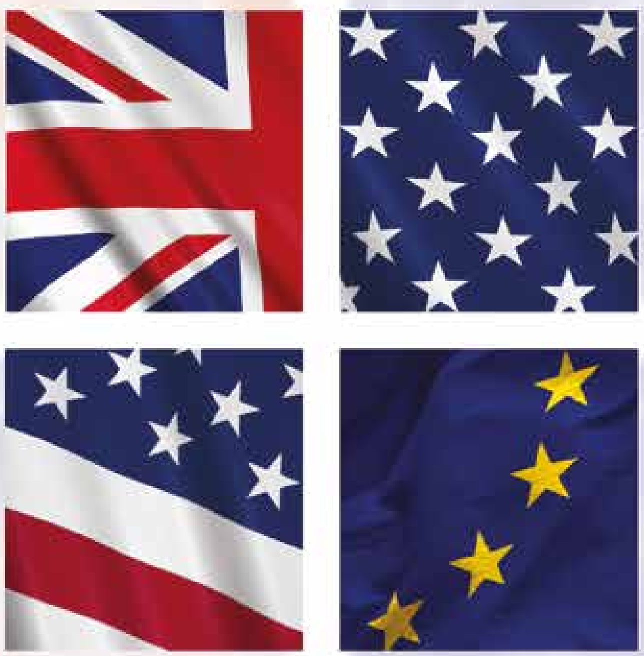


JZ CAPITAL PARTNERS LIMITED

Condensed Interim Report and Financial Statements
For the period from 1 March 2014 to 31 August 2014

Contents

JZ Capital Partners Limited is a member of the Association of Investment Companies.

Who we are

Corporate Objective

"To create a portfolio of investments in businesses primarily in the United States, providing a superior overall return comprised of a current yield and significant capital appreciation."

About us

JZ Capital Partners Limited ("JZCP") is a listed private equity company which invests primarily in US and European micro cap businesses. JZCP's investment adviser is Jordan/Zalaznick Advisers, Inc. ("JZAI") which was founded by David Zalaznick and Jay Jordan in 1986. JZAI has investment professionals in New York, Chicago, London and Madrid.

JZCP's investment objective is to provide an overall total return comprised of dividend yield plus stock appreciation. The current Board policy is to pay a dividend equal to approximately 3% of Net Asset Value, paid through semi-annual instalments.

JZAI believes that the best way to earn superior returns, on a risk adjusted basis, is to invest in a portfolio of high quality, niche businesses at reasonable prices. These businesses are grouped together by industry sector into "verticals" each of which constitutes a platform for a strategic build-up in its respective industry sector. JZAI's team of experienced industry executives assists the portfolio companies' management teams with operational expertise, focus and accountability. JZCP also provides growth capital to its portfolio companies, both for organic growth as well as for strategic acquisitions.

Most of the companies JZCP invests in are at the smaller end of the middle market, i.e. micro cap companies that have enterprise values under $200 million. JZCP invests in businesses that are normally not sold at auction; generally private companies where the owner is looking for a partner to help plan, fund and execute a growth strategy. JZCP also invests in other asset classes such as real estate, bank loans and mezzanine debt.

JZCP is a closed-ended investment company traded on the Specialist Fund Market of the London Stock Exchange and listed on the Channel Islands Securities Exchange.

Our key investment principles

1. A disciplined value oriented and value added approach to deliver superior returns on a risk adjusted basis
2. A focus on high quality micro cap businesses in the US and Europe bought at reasonable prices in partnership with management
3. A strategy of working with our management partners at each portfolio company to enhance growth through operational focus and strategic acquisitions
4. A proprietary network of intermediaries to find investment opportunities rather than participating in auctions
5. A diversified portfolio in terms of industry sector, geography and asset class

Performance highlights

"Robust portfolio performance and healthy investment pipeline"

Results highlights

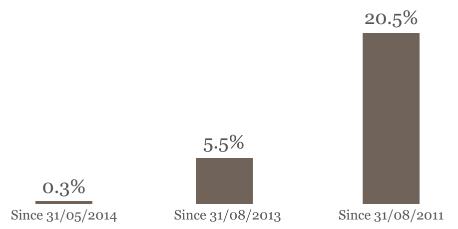
Net asset value ("NAV") per share and total NAV returns

NAV per share at 31 August 2014 was $10.11 (28 February 2014: $10.25). The total NAV return for the last 12 months including dividends paid was 5.5%.

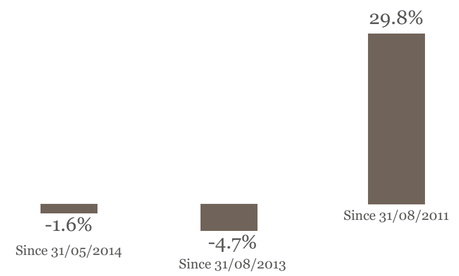
Share price and Shareholder returns

Share Price at 31 August 2014 was £4.34 (28 February 2014: £4.45). The total shareholder return for the last 12 months including dividends paid was -4.7%.

Total NAV returns



Total Shareholder returns



NAV to market price discount

	31/08/2014	31/08/2013	31/08/2011	31/08/2009
Discount to NAV at year end	29%	26%	33%	46%

Long-term performance record*

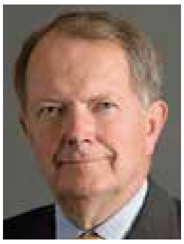
	3 Year	5 Year	10 Year***
Total NAV return in US$**	21.5%	75.1%	94.4%
Total Shareholder return in £	32.3%	141.6%	6.8%

* Returns are calculated on the basis that dividends paid by the Company are reinvested.

** Total NAV return for the 10 year period is adjusted to compensate for the dilution of shares issued at a discount to NAV (June 2009).

*** 10 year record includes the performance of JZ Equity Partners Plc ("JZEP"). In June 2008, JZCP was launched in a scheme of reconstruction and voluntary winding up of JZEP. JZEP's assets were transferred in specie to JZCP and JZCP issued to JZEP Shareholders one share for each JZEP share held.

Chairman's statement



I am pleased to report the results of JZ Capital Partners ("JZCP" or the "Company") for the six-month period ended 31 August 2014.

Performance

It has been another steady performance from the underlying portfolio during the first six months of the year, a period characterised by turbulent equity markets, rising geopolitical tensions and an uneven global recovery.

The start of the fiscal year was dominated by the continued political turmoil in Ukraine and the rising global threat as the 'Islamic State' movement gained momentum. The Eurozone's steady recovery since the spring of 2013 came to a halt in the second quarter of 2014, when GDP stagnated and the ECB moved closer to an outright programme of quantitative easing.

On the other side of the Atlantic, the US economy regained traction helped by strong employment figures and increased consumer spending, yet the soft global economy continued to weigh on the US as sagging growth in Europe and Asia restrained exports.

Despite the uncertain economic background, the Company's pre-dividend NAV increased from US$10.25 to US$10.27 at the end of the period. This marks the 20th quarter of positive NAV growth out of the last 22 quarterly periods. Net portfolio company valuation increases were offset by an accounting charge required by a change in fair value of the newly issued Convertible Unsecured Loan Stock ("CULS"), which traded at a premium immediately following its issuance.

Portfolio Update

It has been another active investment period for the Company putting US$128.6 million to work across the three main portfolios – US and European micro cap and US real estate - whilst realisations generated US$96.4 million, primarily from the sale of two US micro cap businesses and our remaining listed public equities. At the end of the period the total portfolio consisted of 65 businesses across ten industries in the US and Europe.

US and European Micro Cap

Investment in high quality micro cap companies continues to be the fundamental driver and key differentiator of the Company's investment strategy. Micro cap acquisitions and investments during the period totalled US$61.0 million and at the end of the period the core portfolio comprised 48 companies operating in eight industries.

In the US, some US$26.9 million was invested which, in addition to valuation increases, increased the size of the portfolio to US$368.7 million. Highlights included an investment in TierPoint, a provider of information technology and data centre services, and a number of highly accretive add-on acquisitions to our Industrial Services Solutions vertical. The Company also announced the sale of Milestone Aviation, the world's largest helicopter leasing company, post period end, generating estimated proceeds of US$40.0 million and an estimated IRR of 36%.

The Company continues to explore attractive investment opportunities in Europe through its investment in the Euro Microcap Fund 2010, L.P. The Board is pleased with the significant progress within the European micro cap portfolio which now consists of eight investments in Spain, one investment in the UK and one investment in Germany, representing 25% of total assets. During the period, the Company invested €18 million in Petrocorner, a strategic build-up to acquire 2–3 per cent of Spain's petrol station market, targeting stations in urban areas and along highly trafficked highways and roads.

Chairman's statement continued

The company has further added to the portfolio, post period end, investing €2.1 million in Fincontinuo, a leading independent consumer lending platform in Italy and US$9.2 million in Paragon Water Systems, a manufacturer of water filtration systems.

The Board is also pleased to report that the newly established US asset management business, Spruceview Capital Partners launched its 'founders fund', the Bright Spruce Fund, L.P. with a US$50.0 million investment from the Company. The business will address the growing demand from endowments and pension funds for fiduciary management services with the goal of providing capital appreciation while mitigating risk.

Real Estate

The investment advisor's value driven investment approach continues to lead to exciting opportunities in the real estate sector, where it replicates its proven micro cap strategy of buying businesses at reasonable values in conjunction with an excellent management, in this case Redsky Capital. The Company invested a net US$12.5 million to acquire interests in five retail and residential properties in rapidly developing areas in Brooklyn to bring the total number of properties in the portfolio to 22, totalling US$460.0 million in which JZCP's equity is US$127.2 million.

Realisations

There have been three significant realisations generating most of the US$96.4 million received during the period. The Company realised its investment in Galson Laboratories, a full-service provider of analytical air testing for US$10.1 million, representing an IRR of 35%. The Company also realised its investment in Safety Insurance, a provider of personal property and casualty insurance through two block trades, totalling US$57.3 million, representing a multiple of capital invested of 5.1x and an IRR of 34%. In addition, Amptek, a manufacturer of instrumentation used in non-destructive testing was sold for US$19.4 million, representing an IRR of 13%.

Significant Financings

During the period, the Company took further steps towards adopting a more suitable and flexible capital structure raising US$65.7 million through the issuance of CULS. This provides JZCP with more capital to put to work across the portfolio and builds liquidity for repayment of the ZDPs in June 2016. Additionally, the Company closed a US$50.0 million one year loan facility with Jefferies, secured by a number of US investments.

Distributions

In accordance with our stated policy to distribute annually an amount equal to 3 per cent of NAV, the Directors have declared an Interim Dividend of 15 cents per share for the six months ended 31 August 2014, compared to 14.5 cents for the period ended 31 August 2013. This implies an annualised yield as at 31 August 2014 of 4.3%.

Outlook

I am encouraged by the pickup in pace of investments and realisations during the period, which we expect will continue to feed through to NAV growth in the year ahead.

The Board continues to be mindful of the significant discount to NAV at which the Company is trading. We do not consider the share buyback facility as a short term measure to narrow the discount, but instead believe that the Company's continued effort with transparent market communication combined with strong performance of the underlying portfolio will address this issue.

The Company remains in a robust financial position, and continues to position itself to take advantage of opportunities to acquire high quality companies at reasonable prices in both the US and Europe. As a result, I am confident we can deliver value over the medium term to the benefit of clients and shareholders and remain confident in the future prospects of the Company.

David Macfarlane
Chairman
28 October 2014

Directors' responsibilities

Statement of Directors' responsibilities

The Directors are responsible for preparing Condensed Interim Financial Statements which give a true and fair view of the state of affairs of the Company for that period and which are in accordance with applicable laws and interim financial reporting standards. In preparing those Condensed Interim Financial Statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- present information including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business; and
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

The Directors confirm that they have complied with these requirements in preparing the Financial Statements.

The Condensed Interim Consolidated Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Each of the Directors confirms to the best of each person's knowledge and belief that:

- this set of Condensed Interim Financial Statements has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union;
- the Condensed Interim Report and Financial Statements includes information detailed in the Chairman's Statement and Investment Adviser's Report and Notes to the Condensed Interim Financial Statements which provides a fair review of the information required by:

(i) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred for the period from 1 March 2014 to 31 August 2014 and their impact on the condensed set of interim consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(ii) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the period from 1 March 2014 to 31 August 2014 and that have materially affected the financial position or performance of the Company during that period.

Going concern and principal risks and uncertainties

The Directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report and accounts for the year ended 28 February 2014 (as explained within note 22 on pages 68–76 of the annual report). The Directors continue to monitor the risks to the Company. These risks include the Company's exposure to Euro and Sterling currencies and the impact of austerity measures being adopted in countries within which the Company invests.

The Directors consider the Company has adequate financial resources, in view of its holding in cash and cash equivalents and liquid investments, and the income streams deriving from its investments and believe that the Company is well placed to manage its business risks successfully to continue in operational existence for the foreseeable future and that it is appropriate to prepare the financial statements on the going concern basis.

Approved by the Board of Directors and agreed on behalf of the Board on 28 October 2014.

David Macfarlane
Chairman

Patrick Firth
Director

Investment Advisers' report

Dear Fellow Shareholders,

JZCP had another active investment period for the six months ended 31 August 2014, investing US$128.6 million, while realizing US$96.4 million primarily through the sale of two US micro cap businesses and our remaining Safety Insurance stock. We also raised US$65.7 million through the issuance of Convertible Unsecured Loan Stock ("CULS"), with an eye to putting more capital to work and building liquidity for the repayment of the ZDPs in June 2016.

In conformance with the dividend policy of distributing 3 per cent of NAV in semi-annual instalments, the Company paid a dividend of US$0.16 per share in June 2014. Pre-dividend NAV increased from US$10.25 per share to US$10.27 per share, continuing JZCP's consistent NAV growth trend, increasing in 20 out of the past 22 quarters. The net portfolio company valuation increases were offset by the CULS trading at a premium almost immediately after their issuance. Given the Company adopted mark-to-market accounting for these notes, a reduction in NAV is mandated.

As of 31 August 2014, the US micro cap portfolio consisted of 38 businesses across 7 industries. This portfolio was valued at 7.2x EBITDA, after applying an average 27 per cent marketability discount. The average underlying leverage senior to JZCP's position in our US micro cap portfolio grew from 1.6x to 1.7x EBITDA, as certain of our existing and new portfolio companies demonstrated an ability to support greater leverage. Consistent with our value oriented investment philosophy, over time we have acquired our US micro cap portfolio at a combined 6.0x EBITDA. Additionally, in contrast to a very expensive acquisition market, we paid 6.5x EBITDA on average for US micro cap acquisitions made during the six-month period ended 31 August 2014, underlining our disciplined approach to investing.

