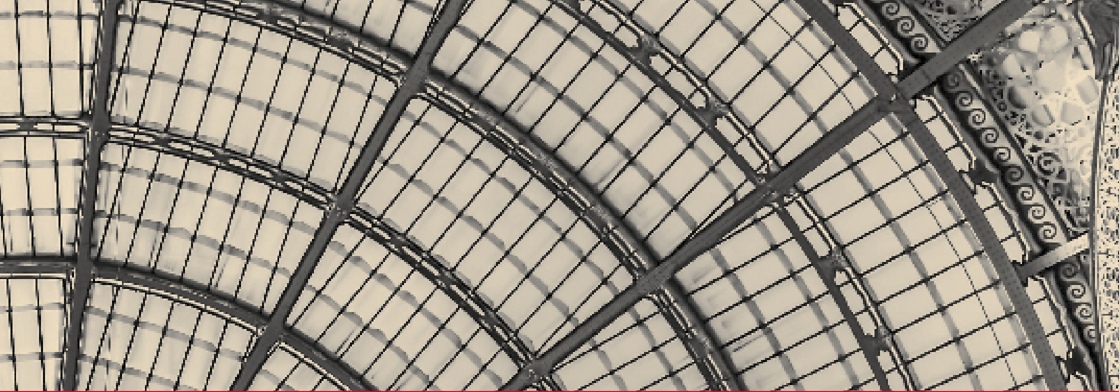
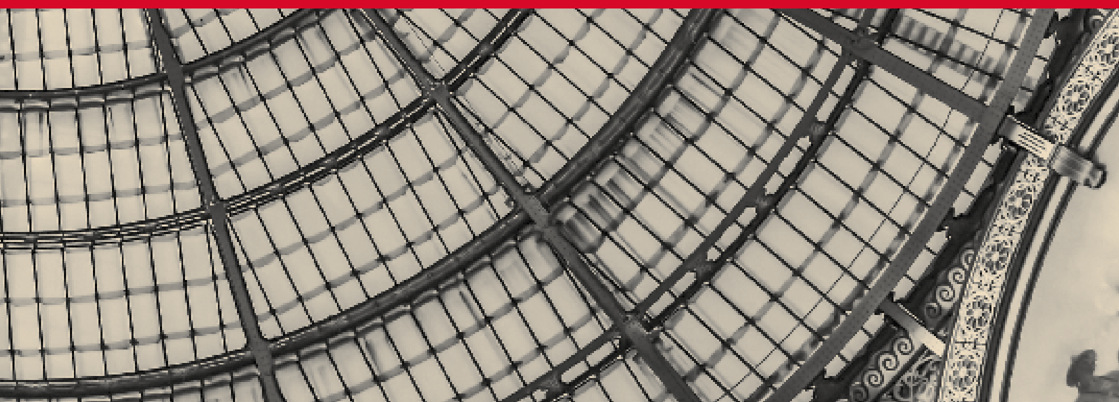


2016
Interim Report

Burford



About Burford Capital

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

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First Half 2016 Highlights:

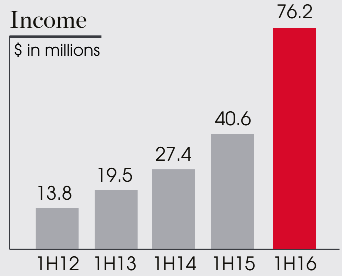
Income up
88% to $76.2m

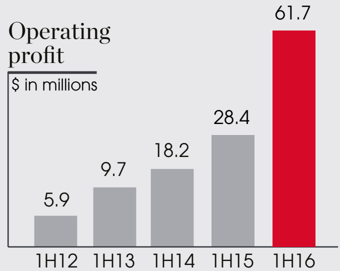
Operating profit up
117% to $61.7m

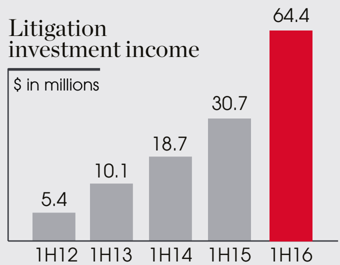
New investment commitments up
147% to $200m

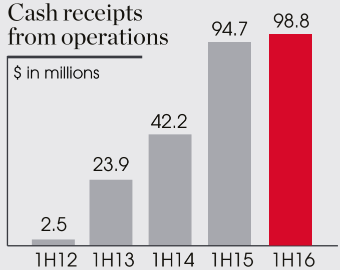
Interim dividend up
15% to 2.67¢

Successful 2nd bond offering
£100m at 6⅛%









Unaudited consolidated condensed financial statements can be found in the following pages and a summary is set out below.

US$`000	30 June 2016	30 June 2015	% change
Litigation investment income	**64,439**	30,695	
Insurance income	**5,113**	6,469	
New Initiatives income	**6,141**	2,273	
Other income	**522**	1,168	
Total income	**76,215**	40,605	**88%**
Operating expenses – litigation investment	**(8,636)**	(6,444)	
Operating expenses – insurance	**(830)**	(1,508)	
Operating expenses – new initiatives	**(2,632)**	(2,497)	
Operating expenses – corporate	**(2,437)**	(1,782)	
Operating profit	**61,680**	28,374	**117%**
Finance costs	**(5,876)**	(4,589)	
Profit before tax	**55,804**	23,785	**135%**
Total taxation	**(3,000)**	(69)	
Profit after tax	**52,804**	23,716	**123%**

Burford reported record-breaking income and profits this period and committed more capital to new investments than ever before in a six-month period, positioning the business for the future.

Burford enjoyed a strong first half. In addition to record-breaking income and profits, we committed far more capital to new investments than ever before in a six-month period, positioning the business for the future. We also brought in more cash from investment returns than in any comparable period. Our stock is at an all-time high, as we are recognised as a business with strong and uncorrelated returns unaffected – or perhaps even positively affected – by Brexit.

- **Income:** Our total income rose **88%** to $76.2 million (2015: $40.6 million), and our litigation investment income more than doubled.[1]
- **Operating profit:** Our operating profit rose **117%** to $61.7 million (2015: $28.4 million), notwithstanding our increased spending on operating expenses to continue to expand the business.
- **Net profit:** Our net profit after tax rose **123%** to $52.8 million (2015: $23.7 million), notwithstanding increased interest and tax expense.
- **New commitments:** Burford committed **$200 million** to new investments in the first half of 2016, **2.5x** 2015's level of $81 million. This level of new commitments is significantly greater than any comparable prior period, showing the continued growth in demand for the specialised financial solutions we provide.
- **Cash generation:** We generated **$99 million** in cash proceeds in the period. This strong level of cash generation not only demonstrates continued success in existing investments, but also provides Burford with capital to reinvest in new investments, augmenting the proceeds of our successful £100 million bond issue in April.

