JZ Capital Partners Limited

Condensed Interim Report & Financial Statements

For the period from 1 March 2010 to 31 August 2010

Contents

The Association of Investment Companies

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

Corporate Objectives

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

Chairman's Statement

In the period under review JZCP has been able to invest some of its cash, as well as realize cash from the repayment of debt securities in its portfolio. In addition since 31 August, our Advisers were able to complete the sale of one of our legacy holdings that returned almost 2x our original investment. The micro cap investments continue to perform well, and our publicly traded equities have also appreciated with the result being our NAV is up 8.2% over the prior period. Your Directors are able to declare a Special Dividend in addition to the normal interim dividend.

Post Period Realisations

We are pleased to report the realisation of two of our investments, although both transactions closed after this reporting period. The first is a long-term legacy investment – Apparel Ventures. We had purchased US$12.1 million of common stock in this women's apparel manufacturer. Our portion of this investment sold for US$22.6 million on 6 October 2010, creating an US$11.5 million gain. In addition, Harrington Holdings, a home healthcare supply company, was sold on 29 September 2010. We had a US$14.8 million investment in first and second lien loans; they were redeemed at par.

European Investment Opportunities

In addition to realisations, another significant matter to report for the last six months concerns JZCP's ambition to invest in European micro cap companies and build a European portfolio. As was approved by shareholders at the AGM, there is a mandate from shareholders to vary the investment strategy and invest up to 20 per cent of its portfolio outside of the United States, specifically so as to allow investment in JZ Europe Fund 2010 LP ("JZ Europe Fund"), a new fund then being promoted by the principals of JZ International Limited ("JZI"), the European private equity platform founded in 1999 by David Zalaznick, Jay Jordan and Jock Green-Armytage. JZI has found that the fund raising process has been much slower than expected. In the meantime, the deal flow from JZI has been very robust and the opportunities very compelling.

In July, the first investment proposed for the JZI Europe Fund needed to be made or the opportunity would have been lost and thus JZCP came to invest in the fund ahead of its full capitalisation. The fund is constituted as an LLP in which the partners will be JZCP as to 75 per cent and David Zalaznick and Jay Jordan as to 25 per cent. JZ Europe Fund acquired a 65 per cent interest in Factor Energia, a leading energy services business in the recently deregulated electricity market in Spain. Based on the maximum consideration the historic transaction multiple is 6.5x 2009 EBITDA, a very reasonable multiple for a business enjoying strong growth.

A number of other investment opportunities in Spain are under letter of intent to JZI and likely to require funding before there can be any certainty that the JZ Europe Fund will be fully capitalised and in a position to invest in these deals. Fortunately, JZCP can participate in these investments as it had planned, notwithstanding that the fund has not closed.

It is therefore proposed that JZCP will invest in European investments introduced and managed by our investment adviser, JZAI and its affiliates, through the JZ Europe Fund with our advisers David Zalaznick and Jay Jordan co-investing (participation limited to 25 per cent of the fund) on identical terms to those on which JZCP invests. Other investors may be invited to co-invest if and when it is felt appropriate to spread risk or size demands it.

JZ Europe Fund will be managed by an affiliate of JZAI on the footing that JZCP will not suffer double or additional fees. There will be no change to the amount or incidence of the regular 1.5% management fee or to the rate of the 20% carry. JZCP pays a carried interest fee to the Adviser based on net realized gains and losses. But a variation is required to the incidence of the carry in the light of the proposed arrangements and the practical consideration of having two separate teams running two similar but independent micro cap portfolios; by investing through the JZ Europe Fund there is a way to ring fence the two parts of the investment portfolio which will avoid rewarding or penalising the respective teams and their respective portfolios. This arrangement would be a change to the management agreement and would require shareholders approval. The Directors believe that the opportunity to participate in the investment opportunities in Europe that JZI can make available as well as the opportunity to spread risk from the US comfortably justify the proposed change. I shall write to you shortly setting out the proposals in greater detail and seeking your approval.

Other Investments

As noted in greater detail in the Investment Adviser's Letter we have also during the period under review invested some US$30.5 million in a follow-up acquisition for Dantom Systems,

Chairman's Statement

Continued

China Dental Holdings (Dental Services Group), Galson Laboratories (one of our new verticals) and New Vitality.

Net Asset Value

At the end of the period under review, 31 August 2010, the NAV of JZCP was US$495.4 million (US$7.62 per share) against US$457.5 million (US$7.04 per share) on 28 February 2010. The published NAV for the period ended 31 August 2010 was US$483.9 million (US$7.44 per share). The adjusted NAV per the interim financial statements reflects the post period end disposal value of Apparel Ventures, Inc.

The principal contributions to this movement have come from the revaluation of Apparel Ventures, Inc., 18c per share, the listed investments, 12c per share, and the bank debt, 15c per share. Overall the micro cap portfolio is marginally increased in the Directors' valuation, 4c per share, with increases in G & H Wire and the Woundcare companies, 18c per share, exceeding a write down of Dental Services of 14c per share.

Income and Dividends

It is the Directors' policy to distribute substantially all net cash income to shareholders. Like its predecessor, JZCP has followed the policy of allocating the Investment Advisers' fee between capital (65%) and income (35%). Over time this has had the effect of permitting the distribution of more cash than we generate from investment income and thus distorting reported net revenue. We propose to change that policy and to charge the whole investment advisory fee to revenue. The Directors have determined this in the confidence that investment conditions will lead to a rising income and in the expectation that conditions that will allow the payment of further Special dividends will be repeated, albeit not at regular intervals.

On that basis therefore, revenue return for the six months ended 31 August 2010 was 22.2c per share and adjusted for non-cash income, being paid in kind securities and preference dividends, and for an amount of some US$1.5 million of irregular income which is however included in the Special Dividend below, was 6.6c per share. Accordingly the Directors have declared an interim dividend of 5.0c per share (interim for year to 28 February 2010 when income was untypically skewed to the first half was 9c per share).

It is the policy of the Directors not to make distributions of non cash income unless and until it is converted into cash when it is policy that the Directors would return substantially all such cash to shareholders. Transactions have occurred principally concerning Woundcare, Continental Cement, and Roofing Supply, whereby an amount of US$7.5 million that had been recognised as non-cash income was converted into cash. The Directors have therefore in addition to the interim dividend declared a Special Dividend of 10.0c per share.

Share Buybacks

The Directors' attitude remains unchanged. They do not think that for a listed private equity investment company there is any evidence to show that buying back shares has anything other than a temporary effect on the share discount. They will continue to be alert to opportunities to buy back shares on investment grounds but having raised significant new capital as recently as 2009 they see their priority to concentrate on investment in the micro cap sector.

Incentive Fees

It is the policy of the Directors to provide where appropriate for the capital and income incentive fees to which JZAI becomes entitled under the Advisory Agreement. At 31 August 2010, no provision was taken for either a capital or income incentive fee.

Outlook

JZCP is in a strong financial position. It is hoped that the sale of Apparel Ventures is indicative of the M&A markets easing up and making for more active investment conditions as well as facilitating the realisation of our mature investments. We are encouraged by the opportunities in the United States particularly through the five vertical investment sectors and vehicles established by JZAI, by the opportunity to diversify and spread our risk into Europe and by the quality of our first investment there. In addition to underlying investment growth we expect that there will be more occasions as we realise or refinance investments when we can make additional special distributions.

David Macfarlane
Chairman

27 October 2010

Board of Directors

David Macfarlane (Chairman)[1]

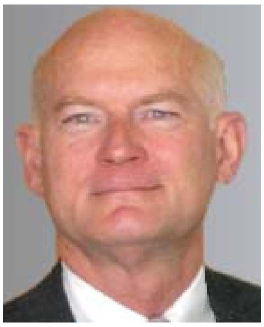
Mr Macfarlane was appointed to the Board of JZCP in April 2008 as Chairman and a non-executive Director. Until 2002 he was a Senior Corporate Partner at Ashurst. He was a non-executive Director of the Platinum Investment Trust Plc from 2002 until January 2007, and is presently a non-executive Director of three private companies.

Patrick Firth[2]

Mr Firth was appointed to the Board of JZCP in April 2008. He is a Chartered Accountant and a member of The Chartered Institute for Securities and Investment. He is formerly Managing Director of Butterfield Fulcrum Group (Guernsey) Limited and is a director of a number of listed and unlisted investment funds and management companies and is Chairman of the Guernsey Investment Fund Association.

David Allison

Mr Allison was appointed to the Board of JZCP in April 2008. He joined Rothschild's in 1983 after qualifying as a solicitor in 1979 with a firm in London and spending a further four years there. In 1988 he left Rothschild's and joined Carey Olsen and qualified as a Guernsey Advocate. He rejoined Rothschild Trust Guernsey as Managing Director in 1992 and was responsible for running its operations with staff of over 90 and a large corporate and private client base. In 2005, he left Rothschild's to set up Virtus Trust Limited, a fiduciary, corporate services and investment consulting business with two former colleagues. He sits on a number of offshore investment fund Boards as a non-executive Director.



James Jordan

Mr Jordan was appointed to the Board of JZCP in April 2008. He is a private investor, who until 30 June 2005 was Managing Director of Arnhold and S. Bleichroeder Advisers, LLC, a New York based firm of asset managers; and is a non-executive Director of Leucadia National Corporation and the First Eagle Funds.