As of 31 August 2014, the European micro cap portfolio, consisting of eight Spanish companies, one UK-based company and one German company across four industries, was valued at a combined multiple of 7.1x EBITDA, after a 31 per cent marketability discount. The European micro cap portfolio has very low leverage senior to JZCP's position, under 2.0x EBITDA.

As of the same date, our real estate portfolio consisted of 22 properties, five of which were acquired in the six-month period ended 31 August 2014.

NAV Growth

For the six-month period ended 31 August 2014, JZCP's pre-dividend NAV increased from US$10.25 per share to US$10.27. The chart below details the changes in NAV on a per share basis:

Net Asset Value per Ordinary Share as of 28 February 2014	**US$10.25**
+ Change in Private Investments	0.32
- Change in Public Investments	(0.13)
+ Income from Investments	0.25
+ Escrows received	0.10
- Change in CULS fair value	(0.10)
- Finance costs	(0.11)
- Foreign exchange effect	(0.11)
- Fees and Expenses	(0.20)
Net Asset Value per Ordinary Share (before dividends)	**US$10.27**
- Dividends Paid	(0.16)
Net Asset Value per Ordinary Share as of 31 August 2014	**US$10.11**

Our private investments increased US$0.32, reflecting a steady performance across the 64 businesses in which we have investments.

The US micro cap portfolio contributed US$0.30 to this increase, primarily due to: a significant write-up at our co- investment helicopter leasing business, Milestone Aviation (US$0.24), following the announcement of its sale at a price higher than its carrying value; increased earnings at our Industrial Services Solutions vertical (US$0.17) (as well as numerous accretive acquisitions) and an increase of US$0.08 from our Dental Services Group as this group of dental laboratories has finally seen the benefit of an improving economic environment in their trading area. Also contributing to the NAV growth were increases at several other co-investment companies: Vitalyst, a corporate IT support business (US$0.04), Suzo-Happ, a manufacturer of parts for the global gaming industry (US$0.08), and Justrite Manufacturing, an industrial safety company (US$0.04).

Offsetting these increases were decreases in: Amptek, our manufacturer of non-destructive testing equipment (US$0.10), following its sale below carrying value, Accutest, our full service environmental testing laboratory business (US$0.07), which experienced an earnings decline; New Vitality Holdings, our co-investment marketer of premium nutritional supplements (US$0.09), which has hit significant operating and financial hurdles due to advertising and product development issues; Healthcare Products Holdings, our power wheelchair company (US$0.04), which experienced an earnings decline and Nationwide Studios (US$0.05), also as a result of decreased earnings.

Before foreign exchange effects, the European micro cap portfolio increased its net asset value by US$0.03. Write-ups, based on increased earnings expectations, at One World Packaging (US$0.04), our niche manufacturer of environmentally friendly packaging and Toro Finance (US$0.03), a provider of short-term working capital financing to major Spanish companies, were partially offset by write-downs at gold reseller Oro Direct (US$0.03), which was impacted by a government mandated-investigation into the gold resale industry, and at Xacom (US$0.03), which has experienced delays in orders for its new products.

The overall decrease in the valuation of public investments was driven by the discount inherent in the block trade of Safety Insurance stock. Despite the discount, we earned a Multiple of Invested Capital ("MOIC") of 5.1x from this successful investment.

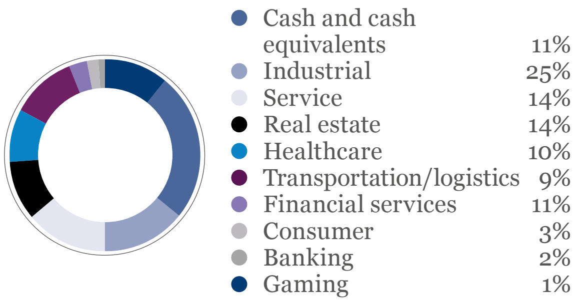
Returns

The table below summarises the cumulative total NAV returns and total shareholder returns for the most recent three- month period, six-month period, twelve-month period, three-year period, and five-year period.

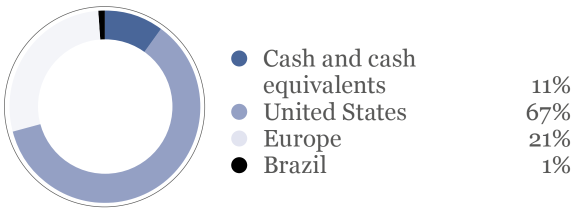
Portfolio Summary

Our portfolio is well diversified across 65 businesses and 10 industries, and continues to become more diversified geographically as we grow our European portfolio. It's also important to note that 59 per cent of our portfolio is less than three years old. Also of note is the fact that the US and European micro cap portfolios are valued at a 7.2x EBITDA multiple, after a 28 per cent discount to the public comparables used.

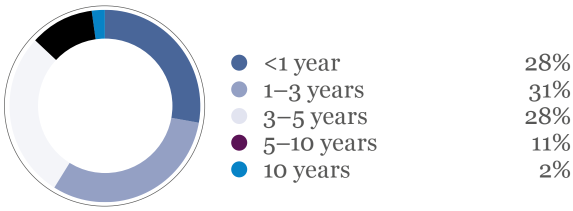
Portfolio by industry



Portfolio by geography



Portfolio by vintage



	As at 31/08/2014	Since 31/05/2014	Since 28/02/2014	Since 31/08/2013	Since 31/08/2011	Since 31/08/2009
Share Price (in GBP)	**£4.34**	£4.41	£4.45	£4.75	£3.75	£2.21
Dividends paid (USD)			$0.16	$0.31	$0.85	$1.25
Total Shareholders' return		-1.6%	-0.3%	-4.7%	29.8%	131.7%
NAV per share (in USD)	**$10.11**	$10.08	$10.25	$9.87	$9.09	$6.65
NAV total returns		0.3%	0.2%	5.5%	20.5%	70.8%
NAV to market price discount	**29%**	27%	27%	26%	33%	46%

Investment Advisers' report continued

Below is a summary of JZCP's assets at 31 August 2014 as compared to 28 February 2014. An explanation of the changes in the portfolio follows:

	Number of Investments as at 31/08/2014	31/08/2014 US$'000	28/02/2014 US$'000
US micro cap portfolio	38	368,736	341,560
European investments	10	217,811	186,781
Real estate portfolio	9	127,198	112,792
Other portfolio	7	66,478	14,293
Total private investments	**64**	**780,223**	**655,426**
Listed equity	–	–	65,423
Listed corporate bonds	–	15,796	16,415
Bank debt	1	11,085	11,810
UK treasury gilts	–	42,605	43,292
Cash	–	54,226	11,372
Total Listed Investments (including cash)	1	123,712	148,312
Total investments (including cash)	**65**	**903,935**	**803,738**
Other current assets		89	517
Total Investments (and cash)	**65**	**904,024**	**804,255**

We have continued our program of holding highly rated listed corporate bonds as a means of earning an enhanced return on our cash. Currently, Goldman Sachs is the sole obligor of these bonds, which mature in January 2017. We also continue to hold UK Gilts, with an eye toward the 2016 maturity date of our ZDPs.

US micro cap portfolio

We have written this portfolio up by US$0.30, led by a significant write-up at our co-investment helicopter leasing business, Milestone Aviation, following its announcement of its sale, increased earnings and several accretive acquisitions made at our Industrial Services Solutions vertical and a return to historical earnings levels of the Dental Services Group laboratory business. Offsetting these significant increases were decreased operating performances of Accutest and New Vitality, and the sale of Amptek below carrying value.

New US investments - verticals

Over the six-month period ended 31 August 2014, we made a series of acquisitions: Construction & Turnaround Specialists; Parts Service International; Precision Electric; Integrated Process Technologies; Pro Inspection and M&L Valve, all add-on acquisitions to our Industrial Services Solutions vertical managed by Jim Rogers, a former GE senior manager. These six acquisitions were separately funded, in total using approximately US$41.4 million provided by our senior lender, US$4.5 million of cash on ISS's balance sheet, and US$10.3 million in seller financing. At 31 August 2014, JZCP owned 34 per cent of the combined entity on a fully-diluted basis.

In March 2014, JZCP invested US$1.7 million in 9 per cent senior notes to help fund the acquisition of Premier Safety, a Pittsburgh based distributor of industrial safety products, specializing in a wide range of portable and fixed gas detectors, respiratory equipment, fall protection and other safety and personal protective supplies. Premier Safety offered an opportunity to acquire a strong, well respected industry participant that is both highly complementary and additive to our platform investment in Argus Group, which sells, rents and services industrial hygiene and safety equipment. JZCP owns 36 per cent of this testing entity.

In October 2014 (post period), JZCP invested US$9.1 million to acquire 21 per cent of Paragon Water Systems ("Paragon"), which designs and manufactures point-of-use water filtration systems for use in homes and commercial locations. Paragon is the first acquisition in the water filtration sub-vertical of our water strategy.

New US investments – co-investments

In April 2014, JZCP invested US$4.2 million in iconic brand name **Igloo**, alongside co-investor ACON Investments. Founded in 1947, Igloo designs, manufactures and markets coolers and outdoor products online and through retailers, with a dominant market position in the US. Igloo is looking to introduce new products, add new customers and sales channels and exploit international opportunities. This investment represents 3.2 per cent of Igloo's equity.

In June 2014, JZCP invested US$16.2 million for 9.0 per cent of Cequel Data Centers, LLC, the parent company of **TierPoint**, **LLC**, alongside a group of prominent investors led by RedBird Capital Partners. Managing nearly 140,000 square feet of raised floor data center space, TierPoint today offers colocation, managed services and cloud computing through data centers in six primary markets: Dallas, Oklahoma City, Tulsa, Spokane, Seattle, Baltimore and Philadelphia.

In August 2014, JZCP invested US$4.0 million in **Southern Petroleum Laboratories** ("SPL"), a global industry leader in oil & gas measurement, allocations, auditing, and laboratory services. SPL has provided hydrocarbon testing services for the oil & gas industry since its founding in 1944 and is one of the most recognisable names in the industry. JZCP invested in this opportunity alongside Hastings Equity Partners, a firm in Houston with significant experience and success in oil field services related transactions. JZCP owns approximately 17.2 per cent of the combined entity on a fully-diluted basis.

European micro cap portfolio

JZCP invests in the European micro cap sector through its 75 per cent ownership of the EuroMicrocap Fund 2010, L.P. ("EMC"). Exposure to the European micro cap sector continues to complement and diversify JZCP's existing US micro cap portfolio. As you may recall, EMC has offices in London and Madrid and an outstanding team with over fourteen years of investment experience in European micro cap deals.

As of 31 August 2014, EMC has made eight investments in Spain, one investment in the UK and one investment in Germany, which combined represent 24 per cent of gross assets. Post-period, in October 2014, EMC made its first investment in Italy, acquiring Fincontinuo, a leading independent lending platform that distributes and services low risk, niche consumer loans in Italy.

New European investments

In March 2014, JZCP invested an additional US$3.6 million in Fidor Bank, through EMC. With headquarters in Munich, Germany, Fidor combines a social-media banking model with traditional banking services, offering internet-based and mobile-based transactions, supplemented by full service cash management solutions to retail customers. This investment increased JZCP's share of Fidor to 21.1 per cent.

In May 2014, JZCP provided €4.0 million in debt financing to Toro Finance, a portfolio company of EMC. Toro Finance provides short-term working capital financing to major Spanish companies. Toro Finance is well positioned to benefit as Spanish banks in recent years tightened their risk criteria and downscaled balance sheets to meet increasing capital requirements. At 31 August 2014, JZCP had lent about €12.0 million to Toro Finance, of a total €16.0 million commitment. In September 2014 (post-period), JZCP lent the remaining €4.0 million of its €16.0 million commitment.

In July 2014, JZCP invested €18 million in Petrocorner, a strategic build-up to acquire 2-3 per cent of Spain's petrol station market, targeting stations in urban areas and along highly trafficked highways and roads. JZCP is investing in this opportunity alongside Avenue Capital, backing one of the industry's "best in class" management teams that has been developing this strategy for the past two years. Management is forecasting significantly improving fuel margins as a result of both consolidated purchasing power and a new regulatory system that eliminates fixed margin contracts for branded petrol stations. In addition, when Spain's economy recovers, Petrocorner will be well positioned to benefit from increasing fuel consumption (40 per cent drop since 2008) and rising acquisition multiples for petrol stations (we are acquiring stations at a significant discount to 2008 prices). JZCP's total commitment of €22.5 million will purchase approximately 30 per cent of Petrocorner's equity, on a fully diluted basis.

In October 2014 (post-period), JZCP invested €2.1 million in Fincontinuo, a leading independent lending platform that has been distributing and servicing Cessione del Quinto ("CdQ") loans, a low risk and niche form of consumer lending in Italy since 1997. JZCP is also investing in this opportunity alongside Avenue Capital. As banks are expected to continue reducing their balance sheets to meet increasing capital requirements, Fincontinuo is well positioned to capitalize on this opening for alternative financing vehicles. As this business ramps up, JZCP is expected to invest approximately €20 million.

Real estate portfolio

Working with high quality management teams is at the core of our investment approach and, over the past one and one half years, we have assembled a portfolio of retail and residential properties in Brooklyn, New York in partnership with RedSky Capital, a team with significant experience in this sector. JZCP has invested $126 million of equity as part of a $460 million portfolio.

Brooklyn is in the early stages of a renaissance where areas that have been historically industrial, low-income and/or artist communities are beginning to see seismic population changes, fuelled by an influx of young and affluent ex-Manhattan residents in search of more space and a trendier community that embraces a relaxed, artistic and young lifestyle. The properties are located in the Williamsburg, Flatbush, Greenpoint, Bushwick-Wyckoff Heights and Fulton Mall neighborhoods.

In the six-month period ended 31 August 2014, JZCP, together with RedSky, acquired five properties. Since we began investing with RedSky in April 2012, we have acquired a total of 22 properties, all currently in various stages of development and re-development. The underlying thesis of our real estate portfolio is to acquire off- market properties in neighborhoods that are beginning to see rental and valuation growth.

