



OAKLEY CAPITAL INVESTMENTS LIMITED
Annual Report and Accounts
————— 2008 —————

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DIRECTORS AND ADVISERS

Directors

James Michael Keyes	<i>Independent Director and Chairman</i>
Christine (Tina) Michelle Burns	<i>Independent Director</i>
Peter Adam Daiches Dubens	<i>Director</i>
Laurence Charles Neil Blackall	<i>Independent Director (appointed 22 July 2008)</i>
Ian Patrick Pilgrim	<i>Director</i>
Christopher Wetherhill	<i>Independent Director</i>
Katherine Innes Ker	<i>Director (resigned 22 July 2008)</i>

Registered Office

11 Harbour Road
Paget PG01
Bermuda

Investment Adviser to the Manager

Oakley Capital Limited
8th floor
The Economist Building
London SW1A 1HA
United Kingdom

Legal Advisers to the Company as to English Law

SJ Berwin LLP
10 Queen Street Place
London EC4R 1BE
United Kingdom

Nominated Advisor to the Company

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU
United Kingdom

CREST Depository

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH
United Kingdom

Branch Registrar

Computershare Investor Services
(Channel Islands) Limited
PO Box 83
Ordnance House
31 Pier Road
St Helier
Jersey JE4 8PW
Channel Islands

Manager to the Company and the Limited Partnership

Oakley Capital (Bermuda) Limited
11 Harbour Road
Paget PG01
Bermuda

Administrator to the Company and the Limited Partnership

Mayflower Management Services
(Bermuda) Limited
11 Harbour Road
Paget PG01
Bermuda

Legal Advisers to the Company as to Bermuda Law

Conyers Dill & Pearman
Clarendon House
2 Church Street
PO Box HM 666
Hamilton HM CX
Bermuda

Broker to the Company

Liberum Capital Limited
One Ropemaker Street
London EC2Y 9HT
United Kingdom

Auditors to the Company and the Limited Partnership

KPMG
Crown House
4 Par la Ville Road
Hamilton HM 08
Bermuda

CHAIRMAN'S STATEMENT

The Board is pleased to report a successful 2008 for Oakley Capital Investments Limited (the "Company") in a turbulent financial and economic period.

The Company was established in 2007 to provide investors with access to the investment strategy being pursued by Oakley Capital Private Equity L.P. (the "Limited Partnership"). The primary objective of the Limited Partnership is to invest in a diverse portfolio of private mid-market UK and European businesses, aiming to provide investors with significant long term capital appreciation.

In March 2008, the Limited Partnership drew down 31.5 per cent. of the committed capital, in order to benefit from attractive investment opportunities identified in the web hosting, financial services and media sectors. On 15 December 2008, OCIL committed a further €10 million to the Limited Partnership. The Company's share of the total amount drawn down to 31 December 2008 was €51.75 million, representing 34.5 per cent. of the Company's total capital commitment.

During 2008, the Limited Partnership made the following investments:

Web Hosting

In April 2008, the Limited Partnership acquired Host Europe Corporation Limited ("Host Europe") a UK market leader in domain name registration, one of the UK's largest shared hosting provider and a leading provider of standardised managed hosting in Germany. Host Europe also includes Vialtus Solutions, a provider of complex managed hosting services to the UK corporate and SME market. The web hosting market is characterised by strong growth, driven by the rapid proliferation of broadband usage and the increasing sophistication of multimedia content. The Limited Partnership simultaneously acquired Host Europe's data centre in Germany and subsequently Domain Parking International LLP ("Domain Parking") a small bolt-on acquisition. The total transaction value of these investments was £128 million. The consideration was satisfied by a mixture of cash, vendor loan note and bank loans and mezzanine financing from the Company.

In connection with the acquisition, the Company provided Host Europe with £19.4 million of debt financing, in the form of a secured mezzanine instrument carrying a fixed interest rate of 15.25 per cent. This instrument matures on the earlier of 31 December 2015, or the date of a sale or IPO of Host Europe, the note can be repaid at any time prior to this subject to an early repayment penalty.

Media

In January 2008, the Limited Partnership acquired Headland Media Limited ("Headland Media"), a leading provider of news services to the marine, hotel and retail industries. Headland Media's communication division provides news, e-mail, internet and weather services via satellite to cruise and merchant ships, as well as hotels in remote locations. The entertainment division of Headland Media provides in-store radio and music services to the retail industry.