Tanja Tibaldi

Ms Tibaldi was appointed to the Board of JZCP in April 2008. Tanja 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. Currently, Tanja serves on the board of several private companies.

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

[2] Chairman of the audit committee. The audit committee consists of Patrick Firth, David Allison, James Jordan and Tanja Tibaldi. David Macfarlane resigned as a member of the audit committee on 21 June 2010.

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.
767 Fifth Avenue
New York NY 10153

Registered Office
2nd Floor
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3NQ

JZ Capital Partners Limited is registered in Guernsey
Number 48761

Administrator, Registrar and Secretary
Butterfield Fulcrum Group (Guernsey) Limited
2nd Floor
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3NQ

Independent Auditor
Ernst & Young LLP
PO Box 9
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4AF

UK Transfer and Paying Agent
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Tel: + 44 (0) 121 415 7047

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
Butterfield Bank (Guernsey) Limited
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3AP

UK Solicitors
Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA

US Lawyers
Monge Law Firm, PLLC
333 West Trade Street
Charlotte NC 28202

Mayer Brown LLP
214 North Tryon Street Suite 3800
Charlotte NC 28202

Winston & Strawn LLP
35 West Wacker Drive
Chicago IL 60601-9703

Guernsey Lawyers
Mourant Ozannes
PO Box 186
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

Financial Adviser and Broker
JP Morgan Cazenove Limited
20 Moorgate
London EC2R 6DA

Directors' Responsibilities

Statement of Directors' Responsibilities

The Directors are responsible for preparing interim financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period and which are in accordance with applicable laws and IAS 34 "Interim Financial Reporting". In preparing those interim financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Interim Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the condensed interim financial statements and that the going concern basis for the preparation of the condensed interim financial statements is appropriate.

The condensed interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" rather than International Financial Reporting Standards (IFRS).

Responsibility Statement of the Directors in Respect of the Condensed Interim Financial Report

We confirm that to the best of our knowledge:

- this set of condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting;
- the condensed interim report and financial statements includes information detailed in the Chairman's Report 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 2010 to 31 August 2010 and their impact on the condensed set of interim financial statements; and a description of the principle 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 2010 to 31 August 2010 and that have materially affected the financial position or performance of the Company during that period.

Approved by the Board of Directors and agreed on behalf of the Board on 27 October 2010.

David Macfarlane	**Patrick Firth**
Chairman	Director

Investment Adviser's Report

Dear Fellow Shareholders,

We are pleased to report that JZCP's financial condition for the first six months ended on 31 August 2010 is excellent. During this period, JZCP's NAV per share increased by 8.2% and your company continues to be highly liquid with 43% of our assets in cash, listed equities, treasury notes or publicly traded bank debt. Our respective portfolios of investments – micro cap buyouts, mezzanine investments, and listed equities, legacy and bank debt portfolio – have performed well. In addition, JZCP has, post 31 August, realised significant cash from there payment of bank debt we held, as well as a realisation of one of our ''legacy companies'' – all enhancing the liquidity of JZCP. We also realised a US$1.5 million gain on the sale of our US Treasuries.

David Zalaznick and Jay Jordan

Portfolio Summary

Here is a ''snapshot'' of JZCP at 31 August 2010 compared with the position at our 28 February 2010 fiscal year end six months ago:

	31.08.2010 US$'000	28.02.2010 US$'000	Change US$'000
Micro Cap portfolio	201,680	171,903	29,777
Mezzanine investments	84,855	85,696	(841)
Legacy portfolio	43,663	31,845	11,818
Total private investments	330,198	289,444	40,754
Listed equity	77,547	69,642	7,905
Bank debt	45,291	35,589	9,702
Treasury notes	101,459	–	101,459
Cash	15,668	134,867	(119,199)
Total listed investments (including cash)	239,965	240,098	(133)
Total investments (including cash)	*570,163*	*529,542*	*40,621*
Other current assets	1,151	682	469
Total assets	571,314	530,224	41,090

Investment Adviser's Report

Continued

Micro Cap Portfolio

Our micro cap portfolio is the growth engine of JZCP's NAV. In our Adviser's letter in May 2010, we wrote to you about setting up five new verticals for strategic build-ups. We have now completed our research showing that there are many acquisition candidates that meet our investment criteria – high margin, non-capital or technology intensive businesses in highly fragmented industries that are scalable – and have secured the services of extremely accomplished industry executives to oversee each of the new verticals, and acquisitions into them.

The new verticals are as follows:

(1) Testing Services Holdings, Inc. was created to build a full-line of speciality testing services businesses, which provide testing, inspection and certification services to various end-markets, including medical, aerospace, power generation, petro-chemical, environmental and other specialty niches. Our business executive overseeing this ''vertical'' is Phil Rooney, former CEO of Waste Management and contributor to JZCP's successful sale of Mid-American Recycling.

We made our first acquisition, Galson Laboratories, in the testing services business in May 2010. Galson is a full service provider of analytical testing. Galson has revenue of US$11.2 million and was purchased for an enterprise value of US$10 million; JZCP purchased approximately US$2.7 million in preferred stock and US$2.5 million in senior debt and owns 45% of the business. We are excited about the opportunity that Galson Laboratories creates for us in the fast-growing industrial hygiene sector.

(2) Industrial Services Solutions Holdings Corporation was created to build a diversified industrial services and manufacturing business, centered around critical-to-process industrial applications, including turbines, pumps, filtration, air pollution control and industrial automation equipment. Our executive involved in this entity is Jim Rodgers, former CEO of Industrial Control Systems at General Electric and an operating partner at Clayton, Dubilier and Rice, a well-regarded private equity firm.

(3) Sensors Solutions Holdings Corporation was created to build a diversified business in the growing and fragmented sensors and transmitters industry. The focus is on value-added sensing and transmitting products used by high-growth market sectors. Targeted applications include high-cost of failure environmental monitoring and industrial process controls. Gerry Posner, former CEO of Mikron and Electronic Measurement Inc., is our industry executive.

(4) Specialty Foods is the vertical managed by Bob Aiken, former CEO of US First Food Service, which has the mandate to create a nationwide specialty foods holding company with both distribution and production capabilities. The focus of the strategy centres around specialty, ethnic and gourmet niches that are highly fragmented and protected from large industry competitors.

(5) Tri-Water Holdings Corporation, where we have partnered with Mike Reardon, former CEO of US Filter, is focused on building a portfolio of water treatment and process companies, both industrial and consumer driven.

We look forward to reporting on these respective verticals as we make new acquisitions.

We have made an add-on acquisition in our collection management company – Dantom Systems. This is the third acquisition we have made in Dantom in the last 24 months. We invested US$10.7 million of senior subordinated notes, our 50% share of the US$21 million purchase price, to help fund the acquisition of Data Image, a healthcare driven collections and statement processing business. The Dantom management team has proven its ability to professionally integrate these acquisitions into its core business. We are already seeing progress and the earning performance is good.

We also invested in a new micro cap business, New Vitality, in partnership with Baird Capital Partners; JZCP invested US$4 million for a 9.2% ownership stake. New Vitality is a leader in the direct to consumer nutritional supplement and personal care product market and is very profitable – sales of US$45 million with EBITDA margins 20% plus; our investment was made at 6.7x EBITDA. We anticipate more opportunities to increase our investment in New Vitality as it identifies both product line extensions and competitors to acquire. This is an exciting growth company and its performance has already exceeded expectations.

Investment Adviser's Report

Continued

We have also set up an affiliate for one of our existing portfolio companies, Dental Services Group, in China. We have extensive experience in China having been active there for the past 15 years. DSG will benefit greatly by being able to source low-cost labour and ultimately to service the great China market.

Post 31 August, we made a US$10 million commitment to Milestone Aviation, a new specialty finance business which focuses exclusively on civil helicopters and private jets. JZCP is participating in a US$300 million plus equity strategy being led by The Jordan Company. We think the returns will be excellent without great risk and we have known the CEO for over 20 years. We will keep you posted on Milestone's progress.

Our micro cap portfolio is modestly leveraged, at 1.2 times trailing EBITDA. This is after adding US$75 million of bank debt at our woundcare portfolio companies, allowing them to repay US$15.7 million back to JZCP of our investment in this sub-debt capital. Our Board has continued to value the micro cap portfolio at very reasonable multiples. The effective EBITDA multiple continues to be 5.8x. We foresee no immediate refinancing risks on the micro cap portfolio.

European Micro Cap

We have embarked on building a European micro cap portfolio for JZCP, as discussed in the Chairman's Statement.

We purchased the first business, Factor Energia ("FE"), in July 2010. FE is in the energy distribution business serving small and medium sized companies, a recently de-regulated part of the electric utility industry in Spain. There is a fast growing segment of the market – FE had 4,000 clients a year ago, 10,000 when we bought it and is projected to have 20,000 by December.

We purchased FE at 6.5x 2009 EBITDA from its parent company which was experiencing financial difficulties. Our JZ International team with our existing infrastructure in Spain in the financial distribution and credit management sectors will help Factor Energia's management to realize their growth plans. We expect the company to continue its fast growth and produce excellent results.

We have secured additional acquisition prospects under Letter of Intent and look forward to reporting on our progress in the near future.

