which the appropriate IFRS 2 treatment was determined to be the full recognition of the remaining deemed value in the current period.

8 Segmental information

Management consider that there are two operating business segments, being (i) provision of litigation investment (reflecting litigation and arbitration-related investment activities anywhere in the world) and (ii) provision of litigation insurance (reflecting UK litigation insurance activities).

Segment revenue and results

30 June 2013

	Litigation Investment $'000	Litigation Insurance $'000	Other corporate activity $'000	Total $'000
Income	10,096	10,207	(818)	19,485
Operating expenses	(4,761)	(3,127)	(1,926)	(9,814)
Non-cash, non-NAV charge associated with the 2012 Reorganisation	–	–	(26,539)	(26,539)
Reorganisation advisory fees	–	–	(619)	(619)
UK Restructuring costs	–	(1,148)	–	(1,148)
Amortisation of embedded value intangible asset	–	–	(5,927)	(5,927)
Profit/(loss) for the period before taxation	5,335	5,932	(35,829)	(24,562)
Current taxation	–	(1,225)	(78)	(1,303)
Deferred tax credit	–	–	1,482	1,482
Other comprehensive income	–	–	(2,040)	(2,040)
Total comprehensive income	5,335	4,707	(36,465)	(26,423)

Segment revenue and results

30 June 2012
As restated (note 2)

	Litigation Investment $'000	Litigation Insurance $'000	Other corporate activity $'000	Total $'000
Income	5,421	6,448	1,926	13,795
Operating expenses	(1,832)	(1,665)	(4,423)	(7,920)
Non-recurring Burford UK acquisition impacts	–	–	4,119	4,119
Amortisation of embedded value intangible asset*	–	–	(5,508)	(5,508)
Profit/(loss) for the period before taxation	3,589	4,783	(3,886)	4,486
Current taxation	–	(1,075)	–	(1,075)
Deferred tax credit*	–	–	1,377	1,377
Other comprehensive income	–	–	(44)	(44)
Total comprehensive income	3,589	3,708	(2,553)	4,744

* In the 2012 interim financial statements, these amounts were included within Litigation insurance segment but have been reallocated to Other corporate activity to be consistent with the 2012 year end and 2013 interim segmental information disclosures.

8 Segmental information continued

Segment assets

30 June 2013

	Litigation Investment $'000	Litigation Insurance $'000	Other corporate activity $'000	Total $'000
Non-current assets				
Embedded value intangible asset	–	–	13,956	13,956
Tangible fixed assets	–	109	354	463
Litigation-related Investments	161,226	–	–	161,226
Litigation portfolio financing	30,000	–	–	30,000
Due from settlement of litigation-related investments	42,406	–	–	42,406
	233,632	109	14,310	248,051
Current assets				
Cash management investments at fair value through profit or loss	–	–	40,979	40,979
Due from settlement of litigation-related investments	5,886	–	–	5,886
Receivables and prepayments	2,097	9,212	187	11,496
Cash and cash equivalents	15,352	11,715	196	27,263
	23,335	20,927	41,362	85,624
Total assets	256,967	21,036	55,672	333,675
Current liabilities				
Payables	(4,517)	(1,664)	(614)	(6,795)
Taxation payable	–	(1,269)	–	(1,269)
	(4,517)	(2,933)	(614)	(8,064)
Non-current liabilities				
Deferred taxation payable	–	(21)	(3,291)	(3,312)
	–	(21)	(3,291)	(3,312)
Total liabilities	(4,517)	(2,954)	(3,905)	(11,376)
Total net assets	252,450	18,082	51,767	322,299

