Company Registration No. 09077893
(England and Wales)

BURFORD CAPITAL PLC

UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

For the period ended 30 June 2017

BURFORD CAPITAL PLC
for the period ended 30 June 2017

COMPANY INFORMATION

Directors	C Arnott H Leake L Paster
Company registration no.	09077893
Registered office	24 Cornhill London EC3V 3ND
Auditors	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5RB
Solicitors	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS

STRATEGIC REPORT
The Directors present their strategic report for the period ended 30 June 2017.

BUSINESS MODEL & FUTURE OUTLOOK
The Company's principal activity is to act as a bond issuing vehicle for Burford Capital Limited and its subsidiary companies (the "Group"). The future prospects of the Company are deemed to be in line with expectations set prior to the bond issue. The Directors do not propose introducing further business activities in this company.

Details of the Group business model and that of the subsidiaries are explained in more detail in the Report of the Directors on page 3. Additionally, information can be found in the financial statements of the ultimate parent, Burford Capital Limited. A copy of the financial statements can be obtained from their website at www.burfordcapital.com.

STRATEGY, OBJECTIVES AND PRINCIPAL RISK

On 19 August 2014, the Company issued £90m of retail bonds. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds and have an 8 year term, maturing on 19 August 2022, and a fixed coupon of 6.5% payable bi-annually.

On 19 April 2016, the Company issued a second set of retail bonds to the value of £100m. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds and have an 8.5 year term, maturing on 26 October 2024, and a fixed coupon of 6.125% payable bi-annually.

On 1 June 2017, the Company issued a third set of retail bonds to the value of £175m. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds and have a 9.5 year term, maturing on 1 December 2026, and a fixed coupon of 5.0% payable bi-annually.

The issue of bonds with a fixed coupon minimises any financial risk to the Group as a result of interest rate fluctuations. The terms of all three bonds require that as long as they remain outstanding, Burford Capital Limited is required to ensure that at each reporting date, the Group leverage ratio (as defined in the bond documents) is no more than 1:2 (excluding certain subsidiaries).

The Directors consider the principal risk and uncertainty facing the Company to be its ability to service the capital and interest payments which is dependent on the performance of the Group. The Directors have considered the ability of Burford Capital Limited to ensure that the Company is in a position to make interest and capital repayments at the appropriate times, and as the Group is a profitable and solvent business, they are satisfied that it will be in a position to do so.

REVIEW OF THE PERIOD
The results for the period are set out in detail on page 9.

The Balance Sheet on page 10 shows positive net assets following the issuance of new equity in the period.

There are no relevant KPIs applicable to the Company.

EMPLOYEES
The Company has no employees.

DONATIONS
The Company made no political contributions or donations to charity during the period (2016: £nil).

Approved by the Board on 6 September 2017

L Paster
Director

24 Cornhill
London
EC3V 3ND

REPORT OF DIRECTORS

The Directors present their interim report and audited financial statements for the period to 30 June 2017.

For further information on the operations of Burford Capital Limited, the ultimate parent company, please refer to the Interim Report which may be downloaded from their website www.burfordcapital.com.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future performance, position and development are set out in the Strategic Report on page 2. The Strategic Report describes the financial position of the Company and its Financial Risk Management Objectives are outlined below.

Burford Capital PLC is a special purpose company which is a subsidiary of Burford Capital (UK) Limited, which is itself an indirect subsidiary of Burford Capital Limited, the Guarantor of the Bonds as detailed in note 11 of the financial statements.

In considering the going concern basis of preparation of these financial statements the Directors have had regard to a number of factors. The Company's primary obligation for the forthcoming twelve months is to make the bi-annual interest payments on the Bonds as they fall due. From the Company's perspective, Burford Capital Limited has confirmed to the Company that it will assist it in meeting its liabilities as they fall due, to the extent that money is not otherwise available to meet such liabilities.

