2017

Interim Report

Burford

About Burford Capital

Burford Capital is a leading global finance and investment management firm focused on law. Its businesses include litigation finance and risk management, asset recovery and a wide range of legal finance and advisory activities. Burford is publicly traded on the London Stock Exchange, and it works with law firms and clients around the world from its principal offices in New York, London and Chicago.

This report does not constitute an offer of any Burford fund.

Contents

First Half 2017 Highlights:

Income up
130% to $175.5m

Profit after tax* up
170% to $142.7m

Interim dividend up
14% to 3.05¢

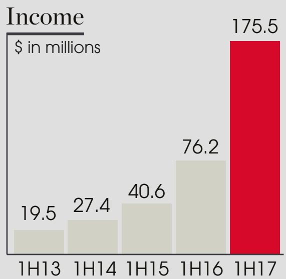
Successful 3rd bond offering £175m at 5.0%

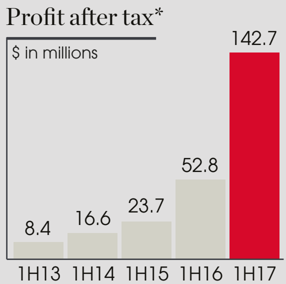
$3.1 billion invested in and available for legal finance

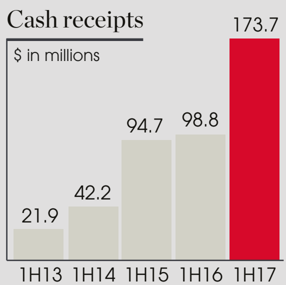
Direct investing^Δ	$1.4bn
and	
Investment funds	$1.7bn AUM

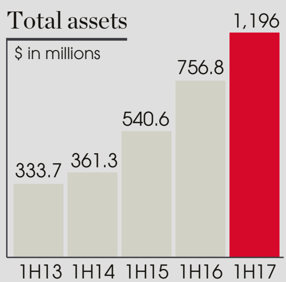
* As adjusted and defined in 2017 interim report.

Δ Includes investments on the balance sheet, undrawn commitments and cash.









Unaudited consolidated condensed financial statements can be found in the following pages and a summary is set out below. The current period figures for operating profit, profit before tax and profit after tax exclude the impact of the amortisation of intangible asset and investment banking and brokerage fees and are shown to assist in understanding the underlying performance of the Company; on a pure IFRS basis, profit after tax increased by 152%.

$'000	30 June 2017	30 June 2016	% change
Investment income †	161,633	65,267	
Investment management income	7,534	-	
Insurance income	4,626	5,113	
New initiatives income †	897	5,313	
Other income	834	522	
Total income	**175,524**	76,215	**130%**
Operating expenses – investments †	(10,611)	(9,811)	
Operating expenses – investment management	(3,569)	–	
Operating expenses – insurance	(914)	(830)	
Operating expenses – new initiatives †	(1,755)	(1,457)	
Operating expenses – corporate	(3,720)	(2,437)	
Operating profit*	**154,955**	61,680	**151%**
Finance costs	(10,015)	(5,876)	
Profit before tax*	**144,940**	55,804	**160%**
Taxation	(2,206)	(3,000)	
Profit after tax*	**142,734**	52,804	**170%**

† As reported in the 2016 interim report, law firm lending investments are included in the investments segment commencing with the 2016 annual report whereas historically they were included in the new initiatives segment. The 30 June 2016 figures have been restated for comparative purposes.

* Operating profit, profit before tax and profit after tax for 30 June 2017 do not include the amortisation of intangible asset relating to the Gerchen Keller acquisition and investment banking and brokerage fees.

Burford's six month results are the best in its history. Indeed, Burford has generated more profit in the first six months of 2017 than it has ever generated before in a full year of operation. Notably, that is the case even before factoring in the Gerchen Keller acquisition we made in December 2016 – an acquisition that has been successful and well-received. These results also do not include any impact from the recent success in the Teinver matter which we discuss further below.

A number of successful investments (11, in fact) contributed to this result, but the Petersen investment deserves special mention as the most successful investment in Burford's history. We have now sold 25% of our entitlement in Petersen, generating more than $100 million in actual cash profit – more than five times our investment – and we still own 75% of the investment. But the Petersen investment, while large, is not some one-off extraordinary item that should be treated separately; rather, it is the epitome of our core business. Investments like Petersen and Teinver – large, complex claims requiring financial wherewithal, great lawyers and the kind of significant diligence and management that we routinely provide – are our stock in trade, Burford's raison d'être. If anything, as time has passed, we have gravitated more to large matters like Petersen and Teinver, notwithstanding their potential lumpiness and volatility.

And we are not standing still. Burford has had an unusually active first half. Across our balance sheet and our funds, we have made $488 million in new investment commitments in that six-month period, $289 million of which were actually deployed. (By comparison, in the first six months of 2016, Burford made $200 million of new commitments from its balance sheet and $121 million of actual deployments.) We also marked the end of the interim period by closing the largest investment fund ever raised in our sector, a new $500 million fund to invest in complex strategies.

Shortly after release of this report, Burford will celebrate its eighth birthday. In those eight years, Burford has gone from an £80 million start-up to one of the 250 largest public companies listed in London with a market capitalisation well in excess of $2 billion. In its short life it has:

- Committed more than $1.4 billion to investments
- Generated more than $690 million in cash recoveries from investments
- Earned $475 million in net income
- Paid more than $83 million to shareholders in dividends
- Separately, the investment funds we now manage have committed more than $1 billion to investments in their five-year life

An investor who purchased Burford's shares at IPO in late 2009 would have enjoyed 1,040% in total shareholder return through 24 July 2017.

In addition to its core business, Burford now operates an investment manager with more than $1.7 billion in assets under management. Our clients span the globe; we recently funded the first-ever matter in Singapore following years of successful effort to open that market. In short, we continue to lead the litigation finance industry as it grows and moves ever more definitively toward the mainstream of corporate financing activity.

We are also delighted to announce the payment of an interim dividend at the rate of one-third of our 2016 total dividend, which is an increase of 14% over last year's interim dividend. The interim dividend of 3.05 US cents per share will be paid on 15 November 2017 to shareholders of record on 20 October 2017.

As usual, in this interim report, coming only a few months after our comprehensive annual report, we touch briefly on key business developments rather than updating the fulsome commentary on the business we provided to accompany the review of our fiscal year, but we always welcome investor questions and feedback.

Fund management

Burford's acquisition of Gerchen Keller Capital on 14 December 2016 catapulted Burford into the role of the industry's largest fund manager, with more than $1.7 billion in assets under management[1] at 30 June 2017.

The combination of Burford and Gerchen Keller has proved to be as potent as we were hoping and sets us clearly apart from our rivals. In an industry where the supply of talented and experienced people is limited, it was delightful to add a team of like-minded professionals. The integration of the two businesses was relatively straightforward given that Gerchen Keller had only 20 or so people in a single office with complementary technology and we began operating as one unified firm shortly after closing.

Moreover, as a business matter, things have gone better than we dared hope. Gerchen Keller's first fund, Partners I, has already begun producing performance fees, with our first cash instalment of those fees ($1.3 million) received in April.