We are pleased to announce the payment of an interim dividend at the rate of one-third of our 2015 total dividend, which is an increase of 15% over last year's interim dividend. The interim dividend of 2.67 US cents will be paid on 28 October 2016 to shareholders of record on 7 October 2016. Sterling's decline will result in UK shareholders seeing a further increase in their Sterling dividend payment.[2]

Brexit

Brexit has a generally positive impact on Burford.

Substantively, Brexit will give rise to significant uncertainty for businesses, and demand for legal services tends to flourish during periods of uncertainty, boosting our business collaterally. There is likely to be more litigation as a result of Brexit, and there is no catalyst for any reduction in the volume of litigation. There is also no negative impact on any pending or future litigation from the UK's potential or actual exit from the EU except for some possible additional complexity around

1 All comparative figures in this report compare the six months ended 30 June 2016 and the six months ended 30 June 2015 unless otherwise stated.

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

enforcing English court judgments in Europe, although we expect any such issues to be resolved through negotiation and if not to be a boon for our judgment enforcement business. A further substantive positive is that the decline in the value of Sterling makes UK courts and arbitral institutions (and the UK lawyers who practice in them) somewhat more economically competitive globally, which we would expect to be good for our business.

Burford is also generally a beneficiary of a weaker Sterling ("GBP") rate of exchange with the United States Dollar ("USD"). Given the recent decline in the value of the GBP, especially against the USD, Burford's USD-denominated income, assets and dividend payments will be worth more to shareholders given that our equity is quoted in GBP.

- Burford's assets are largely denominated in USD, which means they are now worth more in GBP: 94% of Burford's balance sheet assets at 30 June 2016 were denominated in USD.
- Burford's debt is entirely in GBP which, combined with the increase in the value of the Company's assets, reduces its already low level of leverage: Both of Burford's bond issues to date – the entirety of its long-term debt – are denominated in GBP. Moreover, as a further benefit, all the offering proceeds were exchanged into USD at considerably more favourable rates than presently available.
- Burford has significant GBP expenses which will now cost less: Burford's bond interest obligations are denominated in GBP.
- Burford pays dividends in USD, which are now more valuable in GBP: Given that Burford declares and pays dividends in USD, a GBP decline makes Burford's dividends more valuable to GBP investors – the GBP equivalent of a dividend increase.

A fall in GBP from 1.50 to 1.30 vs. USD, for example, has the financial impact on Burford of:

- Saving us $2.4 million annually in bond interest
- Reducing the repayment cost of our debt by $38 million
- Increasing the GBP value of our USD-denominated assets by £73 million

So, while we regret the macroeconomic disruption and upheaval that Brexit has already caused and doubtless will continue to cause, Brexit is not bad for Burford.

Litigation finance

Burford's litigation finance business – the core of our activity – continued to perform well during the first half of 2016.

The first half of the year has historically been slower for Burford, which reflects the general tendency for lawyers to focus more on economic issues as their year ends approach. December has often been our busiest month. And our anecdotal experience is also that more cases are decided and settlements reached after the summer than before it.

This year, however, broke the mould a bit. We were very busy right from the get-go, and ended up shattering our prior record for new commitments in the first half.

New commitments

Our commitments to new litigation finance investments in the period were $193 million, vastly more than ever before in our first half history and 2.7x the comparable period in 2015.

This commitment level reflects both the strong demand for capital in our market and the increasing average size of our transactions: our average commitment rose to well over $10 million (albeit with material deviations from the mean).

We sometimes call our level of new commitments a leading indicator for the business, because high levels of new commitments tend to position the business well for the future given the medium duration nature of our assets. It is an inherently blunt instrument as an indicator given the wide variations of size, risk, return and duration of each investment, and we do not suggest that our first half level was a new run rate for the business, but there is no question that commitments of this historic level suggest the potential for continued future growth for Burford and also justify our optimism about the market opportunity we see. In other words, while we think our first half commitments level might have been aberrationally high and we won't be upset if our commitment level in the second half of 2016 is lower than in the first half, we nonetheless see the ability to write so much business as a significant structural positive for Burford and for the industry.

It is also noteworthy that $175 million of that $193 million – more than 90% – was in portfolio and complex structures. While there is certainly still a place for single case litigation funding in the market, more and more clients are seeing the benefits of portfolio financing arrangements with us. The size and stability of Burford's balance sheet and our permanently available capital structure make Burford particularly well positioned to offer these larger and more complex solutions to an ever-growing pool of clients.

Cash generation

We took in $84 million in cash returns from litigation finance investments in the six-month period. As usual, some of that cash reflected litigation resolutions that occurred and paid in the same period, and some of it reflected the payment of receivables that had been outstanding from prior periods. This significant level of cash generation shows the health of the investment portfolio and provides capital for reinvestment – unlike fund structures, we do not return capital from concluded investments.

Of particular note for longstanding Burford shareholders, part of our cash generation this period was the full payment of our receivable from the Arizona real estate matter – indeed, we ended up recovering more than our receivable balance and thus also generated a further $2.8 million gain in the period on this investment. We have reported on this matter from time to time since its win at trial in 2010, and it is a good illustration of why a successful litigation finance business needs not only strong litigation talent but also deep deal and financial skills to maximise returns.

To recap the history of this matter, one of our earliest investments was in support of a leading trial team at a major US law firm, Simpson Thacher & Bartlett, which was representing a real estate developer in a dispute over a commercial development in Arizona. The case won following a jury trial and received a substantial damages award – much more than the underlying real estate was worth following the collapse of the Arizona real estate market in 2008–2009. Ultimately, the case settled post-trial by the plaintiff – Burford's client – taking a significant land interest but no cash with which to pay us. At that point, we could have elected to force the sale of the land, which certainly would have been the fastest path to cash for us, but we did not believe that was the value-maximising approach – and it certainly would not have been in our client's best interests. Instead, we agreed to restructure our investment and allow the client to wait for a recovery in the real estate market.