8 Segmental information continued

Segment assets

31 December 2012

	Litigation Investment $'000	Litigation Insurance $'000	Other corporate activity $'000	Total $'000
Non-current assets				
Embedded value intangible asset	–	–	21,196	21,196
Tangible fixed assets	–	231	334	565
Litigation-related Investments	159,749	–	–	159,749
Litigation portfolio financing	30,000	–	–	30,000
Due from settlement of litigation-related investments	28,482	–	–	28,482
	218,231	231	21,530	239,992
Current assets				
Cash management investments at fair value through profit or loss	–	–	50,790	50,790
Due from settlement of litigation-related investments	15,358	–	–	15,358
Receivables and prepayments	1,172	11,952	187	13,311
Cash and cash equivalents	12,249	12,809	501	25,559
	28,779	24,761	51,478	105,018
Total assets	247,010	24,992	73,008	345,010
Current liabilities				
Payables	(4,686)	(1,016)	(610)	(6,312)
Taxation payable	–	(1,503)	–	(1,503)
	(4,686)	(2,519)	(610)	(7,815)
Non-current liabilities				
Deferred taxation payable	–	–	(5,087)	(5,087)
	–	–	(5,087)	(5,087)
Total liabilities	(4,686)	(2,519)	(5,697)	(12,902)
Total net assets	242,324	22,473	67,311	332,108

8 Segmental information continued

Segment assets

30 June 2012
As restated (note 2)

	Litigation Investment $'000	Litigation Insurance $'000	Other corporate activity $'000	Total $'000
Non-current assets				
Embedded value intangible asset*	–	–	25,919	25,919
Tangible fixed assets	–	245	–	245
Litigation-related Investments	149,109	–	–	149,109
Litigation portfolio financing	30,000	–	–	30,000
Due from settlement of litigation-related investments	17,572	–	–	17,572
	196,681	245	25,919	222,845
Current assets				
Cash management investments at fair value through profit or loss	–	–	60,326	60,326
Due from settlement of litigation-related investments	10,907	–	–	10,907
Due from settlement of cash management investments at fair value through profit or loss	–	–	10,011	10,011
Receivables and prepayments	–	11,112	116	11,228
Cash and cash equivalents	5,572	7,937	–	13,509
	16,479	19,049	70,453	105,981
Total assets	213,160	19,294	96,372	328,826
Current liabilities				
Payables	(2,187)	(368)	(105)	(2,660)
Taxation payable	–	(1,581)	–	(1,581)
	(2,187)	(1,949)	(105)	(4,241)
Non-current liabilities				
Deferred consideration	–	–	(10,372)	(10,372)
Deferred taxation payable*	–	–	(6,493)	(6,493)
	–	–	(16,865)	(16,865)
Total liabilities	(2,187)	(1,949)	(16,970)	(21,106)
Total net assets	210,973	17,345	79,402	307,720

* In the 2012 interim financial statements, this was included within Litigation insurance segment but has been moved into Other corporate activity for this report to be consistent with the 2012 year end and 2013 interim segmental information disclosures.

9 Cash management investments at fair value through profit or loss

	30 June 2013 $'000	31 December 2012 $'000	30 June 2012 $'000
Listed corporate bond fund	9,458	9,137	12,057
Unlisted fixed income and investment funds	31,521	41,653	48,269
	40,979	50,790	60,326

Reconciliation of movements:

	30 June 2013 $'000	31 December 2012 $'000	30 June 2012 $'000
Balance at 1 January	50,790	144,805	144,805
Purchases	17,883	92,528	65,814
Proceeds on disposal	(27,000)	(190,661)	(151,963)
Realised profit on disposal	902	4,704	2,798
Fair value change in period	(1,596)	(586)	(1,128)
Balance at 30 June/31 December	40,979	50,790	60,326

During the period ended 30 June 2013, the bulk of the cash management investments at fair value through profit or loss were in fixed income and investment funds.

Net changes in cash management investments at fair value through profit or loss:

	30 June 2013 $'000	30 June 2012 $'000
Realised (including interest income)	1,193	3,296
Fair value movement	(1,596)	(1,128)
Net (losses)/gains	(403)	2,168

Fair value measurements are based on level 1 inputs of the three level hierarchy system for $9,458,000 (31 December 2012: $9,137,000; 30 June 2012: $12,057,000) of the fair value through profit and loss investments which indicates inputs based on quoted prices in active markets for identical assets.
For $31,521,000 (31 December 2012: $41,653,000; 30 June 2012: $48,269,000) of the fair value through profit and loss investments (including commercial paper) fair value measurements are based on level 2 inputs of the three level hierarchy system which indicates inputs other than quoted prices included in level 1 that are observable, either directly (as prices) or indirectly (derived from prices).

