Burford

Interim Report 2015

About Burford Capital

Burford is a leading global finance and professional services firm focused on law. Burford's businesses include litigation finance, insurance and risk transfer, law firm lending, corporate intelligence and judgment enforcement, advisory and professional services and a wide range of investment activities. Burford's equity and debt securities are publicly traded on the London Stock Exchange, and it works with lawyers and clients around the world from its principal offices in New York and London.

Contents

First Half 2015 Highlights:

Operating profit up

56% to $28.4m

Income up

48% to $40.6m

New investment commitments up

30% to $81m

Interim dividend up

34% to 2.33¢

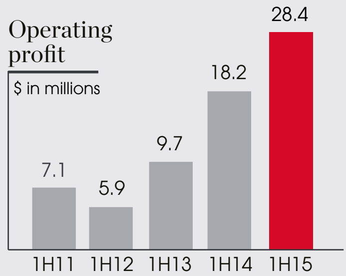
Continued strong investment returns:

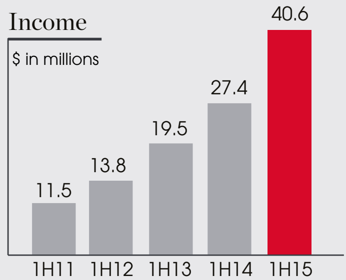
38 Concluded investments so far, generating

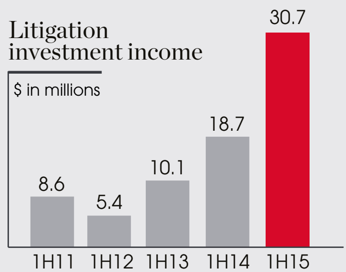
$299m in gross investment recoveries and

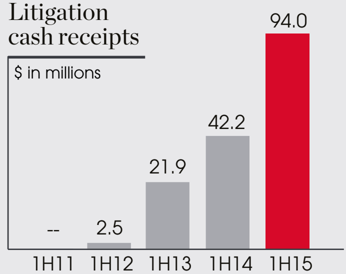
$124m net of invested capital, producing a

71% net return on invested capital since inception









Unaudited consolidated condensed financial statements can be found in the following pages and a summary is set out below. The prior period figures for operating profit, taxation and profit after tax exclude the impact of the Burford UK acquisition and are shown to assist in understanding of the underlying performance of the Company. The current period figures do not contain any adjustments and are derived directly from the unaudited consolidated condensed financial statements.

US$'000	30 June 2015	30 June 2014	% change
Litigation investment income	30,695	18,721	64%
Insurance income	6,469	10,245	(37%)
New initiatives income	2,273	–	
Other income	1,168	(1,591)	
Total income	40,605	27,375	48%
Operating expenses – litigation investment	(6,444)	(4,996)	
Operating expenses – insurance	(1,508)	(2,781)	
Operating expenses – new initiatives	(2,497)	–	
Operating expenses – corporate	(1,782)	(1,363)	
Operating profit	28,374	18,235*	56%
Finance costs	(4,589)	–	
Profit before tax	23,785	18,235	30%
Total taxation	(69)	(1,597)*	
Profit after tax	23,716	16,638**	43%

* Operating profit and taxation in 2014 do not include the amortisation, and related deferred taxation credit, of the embedded value intangible asset.

** Profit after tax in 2014 excludes the impact of the Burford UK acquisition, which is included in the prior period figures in the Consolidated Statement of Comprehensive Income on page 8.

Burford has demonstrated its ability to invest capital wisely and profitably in the legal sector.

In keeping with our custom, this interim report is a brief update on Burford's activities over the past few months. We reserve our comprehensive commentary on the business for our discursive annual report, which was issued only a few short months ago.

Burford had a busy and successful first half – notwithstanding the habitual slow start to the litigation year that we have seen consistently during our history. We saw a substantial increase in income from the litigation finance business, up 64% over the prior period to more than $30 million, which drove a 56% increase in operating profit, to $28.4 million, and a 43% increase in profit after tax, to $23.7 million. Consistent with our new dividend policy announced in our 2014 annual report, we will pay an interim dividend of 2.33 cents, one-third the amount of 2014's full year dividend (and a 34% increase over last year's interim dividend).

From a standing start, Burford has now delivered more than $175 million in litigation finance income since inception less than six years ago (plus almost $100 million in further income from our insurance and other activities). Our model of investing in a large portfolio of widely diversified and well diligenced litigation finance matters works.

Burford pioneered the institutionalization of this asset class. Investors have historically focused on its unpredictability and its potential for lumpiness. And it is true that – just like a venture capital fund – we cannot predict the precise timing of our returns or the individual performance of investments.

However, there comes a tipping point where aggregate performance over time becomes more important than the results in any particular period. Burford has demonstrated its ability to invest capital wisely and profitably in the legal sector. One year of good results could be a fortunate accident. Two years could be an extra dose of luck. But 2014 was our third year in a row with income over $50 million, a trend that we have continued into 2015. It is not, we believe, a coincidence that Burford stock has risen about 40% since the end of 2014.

We look forward to the future with optimism and enthusiasm, as we continue to build a new industry, and we are grateful to our shareholders and bondholders for making this exciting journey possible.

Litigation finance

This period saw Burford's largest recovery to date – $61 million in gross proceeds on a $25 million investment for a profit of $36 million and a return on invested capital of 144%.