Now, after years of perseverance, we have concluded the investment. We received $32.8 million in the current period in addition to prior interim payments of $5.3 million, amounting to total cash receipts of $38.1 million against a total investment of $7.4 million, for a 415% return on invested capital and a 47% IRR. Had we been structured as a limited life fund or had we lacked the scale and deal skills to let the matter run its course, we would likely not have been prepared to forestall and would not have optimised our returns.

We also experienced our fastest resolving investment yet: we funded $20.4 million on a Thursday and received our capital back plus a $2.3 million profit on the following Monday. As we have commented before, very rapid resolutions are not always cause for celebration because longer investment periods tend to produce higher nominal profits – but an IRR of 1,570,311% is worth a mention.

Income from litigation investments

We posted $64.4 million in litigation investment income in the first half, more than double the prior period – and it is worth remembering that the first half of 2015 had our largest ever investment result, so we have not only surpassed our prior record handily but have shown that it was not an aberration. In 2016, 23 different investments contributed to our first half income – although none of our outstanding 2010 vintage investments posted a result, a maddeningly long delay but one we are cautiously optimistic will not last too much longer.

We have in a separate section later in this report an extensive discussion of Burford's valuation and accounting policies around our litigation investments. In short, we generally earn income from our investments (i) when they conclude at a profit or (ii) when during their life there are objective developments that we believe change their fair value even though there is no secondary market activity to set a value. Because of the inherent difficulty in projecting the economic outcome of any single litigation matter, we have strived to be conservative when it comes to fair value adjustments.

There is also a third way to earn income, which is actually to engage in secondary market transactions. This has not historically been a significant part of Burford's business; we have largely operated a "buy and hold" model. There were several reasons for that: our average transaction size used to be smaller and thus the level of effort to syndicate a portion of a smaller investment did not make sense; the potential syndication market was in any event very thin; and on the occasions when we did dip our toe in the water, the complexity of each undertaking was such that it did not seem worthwhile. However, we do think that some secondary market activity is likely to develop as more capital becomes aware of litigation finance and we intend to be in the vanguard of establishing such a market. We view the ability to originate transactions and then sell participations in them as a way of managing risk (especially in larger or riskier investments) and enhancing capital efficiency as well as potentially opening up additional avenues for us to earn income.

Thus, in the current period, we closed one secondary market transaction, in which we sold a portion of our investment to a third party investor at a gain and at a price that suggested the value of the majority of the investment that we retained was worth more than its carrying value, and we had an offer (which we did not accept) to sell a portion of another investment at a similarly enhanced value. That third party market activity resulted in valuation adjustments because it established arms-length values for the assets concerned.

While we have historically resisted significant valuation adjustments during pending litigation, litigation is not the only asset class in the world that is hard to value and has binary results that are difficult to predict. We are also mindful that we have by now a significant track record – not only of making money across our investment portfolio, but of never having increased the fair value of an investment only to have to reduce it later following a realised loss (although that will doubtless happen at some point). Thus, while we have railed against the IFRS approach to asset valuation in the past, we think our business and the asset class as a whole may have now developed the scale and maturity to become more mainstream, especially when there are objective third party transactions to which to point – although we need to emphasise that it is entirely possible for a fair value increase to be reversed by an actual result (and for our earnings volatility to increase somewhat as well). That said, we note that our approach to fair value adjustments remains quite consistent (and conservative). Even with the adjustments described above, the level of unrealised gain in our litigation finance portfolio has remained relatively constant over time, at 26% of the portfolio's value at both 30 June 2016 and also at 31 December 2015, up only modestly from 22% at 31 December 2014.

Expansion

We discussed the global growth of our business and the industry at some length in our annual report. Since then, we have continued to expand our team, with new senior hires in both the US and Europe. We see continuing signs of global enthusiasm for litigation finance. For example, Singapore recently announced its intention to widen the areas in which litigation finance was permitted. We continue to see demand from around the world, including in the last six months increasing demand from multinationals in Europe and from insolvency situations throughout the common law world. One of our challenges continues to be addressing that widespread demand efficiently and cost-effectively. We continue to be optimistic about the future for both Burford and the litigation finance industry.

Capital structure

We were delighted to be able to issue our second retail bond in April. The £100 million issue was oversubscribed and we were able to lower the interest rate paid to 6 ⅛% (from 6 ½% for our first issue in 2014) and extend the maturity slightly to 8 ½ years (from eight years for our first issue). These are very attractive terms for a still young, unrated company and we are grateful for the support of our bondholders.

Moreover, as noted above, we converted the entirety of the bond proceeds into USD shortly after issuance, just as we did with the prior bond. Between the two bonds, we have achieved a weighted average conversion rate of 1.5471 (vs. GBP on 21 July 2016 at 1.3211), essentially reducing the principal indebtedness by $43 million compared with today's values.

In USD terms, Burford thus stands now at a 0.3x leverage ratio, meaning that our assets exceed our debt by 3x. That is a very low level of leverage for a specialty finance business and our balance sheet thus provides us with considerable flexibility as we move forward, although we have ample cash on hand and expected from future concluded investments to meet our current financial commitments.

During the period, we also redeemed our contingent preference shares, which we issued in 2013 as a protective device to ensure we could secure capital should we have a timing mismatch between inflows and outflows. While it was enormously valuable to have that protection available to us in a period where we were too young to be able to access the debt markets, we have now evolved past that point, and we concluded that the $1.2 million annual cash cost of the stand-by fee for the preference shares was no longer good value given our scale and other paths to capital. There was only a trivial cost associated with redeeming the shares ($0.11 in total – yes, in total, not per share) and in addition to the cash savings there is also a modest positive impact on our reported EPS because IFRS previously required us to allocate some of our earnings to the preference shares.

Adverse costs and after-the-event insurance

In the UK and in a number of other jurisdictions (but generally not in the US, although there are exceptions), litigation tends to proceed on the basis that the losing party will be ordered to pay the costs of the winning party. This is a complex legal area and we need not delve into its nuances here; the important point is that the high cost of complex business litigation means that adverse costs exposure can be a material issue in many litigation matters. As a result, there is demand for risk solutions to address the issue of adverse cost liability; those solutions take many forms, including insurance, indemnity and other forms of contractual agreements, bonds and payments into court. Burford routinely considers client requests for solutions to adverse costs risk and provides all of the types of solutions mentioned here in multiple jurisdictions.