We were also successful in raising our first new fund since the acquisition, which closed on 30 June with $500 million in commitments to invest in litigation-related complex strategies.[2] The new fund will invest in assets that Burford believes are mispriced and where value can be realised through recourse to litigation and regulatory processes. As such, Burford, through this new fund, generally will act as a principal as opposed to financier. We invested more than $100 million in such assets contemporaneously with the launch of the fund. Burford regards its investment strategies as proprietary and will not release information about the fund's underlying investment strategies.

The new fund is structured as an evergreen fund with a perpetual life based on continued commitments from limited partner investors. Investors in the fund pay Burford a management fee of 2% per annum on drawn capital and a performance fee of 20% of fund profits on each resolved investment, subject to a 5% per annum priority return to investors, after which the Burford performance fee will receive a traditional general partner catch-up. Burford is enthusiastic about the opportunities in litigation-related complex strategies, and wanted a greater level of exposure to those investments than it would achieve simply through performance fee income. As a result, Burford has committed $150 million to the new fund from its own balance sheet (a commitment on which it will not pay fees). Burford's employees and directors are similarly positive and have personally committed more than $5 million to the new fund. Thus, the amount raised from third-party investors on which fees will be paid is nearly $350 million.

A few words about accounting and the presentation of the funds business are appropriate. The accounting for most of Gerchen Keller's funds on Burford's financial statements is quite straightforward. Management fees from the funds are booked as income as earned (and are generally paid quarterly). Performance fees from the funds are only booked when paid given the European structure of those fees as discussed in prior descriptions of the funds. We present that fee income in a new line on our P&L entitled "investment management income" and we have created a new accounting segment for the funds business. Some expenses are borne directly by the funds and those expenses do not flow through the P&L at all but are simply paid directly; other

1 Please refer to our discussion of the definition of assets under management on pages 17 and 18 or our 2016 annual report.

2 Burford Capital Investment Management LLC ("BCIM"), which acts as the fund manager, is registered as an investment adviser with the U.S. Securities and Exchange Commission. The information provided herein is for informational purposes only. It describes multiple investment vehicles that total $500 million in size, are focused on a single investment strategy, and share common terms such as management and performance fees. Nothing herein should be construed as a solicitation to offer investment advice or services. Information about investing in BCIM-managed funds is available only in the form of private placement memoranda and other offering documents.

expenses are borne by Burford as the investment manager and those expenses are shown in our segmental reporting. (Our operating expenses have increased as a result of owning the Gerchen Keller business, but of course we are now earning management fees that more than offset those increased expenses.) Because the funds and Burford's balance sheet operate in overlapping businesses and because most of our resources are shared across businesses instead of being dedicated to the funds business or the remainder of Burford's business, in many cases expenses are allocated internally. For example, some staff costs are shared between the litigation finance and the investment management segments.

Unfortunately, the accounting for some funds, including our new complex strategies fund, is less straightforward, in two respects. First, IFRS requires that funds in which the manager is invested and has control attributes be consolidated into Burford's financial statements and then the interests of non-Burford investors be shown separately in a line pithily entitled "third party interest in consolidated funds" (even if those investors represent a sizeable majority of the fund, as is the case with the complex strategies fund). We have provided disclosure in the notes to the financial statements that reconciles the reporting and should provide a clear picture. This will continue for the life of each affected fund. Second, these interim financial statements also include some temporary fund-related activity. Shortly prior to the complex strategies fund's closing on 30 June, it was desirable to make some investments prior to the fund making its initial capital call, and thus Burford seeded the fund in order for it to make those investments, giving rise to some unusual-looking balance sheet entries. While this is not expected to be an ongoing matter, it is possible that Burford will from time-to-time provide capital to bridge the fund's capital call process; as disclosed to and approved by the fund's investors, the fund compensates Burford for the use of its capital when this occurs.

Looking ahead, we have begun a series of conversations with institutional investors regarding possible incremental fundraising to address the array of market opportunities we see, and we are excited about the potential we anticipate for Burford by operating a hybrid model of on-balance sheet investing and a family of private funds generating fee income.

Investment portfolio

Burford has been commenting for some time on the evolution of its business away from a core of "litigation funding" where we pay legal fees on behalf of clients in exchange for a share of their recoveries from litigation and arbitration matters to a much broader business where we engage in a wide variety of transactions that have their returns ultimately tied to the outcomes of litigation, arbitration and regulatory activities.

If anything, the first six months of 2017 have seen the pace of that evolution continue to accelerate with the additional availability of capital from our investment funds and the expanded team that we now have in the market. That translated into an extraordinary level of investment commitments.[3] However, this evolution is straining the bounds of our historical presentation of new investment commitments, yet we continue to be constrained in our ability to communicate many details of our new investments for all the reasons we have detailed in the past.

Thus, we are introducing a new approach to reporting on our investment activity that attempts to categorise commitments with more granularity than was the case in the past. As always, we welcome feedback on this approach.

Importantly, we underwrite and structure investments to endeavour to achieve comparable risk-adjusted returns across all of our investments. To be sure, the *nominal* investment returns on individual investments vary widely across our portfolio, and always have. When we take on a single case financing, we are by definition taking on significantly more risk of the total loss of our capital in that investment than we are in other investment contexts, and as a result the pricing and the nominal return, if successful, for that

3 We define a commitment as the combination of investment capital that was deployed in connection with a new investment entered into during the period and contractual agreements entered into during the period pursuant to which Burford has agreed to provide capital in the future. Thus, a $10 million investment in which all $10 million was paid to our counterparty at closing would be treated as a $10 million commitment, just as a financing agreement under which we agreed to provide up to $10 million in the future would be treated as a $10 million commitment. We also include increases in the amount of capital agreed to be provided in the period as a new commitment, so that if we had entered into a $5 million financing agreement in 2016 and increased the $5 million cap to $7 million, the incremental $2 million would be treated as a new commitment in the period. Burford's contractual agreements to make investments in the future are generally subject to a variety of conditions that must be satisfied before the investment capital can be called; those conditions may not be satisfied and thus some commitments may never be capable of being drawn in whole or in part. We do not include Burford undrawn commitments to its own funds in our commitment numbers; instead we show actual investments only as drawn.

Total Investment Commitments: $488 million

Investment commitments made during the first six months of 2017	Balance sheet commitments		Fund and other vehicle commitments	
Single case finance: Investments subject to binary legal risk – in other words, Burford's traditional litigation finance investments, such as financing the costs of pursuing a single litigation claim	$20.4m	9%	$14.2m	6%
Portfolio finance: Investments with multiple paths to recovery where Burford's returns come entirely from litigation outcomes – in other words, many of Burford's traditional complex and portfolio investments, such as financing a cross-collateralised pool of a client's litigation claims	$57.5m	25%	$63.4m	24%
Recourse finance: Investments in connection with legal claims where Burford has recourse to an underlying asset beyond the legal claim – in other words, investments where Burford would not expect to suffer a complete loss upon failure of the claim, such as the Rurelec investment concluded in 2014 where the bulk of Burford's profits came from an interest in a claim outcome but where Burford expected to recover its principal from Rurelec's assets even if the claim had been unsuccessful	$87.5m	39%	$173.7m	66%
Legal risk management: Investments where Burford is providing some form of legal risk arrangement pursuant to which Burford does not generally expect to deploy capital unless there is a failure of the claim, such as providing an indemnity for adverse costs	$60.6m	27%	$10.8m	4%
Total	**$226.0m**	**100%**	**$262.1m**	**100%**
Total Investment Commitments	**$488m**			

investment will be higher. However, we do of course lose some such investments, and the impact of those losses results in a considerable reduction of nominal returns to aggregate returns. To use a simplistic example, which is not intended to signal anything about Burford's pricing or returns, if one invests $10 million in each of ten investments and loses three of them outright, one needs to charge a 129% investment return on each investment in order to generate an aggregate investment return, net of losses, of 60% overall.