Mezzanine Portfolio

Our Mezzanine Portfolio consists of six investments which have attributable value. The largest of these investments is Continental Cement, which has a carrying value of US$29.4 million; the company was recently recapitalised with a large equity investment that is subordinate to JZCP's debt. Given their size, these businesses have more leverage on them than our micro cap portfolio with a debt senior to JZCP of 3.5 times trailing EBITDA. We have made no new investments in our Mezzanine Portfolio in the past six months.

Legacy Investments/Realisations

The legacy investments are those that were in the JZEP portfolio prior to 2002 and were transferred to JZCP upon the liquidation of JZEP in July 2008. Almost all this segment's value on JZCP's books is in two companies – Healthcare Products Holdings, Inc. (US$13.2 million) and Apparel Ventures (US$12.1 million). We are delighted to report that, subsequent to the end of August, Apparel Ventures was sold and JZCP has realized US$22.0 million in cash and has a US$3.0 million stake in two escrow accounts – almost a 2x return on our investment today and hopefully exceeding 2x if escrows are paid in full – after sixteen years of ownership this is a very satisfactory result.

Listed Equities

Listed equities consist of three companies in which JZCP had a significant investment which were partially redeemed via an IPO. The largest portion of this portfolio is Safety Insurance, representing 61% of the listed equities, followed by TAL at 38%. The underlying economics of both these companies continues to be very positive; the respective stocks have performed well.

Bank Debt

Of the ten investments in this portfolio, nine are publicly traded; the tenth is a small bank facility. 42% of the bank debt is in first lien loans, while 58% is in second lien loans. Secondary trading in the bank market continues to be a challenge, as bank specific issues still seem to create a negative overhang on underlying portfolio investment values. All that being said; the bank portfolio

Investment Adviser's Report

Continued

has risen from 63%, as a percentage of par at the beginning of this year to 79%, at the end of this six month period. On 1 October, 2010, US$14.5 million of this portfolio was redeemed at 100% of par via a sale of Harrington Holdings, a home healthcare related business that was a Resolute Fund transaction.

New Opportunities

We have closed on US$45 million in commitments on new and private ''side car'' fund, ''Fund A'', which will fund pro rata with JZCP on each of our new US micro cap buyouts. The funding ratio at present will be US$150 million from JZCP and US$45 million from the ''side car'' fund, or approximately a 3:1 ratio. This additional capital resource will provide JZCP with a larger and more diverse portfolio than it could achieve on its own. We may add additional investors to ''Fund A'' in due course, however, no assurances can be made given the challenging fundraising environment.

We have a robust perspective with our five new verticals and anticipate being very actively investing money in the US during the next six months. Likewise, our European perspective is extremely strong. As JZCP's liquidity is invested, we anticipate it will be replenished with the proceeds from realisations. We may also consider entering into a line of credit facility to help balance JZCP's realisation and investment cycles.

Principal Risks and Uncertainties

As a fund, our risks are those associated with our investment portfolio. Given the nature of this portfolio, the principal risks are associated with the financial and operating performance of the underlying investments, along with some market risks associated with a publicly listed bank and equity portfolios. The Company's risk management processes are described on pages 52 to 59 of the Company's audited financial statements for the year ended 28 February 2010.

Outlook

We believe JZCP has the right ingredients with two superb investment teams (US and Europe) and the liquidity to become a larger more diversified investment company. We hope to offer our fellow shareholders the same type of superior returns as we have in the past – just more of them.

As always, we appreciate your support and do not take it for granted. If you have any investment ideas you think may qualify as a JZCP opportunity, please do not hesitate to contact us.

Best wishes for a happy and healthy holiday season.

Yours faithfully,

David W. Zalaznick
John W. Jordan II
Jordan/Zalaznick Advisers, Inc.

27 October 2010

Valuation Policy

Principles of Valuation

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.

Investments are valued according to one of the following methods:

(i) 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 cashflows, 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 cashflows discounted at original effective interest rate.

(ii) 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 would be reflected across all financial instruments invested in an underlying company.

(iii) Traded loans:

Traded loans including first and second lien term securities are valued by reference to the last indicative bid price from recognised market makers. These investments are classified in the Statement of Financial Position as Investments at fair value through profit or loss.

(iv) Listed investments and Treasury notes

Listed investments and Treasury notes are valued at the last quoted bid price. These investments are classified in the Statement of Financial Position as Investments at fair value through profit or loss.

Investment Review

Company	Book Cost* US$'000	Original JZEP Historical Cost** US$'000	Directors Valuation at 31 August 2010 US$'000	Carrying Value Including Accrued Interest 31 August 2010 US$'000	Percentage of Portfolio %
BANK DEBT: FIRST LIEN PORTFOLIO					
EMDEON BUSINESS SERVICES, LLC Healthcare service provider	2,549	2,713	2,622	2,622	0.5
HARRINGTON HOLDINGS, INC.*** Distributor of healthcare products	4,505	4,838	4,717	4,717	0.9
INFONXX, INC. Worldwide provider of directory assistance	2,762	2,895	2,745	2,745	0.5
INTERGRAPH CORPORATION Designer and provider of SIM software	801	837	832	832	0.2
KINETEK, INC.*** Manufacturer of electric motors and gearboxes	4,329	4,723	3,978	3,978	0.7
PETCO ANIMAL SUPPLIES, INC. Retailer of pet food, supplies and services	1,774	1,931	1,852	1,855	0.3
SCS HOLDINGS II, INC. IT solutions provider	671	858	821	833	0.2
TOTES ISOTONER CORPORATION Leading designer and retailer of cold weather and rain products	585	782	710	710	0.1
WP EVENFLO HOLDINGS, INC. Manufacturer of children's products	809	943	830	838	0.2
BANK DEBT: SECOND LIEN PORTFOLIO					
DEKKO TECHNOLOGIES, LLC Distributor of electrical sub-components	11,418	11,368	4,593	4,672	0.8
EMDEON BUSINESS SERVICES, LLC Healthcare service provider	465	500	484	484	0.1
HARRINGTON HOLDINGS, INC. Distributor of healthcare products	9,300	10,000	10,000	10,000	1.8
KINETEK, INC.*** Manufacturer of electric motors and gearboxes	13,425	15,000	10,875	11,005	2.0
Total Bank Debt	**53,393**	**57,388**	**45,059**	**45,291**	**8.3**

Investment Review

Continued

Company	Book Cost* US$'000	Original JZEP Historical Cost** US$'000	Directors Valuation at 31 August 2010 US$'000	Carrying Value Including Accrued Interest 31 August 2010 US$'000	Percentage of Portfolio %
MEZZANINE PORTFOLIO					
BRAXTON-BRAGG CORPORATION Distributor of equipment to stone fabricators	1,324	1,324	66	66	–
CONTINENTAL CEMENT COMPANY, LLC Mines and processes limestone	28,082	28,082	28,082	29,352	5.3
GED HOLDINGS, INC. Manufacturer of windows	4,064	10,164	305	325	–
HAAS TCM GROUP, INC. Speciality chemical distribution	7,584	7,584	7,584	7,766	1.4
M/C COMMUNICATIONS, LLC Provision of marketing services to the medical profession	800	800	–	–	–
METPAR INDUSTRIES, INC. Manufacturer of restroom partitions	7,348	8,653	1,600	1,733	0.3
PETCO ANIMAL SUPPLIES, INC. Retailer of pet food, supplies and services	17,508	17,508	17,508	18,066	3.3
ROOFING SUPPLY GROUP, INC. Distributor of roofing products	13,006	19,125	18,550	18,989	3.4
TTS, LLC Provider of technical facilities for mechanical services	8,571	8,411	8,411	8,558	1.5
Total Mezzanine Portfolio	**88,287**	**101,651**	**82,106**	**84,855**	**15.2**

Investment Review

Continued

Company	Book Cost* US$'000	Original JZEP Historical Cost** US$'000	Directors Valuation at 31 August 2010 US$'000	Carrying Value Including Accrued Interest 31 August 2010 US$'000	Percentage of Portfolio %
MICRO CAP PORTFOLIO					
ACCUTEST HOLDINGS, INC. Provision of environmental testing laboratories to the US market	41,991	38,530	33,816	35,826	6.5
BG HOLDINGS, INC. Manufacturer of industrial gears	25,354	25,352	23,247	24,769	4.5
CHINA DENTAL HOLDINGS, INC. Potential acquiror of China-based laboratories	601	601	601	610	0.1
DANTOM SYSTEMS, INC. Outsourcing of debt collection	32,563	34,612	34,563	35,421	6.4
DENTAL SERVICES, INC. Manufacturer of dental services	30,805	25,043	18,154	18,934	3.4
GHW HOLDINGS, INC. Manufacturer and distributor of orthodontic products	15,099	8,640	22,498	22,934	4.1
IND SERVICES SOLUTIONS, INC. Potential acquiror of industrial equipment services businesses	792	792	792	824	0.1
JZ EUROPE FUND Acquiror of Europe-based micro cap companies	13,935	13,935	13,935	14,116	2.5
NATIONWIDE STUDIOS, INC. Processor of digital photos for pre-schoolers	17,647	18,632	4,600	4,786	0.9
NEW VITALITY HOLDINGS, INC. Direct-to-customer provider of nutritional supplements and personal care products	4,000	4,000	4,000	4,135	0.7
SECHRIST INDUSTRIES, INC.*** Manufacturer of oxygen chambers and other respiratory products	12,905	3,428	9,805	9,989	1.8
SENSORS SOLUTIONS, INC. Potential acquiror of businesses affiliated with sensor devices or systems	192	192	192	198	–
TAP HOLDINGS, INC. Potential acquiror of food product manufacturers or distributors	492	492	492	155	0.1
TESTING SERVICES HOLDINGS Acquiror of laboratory testing businesses. Its first acquisition was Galson Holdings, Inc. a provider of industrial hygiene testing services	5,590	5,590	5,590	5,748	1.0
TRIWATER HOLDINGS CORPORATION Potential acquiror of water treatment businesses	342	342	342	355	0.1
WOUND CARE SOLUTIONS, LLC*** Chronic wound care treatment	37,870	53,465	22,000	22,524	4.1
Total Micro Cap Portfolio	**240,178**	**233,646**	**194,627**	**201,680**	**36.3**