Insurance is only one of the solutions to address adverse cost risk. Burford entered the UK after-the-event insurance business in 2012 with its acquisition of Firstassist that has been discussed extensively in past communications. After-the-event insurance was popular in the UK prior to 2013 because the premium paid for the insurance was generally recoverable from the losing party if the insured party succeeded in the litigation, and it was thus regarded as "free" insurance. Once the Jackson reforms were implemented in 2013, premiums were no longer recoverable and demand for the insurance product fell sharply, as we expected, and it has never recovered. Burford's insurance capacity is supplied by Munich Re; while Burford retains most of the economics of the insurance business, a subsidiary of Munich Re is the actual insurer and bears the ultimate liability for claims. Burford itself is not an insurer.

Due to Burford's success in writing a large volume of insurance business before the implementation of the Jackson reforms and thus requiring the infrastructure to manage that business as the litigation matters underlying it progress through the justice system, we have remained open for new insurance business post-Jackson because there was little incremental effort required to do so, and we have continued to write new business, although at levels far below our pre-Jackson volume. However, Munich Re has notified us that it is moving its insurance business to a new operating platform, and for us to continue to write new business would require a significant investment in technology and systems to be able to utilise that new platform. We have concluded that the level of attractive demand for new UK after-the-event insurance is insufficient for us to make that investment, and we will thus cease writing new insurance business at the end of the year.

We will, of course, continue to manage the insurance business we have already written, which as we discussed in our most recent annual report is expected to contribute many millions of dollars of future income to Burford, further augmenting the terrific return on investment the Firstassist acquisition has already delivered for us. Moreover, the removal of our UK insurance capacity does not change our continuing willingness to provide risk solutions for adverse costs exposure through all the non-insurance products mentioned above – including in UK litigation.

New initiatives

We use our new initiatives segment to incubate business concepts and see how they perform in the market. At present, the segment contains two lines of business: judgment enforcement globally, and revolving credit lending to smaller US law firms.

Judgment enforcement has been proceeding very nicely. We entered the business only last year and it has been consistently profitable since inception thanks to its continuing fee for service business. The real leverage in the business, however, is expected to come from providing our services contingently for a portion of whatever we assist in recovering. The income from contingent services provision is longer duration, just as in our litigation finance business, but the first such success has now occurred, with an investment of $1.8 million in the value of our services and disbursements yielding a recovery of $5.9 million, for a profit of $4 million and an IRR of 279%.

Going forward, we continue to assemble a portfolio of such opportunities and we are optimistic about the future potential of the business.

The other outgrowth of being in the judgment enforcement business is a significant beneficial crossover effect with our litigation finance business that is occurring naturally. We regularly involve the judgment enforcement team in the investment assessment process for litigation finance matters, strengthening it further, and we regularly have experienced litigators from the litigation finance business adding their strategic views to the litigation that is expected to be necessary in the judgment enforcement arena.

As to revolving credit lending to smaller US law firms, the business had its best ever six months in terms of income generated. However, we have decided that the business of providing capital to law firms is best managed as a single unified business rather than conducting a portion of that activity in a separate line of business. Thus, we intend to address law firms and their financial needs holistically within our main litigation finance business going forward, and won't continue to book law firm financing activity after 30 June in the new initiatives segment. This is in no way an expression of unhappiness with our general law firm financing activity – it is a significant and rapidly growing part of our business, but we are just not going to operate a portion of it as a separate line of business.

We continue to be receptive to client demand for new products and services. During the period, we joined with Dentons, now the world's largest law firm, and together made a small investment in Apperio, a young London-based firm that is revolutionising how clients manage litigation spending by tapping directly into law firm billing systems and providing reporting and analysis. From our perspective, anything that improves client focus on the economics of litigation spending is good for our business, as it will lead inexorably to clients seeking financial alternatives of the sort we can provide.

Valuations and projections

Veteran readers of Burford's accounts will know that we have regularly addressed the challenging intersection of IFRS fair value accounting and the world of litigation finance, which do not fit seamlessly together.

Burford values transparency in its presentation of financial results and wants to be clear with investors about its approach to those results.

Most of Burford's income comes from its litigation finance business. Within that business, there are two principal sources of income for accounting purposes, realised gains on investments and unrealised gains on investments. (Realised and unrealised losses will naturally negatively affect income and the principles we set forth here apply equally to losses.)

Realised gains are straightforward: they represent the amount of profit, net of the return of Burford's invested capital and any previously recognised unrealised gains, on an investment that has either resolved entirely or has been settled or adjudicated such that, in Burford's view, there is no longer litigation risk associated with the investment. (In the latter event, Burford may discount the anticipated profit in respect of an investment to account for any continuing uncertainty as to the recoverability of any amount.) Burford announces individual investment results that will produce realised gains separately from its financial results only when the individual gain is new information which may be material to Burford.

Unrealised gains are more complex: they represent the fair value of Burford's investment assets, as determined by Burford's Board of Directors in accordance with the requirements of the relevant IFRS standards, as at the end of the relevant financial reporting period. There is no active secondary market for litigation risk, and thus there is generally no market-based approach to assessing fair value; to the extent that a secondary market transaction does take place with respect to an investment, the implied value of that transaction is a key valuation input. In the absence of such a transaction, we are mindful that the outcome of each matter Burford finances is likely to be inherently uncertain, may take several years to conclude and is often difficult to predict with accuracy. Moreover, litigation matters frequently experience multiple significant shifts in sentiment during their evolution. Burford thus eschews fair values based solely on current sentiment, and focuses on objective events (such as court rulings or settlement offers) to ground its assessment of fair value.

Burford's Board of Directors assesses the fair value of Burford's investments after the close of each financial reporting period and therefore investors should not expect updates about potential changes in fair value during the course of any given reporting period. Following the close of each financial reporting period, Burford's Board determines the fair values of investments after taking into account the views of management, the operation of the audit process and input from external experts (as it considers appropriate). Generally, that process does not conclude finally until shortly before the release of Burford's financial results for the relevant period.