This relates, of course, to what we have articulated previously about one of the many appeals of our expansion into portfolio financing: because we are considerably less likely to lose all of our invested capital in a portfolio investment, we can charge less for our capital while still generating generally comparable aggregate returns, as our nominal individual investment returns do not need to absorb losses at the same rate. Using the same numerical example, if one invests $10 million in each of ten portfolio investments and loses only one of them outright, one needs to charge only a 78% investment return on each investment in order to generate the same aggregate investment return, net of losses, of 60% overall.

Our continued expansion into the areas we have called "legal/asset finance" and "legal risk management" in the table on page 6 represents a continuation of that logic. In the former category, the likelihood of a complete loss of our invested capital has declined still further because we can look to the value of other assets to recover our principal and a return even if the litigation claim on which we are basing our investment fails. We can thus have even greater tolerance for pricing variability without necessarily impacting aggregate returns. Legal risk management adds a further dimension of financial logic to Burford's activities; in those arrangements Burford is not deploying capital for return but rather agreeing to make a payment in the future should a litigation-related event come to pass, such as Burford's client, upon losing a case, being ordered to pay adverse costs. Thus, Burford will have either profit without any capital deployment or a loss.

Turning from commitments to portfolio performance, we had a very strong first half. We generated $172 million in cash from the investments portfolio (compared with $91 million in the first half of 2016 and $112 million in the second half of 2016). We continue to be pleased with the quality of our investment portfolio.

On 21 July 2017, the tribunal in an arbitration matter underlying one of our investments rendered its decision in favour of the claimants we financed. The arbitration matter is a claim by Teinver S.A. and others against Argentina in connection with Argentina's expropriation of two airlines. The arbitration tribunal ruled against Argentina, requiring it to pay $324,254,807 in damages plus pre- and post-award interest. Burford's entitlement from the award is dependent on a number of other variables which are not yet known precisely but is estimated to be in the range of $140 million and is subject to an ongoing and compounding interest entitlement. As at 30 June 2017, Burford's current investment in this matter is approximately $13 million and it is carried on the balance sheet at a fair value of approximately $30 million. Thus, this favourable result is expected to result in the recognition of substantial additional income (although not approaching Burford's full potential entitlement above) pursuant to Burford's valuation policies, which are discussed at length in Burford's 2016 annual report. Any such income would be included in Burford's financial result for the second half of its financial year 2017, to be reported in its financial results for the year ended 31 December 2017. However, Burford has not yet determined, nor yet consulted with its auditors about, any impact of the arbitral decision on Burford's financial statements in 2017. This investment is from our 2010 vintage and proves out what we have said to investors over time: that it is premature to judge any investment vintage until it is entirely complete.[4]

Petersen

The Petersen claim is a classic high value, asymmetric litigation claim. It is possible that the Petersen claim will fail and produce no recovery. However, if the claim does not fail, it is difficult to see how the claim would produce only a positive but small recovery.

The combination of that investment dynamic and the fact that much about the Petersen claim is in the public domain makes Burford's investment

4 It is important to emphasise that this arbitral decision does not necessarily mean that this amount will actually be paid in full, or at all. There remain various avenues for challenge to the decision and the matter is not yet free of litigation risk; indeed, the entire decision could later be overturned by an adjudicatory body with higher authority and result in a loss for Burford. Moreover, it is commonplace for there to be negotiations, settlement discussions and discounting that could reduce materially the figures provided above, and Burford generally does not have any control over the outcome of those discussions as it is a third party to the actual litigation.

well-suited to partial sale in the secondary market that we have been developing. During the period from 31 December 2016 to 12 June 2017, Burford sold 25% of its interest in the Petersen claim to institutional investors for cash proceeds of $106 million, generating a profit on its approximately $18 million investment of more than 5x and making Petersen already the best performing investment in Burford's history. We continue to hold 75% of the investment.

Having achieved a number of goals with our secondary market transactions in Petersen – risk management, cash generation, secondary market development – Burford is not currently considering further sales. Moreover, Burford has agreed always to retain a majority interest and to maintain at least a 65% interest until 31 December 2018, and not to engage in further sales at an implied value below $600 million (the most recent sale being at an implied value of $440 million), subject to some exceptions not expected to be relevant. (We are, however, continuing to explore the secondary market as to other investments.)

This secondary market activity also raises the question of the appropriate carrying value for the 75% of the investment that Burford continues to own. As long-time readers of our reports know, Burford has for years discussed the complexities of litigation investment valuation for accounting purposes, grounded in the fact that, unlike many assets, Burford's investments are readily capable of being total losses and until adjudication their value is really a matter of conjecture.

As to Petersen specifically, there are two significant indicia of value: a series of secondary market transactions with sophisticated, arm's-length investors, and an initial success in the trial court. Thus, it seems appropriate to increase Petersen's carrying value from its prior level, and we have done so. We have not, however, increased the value all the way to the level of the secondary market transactions given the illiquidity (including by contractual provision) of Burford's position. We do not as a matter of longstanding policy provide the carrying value of individual investments in our portfolio while they are ongoing.

Procedurally, the Petersen case is advancing along a typical path in the US federal courts in New York. There is an important preliminary stage of the proceedings concerning the procedural ability of the US courts to hear the case before the court turns to questions of liability and damages. Petersen has won that preliminary stage at the trial court level and the defendants have appealed that result to the appellate court, which has now heard oral argument on the appeal and will render its decision in due course. There is no date by which the court is obliged to rule and no way to predict the date on which it will rule.

Asia

It has been an exciting period in Asia. In January, Singapore enacted legislation to permit litigation finance of arbitration matters; insolvency matters were already permitted. In June, Hong Kong followed suit and enacted legislation to permit arbitration finance. This is the culmination of some years of effort to get these jurisdictions to open themselves to legal finance and we are very pleased with this progress.

Burford has acted quickly in response to these new markets. We announced last month our first arbitration financing investment in Singapore – which was also the first investment made by anyone under the new regime.

We continue to believe that our growth in Asia will be slow given that the jurisdictions we are targeting represent brand-new markets never before exposed to the concepts of legal finance, but we have long-term enthusiasm for the region's potential.

New initiatives

Our new initiatives segment continues to have a single business in it, our asset recovery operation (which we have renamed from judgment enforcement to better capture the business' scope). This business makes its money in two different ways: by providing its services on a fee-for-service basis, and by providing its services contingently in exchange for a share of the assets ultimately recovered.