This investment was one of Burford's many portfolio arrangements. We reduce our risk of binary loss in a single investment by aggregating several (or many) matters in a cross-collateralized portfolio so that our capital may be repaid from any success in the portfolio. This structure is now our most common and has achieved considerable popularity among our client base.

While enjoying positive results, we have also been busy closing new deals and making new commitments of capital. Burford committed $81 million to new investments in the first half of 2015, a considerably faster pace of commitment than in the comparable period in 2014 ($62 million). Our US law firm lending business – one of our new initiatives – also continued to expand in the period.

America's iconic *New Yorker* magazine recently published a commentary on the growth of litigation finance, and quoting it encapsulates the state of the market:

> Hundreds of companies, increasingly from the Fortune 500, have used litigation finance, convinced that it was in their interest, according to people in the field. Most use litigation finance to support lawsuits that they bring as plaintiffs, over commercial contracts, antitrust matters, intellectual-property disputes, and other business claims. A company can use financing to reduce its litigation costs, with the funder covering or sharing the expense of legal fees and the company splitting its recovery with the funder if the suit succeeds. A company can also use the financing for psychological relief. It could end its dealings with a vanquished adversary that remains infuriating to company executives by getting most of a settlement immediately from a litigation financer in exchange for giving the financer the right to collect the full amount later.
>
> There are well-established markets for this kind of funding in Australia and the United Kingdom. American bar groups have given it their cautious blessing, if a funding doesn't undermine a lawyer's fulfillment of his duty to his client and other tenets of legal ethics. Most of these deals are confidential, and there is no media outlet or information service that counts and analyzes them. The New York City Bar Association estimated in 2011 that the total amount of money in play in litigation financing in the United States exceeded a billion dollars. Halcyon Asset Management, a recent entrant in the field, says that the number today is at least three times as big.

The reach of litigation finance – and thus of our business – continues to expand. The first half of 2015 was characterized by diversity – by size of client, by geography and by transaction type and structure. We closed large transactions to finance some of the world's most complex litigation, and very small transactions to provide access to justice for struggling English businesses using our special small case product in the UK market. We worked with the Fortune 10 and with start-ups. We received requests for capital from every populated continent. We were asked to fund single cases and portfolios of litigation, to finance law firms and corporate clients, to monetize litigation settlements, judgements and awards. Clients sought hedges and derivatives for litigation-related risk, and to have us apply our litigation assessment and management skills not only to invest in matters but to buy claims and judgements and carry them forward.

The future continues to look exciting.

As Burford continues to grow and as our shareholder register continues to expand, we are regularly asked how we think about, model and predict the business.

Our answer is straightforward, and has been consistent for the life of this business – although it is an answer that does not fit neatly into a quarterly forecasting rubric.

- From a large volume of inquiries seeking capital, we select a small proportion to include in our portfolio after conducting extensive diligence, following a disciplined internal investment process and considering portfolio diversification.
- We recognize that even with significant diligence, complex litigation inevitably includes a material element of idiosyncratic risk – in other words, excellent lawyers nevertheless lose some cases that they should win (and win some cases they should lose).
- We also realize that case progress and duration is impossible to predict as they depend on far too many individual variables, including the tactics of the opponent and the pace of an individual adjudicator's docket.
- We then structure and price our investments to allow for those uncertainties, and we run a large enough and diversified enough portfolio to overcome the inevitable disappointments.
- Thus, over time, we expect to generate desirable returns as long as we have not done a bad job of investment selection (which is the principal risk in this business) – and we have demonstrated those returns in our performance to date, producing a 71% return on invested capital across 38 concluded investments through the end of June 2015.
- However, we have no ability to predict which of our investments will resolve when, or for how much. (For example, we did not know that this half's largest success was going to resolve until only a couple of weeks before it did; the relevant trial date was still many months away.) While we hope that the size and maturity of our portfolio suggests that we are now in the zone of resolutions occurring regularly, each individual

reporting period carries the risk of having a loss without a corresponding win (or vice versa) or not much activity at all.

We thus encourage a medium term view to Burford, not one focused on an individual period's results, and we similarly don't endorse efforts to predict or model outcomes on that basis. When we look at the business internally, we do so on just the basis we present publicly – by looking at past performance across investment vintages, and by looking at outstanding commitments and deployments.

A word about competition. We have always been – and continue to be – enthusiastic proponents of more entry into this asset class by properly capitalized, professional players. That is now occurring, with credible, sophisticated players operating in the US, the UK and elsewhere. We believe that multiple players will increase demand overall, simply through the vehicle of having more voices speaking in the market and educating lawyers and clients about the possibilities associated with litigation finance, and the structure and dynamics of the legal market provides insulation from damaging price competition.

We do not, however, endorse the participation of capital providers with opaque structures or uncertain or undisclosed capital sources. Potential users of litigation finance need to do diligence, just as in any other area. Similarly, investors need to see through devices to inflate perceived scale – for example, a litigation finance provider using the value of the claims they are invested in (as opposed to the value of their own investments in those claims) as a metric of their own size is a bit like an equity manager touting the market cap of all the companies in which they are invested as opposed to their own assets under management. (If we participated in that game, we would dwarf our competitors; our portfolio's "claim value" is many billions of dollars.) And above all, this business is one requiring the kind of portfolio management and diversification that we pioneered.