On this basis, the Directors have a reasonable expectation that the Company has or has access to adequate resources to continue in operation for at least twelve months from the date of approval of these statements and has the ability to meet its liabilities as they fall due. Accordingly, they adopt the going concern basis in preparing the annual report and financial statements.

DIVIDENDS

No dividends will be distributed for the period to 30 June 2017 (2016: £nil).

DIRECTORS

The Directors who held office during the period and to the date of this report were as follows:

C Arnott
H Leake
L Paster

POST BALANCE SHEET EVENTS

There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.

CORPORATE GOVERNANCE

The Company regards the successful identification, monitoring and control of risk as an essential part of its operations and has procedures in place to do so effectively. Due to the Company's limited scope and nature of its activities the Company's Board is itself responsible for all aspects of the Company's corporate governance. The Company does not, therefore, have a separate audit committee from that of Burford Capital Limited, the ultimate parent company whose Audit Committee performs this function for the Group.

FINANCIAL RISK MANAGEMENT OBJECTIVE

The sole function of Burford Capital PLC is to act as a special purpose company to raise money by the issue of the Bonds. The net proceeds received by the Company from the issue of the Bonds were made available to other subsidiaries within the Group. Subsidiaries of the Group will use such amounts for the general corporate purposes of the Group and to introduce debt to its capital structure for economic efficiency. Burford Capital PLC's only material assets are therefore the intercompany assets created through the sharing of the Bonds' proceeds within the Group. The ability of Burford Capital PLC to repay the Bonds will be dependent upon remittances or repayments from Group subsidiaries and, therefore, will be subject to all the risks to which the Group is subject.

REPORT OF DIRECTORS – continued

Risks relating to the Group

Investment selection and performance
The Group is dependent on whether or not the investments and financings which it undertakes and insurance contracts which it has undertaken (collectively, "investments") will be successful or will pay returns. Assessing the value, strengths and weaknesses of litigation is complex and the outcome is not certain. Should the investments, financings and insurance contracts in which the Group is or becomes involved prove to be unsuccessful or produce returns below those expected, the ability of the Group to meet its commitments under the Bonds could be materially adversely affected.

Inability to locate, and delay in entering into, investments
The success of the Group is dependent upon the conclusion, management and realisation of suitable investments. There is no guarantee that the Group will be successful in sourcing suitable investments in a timely manner or at all, or in sourcing a sufficient number of suitable investments that meet the diversification and underwriting and other requirements of the Group in jurisdictions where such investments are desirable.

The Group may experience fluctuations in its operating results
Investors contemplating an investment in the Bonds should recognise that their market value can fluctuate and may not always reflect the underlying operating results of the Group. Such operating results may themselves vary from time to time due to a variety of factors including, but not limited to, the accounting valuations of the investments made by the Group, the recognition of recoveries and the collection of awards, settlement monies or other funds from investments. The actual results of the Group for a particular period should therefore not be taken as indicative of its performance in a future period.

Regulation
Law and professional regulation (including ethics regulation) in the area of acquiring or otherwise taking a financial position or a commercial interest with respect to claims and defences can be complex and uncertain in the U.S. and elsewhere. In various jurisdictions there are prohibitions or restrictions in connection with purchasing claims from claimants (known as maintenance, and a form of maintenance, called champerty), assignment of certain kinds of claims and/or participating in a lawyer's contingent fee interests (including ethical rules against sharing fees with lawyers and non-lawyers). Such prohibitions and restrictions, to the extent they exist, are governed by the rules and regulations of each state and jurisdiction in the U.S. and elsewhere and vary in degrees of strength and enforcement in different states and federal jurisdictions. This is a complex issue that involves both substantive law and also choice of law principles. The Group has retained counsel experienced in ethics and other professional matters, and assesses the foregoing legal and ethical and other issues as appropriate and on an overall ongoing basis. However, in many jurisdictions, the relevant issues may not have been considered by the courts nor addressed by statute and thus obtaining clear opinions or legal advice may be difficult to achieve. Thus the Group's investments could be open to challenge or subsequently reduced in value or extinguished.