After starting this business in 2015, we had a successful 2016 with income from both our fee-for-service and our contingent activities. With that experience in hand, we concluded (unsurprisingly) that our margins are significantly higher when we provide our services contingently. As a result, we have deemphasised our fee-for-service business; we have not discontinued it, but we are devoting fewer resources to its marketing. Instead, we have increased our volume of contingent matters. The short-term impact of this choice is to reduce our income, because of course we only earn income on our contingent matters once they have been successful, and likely increase the volatility of income to resemble more closely the core litigation finance business, but we believe that this is likely to be a more profitable path over time.

Insurance

The insurance business performed well in the period but as anticipated has begun to decline as our monetisation of the run-off book continues. We have continued to be able to adjust our costs as the business shrinks over time. However, we remain well-pleased with the position of the book and its ability to continue to generate attractive returns for some time.

Capital structure

We returned to the retail bond market in May and ultimately raised a third bond in the amount of £175 million, which we converted into $227 million. This bond is considerably larger than our prior issuances (indeed, it is one of the largest UK retail bonds ever) and was issued at a lower interest rate – a 5% fixed rate for a 9½ year maturity – than our issue last year at 6.125% for an 8½ year maturity.

We were very pleased with the warm reception we received from bond investors and their enthusiasm for Burford's prospects, and we welcome all our new bond investors to the Burford family.

Our success with the bond issue provided us with sufficient capital to repay the $43.75 million in loan notes that we had issued just in December as part of the acquisition consideration for Gerchen Keller, and we did so at the end of June.

Our people

Burford is fortunate in having a dedicated team of extraordinary lawyers and finance professionals. But as terrific as our team is, we celebrate our ability to attract significant new talent because of the level of excitement and interest there is in this nascent industry and in joining Burford. In the past six months we have made some tremendous hires:

- Christy Searl, a former Senior Vice President in the General Counsel's office at Lehman Brothers who remained at Lehman managing its post-bankruptcy litigation until joining Burford, with a law degree from Georgetown and an undergraduate degree from Brown
- Matthew Schoenfeld, a former portfolio manager at Dreihaus Capital, an $8 billion investment firm, and a former member of Morgan Stanley's special situations group, with a law degree from Harvard and an undergraduate degree from Columbia (as well as being a co-author with former US Treasury Secretary Larry Summers at the G20 and a member of Forbes' "30 Under 30")
- Kelly Daley, a former litigator at Orrick, MoloLamken and McDermott Will, with undergraduate and law degrees from Georgetown
- Max Egan, a former Vice President in Morgan Stanley's investment management division with a focus on complex investment (including the litigation finance sector), with undergraduate and MBA degrees from Carnegie Mellon
- James MacKinnon, a former litigator at Herbert Smith in Hong Kong and a qualified lawyer in both the UK and Hong Kong, and a participant in the Third Party Funding for Arbitration Sub-Committee of the Hong Kong Law Reform Commission

* * *

We are delighted to be able to report such a successful first half, with record-breaking levels of income, profit and new commitments. We are grateful to our shareholders and other stakeholders for their continuing support.

Sir Peter Middleton GCB
Chairman

Christopher Bogart
Chief Executive Officer

Jonathan Molot
Chief Investment Officer

July 2017

Peter Haje: In Memoriam

Peter Haje was an extraordinary lawyer and exemplary human being. He was a partner at the Paul Weiss law firm – one of America's finest – for decades, ultimately becoming the firm's managing partner. He went from there to become the General Counsel of Time Warner, at the time the world's largest media concern. After he retired, he helped found what is today the litigation finance industry, and he served as a member of Burford's Investment Committee since our inception, never short of a wise or thoughtful comment. Peter recently succumbed to cancer at 82 years of age and we shall miss him, and owe him a debt of thanks for his help in steering the business to what it has become today.

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 2017 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 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Ernst & Young LLP
London

26 July 2017

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 2017

	Notes	1 January 2017 to 30 June 2017 $'000	1 January 2016 to 30 June 2016* $'000
Income			
Investment income	6	161,633	65,267
Investment management income		7,534	–
Insurance income		4,626	5,113
New initiatives income	8	897	5,313
Cash management income and bank interest	9	94	345
Foreign exchange gains		740	177
Total income		175,524	76,215
Operating expenses		(20,569)	(14,535)
Amortisation of intangible asset		(5,851)	–
Investment banking and brokerage fees		(3,838)	–
Operating profit		145,266	61,680
Finance costs	12	(10,015)	(5,876)
Profit for the period before taxation		135,251	55,804
Taxation	4	(2,206)	(3,000)
Profit for the period after taxation		133,045	52,804
Attributable to contingent preference shareholders		–	600
Attributable to ordinary shareholders		133,045	52,204
		133,045	52,804
Other comprehensive income			
Exchange differences on translation of foreign operations on consolidation		(11,142)	17,723
Total comprehensive income for the period		121,903	70,527
Attributable to contingent preference shareholders		–	600
Attributable to ordinary shareholders		121,903	69,927
		Cents	Cents
Basic and diluted profit per ordinary share	17	63.89	25.52
Basic and diluted comprehensive income per ordinary share	17	58.54	34.19

* As reported in the 2016 interim report, law firm lending investments are included in the investments segment commencing with the 2016 annual report whereas historically they were included in the new initiatives segment. Reclassification of the 2016 interim balances for comparative purposes have been made in accordance with IAS 1 paragraph 41, in order to provide more relevant information. The amount of the income reclassification is $828,000.

The notes on pages 17 to 32 form an integral part of these consolidated financial statements.

as at 30 June 2017

	Notes	30 June 2017 $'000	31 December 2016 $'000	30 June 2016* $'000
Assets				
Non-current assets				
Investments	6	**750,585**	559,687	497,231
Due from settlement of investments	7	**29,601**	29,814	9,692
New initiatives investments	8	**3,723**	2,337	3,621
Deferred tax asset	4	**10,368**	9,498	2,151
Goodwill		**133,983**	133,932	1,005
Intangible asset		**33,544**	39,395	–
Tangible fixed assets		**2,193**	2,156	980
		963,997	776,819	514,680
Current assets				
Due from settlement of investments	7	**3,455**	9,554	24,656
Due from settlement of new initiatives investments		**–**	747	–
Receivables and prepayments	10	**4,742**	10,240	8,898
Taxation receivable		**2,366**	1,402	–
Cash management investments	9	**28,180**	11,098	152,172
Cash and cash equivalents		**193,736**	158,371	56,372
		232,479	191,412	242,098
Total assets		**1,196,476**	968,231	756,778
Liabilities				
Current liabilities				
Investments payable		**4,076**	9,505	389
Payables	11	**6,716**	17,622	4,219
Net trades payable		**1,709**	–	–
Taxation payable		**–**	–	4,038
Loan interest payable	12	**5,081**	4,139	4,320
GKC acquisition purchase price payable		**–**	57,863	–
Acquisition costs payable		**–**	5,858	–
		17,582	94,987	12,966
Non-current liabilities				
Investments subparticipation		**456**	2,865	–
Third party interest in consolidated funds		**2,005**	–	–
Deferred tax liability	4	**3,305**	227	194
Loan capital	12	**468,040**	230,243	251,262
Loan notes	13	**–**	43,750	–
		473,806	277,085	251,456
Total liabilities		**491,388**	372,072	264,422
Total net assets		**705,088**	596,159	492,356

* As reported in the 2016 interim report, law firm lending investments are included in the investments segment commencing with the 2016 annual report whereas historically they were included in the new initiatives segment. Reclassification of the 2016 interim balances for comparative purposes have been made in accordance with IAS 1 paragraph 41, in order to provide more relevant information. The amount of the balance sheet reclassification is $14,797,000.

as at 30 June 2017 (continued)

	Notes	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
Represented by:				
Ordinary share capital	16	**351,249**	351,249	328,749
Contingent share capital – deferred consideration		**13,500**	13,500	–
Other capital reserve		**520**	–	–
Revenue reserve		**313,312**	193,761	143,156
Foreign currency translation reserve		**26,645**	37,787	20,589
Capital redemption reserve		**(138)**	(138)	(138)
Total equity shareholders' funds		**705,088**	596,159	492,356

The notes on pages 17 to 32 form an integral part of these consolidated financial statements.