Burford is pleased to be followed by a number of research analysts and we are grateful for their efforts to understand and explain our business. They perform a valuable role in assessing our operating performance, the evolution of the litigation finance market and interpreting other relevant industry developments. However, prospective investors and other market participants must appreciate that, due to the confidential, potentially privileged, long-term and uncertain nature of each investment asset, it is very difficult for research analysts to project accurately the likely investment income of the business. Any projections produced by research analysts are not produced on behalf of Burford and Burford takes no responsibility for such projections. As a result, prospective investors and other market participants should not treat, and Burford does not intend to treat, the financial projections produced by research analysts as indicative of the market's expectations of Burford's future financial performance. We specifically eschew any obligation to correct estimates made by financial analysts or to inform the market should we come to believe that our actual performance will diverge from those estimates. This is, of course, different to the approach taken by most operating companies, in respect of which research analysts can produce relatively reliable estimates and the relevant company will advise the market if it expects to see performance materially different from the consensus of analyst forecasts. It is important that investors understand that Burford takes a different approach as a result of the different nature of its business.

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We are grateful to all of our shareholders and bondholders for their support as Burford continues to grow and foster the litigation finance industry worldwide.

Sir Peter Middleton GCB
Chairman

Christopher Bogart
Chief Executive Officer

Jonathan Molot
Chief Investment Officer

July 2016

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 2016 which comprise 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 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 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Ernst & Young LLP
London

26 July 2016

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.

for the period ended 30 June 2016

	Notes	1 January 2016 to 30 June 2016 $'000	1 January 2015 to 30 June 2015 $'000
Income			
Litigation investment income	6	64,439	30,695
Insurance income		5,113	6,469
New initiatives income	8	6,141	2,273
Cash management income and bank interest	9	345	206
Net foreign exchange gains	14	177	962
Total income		76,215	40,605
Operating expenses		(14,535)	(12,231)
Operating profit		61,680	28,374
Finance costs	12	(5,876)	(4,589)
Profit for the period before taxation		55,804	23,785
Taxation	4	(4,128)	(110)
Deferred tax credit	4	1,128	41
Total taxation		(3,000)	(69)
Profit for the period after taxation		52,804	23,716
Dividend to contingent preference shareholders		600	600
Profit attributable to ordinary shareholders		52,204	23,116
		52,804	23,716
Other comprehensive income			
Exchange differences on translation of foreign operations on consolidation		17,723	(1,258)
Total comprehensive income for the period		70,527	22,458
Dividend to contingent preference shareholders		600	600
Profit attributable to ordinary shareholders		69,927	21,858
		Cents	Cents
Basic and diluted profit per ordinary share	17	25.52	11.30
Basic and diluted comprehensive income per ordinary share	17	34.19	10.69

The notes on pages 15 to 26 form an integral part of these consolidated financial statements.

as at 30 June 2016

	Notes	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
Assets				
Non-current assets				
Litigation investments	6	**482,434**	319,615	241,799
Due from settlement of litigation investments	7	**9,692**	30,421	30,241
New initiatives investments	8	**18,418**	18,106	6,887
Deferred tax asset	4	**2,151**	1,970	1,865
Goodwill		**1,005**	1,109	1,177
Tangible fixed assets		**980**	563	668
		514,680	371,784	282,637
Current assets				
Cash management investments	9	**152,172**	140,206	201,993
Due from settlement of litigation investments	7	**24,656**	31,188	29,280
Receivables and prepayments	10	**8,898**	5,510	6,414
Cash and cash equivalents		**56,372**	45,417	20,230
		242,098	222,321	257,917
Total assets		**756,778**	594,105	540,554
Liabilities				
Current liabilities				
Litigation investments payable		**389**	16,441	871
Payables	11	**4,219**	7,015	2,957
Taxation payable		**4,038**	942	389
Loan capital interest payable	12	**4,320**	3,174	3,340
Unrealised depreciation on forward foreign currency contract		**–**	128	50
		12,966	27,700	7,607
Non-current liabilities				
Deferred tax liability	4	**194**	1,098	–
Loan capital	12	**251,262**	131,280	139,311
		251,456	132,378	139,311
Total liabilities		**264,422**	160,078	146,918
Total net assets		**492,356**	434,027	393,636
Represented by:				
Ordinary share capital	15	**328,749**	328,749	328,749
Revenue reserve		**143,156**	102,550	65,959
Other reserves		**20,589**	2,866	(934)
Capital redemption reserve		**(138)**	–	–
Total equity attributable to ordinary shareholders		**492,356**	434,165	393,774
Equity attributable to contingent preference shares	16	**–**	(138)	(138)
Total equity shareholders' funds		**492,356**	434,027	393,636

The notes on pages 15 to 26 form an integral part of these consolidated financial statements.

The financial statements on pages 11 to 26 were approved by the Board of Directors on 26 July 2016 and were signed on its behalf by:

David Lowe
Director

26 July 2016

for the period ended 30 June 2016

	1 January 2016 to 30 June 2016 $'000	1 January 2015 to 30 June 2015 $'000
Cash flows from operating activities		
Profit for the period before tax	55,804	23,785
Adjusted for:		
Realised gains on realisation of litigation investments	(15,566)	(46,381)
Realised gains on realisation of new initiatives investments	(4,032)	–
Interest and other income from litigation investments	(2,964)	(247)
Interest and other income from new initiatives investments	(2,109)	(222)
Fair value change on litigation investments	(45,909)	15,933
Realised loss on disposal of cash management investments	2,569	219
Fair value change on cash management investments	(2,554)	580
Finance costs	5,876	4,589
Depreciation of tangible fixed assets	109	143
Unrealised (appreciation)/depreciation on forward foreign currency contract	(128)	50
Realised gains on forward foreign currency contract	–	(778)
Effect of exchange rate changes	(2,969)	(143)
	(11,873)	(2,472)
Changes in working capital		
Funding of litigation investments	(174,384)	(35,814)
Funding of new initiatives investments	(8,652)	(6,891)
Proceeds from litigation investments	84,337	93,970
Proceeds from new initiatives investments	14,468	771
Net proceeds from (purchases)/disposals of cash management investments	(11,981)	(106,665)
(Increase)/decrease in receivables	(3,547)	5,996
Decrease in payables	(2,831)	(2,296)
Taxation paid	(1,002)	(2,099)
Net cash outflow from operating activities	(115,465)	(55,500)
Cash flows from financing activities		
Issue of loan capital	145,840	–
Issue expenses – loan capital	(2,096)	–
Interest paid on bonds	(4,150)	(4,469)
Dividends paid on ordinary shares	(11,598)	(10,759)
Dividends paid on contingent preference shares	(600)	(600)
Net cash inflow/(outflow) from financing activities	127,396	(15,828)
Cash flows from investing activities		
Purchases of tangible fixed assets	(563)	(414)
Acquisition of subsidiary, net of cash acquired	–	(1,526)
Net cash outflow from investing activities	(563)	(1,940)
Net increase/(decrease) in cash and cash equivalents	11,368	(73,268)
Reconciliation of net cash flow to movements in cash and cash equivalents		
Cash and cash equivalents at beginning of period	45,417	93,640
Increase/(decrease) in cash and cash equivalents	11,368	(73,268)
Effect of exchange rate changes on cash and cash equivalents	(413)	(142)
Cash and cash equivalents as at end of period	56,372	20,230