Insurance

We have said for some time that we expect our insurance business to begin to decline. Indeed, we said that we were surprised that the decline had not begun in 2014. It did begin in 2015, and we are not surprised. Instead, we continue to celebrate the tremendous performance of this inexpensive acquisition which has produced $68 million in income and $49 million in operating profit for us to date against an effective cash purchase price of approximately $18.75 million.

There remain millions of dollars in income, and millions more in reserves, to come from this business' historical book, even while we continue to write new business, albeit at a much lower rate than before given the expected impact of the Jackson reforms on our business.

Moreover, we are achieving the business transformation and cross-pollination we had hoped for. For example, the largest new investment commitment we closed in the first half of 2015 was a litigation finance transaction with a client who started with us as an insurance client.

The insurance business is also habitually affected by a slower start to the year among litigators and clients. For example, only 42% of 2014's insurance income was earned in the first half, and 58% in the second half. This year has similarly seen a fairly quiet period to date; we simply have not seen all that many matters resolve one way or another and we have also not seen any large resolutions at all, so that while we had two matters each pay a premium of more than $1 million in the first half of 2014, we have not had any matters with premiums above $500,000 in the first half of 2015.

The insurance business was also affected by Sterling's relative weakness in the period. Had the first half of 2015 been converted into US dollars (our reporting currency) at the same exchange rate used in the first half of 2014, our insurance income would have been more than $600,000 higher than reported.

Investors would, of course, like to know how much money the existing insurance "back book" is going to produce. It is difficult for us to provide such an estimate with any reliability; as a reminder, each successful insured matter ultimately pays a premium based on the amount the opponent's lawyers actually billed, resulting in each matter's premium varying widely depending on case activity and longevity. We are also in the hands of the litigation system and the parties in each case as to speed of settlement or adjudication, making it difficult to forecast not only the amount of premium income but the timing of its receipt.

Nonetheless, we can provide the amount of "REME" (realistic estimated maximum exposure, our internal assessment of the maximum amount of potential claim exposure in a matter) that remains. At 30 June 2015, our REME was $213 million (vs. $232 million at 31 December 2014 and $274 million at 30 June 2014 on a constant FX basis). It is important to note that our REME balance both declines each period as cases are settled or otherwise resolved and increases from new business written. Thus, while it is not reliable to look at those REME numbers against the income we posted during those periods and try to back into either the amount or the timing of income a dollar of REME will produce, it is nonetheless suggestive that we have produced $21 million in insurance income over the last twelve months and continue to have REME remain above $200 million. Said another way, we believe that the back book contains millions of dollars of further income that will be generated over the next several years, although we are not in a position to predict either its precise quantum or its timing.

Judgment enforcement

We described in the 2014 annual report Burford's entry into the judgment enforcement business and our acquisition of a boutique firm in the field as of 1 January 2015. We're pleased to report that, six months in, things are going very well. The business is paying its way by continuing to provide professional services on a fee-for-service basis, generating $2 million in income in the first half of 2015. However, the real excitement comes from the enormous volume of potential opportunities that have responded to our offering of contingent services.

When a business has won a judgment, that has typically been a long, expensive and hard fought undertaking. There is thus normal human frustration when the judgment is not paid, often accompanied by a strong corporate disinclination to spend yet more money on fees to enforce the judgment. Our business responds to this state of affairs by offering a contingent solution – an ability for the business to progress its enforcement without paying out yet more cash now.

We are optimistic about the prospects for the judgment enforcement business.

Balance sheet and cash position

While we have closed the period with substantial cash balances, our cash position needs to be considered in the context of our undrawn commitments. Although we have $222 million of cash on hand, we also have $172 million of undrawn commitments, and our cash position includes inflows from investment successes, including $61 million of cash proceeds from a single case just received in June. So, while we are not capital constrained at present, looking merely at our cash balance gives an incomplete picture of our total situation.

We continue to manage the balance sheet conservatively to ensure that we are never at risk of being unable to fund a commitment.

Operating expenses and expansion

We discussed operating expenses and our approach to investing in the growth and expansion of the business at some length in the annual report and won't repeat that discussion here.

While our operating expenses appear to have risen significantly compared to the first half of 2014, they were flat when compared to the second half of 2014 ($12.2 million in each period). In fact, operating expenses as a percentage of income actually fell in the first half of 2015 against the first half of 2014, from 33% to 30%.

We continue to manage operating expenses prudently but we also recognize that the continuing expansion potential of this business will require continuing investment in people and facilities – and that such investments made today will hit our P&L today but take several years to demonstrate their revenue benefit.

We are pleased with Burford's start to the year and with the ongoing levels of growth and activity in the litigation finance industry generally, and look forward to continued progress as the year proceeds.