During 2008, Headland Media completed two follow on investments, the acquisitions of Good Morning News SpA ("GMN") and Walport International Limited ("Walport"). These acquisitions expanded Headland Media's presence in the marine training and entertainment sectors. The total transaction value was £6.3 million, which includes a mezzanine loan from the Company of £3.1 million carrying a fixed interest rate of 12 per cent.

CHAIRMAN'S STATEMENT

continued

Financial Services

In July 2008, the Limited Partnership, together with management, acquired Monument Securities Limited ("Monument Securities") from Insinger de Beaufort Group ("Insinger"). Monument Securities has traded successfully since 1991 and has built a considerable presence in the derivatives, equities and fixed income markets as an experienced and professional brokerage providing services to institutional investors, hedge funds and corporate investors. The total transaction value was £5.5 million, with the Limited Partnership investing £2.8 million representing a 51 per cent. investment.

Investment outlook

The Board believes that the businesses acquired by the Limited Partnership in the web hosting, financial services and media sectors provide a platform that is well positioned to deliver growth and value creation through active management. Further details of the investment portfolio companies are provided in the Manager's Report.

Since the launch of the Limited Partnership in 2007, Oakley Capital Limited, the investment adviser to the Limited Partnership ("Oakley" or the "Investment Adviser"), has built a strong pipeline of attractive acquisition opportunities, across a range of industry sectors. As tough economic conditions continue, the Company expects an increasing number of investment opportunities to emerge at attractive valuations. Oakley has established relationships with a number of banks which remain supportive of the Limited Partnership's investment strategies.

Although cautious from a macroeconomic perspective, we expect the next 24 to 36 months to yield a significant number of attractive investment opportunities for the Company, through its exposure to the Limited Partnership's investment strategies.

Post balance sheet events

In response to the investment opportunities identified by Oakley, the Company completed a secondary placing on 9 March 2009, raising proceeds of £18 million from new and existing investors. An additional commitment of €17 million was made into the Limited Partnership on 20 March 2009.

James Keyes
Chairman

THE LIMITED PARTNERSHIP

The Limited Partnership's primary objective is to invest in a diversified portfolio of private mid-market UK and European businesses, aiming to provide investors with significant long term capital appreciation.

The Limited Partnership's investment strategy is to focus on buy-out opportunities in industries with the potential for growth, consolidation and performance improvement. In addition, the Limited Partnership seeks to invest in companies with scale in their industry subsectors, thereby creating a sustainable earnings stream which should command an exit premium.

The Limited Partnership will focus on equity investments of between £20 million and £100 million per transaction, which secure a controlling position in the portfolio investment. The Limited Partnership aims to deliver over 25 per cent. gross internal rate of return (IRR) per annum on investments and a blended gross multiple of three times. The life of the Limited Partnership is expected to be approximately 10 years, including a five year investment period from the date of the Final Closing.

Oakley Capital (Bermuda) Limited (the "Manager"), a Bermudian company, has been appointed as manager to the Company and the Limited Partnership. The Manager has appointed Oakley as Investment Adviser to the Manager. The Investment Adviser is primarily responsible for advising the Manager on the investment of the assets of the Limited Partnership and the Company.

THE MANAGER'S REPORT

Market background

The impact of the economic downturn has been severe and further economic contraction is anticipated. The availability of credit for leveraged acquisitions has been materially impaired and the cost of financing has increased. At the same time, valuation expectations are being suppressed by economic uncertainty. This environment should enable the Limited Partnership to acquire targets at attractive valuations.

When considering acquisitions, the Manager, in consultation with the Investment Adviser, works closely with its lenders to determine an acquisition structure appropriate for the target and the sector in which it operates. Oakley has a strong relationship with a number of major banks, all of whom remain supportive of the Limited Partnership's investment strategy.

Risk management

Oakley has implemented a rigorous investment analysis and selection methodology which includes the following stages:

- **Identification** – Upon identification, an investment opportunity is recorded on the deal register which records key details of the opportunity, this acts as a basis for discussion at weekly meetings.
- **Selection** – Where an investment opportunity progresses, an overview document is generated to assess the proposed investment and to determine if it satisfies the Limited Partnership's investment profile.
- **Analysis** – In advance of committing to due diligence, further analysis is undertaken and a 'Concept Paper' is prepared to analyse the investment rationale, the industry, competitive positioning, pricing, structure, funding and transaction risk.
- **Approval** – Following due diligence, an approval paper is submitted to the investment committee summarising key due diligence findings and identifying any material issues.
- **Confirmation** – Immediately prior to funding, an 'Investment Certificate' is compiled to identify any changes which have occurred between final approval and funding.