Supplemental disclosure	1 January 2016 to 30 June 2016 $'000	1 January 2015 to 30 June 2015 $'000
Cash received from interest income	898	1,196
Cash paid for interest on bonds	4,150	4,469

The notes on pages 15 to 26 form an integral part of these consolidated financial statements.

for the period ended 30 June 2016

30 June 2016	Share capital $'000	Revenue reserve $'000	Foreign currency consolidation reserve $'000	Capital redemption reserve $'000	Equity attributable to ordinary shareholders $'000	Contingent preference shares $'000	Total $'000
As at 1 January 2016	328,749	102,550	2,866	–	434,165	(138)	434,027
Profit for the period	–	52,204	–	–	52,204	600	52,804
Other comprehensive income	–	–	17,723	–	17,723	–	17,723
Dividends paid	–	(11,598)	–	–	(11,598)	(600)	(12,198)
Redemption of contingent preference shares (Note 16)	–	–	–	(138)	(138)	138	–
Balance as at 30 June 2016	**328,749**	**143,156**	**20,589**	**(138)**	**492,356**	**–**	**492,356**

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
As 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 as at 30 June 2015	328,749	65,959	(934)	393,774	(138)	393,636

The notes on pages 15 to 26 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 2016 to 30 June 2016.

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 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 2015. However, since April 2016, certain intragroup balances are now considered, in substance, to form part of a net investment in a foreign operation. Gains and losses on such balances are recognised in other comprehensive income, with a loss of $2,834,000 recognised in the current period.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Burford Capital Limited and its 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.

3. Material agreements

During 2016 there were no material agreements in place between Group entities and third parties.

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 UK and the US are subject to taxation in such jurisdictions as determined in accordance with relevant tax legislation and regulations.

4. Taxation continued

The taxation charge for the period comprises:

	30 June 2016 $'000	30 June 2015 $'000
US Subsidiaries	2,443	188
Irish Subsidiaries	1,685	–
UK Subsidiaries	–	(78)
Deferred taxation credit	(1,128)	(41)
Taxation	3,000	69

Deferred tax asset	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
As at 1 January	1,970	1,822	1,822
Movement on UK deferred tax – temporary differences	502	172	41
Movement on US deferred tax – temporary differences	(276)	(23)	–
Foreign exchange translation differences	(45)	(1)	2
As at end of period	2,151	1,970	1,865

Deferred tax liability	30 June 2016 $'000	31 December 2015 $'000
As at 1 January	1,098	–
Movement on UK deferred tax – temporary differences	(43)	45
Movement on US deferred tax – temporary differences	(859)	1,053
Foreign exchange translation differences	(2)	–
As at end of period	194	1,098

5. Segmental information

Management considers that there are three operating business segments in addition to its corporate function, being (i) provision of litigation investment (reflecting litigation and arbitration-related investment activities anywhere in the world), (ii) provision of litigation insurance (reflecting UK and Channel Islands 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 2016	Litigation investment $'000	Litigation insurance $'000	New initiatives $'000	Other corporate activity $'000	Total $'000
Income	64,439	5,113	6,141	522	76,215
Operating expenses	(8,636)	(830)	(2,632)	(2,437)	(14,535)
Finance costs	–	–	–	(5,876)	(5,876)
Profit for the period before taxation	55,803	4,283	3,509	(7,791)	55,804
Current taxation	(3,485)	–	(489)	(154)	(4,128)
Deferred tax credit	583	(857)	(148)	1,550	1,128
Other comprehensive income	–	–	–	17,723	17,723
Total comprehensive income	52,901	3,426	2,872	11,328	70,527

5. Segmental information continued

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

Segment assets and liabilities

30 June 2016	Litigation investment $'000	Litigation insurance $'000	New initiatives $'000	Other corporate activity $'000	Total $'000
Non-current assets					
Litigation investments	482,434	–	–	–	482,434
Due from settlement of litigation investments	9,692	–	–	–	9,692
New initiative investments	–	–	18,418	–	18,418
Deferred tax asset	1,503	–	–	648	2,151
Goodwill	–	–	–	1,005	1,005
Tangible fixed assets	633	347	–	–	980
	494,262	347	18,418	1,653	514,680
Current assets					
Cash management investments	–	–	–	152,172	152,172
Due from settlement of litigation investments	24,656	–	–	–	24,656
Receivables and prepayments	1,057	6,218	982	641	8,898
Cash and cash equivalents	22,996	5,695	3,279	24,402	56,372
	48,709	11,913	4,261	177,215	242,098
Total assets	542,971	12,260	22,679	178,868	756,778
Current liabilities					
Litigation investments payable	389	–	–	–	389
Payables	3,539	465	12	203	4,219
Taxation payable	3,949	(65)	–	154	4,038
Loan capital interest payable	–	–	–	4,320	4,320
	7,877	400	12	4,677	12,966
Non-current liabilities					
Deferred tax payable	194	–	–	–	194
Loan capital	–	–	–	251,262	251,262
	194	–	–	251,262	251,456
Total liabilities	8,071	400	12	255,939	264,422
Total net assets	534,900	11,860	22,667	(77,071)	492,356