Sir Peter Middleton GCB
Chairman

Christopher Bogart
Chief Executive Officer

Jonathan Molot
Chief Investment Officer

July 2015

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 2015 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 21. 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 2, 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 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Ernst & Young LLP
London

27 July 2015

Notes:

1. The maintenance and integrity of the Burford Capital Limited web site 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 web site.
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 2015

	Notes	1 January 2015 to 30 June 2015 $'000	1 January 2014 to 30 June 2014 $'000
Income			
Litigation investment income	7	**30,695**	18,721
Insurance income		**6,469**	10,245
New initiatives income	9	**2,273**	–
Cash management income and bank interest	6	**206**	(1,584)
Net foreign exchange gains/(losses)	10	**962**	(7)
Total income		**40,605**	27,375
Operating expenses		**(12,231)**	(9,140)
Operating profit		**28,374**	18,235*
Finance costs	14	**(4,589)**	–
Profit before tax and the impact relating to the Burford UK acquisition		**23,785**	18,235
Amortisation of embedded value intangible asset arising on Burford UK acquisition	11	**–**	(5,870)
Profit for the period before taxation		**23,785**	12,365
Taxation	4	**(110)**	(1,597)
Deferred tax credit	4	**41**	1,467
Total taxation		**(69)**	(130)
Profit for the period after taxation		**23,716**	12,235
Attributable to contingent preference shares		**600**	600
Attributable to ordinary shareholders		**23,116**	11,635
		23,716	12,235
Other comprehensive income			
Exchange differences on translation of foreign operations on consolidation		**(1,258)**	958
Total comprehensive income for the period		**22,458**	13,193
Attributable to contingent preference shares		**600**	600
Attributable to ordinary shareholders		**21,858**	12,593
		Cents	Cents
Basic and diluted profit per ordinary share	18	**11.30**	5.69
Basic and diluted comprehensive income per ordinary share	18	**10.69**	6.16

* Operating profit for 2014 is before the impact of the amortisation of embedded value intangible asset.

The notes on pages 12 to 27 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 30 June 2015

	Notes	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
Assets				
Non-current assets				
Litigation investments	7	**241,799**	266,292	219,292
Due from settlement of litigation investments	8	**30,241**	56,888	43,105
New initiative investments	9	**6,887**	539	–
Deferred tax asset	4	**1,865**	1,822	695
Goodwill		**1,177**	–	–
Tangible fixed assets		**668**	386	498
Embedded value intangible asset	11	**–**	–	4,124
		282,637	325,927	267,714
Current assets				
Cash management investments	6	**201,993**	95,984	62,005
Due from settlement of litigation investments	8	**29,280**	6,619	6,189
Receivables and prepayments	12	**6,414**	11,076	10,097
Cash and cash equivalents		**20,230**	93,640	15,337
		257,917	207,319	93,628
Total assets		**540,554**	533,246	361,342
Liabilities				
Current liabilities				
Unrealised depreciation on forward foreign currency contract	10	**50**	–	–
Litigation investments payable		**871**	1,939	1,309
Payables	13	**2,957**	4,974	3,249
Taxation payable		**389**	2,378	2,677
Loan capital interest payable	14	**3,340**	3,352	–
		7,607	12,643	7,235
Non-current liabilities				
Deferred tax liability	4	**–**	–	808
Loan capital	14	**139,311**	138,066	–
Total liabilities		**146,918**	150,709	8,043
Total net assets		**393,636**	382,537	353,299
Represented by:				
Ordinary share capital	16	**328,749**	328,749	328,749
Revenue reserve		**65,959**	53,602	23,359
Other reserves		**(934)**	324	1,297
Total equity attributable to ordinary shareholders		**393,774**	382,675	353,405
Equity attributable to contingent preference shares	17	**(138)**	(138)	(106)
Total equity shareholders' funds		**393,636**	382,537	353,299

The notes on pages 12 to 27 form an integral part of these consolidated financial statements.

The financial statements on pages 8 to 27 were approved by the Board of Directors on 27 July 2015 and were signed on its behalf by:

Charles Parkinson
Director
27 July 2015

Consolidated Statement of Cash Flows

for the period ended 30 June 2015

	1 January 2015 to 30 June 2015 $'000	1 January 2014 to 30 June 2014 $'000
Cash flows from operating activities		
Profit for the period before tax	23,785	12,365
Adjusted for:		
Fair value change on cash management investments	580	1,978
Fair value change on litigation investments	15,933	(311)
Unrealised depreciation on forward foreign currency contract	50	–
Realised losses/(gains) on disposal of cash management investments	219	(319)
Realised gains on realisation of litigation investments	(46,381)	(13,242)
Realised gains on forward foreign currency contract	(778)	–
Interest and other income from litigation investments	(247)	(5,147)
Interest income from new initiative investments	(222)	–
Finance costs	4,589	–
Amortisation of embedded value intangible asset	–	5,870
Depreciation of tangible fixed assets	143	106
Effect of exchange rate changes	(143)	(140)
	(2,472)	1,160
Changes in working capital		
Decrease in receivables	5,996	2,521
(Decrease) in payables	(2,296)	(1,806)
Taxation paid	(2,099)	(790)
Net proceeds from (purchases)/disposals of cash management investments	(106,665)	(37,417)
Funding of litigation investments	(35,814)	(37,217)
Funding of new initiative investments	(6,891)	–
Proceeds from litigation investments	93,970	42,155
Proceeds from new initiative investments	771	–
Net cash outflow from operating activities	(55,500)	(31,394)
Cash flows from financing activities		
Dividends paid on ordinary shares	(10,759)	(10,698)
Dividends paid on contingent preference shares	(600)	(689)
Issue expenses – contingent preference shares	–	(18)
Interest paid on bonds	(4,469)	–
Net cash outflow from financing activities	(15,828)	(11,405)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(1,526)	–
Purchases of tangible fixed assets	(414)	(94)
Net cash outflow from investing activities	(1,940)	(94)
Net decrease in cash and cash equivalents	(73,268)	(42,893)
Reconciliation of net cash flow to movements in cash and cash equivalents		
Cash and cash equivalents at beginning of period	93,640	57,667
Decrease in cash and cash equivalents	(73,268)	(42,893)
Effect of exchange rate changes on cash and cash equivalents	(142)	563
Cash and cash equivalents at end of period	20,230	15,337