Changes in laws, regulation or ethical rules could further reduce or limit opportunities for the Group to make investments or could result in the reduction or extinction of the value of investment already concluded by the Group in such jurisdictions, and such changes are regularly proposed by groups opposed to litigation proliferation and others.

Competition
Competition for attractive investment opportunities may lead to lower potential returns than expected from individual investments, which may affect the Group's ability to invest on terms which it considers attractive. The Group may face competition from other entities, some of which may have significantly greater financial and/or technical resources than the Group, whose business may be at a more mature stage of development than that of the Group, which may develop or market alternative financial arrangements that are more effective or less susceptible to challenge than those developed or marketed by the Group, or that might render the Group's investment strategy obsolete or uncompetitive.

Reputational risk
Failure to protect the Group's reputation and brand in the face of ethical, legal or moral challenges could lead to a loss of trust and confidence. This could result in a decline in the client base and affect the Group's ability to recruit and retain good people, which could have a material adverse effect on the Group's financial performance.

The Guarantor recognises the high standards of corporate governance demanded of listed companies. The Guarantor has adopted and complied with the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission (the "Code"). The Code includes many of the principles contained in the UK Corporate Governance Code. While the Company is not required to comply with the Code, it has nevertheless elected to do so.

REPORT OF DIRECTORS – continued

Currency risk
The Group's financial statements are presented in U.S. dollars and many of its assets are denominated in U.S. dollars. Although some of the Group's expenses are denominated in U.S. dollars, others are in sterling, euros and other currencies. Principal and interest on the Bonds are denominated and will be paid in sterling. There is a risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of U.S. dollars) and the risk that the U.S. Federal Reserve may impose or modify exchange controls. The Group may hedge some of its exposure to the U.S. dollar or other non-sterling currencies through forward foreign exchange contracts or through other financial products. While hedging may reduce currency risk, it is not possible to hedge fully or perfectly against currency fluctuations, and the Group may also elect to forego hedging. Accordingly, the holders of the bonds ("Bondholders") may be exposed to exchange rate risks between U.S. dollars (or other non-sterling currency) and sterling such that if the value of the U.S. dollar (or other non-sterling currency) falls relative to sterling, the Group's assets will, in sterling terms, be worth less.

Evaluation and disclosure of investments and investment performance
Details of investments that the Group has or is pursuing or intends to pursue, cannot and will not be disclosed on a named or detailed basis to Bondholders because of confidentiality and other restrictions. To this extent, Bondholders will therefore not have an opportunity to evaluate for themselves such investments and therefore Bondholders will be dependent upon the Group's judgement and ability in investing and managing its assets.

Recovery collection risks
The Group is exposed to credit risk in various investment structures, most of which involve investing sums recoverable only out of successful investments with a risk of loss of its investment cost. On becoming contractually entitled to proceeds, depending on the structure of the particular investment, the Group could be a creditor of, or otherwise subject to credit risk from, a claimant, a defendant, both or other parties. Moreover, the Group may be indirectly subject to credit risk to the extent a defendant does not pay a claimant immediately, notwithstanding successful adjudication of a claim in the claimant's favour. Part of the case selection process for investment involves an assessment by the Group of the ability of the defendant to pay a judgment or award if the case is successful. If the defendant is unable to pay or the claimant or defendant challenges the judgment or award, the Group may encounter difficulties in recovery.

Potential commitments in excess of funds raised
The Group may contract for commitments in matters in excess of its total funds. While the Group intends to manage its investment portfolio in such a manner as to minimise the risk of a mismatch between commitments and available cash, it is possible that such a mismatch will occur, which could cause damage to the Group and the potential loss of business and financial relationships.