10 Litigation-related investments at fair value through profit or loss

The Company structures its investment portfolio to include a mixture of shorter duration investments intended to produce short-term returns; medium duration or "core" investments and "special situations" investments with higher risk and longer duration designed to add noteworthy returns to the portfolio over time. The Group classifies its litigation-related investments at fair value through profit or loss into tranches consistent with the foregoing portfolio structure as outlined below.

30 June 2013

	Balance at fair value as at 1 January 2013 $'000	Additions $'000	Realisations $'000	Net realised gain/(loss) for period $'000	Realised exchange difference $'000	Fair value movement $'000	Balance at fair value as at 30 June 2013 $'000
Short duration investments	34,854	196	–	–	–	3,304	38,354
Core investments	111,856	22,019	(26,051)	3,335	(103)	3,777	114,833
Special situations investments	13,039	–	–	(4,520)*	–	(480)	8,039
Total litigation-related investments at fair value through profit or loss	159,749	22,215	(26,051)	(1,185)	(103)	6,601	161,226

* The table above shows a realised loss in the special situations portfolio. This loss is a non-cash loss (except for $520,000 of investment expenses expended). In 2010, the Company made a $4 million investment in a special situations matter and in the same period sold a $4 million participation in that investment, leaving the Company with no capital outstanding and at risk (other than the previously mentioned investment expenses) in the investment. The Company initially recorded the participation as a payable in its 2010 accounts, and in 2011 reduced that payable as described in note 7 to the 2011 Annual Report. The Company did not recognise a gain on the investment in 2011 nor did it report the participation as a realisation in the equivalent investments table in note 7 to the 2011 Annual Report. In the current period, the Company entered into an agreement with the participant whereby the Company retained the $4 million paid by the participant in 2010 and disclaimed any further interest in the investment. Thus, on a cash basis, the impact on the Company was neutral; the Company neither gained nor lost any cash on the investment (other than the previously mentioned investment expenses). However, pursuant to IFRS and also in light of the Company's adoption of IFRS 9, the matter will be accounted for as a realised loss to clear the impact of the prior accounting entries.

31 December 2012

	Transfer from available-for-sale financial assets $'000	Additions $'000	Realisations $'000	Net realised gain/(loss) for period $'000	Fair value movement $'000	Balance at fair value as at 31 December 2012 $'000
Short duration investments	36,646	8,356	(15,707)	5,972	(413)	34,854
Core investments	71,375	46,760	(25,855)	9,646	9,930	111,856
Special situations investments	14,919	1,990	(34)	(3,836)	–	13,039
Total litigation-related investments at fair value through profit or loss	122,940	57,106	(41,596)	11,782	9,517	159,749

10 Litigation-related investments at fair value through profit or loss continued

30 June 2012
As restated (note 2)

	Transfer from available-for-sale financial assets $'000	Additions $'000	Realisations $'000	Net realised gain for period $'000	Fair value movement $'000	Balance at fair value as at 30 June 2012 $'000
Short duration investments	36,646	4,390	–	–	542	41,578
Core investments	71,375	33,187	(16,295)	2,731	590	91,588
Special situations investments	14,919	2,000	–	–	(976)	15,943
Total litigation-related investments at fair value through profit or loss	122,940	39,577	(16,295)	2,731	156	149,109

Fair value measurements are based on level 3 inputs of the three level hierarchy system that indicates inputs for the assets that are not based on observable market data (unobservable inputs).

The net gains on litigation-related investments included at fair value through profit or loss included on the face of the Consolidated Statement of Comprehensive Income comprise:

	30 June 2013 $'000	30 June 2012 As restated $'000
Net realised gains on litigation-related investments at fair value through profit or loss (above)	(1,185)	2,731
Fair value movement (above)	6,601	156
Gain for decrease in liability for investment sub-participation	1,333	–
Net gains on litigation-related investments at fair value through profit or loss	6,749	2,887

11 Litigation portfolio financing

	30 June 2013 $'000	30 June 2012 $'000
Total litigation portfolio financing	30,000	30,000
Interest and other income from litigation portfolio financing	2,047	2,038

Litigation portfolio financing is measured at amortised cost. The $30,000,000 financing attracts interest at 13.5% per annum, payable monthly and is repayable in instalments commencing on 31 January 2014 and maturing on 31 July 2016. It is secured on the assets of the borrower. The interest income from litigation financing assets is included in Interest and other income from litigation financing activities in the Consolidated Statement of Comprehensive Income.