New real estate investments

In May 2014, JZCP invested US$3.0 million (structured as a bridge loan) for a property in the Downtown Brooklyn neighborhood, one of the fastest growing communities in New York City. This parcel adds an important corner to our Downtown Brooklyn portfolio and provides additional flexibility to our business plan. This bridge loan was repaid, plus interest, in June 2014.

Investment Advisers' report continued

In July 2014, JZCP invested US$8.0 million to acquire one of the most attractive mixed-use loft buildings in Williamsburg, Brooklyn, located within blocks of our other assets in the neighborhood. This unique property features unparalleled window design, ceiling heights and old world character, promising post renovation to become one of the premiere rental loft properties in the area.

In August 2014, JZCP acquired a further two properties in the Downtown Brooklyn neighborhood, both additions to our Downtown Brooklyn portfolio. These acquisitions were funded using proceeds from a refinancing of the Downtown Brooklyn portfolio, and did not require additional cash funding by JZCP.

In August 2014, JZCP invested US$6.2 million (US$3 million of which serves as a bridge loan to be repaid shortly to JZCP) to acquire a 21 unit loft-style residential building in Brooklyn's Bushwick-Wyckoff Heights neighborhood, a rapidly maturing neighborhood just east of Williamsburg. We are planning to reposition this rare and highly desirable property into a modern industrial loft-style residential building by vacating, renovating and leasing up all units at market rate.

Other assets

Our recently established asset management business in the US, **Spruceview Capital Partners** has been progressing well and will address the growing demand from endowments, foundations and corporate pension funds for fiduciary management services. We are excited to report that in July 2014, Spruceview Capital Partners launched its 'founders' fund,' the Bright Spruce Fund, L.P. JZCP invested US$50 million in the Bright Spruce Fund, whose investment strategy has been developed based on the investment strategies of certain large foundations, trusts, endowments and leading family offices with the goal of providing capital appreciation while mitigating risk. The fund intends to achieve its investment objective by employing a long-term investment approach investing in a portfolio that is diversified across asset classes (marketable equity, fixed income and alternatives) and diversified within such asset classes. JZCP is not being charged any fees on this 'fund' investment.

As previously reported, we have recruited, Richard Sabo (CEO) and David Russ (CIO) as our management partners. Most recently, Richard Sabo served as Chief Investment Officer of Global Pension and Retirement Plans at JPMorgan as well as a member of the firm's executive committee. David Russ brings with him an impressive track record as Chief Investment Officer of Dartmouth College's endowment, as well as having senior investment roles at Stanford University and the Regents of the University of California. Richard and David are complemented by a team of 10 senior investment, business development, legal and operations professionals. We will target smaller endowments, foundations, family offices and corporate pension funds that are not large enough to afford a world class team of investment professionals; this type of asset management business is known as an "outsourced CIO/Endowment model."

Significant realisations

We had three significant realisations in the six-month period ended 31 August 2014.

The first involves one of our US micro cap investments, **Galson Laboratories**, a full service provider of analytical air testing using a wide array of methods and instruments which we acquired in May 2010. In July 2014, we sold Galson Laboratories, receiving proceeds of US$10.1 million, realising a 3.3x MOIC and a 35 per cent internal rate of return ("IRR"). Having previously written this investment up to US$8.6 million, the US$10.1 million in proceeds created a US$1.5 million increase in NAV.

The second also involves one of our US micro cap investments, **Amptek**, which designs and manufactures instrumentation used in numerous non-destructive testing and elemental analysis applications. We acquired Amptek in December 2011. In August 2014, we sold Amptek, receiving proceeds of US$19.4 million, realising a 1.3x MOIC and a 13 per cent IRR. Albeit a successful investment that generated both a positive MOIC and IRR, Amptek's sale price was executed below its carrying value, reducing NAV by US$6.3 million.

Additionally, JZCP realised its investment in Safety Insurance, a provider of personal property and casualty insurance focused exclusively on the Massachusetts market, through two separate block trades, totalling US$57.3 million (US$33 million in May 2014 and US$24.3 million in June 2014) earning an MOIC of 5.1x and an IRR of 34 per cent.

Post period, JZCP realised a portion of its investment in our water vertical, refinancing certain notes, which had been used for the previously purchased water infrastructure and water treatment businesses, with third-party debt. Net of the investment in the Paragon acquisition summarized above, JZCP received $9.8 million of proceeds.

Escrows received

In the six-month period ended 31 August 2014, JZCP received the following significant escrow distributions:

- US$1.7 million from Advance Chemistry and Technology
- US$2.3 million from Wound Care Holdings
- US$1.6 million from BG Holdings

Significant financings

In June 2014, we closed a US$50.0 million one year loan facility with Jefferies, in order to enhance our short term liquidity position. Our plan is to repay this loan with either proceeds from realisations, or with a longer term loan facility. The current facility is secured by certain US investments and carries an interest rate of 7 per cent.

In July 2014, we issued US$65.7 million of CULS. These convertible notes carry an interest rate of 6 per cent and a conversion price equal to a 2.5 per cent premium to the June 30, 2014 NAV per share, which was US$10.07. If not converted, the CULS will mature in June 2021. The notes enable JZCP to have a more flexible capital structure, provide additional capital for further investments and greater liquidity in advance of the repayment of the ZDPs in June 2016.

Principal risks and uncertainties

As an investment fund, our principal risks are those that are associated with our investment portfolio. Given the nature of the portfolio, the principal risks are associated with the financial and operating performance of the underlying investments, along with market risk associated with related publicly-listed equities.

Outlook

As we have said in the past, our investment strategy is that of opportunistic, value oriented investors with a focus on acquiring assets that we believe have more intrinsic value and growth prospects than we have to pay in cash. JZCP has experienced long term NAV growth using this model of value investing, increasing in 20 of the last 22 quarters. In addition, JZCP's strong balance sheet positions us well to take advantage of investment opportunities on an immediate basis. We remain committed to pursuing this tried and tested strategy and are confident in the future prospects of the group. We look forward to continuing to put your (and our) money to work in a diverse portfolio of reasonably priced assets.

As always, thank you for your confidence in our investment strategy. Please feel free to contact us with any ideas that might be beneficial to JZCP.

Yours faithfully,
Jordan/Zalaznick Advisers, Inc.

Investment portfolio

Company	Historical book cost* US$'000	Carrying value including accrued interest 31 August 2014 US$'000	Percentage of portfolio %
US Micro Cap Portfolio			
US Micro Cap Verticals			
Industrial Service Solutions INDUSTRIAL SERVICES SOLUTIONS ("ISS") A combination of fifteen acquired businesses in the industrial maintenance, repair and service industry. The companies within the vertical at 31 August 2014 are, **Pennsylvania Electric, RAM Industrial, AmeriMex, Southern Parts. Gator Compressor, National Compressor, Bay Valve, Madison-Smith, Mid American, Construction & Turnaround Specialists, Parts Service International, Precision Electric, Integrated Process Technologies, Pro Inspection** and **M&L Valve**	33,174	47,967	5.6
Healthcare Revenue Cycle Management MEDS HOLDINGS, INC. An outsourced provider of patient benefit eligibility, enrolment and revenue recovery services to hospitals and health systems. Meds Holdings is a subsidiary of Bolder Healthcare Solutions, LLC	14,297	14,095	1.7
BHS PHYSICIAN An outsourced provider specialising in billing, practice management and outsourcing services for anaesthesiology physician and nurse groups and ambulatory surgery centres. BHS Physician Services, Inc. is a subsidiary of Bolder Healthcare Solutions, LLC	7,177	7,436	0.9
Sensors Solutions NIELSEN-KELLERMAN Designer and manufacturer of weather, wind and timing measurement instruments and devices. Nielsen-Kellerman is a subsidiary of Sensors Solutions Holdings	3,434	6,542	0.8
Testing Services ACCUTEST HOLDINGS, INC. Provider of environmental testing laboratories to the US market	33,516	28,035	3.3
ARGUS GROUP HOLDINGS Sells, rents and services safety and testing equipment to a variety of industries. Argus Group Holdings is a subsidiary of Testing Services Holdings	10,079	12,150	1.4
Logistics Solutions PRIORITY EXPRESS, LLC Provider of same-day express courier services to various companies located in northeastern USA. Priority Express is a subsidiary of US Logistics, LLC	13,199	14,089	1.7
Water Services TWH INFRASTRUCTURE INDUSTRIES, INC. Environmental infrastructure company that provides technology to facilitate repair of underground pipes and other infrastructure. TWH Infrastructure Industries, Inc., which owns **LMK Enterprises** and **Perma-Liner Industries**, is a subsidiary of Triwater Holdings	15,650	18,216	2.1
TWH WATER TREATMENT INDUSTRIES, INC. Provider of water treatment supplies and services. TWH Water Treatment Industries, Inc., which owns **Nashville Chemical & Equipment** and **Klenzoid Canada Company/Eldon Water, Inc.**, is a subsidiary of Triwater Holdings	18,404	23,162	2.7
Total US Micro Cap Verticals	**148,930**	**171,692**	**20.2**

Company	Historical book cost* US$'000	Carrying value including accrued interest 31 August 2014 US$'000	Percentage of portfolio %
US Micro Cap Co Investments			
JUSTRITE MANUFACTURING COMPANY Manufacturer of industrial safety products	6,068	13,600	1.6
MEDPLAST/UPG HOLDINGS Manufacturer of plastic medical components	17,983	22,599	2.7
MILESTONE AVIATION GROUP, INC. Finance provider for helicopter and private jet owners	15,137	40,000	4.7
NEW VITALITY HOLDINGS, INC. Direct-to-consumer provider of nutritional supplements and personal care products	3,280	164	–
VITALYST Provider of outsourced IT support and training services	9,020	9,300	1.1
SALTER LABS, INC. Developer and manufacturer of respiratory medical products and equipment for the homecare, hospital, and sleep disorder markets	19,163	15,455	1.8
SOUTHERN PETROLEUM LABORATORIES, INC. Provider of petroleum and environmental testing services	3,957	3,984	0.5
TIERPOINT, LLC Provider of cloud computing and colocation data center services	16,173	16,173	1.9
SUZO HAPP GROUP Designer, manufacturer and distributor of components for the global gaming, amusement and industrial markets	5,509	12,500	1.5
IGLOO PRODUCTS CORP Designer, manufacturer and marketer of coolers and outdoor products	4,234	4,234	0.5
Total US Micro Cap Co Investments	**100,524**	**138,009**	**16.3**
US Micro Cap Other			
BOLDER INDUSTRIAL PERFORMANCE SOLUTIONS Acquiror of companies providing mission critical inspection services for a variety of industries	208	221	–
CHINA DENTAL HOLDINGS, INC. Acquiror of China-based dental laboratories	1,375	1,932	0.2
DENTAL HOLDINGS CORPORATION Operator of dental laboratories	27,604	37,535	4.4
HEALTHCARE PRODUCTS HOLDINGS, INC.*** Designer and manufacturer of motorised vehicles	17,638	12,400	1.5
MODC, LLC Acquiror of speciality retail companies located in the centre of shopping malls	208	221	–
NATIONWIDE STUDIOS, INC. Processer of digital photos for preschoolers	16,132	6,200	0.7
NTT ACQUISITION CORP.*** Provider of Technical education and training	894	–	–
TIGER INFORMATION SYSTEMS, INC.*** Provider of temporary staff and computer training	400	–	–
US SANITATION, LLC Acquiror of janitorial and sanitorial product distributors and related chemical manufacturers and blenders	425	526	0.1
Total US Micro Cap Other	**64,884**	**59,035**	**6.9**
Total US Micro Cap Portfolio	**314,338**	**368,736**	**43.4**

Investment portfolio continued

Company	Historical book cost* US$'000	Carrying value including accrued interest 31 August 2014 US$'000	Percentage of portfolio %
European Micro Cap Portfolio EUROMICROCAP FUND 2010, LP At 31 August 2014, had invested in ten companies in the European micro cap sector: **Factor Energia, Xacom Comunicaciones, Docout, Grupo Ombuds, Oro Direct, One World Packaging, Toro Finance, Winn Group, Fidor Bank** and **Petrocorner**	123,283	175,772	20.7
Direct European Investments			
DOCOUT, S.L. Provider of digitalisation, document processing and storage services	2,777	3,201	0.4
GRUPO OMBUDS Provider of personal security and asset protection	17,156	19,709	2.4
TORO FINANCE Provides short term receivables finance to the suppliers of major Spanish companies	16,500	16,467	1.9
XACOM COMUNICACIONES SL Supplier of telecom products and technologies	2,055	2,662	0.3
Total Direct European Investments	**38,488**	**42,039**	**5.0**
Total European Micro Cap Portfolio	**161,771**	**217,811**	**25.7**
Mezzanine Portfolio GED HOLDINGS, INC. Manufacturer of windows	6,100	305	–
METPAR INDUSTRIES, INC. Manufacturer of restroom partitions	7,754	750	0.1
PETCO ANIMAL SUPPLIES, INC. Retailer of pet food, supplies and services	1,237	1,900	0.2
Total Mezzanine Portfolio	**15,091**	**2,955**	**0.3**
Bank Debt: Second Lien Portfolio DEKKO TECHNOLOGIES, LLC Distributor of electrical sub-components	10,576	11,085	1.3
Total Bank Debt	**10,576**	**11,085**	**1.3**
UK Gilts UK treasury 2% - maturity 22/01/2016	40,732	42,605	5.0
Total UK Gilts	**40,732**	**42,605**	**5.0**
Corporate Bonds Goldman Sachs, 22/03/2016	16,590	15,796	1.9
Total Corporate Bonds	**16,590**	**15,796**	**1.9**
Real Estate JZCP REALTY** Facilitates JZCP's investment in US real estate	122,523	127,198	15.0
Total Real Estate Investments	**122,523**	**127,198**	**15.0**

Company	Historical book cost* US$'000	Carrying value including accrued interest 31 August 2014 US$'000	Percentage of portfolio %
Other			
BSM ENGENHARIA S.A. Brazilian-based provider of supply chain logistics, infrastructure services and equipment rental	6,115	5,500	0.6
SPRUCEVIEW CAPITAL, LLC Asset management company that primarily manages smaller endowments and pension funds	7,792	7,792	0.9
BRIGHT SPRUCE FUND, LP Fund investing in marketable equity, fixed income and alternative asset classes.	50,000	49,570	5.8
JZ INTERNATIONAL, LLC*** Fund of European LBO investments	661	661	0.1
Total Other	**64,568**	**63,523**	**7.4**
Total – Investment Portfolio	746,189	849,709	100.0

* Original book cost incurred and adjusted for subsequent transactions. The book cost represents cash outflows and excludes cost of PIK investments.