Reliance on lawyers
The Group is particularly reliant on lawyers to litigate claims and defences with due skill and care. If they are not able to do this, or do not do this for other reasons, it is likely to have a material adverse effect on the value of the Group's investment. Whilst the Group will evaluate the lawyers involved in any investment (who are generally not selected by the Group), there is no guarantee that the outcome of a case will be in line with the lawyers' assessment of the case or in line with the expected skill and care from the lawyers.

Changes in regulation
The Group is subject to regulatory requirements currently and may be subject to additional regulatory requirements both in its current areas of activity and any future areas of activity. The Group will be under a duty to comply with any new rules, regulations and laws applicable to it. Compliance with these rules, regulations and laws could create additional burdens for the Group and could have a material adverse effect on the investment strategies of, and/or the value of, direct or indirect business or financial interests of the Group.

Legal professional duties
The Group will generally not wholly own or control a claim in which it has invested, and as a result the Group will not be the client of the law firm representing the owner of the claim that is the subject of an investment or financing of the Group. Accordingly that law firm may be required to act in accordance with its client's wishes rather than those of the Group or may be subject to an overriding duty to the courts.

REPORT OF DIRECTORS – continued

Operational risks
Operational risks, including the risk of fraud and other criminal acts carried out against the Group, are inherent in the Group's business. As the Group's business grows in size and complexity, and in particular as the Group enters new markets, operational risk increases.

Operational risk and losses can result from external and internal fraud, failures or inadequacies in systems or processes, failure to comply with regulatory requirements and conduct of business rules, errors by employees, natural disasters or the failure of external systems, for example, those of the Group's contractual counterparties. The Group has implemented a risk management framework which seeks to maintain residual risk exposures within defined risk appetite thresholds, and appropriate resources are devoted to developing efficient procedures, including the identification and rectification of weaknesses. However, it is not possible to implement procedures which fully control each of the operational risks noted above.

Terrorist acts, other acts of war or hostility and geopolitical, pandemic or other such events may result in economic and political uncertainties which could have a material adverse effect on U.S., U.K. and international economic conditions and more specifically on the Group's results of operations, financial condition or prospects. In addition, an incident incapacitating the Group's management or systems could impact on the Group's ability to carry on its business.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Group will be unable to comply with its obligations as a company with securities admitted to the Official List of the Financial Conduct Authority.

Reliance on key personnel
The Group's performance is, to a large extent, dependent upon the judgement and ability of its senior management to implement the Group's strategy to use and commit the Group's capital and finance, manage and realise returns on its investments. The success of the Group will therefore depend largely upon the ability of certain members of its senior management and the Group's ability to train, motivate and retain them to ensure their continuing availability. The death, incapacity or loss of the service of any of its senior management could have a material adverse impact on the business of the Group.

In addition, the Group's performance may be limited by its ability to employ, train, motivate and retain sufficient skilled personnel. Such a failure to retain or recruit suitable replacements for significant numbers of skilled personnel could damage the Group's business.

The Group's operations are dependent on the proper functioning of information technology systems
The Group relies on its information technology ("IT") systems to conduct its business, including key account management, documentation, producing financial and management reports on a timely basis and maintaining accurate records. The Group's processes and systems may not operate as expected, may not fulfil their intended purpose or may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Any failure of the IT systems and/or third-party infrastructure on which the Group relies could lead to costs and disruptions that could adversely affect the Group's reputation, business, results of operations, financial condition and prospects.

Computer and data-processing systems are susceptible to malfunctions and interruptions (including those due to equipment damage, power outages, computer viruses and a range of other hardware, software and network problems). A significant malfunction or interruption of one or more of the Group's computer or data-processing systems could adversely affect the Group's ability to keep its operations running efficiently and affect service availability. In addition, it is possible that a malfunction of the Group's data system security measures could enable unauthorised persons to access sensitive data, including information relating to the Group's intellectual property or litigation or business strategy or those of its customers. Any such malfunction or disruptions could cause economic losses. A failure of the Group's IT systems could also cause damage to its reputation which could harm its business. Any of these developments, alone or in combination, could have a material adverse effect on the Group's business, financial condition and results of operations.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with notes admitted to the Official List of the Financial Conduct Authority.