Investment and portfolio monitoring

Oakley considers portfolio monitoring and investment plan implementation to be critical to value creation. As such, Oakley commits significant resources to ensuring portfolio companies meet or exceed their investment plan and that any unforeseen issues are resolved.

- **100 day plan** – Where necessary Oakley executives will be onsite for an interim period to assist management teams. In the case of Host Europe, two senior Oakley executives were onsite for the first 100 days of ownership to ensure that restructuring measures identified during due diligence were implemented.
- **Directorships** – In addition to attending monthly senior management meetings, Oakley executives are appointed to portfolio company boards to ensure that strict corporate governance and reporting procedures are adhered to. In addition, Oakley appoints non executive directors to bring in industry expertise and to provide support to the management team.
- **Strategic guidance** – Oakley will hold strategic planning sessions with management teams to review progress and to ensure key milestones are met.

THE MANAGER'S REPORT

continued

- **Financial discipline** – Oakley maintains strict control over the capital budgeting process to ensure capital expenditure is justified. Oakley believes that detailed financial planning and analysis play a significant role in the process of value creation.

Investments

The Limited Partnership primarily invests in unquoted securities of private companies ("Portfolio Investments"). Portfolio Investments are valued by the Manager in compliance with the International Private Equity and Venture Capital Guidelines with particular consideration of the following factors:

- Fair value is the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
- In estimating fair value, the Manager uses a methodology which is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio and will use reasonable assumptions and estimations.
- An appropriate methodology incorporates available information about all factors that are likely to materially effect the fair value of the investment. The valuation methodologies are applied consistently from period to period, except where a change would result in a better estimate of fair value. Any changes in valuation methodologies will be clearly disclosed in the financial statements.

The most widely used methodologies are listed below. In assessing which methodology is appropriate, the Manager is predisposed towards those methodologies that draw upon market-based measures of risk and return.

- Cost of recent investment and transactions
- Earnings multiples
- Discounted cashflow
- Net assets
- Available market prices and data

Gains or losses arising from changes in fair value are presented through the income statement in the period in which they arise. As a result of the above basis of valuation, there is significant judgment associated with the valuation of Portfolio Investments. The Limited Partnership's Portfolio Investments are currently held at cost as they were all acquired within 12 months of 31 December 2008 and there have been no indications of changes in fair value. The Manager completed a fair value analysis at the year end and appointed a third party to review the fair value analysis. The results of this process confirmed that there had been no deterioration in value.

Mezzanine loans

Mezzanine loans are initially valued at the price the loan was granted. Following initial recognition, the loans are valued on a fair value basis taking into account market conditions and any appreciation or deterioration in value pending a valuation review.

Rolled up loan interest

A portion of the financial instruments held by the Company accumulate interest which is only realised in cash on redemption of the instrument including payment-in-kind notes.

THE MANAGER'S REPORT

continued

In valuing these instruments, the Manager assesses the expected amount to be recovered from these instruments. If deterioration indicators exist, a provision against the cost of the loan will be made to reflect this. The consideration or recoverable amount will also include the existence of any reasonably anticipated enhancements such as interest rate step increases.

Business review

During 2008, Oakley, as Investment Adviser to the Manager, considered over 45 investment opportunities leading to the Limited Partnership completing six transactions and investing capital in three enterprises. These three opportunities were directly sourced by Oakley.



1. Host Europe Group

Business overview

Host Europe is made up of three divisions operating in three distinct markets within the web hosting industry. In the UK, Host Europe operates two divisions: (i) Webfusion, a market leader for domain name registration and the second largest shared hosting provider; and (ii) Vialtus Solutions, a provider of complex managed hosting services to the corporate and SME market. Host Europe also operates a division in Germany, Host Europe GmbH, which is the German market leader in the standardised managed hosting market.

The web hosting market is characterised by strong growth which is driven by the rapid proliferation of broadband usage and the increasing sophistication of multimedia content. As internet users become more sophisticated, website owners require increasing amounts of capacity in order to host, store and process complex and secure content. For the majority of companies, hosting, security and traffic balancing are not core business activities and these functions are increasingly being outsourced to specialist providers such as Host Europe.