** JZCP owns 100% of the shares and voting rights of JZCP Realty Fund, Ltd.

*** Legacy Investments. Legacy investments are excluded from the calculation of capital and income incentive fees.

Mezzanine Portfolio includes common stock with a carrying value of US$1,955,000. These investments are classified as Investments at fair value through profit or loss.

Unaudited statement of comprehensive income

For the period from 1 March 2014 to 31 August 2014

		Six month period from 1 March 2014 to 31 August 2014			Six month period from 1 March 2013 to 31 August 2013*		
	Notes	**Revenue return US$'000**	**Capital return US$'000**	**Total US$'000**	Revenue return US$'000	Capital return US$'000	Total US$'000
Income							
Net gain on investments at fair value through profit or loss	6	**–**	**950**	**950**	–	13,476	13,476
Net loss on financial liabilities at fair value through profit or loss	14	**–**	**(6,274)**	**(6,274)**	–	–	–
Net impairments on loans and receivables	7	**–**	**(39)**	**(39)**	–	(25)	(25)
Realisations from investments held in escrow accounts		**–**	**6,429**	**6,429**	–	1,265	1,265
Net foreign currency exchange gains/(losses)		**–**	**647**	**647**	–	(2,093)	(2,093)
Investment income	8	**19,809**	**–**	**19,809**	20,161	–	20,161
Bank and deposit interest		**24**	**–**	**24**	105	–	105
		19,833	**1,713**	**21,546**	20,266	12,623	32,889
Expenses							
Investment Adviser's base fee	10	**(6,147)**	**–**	**(6,147)**	(5,574)	–	(5,574)
Investment Adviser's incentive fee	10	**–**	**(5,657)**	**(5,657)**	–	(807)	(807)
Directors' remuneration	10	**(198)**	**–**	**(198)**	(160)	–	(160)
Administrative expenses	10	**(936)**	**–**	**(936)**	(1,162)	–	(1,162)
		(7,281)	**(5,657)**	**(12,938)**	(6,896)	(807)	(7,703)
Operating profit		**12,552**	**(3,944)**	**8,608**	13,370	11,816	25,186
Finance costs	9	**–**	**(7,178)**	**(7,178)**	–	(3,528)	(3,528)
Profit before taxation		**12,552**	**(11,122)**	**1,430**	13,370	8,288	21,658
Withholding taxes	11	**(93)**	**–**	**(93)**	(426)	–	(426)
Profit for the period		**12,459**	**(11,122)**	**1,337**	12,944	8,288	21,232
Weighted average number of Ordinary shares in issue during period	16			**65,018,607**			65,018,607
Basic earnings per Ordinary share		**19.16c**	**(17.11)c**	**2.05c**	19.91c	12.75c	32.66c

* For the period ended 31 August 2013, the Company's investment in its associate was accounted for using the equity method, therefore the Statement of Comprehensive Income reflected the share of the results of the operations of the associate. Under the exemption within IAS 28 Investments in Associates and Joint Ventures, the Company now measures its investment at fair value through profit or loss. The change has meant a reclassification from Share of associate's net income into net gains on investments at fair value through profit or loss of US$5,930,000 for the six month period ended 31 August 2013. There has been no change to the result for the period.

All items in the above statement are derived from continuing operations.
The profit for the period is attributable to the Ordinary shareholders of the Company.
The format of the Income Statement follows the recommendations of the AIC Statement of Recommended Practice.
The "Total" column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS There was no comprehensive income other than the profit for the period.

The accompanying notes on pages 20 to 41 form an integral part of the financial statements.

Unaudited statement of financial position

As at 31 August 2014

	Notes	31 August 2014 US$'000	28 February 2014 US$'000
Assets			
Non-current assets			
Investments at fair value through profit or loss	12	**848,709**	791,366
Investments classified as loans and receivables	12	**1,000**	1,000
		849,709	792,366
Current assets			
Cash, cash equivalents and cash held on deposit		**54,226**	11,372
Other receivables		**89**	517
		54,315	11,889
Total assets		**904,024**	804,255
Liabilities			
Current liabilities			
Investment Adviser's incentive fee		**9,150**	9,408
Investment Adviser's base fee		**1,183**	848
Other payables		**1,949**	2,503
		12,282	12,759
Non-current liabilities			
Zero Dividend Preference shares	13	**110,405**	107,201
Loans payable	15	**51,636**	17,839
Convertible Unsecured Loan Stock	14	**72,311**	–
		234,352	125,040
Total liabilities		**246,634**	137,799
Equity			
Stated capital account		**149,269**	149,269
Distributable reserve		**353,528**	353,528
Revenue reserve		**88,927**	86,871
Capital reserve		**65,666**	76,788
Total equity		**657,390**	666,456
Total liabilities and equity		**904,024**	804,255
Number of Ordinary shares in issue at period end	16	**65,018,607**	65,018,607
Net asset value per Ordinary share		**US$ 10.11**	US$ 10.25

These unaudited condensed financial statements on pages 16 to 41 were approved by the Board of Directors and authorised for issue on 28 October 2014. They were signed on its behalf by:

David Macfarlane *Patrick Firth*
Chairman Director

The accompanying notes on pages 20 to 41 form an integral part of the financial statements.

Unaudited statement of changes in equity

For the period from 1 March 2014 to 31 August 2014

	Notes	Share capital account US$'000	Distributable reserve US$'000	Capital realised US$'000	Reserve unrealised US$'000	Revenue reserve US$'000	Total US$'000
Balance as at 1 March 2014		**149,269**	**353,528**	**85,910**	**(9,122)**	**86,871**	**666,456**
Profit for the period		**–**	**–**	**24,119**	**(35,241)**	**12,459**	**1,337**
Dividends paid	21	**–**	**–**	**–**	**–**	**(10,403)**	**(10,403)**
Balance at 31 August 2014		**149,269**	**353,528**	**110,029**	**(44,363)**	**88,927**	**657,390**

Comparative for the period from 1 March 2013 to 31 August 2013

	Share capital account US$'000	Distributable reserve US$'000	Capital realised US$'000	Reserve unrealised US$'000	Revenue reserve US$'000	Total US$'000
Balance at 1 March 2013	149,269	353,528	92,834	(42,322)	76,873	630,182
Profit for the period	–	–	4,220	4,068	12,944	21,232
Dividends paid	–	–	–	–	(9,753)	(9,753)
Balance at 31 August 2013	149,269	353,528	97,054	(38,254)	80,064	641,661

The accompanying notes on pages 20 to 41 form an integral part of the financial statements.

Unaudited statement of cash flows

For the period from 1 March 2014 to 31 August 2014

	Notes	**Six month period from 1 March 2014 to 31 August 2014 US$'000**	Six month period from 1 March 2013 to 31 August 2013 US$'000
Operating activities			
Net cash outflow from operating activities		**(1,911)**	(6,382)
Cash outflow for purchase of investments		**(98,764)***	(64,005)
Cash outflow for capital calls by the EuroMicrocap Fund 2010, LP		**(29,820)***	(19,800)
Cash outflow for real estate refinancing and deposits paid		**(5,929)**	
Cash outflow for purchase of corporate bonds		**–**	(22,747)
Cash Inflow from real estate refinancing		**3,500**	–
Cash inflow from repayment and disposal of investments		**89,059****	99,271
Net cash outflow before financing activities		**(43,865)**	(13,663)
Financing activity			
Dividends paid to shareholders	21	**(10,403)**	(9,753)
Loan advance		**49,000**	–
Loan repayments		**(15,771)**	–
Proceeds from issue of Convertible Unsecured Loan Stock		**65,687**	–
Finance costs		**(1,794)**	–
Net cash inflow/(outflow) from financing activities		**86,719**	(9,753)
Increase/(decrease) in cash and cash equivalents		**42,854**	(23,416)
Reconciliation of net cash flow to movements in cash and cash equivalents			
Cash and cash equivalents at 1 March		**11,372**	102,740
Increase/(decrease) in cash and cash equivalents as above		**42,854**	(23,416)
Cash and cash equivalents at period end		**54,226**	79,324

* Total investments in the 6 month period ending 31 August 2014 total US$128.6 million (pages 3 and 6).

** Total proceeds from realisations US$96.4 million (pages 3 and 6) include escrow receipts US$6.4 million and current period preferred interest realised US$1.0 million (included within operating activities above).

The accompanying notes on pages 20 to 41 form an integral part of the financial statements.

Notes to the financial statements

1. General Information

JZ Capital Partners Limited (the "Company") is a Guernsey domiciled closed-ended investment company which was incorporated in Guernsey on 14 April 2008 under The Companies (Guernsey) Law, 1994. The Company is subject to The Companies (Guernsey) Law, 2008. The Company's Share Capital consists of Ordinary shares and Zero Dividend Preference ("ZDP") shares. In July 2014, the Company issued US$65.7 million of Convertible Unsecured Loan Stock ("CULS"). These convertible notes carry an interest rate of 6 per cent and a conversion price equal to a 2.5 per cent premium to the June 30, 2014 NAV per share, which was US$10.07. If not converted, the CULS will mature in June 2021.

The Company is classed as an authorised fund under The Protection of Investors (Bailiwick of Guernsey) Law 1987. The Company's corporate objective is to create a portfolio of investments in businesses primarily in the United States, providing a superior overall return comprised of a current yield and significant capital appreciation. The Company's present strategies include investments in micro cap buyouts, mezzanine loans (sometimes with equity participations) and high yield securities, senior secured debt and second lien loans, real estate and other debt and equity opportunities, including distressed debt and structured financings, derivatives and opportunistic purchase of publicly traded securities.

The Company has no direct employees. For its services the Investment Adviser receives a management fee and is also entitled to performance related fees (note 10). The Company has no ownership interest in the Investment Adviser. During the period under review the Company was administered by Northern Trust International Fund Administration Services (Guernsey) Limited.

The unaudited condensed financial statements are presented in US$'000 except where otherwise indicated.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of the audited annual financial statements for the year ended 28 February 2014 have been consistently applied during this period, unless otherwise stated.

Statement of Compliance

The condensed interim financial statements of the Company for the period 1 March 2014 to 31 August 2014 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, together with applicable legal and regulatory requirements of Guernsey Law and the Listing Rules of the CISE and SFM. The condensed interim financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the annual report and audited financial statements at 28 February 2014.

Basis of Preparation

The condensed interim financial statements have been prepared under the historical cost or amortised cost basis, modified by the revaluation of certain financial instruments designated at Fair value through Profit or Loss upon initial recognition. The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with the accounting policies stated in note 2 of the audited annual financial statements for the year ended 28 February 2014, with the exception noted in the 6% Convertible Stock note below.

The preparation of condensed interim financial statements in conformity with IAS 34, "Interim Financial Reporting" as adopted by the EU, requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6% Convertible Unsecured Loan Stock 2021

The Convertible Unsecured Loan Stock ("CULS") issued by the Company is denominated in a currency (GBP) other than the Company's functional currency and hence fails the 'fixed-for-fixed' criteria for equity classification. Rather than account for the host debt and embedded conversion element separately, the Company elects to account for the CULS in their entirety in accordance with the IAS 39 'Fair Value Option'. The CULS' fair value is deemed to be the listed offer price at the period end. CULS are translated at the exchange rate at the reporting date and both differences in fair value due to the listed offer price and exchange rates are recognised in the Statement of Comprehensive Income.

Direct expenses associated with the CULS issue are allocated to the Statement of Comprehensive Income in the period they are incurred. The interest expense on the CULS is calculated according to the effective interest rate method and translated at the average rate for the reporting period.

3. Segment information

The Investment Manager is responsible for allocating resources available to the Company in accordance with the overall business strategies as set out in the Investment Guidelines of the Company. The Company has been organised into the following segments:

- Portfolio of US micro cap investments
- Portfolio of European micro cap investments
- Portfolio of Mezzanine investments
- Portfolio of Bank debt
- Portfolio of Listed investments
- Portfolio of Real Estate investments
- Portfolio of Other investments

The investment objective of each segment is to achieve consistent medium-term returns from the investments in each segment while safeguarding capital by investing in a diversified portfolio.

Investment in corporate bonds, money market funds and treasury gilts are not considered part of any individual segment and have therefore been excluded from this segmental analysis.

For the period from 1 March 2014 to 31 August 2014

	Micro Cap US US$ '000	Micro Cap European US$ '000	Mezzanine Portfolio US$ '000	Bank debt US$ '000	Listed investments US$ '000	Real estate US$ '000	Other investments US$ '000	Total US$ '000
Interest revenue	16,301	1,860	45	674	–	133	–	19,013
Dividend revenue	–	–	–	–	311	–	–	311
Realisations from investments held in escrow accounts	6,429	–	–	–	–	–	–	6,429
Net gain/(loss) on investments at fair value through profit or loss	16,235	(5,931)	(740)	–	(7,377)	(550)	557	2,194
Impairments on loans and receivables	–	–	(39)	–	–	–	–	(39)
Investment Adviser's base fee	(2,507)	(1,481)	(20)	(76)	(397)	(865)	(432)	(5,778)
Investment Adviser's capital incentive fee[1]	(6,480)	318	143	–	–	104	(4)	(5,919)
Total segmental operating profit	29,978	(5,234)	(611)	598	(7,463)	(1,178)	121	16,211

1 The capital incentive fee is allocated across segments where a realised or unrealised gain or loss has occurred. Segments with realised or unrealised losses are allocated a credit pro rata to the size of the loss and segments with realised or unrealised gains are allocated a charge pro rata to the size of the gain.