Supplemental Disclosure	1 January 2015 to 30 June 2015 $'000	1 January 2014 to 30 June 2014 $'000
Cash received from interest income	1,196	5,153
Cash paid for interest on bonds	4,469	–

The notes on pages 12 to 27 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the period ended 30 June 2015

30 June 2015	Share capital $'000	Revenue reserve $'000	Foreign currency consolidation reserve $'000	Equity attributable to ordinary shareholders $'000	Contingent Preference Shares $'000	Total $'000
At 1 January 2015	328,749	53,602	324	382,675	(138)	382,537
Profit for the period	–	23,116	–	23,116	600	23,716
Other comprehensive income	–	–	(1,258)	(1,258)	–	(1,258)
Dividends paid	–	(10,759)	–	(10,759)	(600)	(11,359)
Balance at 30 June 2015	328,749	65,959	(934)	393,774	(138)	393,636

30 June 2014	Share capital $'000	Revenue reserve $'000	Foreign currency consolidation reserve $'000	Equity attributable to ordinary shareholders $'000	Contingent Preference Shares $'000	Total $'000
At 1 January 2014	328,749	22,422	339	351,510	1	351,511
Profit for the period	–	11,635	–	11,635	600	12,235
Other comprehensive income	–	–	958	958	–	958
Dividends paid	–	(10,698)	–	(10,698)	(689)	(11,387)
Contingent preference shares	–	–	–	–	(18)	(18)
Balance at 30 June 2014	328,749	23,359	1,297	353,405	(106)	353,299

The notes on pages 12 to 27 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, professional services and risk solutions with a focus on the litigation and arbitration sector and the provision of litigation expense insurance.

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 2015 to 30 June 2015.

2. Principal accounting policies

These consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and using the going concern basis of preparation. 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.

The accounting policies adopted in the preparation of the interim consolidated condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

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.

New initiatives

New initiative investments are held at amortised cost using the effective interest method, less any impairment, for loan investments in the law firm lending business and at fair value for investments in the judgment enforcement business.

New initiative income comprises interest and other income from the law firm lending business and professional services income from the judgment enforcement business. Interest income is recognised on an accrual basis. Professional services income is recognised as services are provided.

3. Material agreements

During 2015 there were not any material agreements in place between Group entities and third parties. The administration agreement with International Administration Group (Guernsey) Limited was amended, effective 1 January 2014, with responsibilities for maintaining the Group's accounting records transferred to the Group's internal finance function.

4. Taxation

The Company has obtained exempt company status 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. The Company's subsidiaries in Ireland, the U.K. and the U.S. are subject to taxation in such jurisdictions as determined in accordance with relevant tax legislation.

During the period ending 30 June 2015, the Group has a deferred tax credit of $41,000 relating to temporary differences from UK tangible fixed assets.

Deferred tax asset	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
As at 1 January	1,822	695	695
Movement on UK deferred tax – temporary differences	41	8	–
Unused tax losses in US	–	1,119	–
Foreign exchange translation differences	2	–	–
As at end of period	1,865	1,822	695

During the period ended 30 June 2014, the Group had a deferred tax credit of $1,467,000 relating to the amortisation of the embedded value intangible asset.

Deferred tax liability	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
As at 1 January	–	2,227	2,227
Tax released on amortisation of embedded value intangible asset	–	(2,219)	(1,467)
Movement on UK deferred tax – temporary differences	–	–	–
Foreign exchange translation differences	–	(8)	48
As at end of period	–	–	808

5. Segmental information

Management considers that there are three operating business segments, being (i) provision of litigation investment (reflecting litigation and arbitration-related investment activities anywhere in the world), (ii) provision of litigation insurance (reflecting UK litigation insurance activities) and (iii) exploration of new initiatives related to application of capital to the litigation and arbitration sector until such time as those initiatives mature into full-fledged independent segments.

Segment revenue and results

30 June 2015	Litigation Investment $'000	Litigation Insurance $'000	New Initiatives $'000	Other corporate activity $'000	Total $'000
Income	30,695	6,469	2,273	1,168	40,605
Operating expenses	(6,444)	(1,508)	(2,497)	(1,782)	(12,231)
Finance costs	–	–	–	(4,589)	(4,589)
Profit for the period before taxation	24,251	4,961	(224)	(5,203)	23,785
Current taxation	(188)	(869)	–	947	(110)
Deferred tax credit	–	41	–	–	41
Other comprehensive income	–	–	–	(1,258)	(1,258)
Total comprehensive income	24,063	4,133	(224)	(5,514)	22,458

30 June 2014	Litigation Investment $'000	Litigation Insurance $'000	Other corporate activity $'000	Total $'000
Income	18,721	10,245	(1,591)	27,375
Operating expenses	(4,996)	(2,781)	(1,363)	(9,140)
Amortisation of embedded value intangible asset	–	–	(5,870)	(5,870)
Profit for the period before taxation	13,725	7,464	(8,824)	12,365
Current taxation	(34)	(1,563)	–	(1,597)
Deferred tax credit	–	–	1,467	1,467
Other comprehensive income	–	–	958	958
Total comprehensive income	13,691	5,901	(6,399)	13,193