Investment Review

Continued

Company	Book Cost* US$'000	Original JZEP Historical Cost** US$'000	Directors Valuation at 31 August 2010 US$'000	Carrying Value Including Accrued Interest 31 August 2010 US$'000	Percentage of Portfolio %
LEGACY PORTFOLIO					
ADVANCED CHEMISTRY & TECHNOLOGY, INC. Manufacturer of aircraft sealants	3,471	3,471	3,471	3,505	0.6
APPAREL VENTURES, INC. Swimwear designer, manufacturer and marketeer	12,087	12,087	12,087	23,587	4.3
ETX HOLDINGS, INC. Provider of services to the auto after sales market	474	474	474	499	0.1
GEAR FOR SPORTS, INC. Sports and active-wear designer and manufacturer	–	1,495	–	–	–
HEALTHCARE PRODUCTS HOLDINGS, INC. Designer and manufacturer of motorised vehicles	23,108	31,303	13,189	14,014	2.5
JORDAN INDUSTRIES, INC. Conglomerate	–	21	–	–	–
JZ INTERNATIONAL LLC Fund of European LBO investments	1,684	724	1,684	1,706	0.3
NNT ACQUISITION CORP Technical education and training	52	946	52	52	–
TIGER INFORMATION SYSTEMS, INC. Provider of temporary staff and computer training	300	400	300	300	0.1
Total Legacy Portfolio	**41,176**	**50,921**	**31,257**	**43,663**	**7.9**
LISTED INVESTMENTS					
EQUITIES					
SAFETY INSURANCE GROUP, INC. Provider of automobile insurance	42,223	6,816	47,153	47,153	8.5
TAL INTERNATIONAL GROUP, INC.*** Lessor of intermodal shipping containers	31,959	13,798	29,363	29,363	5.3
UNIVERSAL TECHNICAL INSTITUTE, INC. Vocational training in the automotive and marine fields	835	15	1,031	1,031	0.2
Total Listed Investments	**75,017**	**20,629**	**77,547**	**77,547**	**14.0**
Treasury Notes					
US Treasury note $1\frac{1}{8}$% maturity 15 June 2013	99,695	99,695	101,219	101,459	18.3
TOTAL – PORTFOLIO	**597,746**	**563,930**	**531,815**	**554,495**	**100.0**
Zero Dividend Preference shares				(74,723)	
Cash and other net assets				15,619	
Net assets attributable to Ordinary shares				**495,391**	

*Book cost to JZCP equating to transfer value as at 1 July 2008 upon the liquidation of JZEP and adjusted for subsequent transactions.

**Original book cost incurred by JZEP adjusted for subsequent transactions.

***Invested in deals with the Resolute Fund – see note 19.

Mezzanine Portfolio includes common stock with a carrying value of US$2,457,000 and preferred shares with a carrying value of US$142,279, these investments are classified as Investments at fair value through profit or loss.

Legacy Portfolio – Investments not subject to capital incentive fee.

Unaudited Statement of Comprehensive Income

For the period from 1 March 2010 to 31 August 2010

	Notes	Six month period from 1 March 2010 to 31 August 2010 Revenue return US$'000	Capital return US$'000	Total US$'000	Six month period from 1 March 2009 to 31 August 2009 Revenue return US$'000	Capital return US$'000	Total US$'000
Income							
Net gain on investments at fair value through profit or loss	5	–	32,602	32,602	–	14,276	14,276
(Impairments)/write back of impairments on loans and receivables	6	–	(2,439)	(2,439)	–	2,918	2,918
Net foreign currency exchange losses	7	–	(507)	(507)	–	(1,108)	(1,108)
Realised gains on investments held in escrow accounts		–	801	801	–	–	–
Investment income	8	20,074	–	20,074	19,554	–	19,554
Bank and deposit interest		141	–	141	103	–	103
Total income		20,215	30,457	50,672	19,657	16,086	35,743
Expenses							
Investment Adviser's base fee	10	(2,725)	(1,467)	(4,192)	(2,310)	(1,244)	(3,554)
Administrative expenses	10	(1,075)	–	(1,075)	(1,359)	–	(1,359)
Total expenses		(3,800)	(1,467)	(5,267)	(3,669)	(1,244)	(4,913)
Operating profit		16,415	28,990	45,405	15,988	14,842	30,830
Finance costs							
Finance costs in respect of Zero Dividend Preference shares	9	–	(2,823)	(2,823)	–	(4,772)	(4,772)
Profit before taxation		16,415	26,167	42,582	15,988	10,070	26,058
Withholding taxes	11	(487)	–	(487)	(286)	–	(286)
Profit for the period		15,928	26,167	42,095	15,702	10,070	25,772
Weighted average number of Ordinary shares in issue during period*	16			65,018,610			38,124,240
Basic and diluted gain per Ordinary share using the weighted average number of Ordinary shares in issue during the period	16	24.50c	40.25c	64.74c	41.19c	26.41c	67.60c

* Comparative figures for weighted average number of Ordinary shares in issue during the period and basic and diluted gain per Ordinary share have been restated to reflect the one share for five consolidation on 22 June 2009 and the bonus element of new shares issued on 22 June 2009.

All items in the above statement are derived from continuing operations.
All profit for the period is attributable to the Ordinary shareholders of the Company.
The Company's investment activities commenced on 1 July 2008 upon transfer of investments following the liquidation of JZEP.
The format of the Income Statement follows the recommendations of the AIC Statement of Recommended Practice.

The accompanying notes on pages 20 to 35 form an integral part of the financial statements.

Unaudited Statement of Financial Position

As at 31 August 2010

	Notes	31 August 2010 US$'000	28 February 2010 US$'000
Assets			
Investments at fair value through profit or loss	12	472,239	311,436
Investments classified as loans and receivables	12	82,256	83,239
Other receivables		1,151	682
Cash and cash equivalents		15,668	134,867
Total assets		571,314	530,224
Liabilities			
Zero Dividend Preference shares	13	74,723	71,399
Other payables		1,200	1,312
Total liabilities		75,923	72,711
Equity	15		
Share capital account		149,269	149,269
Distributable reserve		353,526	353,517
Capital reserve		(59,023)	(85,190)
Revenue reserve		51,619	39,917
Total equity		495,391	457,513
Total liabilities and equity		571,314	530,224
Number of Ordinary shares in issue at period/year end	14	65,018,610	65,018,610
Net asset value per Ordinary share	17	US$7.62	US$7.04

These unaudited financial statements were approved by the Board of Directors and authorised for issue on 27 October 2010. They were signed on its behalf by:

David Macfarlane
Chairman

Patrick Firth
Director

The accompanying notes on pages 20 to 35 form an integral part of the financial statements.

Unaudited Statement of Changes in Equity

For the period from 1 March 2010 to 31 August 2010

	Notes	Share Capital Account US$'000	Distributable Reserve US$'000	Capital Reserve Realised US$'000	Capital Reserve Unrealised US$'000	Revenue Reserve US$'000	Total US$'000
Balance as at 1 March 2010		149,269	353,517	(20,617)	(64,573)	39,917	457,513
(Loss)/profit for the period		–	–	(3,424)	29,591	15,928	42,095
Dividend paid	15	–	–	–	–	(4,226)	(4,226)
Increase in receivables relating to JZ Equity Partners Plc		–	9	–	–	–	9
Balance as at 31 August 2010		149,269	353,526	(24,041)	(34,982)	51,619	495,391

Comparative for the period from incorporation 1 March 2009 to 31 August 2009

	Share Capital Account US$'000	Share Premium Account US$'000	Distributable Reserve US$'000	Capital Reserve Realised US$'000	Capital Reserve Unrealised US$'000	Revenue Reserve US$'000	Total US$'000
Balance as at 1 March 2009	–	353,365	–	(5,758)	(105,822)	15,199	256,984
(Loss)/profit for the period	–	–	–	(10,577)	20,647	15,702	25,772
Issue of Ordinary shares	77,008	–	–	–	–	–	77,008
Issue of Limited Voting Ordinary shares	72,261	–	–	–	–	–	72,261
Transfer to Share Premium to distributable reserve	–	(353,365)	353,365	–	–	–	–
Increase in receivables relating to JZ Equity Partners Plc	–	–	232	–	–	–	232
Balance as at 31 August 2009	149,269	–	353,597	(16,335)	(85,175)	30,901	432,257

The accompanying notes on pages 20 to 35 form an integral part of the condensed interim financial statements.