Investment rationale

- Market leader in shared hosting (second largest provider in the UK and third largest in Germany)
- Largest provider of UK domain names with over two million registered domains
- Significant opportunities for restructuring the cost base
- Strategically well placed for exit – The European webhosting market is fragmented and a limited number of companies have scale to be attractive to overseas purchasers

THE MANAGER'S REPORT

continued



2. Monument Securities

Business overview

Monument Securities is a global equity, derivatives and fixed income broker with an 18 year history. The company provides services to institutions, fund managers, market professionals, corporates and hedge funds. Monument Securities is a member of the NYSE Euronext LIFFE, Eurex, the London Stock Exchange, the International Capital Markets Association, and is authorised and regulated by the Financial Services Authority.

One of the primary strengths of the business is the management team who have worked together for 18 years. Prior to founding Monument Securities members of the management team held senior positions at Citicorp, Credit Lyonnais, and MeesPierson. They have also worked for the London Clearing House and the Chicago Board of Trade as well as being involved in the establishment of the LIFFE market. Management are highly motivated to grow the business both organically and through acquisition.

Investment rationale

- An established and profitable platform well positioned for growth and sector consolidation
- Attractive entry price as a result of the vendor's decision to exit the UK market for strategic reasons at a depressed time in the financial services business cycle
- Proven business model which performs well in periods of economic uncertainty and high volatility (which typically coincide with economic downturns) as clients look to contain risk through the increased use of derivatives



3. Headland Media, Walport and GMN

Business overview

Headland Media is a business-to-business media content provider based in Liverpool with offices in the US and Europe. The company is the leading provider of news digest services to the hotel and shipping sectors as well as a leading provider of entertainment and training services to offshore industries, businesses in remote locations or with specialist communication needs. Headland Media distributes media content daily to an estimated 6,500 destinations using proprietary distribution channels (e.g. satellite broadcast) and has an audience of approximately 20 million listeners and over 250,000 readers.

Headland's media products include:

- **News digest** – Headland Media provides daily electronic newspapers, 24 hours a day, seven days a week, direct to cruise liners, merchant ships, yachts and hotels. More than 55 editions are produced daily in 15 different languages and are delivered ready to print to remote locations. It has a portfolio of two, four and eight page own brand newspapers

THE MANAGER'S REPORT

continued

- **Internet on Board** – an Internet café system specifically designed for the cruise line market
- **Weather** – Headland Media offers a daily maritime weather information package from Applied Weather Technology. This system allows users to obtain advanced weather forecasts as a data file, giving a clear and accurate forecast every time for all ocean zones
- **Health and Safety Videos** – Headland Media is a leading provider of training videos for the maritime industry providing crews with essential information for compliance and training purposes
- **Entertainment** – Headland Media has the rights to distribute a comprehensive movie catalogue to the maritime industry. By purchasing licensed products, fleet owners ensure copyright laws are not breached when movies are shown on board

Revenue is derived from recurring (subscription) revenue and some non-recurring (one off installation charges). Headland Media has a loyal customer base and has provided services to most of its customers for over a decade and for many in excess of 20 years. Annual customer churn is less than 10 per cent. and the company currently provides services to over 1,000 hotels and 3,600 cruise and merchant ships.

Headland Media's Entertainment division focuses on the design, production and distribution of audio and visual services for retailers. These services are used to build brands and generate in-store sales in over 1,900 retail outlets. Headland Media's Entertainment services include:

- **Live radio services** – Commercial radio stations played in store which include live presenters, audience interaction by text and email, dedications, news, sport, features, jingles, promotions, advertising, out-of-hours staff training and announcements and profiled music
- **'As-live' radio services** – A very popular radio format with live delivery using pre-recorded presenter links
- **Hard disk music services** – Primarily pre-recorded music, advertising and jingles. These systems are either updated each night or each month

Investment rationale

- Headland Media, is the market leading provider of news digest services to the hotels and shipping sectors with opportunities to expand into other market segments
- Headland Media will serve as the platform for the consolidation of niche providers of media content
- Barriers to entry include proprietary distribution channels, content licensing, editorial and production expertise act as barriers to entry to potential competitors

DIRECTORS' REPORT

Directors' functions

The Directors are responsible for the overall management and control of the Company. The Directors review the operations of the Company at regular meetings and meet at least quarterly. For this purpose, the Directors receive periodic reports from the Manager detailing the Company's performance, and receive from the Manager such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

The Limited Partnership is managed by the Manager and the Directors do not make investment decisions on behalf of the Limited Partnership, nor do they have any role or involvement in selecting or implementing transactions by the Limited Partnership.