5. Segmental information continued

Segment assets and liabilities

30 June 2015	Litigation Investment $'000	Litigation Insurance $'000	New Initiatives $'000	Other corporate activity $'000	Total $'000
Non-current assets					
Litigation investments	241,799	–	–	–	241,799
Due from settlement of litigation investments	30,241	–	–	–	30,241
New initiative investments	–	–	6,887	–	6,887
Deferred tax asset	1,333	63	469	–	1,865
Goodwill	–	–	–	1,177	1,177
Tangible fixed assets	205	463	–	–	668
	273,578	526	7,356	1,177	282,637
Current assets					
Cash management investments	–	–	–	201,993	201,993
Due from settlement of litigation investments	29,280	–	–	–	29,280
Receivables and prepayments	800	4,152	677	785	6,414
Cash and cash equivalents	8,683	7,078	466	4,003	20,230
	38,763	11,230	1,143	206,781	257,917
Total assets	312,341	11,756	8,499	207,958	540,554
Current liabilities					
Unrealised depreciation on forward foreign currency contract	–	–	–	50	50
Litigation investments payable	871	–	–	–	871
Payables	1,849	636	207	265	2,957
Taxation payable	–	389	–	–	389
Loan capital interest payable	–	–	–	3,340	3,340
	2,720	1,025	207	3,655	7,607
Non-current liabilities					
Loan capital	–	–	–	139,311	139,311
	–	–	–	139,311	139,311
Total liabilities	2,720	1,025	207	142,966	146,918
Total net assets	309,621	10,731	8,292	64,992	393,636

5. Segmental information continued

31 December 2014	Litigation Investment $'000	Litigation Insurance $'000	New Initiatives $'000	Other corporate activity $'000	Total $'000
Non-current assets					
Litigation investments	266,292	–	–	–	266,292
New initiative investments	–	–	539	–	539
Due from settlement of litigation investments	56,888	–	–	–	56,888
Deferred tax asset	1,333	20	469	–	1,822
Tangible fixed assets	265	121	–	–	386
	324,778	141	1,008	–	325,927
Current assets					
Cash management investments	–	–	–	95,984	95,984
Due from settlement of litigation investments	6,619	–	–	–	6,619
Receivables and prepayments	295	10,761	–	20	11,076
Cash and cash equivalents	12,989	15,132	–	65,519	93,640
	19,903	25,893	–	161,523	207,319
Total assets	344,681	26,034	1,008	161,523	533,246
Current liabilities					
Litigation investments payable	1,939	–	–	–	1,939
Payables	3,195	1,455	–	324	4,974
Taxation payable	–	2,378	–	–	2,378
Loan capital interest payable	–	–	–	3,352	3,352
	5,134	3,833	–	3,676	12,643
Non-current liabilities					
Loan capital	–	–	–	138,066	138,066
	–	–	–	138,066	138,066
Total liabilities	5,134	3,833	–	141,742	150,709
Total net assets	339,547	22,201	1,008	19,781	382,537

5. Segmental information continued

30 June 2014	Litigation Investment $'000	Litigation Insurance $'000	Other corporate activity $'000	Total $'000
Non-current assets				
Litigation investments	219,292	–	–	219,292
Due from settlement of litigation investments	43,105	–	–	43,105
Deferred tax asset	683	12	–	695
Tangible fixed assets	–	177	321	498
Embedded value intangible asset	–	–	4,124	4,124
	263,080	189	4,445	267,714
Current assets				
Cash management investments	–	–	62,005	62,005
Due from settlement of litigation investments	6,189	–	–	6,189
Receivables and prepayments	25	9,853	219	10,097
Cash and cash equivalents	2,386	7,508	5,443	15,337
	8,600	17,361	67,667	93,628
Total assets	271,680	17,550	72,112	361,342
Current liabilities				
Litigation investments payable	1,309	–	–	1,309
Payables	1,429	1,001	819	3,249
Taxation payable	–	2,677	–	2,677
	2,738	3,678	819	7,235
Non-current liabilities				
Deferred tax liability	–	–	808	808
	–	–	808	808
Total liabilities	2,738	3,678	1,627	8,043
Total net assets	268,942	13,872	70,485	353,299

6. Cash management investments

	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
Money market funds	**12,000**	–	–
Listed fixed income securities and investment funds, including mutual funds	**189,993**	95,984	43,729
Unlisted investment funds	**-**	–	18,276
Total cash management investments	**201,993**	95,984	62,005

Reconciliation of movements	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
As at 1 January	**95,984**	26,147	26,147
Purchases	**216,633**	152,494	97,107
Proceeds on disposal	**(109,968)**	(83,171)	(59,590)
Realised (losses)/gains on disposal	**(219)**	2,700	319
Fair value change in period	**(580)**	(2,186)	(1,978)
Change in accrued interest	**143**	–	–
As at end of period	**201,993**	95,984	62,005

During the period ended 30 June 2015, the bulk of the cash management investments were in fixed income securities and investment funds.