12 Due from settlement of litigation-related investments

Amounts due from settlement of litigation-related investments relate to the recovery of litigation-related investments that have successfully concluded and where there is no longer any litigation risk remaining. The settlement terms and duration vary by investment.

	30 June 2013 $'000	31 December 2012 $'000	30 June 2012 As restated $'000
Due from settlement of litigation-related investments			
At 1 January	43,840	14,694	14,694
Transfer of realisations from litigation-related investments (note 10)	26,051	41,596	16,295
Fair value gain on due from settlement of litigation-related investments	–	5,201	–
Interest income on due from settlement of litigation-related investments	278	138	46
Proceeds from settled litigation-related investments	(21,809)	(17,651)	(2,510)
Proceeds from interest income on due from settlement of litigation-related investments	(68)	(138)	(46)
At 30 June/31 December	48,292	43,840	28,479
Split:			
Non-current assets	42,406	28,482	17,572
Current assets	5,886	15,358	10,907
	48,292	43,840	28,479

The interest and other income on litigation-related activities on the face of the Consolidated Statement of Comprehensive Income comprises:

	30 June 2013 $'000	30 June 2012 As restated $'000
Interest and other income on litigation portfolio financing (note 11)	2,047	2,038
Interest income on due from settlement of litigation-related investments (above)	278	46
Interest and other income from continuing litigation-related investments	1,022	450
Interest and other income from litigation-related activities	3,347	2,534

13 Receivables and prepayments

	30 June 2013 $'000	31 December 2012 $'000	30 June 2012 $'000
Trade receivable – insurance segment	8,890	11,264	10,445
Loans	–	–	559
Prepayments accrued	176	441	161
Interest receivable from continuing litigation-related investments	2,010	988	–
Other debtors	420	618	63
	11,496	13,311	11,228

14 Payables

	30 June 2013 $'000	31 December 2012 $'000	30 June 2012 $'000
Audit fee payable	169	160	105
Reorganisation advisory fees payable	500	450	–
General expenses payable	1,508	1,595	372
UK Restructuring costs*	1,010	–	–
Claim costs payable	2,050	562	850
Investment sub-participations	1,558	3,545	1,333
	6,795	6,312	2,660

* Restructuring costs in the period of $1,148,000 relate to the restructuring of Burford UK in light of the Jackson reforms that came into effect in the UK market on 1 April 2013. The costs include redundancy costs of $935,000, impairment of fixed assets of $75,000 and an onerous contract provision of $138,000. Part of the redundancy costs has been paid as at 30 June 2013, with the remaining redundancy costs to be paid in July 2013. The restructuring costs payable at the end of the period of $1,010,000 include the remaining redundancy costs payable in July 2013 and the onerous contract provision, which is likely to be payable in early 2014.

15 Share capital

	30 June 2013 $'000	31 December 2012 $'000	30 June 2012 $'000
Authorised share capital			
Unlimited ordinary shares of no par value	–	–	–

	Number	Number	Number
Issued share capital			
Ordinary shares of no par value	204,545,455	204,545,455	180,000,001

80,000,001 ordinary shares were issued at 100p each on 21 October 2009. A further 100,000,000 ordinary shares were issued at 110p each on 9 December 2010. As detailed in note 7, a further 24,545,454 shares were issued on 12 December 2012 as consideration for the acquisition of the Investment Adviser.

15 Share capital continued

	30 June 2013 $'000	31 December 2012 $'000	30 June 2012 $'000
At 1 January	302,210	290,376	290,376
Shares issued in 2012 Reorganisation (note 7)	26,539	11,834	–
At 30 June/31 December	328,749	302,210	290,376

16 Profit per ordinary share, comprehensive income per ordinary share

Profit per ordinary share is calculated based on a loss for the period of $24,383,000 (30 June 2012: profit of $4,943,000) and the weighted average number of ordinary shares in issue for the period of 204,545,455 (30 June 2012: 180,000,001). Total comprehensive income per ordinary share is calculated based on a loss on comprehensive income for the period of $26,423,000 (30 June 2012: profit of $4,899,000), and the weighted average number of ordinary shares in issue for the year of 204,545,455 (30 June 2012: 180,000,001).