Directors

The Directors of the Company are:

James Keyes

James Keyes has been a Managing Director of Renaissance Capital since 1 October 2008. He established the Bermuda office, for which he has responsibility, for Renaissance in 2008. He was previously a partner of Appleby, the offshore law firm, for eleven years. James joined Appleby in 1993 and was team leader of the Funds & Investment Services Team. Prior to Appleby, he was employed in the Corporate Department of Freshfields law firm, and worked in the London, New York and Hong Kong offices. James attended Oxford University in England as a Rhodes Scholar and graduated with a degree in Politics, Philosophy and Economics (M.A. with Honours) in 1985. He was called to the bar of England and Wales in 1991 and to the Bermuda Bar in 1993. He became a Notary Public in 1998.

Tina Burns

Tina Burns is a Certified Public Accountant providing consulting services to Schrodgers Private Equity Services ("Schrodgers") in Bermuda. Prior to consulting with Schrodgers, she was a Director with KPMG in Bermuda from 2002 through 2006, specialising in US Taxation. Tina joined KPMG in Bermuda in 1995. Prior to joining KPMG in Bermuda, she was a tax senior with KPMG in Atlanta, Georgia. She graduated from the University of North Carolina with a Masters of Accounting in 1994 and is a member of the American Institute of Certified Public Accountants and the Georgia Society of Certified Public Accountants. Tina is a resident of Bermuda.

Peter Dubens

Peter Dubens is the founder of the Oakley Capital group of companies, a privately owned asset management and advisory business comprising private equity, fund of funds, corporate finance, capital introduction and venture capital operations. Peter is the Managing Director of Oakley Capital Limited, the Investment Adviser to Oakley Capital Private Equity L.P., a European middle-market private equity fund specialising in turnarounds, restructurings and consolidation opportunities. During the last 20 years he has acquired, restructured and consolidated public and private companies. Most recently as Executive Chairman, Peter led the formation of two public companies 365 Media Group plc and Pipex Communications plc. The 365 Media platform consolidated 12 businesses within the online sports information and gambling industry and the Pipex platform consolidated 15 within the telecoms industry. 365 Media was sold for over £106 million to BSkyB and the main operating divisions of Pipex were sold for over £330 million.

DIRECTORS' REPORT

continued

Laurence Blackall

Laurence Blackall has had a 30 year career in the information, media and communication industries. After an early career that included Virgin and the SEMA Group, Laurence was appointed a director of Frost & Sullivan and a vice-president of McGraw Hill. He was also CEO of AIM listed Internet Technology Group, which was founded in 1995, and Chairman of Boat International Publications. Laurence was also instrumental in the creation of Pipex Communications plc (now FREEDOM4 Group plc). He has an MA in marketing and currently holds a number of directorships in public and private UK companies. Laurence is a UK resident.

Ian Pilgrim

Ian Pilgrim is Chief Executive Officer of the Administrator, Mayflower Management Services (Bermuda) Limited, a corporation which provides consultancy and other services to hedge funds and is the administrator to the Company and the Limited Partnership. Prior to founding the Administrator in January 2006, he was the Managing Director of Citco Fund Services (Bermuda) Limited and also served as General Counsel to Citco Fund Services from January 2001 until December 2005. Before joining Citco, Ian practiced from January 1997 until December 2000 as a Barrister and Attorney with M.L.H. Quin & Co. in Bermuda. From 1994 to 1996, he practiced as a solicitor with Allen & Overy in Hong Kong where he was involved primarily in banking and project finance, and prior to that from 1991 to 1994 with Deacons in Hong Kong. Ian was admitted to practice as a solicitor in England and Wales in 1989 and in Hong Kong in 1992. He was admitted to the Bar in Bermuda in 1998. He is a director of Palmer Capital Associates (International) Limited, Oakley Absolute Return Limited (formerly Oakley Multi Manager Funds Limited) and Oakley Capital Management (Bermuda) Limited, the manager of the Oakley Absolute Return Limited. Ian is a resident of Bermuda.

Christopher Wetherhill

Christopher Wetherhill founded and was Chief Executive Officer of Hemisphere Management Limited (now known as Citi Hedge Fund Services Limited), a financial services company in Bermuda, from 1981 until 2000. Since 2000, he has served as a board member of, and a consultant to, a number of investment companies. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Canadian and Bermudian Institutes of Chartered Accountants, a Fellow of the Institute of Directors and a Freeman of the City of London. Christopher is a resident of Bermuda.