REPORT OF DIRECTORS - continued

The Group's operations may be affected by its acquisition of Gerchen Keller
In December 2016, the Group completed the acquisition of Gerchen Keller. Gerchen Keller is a law-focused investment manager registered as an investment adviser with the U.S. Securities and Exchange Commission. As Gerchen Keller operates almost exclusively through its private funds, and does not typically invest directly on its own balance sheet, its revenues are predominantly from the receipt of management and performance fees from its funds, which is in contrast to the rest of the Group, which profits directly from investments it makes. This is a new means of conducting business for the Group. Furthermore, the acquisition could divert significant management time and resources from the day to day running of the business. No assurances can be given that Gerchen Keller will be managed profitably or integrated successfully into the Group or that the Group will successfully develop that part of the business focused on management and performance fees from private funds, without delays, costs or other problems being experienced. Finally, despite conducting thorough due diligence into Gerchen Keller, it is possible that unanticipated liabilities could arise in respect of the acquisition.

Tax risks
Characterisation of investments
Tax laws and regulations are under constant development and often subject to change as a result of government policy. The Group structures investments on a case-by-case basis in accordance with legal and ethical principles and limitations identified by the Group and its professional advisors. There is no guarantee that a state, federal or other governmental taxing authority in the jurisdiction where the investment is made or where the relevant claim is pending will accept, for tax or other regulatory purposes, the characterisation of the investment as intended and documented by the Group and reflected in the investment documents. Taxing or other regulatory authorities may deem the transaction to be characterised differently for local tax or other regulatory purposes, which could yield a different tax or regulatory treatment of the associated investment returns.

If the Group or a taxing authority does re-characterise investment contracts or disbursements for their accounting or taxing purposes respectively, this could result in additional tax being assessed on the Group on investment returns associated with the contract; a write down of the value of the investment asset on the books of the Group; or a re-characterisation of the investment contract for purposes of interpretation or enforcement of the Group's rights in a place whose courts have jurisdiction over the enforcement of the investment contract or judgment or arbitral award based on such contract.

Tax leakage
Some or all revenues earned by the Group may be subject to a significant income or corporate income tax liability (including withholdings) which cannot be reclaimed by the Group. If applicable, the rates of such taxes (or withholdings) will depend on the jurisdiction in which the revenues are earned (or with which they are connected) and will reduce the net returns on the Group's investments and, as a result, diminish the potential value of the Group's assets.

Changes in taxation legislation or regulation may adversely affect the Group or Bondholders
Any change in the Group's tax status, or in taxation legislation in any jurisdiction in which the Group carries on, or is deemed to carry on, a trade or business or from which its income is sourced, could affect the value of its investments and the Group's ability to achieve its investment objective, and may adversely affect returns to Bondholders.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Report of Directors, Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under the law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law and DTR 4.1, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit and loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply consistently;
- make judgement and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statement on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors, to the best of their knowledge, state that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Approved by the Board on 6 September 2017
and signed on its behalf by:

L Paster
Director

24 Cornhill
London
EC3V 3ND

PROFIT AND LOSS ACCOUNT
For the period ended 30 June 2017

	Notes	1 January to 30 June 2017 £'000	1 January to 30 June 2016 £'000
Income	2	**1,096**	-
Operating expenses	4	**(1,103)**	(637)
Operating Profit/(Loss)		**(7)**	(637)
Finance costs	3	**(6,729)**	(4,027)
Dividend income		**2,517**	-
Loss on ordinary activities before taxation		**(4,219)**	(4,664)
Tax credit on profit on ordinary activities	5	**1,113**	933
Loss for the financial period		**(3,106)**	(3,731)

All figures relate to continuing operations.

The notes on pages 12-17 form part of the financial statements.