Unaudited Statement of Cashflows

For the period from 1 March 2010 to 31 August 2010

	Notes	Six month period from 1 March 2010 to 31 August 2010 US$'000	Six month period from 1 March 2009 to 31 August 2009 US$'000
Operating activities			
Net cash inflow from operating activities	18	5,482	6,362
Cash outflow from purchase of investments		(37,026)	(7,847)
Cash outflow from purchase of US treasury notes		(99,695)	–
Cash inflow from repayment of investments		16,266	1,745
Net cash (outflow)/inflow before financing activities		(114,973)	260
Financing activity			
Net cash proceeds received in consideration for Ordinary shares		–	80,567
Net cash received in consideration for Limited Voting Ordinary shares		–	76,086
Issue costs		–	(7,096)
Net cash received for issue of new Zero Dividend Preference shares less issue costs		–	16,241
Cash paid for redemption of old Zero Dividend Preference shares		–	(104,739)
Settlement of forward currency derivative contract		–	(26,923)
Proceeds relating to the liquidation of JZ Equity Partners Plc		–	292
Distributions paid to shareholders	23	(4,226)	–
Net cash (outflow)/inflow from financing activities		(4,226)	34,428
(Decrease)/increase in cash and cash equivalents		(119,199)	34,688
Reconciliation of net cash flow to movements in cash and cash equivalents			
Cash and cash equivalents as at 1 March		134,867	104,728
(Decrease)/increase in cash and cash equivalents as above		(119,199)	34,688
Cash and cash equivalents as at 31 August		15,668	139,416

The accompanying notes on pages 20 to 35 form an integral part of the condensed interim financial statements.

Notes to the Condensed Interim 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 now subject to the Companies (Guernsey) Law, 2008, which came in to effect on 1 July 2008. The Company's Share Capital consists of Ordinary shares and Zero Dividend Redeemable Preference ("ZDP") shares. The Ordinary shares and ZDP shares were admitted to the official list of the London Stock Exchange on 1 July 2008.

The Company was granted consent on 8 May 2008 by the Guernsey Financial Services Commission under The Control of Borrowing (Bailiwick of Guernsey) Ordinance,1959 to raise up to £300,000,000 by the issue of shares.

The Company was launched in connection with a scheme of reconstruction and voluntary winding up of JZ Equity Partners Plc ("JZEP") under section 110 of the Insolvency Act 1986. JZEP's assets, after providing for its liabilities were transferred *in specie* to the Company on 1 July 2008 and the Company issued to JZEP Shareholders (other than those who opted against the new scheme) one Ordinary Share for each JZEP Ordinary Share and one Zero Dividend Preference ("ZDP") Share for each JZEP ZDP Share that they held.

On 22 June 2009 a Placing and open offer of Ordinary Shares resulted in 117,037,749 Ordinary and 110,527,388 Limited Voting Ordinary shares being issued at the price of 42 pence. The Ordinary shares were subsequently consolidated on the basis that all holders of Ordinary shares will hold one Ordinary share for every five Ordinary Shares held immediately prior to the share consolidation. New ZDP shares were also issued following the redemption of the old ZDP shares (note 13).

Limited Voting Ordinary Shares ("LVO") were issued so that certain of the Company's existing Shareholders and certain new investors that are Qualifying US Persons could participate in the Ordinary Share Issue without causing the Company to be treated as a US domestic company for the purposes of US securities laws and/or a CFC for US tax purposes. Limited Voting Ordinary Shares are identical to, and rank pari passu in all respects with, the New Ordinary shares except that the Limited Voting Ordinary Shares will only carry a limited entitlement to vote in respect of the appointment or removal of Directors and will not carry any entitlement to vote in respect of certain other matters. The LVO shares are not listed and are not admitted to trade on or through the facilities of the London Stock Exchange.

In 2009, the Guernsey Financial Services Commission (GFSC) amended the rules in respect of closed ended funds formerly authorised under the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 to 1989 to bring all such funds under the Protection of Investors (Bailiwick of Guernsey) Law 1987. This amendment requires the closed ended funds to elect to be either a registered or authorised fund. The Company has elected to remain an authorised fund as there were no real benefits to seeking Registered Fund status.

The Company's corporate objective is to create a portfolio of investments in businesses primarily in the United States, but also in Europe, 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 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 may also be entitled to a performance-related fee (note 10). The Company has no ownership interest in the Investment Adviser. The Company is administered by Butterfield Fulcrum Group (Guernsey) Limited (note 10).

Notes to the Condensed Interim Financial Statements
Continued

2. Significant Accounting Policies
The accounting policies adopted in the preparation of these condensed interim financial statement have been consistently applied during the period of this statement, unless otherwise stated.

Statement of Compliance
The condensed interim financial statements of the Company for the period 1 March 2010 to 31 August 2010 have been prepared in accordance with IAS 34, "Interim Financial Reporting" together with applicable legal and regulatory requirements of Guernsey Law and the Listing Rules of the London Stock Exchange. 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 2010.

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 principal accounting policies adopted are set described in note 2 to the annual financial statements for the year ended 28 February 2010. The preparation of condensed interim financial statements in conformity with IAS 34, "Interim Financial Reporting" requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 Bank debt
- Portfolio of Mezzanine investments
- Portfolio of Micro Cap investments
- Portfolio of Legacy investments
- Portfolio of Listed 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 diversified portfolios.

There have been no changes in reportable segments during the course of the year. The segment information provided is also presented to the Board of the Company.

Investment in US treasury notes are not considered part of any individual segment and have therefore been excluded from this segmental analysis.

For the year ended 31 August 2010

	Bank Debt US$'000	Mezzanine Portfolio US$'000	Micro Cap Portfolio US$'000	Legacy Portfolio US$'000	Listed Investments US$'000	Total US$'000
Interest revenue	1,473	5,890	8,645	1,344	–	17,352
Dividend revenue	–	–	–	–	2,384	2,384
Other revenue	54	–	–	23	–	77
Net gain on investments at fair value through profit or loss	10,057	–	2,596	10,544	7,904	31,101
Impairments on loans and receivables	–	(2,439)	–	–	–	(2,439)
Investment Adviser's base fee	–	–	–	–	–	(4,192)
Total segmental operating profit	11,584	3,451	11,241	11,911	10,288	44,283

Notes to the Condensed Interim Financial Statements
Continued

3. Segment Information continued

For the period ended 31 August 2009	Bank Debt US$'000	Mezzanine Portfolio US$'000	Micro Cap Portfolio US$'000	Legacy Portfolio US$'000	Listed Investments US$'000	Total US$'000
Interest revenue	1,369	5,825	8,213	1,141	–	16,548
Dividend revenue	–	–	–	–	1,295	1,295
Other revenue	–	–	–	1,711	–	1,711
Net gain/(loss) on investments at fair value through profit or loss	6,872	–	(1,551)	766	8,189	14,276
Net write back of impairments on loans and receivables	–	2,918	–	–	–	2,918
Investment Adviser's base fee	(349)	(772)	(1,591)	(305)	(537)	(3,554)
Total segmental operating profit	7,892	7,971	5,071	3,313	8,947	33,194

At 31 August 2010	Bank Debt US$'000	Mezzanine Portfolio US$'000	Micro Cap Portfolio US$'000	Legacy Portfolio US$'000	Listed Investments US$'000	Total US$'000
Investments at fair value through profit or loss	45,291	2,599	201,680	43,663	77,547	370,780
Investments classified as loans and receivables	–	82,256	–	–	–	82,256
Total segmental assets	45,291	84,855	201,680	43,663	77,547	453,036

At 28 February 2010	Bank Debt US$'000	Mezzanine Portfolio US$'000	Micro Cap Portfolio US$'000	Legacy Portfolio US$'000	Listed Investments US$'000	Total US$'000
Investments at fair value through profit or loss	35,589	2,457	171,903	31,845	69,642	311,436
Investments classified as loans and receivables	–	83,239	–	–	–	83,239
Total segmental assets	35,589	85,696	171,903	31,845	69,642	394,675

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, management fees, 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 31.08.2010 US$'000	Period ended 31.08.2009 US$'000
Net reportable segment profit	44,283	33,194
Net unrealised gains on Treasury notes	1,501	–
Realised gains on investments held in escrow accounts	801	–
Net foreign exchange losses	(507)	(1,108)
Interest on Treasury notes	261	–
Interest on cash	141	103
Expenses not attributable to segments	(1,075)	(1,359)
Operating profit	45,405	30,830

Notes to the Condensed Interim Financial Statements
Continued

3. Segment Information continued

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 net total segment assets and liabilities and total assets and liabilities.