Notes to the financial statements continued

3. Segment information continued

For the period from 1 March 2013 to 31 August 2013

	Micro Cap US US$ '000	Micro Cap European US$ '000	Mezzanine Portfolio US$ '000	Bank debt US$ '000	Listed investments US$ '000	Real estate US$ '000	Other investments US$ '000	Total US$ '000
Interest revenue	15,950	987	163	658	–	495	–	18,253
Dividend revenue	–	–	–	–	1,402	–	–	1,402
Realisations from investments held in escrow accounts	1,265	–	–	–	–	–	–	1,265
Net gain/(loss) on investments at fair value through profit or loss	1,143	7,070	184	–	3,646	2,143	(800)	13,386
Impairments on loans and receivables	–	–	(25)	–	–	–	–	(25)
Investment Adviser's base fee	(2,252)	(1,031)	(28)	(89)	(1,059)	(435)	(84)	(4,978)
Investment Adviser's capital incentive fee[1]	(807)	–	–	–	–	–	–	(807)
Total segmental operating profit	15,299	7,026	294	569	3,989	2,203	(884)	28,496

1 The capital incentive fee is allocated across segments where a realised or unrealised gain or loss has occurred. Segments with realised or unrealised losses are allocated a credit pro rata to the size of the loss and segments with realised or unrealised gains are allocated a charge pro rata to the size of the gain.

As at 31 August 2014

	Micro Cap US US$ '000	**Micro Cap European US$ '000**	**Mezzanine Portfolio US$ '000**	**Bank debt US$ '000**	**Listed investments US$ '000**	**Real estate US$ '000**	**Other investments US$ '000**	**Total US$ '000**
Investments at fair value through profit or loss	**368,736**	**217,811**	**1,955**	**11,085**	**–**	**127,198**	**63,523**	**790,308**
Investments classified as loans and receivables	**–**	**–**	**1,000**	**–**	**–**	**–**	**–**	**1,000**
Other payables and accrued expenses	**(6,963)**	**33**	**139**	**(15)**	**(1,081)**	**(62)**	**(87)**	**(8,036)**
Total segmental net assets	**361,773**	**217,844**	**3,094**	**11,070**	**(1,081)**	**127,136**	**63,436**	**783,272**

Total segmental net assets At 28 February 2014

	Micro Cap US US$ '000	Micro Cap European US$ '000	Mezzanine Portfolio US$ '000	Bank debt US$ '000	Listed investments US$ '000	Real estate US$ '000	Other investments US$ '000	Total US$ '000
Investments at fair value through profit or loss	341,560	186,781	2,706	11,810	65,423	112,792	10,587	731,659
Investments classified as loans and receivables	–	–	1,000	–	–	–	–	1,000
Other receivables	–	–	–	–	486	–	–	486
Other payables and accrued expenses	(10,771)	(197)	2,280	(12)	(1,136)	(119)	(11)	(9,966)
Total segmental net assets	330,789	186,584	5,986	11,798	64,773	112,673	10,576	723,179

Certain income and expenditure is not considered part of the performance of an individual segment. This includes net foreign exchange gains, interest on cash, finance costs, custodian and administration fees, directors' fees and other general expenses.

The following table provides a reconciliation between net reportable segment income and operating profits.

	Period ended 31/08/2014 US$ '000	Period ended 31/08/2013 US$ '000
Net reportable segment profit	**16,211**	28,496
Net (losses)/gains on treasury gilts and corporate bonds	**(1,244)**	89
Net foreign exchange gains/(losses)	**647**	(2,093)
Interest on treasury gilts and corporate bonds	**485**	506
Interest on cash	**24**	105
Fees payable to investment adviser based on non segmental assets	**(107)**	(596)
Net loss on financial liabilities	**(6,274)**	–
Expenses not attributable to segments	**(1,134)**	(1,321)
Operating profit	**8,608**	25,186

Other receivables and prepayments are not considered to be part of individual segment assets. Certain liabilities are not considered to be part of the net assets of an individual segment. These include custodian and administration fees payable, Directors' fees payable and Other payables and accrued expenses.

The following table provides a reconciliation between total net segment assets and total net assets.

	31/08/2014 US$ '000	28/02/2014 US$ '000
Total net segmental assets	**783,272**	723,179
Non segmental assets and liabilities:		
Treasury gilts	**42,605**	43,292
Floating rate notes	**15,796**	16,415
Cash and cash equivalents	**54,226**	11,372
Zero Dividend Preference shares	**(110,405)**	(107,201)
Other receivables and prepayments	**89**	31
Convertible Unsecured Loan Stock	**(72,311)**	–
Loans payable	**(51,636)**	(17,839)
Other payables and accrued expenses	**(4,246)**	(2,793)
Total non segmental net liabilities	**(125,882)**	(56,723)
Total net assets	**657,390**	666,456

4. Fair value of financial instruments

The Company classifies fair value measurements of its financial instruments at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The financial assets valued at fair value through profit or loss are analysed in a fair value hierarchy based on the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Those involving inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Those involving inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Notes to the financial statements continued

4. Fair value of financial instruments continued

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Financial assets at 31 August 2014

Financial assets designated at fair value through profit or loss at inception:

	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
Listed Securities	**58,401**	–	–	**58,401**
Bank debt	–	–	**11,085**	**11,085**
Mezzanine portfolio	–	–	**1,955**	**1,955**
US Micro Cap portfolio	–	–	**368,736**	**368,736**
European Micro Cap portfolio	–	–	**217,811**	**217,811**
Real Estate portfolio	–	–	**127,198**	**127,198**
Other	–	–	**63,523**	**63,523**
	58,401	–	**790,308**	**848,709**

Financial assets at 28 February 2014

	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
Financial assets designated at fair value through profit or loss at inception:				
Listed Securities	125,130	–	–	125,130
Bank debt	–	–	11,810	11,810
Mezzanine portfolio	–	–	2,706	2,706
US Micro Cap portfolio	–	–	341,560	341,560
European Micro Cap portfolio	–	–	186,781	186,781
Real Estate portfolio	–	–	112,792	112,792
Other	–	–	10,587	10,587
	125,130	–	666,236	791,366

Transfers between levels

There were no transfers between the levels of hierarchy of financial assets recognised at fair value within the year ended 28 February 2014 and 31 August 2014.

Financial liabilities at 31 August 2014

Financial liabilities designated at fair value through profit or loss at inception:

	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
Convertible Subordinated Unsecured Loan Stock	**72,311**	–	–	**72,311**
	72,311	–	–	**72,311**

There were no financial liabilities designated at fair value through profit or loss for the year ended 28 February 2014.

Transfers between levels

There were no transfers between the levels of hierarchy of financial liabilities recognised at fair value within the year ended 28 February 2014 and 31 August 2014.

Valuation techniques

In valuing investments in accordance with International Financial Reporting Standards, the Directors follow a number of general principles as detailed in the International Private Equity and Venture Capital Association (“IPEVCA”) guidelines.

When fair values of listed equity and debt securities at the reporting date are based on quoted market prices or binding dealer price quotations (bid prices for long positions), without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

The fair value of bank debt which is derived from unobservable data is classified as Level 3. Investments for which there are no active markets are valued according to one of the following methods:

Real Estate

JZCP makes its Real Estate investments through a wholly-owned subsidiary, which in turn owns interests in various residential, commercial, and development real estate properties. The net asset value of the subsidiary is used for the measurement of fair value. The underlying fair value of JZCP’s Real Estate holdings, however, is represented by the proportionate financial interest in the properties themselves.

The Company’s Investment Adviser and Board review the fair value methods and measurement of the underlying properties on a quarterly basis. The fair value techniques used in the underlying valuations are:

- Use of comparable market values per square foot of properties in recent transactions in the vicinity in which the property is located, and in similar condition, of the relevant property, multiplied by the property’s square footage.
- Discounted Cash Flow (“DCF”) analysis, using the relevant rental stream, less expenses, for future periods, discounted at a Market Capitalization (“MC”) rate, or interest rate.
- Relevant rental stream less expenses divided by the market capitalization rate; this method approximates the enterprise value construct used for non-real estate assets.

For each of the above techniques third party debt is deducted to arrive at fair value.

Due to the inherent uncertainties of real estate valuation, the values reflected in the financial statements may differ significantly from the values that would be determined by negotiation between parties in a sales transaction and those differences could be material.

Mezzanine loans

Investments are generally valued at amortised cost except where there is deemed to be impairment in value which indicates that a provision should be made. Mezzanine loans are classified in the Statement of Financial Position as loans and receivables and are accounted for at amortised cost using the effective interest method less accumulated impairment allowances in accordance with IFRS.

The Company assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the net present value of expected cash flows discounted at the original effective interest rate.

Notes to the financial statements continued

4. Fair value of financial instruments continued

Unquoted preferred shares, micro cap loans, unquoted equities and equity related securities
Unquoted preferred shares, micro cap loans, unquoted equities and equity related securities investments are classified in the Statement of Financial Position as Investments at fair value through profit or loss. These investments are typically valued by reference to their enterprise value, which is generally calculated by applying an appropriate multiple to the last twelve months' earnings before interest, tax, depreciation and amortisation ("EBITDA"). In determining the multiple, the Directors consider inter alia, where practical, the multiples used in recent transactions in comparable unquoted companies, previous valuation multiples used and where appropriate, multiples of comparable publicly traded companies. In accordance with IPEVCA guidelines, a marketability discount is applied which reflects the discount that in the opinion of the Directors, market participants would apply in a transaction in the investment in question.

In respect of unquoted preferred shares and micro cap loans the Company values these investments by reference to the attributable enterprise value as the exit strategy in respect to these investments would be a one tranche disposal together with the equity component. The fair value of the investment is determined by reference to the attributable enterprise value (this is calculated by a multiple of EBITDA reduced by senior debt and marketability discount) covering the aggregate of the unquoted equity, unquoted preferred shares and debt instruments invested in the underlying company. The increase of the fair value of the aggregate investment is reflected through the unquoted equity component of the investment and a decrease in the fair value is reflected across all financial instruments invested in an underlying company.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

At 31 August 2014

	Bank debt US$ '000	**Mezzanine portfolio US$ '000**	**US Micro cap portfolio US$ '000**	**Euro Micro cap portfolio US$ '000**	**Real estate US$ '000**	**Other US$ '000**	**Total US$ '000**
At 1 March 2014	**11,810**	**2,706**	**341,560**	**186,781**	**112,792**	**10,587**	**666,236**
Purchases	**–**	**–**	**26,858**	**35,324**	**18,456**	**53,875**	**134,513**
PIK adjusted for fair value	**56**	**–**	**4,885**	**–**	**–**	**–**	**4,941**
Proceeds from investments repaid or sold	**(792)**	**–**	**(28,669)**	**–**	**(3,500)**	**(1,497)**	**(34,458)**
Net gains and losses recognised in statement of comprehensive income	**–**	**(751)**	**16,312**	**(5,932)**	**(550)**	**558**	**9,637**
Movement in accrued interest recognised in statement of comprehensive income	**11**	**–**	**7,790**	**1,638**	**–**	**–**	**9,439**
At 31 August 2014	**11,085**	**1,955**	**368,736**	**217,811**	**127,198**	**63,523**	**790,308**

	Bank debt US$ '000	Mezzanine portfolio US$ '000	US Micro cap portfolio US$ '000	Euro Micro cap portfolio US$ '000	Real estate US$ '000	Other US$ '000	Total US$ '000
At 1 March 2013	11,690	2,529	342,566	107,463	30,861	11,080	506,189
Purchases	–	–	63,370	45,172	76,933	1,750	187,225
PIK adjusted for fair value							
Proceeds from investments repaid or	130	50	25,386	–	–	–	25,566
sold	–	–	(92,142)	–	(198)	(1,568)	(93,908)
Net gains and losses recognised in statement of comprehensive income	–	99	3,659	32,774	4,701	(675)	40,558
Movement in accrued interest recognised in statement of comprehensive income	(10)	28	(1,279)	1,372	495	–	606
At 28 February 2014	11,810	2,706	341,560	186,781	112,792	10,587	666,236

The following table details the revenues and net gains included within the statement of comprehensive income for investments classified at Level 3 which were held during the period.

At 31 August 2014

	Bank debt US$ '000	Mezzanine portfolio US$ '000	US Micro cap portfolio US$ '000	Euro Micro cap portfolio US$ '000	Real estate US$ '000	Other US$ '000	Total US$ '000
Interest and other revenue	**674**	**45**	**16,301**	**1,860**	**133**	**–**	**19,013**
Net realised gain/(loss) on investments at fair value through profit or loss	**–**	**–**	**(5,469)**	**–**	**–**	**–**	**(5,469)**
Net gain/(loss) on investments at fair value through profit or loss	**–**	**(751)**	**21,781**	**(5,932)**	**(550)**	**558**	**15,106**
	674	**(706)**	**32,613**	**(4,072)**	**(417)**	**558**	**28,650**

At 31 August 2013

	Bank debt US$ '000	Mezzanine portfolio US$ '000	US Micro cap portfolio US$ '000	Euro Micro cap portfolio US$ '000	Real estate US$ '000	Other US$ '000	Total US$ '000
Interest and other revenue	658	163	15,950	987	495	–	18,253
Net realised gain/(loss) on investments at fair value through profit or loss	–	–	(489)	–	–	–	(489)
Net gain/(loss) on investments at fair value through profit or loss	–	337	1,577	219	2,143	(800)	3,476
	658	500	17,038	1,206	2,638	(800)	21,240

For investments measured at Level 3 at the reporting date, the Company adjusted the default rate, and discount rate assumptions within a range of reasonably possible alternatives. The extent of the adjustment varied according to the characteristics of each security.

The fair value of financial assets and financial liabilities measured at amortised cost are determined as follows:

The Company has certain financial instruments that are recorded at fair value using valuation techniques such as earnings multiple model derived either from acquisition/purchase information or observable market data from comparable companies. In some cases an adjustment is made to the acquisition/purchase multiple to reflect the underlying growth of the investment. These are adjusted to reflect counter party credit risk and limitations in the model.

For the financial instruments whose fair value is estimated using valuation techniques with no market observable inputs, the net unrealised amount recorded in the Statement of Comprehensive Income in the period due to changes in the inputs amounts to gains of US$15,075,000 (28 February 2014: gains of US$2,558,000).