5. Segmental information continued

31 December 2015	Litigation investment $'000	Litigation insurance $'000	New initiatives $'000	Other corporate activity $'000	Total $'000
Non-current assets					
Litigation investments	319,615	–	–	–	319,615
Due from settlement of litigation investments	30,421	–	–	–	30,421
New initiative investments	–	–	18,106	–	18,106
Deferred tax asset	1,779	–	–	191	1,970
Goodwill	–	–	–	1,109	1,109
Tangible fixed assets	148	415	–	–	563
	351,963	415	18,106	1,300	371,784
Current assets					
Cash management investments	–	–	–	140,206	140,206
Due from settlement of litigation investments	31,188	–	–	–	31,188
Receivables and prepayments	500	4,322	688	–	5,510
Cash and cash equivalents	39,203	3,470	378	2,366	45,417
	70,891	7,792	1,066	142,572	222,321
Total assets	422,854	8,207	19,172	143,872	594,105
Current liabilities					
Litigation investments payable	16,441	–	–	–	16,441
Payables	4,981	1,040	647	347	7,015
Taxation payable	942	–	–	–	942
Loan capital interest payable	–	–	–	3,174	3,174
Unrealised depreciation on forward foreign currency contract	–	–	–	128	128
	22,364	1,040	647	3,649	27,700
Non-current liabilities					
Deferred tax payable	1,053	45	–	–	1,098
Loan capital	–	–	–	131,280	131,280
	1,053	45	–	131,280	132,378
Total liabilities	23,417	1,085	647	134,929	160,078
Total net assets	399,437	7,122	18,525	8,943	434,027

5. Segmental information continued

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					
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
Unrealised depreciation on forward foreign currency contract	–	–	–	50	50
	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

6. Litigation investments

	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
As at 1 January	**319,615**	266,292	266,292
Additions	**158,332**	105,894	34,746
Realisations	**(54,153)**	(134,233)	(89,783)
Net realised gains for period	**15,566**	60,351	46,381
Fair value movement (net of transfers to realisations)	**45,909**	22,006	(15,933)
Foreign exchange translation differences	**(2,835)**	(695)	96
As at end of period	**482,434**	319,615	241,799

6. Litigation investments continued

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

	30 June 2016 $'000	30 June 2015 $'000
Net realised gains on litigation investments at fair value (above)	**15,566**	46,381
Fair value movement (net of transfers to realisations) (above)	**45,909**	(15,933)
Interest income on due from settlement of litigation investments (Note 7)	**2,964**	201
Interest and other income from continuing litigation investments	**–**	46
Total litigation investment income	**64,439**	30,695

7. 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 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
As at 1 January	**61,609**	63,507	63,507
Transfer of realisations from litigation investments (Note 6)	**54,153**	134,233	89,783
Interest income on due from settlement of litigation investments	**2,964**	4,068	201
Proceeds from settled litigation investments	**(84,307)**	(139,971)	(93,946)
Proceeds from interest income on due from settlement of litigation investments	**(30)**	(225)	(24)
Foreign exchange translation differences	**(41)**	(3)	–
As at end of period	**34,348**	61,609	59,521
Split:			
Non-current assets	**9,692**	30,421	30,241
Current assets	**24,656**	31,188	29,280
Total due from settlement of litigation investments	**34,348**	61,609	59,521

8. New initiatives investments

New initiatives 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. New initiatives investments as shown on the Consolidated Statement of Financial Position are comprised of:

	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
Investments held at fair value	**3,621**	3,509	1,051
Investments held at amortised cost	**14,797**	14,597	5,836
Total new initiatives investments	**18,418**	18,106	6,887

8. New initiatives investments continued

New initiatives investments at fair value	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
As at 1 January	**3,509**	–	–
Additions	**2,164**	3,006	1,045
Realisations	**(5,867)**	–	–
Net gains on new initiatives investments	**4,032**	559	–
Foreign exchange translation differences	**(217)**	(56)	6
As at end of period	**3,621**	3,509	1,051

The total new initiatives income on the face of the Consolidated Statement of Comprehensive Income, including interest income on balances carried at amortised cost, is $6,141,000 (30 June 2015: $2,273,000).

9. Cash management investments

	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
Money market funds	**81,899**	9,008	12,000
Listed fixed income securities and investment funds, including mutual funds	**70,273**	131,198	189,993
Total cash management investments	**152,172**	140,206	201,993

Reconciliation of movements:	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
As at 1 January	**140,206**	95,984	95,984
Purchases	**146,433**	223,728	216,633
Proceeds on disposal	**(134,533)**	(176,365)	(109,968)
Realised loss on disposal	**(2,569)**	(824)	(219)
Fair value change in period	**2,554**	(2,177)	(580)
Change in accrued interest	**81**	(140)	143
As at end of period	**152,172**	140,206	201,993

During the period ended 30 June 2016, cash management investments were held in money market funds and 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 2016 $'000	30 June 2015 $'000
Realised loss on cash management investments	**(2,569)**	(219)
Fair value movement on cash management investments	**2,554**	(580)
Dividend and interest income on cash management investments	**355**	989
Bank interest income	**5**	16
Total cash management income and bank interest	**345**	206

10. Receivables and prepayments

	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
Trade receivable – insurance segment	**6,038**	4,231	4,106
Trade receivable – new initiatives	**931**	674	579
Prepayments	**174**	124	181
Other debtors	**1,755**	481	1,548
	8,898	5,510	6,414

11. Payables

	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
Audit fee payable	**180**	384	201
General expenses payable	**4,039**	6,631	2,756
	4,219	7,015	2,957

12. 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 2016, based upon the market value of the bonds at that time, is $127,660,000 (31 December 2015: $140,473,000; 30 June 2015: $148,073,000).

On 19 April 2016, Burford Capital PLC issued a second set of retail bonds to the value of $144,020,000 (£100,000,000). The bond proceeds were received on 26 April 2016 and converted to US Dollars in the weeks following the offering, producing $144,000,000 of proceeds. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds. The bonds will mature on 26 October 2024, and pay a fixed rate of interest of 6.125% per annum. The fair value of the loan capital at 30 June 2016, based upon the market value of the bonds at that time, is $137,110,000.

Retail bonds	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
As at 1 January	**134,454**	141,418	141,418
Retail bonds issued	**145,840**	–	–
Bond issue costs	**(2,096)**	–	–
Finance costs	**5,876**	9,290	4,589
Interest paid	**(4,150)**	(8,926)	(4,469)
Exchange movements	**(24,342)**	(7,328)	1,113
As at end of period	**255,582**	134,454	142,651
Split:			
Loan capital	**251,262**	131,280	139,311
Loan capital interest payable	**4,320**	3,174	3,340
	255,582	134,454	142,651

12. Loan capital continued

	30 June 2016 $'000	30 June 2015 $'000
Loan capital interest expense	**5,675**	4,431
Bond issue costs incurred as finance costs	**201**	158
Total finance costs	**5,876**	4,589

13. 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 2015 Annual Report.