	31.08.2010 US$'000	28.02.2010 US$'000
Total segmental assets	453,036	394,675
Treasury notes	101,459	–
Cash and cash equivalents	15,668	134,867
Other receivables and prepayments	1,151	682
Total assets	571,314	530,224
Total segmental	–	–
Other payables and accrued expenses	(75,923)	(72,711)
Total liabilities	(75,923)	(72,711)

Other information

Geographical segment

For the current period the Directors are of the opinion that the Company is now engaged in two geographical segments, as the Company now has an investment in the European Micro Cap sector. However due to the current level of investment in this sector no geographical segment analysis is provided. For the current period, a majority of the investments are issued by the companies operating and generating revenue in the United States.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in note 2 to the annual financial statements for the year ended 28 February 2010, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience of JZCP and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

The following are the key assumptions and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 2010 and the valuation policy on page 11. The key source of estimation uncertainty is on the valuation of unquoted equities and equity-related securities.

Loans and Receivables

Certain investments are classified as loans and receivables, and valued accordingly, as disclosed in note 2 of the annual financial statements and the valuation policy on page 11. The key estimation is the impairment review and the key assumptions as disclosed in note 2 of the annual financial statements for the period ended 28 February 2010.

Notes to the Condensed Interim Financial Statements
Continued

5. Net Gain on Investments at Fair Value Through Profit or Loss

	Period ended 31.08.2010 US$'000	Period ended 31.08.2009 US$'000
Net unrealised gain in period	32,537	13,508
Proceeds from investments repaid	16,266	3,509
Cost of investments repaid	(16,201)	(2,741)
Net realised gain in period	65	768
Net gain on investments in period	32,602	14,276

6. (Impairments)/Net Write Back of Impairments on Loans and Receivables

	Period ended 31.08.2010 US$'000	Period ended 31.08.2009 US$'000
Net (impairments)/write back of impairments on loans and receivables	(2,439)	2,918
Proceeds from investments repaid	–	85
Cost of investments repaid	–	(85)
Net realised gain	–	–
Net (impairments)/write back of impairments on loans and receivables	(2,439)	2,918

7. Net Foreign Currency Exchange Losses

	Period ended 31.08.2010 US$'000	Period ended 31.08.2009 US$'000
Net movement in foreign exchange losses on derivative financial instrument	–	18,443
Net movement in losses on foreign currency translations	(507)	(19,551)
	(507)	(1,108)

Notes to the Condensed Interim Financial Statements
Continued

8. Investment Income

	Period ended 31.08.2010 US$'000	Period ended 31.08.2009 US$'000
Income from investments classified as FVTPL	14,195	13,729
Income from investments classified as loans and receivables	5,879	5,825
	20,074	19,554

Income for the six month period ended 31 August 2010

	Dividends US$'000	Preference Dividends US$'000	Loan Note PIK US$'000	Loan Note Cash US$'000	Other Interest US$'000	Other US$'000	Total US$'000
1st and 2nd Lien bank debt	–	–	–	–	1,473	54	1,527
Mezzanine portfolio	–	11	1,081	4,798	–	–	5,890
Micro Cap portfolio	–	5,387	905	2,353	–	–	8,645
Legacy portfolio	–	35	1,251	58	–	23	1,367
Listed investments	2,384	–	–	–	–	–	2,384
Treasury notes	–	–	–	–	261	–	261
	2,384	5,433	3,237	7,209	1,734	77	20,074

Income for the six month period ended 31 August 2009

	Dividends US$'000	Preference Dividends US$'000	Loan Note PIK US$'000	Loan Note Cash US$'000	Other Interest US$'000	Other US$'000	Total US$'000
1st and 2nd Lien bank debt	–	–	–	–	1,369	–	1,369
Mezzanine portfolio	–	–	3,063	2,762	–	–	5,825
Micro Cap portfolio	–	3,566	1,895	2,752	–	–	8,213
Legacy portfolio	–	12	1,077	52	–	1,711	2,852
Listed investments	1,295	–	–	–	–	–	1,295
	1,295	3,578	6,035	5,566	1,369	1,711	19,554

9. Finance Costs

	Period from 01.03.2010 to 31.08.2010 US$'000	Period from 01.03.2009 to 31.08.2009 US$'000
Finance costs arising on financial liabilities measured at amortised costs:		
Finance costs on old Zero Dividend Preference shares redeemed on 22 June 2009	–	3,784
Finance costs on new Zero Dividend Preference shares issued on 22 June 2009	2,823	988
	2,823	4,772

The ZDP Shares have no right to any of the income available for distribution but have an entitlement, on a predetermined growth basis, to the available assets at any winding-up date prior to 22 June 2016. The original ZDP shares were redeemed at 215.80 pence on 22 June 2009. The new ZDP shares were issued at 215.80 pence on 22 June 2009 and will have a pre-determined final capital entitlement of 369.84 pence on 22 June 2016. The new ZDP shares' final capital entitlement is calculated using a rate equal to 8% return compounding on a monthly basis. Finance costs are allocated to the statement of comprehensive income using the effective interest rate method.

10. Expenses

	Period from 01.03.2010 to 31.08.2010 US$'000	Period from 01.03.2009 to 31.08.2009 US$'000
Investment adviser's base fee	4,192	3,554
Administrative fees:		
Legal and professional fees	374	505
Other expenses	227	374
Directors' remuneration	163	163
Accounting, secretarial and administration fees	200	202
Auditors' remuneration for audit services	110	114
Custodian fees	1	1
	1,075	1,359
Total expenses	5,267	4,913

Directors Fees

The Chairman is entitled to a fee of US$85,000 per annum. Each of the other Directors are entitled to a fee of US$60,000 per annum. For the period 1 March 2010 to 31 August 2010, the total expense included in the statement of comprehensive income was US$163,000 (31 August 2009: US$163,000) of this amount US$54,000 (28 February 2010: US$54,000) was outstanding at the period end and included within Other payables.

Administration Fees

Butterfield Fund Services (Guernsey) Limited was appointed on 12 May 2008 under an Administration, Secretarial and Registrar Agreement. Butterfield Fund Services and Fulcrum Group merged during September 2008 forming Butterfield Fulcrum Group (Guernsey) Limited (the "Administrator").

The Administrator is entitled to a quarterly fee of US$100,000 payable quarterly (monthly post 1 October 2010) in arrears. Fees payable are subject to an annual fee review. For the period 1 March 2010 to 31 August 2010 total expenses payable to the Administrator of US$200,000 (31 August 2009: US$202,000) were included in the statement of comprehensive income. Of this amount US$67,000 (28 February 2010: US$67,000) was outstanding at the period end and included within Other payables.

Investment Advisory and Performance Fees

The Company entered into an investment advisory and management agreement with Jordan/Zalaznick Advisers, Inc (the "Investment Adviser") in May 2009.

Notes to the Condensed Interim Financial Statements
Continued

10. Expenses continued

Investment Advisory and Performance Fees continued

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, payable quarterly in arrears; the agreement provides that payments in advance on account of the base management fee will be made.

The incentive fee has two parts. The first part is calculated by reference to the net investment income of the Company and is equal to up to 20 per cent. of such income, 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 and the preceding 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 that exceeds the hurdle, up to an amount equal to 25 per cent. of the hurdle, and (b) 20 per cent. of the net investment income of the Company above 125 per cent. of the hurdle.

The second part of the incentive fee is calculated by reference to the net realised capital gains of the Company and is equal to: (a) 20 per cent. of (x) the realised capital gains of the Company for each financial year less (y) all realised capital losses on Investments for the year less (b) the excess (for prior years since the Effective Date) (if any) of (i) the aggregate of all previous capital gains incentive fees paid by the Company to the Investment Adviser over (ii) 20 per cent. of (x) all realised capital gains of the Company less (y) all realised capital losses of the Company, payable annually in arrears.

For the period 1 March 2010 to 31 August 2010 total Investment advisory and management expenses were included in the statement of comprehensive income of US$4,192,000 (31 August 2009: US$3,554,000) of this amount US$618,000 was outstanding at the period end and included within Other payables. At 28 February 2010 the Company had prepaid the Investment Adviser by US$484,000 and this amount was included within Other receivables.

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 1 March 2010 to 31 August 2010 total expenses were included in the statement of comprehensive income of US$1,000 (31 August 2009: US$1,000) of which nil (28 February 2010: nil) was outstanding at the period end.

11. Taxation

The Company suffered withholding tax of US$487,000 (31 August 2009: US$286,000), on income from listed investments, for the period 1 March 2010 to 31 August 2010.

With effect from 1 January 2008, the standard rate of income tax for companies in Guernsey moved from 20% to 0% under the Income Tax (Zero Ten) (Guernsey) Law, 2007 passed by the States of Guernsey on 26 September 2007. Close-ended investment vehicles such as the Company can continue to apply for exempt status for Guernsey tax purposes. Alternatively they may choose to automatically become tax resident, paying the nil rate. The Company elected for exempt status on incorporation.

12. Investments

Categories of financial instruments	Listed 31.08.2010 US$'000	Unlisted 31.08.2010 US$'000	Carrying value 31.08.2010 US$'000
Fair value through profit or loss (FVTPL) (excluding US Treasury notes)	77,547	293,233	370,780
FVTPL - US Treasury notes	101,459	–	101,459
Loans and receivables	–	82,256	82,256
	179,006	375,489	554,495

	Listed 28.02.2010 US$'000	Unlisted 28.02.2010 US$'000	Carrying value 28.02.2010 US$'000
Fair value through profit or loss (FVTPL)	69,642	241,794	311,436
Loans and receivables	–	83,239	83,239
	69,642	325,033	394,675

Notes to the Condensed Interim Financial Statements
Continued

13. Zero Dividend Preference ("ZDP") shares

Authorised Capital

Unlimited number of ZDP shares of no par value.