Notes to the financial statements continued

4. Fair value of financial instruments continued

The table below analyses the Company's concentration of private investments by sub-portfolio and the effect on the net assets attributable to shareholders and on the increase/(decrease) in profit for the period due to a reasonably possible change in the value of unobservable inputs. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

Sub-portfolio	Carrying value 31/08/2014 US$ '000	Valuation technique	Unobservable inputs	Ranges	Sensitivity used	Effect on fair value	
US Micro cap portfolio	367,736	EBITDA Multiple	Average EBITDA Multiple of Peers	5.0x-8.9x (7.2x)	0.5x/-0.5x	21,801	(21,573)
			Discount to Average Multiple	0%-40% (27%)	5.0%/-5.0%	24,364	(26,420)
Other	63,523	EBITDA Multiple	Average EBITDA Multiple of Peers	7.5x	0.5x/-0.5x	464	(464)
			Discount to Average Multiple	25%	5.0%/-5.0%	391	(391)
Real estate[1]	127,198	DCF Model/ Income Approach	Discount Rate	7%-10%	1%/-1%	9,122	(8,445)
European Micro cap portfolio	217,811	EBITDA Multiple	Average EBITDA Multiple of Peers	5.3x-9.1x (7.4x)	0.5x/-0.5x	10,934	(10,357)
			Discount to Average Multiple	0%-43% (31%)	5.0%/-5.0%	8,895	(8,398)
Mezzanine portfolio	2,955	EBITDA Multiple	Average EBITDA Multiple of Peers	5.0x-8.0x (7.0x)	0.5x/-0.5x	329	(329)
			Discount to Average Multiple	10%		250	(250)
Bank debt	11,085	EBITDA Multiple	Average EBITDA Multiple of Peers	0.5x / -0.5x	0.5x/-0.5x	–	–

1 The Fair Value of JZCP's investment in financial interests in Real Estate, is measured as JZCP's percentage interest in the value of the underlying properties. The Directors consider the discount rate used, applied to the DCF, when valuing the properties as the most significant unobservable input affecting the measurement of fair value.

Sub-portfolio	Carrying value 28/02/2014 US$ '000	Valuation technique	Unobservable inputs	Ranges	Sensitivity used	Effect on fair value	
US Micro cap portfolio	287,792	EBITDA Multiple	Average EBITDA Multiple of Peers	5.0x - 9.0x (7.2x)	0.5x / -0.5x	(21,426)	19,256
			Discount to Average Multiple	0% - 40% (25%)	5.0% / -5.0%	(28,087)	23,893
US Micro cap[1] portfolio	23,563	Multiple of Book Value	Multiple of Book Value	1.5x	0.25x / -0.25x	(3,293)	3,293
US Micro cap[2] investments	30,205	Revenue Multiple	Revenue Multiple	0.4x	0.1x / -0.1x	(6,169)	5,103
European Micro cap portfolio	186,781	EBITDA Multiple	Average EBITDA Multiple of Peers	5.4x - 9.0x (7.3x)	0.5x / -0.5x	(11,010)	11,010
			Discount to Average Multiple	25% - 48% (33%)	5.0% / -5.0%	(9,730)	9,825
Mezzanine portfolio	2,706	EBITDA Multiple	Average EBITDA Multiple of Peers	5.0x - 8.0x (7.0x)	0.5x / -0.5x	(342)	342
			Discount to Average Multiple	10%	5.0% / -5.0%	(256)	256
Bank debt	11,810	EBITDA Multiple	Average EBITDA Multiple of Peers	6.0x	0.5x / -0.5x	–	–
Real estate[3]	112,792	DCF Model/ Income Approach	Discount Rate	10%	+ 1% / - 1%	(3,745)	3,922
Other investments	10,587	EBITDA Multiple	Average EBITDA Multiple of Peers	7.5x	0.5x / -0.5x	(447)	447
			Discount to Average Multiple	25%	5.0% / -5.0%	(379)	379

1 Milestone Aviation valued using a different valuation method.
2 Dental Holdings valued using a different valuation method.
3 The Fair Value of JZCP's investment in financial interests in Real Estate, is measured as JZCP's percentage interest in the value of the underlying properties. The Directors consider the discount rate used, applied to the DCF, when valuing the properties as the most significant unobservable input affecting the measurement of fair value.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period, that

Fair value of investments at fair value through profit or loss ("FVTPL")

Certain investments are classified as FVTPL, and valued accordingly, as disclosed in Note 2 of the annual financial statements for the year ended 28 February 2014. The key source of estimation uncertainty is on the valuation of unquoted equities and equity-related securities.

In reaching its valuation of the unquoted equities and equity-related securities the key judgements the Board has to make relate to the selection of the multiples and the discount factors used in the valuation models.

Loans and receivables

Certain investments are classified as Loans and Receivables, and valued accordingly, as disclosed in Note 2 of the annual financial statements for the year end 28 February 2014. The key estimation is the impairment review and the key assumptions are as disclosed in Note 2.

Notes to the financial statements continued

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty continued

Investment in associate

The policies applied in accounting for the Company's associate require significant judgement. Full details are disclosed in Note 2c of the annual financial statements for the year ended 28 February 2014.

Assessment as an investment entity

The Board has concluded that the Company meets the definition of an investment entity and as such, does not consolidate its subsidiary but rather values it at fair value through profit or loss as described in note 2d of the annual financial statements.

6. Net gains on investments at fair value through profit or loss

	Period ended 31/08/2014 US$ '000	*Restated Period ended 31/08/2013 US$ '000
Proceeds from investments realised	**92,505**	91,687
Cost to JZCP of investments realised	**(68,229)**	(88,080)
Realised gains**	**24,276**	3,607
Adjustment for gains unrealised in prior periods now realised	**(36,587)**	(3,871)
Losses on investments realised in period	**(12,311)**	(264)
Net movement in unrealised gains/losses during period	**(23,326)**	9,869
Adjust for gains unrealised in prior periods now realised	**36,587**	3,871
Gains on investments unrealised in period	**13,261**	13,740
Total gains on investments in the period	**950**	13,476

* Effective 28 February 2014, the Company no longer accounted for its investment in its associate using the enquiry method under the exemption within IAS 28. This resulted in an increase of US$5,930 in the prior period.

** Realised gains for the six month period ending 31 August 2014 based on historical costs, rather than the cost based on fair values at 1 July 2008, total US$61,463,000.

7. Net write back of impairments/(impairments on) loans and receivables

	Period ended 31/08/2014 US$ '000	Period ended 31/08/2013 US$ '000
Net unrealised impairments on loans and receivables	**(39)**	(25)
Proceeds from investments repaid	**54**	7,583
Cost of investments repaid	**(54)**	(7,583)
Net realised gain	**–**	–
Net impairments on loans and receivables	**(39)**	(25)

8. Investment income

	Period ended 31/08/2014 US$ '000	Period ended 31/08/2013 US$ '000
Income from investments classified as FVTPL	**19,764**	19,998
Income from investments classified as loans and receivables	**45**	163
	19,809	20,161

Income for the period ended 31 August 2014

			Loan note			
	Dividends US$ '000	**Preferred dividends US$ '000**	**PIK US$ '000**	**Cash US$ '000**	**Other interest/ income US$ '000**	**Total US$ '000**
US micro cap portfolio	–	**8,595**	**4,715**	**2,991**	–	**16,301**
European micro cap portfolio	–	–	–	**1,860**	–	**1,860**
Mezzanine portfolio	–	–	**45**	–	–	**45**
Bank debt	–	–	–	–	**674**	**674**
Listed investments	**311**	–	–	–	–	**311**
Treasury gilts and corporate bonds	–	–	–	–	**485**	**485**
Real estate	–	–	**133**	–	–	**133**
	311	**8,595**	**4,893**	**4,851**	**1,159**	**19,809**

Income for the period ended 31 August 2013

			Loan note			
	Dividends US$ '000	Preferred dividends US$ '000	PIK US$ '000	Cash US$ '000	Other interest/ income US$ '000	Total US$ '000
US micro cap portfolio	–	7,218	4,668	4,064	–	15,950
European micro cap portfolio	–	–	–	987	–	987
Mezzanine portfolio	–	–	25	138	–	163
Bank debt	–	–	–	–	658	658
Listed investments	1,402	–	–	–	–	1,402
Treasury gilts and corporate bonds	–	–	–	–	506	506
Other	–	–	495	–	–	495
	1,402	7,218	5,188	5,189	1,164	20,161

9. Finance costs

	Period ended 31/08/2014 US$ '000	Period ended 31/08/2013 US$ '000
ZDP shares (note 13)	**4,228**	3,528
CULS Interest and transaction costs (note 14)	**1,842**	–
Loan - Jefferies Finance, LLC (note 15)	**966**	–
Loan - Deutsche Bank (note 15)	**142**	–
	7,178	3,528

Notes to the financial statements continued

10. Expenses

	Period ended 31/08/2014 US$ '000	Period ended 31/08/2013 US$ '000
Investment Adviser's base fee	**6,147**	5,574
Investment Adviser's incentive fee	**5,657**	807
Directors' remuneration	**198**	160
	12,002	6,541
Administrative expenses:		
Other expenses	**168**	421
Legal and professional fees	**455**	446
Accounting, secretarial and administration fees	**176**	150
Auditors' remuneration	**107**	111
Custodian fees	**30**	34
Total expenses	**12,938**	7,703

Directors fees

The Chairman is entitled to a fee of US$140,000 per annum. As from 1 January 2014, the Chairman of the Audit Committee is entitled to a fee of US$70,000 per annum, all other directors are entitled to a fee of US$60,000. For the period ended 31 August 2014 total Directors' fees included in the Statement of Comprehensive Income were US$198,000 (period ended 31 August 2013: US$160,000), of this amount US$66,000 was outstanding at the period end (28 February 2014: US$63,000).

Investment Advisory and Performance fees

The Company entered into the amended and restated investment advisory and management agreement with Jordan/Zalaznick Advisers, Inc. (the "Investment Adviser") on 23 December 2010 (the "Advisory Agreement").

Pursuant to the Advisory Agreement, the Investment Adviser is entitled to a base management fee and to an incentive fee. The base management fee is an amount equal to 1.5 per cent. per annum of the average total assets under management of the Company less those assets identified by the Company as being excluded from the base management fee, under the terms of the agreement. The base management fee is payable quarterly in arrears; the agreement provides that payments in advance on account of the base management fee will be made.

For the period ended 31 August 2014, total investment advisory and management expenses, based on the average total assets of the Company, were included in the Statement of Comprehensive Income of US$6,147,000 (period ended 31 August 2013: US$5,574,000). Of this amount US$1,182,000 (28 February 2014: US$848,000) was outstanding at the period end.

The incentive fee has two parts. The first part is calculated by reference to the net investment income of the Company ("Income Incentive fee") and is payable quarterly in arrears provided that the net investment income for the quarter exceeds 2 per cent of the average of the net asset value of the Company for that quarter (the "hurdle") (8 per cent. annualised). The fee is an amount equal to (a) 100 per cent of that proportion of the net investment income for the quarter as exceeds the hurdle, up to an amount equal to a hurdle of 2.5%, and (b) 20 per cent. of the net investment income of the Company above a hurdle of 2.5% in any quarter. Investments categorised as legacy investments and other assets identified by the Company as being excluded are excluded from the calculation of the fee. A true-up calculation is also prepared at the end of each financial year to determine if further fees are payable to the investment adviser or if any amounts are recoverable from future income incentive fees.

For the periods ended 31 August 2014 and 31 August 2013 there was no income incentive fee.

The second part of the incentive fee is calculated by reference to the net realised capital gains ("Capital Gains Incentive fee") of the Company and is equal to: 20 per cent. of the realised capital gains of the Company for each financial year less all realised capital losses of the Company for the year less (b) the aggregate of all previous capital gains incentive fees paid by the Company to the Investment Adviser. The capital gains incentive is payable in arrears within 90 days of the fiscal year end. Investments categorised as legacy investments are excluded from the calculation of the fee.

For the purpose of calculating incentive fees cumulative preferred dividends received on the disposal of an investment are treated as a capital return rather than a receipt of income.

A capital gains incentive fee based on realised gains during the period ended 31 August 2014 of US$3,385,000 is payable to the Investment Adviser. The Company also provides for a capital gains incentive fee based on unrealised gains. For the period ended 31 August 2014 a provision of US$5,766,000 (28 February 2014: US$3,503,000) has been included.

The Advisory agreement may be terminated by the Company or the Investment Advisor upon not less than two and one- half years' (i.e. 913 days') prior notice (or such lesser period as may be agreed by the Company and Investment Adviser).

Administration fees

Northern Trust International Fund Administration Services (Guernsey) Limited was appointed as Administrator to the Company on 1 September 2012. The Administrator is entitled to a fee payable quarterly in arrears. Fees payable to the Administrator are fixed for the three years from the date of appointment and are then subsequently subject to an annual fee review.

Custodian fees

HSBC Bank (USA) N.A, (the "Custodian") was appointed on 12 May 2008 under a custodian agreement. The Custodian is entitled to receive an annual fee of US$2,000 and a transaction fee of US$50 per transaction. For the period ended 31 August 2014 total Custodian expenses of US$30,000 (31 August 2013: US$34,000) were included in the Statement of Comprehensive Income of which US$15,000 (28 February 2014: US$16,000) was outstanding at the period end and is included within Other Payables.

Auditors remuneration

All of the auditors remuneration relates to the annual audit and half year review report.

11. Taxation

For both 2014 and 2013 the Company applied for and was granted exempt status for Guernsey tax purposes under the terms of The Income Tax (Zero 10) (Guernsey) Law, 2007.

For the period ended 31 August 2014 the Company incurred withholding tax of US$93,000 (31 August 2013: US$426,000) on dividend income from listed investments.