The financial statements on pages 11 to 32 were approved by the Board of Directors on 26 July 2017 and were signed on its behalf by:

Charles Parkinson
Director

26 July 2017

for the period ended 30 June 2017

	1 January 2017 to 30 June 2017 $'000	1 January 2016 to 30 June 2016* $'000
Cash flows from operating activities		
Profit for the period before tax	135,251	55,804
Adjusted for:		
Realised (gains) on realisation of investments	(110,723)	(15,566)
Realised (gains) on realisation of new initiatives investments	(35)	(4,032)
Interest and other income from investments	(635)	(3,792)
New initiatives income	(746)	(1,281)
Fair value change on investments	(50,401)	(45,909)
Fair value change on new initiatives investments	(116)	–
Realised (gain)/loss on disposal of cash management investments	(116)	2,569
Fair value change on cash management investments	165	(2,554)
Finance costs	10,015	5,876
Share-based payment expense	520	–
Effect of exchange rate changes	962	(2,969)
Unrealised (appreciation) on forward foreign currency contract	–	(128)
Amortisation of intangible asset	5,851	–
Depreciation of tangible fixed assets	190	109
	(9,818)	(11,873)
Changes in working capital		
Funding of investments	(200,976)	(180,872)
Funding of new initiatives investments	(1,180)	(2,164)
Proceeds from investments	172,292	91,453
Proceeds from new initiatives investments	1,408	7,352
Net proceeds from (purchases) of cash management investments	(17,131)	(11,981)
Decrease/(increase) in receivables	4,269	(3,547)
(Decrease) in payables	(13,712)	(2,831)
Taxation paid	(958)	(1,002)
Increase in third party interest in consolidated funds	2,005	–
Net cash (outflow) from operating activities	(63,801)	(115,465)
Cash flows from financing activities		
Issue of loan capital	225,803	145,840
Issue expenses – loan capital	(2,921)	(2,096)
Repayment of loan notes	(43,750)	–
Interest paid on loan capital and loan notes	(9,022)	(4,150)
Dividends paid on ordinary shares	(13,494)	(11,598)
Dividends paid on contingent preference shares	–	(600)
Net cash inflow from financing activities	156,616	127,396
Cash flows from investing activities		
Purchases of tangible fixed assets	(205)	(563)
Settlement of outstanding creditor relating to prior year's acquisition of subsidiary	(57,863)	–
Net cash (outflow) from investing activities	(58,068)	(563)
Net increase in cash and cash equivalents	34,747	11,368

* As reported in the 2016 interim report, law firm lending investments are included in the investments segment commencing with the 2016 annual report whereas historically they were included in the new initiatives segment. Reclassification of the 2016 interim balances for comparative purposes have been made in accordance with IAS 1 paragraph 41, in order to provide more relevant information.

for the period ended 30 June 2017 (continued)

	1 January 2017 to 30 June 2017 $'000	1 January 2016 to 30 June 2016 $'000
Reconciliation of net cash flow to movements in cash and cash equivalents		
Cash and cash equivalents at beginning of period	**158,371**	45,417
Increase in cash and cash equivalents	**34,747**	11,368
Effect of exchange rate changes on cash and cash equivalents	**618**	(413)
Cash and cash equivalents as at end of period	**193,736**	56,372

Supplemental Disclosure	1 January 2017 to 30 June 2017 $'000	1 January 2016 to 30 June 2016 $'000
Cash received from interest income	**733**	898

The notes on pages 17 to 32 form an integral part of these consolidated financial statements.

for the period ended 30 June 2017

30 June 2017	Share capital $'000	Contingent share capital $'000	Other capital reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Capital redemption reserve $'000	Total $'000
As at 1 January 2017	351,249	13,500	–	193,761	37,787	(138)	596,159
Profit for the period	–	–	–	133,045	–	–	133,045
Other comprehensive income	–	–	–	–	(11,142)	–	(11,142)
Share-based payments	–	–	520	–	–	–	520
Dividends paid	–	–	–	(13,494)	–	–	(13,494)
Balance as at 30 June 2017	**351,249**	**13,500**	**520**	**313,312**	**26,645**	**(138)**	**705,088**

30 June 2016	Share capital $'000	Revenue reserve $'000	Foreign currency translation 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	–	–	–	(138)	(138)	138	–
Balance as at 30 June 2016	328,749	143,156	20,589	(138)	492,356	–	492,356

The notes on pages 17 to 32 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, investment management, financing and risk solutions with a focus on the litigation and arbitration sector.

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 2017 to 30 June 2017.

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 2016.

Given the size and timing of the acquisition of GKC Holdings LLC the allocation of goodwill to the Group's cash-generating units will be presented in the annual report.

We have renamed the litigation investments segment to be called investments as we have increasingly moved away from the use of "litigation" as a definer of our business as our investment scope has broadened to encompass many different kinds of legal and regulatory risk.

Significant estimates and judgements

Other than as noted below the significant estimates and judgements 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 2016.

Control of funds and affiliates

In connection with investment funds and other investment-related entities where the Group does not own 100% of the entity in question, the Group makes judgements about whether it is required to consolidate such entities by applying the factors set forth in the relevant accounting standards, including but not limited to the Group's equity and economic ownership interest, the economic structures in use in the entity, the level of control the Group has over the entity through the entity's structure or any relevant contractual agreements, and the rights of other investors (and, in appropriate circumstances, the likelihood of those investors exercising those rights).

Basis of consolidation

The consolidated financial statements comprise the financial statements of Burford Capital Limited and the Subsidiaries. All of 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 2017 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.

	30 June 2017 $'000	30 June 2016 $'000
Profit on ordinary activities before tax	135,251	55,804
Corporation tax at country rates	1,959	3,234
Factors affecting charge:		
Adjustment in respect of prior year	2	(246)
Tax losses not recognised	234	–
Costs not allowable for tax	11	12
Total taxation charge	2,206	3,000

Corporation tax at country rates is influenced by taxable profits and losses arising in jurisdictions at different rates and non taxable gains and losses arising on fair value adjustments.

The taxation charge for the period comprises:

	30 June 2017 $'000	30 June 2016 $'000
US Subsidiaries charge	–	2,443
Irish Subsidiaries charge	470	1,685
UK Subsidiaries charge	–	–
US deferred taxation charge/(credit)	1,736	(583)
UK deferred taxation (credit)	–	(545)
Total taxation charge	2,206	3,000

Deferred tax asset	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
As at 1 January	9,498	1,970	1,970
Movement on UK deferred tax – temporary differences	–	(174)	502
Movement on US deferred tax – temporary differences	1,340	7,076	(276)
Movement on Irish deferred tax – temporary differences	(470)	644	–
Foreign exchange translation differences	–	(18)	(45)
As at end of period	10,368	9,498	2,151

Included in the deferred tax asset recognised at the balance sheet date are amounts relating to operating losses that the Group believes it will be able to utilise in the future.