The cash management income and bank interest on the face of the Consolidated Statement of Comprehensive Income comprises:

	30 June 2015 $'000	30 June 2014 $'000
Realised (losses)/gains on cash management investments	**(219)**	319
Fair value movement on cash management investments	**(580)**	(1,978)
Dividend and interest income on cash management investments	**989**	38
Bank interest income	**16**	37
Total cash management income and bank interest	**206**	(1,584)

7. Litigation investments

	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
As at 1 January	**266,292**	214,873	214,873
Additions	**34,746**	77,378	22,900
Realisations	**(89,783)**	(55,925)	(32,153)
Net realised gains for period	**46,381**	11,964	13,242
Fair value movement (net of transfers to realisations)	**(15,933)**	18,400	311
Foreign exchange translation differences	**96**	(398)	119
As at end of period	**241,799**	266,292	219,292

The litigation investment income on the face of the Consolidated Statement of Comprehensive Income comprises:

	30 June 2015 $'000	30 June 2014 $'000
Net realised gains on litigation investments at fair value (above)	**46,381**	13,242
Fair value movement (net of transfers to realisations) (above)	**(15,933)**	311
Net decrease in liability for investment sub-participations	**–**	21
Interest income on due from settlement of litigation investments (Note 8)	**201**	2,610
Interest and other income from continuing litigation investments	**46**	2,537
Total litigation investment income	**30,695**	18,721

8. Due from settlement of litigation investments

Amounts due from settlement of litigation investments relate to the recovery of litigation investments that have successfully concluded and where there is no longer any litigation risk remaining. The settlement terms and duration vary by investment. The carrying value of these assets approximates the fair value of the assets at the balance sheet date.

	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
As at 1 January	63,507	50,899	50,899
Transfer of realisations from litigation investments (Note 7)	89,783	55,925	32,153
Interest income on due from settlement of litigation investments	201	13,318	2,610
Additions to due from settlement of litigation investments	–	205	–
Proceeds from settled litigation investments	(93,946)	(56,378)	(36,328)
Proceeds from interest income on due from settlement of litigation investments	(24)	(462)	(40)
As at end of period	59,521	63,507	49,294
Split:			
Non-current assets	30,241	56,888	43,105
Current assets	29,280	6,619	6,189
Total due from settlement of litigation investments	59,521	63,507	49,294

9. New initiative investments

New initiative and investments represent capital deployed in the exploration of new initiatives related to the litigation and arbitration sector until such time as those initiatives mature into full-fledged independent segments.

	30 June 2015 $'000	31 December 2014 $'000
As at 1 January	539	–
Additions	6,891	2,821
Realisations	(771)	(2,504)
Interest income	222	222
Foreign exchange translation differences	6	–
As at end of period	6,887	539

The new initiatives income on the face of the Consolidated Statement of Comprehensive Income is $2,273,000 for the period ended 30 June 2015 (30 June 2014: $Nil).

10. Forward foreign currency contracts

As of 30 June 2015, there is one, short-dated forward contract outstanding to buy Sterling and sell USD and the fair value of the forward foreign currency contract has an unrealised depreciation of $50,000 at the reporting date.

Forward foreign currency contracts are valued at the prevailing forward exchange rate of the underlying currencies on the reporting date and quotes may be obtained from information provided by third parties or valuation-related information from the counterparties. Forward contracts are generally categorised in level 2 of the fair value hierarchy.

The net foreign exchange gains/(losses) on the face of the Consolidated Statement of Comprehensive Income comprises:

	30 June 2015 $'000	30 June 2014 $'000
Realised gains on forward foreign currency contracts	**778**	–
Unrealised depreciation on forward foreign currency contract	**(50)**	–
Foreign exchange gain/(loss) on other assets and liabilities	**234**	(7)
Net foreign exchange gains/(losses)	**962**	(7)

11. Embedded value intangible asset

	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
As at 1 January	**–**	9,771	9,771
Amortisation	**–**	(9,735)	(5,870)
Foreign exchange translation differences	**–**	(36)	223
As at end of period	**–**	–	4,124

Burford UK was acquired on 29 February 2012. The intangible asset represented the value of Burford UK's book of business at the date of acquisition.

12. Receivables and prepayments

	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
Trade receivable – insurance	**4,106**	10,678	9,825
Trade receivable – new initiatives	**579**	–	–
Interest receivable from continuing litigation investments	**–**	–	25
Prepayments	**181**	210	58
Other debtors	**1,548**	188	189
	6,414	11,076	10,097

13. Payables

	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
Audit fee payable	**201**	406	445
General expenses payable	**2,756**	4,568	1,737
Investment sub-participations	**–**	–	1,067
	2,957	4,974	3,249

14. Loan capital

On 19 August 2014 the Group, through a 100% owned subsidiary, Burford Capital PLC, issued retail bonds to the value of $149,562,000 (£90,000,000). The bond proceeds were converted to US Dollars in the weeks following the offering, producing $149,937,975 of proceeds. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds. The bonds will mature on 19 August 2022, and pay a fixed rate of interest of 6.5% per annum. The fair value of the loan capital at 30 June 2015, based upon the market value of the bonds at that time, is $148,073,000 (31 December 2014: $143,176,000).

Retail bonds	30 June 2015 $'000	31 December 2014 $'000
As at 1 January	141,418	–
Retail bonds issued	–	149,562
Bond issue costs	–	(2,522)
Finance costs	4,589	3,652
Interest paid	(4,469)	–
Exchange movements	1,113	(9,274)
As at end of period	142,651	141,418
Split:		
Loan capital	139,311	138,066
Loan capital interest payable	3,340	3,352
	142,651	141,418

	30 June 2015 $'000	31 December 2014 $'000
Loan capital interest expense	4,431	3,536
Bond issue costs incurred as finance costs	158	116
Total finance costs	4,589	3,652

15. 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 2014 Annual Report.