BALANCE SHEET as at 30 June 2017

	Notes	**30 June 2017 £'000**	31 December 2016 £'000	30 June 2016 £'000
Non-current assets				
Investments in group undertakings	8	**342,695**	98,500	98,500
Debtors: amounts falling due after more than one year	10	**86,153**	86,010	86,674
		428,848	184,510	185,174
Current assets				
Debtors: amounts falling due within one year	9	**1,303**	876	24
Cash at bank and in hand		**1,840**	139	230
Total current assets		**3,143**	1,015	254
Creditors: amounts falling due within one year	11	**(7,500)**	(4,026)	(8,219)
Net current liabilities		**(4,357)**	(3,011)	(7,965)
Total assets less current liabilities		**424,491**	181,499	177,209
Creditors: amounts falling due after more than one year	12	**(361,691)**	(188,788)	(188,715)
Net assets/(liabilities)		**62,800**	(7,289)	(11,506)
Capital and reserves				
Called up share capital	13	**7,050**	7,050	50
Share premium account	13	**73,195**	-	-
Profit and loss account		**(17,445)**	(14,339)	(11,556)
Equity shareholders' deficit		**62,800**	(7,289)	(11,506)

All figures relate to continuing operations.

The notes on pages 12-17 form part of the financial statements.

These financial statements of Burford Capital PLC, company number 09077893, were approved by the Board of Directors on 6 September 2017 and signed on its behalf by

L Paster
Director

STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2017

30 June 2017	**Share Capital £'000**	**Share Premium Account £'000**	**Profit & Loss Account £'000**	**Total £'000**
Balance at 1 January 2017	**7,050**	**-**	**(14,339)**	**(7,289)**
Issued in year	**-**	**73,195**	**-**	**73,195**
Loss for the period	**-**	**-**	**(3,106)**	**(3,106)**
Balance at 30 June 2017	**7,050**	**73,195**	**(17,445)**	**62,800**

30 June 2016	Share Capital £'000	Profit & Loss Account £'000	Total £'000
Balance at 1 January 2016	50	(7,825)	(7,775)
Loss for the period	-	(3,731)	(3,731)
Balance at 30 June 2016	50	(11,556)	(11,506)

The notes on pages 12-17 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice and on a going concern basis. The financial statements have been prepared under the historical cost convention and the numbers are reported in Sterling GBP, which is the presentational and functional currency of the Company, rounded to the nearest £'000 unless otherwise indicated.

The Company has adopted FRS 101 'Reduced Disclosure Framework' with a date of initial application of 1 January 2014. FRS 101 forms part of the new UK financial reporting regime and allows UK qualifying subsidiaries to apply EU adopted International Financial Reporting Standards ("IFRS") but with reduced disclosure.

Significant judgements and estimates

The most significant judgement relates to the assessment of going concern of the Company and its ability to service its capital and interest payments is dependent on the performance of the Group. This is reviewed in more detail in the Report of Directors and the Strategic Report.

Going concern

The financial statements have been prepared on a going concern basis as the ultimate parent undertaking, Burford Capital Limited, has agreed to act as Guarantor to the Bondholders as described in note 11.

Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be sustainable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax is measured at a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Loans

Loans advanced are recorded at cost of the principal amounts.

Borrowings

Interest bearing loans are recorded at the proceeds received, and finance costs are recorded on an accrual basis in the profit and loss account using the effective interest method and added to the carrying amount. The carrying amount is accordingly split between current and non-current, representing the interest and principal amounts respectively.

Cash at bank and in hand

Cash at bank and in hand comprises cash held in bank accounts.

Expenses

All expenses are accounted for on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

2. INCOME

	30 June 2017 £'000	30 June 2016 £'000
Recharge of Guarantor fee	**1,906**	-

The liquidity agreement was signed in September 2016 with other group entities.