4. Taxation (continued)

Deferred tax liability	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
As at 1 January	**227**	1,098	1,098
Movement on UK deferred tax – temporary differences	**–**	–	(43)
Movement on US deferred tax – temporary differences	**3,075**	(863)	(859)
Foreign exchange translation differences	**3**	(8)	(2)
As at end of period	**3,305**	227	194

	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
Net deferred tax	**7,063**	9,271	1,957

Analysis of deferred tax by type	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
Staff compensation and benefits	**604**	3,462	1,313
GKC acquisition costs	**(959)**	1,188	-
Investment fair value adjustments	**1,056**	4,200	77
Capital allowances	**(221)**	(223)	(81)
Net operating loss carry forward	**6,583**	644	648
As at end of period	**7,063**	9,271	1,957

5. Segmental information

Management considers that there are four operating business segments in addition to its corporate functions, being (i) provision of investment capital in connection with legal and regulatory claims and risk anywhere in the world, (ii) investment management activities, (iii) provision of litigation insurance (reflecting UK and Channel Islands litigation insurance activities), and (iv) exploration of new initiatives until such time as those initiatives mature into full-fledged independent segments.

Segment revenue and results

30 June 2017	Investments $'000	Investment management $'000	Litigation insurance $'000	New initiatives $'000	Other corporate activity $'000	Total $'000
Income	161,633	7,534	4,626	897	834	175,524
Operating expenses	(10,611)	(3,569)	(914)	(1,755)	(3,720)	(20,569)
Amortisation of intangible asset	–	–	–	–	(5,851)	(5,851)
Investment banking and brokerage fees	–	–	–	–	(3,838)	(3,838)
Finance costs	–	–	–	–	(10,015)	(10,015)
Profit for the period before taxation	151,022	3,965	3,712	(858)	(22,590)	135,251
Taxation	(718)	(349)	(451)	(98)	(590)	(2,206)
Other comprehensive income	–	–	–	–	(11,142)	(11,142)
Total comprehensive income	150,304	3,616	3,261	(956)	(34,322)	121,903

5. Segmental information (continued)

30 June 2016	Investments $'000	Litigation insurance $'000	New initiatives $'000	Other corporate activity $'000	Total $'000
Income	65,267	5,113	5,313	522	76,215
Operating expenses	(9,811)	(830)	(1,457)	(2,437)	(14,535)
Finance costs	–	–	–	(5,876)	(5,876)
Profit for the period before taxation	55,456	4,283	3,856	(7,791)	55,804
Taxation	(2,902)	(857)	(637)	1,396	(3,000)
Other comprehensive income	–	–	–	17,723	17,723
Total comprehensive income	52,554	3,426	3,219	11,328	70,527

5. Segmental information (continued)

Segment assets and liabilities

30 June 2017	Investments $'000	Investment management $'000	Litigation insurance $'000	New initiatives $'000	Other corporate activity $'000	Total $'000
Non-current assets						
Investments	750,585	–	–	–	–	750,585
Due from settlement of investments	29,601	–	–	–	–	29,601
New initiatives investments	–	–	–	3,723	–	3,723
Deferred tax asset	9,166	–	–	–	1,202	10,368
Goodwill	–	–	–	–	133,983	133,983
Intangible assets	–	–	–	–	33,544	33,544
Tangible fixed assets	1,404	379	410	–	–	2,193
	790,756	379	410	3,723	168,729	963,997
Current assets						
Due from settlement of investments	3,455	–	–	–	–	3,455
Receivables and prepayments	950	1,751	1,242	743	56	4,742
Taxation receivable	2,236	–	130	–	–	2,366
Cash management investments	–	–	–	–	28,180	28,180
Cash and cash equivalents	64,027	120	12,383	77	117,129	193,736
	70,668	1,871	13,755	820	145,365	232,479
Total assets	861,424	2,250	14,165	4,543	314,094	1,196,476
Current liabilities						
Investments payable	4,076	–	–	–	–	4,076
Payables	5,097	225	771	341	282	6,716
Net trades payable	1,709	–	–	–	–	1,709
Loan interest payable	–	–	–	–	5,081	5,081
	10,882	225	771	341	5,363	17,582
Non-current liabilities						
Investments subparticipation	456	–	–	–	–	456
Third party interest in consolidated funds	2,005	–	–	–	–	2,005
Deferred tax liability	1,106	–	38	–	2,161	3,305
Loan capital	–	–	–	–	468,040	468,040
	3,567	–	38	–	470,201	473,806
Total liabilities	14,449	225	809	341	475,564	491,388
Total net assets	846,975	2,025	13,356	4,202	(161,470)	705,088

5. Segmental information (continued)

31 December 2016	Investments $'000	Investment management $'000	Litigation insurance $'000	New initiatives $'000	Other corporate activity $'000	Total $'000
Non-current assets						
Investments	559,687	–	–	–	–	559,687
Due from settlement of investments	29,814	–	–	–	–	29,814
New initiatives investments	–	–	–	2,337	–	2,337
Deferred tax asset	8,310	–	–	–	1,188	9,498
Goodwill	–	–	–	–	133,932	133,932
Intangible asset	–	–	–	–	39,395	39,395
Tangible fixed assets	1,389	402	365	–	–	2,156
	599,200	402	365	2,337	174,515	776,819
Current assets						
Due from settlement of investments	9,554	–	–	–	–	9,554
Due from settlement of new initiatives investments	–	–	–	747	–	747
Receivables and prepayments	854	1,279	7,165	718	224	10,240
Taxation receivable	1,279	–	123	–	–	1,402
Cash management investments	–	–	–	–	11,098	11,098
Cash and cash equivalents	48,097	235	6,375	2,384	101,280	158,371
	59,784	1,514	13,663	3,849	112,602	191,412
Total assets	658,984	1,916	14,028	6,186	287,117	968,231
Current liabilities						
Investments payable	9,505	–	–	–	–	9,505
Payables	14,330	488	990	1,439	375	17,622
Loan interest payable	–	–	–	–	4,139	4,139
GKC acquisition purchase price payable	–	–	–	–	57,863	57,863
Acquisition costs payable	–	–	–	–	5,858	5,858
	23,835	488	990	1,439	68,235	94,987
Non-current liabilities						
Investments subparticipation	2,865	–	–	–	–	2,865
Deferred tax liability	189	–	38	–	–	227
Loan capital	–	–	–	–	230,243	230,243
Loan notes	–	–	–	–	43,750	43,750
	3,054	–	38	–	273,993	277,085
Total liabilities	26,889	488	1,028	1,439	342,228	372,072
Total net assets	632,095	1,428	13,000	4,747	(55,111)	596,159