Manager

Oakley Capital (Bermuda) Limited was incorporated in Bermuda on 18 June 2007 under the Bermuda Companies Act. The Manager is responsible for the day to day management of the assets of the Company pursuant to the Management Agreement. Under the Management Agreement, the Manager has full discretion, subject to the review by the Directors, to invest the assets of the Company in a manner consistent with the investment objective, approach and restrictions described in the Admission Document. Oakley Capital (Bermuda) Limited is also manager of the Limited Partnership.

Peter Dubens and Ian Pilgrim are directors of both the Manager and the Company, and cannot vote on any Board decision relating to the Management Agreement whilst they have an interest.

Investment Adviser

Oakley Capital Limited was incorporated in England and Wales on 12 October 2000 under the Companies Act 1985. The Company and the Manager have appointed the Investment Adviser as

DIRECTORS' REPORT

continued

investment adviser to the Company and the Manager has appointed the Investment Adviser as investment adviser to the Limited Partnership.

The Investment Adviser is authorised and regulated by the FSA. The Investment Adviser is not registered as an "investment adviser" under the US Investment Advisors Act, but may in the future seek to register.

Peter Dubens, David Till (who are both Directors of the Investment Adviser), Mark Joseph and Alex Collins will together be primarily responsible for performing the investment advisory obligations of the Investment Adviser.

Corporate governance

The Directors recognise the importance of sound corporate governance and have adopted policies and procedures which reflect those principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code") as are appropriate to the Company's size on Admission. The Directors note that Bermuda, the country of incorporation of the Company, has no specific corporate governance regime.

The Company has established an audit committee and a remuneration committee, each with formally delegated duties and responsibilities. The audit committee and the remuneration committee are each comprised of all the Independent Directors. The audit committee is chaired by Tina Burns and the remuneration committee is chaired by James Keyes.

The audit committee determines the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. The audit committee receives and reviews reports from management and the Company's auditors relating to the annual accounts and the accounting and internal control systems in the Company. The audit committee has unrestricted access to and oversees the relationship with the Company's auditors.

The remuneration committee reviews the scale and structure of the Directors' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements if any. The remuneration and terms and conditions of the non executive Directors are set by the Board. No Director or manager of the Company may participate in any meeting at which discussion or any decision regarding his own remuneration takes place.

In addition to establishing an audit committee and a remuneration committee, the Company has established a fund committee, comprising all of the Independent Directors. The fund committee receives and reviews all matters and contracts where there are potential conflicts of interest between the Company and the Limited Partnership. No Director, other than the Independent Directors, may participate in any meeting of the fund committee. The fund committee is chaired by the Chairman.

The Board complies with Rule 21 of the AIM Rules relating to Directors' dealings as applicable to AIM companies and also takes all reasonable steps to ensure compliance by the Company's applicable employees (if any) and has adopted a share dealing code for this purpose.

Directors' interests

None of the Directors nor any member of their respective immediate families, nor any person connected with a Director, has any interest whether beneficial or non beneficial in the share capital of the Company.

DIRECTORS' REPORT

continued

Directors' remuneration

The emoluments of the individual Directors for the year were as follows:

James Keyes	£13,818
Tina Burns	£13,818
Peter Dubens	£nil
Laurence Blackall	£13,818
Ian Pilgrim	£13,818
Christopher Wetherhill	£13,818

The above fees do not include reimbursed expenses

Repurchase of shares

On 2 October 2008, the Board of Directors authorised a repurchase programme of 7,58000 shares. Under the tender offer, the Company repurchased 7,589,000 shares for £4,576,316 at a price of 60 pence per share. All of the rights of the treasury shares have been suspended (including economic participation, voting and dividend distribution rights). The Company also holds 1,250,000 warrants in treasury.

Substantial shareholdings

As at 9 April 2009, the Company has been notified by the following that they have a disclosable beneficial interest in 3 per cent. or more of the issued ordinary share capital of the Company:

	<i>As a percentage of voting rights</i>
Invesco	29.9
Schroders	11.0
Blackrock Inc	8.3
GAM International Management Limited	7.5
Insight Investment Management Limited	5.8
Fidelity International Limited	4.9

Post balance sheet events

In response to the investment opportunities identified by the Limited Partnership, the Company completed a secondary placing on 9 March 2009, raising gross proceeds of £18 million from new and existing institutional investors. An additional commitment of €17 million was made into the Limited Partnership on 20 March 2009.