17 Financial commitments and contingent liabilities

As a normal part of its business, the Group routinely enters into some investment agreements that oblige the Group to make continuing investments over time, whereas other agreements provide for the immediate funding of the total investment commitment. The terms of the former type of investment agreements vary widely; in some cases, the Group has broad discretion as to each incremental funding of a continuing investment, and in others, the Group has little discretion and would suffer punitive consequences were it to fail to provide incremental funding.

Moreover, in some agreements, the Group's funding obligations are capped at a fixed amount, whereas in others the commitment is not fixed (although the Group estimates its likely future commitment to each such investment). At 30 June 2013, considering the amount of capped commitments and the Group's estimate of uncapped funding obligations, the Group had outstanding commitments for approximately $68 million (31 December 2012: $95 million; 30 June 2012: $75 million); that figure does not include executed investment agreements that are capable of cancellation without penalty by the Group for adverse findings during a post-agreement diligence period. Of that $68 million in commitments, the Group expects less than 50% to be sought from it during the next 12 months.

18 Fair value of assets and liabilities

The financial assets measured at fair value are disclosed using a fair value hierarchy that reflects the market price observability of the inputs used in making the fair value measurements, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Those involving inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3 – Those inputs for the asset or liability that are not based on observable market data (unobservable inputs). The inputs into determination of fair value require significant management judgement and estimation.

Valuation methodology

Financial assets and financial liabilities measured at fair value continue to be valued using the techniques set out in the accounting policies used in the 2012 Annual Report.

Fair value hierarchy

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Litigation-related Investments	–	–	161,226	161,226
Cash management investments at fair value through profit or loss:				
Listed corporate bond funds	9,458	–	–	9,458
Unlisted fixed income and investment funds	–	31,521	–	31,521
Total	9,458	31,521	161,226	202,205

Sensitivity of level 3 valuations

Following investment, the Group engages in a semi-annual review of each investment's fair value. At 30 June 2013, should the value of investments have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the Group's income and net assets would have increased and decreased respectively by $16,123,000.

Movements in level 3 fair value assets

The table below analyses movements in the level 3 financial assets.

	Litigation-related investments $'000	Total level 3 assets $'000
At 1 January 2013	159,749	159,749
Additions	22,215	22,215
Realisations	(26,051)	(26,051)
Net gains on litigation-related investments recognised in the Income statement	5,416	5,416
Exchange adjustment	(103)	(103)
At 30 June 2013	161,226	161,226

There were no transfers between levels in the fair value hierarchy.

18 Fair value of assets and liabilities continued

Reasonably possible alternative assumptions

While the potential range of outcomes for the investments is wide, the Group's fair value estimation is its best assessment of the current fair value of each investment. That estimate is inherently subjective being based largely on an assessment of how individual events have changed the possible outcomes of the investment and their relative probabilities and hence the extent to which the fair value has altered. The aggregate of the fair values selected falls within a wide range of reasonably possible estimates. In the Group's opinion there is no useful alternative valuation that would better quantify the market risk inherent in the portfolio and there are no inputs or variables to which the values of the investments are correlated.

19 Related party transactions

Directors' fees paid in the period amounted to $175,000 (30 June 2012: $183,000). There were no directors' fees outstanding at 30 June 2013, 31 December 2012 or 30 June 2012.

Administration fees payable to International Administration Group (Guernsey) Limited ("IAG") are disclosed in note 3. There were no administration fees outstanding at 30 June 2013, 31 December 2012 or 30 June 2012.

There is no controlling party.

20 Subsequent events

On 29 July 2013, Burford Capital Limited acquired a 16% shareholding in Manolete Partners PLC ("Manolete"), the UK's leading insolvency litigation financier.

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Hugh Steven Wilson (Vice Chairman)
Charles Nigel Kennedy Parkinson
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