3. FINANCE COSTS

	30 June 2017 £'000	30 June 2016 £'000
Interest and finance charges on 6.5% 2022 bond	**2,901**	2,909
Interest and finance charges on 6.125% 2024 bond	**3,114**	1,118
Interest and finance charges on 5% 2026 bond	**714**	-
	6,729	4,027

4. OPERATING EXPENSES

The loss on ordinary activities before taxation is stated after charging:

	30 June 2017 £'000	30 June 2016 £'000
Guarantor fee	**1,081**	624
Statutory audit fee to Ernst & Young LLP	**12**	10
Other costs	**10**	3
	1,103	637

As stated in the Report of Directors Burford Capital Limited has agreed to act as Guarantor in relation to the Bonds.

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	30 June 2017 £'000	30 June 2016 £'000
Current Tax		
UK corporation tax at 19.25% (2016: 20%)	**(1,113)**	(549)
Deferred Tax		
Current period	**-**	(384)
Tax credit in the Profit and loss account	**(1,113)**	(933)

NOTES TO THE FINANCIAL STATEMENTS – (continued)

5. TAX ON LOSS ON ORDINARY ACTIVITIES - continued

Factors affecting the current tax charge
The current tax for the period is set out in the reconciliation below:

	30 June 2017 £'000	30 June 2016 £'000
Loss on ordinary activities before tax	**(4,219)**	(4,664)
Current tax at 19.25% (2016: 20%)	**(812)**	(933)
Factors affecting charge:		
Income not taxable	**(485)**	-
Other temporary timing difference	**184**	-
Total tax	**(1,113)**	(933)

The Company has tax losses which arose in the UK of £954,000 (December 2016: £1,336,000 and June 2016: £1,920,000) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the 2017 losses as there is uncertainty over the recoverability.

The UK government legislated during 2015, to reduce the corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020.

Balance sheet presentation of deferred tax	**30 June 2017 £'000**	31 December 2016 £'000	30 June 2016 £'000
Opening deferred tax asset	-	129	129
Impact of rate change	-	(2)	-
Temporary timing difference	-	(127)	384
Closing deferred tax asset	-	-	513

6. STAFF COSTS

There were no employees or staff costs for the period ended 30 June 2017 (2016: nil).

7. REMUNERATION OF DIRECTORS

The remuneration of Directors is included in Burford Capital (UK) Limited's financial statements. The Directors consider the costs of their services to the Company to be immaterial and accordingly no remuneration has been apportioned to the Company.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

8. INVESTMENTS IN GROUP UNDERTAKINGS

	30 June 2017 £'000	31 December 2016 £'000	30 June 2016 £'000
At 1 January	**98,500**	-	-
Additions	**244,195**	98,500	98,500
As at end of period	**342,695**	98,500	98,500

At 30 June 2017, investments in group undertakings were as follows, all of which are 100% owned subsidiaries:

The Company	**Registered office**	**Class of shares held**	**Proportion Held %**	**Held directly or indirectly**
Burford Investments Limited	24 Cornhill, London, EC3V 3ND	Ordinary	100%	Direct
Burford Global Investments Limited	24 Cornhill, London, EC3V 3ND	Ordinary	100%	Direct

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2017 £'000	31 December 2016 £'000	30 June 2016 £'000
Amounts owed by fellow group companies	**1,303**	876	24

10. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 June 2017 £'000	31 December 2016 £'000	30 June 2016 £'000
Deferred tax asset	-	-	513
Loans advanced to fellow group company	**86,153**	86,010	86,161
	86,153	86,010	86,674

The terms of the loan of £86 million are that it is interest free and repayable on demand. The Directors have no intention however of demanding repayment of this debt within 12 months of the date of signing these financial statements.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2017 £'000	31 December 2016 £'000	30 June 2016 £'000
Loan capital interest payable	**3,910**	3,264	3,216
Corporation tax payable	-	-	2
Accruals	**12**	25	14
Amounts owed to ultimate parent company - Burford Capital Limited	**1,818**	737	907
Amounts owed to fellow group company	**1,760**	-	4,080
	7,500	4,026	8,219