5. Segmental information (continued)

30 June 2016	Investments $'000	Litigation insurance $'000	New initiatives $'000	Other corporate activity $'000	Total $'000
Non-current assets					
Investments	497,231	–	–	–	497,231
Due from settlement of investments	9,692	–	–	-	9,692
New initiatives investments	–	–	3,621	–	3,621
Deferred tax asset	1,503	–	–	648	2,151
Goodwill	–	–	–	1,005	1,005
Tangible fixed assets	633	347	–	–	980
	509,059	347	3,621	1,653	514,680
Current assets					
Due from settlement of investments	24,656	–	–	–	24,656
Receivables and prepayments*	1,108	6,218	931	641	8,898
Cash management investments	–	–	–	152,172	152,172
Cash and cash equivalents*	25,040	5,695	1,235	24,402	56,372
	50,804	11,913	2,166	177,215	242,098
Total assets	559,863	12,260	5,787	178,868	756,778
Current liabilities					
Investments payable	389	–	–	–	389
Payables	3,539	465	12	203	4,219
Taxation payable	3,949	(65)	–	154	4,038
Loan interest payable	–	–	–	4,320	4,320
	7,877	400	12	4,677	12,966
Non-current liabilities					
Deferred tax liability	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	551,792	11,860	5,775	(77,071)	492,356

* As reported in the 2016 interim report, law firm lending investments are included in the investments segment commencing with the 2016 annual report whereas historically they were included in the new initiatives segment. Reclassification of the 2016 interim balances for comparative purposes have been made in accordance with IAS 1 paragraph 41, in order to provide more relevant information.

6. Investments

Investments are comprised of some assets at fair value and some assets at amortised cost. As reported in the 2016 interim report, law firm lending investments are included in the investments segment commencing with the 2016 annual report whereas historically they were included in the new initiatives segment. As at 30 June 2017, investments at fair value is $746,447,000 (31 December 2016: $549,173,000; 30 June 2016: $482,434,000) and investments at amortised cost is $4,138,000 (31 December 2016: $10,514,000; 30 June 2016: $14,797,000), totalling $750,585,000 (31 December 2016: $559,687,000; 30 June 2016: $497,231,000) as shown on the Consolidated Statement of Financial Position.

6. Investments (continued)

	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
As at 1 January	**559,687**	334,212	334,212
Additions	**193,138**	271,627	164,820
Realisations	**(165,769)**	(177,624)	(61,269)
Net realised gains for period	**110,723**	47,474	15,566
Fair value movement (net of transfers to realisations)	**50,401**	87,818	45,909
Net gain on investments at amortised cost	**424**	1,747	828
Foreign exchange gains/(losses)	**1,981**	(5,567)	(2,835)
As at end of period	**750,585**	559,687	497,231

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

	30 June 2017 $'000	30 June 2016 $'000
Net realised gains on investments at fair value (above)	**110,723**	15,566
Fair value movement (net of transfers to realisations) (above)	**50,401**	45,909
Interest income on due from settlement of investments (Note 7)	**211**	2,964
Net gain on investments at amortised cost	**424**	828
Third-party interest in consolidated funds	**(126)**	–
Total investment income	**161,633**	65,267

7. Due from settlement of investments

Amounts due from settlement of investments relate to the recovery of 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 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
As at 1 January	**39,368**	61,609	61,609
Transfer of realisations from investments (Note 6)	**165,769**	177,624	61,269
Interest income on due from settlement of investments	**211**	3,148	2,964
Proceeds from settled investments	**(172,349)**	(202,981)	(91,423)
Proceeds from interest income on due from settlement of investments	**–**	(30)	(30)
Foreign exchange gains/(losses)	**57**	(2)	(41)
As at end of period	**33,056**	39,368	34,348
Split:			
Non-current assets	**29,601**	29,814	9,692
Current assets	**3,455**	9,554	24,656
Total due from settlement of investments	**33,056**	39,368	34,348

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.

	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
As at 1 January	**2,337**	3,509	3,509
Additions	**1,180**	4,274	2,164
Realisations	**–**	(11,590)	(5,867)
Net realised gains for period	**35**	7,514	4,032
Fair value movement (net of transfers to realisations)	**116**	(1,110)	–
Foreign exchange gains/(losses)	**55**	(260)	(217)
As at end of period	**3,723**	2,337	3,621

New initiatives income on the face of the Consolidated Statement of Comprehensive Income is $897,000, including income of $746,000 from fees for enforcement services (30 June 2016: new initiatives income was $5,313,000, including $1,281,000 from fees for enforcement services).

9. Cash management investments

	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
Money market funds	**–**	–	81,899
Listed fixed income securities and investment funds, including mutual funds	**28,180**	11,098	70,273
Total cash management investments	**28,180**	11,098	152,172

Reconciliation of movements:	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
As at 1 January	**11,098**	140,206	140,206
Purchases	**21,425**	145,502	146,433
Proceeds on disposal	**(4,272)**	(273,425)	(134,533)
Realised gains/(losses) on disposal	**116**	(1,101)	(2,569)
Fair value change in period	**(165)**	(222)	2,554
Change in accrued interest	**(22)**	138	81
As at end of period	**28,180**	11,098	152,172

During the period ended 30 June 2017, cash management investments were held in fixed income securities and investment funds.

9. Cash management investments (continued)

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

	30 June 2017 $'000	30 June 2016 $'000
Realised gains/(losses) on cash management investments	**116**	(2,569)
Fair value movement on cash management investments	**(165)**	2,554
Dividend and interest income on cash management investments	**128**	355
Bank interest income	**15**	5
Total cash management income and bank interest	**94**	345

10. Receivables and prepayments

	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
Trade receivable – insurance segment	**1,197**	7,062	6,038
Trade receivable – new initiatives	**827**	718	931
Investment management receivable	**1,606**	1,133	–
Prepayments	**197**	166	174
Other debtors	**915**	1,161	1,755
	4,742	10,240	8,898

11. Payables

	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
Audit fee payable	**450**	448	180
Claim costs payable	**335**	69	–
General expenses payable	**5,931**	17,105	4,039
	6,716	17,622	4,219

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 2017, based upon the market value of the bonds at that time, is $131,165,000 (31 December 2016: $120,028,000; 30 June 2016: $127,660,000).

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 2017, based upon the market value of the bonds at that time, is $142,913,000 (31 December 2016: $130,399,000; 30 June 2016: $137,110,000).

12. Loan capital (continued)

On 1 June 2017, Burford Capital PLC issued a third set of retail bonds to the value of $225,803,000 (£175,000,000). The bond proceeds were received on 1 June 2017 and converted to US Dollars in the weeks following the offering, producing $227,011,000 of proceeds. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds. The bonds will mature on 1 December 2026, and pay a fixed rate of interest of 5.0% per annum. The fair value of the loan capital at 30 June 2017, based upon the market value of the bonds at that time, is $233,951,000.