Notes to the financial statements continued

12. Investments

Categories of financial instruments	Listed 31/08/2014 US$ '000	Unlisted 31/08/2014 US$ '000	Carrying Value 31/08/2014 US$ '000
Fair value through profit or loss	**58,401**	**790,308**	**848,709**
Loans and receivables	**–**	**1,000**	**1,000**
	58,401	**791,308**	**849,709**

	Listed 31/08/2014 US$ '000	Unlisted 31/08/2014 US$ '000	Total 31/08/2014 US$ '000
Book cost at 1 March 2014	**100,380**	**656,439**	**756,819**
Purchases in period	**–**	**104,693**	**104,693**
Capital calls during period	**–**	**29,820**	**29,820**
Payment in kind ("PIK")	**–**	**5,033**	**5,033**
Proceeds from investments realised	**(58,046)**	**(34,513)**	**(92,559)**
Realised gains	**14,989**	**9,287**	**24,276**
Book cost at 31 August 2014	**57,323**	**770,759**	**828,082**
Net unrealised gains at 31 August 2014	**977**	**1,584**	**2,561**
Accrued interest at 31 August 2014	**101**	**18,965**	**19,066**
Carrying value at 31 August 2014	**58,401**	**791,308**	**849,709**

	Listed 28/02/2014 US$ '000	Unlisted 28/02/2014 US$ '000	Carrying Value 28/02/2014 US$ '000
Fair value through profit or loss	125,130	666,236	791,366
Loans and receivables	–	1,000	1,000
	125,130	667,236	792,366

	Listed 28/02/2014 US$ '000	Unlisted 28/02/2014 US$ '000	Total 28/02/2014 US$ '000
Book cost at 1 March 2013	102,384	541,869	644,253
Purchases in year	39,336	156,190	195,526
Capital calls during year	–	31,035	31,035
Payment in kind ("PIK")	–	25,566	25,566
Proceeds from investments realised	(42,366)	(101,464)	(143,830)
Realised gains	1,026	3,243	4,269
Book cost at 28 February 2014	100,380	656,439	756,819
Net unrealised gains at 28 February 2014	24,655	1,271	25,926
Accrued interest at 28 February 2014	95	9,526	9,621
Carrying value at 28 February 2014	125,130	667,236	792,366

Investment in associate

As at 31 August 2014, the Company had a direct investment in the following associate:

Entity	Place of incorporation	Principal activity	% Interest
EuroMicrocap Fund 2010, LP	Cayman	Acquiror of Europe-based micro cap companies	75%

The Company has elected for an exemption from the IAS 28 equity method. Therefore the Company measures its associate at fair value through profit or loss.

	31/08/2014 US$ '000	28/02/2014 US$ '000
EuroMicrocap Fund 2010, LP	**175,772**	150,115
Investment in associate at fair value	**175,772**	150,115

The Company may have ownership that is above 20% in other investments but does not have significant influence, therefore these are not classified as associates.

Restrictions

There are no significant restrictions on the ability of the associate to transfer funds to the Company in the form of cash dividends, or repayment of loans or advances. However, the company has not received any funds from the associate.

Investment in subsidiary

As at 31 August 2014, the Company had a direct investment in the following subsidiary:

	31/08/2014 US$ '000	28/02/2014 US$ '000
JZCP Realty Fund, Ltd	**127,198**	112,792
Investment in subsidiaries at fair value	**127,198**	112,792

The Company meets the definition of an Investment Entity in accordance with IFRS 10. Therefore, it does not consolidate its subsidiaries but rather recognises them as investments at fair value through profit or loss.

Unconsolidated subsidiaries	Place of incorporation	% Interest
JZCP Realty Fund, Ltd	Cayman	100

The above subsidiary controls the following subsidiaries:

Entity	Place of incorporation	% Interest
JZ REIT Fund Metropolitan, LLC	Delaware, USA	99%
JZCP Loan Metropolitan Corp	Delaware, USA	100%
JZ REIT Fund 1, LLC	Delaware, USA	99%
JZCP Loan 1 Corp	Delaware, USA	100%
JZ REIT Fund Flatbush Portfolio, LLC	Delaware, USA	99%
JZCP Loan Flatbush Portfolio Corp	Delaware, USA	100%
JZ REIT Fund Flatbush, LLC	Delaware, USA	99%
JZCP Loan Flatbush Corp	Delaware, USA	100%
JZ REIT Fund Fulton, LLC	Delaware, USA	99%
JZCP Loan Fulton Corp	Delaware, USA	100%
JZCP Loan Greenpoint Corp.	Delaware, USA	100%
JZ REIT Fund Greenpoint, LLC	Delaware, USA	99%

Restrictions

The Company receives income in the form of interest from its investments in unconsolidated subsidiaries, and there are no significant restrictions on the transfer of funds from these entities to the Company.

Support

The Company has no contractual commitments to provide any financial or other support to its unconsolidated subsidiaries.

Notes to the financial statements continued

13. Zero Dividend Preference ("ZDP") shares

	31/08/2014 US$ '000	28/02/2014 US$ '000
ZDP shares issued 22 June 2009		
Amortised cost at 1 March	**107,201**	89,839
Finance costs allocated to Statement of Comprehensive Income for the period/year	**4,228**	7,489
Unrealised currency loss/(gain) to the Company on translation during the period/year	**(1,024)**	9,873
Amortised cost at year end	**110,405**	107,201
Total number of ZDP shares in issue	**20,707,141**	20,707,141

ZDP shares were issued on 22 June 2009 at a price of 215.80 pence and are designed to provide a pre-determined final capital entitlement of 369.84 pence on 22 June 2016 which ranks behind the Company's creditors but in priority to the capital entitlements of the Ordinary shares. The ZDP shares carry no entitlement to income and the whole of their return will therefore take the form of capital. The capital appreciation of approximately 8% per annum is calculated monthly. In certain circumstances, ZDP shares carry the right to vote at general meetings of the Company as detailed in the Company's Memorandum of Articles and Incorporation. Issue costs are deducted from the cost of the liability and allocated to the Statement of Comprehensive Income over the life of the ZDP shares.

14. Convertible Subordinated Unsecured Loan Stock ("CULS")

On 30 July 2014, JZCP issued £38,861,140 6% CULS. Within 12 months of the date of the CULS prospectus (21 July 2014) the Company at its discretion can issue a further tranche of up to £38,861,140 6% CULS subject to shareholder approval.

Holders of CULS may convert the whole or part (being an integral multiple of £10 in nominal amount) of their CULS into Ordinary Shares. Conversion Rights may be exercised at any time during the period from 30 September 2014 to 10 business days prior to the Maturity date being the 30 July 2021. The initial conversion price is £6.0373 per Ordinary Share, which shall be subject to adjustment to deal with certain events which would otherwise dilute the conversion of the CULS. These events include consolidation of Ordinary Shares, dividend payments made by the Company, issues of shares, rights, share-related securities and other securities by the Company and other events as detailed in the Prospectus.

CULS bear interest on their nominal amount at the rate of 6.00 per cent. per annum and is payable semi-annually in arrears. During the period ending 31 August 2014 US$350,000 of interest payable to holders of CULS is shown as a finance cost in the Statement of Comprehensive Income.

During the period the Company incurred costs of $1,492,000 in relation to the issue of the CULS.

	31/08/2014 US$ '000
Issue of 3,886,114 CULS of £10 nominal value	**65,687**
Unrealised movement in fair value of CULS	**6,274**
Accrued interest on CULS	**350**
Fair Value of CULS based on offer price at 31 August 2014	**72,311**

15. Loans payable

	31/08/2014 US$ '000	28/02/2014 US$ '000
Jefferies Finance, LLC	**49,568**	–
Deutsche Bank	**2,068**	17,839
	51,636	17,839

At 31 August 2014, JZCP had a loan facility with Deutsche Bank allowing the Company to draw down a total of US$52.0 million. At the period end the loan outstanding was US$2.1 million and a further US$49.9 million was available to draw down. The loan is secured by the Company's investment in corporate bonds and UK gilts, the total value of assets held as collateral at 31 August 2014 was US$58.4 million. The interest rate is charged at 30 day Libor + 75 basis points.

On 16 June 2014, JZCP entered in to a US$50.0 million loan agreement with Jefferies Finance, LLC. Proceeds of US$49.0 million were received after deduction of a 2% original issue discount. Loan interest is payable at 7%, after allowing for transaction costs and the initial discount the effective interest rate applied is 9.6%. The loan is due for repayment on 16 June 2016.

	31/08/2014 US$ '000
Proceeds - 16 June 2014	**49,000**
Issue costs	**(262)**
Finance costs charged to Statement of Comprehensive Income	**966**
Interest paid	**(136)**
	49,568

Notes to the financial statements continued

16. Stated Capital

Authorised Capital

Unlimited number of ordinary shares of no par value.

Ordinary shares - Issued Capital

	31/08/2014 Number of shares	28/02/2014 Number of shares
Total ordinary shares in issue	**65,018,607**	65,018,607

The Company's shares trade on the London Stock Exchange's Specialist Fund Market and are also quoted on the Channel Islands Securities Exchange.

The Ordinary shares carry a right to receive the profits of the Company available for distribution by dividend and resolved to be distributed by way of dividend to be made at such time as determined by the Directors.

In addition to receiving the income distributed, the Ordinary shares are entitled to the net assets of the Company on a winding up, after all liabilities have been settled and the entitlement of the ZDP shares have been met. In addition, holders of Ordinary shares will be entitled on a winding up to receive any accumulated but unpaid revenue reserves of the Company, subject to all creditors having been paid out in full but in priority to the entitlements of the ZDP shares. Any distribution of revenue reserves on a winding up is currently expected to be made by way of a final special dividend prior to the Company's eventual liquidation.

Holders of Ordinary shares have the rights to receive notice of, to attend and to vote at all general meetings of the Company.

17. Commitments

At 31 August 2014 JZCP had the following financial commitments outstanding in relation to fund investments:

	Period ended 31/08/2014 US$ '000	Year ended 28/02/2014 US$ '000
EuroMicrocap Fund 2010, LP (related party)	**15,467**	45,287
Spruceview Capital, LLC	**7,208**	11,083
Toro Finance (€4 million)	**5,269**	11,049
Suzo Happ Group	**4,491**	4,491
BSM Engenharis SA	**2,085**	2,085
Igloo Products Corp	**773**	–
	35,293	73,995

18. Related Party Transactions

At 31 August 2014, JZCP has invested US$123,283,000 (28 February 2014: US$93,463,000) in the EuroMicrocap Fund 2010 LP ("The Europe Fund"). At 31 August 2014 the investment was valued at US$175,772,000 (28 February 2014: US$150,115,000). The Europe Fund is managed by JZ International LLC ("JZI"), an affiliate of JZAI, JZCP's investment manager. JZAI and JZI were each founded by David Zalaznick and Jay Jordan.

The Company has invested with Fund A, a Limited Partnership in a number of US micro cap buyouts. Fund A is managed by JZAI. At 31 August 2014, the total amount of these co-investments was US$177,957,198 (28 February 2014: US$161,675,296) of the total amount of the co-investment US$145,298,468 (28 February 2014: US$132,004,623) was invested by the Company and US$32,658,730 (28 February 2014:US$29,670,673) was invested by Fund A.

Jordan/Zalaznick Advisers, Inc. ("JZAI"), a US based company, provides advisory services to the board of Directors of the Company in exchange for management fees, paid quarterly. Fees paid by the Company to the Investment Adviser are detailed in Note 10.

During the period ended 31 August 2014, the Company retained Ashurst LLP, a UK based law firm. David Macfarlane was a former Senior Corporate Partner at Ashurst until 2002.

The Directors' remuneration is disclosed in Note 10.

The following Directors participated in the issue of the initial CULS as noted below:

	31/08/2014 £
David Macfarlane (Chairman)	7,340
Patrick Firth	7,340
Tanja Tibaldi	3,670

19. Controlling Party

The issued shares of the Company are owned by a number of parties, and therefore, in the opinion of the Directors, there is no ultimate controlling party of the Company, as defined by IAS 24 - Related Party Disclosures.

Notes to the financial statements continued

20. Contingent assets

Amounts held in escrow accounts

Investments have been disposed by the Company, of which the consideration given included contractual terms requiring that a percentage was held in an escrow account pending resolution of any indemnifiable claims that may arise. At 31 August 2014 the Company has assessed that the fair value of these escrow accounts is nil as it is not reasonably probable that they will be realised by the Company.

As at 31 August 2014, the Company had the following contingent assets held in escrow accounts which had not been recognised as assets of the Company:

Company	Amount in Escrow	
	31/08/2014 US$'000	28/02/2014 US$'000
Amptek, Inc.	**1,386**	–
Galson Laboratories	**1,213**	–
GHW (G&H Wire)	**883**	883
N&B Industries, Inc.	**776**	776
BG Holdings,Inc.	**375**	–
ETX Holdings, Inc.	**185**	185
Dantom Systems, Inc.	**15**	15
Advanced Chemistry & Technology, Inc.	**–**	1,613
Wound Care Solutions, Llc	**–**	1,421
	4,833	4,893

During the period ended 31 August 2014 the Company had identified a further US$3,770,000 of contingent assets held in escrow accounts. Total net proceeds of US$6,429,000 (31 August 2014: US$1,625,000) relating to the escrow accounts of the Company were realised during the period and are recorded in the Statement of Comprehensive Income.

Escrows at 1 March 2014	4,893
Escrows added on realisations	2,599
Escrow receipts during the period	(6,429)
Additional Escrows in period	3,770*
Escrows at 31 August 2014	4,833

* Balances not reflected in opening position

21. Dividends paid and proposed

In accordance with the Company's current dividend policy, it is the Directors' intention to distribute approximately 3% of the Company's net assets in the form of dividends paid in US dollars (Shareholders can elect to receive dividends in Sterling), paid through semi-annual instalments.

For the year ended 28 February 2014 an interim dividend of 14.5 cents per Ordinary share (total US$9,427,698) was paid on 15 October 2013.

A second interim dividend for the year ended 28 February 2014 of 16.0 cents per Ordinary share (total US$10,402,978) was paid on 6 June 2014.

An interim dividend of 15 cents per Ordinary share (total US$9,427,698) was declared by the Board on 28 October 2014 and will be paid on 28 November 2014.

22. Basic and Diluted Earnings per share

Basic earnings per share are calculated by dividing the earnings for the period by the weighted average number of Ordinary shares outstanding during the period.

For the period/year ended 31 August 2014 and 28 February 2014 the weighted average number of Ordinary shares outstanding during the year was 65,018,607.

The effect of the issue of the CULS was anti-dilutive to the earnings per share, therefore a diluted earnings per share is not presented for the period.

Potentially the earnings per share will be diluted by the weighted average number of Ordinary shares including an additional 6,346,841 of Ordinary shares that could be converted and earnings being increased/reduced by gains/losses on financial liabilities at fair value through profit or loss and finance costs relating to the CULS.

23. Subsequent events

These financial statements were approved for issuance by the Board on 28 October 2014. Subsequent events have been evaluated until this date.

The Company announced it had agreed the sale of Milestone Aviation, a micro cap co-investment. At 31 August 2014 the investment is valued at US$40,000,000 (28 February 2014: US$23,563,000) being the expected sale proceeds.

Independent Review Report to JZ Capital Partners Limited

Introduction

We have been engaged by the company to review the condensed interim financial statements for the six month period ended 31 August 2014 which comprise the unaudited statement of comprehensive income, unaudited statement of financial position, unaudited statement of changes in equity, unaudited statement of cash flows and the related notes 1 to 23. We have read the other information contained in the condensed interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of interim financial statements.