	31.08.2010 US$'000	28.02.2010 US$'000
ZDP shares issued 22 June 2009		
Amortised cost at 1 March	71,399	–
Issued during period – cash received	–	16,590
Issued during period – rollover from old ZDP shares	–	56,516
Issue costs	–	(348)
Finance costs	2,823	3,888
Unrealised currency loss/(gain) on translation at period end	501	(5,247)
Attributable net assets at 31 August 2010/28 February 2010	74,723	71,399
Total number of ZDP shares in issue	20,707,141	20,707,141
Price per ZDP share US$	US$3.6226	US$3.4633
Price per ZDP share GBP	GBP2.3617	GBP2.2731
ZDP shares redeemed 22 June 2009		
Amortised cost at 1 March	–	137,858
Finance costs	–	3,780
Redemption of ZDP shares – cash	–	(104,739)
Redemption of ZDP shares – rollover to new ZDP shares	–	(56,516)
Currency gain on redemption of ZDP shares	–	19,617
Attributable net assets at 31 August 2010/28 February 2010	–	–

On 1 July 2008, a total of 45,662,313 ZDP shares were issued on a one-to-one basis to holders of old JZ Equity Partners Plc ZDP shares under the terms of the reconstruction scheme. Of these shares 29,654,417 were redeemed on 22 June 2009 at a price of 215.80 pence and 16,007,896 which were rolled over in to new ZDP shares.

Further ZDP shares were issued on 22 June 2009 at a price of 215.80 pence and are designed to provide a predetermined 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 new ZDP shares issued comprised 16,007,896 shares from the rollover of old ZDP shares and 4,699,245 which were issued for cash. They 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 will carry the right to vote at general meetings of the Company as detailed in the Company's Memorandum of Articles and Association. 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.

Notes to the Condensed Interim Financial Statements
Continued

14. Share Capital

Authorised Capital

Unlimited number of ordinary shares of no par value.

Ordinary shares – Issued Capital

	31.08.2010 Number of shares	31.08.2010 US$'000	28.02.2010 Number of shares	28.02.2010 US$'000
Balance at 1 March	42,913,132	–	97,527,916	–
Issued during period	–	–	117,037,749	–
Share consolidation 1 for 5	–	–	(171,652,533)	–
Balance at 1 March	42,913,132	–	42,913,132	–

Limited Voting Ordinary shares – Issued Capital

	31.08.2010 Number of shares	31.08.2010 US$'000	28.02.2010 Number of shares	28.02.2010 US$'000
Balance at 1 March	22,105,478	–	–	–
Issued during period	–	–	110,527,388	–
Share consolidation 1 for 5	–	–	(88,421,910)	–
Balance at 31 August 2009/28 February 2009	22,105,478	–	22,105,478	–
Total shares in issue	65,018,610	–	65,018,610	–

The Company's Ordinary shares were listed on the London Stock Exchange on 1 July 2008 in connection with a scheme of reconstruction and voluntary winding up of JZ Equity Partners Plc ("JZEP") under section 110 of the Insolvency Act 1986 (UK law). JZEP's assets, after providing for its liabilities were transferred *in specie* to the Company and the Company issued to JZEP shareholders (other than those who opted against the new scheme) one Ordinary share for each JZEP Ordinary share that they held.

On 22 June 2009 a Placing and open offer of Ordinary Shares resulted in 117,037,749 Ordinary and 110,527,388 Limited Voting Ordinary shares being issued at the price of 42 pence. Both Ordinary and Limited Voting Ordinary shares were subsequently consolidated on the basis all holders of shares will hold one share for every five shares held immediately prior to the share consolidation.

Limited Voting Ordinary Shares ("LVO") were issued so that certain of the Company's existing Shareholders and certain US new investors could participate in the Ordinary Share Issue without causing the Company to be treated as a US domestic company for the purposes of US securities laws and/or a CFC for US tax purposes. Limited Voting Ordinary Shares are identical to, and rank pari passu in all respects with, the New Ordinary shares except that the Limited Voting Ordinary Shares will only carry a limited entitlement to vote in respect of the appointment or removal of Directors and will not carry any entitlement to vote in respect of certain other matters. The LVO shares are not listed and are not admitted to trade on or through the facilities of the London Stock Exchange.

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

Notes to the Condensed Interim Financial Statements
Continued

14. Share Capital continued

Further Issue of Shares

Under the Articles, the Directors have the power to issue new shares on a non pre-emptive basis. The Directors have resolved, however, that new shares will not be issued at a discount to the prevailing Net Asset Value per Ordinary share other than where shareholders are permitted to participate in the issue *pro rata* to their existing holding in the Company and, therefore, will not be disadvantageous to existing shareholders. Future issues of shares will be carried out in accordance with the Listing Rules.

The Directors will consider issuing new shares at not less than the prevailing Net Asset Value per Ordinary share where there is a significant demand for further shares.

Purchase of Own Shares by the Company

It is the intention of the Directors to seek authority from shareholders on a regular basis to allow the Company to repurchase shares in the market to prevent the emergence of a significant discount on the Company's market price to the Company's Net Asset Value.

15. Reserves

The Royal Court of Guernsey granted that on the admission of the Company's shares to the official list and to trading on the London Stock Exchange's market, the amount credited to the share premium account of the Company immediately following the admission of such shares be cancelled and any surplus thereby created accrue to the Company's distributable reserves to be used for all purposes permitted by the Companies Law, including the purchase of shares and the payment of dividends. Subject to satisfaction of the solvency test, all of the Company's capital and reserves are distributable in accordance with the Companies (Guernsey) Law, 2008.

Share Capital Account

	31.08.2010 US$'000	28.02.2010 US$'000
At 1 March	149,269	–
New Ordinary shares issued in period	–	80,419
Limited Voting shares issued in period	–	75,946
Issue costs	–	(7,096)
At 31 August 2010/28 February 2010	149,269	149,269

Share Premium Account

	31.08.2010 US$'000	28.02.2010 US$'000
At 1 March	–	353,365
Transfer to distributable reserve	–	(353,365)
At 31 August 2010/28 February 2010	–	–

Distributable Reserve

	31.08.2010 US$'000	28.02.2010 US$'000
At 1 March	353,517	–
Transfer from Share Premium	–	353,365
Increase in provisions/receivables relating to JZ Equity Partners Plc	9	152
At 31 August 2010/28 February 2010	353,526	353,517

Notes to the Condensed Interim Financial Statements
Continued

15. Reserves continued

Capital Reserve

All surpluses arising from the realisation or revaluation of investments and all other capital profits and accretions of capital shall be credited to the Capital reserve. Any loss arising from the realisation or revaluation of investments or any expense, loss or liability classified as capital in nature may be debited to the Capital reserve.

	Capital reserve		
	Realised 31.08.2010 US$'000	Unrealised 31.08.2010 US$'000	Total 31.08.2010 US$'000
At 1 March 2010	(20,617)	(64,573)	(85,190)
Net gains on investments	65	30,098	30,163
Unrealised net foreign exchange losses	–	(507)	(507)
Realised gain on investments held in escrow accounts	801	–	801
Expenses charged to capital	(1,467)	–	(1,467)
Finance costs in respect of Zero Dividend Preference shares	(2,823)	–	(2,823)
At 31 August 2010	(24,041)	(34,982)	(59,023)

	Capital reserve		
	Realised 28.02.2010 US$'000	Unrealised 28.02.2010 US$'000	Total 28.02.2010 US$'000
At 1 March 2009	(5,758)	(105,822)	(111,580)
Net gains on investments	768	32,071	32,839
Unrealised net foreign exchange losses	–	9,178	9,178
Realised net foreign currency exchange losses	(5,339)	–	(5,339)
Expenses charged to capital	(2,620)	–	(2,620)
Finance costs in respect of Zero Dividend Preference shares	(7,668)	–	(7,668)
At 28 February 2010	(20,617)	(64,573)	(85,190)

Revenue Reserve

	31.08.2010 US$'000	28.02.2010 US$'000
At 1 March	39,917	15,199
Profit and loss for the period attributable to revenue	15,928	30,569
Dividend paid	(4,226)	(5,851)
At 31 August 2010/28 February 2010	51,619	39,917

Notes to the Condensed Interim Financial Statements
Continued

15. Reserves continued

Summary of reserves attributable to Ordinary shareholders

	31.08.2010 US$'000	28.02.2010 US$'000
Share premium account	–	–
Distributable reserve	353,526	353,517
Share capital account	149,269	149,269
Capital reserve	(59,023)	(85,190)
Revenue reserve	51,619	39,917
	495,391	457,513

16. Basic and Diluted Earnings per share

Basic and diluted 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 ended 31 August 2010 the weighted average number of Ordinary shares (including Limited voting ordinary shares) outstanding during the period was 65,018,610.