Fair value hierarchy

30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Litigation investments	–	–	241,799	241,799
Cash management investments:				
Money market funds	12,000	–	–	12,000
Listed fixed income securities and investment funds	189,993	–	–	189,993
New initiative investments*	–	–	1,051	1,051
Forward foreign currency contracts	–	(50)	–	(50)
Loan capital, at fair value	(148,073)	–	–	(148,073)
Total	53,920	(50)	242,850	296,720

31 December 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Litigation investments	–	–	266,292	266,292
Cash management investments:				
Listed fixed income securities and investment funds	95,984	–	–	95,984
Loan capital, at fair value	(143,176)	–	–	(143,176)
Total	(47,192)	–	266,292	219,100

30 June 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Litigation investments	–	–	219,292	219,292
Cash management investments:				
Listed fixed income securities and investment funds	43,729	–	–	43,729
Unlisted investment funds	–	18,276	–	18,276
Total	43,729	18,276	219,292	281,297

* The carrying value of other short-term assets approximate fair value and have not been included in this table.

15. Fair value of assets and liabilities continued

Movements in level 3 fair value assets

The table below provides analysis movements in the level 3 financial assets.

	Litigation investments $'000	New initiative investments $'000	Total level 3 assets $'000
As at 1 January 2015	266,292	–	266,292
Additions	34,746	1,045	35,791
Realisations	(89,783)	–	(89,783)
Net gains on litigation investments (Note 7)	30,448	–	30,448
Foreign exchange translation differences	96	6	102
As at 30 June 2015	241,799	1,051	242,850

	Litigation investments $'000	Total level 3 assets $'000
As at 1 January 2014	214,873	214,873
Additions	22,900	22,900
Realisations	(32,153)	(32,153)
Net gains on litigation investments (Note 7)	13,553	13,553
Foreign exchange translation differences	119	119
As at 30 June 2014	219,292	219,292

Sensitivity of level 3 valuations

Following investment, the Group engages in a semi-annual review of each investment's fair value. As at 30 June 2015, 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 $24,285,000 (30 June 2014: $21,929,000).

Reasonably possible alternative assumptions

The determination of fair value of litigation investments and new initiative investments involve significant judgements and estimates. Whilst 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.

16. Share capital

	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'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	204,545,455

	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
As at 1 January and as at end of period	**328,749**	328,749	328,749

17. Contingent preference shares

The Group, through a 100% owned direct subsidiary listed on the Channel Islands Stock Exchange, BC Capital Limited, listed 400 units (contingent preference shares) with a nominal value of $100,000 each (the Units) at an issue price of $3,000 per Unit, each representing on issue 10 'A' preference shares and zero 'B' preference shares (together, the Preference Shares), on 5 December 2013. Prior to the fifth anniversary of issue, the Group has the right to make capital calls in multiples of $10,000 per unit up to a maximum of $100,000 per unit, or $40,000,000 in aggregate, which will oblige the unit holder to pay the amount called within one month and an 'A' preference share will convert into a 'B' preference share for each $10,000 paid. 'A' preference shares, subject to Board approval, accrue a 3% dividend. 'B' preference shares, subject to Board approval, accrue dividends at a rate of 30 day LIBOR + 700 basis points. The Group has the right to redeem all the outstanding 'A' preference shares for an amount representing unpaid dividend rights and to redeem some or all of the 'B' preference shares for $10,000 each plus any unpaid accumulated dividend.

Issued contingent preference shares	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
400 Contingent preference share units at $100,000 nominal value per unit	**40,000**	40,000	40,000

Contingent preference shares	30 June 2015 $'000	31 December 2014 $'000	30 June 2014 $'000
As at 1 January	**(138)**	1	1
Attributable profit for the period	**600**	1,200	600
Dividends paid	**(600)**	(1,289)	(689)
Share issue costs	**–**	(50)	(18)
As at end of period	**(138)**	(138)	(106)

18. Profit per ordinary share and comprehensive income per ordinary share

Profit per ordinary share is calculated based on a profit attributable to ordinary shareholders for the period of $23,116,000 (30 June 2014: $11,635,000) and the weighted average number of ordinary shares in issue for the period of 204,545,455 (30 June 2014: 204,545,455). Comprehensive income per ordinary share is calculated based on comprehensive income attributable to ordinary shareholders for the period of $21,858,000 (30 June 2014: $12,593,000) and the weighted average number of ordinary shares in issue for the period of 204,545,455 (30 June 2014: 204,545,455).

19. 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 adverse consequences were it to fail to provide incremental funding.

The Group's funding obligations are capped at a fixed amount in its agreements. As at 30 June 2015, the Group had outstanding commitments for $172 million (31 December 2014: $137 million; 30 June 2014: $104 million). Of the $172 million in outstanding commitments, the Group expects less than 50% to be sought from it during the next twelve months.

20. Related party transactions

Directors' fees paid in the period amounted to $174,000 (30 June 2014: $196,000). There were no directors' fees outstanding as at 30 June 2015, 31 December 2014 or 30 June 2014.

There is no controlling party.

21. Subsequent events

There have been no significant subsequent events.

Burford Capital Limited

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