As stated in the Report of Directors, Burford Capital Limited has confirmed to the Company that it will assist it in meeting its liabilities as they fall due.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Retail Bonds	**30 June 2017 £'000**	31 December 2016 £'000	30 June 2016 £'000
As at 1 January	**192,052**	92,142	92,142
Bonds issued	**175,000**	100,000	100,000
Bond issue costs	**(2,192)**	(1,318)	(1,313)
Finance costs (see note 3)	**6,729**	10,140	4,027
Interest paid	**(5,988)**	(8,912)	(2,925)
As at end of period	**365,601**	192,052	191,931

	30 June 2017 £'000	31 December 2016 £'000	30 June 2016 £'000
Split:			
Loan capital incurred	**365,000**	190,000	190,000
Bond issue costs to be charged as finance costs	**(3,309)**	(1,212)	(1,285)
Creditors due in more than one year	**361,691**	188,788	188,715
Loan capital interest payable (note 11)	**3,910**	3,264	3,216
	365,601	192,052	191,931

On 19 August 2014, the Company issued £90m of retail bonds. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds and have an 8 year term, maturing on 19 August 2022, and a fixed coupon of 6.5% payable bi-annually.

On 19 April 2016, the Company issued a second set of retail bonds to the value of £100m. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds and have an 8.5 year term, maturing on 26 October 2024, and a fixed coupon of 6.125% payable bi-annually.

On 1 June 2017, the Company issued a third set of retail bonds to the value of £175m. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds and have a 9.5 year term, maturing on 1 December 2026, and a fixed coupon of 5.0% payable bi-annually.

The Bonds constitute unsecured debt obligations of the Issuer, Burford Capital PLC. The ultimate parent, Burford Capital Limited, is the Guarantor for interest and capital repayments as they fall due.

So long as any Bonds remain outstanding, Burford Capital Limited is required to ensure that at each reporting date, the Group leverage ratio (as defined in the Bond documents and excluding certain identified subsidiaries) is no more than 1:2 (50%).

NOTES TO THE FINANCIAL STATEMENTS – (continued)

13. CALLED UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

	30 June 2017		31 December 2016		30 June 2016	
	No.	**£'000**	No.	£'000	No.	£'000
Allotted, issued and fully paid ordinary shares of £1:						
At 1 January	**7,050,000**	**7,050**	50,000	50	50,000	50
Shares issues in year	**1**	**-**	7,000,000	7,000	-	-
At 31 December	**7,050,001**	**7,050**	7,050,000	7,050	50,000	50

	30 June 2017 £'000	31 December 2016 £'000	30 June 2016 £'000
Share Premium Account:			
At 1 January	-	-	-
Shares issues in year	**73,195**	-	-
At 31 December	**73,195**	-	-

In 2016, the Company issued 7,000,000 ordinary shares at par for consideration of £7,000,000 to Burford Capital (UK) Limited.

In 2017 the Company issued 1 ordinary shares at par to Burford Capital (UK) Limited in return for the entire share capital of Burford Global Investments Limited. The fair value of the net assets of Burford Global Investments Limited was £73,194,535 resulting in a share premium of £73,194,534.

14. CAPITAL COMMITMENTS

The Company had no capital commitments as at 30 June 2017 or 30 June 2016.

15. POST BALANCE SHEET EVENTS

There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions available in FRS 101 (IAS 24) 'Related Party Disclosures' from disclosing details of transactions with other wholly owned subsidiaries in the Group.

David Lowe, a non-executive director of Burford Capital Limited, the ultimate parent and Guarantor of the Bonds, owns 300,000 of the 6.5% 2024 bonds as at the reporting dates 30 June 2017, 31 December 2016 and 30 June 2016.

There are no other related party transactions that need to be disclosed here.

17. ULTIMATE PARENT COMPANY

The ultimate parent undertaking at the date these financial statements were approved was Burford Capital Limited, which is incorporated and registered in Guernsey, copies of whose consolidated financial statements can be obtained from:

Regency Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 1WW