The weighted average number for the comparative period ending 31 August 2009 was calculated as follows:

	31.08.2009 Number of Ordinary shares
Qualifying shares at beginning of the period before the 1 for 5 share consolidation (see note 14)	325,093,053
Qualifying shares at beginning of the period after the 1 for 5 share consolidation and after time apportionment	37,067,675
Effect of the bonus element of the new shares issued	1,056,565
Weighted average number of Ordinary shares	38,124,240

The weighted average number of Ordinary shares is based on the average number of Ordinary shares in issue during that period. On 22 June 2009 a Placing and Open Offer of Ordinary Shares resulted in 117,037,749 Ordinary and 110,527,388 Limited Voting Ordinary shares being issued at the price of 42 pence. The Ordinary shares were subsequently consolidated on the basis all holders of Ordinary shares will hold one Ordinary share for every five Ordinary Shares held immediately prior to the share consolidation.

The weighted average number of shares for the period ended 31 August 2009 has been computed assuming the shares in issue for the period 1 March 2009 to 22 June 2009 had also been subject to the 1 for 5 share consolidation and adjusted by a 1.09 adjustment factor in respect of the bonus element of new shares issued*.

* Adjustment factor is calculated using the fair value (47.5 pence) per share at issue date as the numerator and the theoretical ex-right price (43.7 pence) per share as a denominator.

Notes to the Condensed Interim Financial Statements
Continued

17. Net Asset Value per share

The net asset value per Ordinary share of US$7.62 is based on the net assets at the period end of US$495,391,000 and on 65,018,610 Ordinary shares, being the number of Ordinary shares in issue at the period end. The net asset value per share at 28 February 2010 of US$7.04 is based on the net assets at the period end of US$457,513,000 and on 65,018,610 Ordinary shares, being the number of Ordinary shares in issue at 28 February 2010.

18. Notes to the Cashflows Statement

Reconciliation of the profit for the period to net cash from operating activities:

	31.08.2010 US$'000	31.08.2009 US$'000
Profit for the period	42,095	25,772
(Increase)/decrease in other receivables	(460)	1,215
(Decrease)/increase in other payables	(112)	568
Net unrealised gains on investments	(30,098)	(13,508)
Net foreign currency exchange losses/(gains)	507	(125)
Realised gain on investments	(65)	(768)
Increase in accrued interest on investments and adjustment for interest received as PIK	(8,949)	(11,662)
Increase accrued in Treasury notes	(261)	–
Finance costs in respect of Zero Dividend Preference shares	2,823	4,803
Unrealised currency gain on foreign cash	2	67
Net cash from operating activities	5,482	6,362

Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities. The cashflows arising from these activities are shown in the Cashflows Statement.

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.

20. Related Party Transactions

The remuneration of the Directors is disclosed in note 10.

In July 1998, JZEP invested US$114,000 in the Common Stock of Gramtel, LLC., Jordan Industries, Inc., Jordan Speciality Plastics, Inc., Jordan Aftermarkets, Inc. and Motors & Gears Holdings, Inc., which are affiliates of Jordan/Zalanick Advisers, Inc. The investments were subsequently transferred to JZCP as part of the *in specie* transfer dated 1 July 2008. The Company has not received any income from these investments during the period and the investments in the portfolio were valued at US$ nil.

In November 2001, JZEP invested US$15,279 in the Common Stock of JZI. In 2007, a further investment was made by JZEP in JZI of US$424,417 in Convertible Senior Preferred Units. The investment was subsequently transferred to JZCP as part of the *in specie* transfer dated 1 July 2008. At 31 August 2010 the investment was valued at US$1,684,000 (28 February 2010: US$1,684,000).

In March 2004, JZEP invested US$17,500 in shares of JII Holdings LLC, a subsidiary of Jordan Industries, Inc (Transferred to JZCP on 1 July 2008). The Company did not receive any income from this investment during the six months ended 31 August 2010.

In 2007, JZEP invested US$250,000 in ETX Holdings, Inc. which was a spin off of Jordan Auto Aftermarket Holdings, Inc., a former co-investment with The Jordan Company. The investment was subsequently transferred to JZCP as part of the *in specie* transfer dated 1 July 2008. A further investment of US$50,000 was made in ETX Holdings, Inc during the year ended 28 February 2010. The Company did not receive any income from this investment during the period. At 31 August 2010 the investment was valued at US$474,000 (28 February 2010: US$463,000).

Notes to the Condensed Interim Financial Statements
Continued

20. Related Party Transactions continued

Jay Jordan and David Zalaznick each purchased a further 9,020,099 Ordinary shares and 10,304,708 Limited Voting Ordinary shares on 22 June 2009. These shares were subsequently consolidated at 1 share for every 5. The share acquisition by David Zalaznick and Jay Jordan was approved by the Ordinary Shareholders at the EGM held on 18 June 2009.

In July 2010, JZCP made an initial investment of €11.1 million in the JZ Europe Fund. JZ Europe Fund will be 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. JZCP has an investment in JZI detailed on page 33.

The Company has invested with The Resolute Fund, which is managed by the Jordan Company, a company in which David Zalaznick and Jay Jordan are Managing Principals. These investments include: Harrington Holdings, Inc.; Kinetek, Inc.; Sechrist Industries, Inc.; TAL International Group, Inc.; and Woundcare Services, Inc. and represent an aggregate value of US$90,738,000 at 31 August 2010 (28 February 2010: US$76,688,000).

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 Advisor are detailed in note 10.

During the six months ended 31 August 2010, the Company retained Ashurst LLP, a UK based law firm. David Macfarlane was a former Senior Corporate Partner at Ashurst until 2002.

Patrick Firth is a Director of the Company and was formerly Managing Director of Butterfield Fulcrum Group (Guernsey) Limited until 2009. Fees paid by the Company to the Administrator are detailed in note 10.

21. Commitments and Contingent Liabilities

The Company has no financial commitments or contingent liabilities as at 31 August 2010 and 28 February 2010.

22. Contingent Assets

As at 31 August 2010, the Company had the following contingent assets held in Escrow accounts which had not been recognised as assets of the Company:

	Amount in Escrow	
	31.08.2010	28.02.2010
	US$'000	US$'000
Lincoln Holdings, Inc.	–	995
N&B Industries, Inc.	776	776
Recycled Holdings Corporation	1,300	1,300
	2,076	3,071

During the period US$801,000 was realised relating to the Escrow account of Lincoln Holdings, Inc.

23. Dividends Paid and Proposed

In accordance with the Prospectus, it is the Directors' intention to distribute substantially all of the Company's net cash income (after expenses) in the form of dividends paid in US dollars (Shareholders can elect to receive dividends in Sterling).

A second interim dividend, relating to the year ended 28 February 2010, of 6.5c per Ordinary share (total US$4,226,210) was declared by the Board on 4 March 2010 and paid on 1 April 2010.

An interim dividend of 0.5c per Ordinary share (total US$3,250,930) and a special dividend of 0.10c per share (total US$6,501,861) was declared by the Board on 27 October 2010 and will be paid on 3 December 2010.

Notes to the Condensed Interim Financial Statements
Continued

24. Subsequent Events
Post 31 August, JZCP made a US$10,000,000 commitment to Milestone Aviation, a new specialty finance business which focuses exclusively on civil helicopters and private jets.

Apparel Ventures, a legacy investment was sold on 6 October 2010 for US$22,600,000 realising a US$11,500,000 gain.

First and second lien loans in Harrington Holdings, totalling US$14,800,000 were sold on 29 September 2010. They were redeemed at par.

25. Reconciliation of Published Net Asset Value to Net Asset Value per the Financial Statements

	NAV 31.08.2010 US$'000	NAV per share 31.08.2010 US$	NAV 28.02.2010 US$'000	NAV per share 28.02.2010 US$
Published net asset value	483,891	7.44	457,513	7.04
Revaluation of Apparel Ventures, Inc. common stock in line with proceeds from post period disposal	11,500	0.18	–	–
Net asset value per financial statements	495,391	7.62	457,513	7.04

Independent Review Report

Introduction

We have been engaged by the company to review the condensed set of interim financial statements for the six month period ended 31 August 2010 which compress the unaudited statement of comprehensive income, unaudited statement of financial position, unaudited statement of changes in equity, unaudited statement of cashflows and the related notes 1 to 25. We have read the other information contained in the condensed interim financial 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 ISRE 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 report for the period 1 March 2010 to 31 August 2010 is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the condensed interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

The condensed set of interim financial statements included in this condensed interim financial report has 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 set of interim financial statements in the condensed interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the condensed interim financial report for the period 1 March 2010 to 31 August 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Guernsey, Channel Islands

27 October 2010

Useful Information for Shareholders

Listing

JZCP Ordinary and Zero Dividend Preference shares are listed on the Official List of the Financial Services Authority of the UK, and are admitted to trading on the London Stock Exchanges market for listed securities. The ticker symbols are "JZCP" and "JZCZ" 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 ending 28 February 2011	May 2011
Annual General Meeting	June 2010
Interim report for the six months to 31 August 2011	October 2011

In accordance with the Transparency Directive JZCP will be issuing an Interim Management Statement for the quarters ended 31 May 2010 and 30 November 2010. 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.

Dividend Timetable

Ex-dividend Date	10 November 2010
Record Date	12 November 2010
Payment Date	3 December 2010

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 GC00B2RK0R31/B2RK0R3 and the numbers of the Zero Dividend Preference shares are GC00B40D7X85/B40D7X8.

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 +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 Association of the Company; and

(c) the terms of appointment of the Directors.

Printed by Pegasus Colourprint Limited