Fair value hierarchy

30 June 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Litigation investments	**–**	**–**	**482,434**	**482,434**
Cash management investments:				
Money market funds	**81,899**	**–**	**–**	**81,899**
Listed fixed income securities and investment funds	**70,273**	**–**	**–**	**70,273**
New initiatives investments, at fair value	**–**	**–**	**3,621**	**3,621**
Loan capital, at fair value	**(264,770)**	**–**	**–**	**(264,770)**
Total	**(112,598)**	**–**	**486,055**	**373,457**

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 initiatives investments, at fair value	–	–	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

13. 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 initiatives investments $'000	Total level 3 assets $'000
As at 1 January 2016	**319,615**	**3,509**	**323,124**
Additions	**158,332**	**2,164**	**160,496**
Realisations	**(54,153)**	**(5,867)**	**(60,020)**
Net gains on investments recognised in the income statement	**61,475**	**4,032**	**65,507**
Exchange adjustment	**(2,835)**	**(217)**	**(3,052)**
As at 30 June 2016	**482,434**	**3,621**	**486,055**

	Litigation investments $'000	New initiatives 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 investments recognised in the income statement	30,448	–	30,448
Exchange adjustment	96	6	102
As at 30 June 2015	241,799	1,051	242,850

The fair value movement for litigation investments shown above for the period ending 30 June 2016 largely represents a fair value adjustment based on secondary market activity as discussed in the report to shareholders as well as fair value adjustments based on the Company's assessment of fair value. For the period ending 30 June 2016, $2,157,000 of the fair value increase recognised in the previous year was represented by transfers to realisations and the remaining $48,066,000 was fair value adjustment in the current period.

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 2016, 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 $48,606,000 (30 June 2015: $24,285,000).

Reasonably possible alternative assumptions

The determination of fair value of litigation investments involves 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. Other than rare instances of fair value determined by a market transaction with an arm's-length party, 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.

14. Foreign exchange gains

As of 30 June 2016, there were no forward currency contracts outstanding. In the interim reporting period of 30 June 2015, there was one, short-dated forward contract outstanding to purchase Sterling and sell USD and the fair value of the forward foreign currency contract had depreciated by $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 on the face of the Consolidated Statement of Comprehensive Income comprises:

	30 June 2016 $'000	30 June 2015 $'000
Unrealised appreciation/(depreciation) on forward foreign currency contract	**128**	(50)
Realised (loss)/gain on forward foreign currency contracts	**(559)**	778
Foreign exchange gain on other assets and liabilities	**608**	234
Net foreign exchange gains	**177**	962

15. Share capital

Authorised share capital	**30 June 2016 $'000**	31 December 2015 $'000	30 June 2015 $'000
Unlimited ordinary shares of no par value	**–**	–	–

Issued share capital	**Number**	Number	Number
Ordinary shares of no par value	**204,545,455**	204,545,455	204,545,455

	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
As at 1 January and as at end of period	**328,749**	328,749	328,749

16. Contingent preference shares

As of 30 June 2016, all outstanding preference shares had been repurchased for an aggregate price of $0.11 and were cancelled.

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 had 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 obliged the unitholder to pay the amount called within one month and an 'A' preference share converted into a 'B' preference share for each $10,000 paid. 'A' preference shares, subject to Board approval, accrued a 3% dividend. 'B' preference shares, subject to Board approval, accrued dividends at a rate of 30 day LIBOR + 700 basis points. The Group had 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.

16. Contingent preference shares continued

Issued contingent preference shares	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
400 contingent preference share units at $100,000 nominal value per unit	**–**	40,000	40,000

Contingent preference shares	30 June 2016 $'000	31 December 2015 $'000	30 June 2015 $'000
As at 1 January	**(138)**	(138)	(138)
Attributable profit for the period	**600**	1,200	600
Dividends paid	**(600)**	(1,200)	(600)
Redemption of contingent preference shares	**138**	–	–
As at end of period	**–**	(138)	(138)

17. 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 $52,204,000 (30 June 2015: $23,116,000) and the weighted average number of ordinary shares in issue for the period of 204,545,455 (30 June 2015: 204,545,455). Comprehensive income per ordinary share is calculated based on comprehensive income attributable to ordinary shareholders for the period of $69,927,000 (30 June 2015: $21,858,000) and the weighted average number of ordinary shares in issue for the period of 204,545,455 (30 June 2015: 204,545,455).

18. 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 2016, the Group had outstanding commitments for $239 million (31 December 2015: $213 million; 30 June 2015: $172 million). Of the $239 million in outstanding commitments, the Group expects less than 50% to be sought from it during the next 12 months.

19. Related party transactions

Directors' fees paid in the period amounted to $164,000 (30 June 2015: $174,000). There were no directors' fees outstanding as at 30 June 2016, 31 December 2015 or 30 June 2015.

There is no controlling party.

20. Subsequent events

There have been no significant subsequent events.

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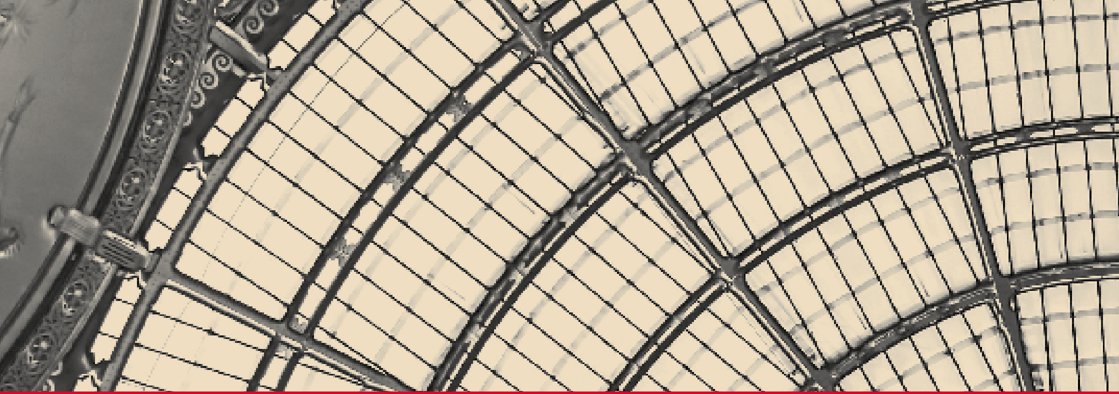

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