I N D E P E N D E N T A U D I T O R ' S R E P O R T

The Board of Directors and Shareholders of Oakley Capital Investments Limited

We have audited the accompanying statements of assets and liabilities of Oakley Capital Investments Limited, including the schedules of investments, as at 31 December 2008 and 2007, and the related statements of operations, changes in net assets and cash flows for the year ended 31 December 2008 and the period from 28 June 2007 (date of incorporation) to 31 December 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oakley Capital Investments Limited as of 31 December 2008 and 2007, and the results of its operations, changes in net assets and cash flows for the year ended 31 December 2008 and the period from 28 June 2007 (date of incorporation) to 31 December 2007 in conformity with accounting principles generally accepted in the United States of America.

KPMG
Chartered Accountants
Hamilton, Bermuda

26 May 2009

STATEMENTS OF ASSETS AND LIABILITIES

31 December 2008 and 2007

(Expressed in British Pounds)

	<i>Notes</i>	<i>31 December 2008 £</i>	<i>31 December 2007 £</i>
Assets			
Investments (Cost 2008: £65,387,060; 2007: £2,925,726)	2c, 5, 7	64,447,295	2,378,310
Cash and cash equivalents	3	32,893,846	97,154,262
Accrued interest receivable		2,630,494	—
Other receivables		20,280	303,475
Total assets		<u>99,991,915</u>	<u>99,836,047</u>
Liabilities			
Accounts payable and accrued expenses		52,598	395,548
Bank overdraft		—	12,632
Total liabilities		<u>52,598</u>	<u>408,180</u>
Net assets attributable to shares		<u>99,939,317</u>	<u>99,427,867</u>
Number of shares outstanding	9	<u>92,411,000</u>	<u>100,000,000</u>
Net asset value per share	13	<u>1.08</u>	<u>0.99</u>

Signed on behalf of the Board on 26 May 2009

James Keyes
DirectorIan Pilgrim
Director*The notes on pages 21 to 28 form an integral part of these financial statements*

SCHEDULES OF INVESTMENTS

31 December 2008 and 2007

(Expressed in British Pounds)

2008

	<i>Fair value as a percentage of net assets</i>	<i>Percentage interest</i>	<i>Principal amount/ Quantity £</i>	<i>Cost £</i>	<i>Fair value £</i>
Investments in Limited Partnerships					
Bermuda					
Oakley Capital Private Equity LP	39%	65.2%	40,265,724	39,325,959	
Unquoted debt securities					
Investment in mezzanine loans					
United Kingdom					
Host Europe. Interest at 15.25% p.a. Maturity date Dec 2015					
	19%		19,400,000	19,400,000	19,400,000
Headland Media Limited. Interest rate at 12% p.a. Maturity date Dec 2008					
	3%		3,100,000	3,100,000	3,100,000
Bermuda					
Cologne Data Centre (Bermuda) Ltd. Interest rate at 15.25% p.a. Maturity April 2015					
	3%		2,621,336	2,621,336	2,621,336
Total mezzanine loans	25%		25,121,336	25,121,336	
Total Investments 2008	64%		65,387,060	64,447,295	

2007

	<i>Fair value as a percentage of net assets</i>	<i>Percentage interest</i>	<i>Principal amount/ Quantity £</i>	<i>Cost £</i>	<i>Fair value £</i>
Investments in Limited Partnership					
Bermuda					
Oakley Capital Private Equity LP	2.4%	66.3%	2,925,726	2,378,310	
Total Investments 2007	2.4%	66.3%	2,925,726	2,378,310	

For details of the underlying investment of the Limited Partnership, please refer to Note 7

The notes on pages 21 to 28 form an integral part of these financial statements

STATEMENTS OF OPERATIONS

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007
(Expressed in British Pounds)

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
Investment income			
Interest		5,429,842	2,117,617
		<u>5,429,842</u>	<u>2,117,617</u>
Total income		<u>5,429,842</u>	<u>2,117,617</u>
Expenses			
Organisation expenses		—	4,593,684
Management fee	4(a)	—	156,318
Other		216,189	83,041
Professional fees	6	198,852	65,395
Interest		19,875	141
		<u>434,916</u>	<u>4,898,579</u>
Total expenses		<u>434,916</u>	<u>4,898,579</u>
Net investment income/(loss)		<u>4,994,926</u>	<u>(2,780,962)</u>
Realised and unrealised gains and losses on foreign exchange and investments			
Net realised gain/(loss) on foreign exchange		491,648	(681)
Net change in unrealised (loss)/gain on foreign exchange		(6,459)	2,756,926
Net change in unrealised losses on investments		(392,349)	(547,416)
		<u>92,840</u>	<u>2,208,829</u>
Net realised and unrealised gains on foreign exchange and investments		<u>92,840</u>	<u>2,208,829</u>
Net increase/(decrease) in net assets resulting from operations		<u>5,087,766</u>	<u>(572,133)</u>
Net gain/(loss) per share	13	<u>0.06</u>	<u>(0.01)</u>