This report is made solely to the company in accordance with guidance contained in International Standards 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 condensed interim financial statements of the Company for the period from 1 March 2014 to 31 August 2014 are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the condensed interim financial statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements are prepared in accordance with IFRS as adopted by the European Union.

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim financial reporting' as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed interim financial statements 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 interim financial statements for the period from 1 March 2014 to 31 August 2014 are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Guernsey,
Channel Islands
28 October 2014

Notes:

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

Company advisers

Investment Adviser

The Investment Adviser to JZ Capital Partners Limited ("JZCP") is Jordan/Zalaznick Advisers, Inc., ("JZAI") a company beneficially owned by John (Jay) W Jordan II and David W Zalaznick. The company was formed for the purpose of advising the Board of JZCP on investments in leveraged securities, primarily related to private equity transactions. JZAI has offices in New York and Chicago.

Jordan/Zalaznick Advisers, Inc.

9 West, 57th Street
New York NY 10019

Registered office

PO Box 255
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Les Banques
St Peter Port
Guernsey GY1 3QL

JZ Capital Partners Limited is registered in Guernsey number 48761

Administrator, Registrar and Secretary

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PO Box 255
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UK transfer and paying agent

Equiniti Limited
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US bankers

HSBC Bank USA NA
452 Fifth Avenue
New York NY 10018

(Also provides custodian services to JZ Capital Partners Limited under the terms of a Custody Agreement).

Guernsey bankers

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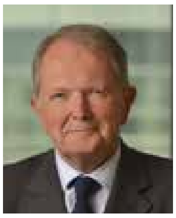
Guernsey GY1 4HP

Financial adviser and broker

JP Morgan Cazenove Limited
20 Moorgate
London EC2R 6DA

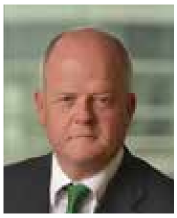
Board of Directors

David Macfarlane (Chairman)[1]



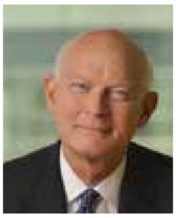
Mr Macfarlane was appointed to the Board of JZCP in April 2008 as Chairman and a non-executive Director. Until 2002 he was a Senior Corporate Partner at Ashurst. He was a non-executive Director of the Platinum Investment Trust Plc from 2002 until January 2007. He has recently been appointed Chairman of Rex Bionics plc.

Patrick Firth[2]



Mr Firth was appointed to the Board of JZCP in April 2008. He is also a Director of a number of offshore funds and management companies, including BH Credit Catalysts Limited, ICG-Longbow Senior Secured UK Property Debt Investments Limited, NextEnergy Solar Fund Limited and Riverstone Energy Limited. He is Chairman of GLI Finance Limited. He is a member of the Institute of Chartered Accountants in England and Wales and The Chartered Institute for Securities and Investment. He is a resident of Guernsey.

James Jordan

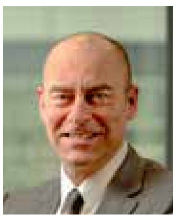


Mr. Jordan is a private investor who was appointed to the Board of JZCP in 2008. He is a director of the First Eagle family of mutual funds, and of Alpha Andromeda Investment Trust Company, S.A.. Until 30 June 2005, he was the Managing Director of Arnhold and S. Bleichroeder Advisers, LLC, a privately owned investment bank and asset management firm; and until 25 July 2013, he was a non-executive director of Leucadia National Corporation. He is a Trustee and Vice Chairman of the World Monuments Fund, and serves on the Chairman's Council of Conservation International.

Tanja Tibaldi

Ms Tibaldi was appointed to the Board of JZCP in April 2008. She was on the board of JZ Equity Partners Plc from January 2005 until the company's liquidation on 1 July 2008. She was Managing Director at Fairway Investment Partners, a Swiss asset management company where she was responsible for the Group's marketing and co-managed two fund of funds. Previously she was an executive at the Swiss Stock Exchange and currently serves on the board of several private companies.

Christopher Waldron



Mr Waldron was appointed to the Board of JZCP in October 2013. He is a Director of a number of Guernsey funds and investment companies including GBD Limited, Multi Manager Investment Programmes PCC Limited, Crystal Amber Fund Limited and BH Credit Catalysts Limited. An experienced investment manager, he was Chief Executive Officer of the Edmond de Rothschild companies in Guernsey until January 2013 and he remains a consultant to the Edmond de Rothschild Group. He is a Fellow of the Chartered Institute for Securities and Investment and a Guernsey resident.

1 Chairman of the nominations committee of which all Directors are members.

2 Chairman of the audit committee of which all Directors are members.

Useful information for Shareholders

Listing
JZCP Ordinary, Zero Dividend Preference shares and Convertible Loan Stock are listed on the Official List of the Financial Services Authority of the UK, and are admitted to trading on the London Stock Exchange Specialist fund market for listed securities. The ticker symbols are "JZCP", "JZCN" and "JZCC" respectively.

The prices of the Ordinary and Zero Dividend Preference shares are shown in the Financial Times under "Investment Companies - Ordinary Income Shares" and "Investment Companies - Zero Dividend Preference Shares" as "JZ Capital" respectively.

Financial diary

Results for the year ended 28 February 2015	May 2015
Annual General Meeting	19 June 2015
Interim report for the six months to 31 August 2015	October 2015

In accordance with the Transparency Directive JZCP will be issuing an Interim Management Statement for the quarters ending 30 November 2014 and 31 May 2015. These Statements will be sent to the market via RNS within six weeks from the end of the appropriate quarter, and will be posted on JZCP's website at the same time, or soon thereafter.

Payment of dividends
Cash dividends will be sent by cheque to the first-named shareholder on the register of members at their registered address, together with a tax voucher. At shareholders' request, where they have elected to receive dividend proceeds in GBP Sterling, the dividend may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System. Payments will be paid in US dollars unless the shareholder elects to receive the dividend in Sterling. Existing elections can be changed by contacting the Company's Transfer and Paying Agent, Equiniti Limited on +44 (0) 121 415 7047.

Share dealing
Investors wishing to buy or sell shares in the Company may do so through a stockbroker. Most banks also offer this service.

Internet address
The Company: www.jzcp.com

ISIN/SEDOL numbers
The ISIN code/SEDOL (Stock Exchange Daily Official List) numbers of the Company's Ordinary shares are BB00B403HK58/B403HK5, the numbers of the Zero Dividend Preference shares are GG00B40B7X85/B40D7X8 and the numbers or the Convertible Unsecured Loan Stock are GG00BP46PR08/BP46PR0.

Share register enquiries
The Company's UK Transfer and Paying Agent, Equiniti Limited, maintains the share registers. In event of queries regarding your holding, please contact the Registrar on 0871 384 2265, calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday, If calling from overseas +44 (0) 121 415 7047 or access their website at www.equiniti.com. Changes of name or address must be notified in writing to the Transfer and Paying Agent.

Nominee share code
Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at meetings when invited to do so by the Chairman.

Documents available for inspection
The following documents will be available at the registered office of the Company during usual business hours on any weekday until the date of the Annual General Meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting:

(a) the register of Directors' interests in the share capital of the Company;
(b) the Articles of Incorporation of the Company; and
(c) the terms of appointment of the Directors

Warning to Shareholders – Boiler Room Scams
In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you are offered, for example, unsolicited investment advice, discounted JZCP shares or a premium price for the JZCP shares you own, you should take these steps before handing over any money:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FCA before getting involved by visiting http://www.fca.org.uk/firms/systems-reporting/register

Useful information for Shareholders

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- Report the matter to the FCA by calling 0800 111 6768
- If the calls persist, hang up
- More detailed information on this can be found on the Money Advice Service website www.moneyadviceservice.org.uk

US investors

General

The Company's Articles contain provisions allowing the Directors to decline to register a person as a holder of any class of ordinary shares or other securities of the Company or to require the transfer of those securities (including by way of a disposal effected by the Company itself) if they believe that the person:

(a) is a "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended) and not a "qualified purchaser" (as defined in the US Investment Company Act of 1940, as amended);
(b) is a "Benefit Plan Investor" (as described under "Prohibition on Benefit Plan Investors and Restrictions on Non-ERISA Plan" below); or
(c) is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of any class of ordinary shares or any other equity securities of the Company by the person would materially increase the risk that the Company could be or become a "controlled foreign corporation" (as described under "US Tax Matters" below).

In addition, the Directors may require any holder of any class of ordinary shares or other securities of the Company to show to their satisfaction whether or not the holder is a person described in paragraphs (a), (b) or (c) above.

US securities laws

The Company (a) is not subject to the reporting requirements of the US Securities Exchange Act of 1934, as amended (the "Exchange Act") and does not intend to become subject to such reporting requirements and (b) is not registered as an investment company under the US Investment Company Act of 1940, as amended (the "1940 Act"), and investors in the Company are not subject to the protections provided by the 1940 Act.

Prohibition on benefit plan investors and restrictions on non-ERISA plans

Investment in the Company by "Benefit Plan Investors" is prohibited so that the assets of the Company will not be deemed to constitute "plan assets" of a "Benefit Plan Investor". The term "Benefit Plan Investor" shall have the meaning contained in Section 3(42) of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and includes (a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Part 4 of Title I of ERISA; (b) a "plan" described in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "Code"), that is subject to Section 4975 of the Code; and (c) an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's or a plan's investment in such entity. For purposes of the foregoing, a "Benefit Plan Investor" does not include a governmental plan (as defined in Section 3(32) of ERISA), a non-US plan (as defined in Section 4(b)(4) of ERISA) or a church plan (as defined in Section 3(33) of ERISA) that has not elected to be subject to ERISA.

Each purchaser and subsequent transferee of any class of ordinary shares (or any other class of equity interest in the Company) will be required to represent, warrant and covenant, or will be deemed to have represented, warranted and covenanted that it is not, and is not acting on behalf of or with the assets of a, Benefit Plan Investor to acquire such ordinary shares (or any other class of equity interest in the Company).

Under the Articles, the directors have the power to require the sale or transfer of the Company's securities in order to avoid the assets of the Company being treated as "plan assets" for the purposes of ERISA.

The fiduciary provisions of pension codes applicable to governmental plans, non-US plans or other employee benefit plans or retirement arrangements that are not subject to ERISA (collectively, "Non-ERISA Plans") may impose limitations on investment in the Company. Fiduciaries of Non-ERISA Plans, in consultation with their advisors, should consider, to the extent applicable, the impact of such fiduciary rules and regulations on an investment in the Company. Among other considerations, the fiduciary of a Non-ERISA Plan should take into account the composition of the Non-ERISA Plan's portfolio with respect to diversification; the cash flow needs of the Non-ERISA Plan and the effects thereon of the illiquidity of the investment; the economic terms of the Non-ERISA Plan's investment in the Company; the Non-ERISA Plan's funding objectives; the tax effects of the investment and the tax and other risks associated with the investment; the fact that the investors in the Company are expected to consist of a diverse group of investors (including taxable, tax-exempt, domestic and foreign entities) and the fact that the management of the Company will not take the particular objectives of any investors or class of investors into account.

Non-ERISA Plan fiduciaries should also take into account the fact that, while the Company's board of directors and its investment advisor will have certain general fiduciary duties to the Company, the board and the investment advisor will not have any direct fiduciary relationship with or duty to any investor, either with respect to its investment in Shares or with respect to the management and investment of the assets of the Company. Similarly, it is intended that the assets of the Company will not be considered plan assets of any Non-ERISA Plan or be subject to any fiduciary or investment restrictions that may exist under pension codes specifically applicable to such Non-ERISA Plans. Each Non-ERISA Plan will be required to acknowledge and agree in connection with its investment in any securities to the foregoing status of the Company, the board and the investment advisor that there is no rule, regulation or requirement applicable to such investor that is inconsistent with the foregoing description of the Company, the board and the investment advisor.

Each purchaser or transferee that is a Non-ERISA Plan will be deemed to have represented, warranted and covenanted as follows:

(a) The Non-ERISA Plan is not a Benefit Plan Investor;

(b) The decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment Advisor and any of their respective agents, representatives or affiliates, which fiduciaries (i) are duly authorized to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates and (ii) in consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;

(c) None of the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan's investment in the Company, nor has the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates rendered individualized investment advice to the Non-ERISA Plan based upon the Non-ERISA Plan's investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment program thereunder; and

(d) It acknowledges and agrees that it is intended that the Company will not hold plan assets of the Non-ERISA Plan and that none of the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non-ERISA Plan, with respect to either (i) the Non-ERISA Plan's purchase or retention of its investment in the Company or (ii) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment Advisor.

US Tax Matters

This discussion does not constitute tax advice and is not intended to be a substitute for tax advice and planning. Prospective holders of the Company's securities must consult their own tax advisers concerning the US federal, state and local income tax and estate tax consequences in their particular situations of the acquisition, ownership and disposition of any of the Company's securities, as well as any consequences under the laws of any other taxing jurisdiction.

The Company's directors are entitled to decline to register a person as, or to require such person to cease to be, a holder of any class of ordinary shares or other equity securities of the Company if they believe that: such person is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of any class of ordinary shares or any other equity securities of the Company by such person would materially increase the risk that the Company could be or become a "controlled foreign corporation" (a "CFC").

In general, a foreign corporation is treated as a "CFC" only if its "US shareholders" collectively own more than 50% of the total combined voting power or total value of the corporation's stock. A "US shareholder" means any US person who owns, directly or indirectly through foreign entities, or is considered to own (by application of certain constructive ownership rules), 10% or more of the total combined voting power of all classes of stock of a foreign corporation, such as the Company.

There is a risk that the Company will decline to register a person as, or to require such person to cease to be, a holder of the Company's the Company if the Company could be or become a CFC. The Company's treatment as a CFC could have adverse tax consequences for US taxpayers.

Useful information for Shareholders
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The Company is expected to be treated as a "passive foreign investment company" ("PFIC"). The Company's treatment as a PFIC is likely to have adverse tax consequences for US taxpayers.

The taxation of a US taxpayer's investment in the Company's securities is highly complex. Prospective holders of the Company's securities must consult their own tax advisers concerning the US federal, state and local income tax and estate tax consequences in their particular situations of the acquisition, ownership and disposition of any of the Company's securities, as well as any consequences under the laws of any other taxing jurisdiction.

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