Retail bonds	**30 June 2017 $'000**	31 December 2016 $'000	30 June 2016 $'000
As at 1 January	**234,258**	134,454	134,454
Retail bonds issued	**225,803**	145,840	145,840
Bond issue costs	**(2,921)**	(2,042)	(2,096)
Finance costs	**8,740**	13,984	5,876
Interest paid	**(7,623)**	(11,994)	(4,150)
Exchange movements	**14,864**	(45,984)	(24,342)
As at end of period	**473,121**	234,258	255,582
Split:			
Loan capital	**468,040**	230,243	251,262
Loan capital interest payable	**5,081**	4,015	4,320
	473,121	234,258	255,582

	30 June 2017 $'000	30 June 2016 $'000
Loan capital interest expense	**8,445**	5,675
Bond issue costs incurred as finance costs	**295**	201
Loan notes interest expense (Note 13)	**1,275**	–
Total finance costs	**10,015**	5,876

13. Loan notes

On 30 June 2017, the $43,750,000 of loan notes that were issued on 14 December 2016 as part of the acquisition of GKC Holdings, LLC were redeemed in full and there is no balance outstanding. The notes paid a rate per annum equal to LIBOR plus 5.00% (semi-annual interest payment), but the interest rate was not to exceed 6.00% per annum.

	30 June 2017 $'000	31 December 2016 $'000
As at 1 January	**43,874**	–
Loan notes issued	**–**	43,750
Finance costs	**1,275**	124
Interest paid	**(1,399)**	–
Loan notes redeemed	**(43,750)**	–
As at end of period	**–**	43,874
Split:		
Loan notes	**–**	43,750
Loan interest payable	**–**	124
Total loan notes	**–**	43,874

14. 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 2016 Annual Report.

Fair value hierarchy

30 June 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investments*	**120,693**	**–**	**625,754**	**746,447**
New initiatives investments	**–**	**–**	**3,723**	**3,723**
Cash management investments:				
Listed fixed income securities and investment funds	**28,180**	**–**	**–**	**28,180**
Loan capital, at fair value	**(508,029)**	**–**	**–**	**(508,029)**
Total	**(359,156)**	**–**	**629,477**	**270,321**

31 December 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investments*	–	–	549,173	549,173
New initiatives investments	–	–	2,337	2,337
Cash management investments:				
Listed fixed income securities and investment funds	11,098	–	–	11,098
Loan capital, at fair value	(250,427)	–	–	(250,427)
Total	(239,329)	–	551,510	312,181

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

* The carrying value of other assets at amortised cost approximate fair value and have not been included in this table.

14. Fair value of assets and liabilities (continued)

Movements in level 3 fair value assets

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

	Investments $'000	New initiatives investments $'000	Total level 3 assets $'000
As at 1 January 2017	**549,173**	**2,337**	**551,510**
Additions	**71,792**	**1,180**	**72,972**
Realisations	**(158,968)**	**–**	**(158,968)**
Net gains on investments	**161,777**	**151**	**161,928**
Foreign exchange adjustment	**1,980**	**55**	**2,035**
As at 30 June 2017	**625,754**	**3,723**	**629,477**

	Investments $'000	New initiatives investments $'000	Total level 3 assets $'000
As at 1 January 2016	319,615	3,509	323,124
Additions	264,742	4,274	269,016
Realisations	(164,909)	(11,590)	(176,499)
Net gains on investments	135,292	6,404	141,696
Foreign exchange adjustment	(5,567)	(260)	(5,827)
As at 31 December 2016	549,173	2,337	551,510

	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	61,475	4,032	65,507
Foreign exchange adjustment	(2,835)	(217)	(3,052)
As at 30 June 2016	482,434	3,621	486,055

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 2017, 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 $62,948,000 (31 December 2016: $51,151,000; 30 June 2016: $48,606,000).

Reasonably possible alternative assumptions

The determination of fair value of 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.

15. Investments in consolidated funds

Burford may invest in funds that it manages and may be deemed to control such funds, which results in their consolidation on a line-by-line basis as detailed below.

Investments in funds are not actively traded and the valuation at fund level cannot be determined by reference to other available prices. The fair value of the investments in the fund is determined in line with the accounting policy of the assets held in the fund. The fair value hierarchy of financial assets is disclosed in Note 14.

Line-by-line consolidation

The investments relating to two funds (2016: nil) which are controlled and are consolidated on a line-by-line basis are included within the Group Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income as follows:

	30 June 2017 $'000
Consolidated Statement of Financial Position	
Investments	123,701
Cash and cash equivalents	30,367
Net trades payable	(1,709)
Payables	(195)
Net assets of consolidated funds	152,164
Third party interest in consolidated funds	(2,005)
Net investment held by Burford Capital	150,159
Consolidated Statement of Comprehensive Income	
Investment net income (loss)	(653)
Foreign exchange gains	149
Operating expenses	(132)
Net losses of consolidated funds	(636)
Third party share of net losses of consolidated funds	(80)
Net losses attributable to Burford Capital	(716)

The net trades payable amount is comprised of the following:

	30 June 2017 $'000
Trades receivable	105,439
Trades payable	(107,148)
Net trades payable	(1,709)

16. Share capital

	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
Authorised share capital			
Unlimited ordinary shares of no par value	**–**	–	–

	Number	Number	Number
Issued share capital			
Ordinary shares of no par value	**208,237,979**	208,237,979	204,545,455

	30 June 2017 $'000	31 December 2016 $'000	30 June 2016 $'000
At 1 January	**351,249**	328,749	328,749
Share capital issued	**–**	22,500	–
At period end	**351,249**	351,249	328,749

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 $133,045,000 (30 June 2016: $52,204,000) and the weighted average number of ordinary shares in issue for the period of 208,237,979 (30 June 2016: 204,545,455). Comprehensive income per ordinary share is calculated based on comprehensive income attributable to ordinary shareholders for the period of $121,903,000 (30 June 2016: $69,927,000) and the weighted average number of ordinary shares in issue for the period of 208,237,979 (30 June 2016: 204,545,455).

18. Dividends

The Board has approved an interim dividend of 3.05¢ (US cents) per share (30 June 2016: 2.67¢).

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 2017, the Group had outstanding commitments for $400 million (31 December 2016: $297 million; 30 June 2016: $239 million). Of the $400 million in outstanding commitments, the Group expects less than 50% to be sought from it during the next twelve months. In addition, as at 30 June 2017, the Group had $61 million of exposure to investments where the Group is providing some form of legal risk arrangement pursuant to which the Group does not generally expect to deploy capital unless there is a failure of the claim, such as providing an indemnity for adverse costs.

20. Related party transactions

Directors' fees paid in the period amounted to $166,000 (30 June 2016: $164,000). There were no directors' fees outstanding as at 30 June 2017, 31 December 2016 or 30 June 2016.

There is no controlling party.

21. Subsequent events

On 21 July 2017, the tribunal in an arbitration matter underlying one of the Company's investments rendered its decision. The arbitration matter is a claim by Teinver S.A. and others against Argentina in connection with Argentina's expropriation of two airlines. The arbitration tribunal ruled against Argentina, requiring it to pay $324,254,807 in damages plus pre- and post-award interest. Burford's entitlement from the award is dependent on a number of other variables which are not yet known precisely but is estimated to be in the range of $140 million and is subject to an ongoing and compounding interest entitlement. Burford has not yet determined the impact of the arbitral decision on its financial statements. This arbitral decision does not necessarily mean that this amount will actually be paid in full, or at all. There remain various avenues for challenge to the decision and the matter is not yet free of litigation risk; indeed, the entire decision could later be overturned by an adjudicatory body with higher authority and result in a loss for Burford. Moreover, it is commonplace for there to be negotiations, settlement discussions and discounting that could reduce materially the figures provided above, and Burford generally does not have any control over the outcome of those discussions as it is a third party to the actual litigation.

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