The notes on pages 21 to 28 form an integral part of these financial statements

STATEMENTS OF CHANGES IN NET ASSETS

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007
(Expressed in British Pounds)

	2008	2007
	£	£
Net increase/(decrease) in net assets resulting from operations		
Net investment gain/(loss)	4,994,926	(2,780,962)
Net realised gain/(loss) on foreign exchange	491,648	(681)
Net change in unrealised (loss)/gain on foreign exchange	(6,459)	2,756,926
Net change in unrealised losses on investments	(392,349)	(547,416)
	5,087,766	(572,133)
Capital share transactions		
Proceeds on issue of shares	—	100,000,000
Repurchase of shares	(4,576,316)	—
	(4,576,316)	100,000,000
Net increase in net assets	511,450	99,427,867
Net assets at beginning of year/period	99,427,867	—
	99,939,317	99,427,867

The notes on pages 21 to 28 form an integral part of these financial statements

STATEMENTS OF CASH FLOWS

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007
(Expressed in British Pounds)

	2008	2007
	£	£
Cash flows from operating activities		
Net increase/(decrease) in net assets resulting from operations	5,087,766	(572,133)
Adjustments to reconcile net increase/(decrease) in net assets resulting from operations to net cash used in operating activities:		
Net realised and unrealised gains on foreign exchange and investments	(92,840)	(2,208,829)
Payments for purchases of investments	(62,461,334)	(2,925,726)
Change in accrued interest receivable	(2,630,494)	—
Change in other receivables	283,195	(303,475)
Change in accounts payable and accrued expenses	(342,950)	395,548
Net cash used in operating activities	(60,156,657)	(5,614,615)
Cash flows from capital transactions		
(Repayment of) cash provided by short term borrowing	(12,632)	12,632
Proceeds on issuance of shares	—	100,000,000
Paid on repurchase of shares	(4,576,316)	—
Net cash provided by capital transactions	(4,588,948)	100,012,632
Net effect of foreign exchange gain	485,189	2,756,245
Net (decrease) increase in cash and cash equivalents	(64,260,416)	97,154,262
Cash and cash equivalents at beginning of year/period	97,154,262	—
Cash and cash equivalents at end of year/period	32,893,846	97,154,262
Interest paid during the year/period	19,875	141

The notes on pages 21 to 28 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007

1. The Company

Oakley Capital Investments Limited (the "Company") is a closed-ended investment company which was incorporated under the laws of Bermuda on 28 June 2007. The principal objective of the Company is to achieve capital appreciation through investments in a diversified portfolio of private mid-market UK and European businesses. The Company achieves its investment objective primarily through an investment in Oakley Capital Private Equity L.P. (the "Limited Partnership").

The Company listed on the AIM market of the London Stock Exchange on 3 August 2007.

2. Significant accounting policies

(a) *Basis of presentation*

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

(b) *Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets during the reporting period. Actual results could differ from those estimates.

(c) *Investment valuation*

Limited Partnership

Security transactions are accounted for on a trade date basis based on the capital drawdown and proceeds distribution dates from the Limited Partnership. The Company's investment in the Limited Partnership is valued at the balance on the Company's capital account in the Limited Partnership as at the reporting date. Any difference between the capital introduced and the balance on the Company's capital account in the Limited Partnership is recognised in net change in unrealised gains and losses on investments in the Statements of Operations.

The Limited Partnership generally values investments at fair value and recognises gains and losses on security transactions using the specific cost method.

Mezzanine loans

Mezzanine loans are initially valued at the price the loan was granted. Subsequent to initial recognition the loans are valued on a fair value basis taking into account market conditions and any appreciation or deterioration in value pending a valuation review.

Realised gains and losses are recorded when the security acquired is sold. The net realised gains and losses on sale of securities are determined using the specific cost method.

Effective 1 January 2008, the Company adopted Statement of Financial Accounting Standards No. 157 ("FAS 157"). FAS 157 clarifies the definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on the inputs used to value the Company's investments, and requires additional disclosures about fair value. The hierarchy of inputs is summarised below.

NOTES TO THE FINANCIAL STATEMENTS

continued

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007

2. Significant accounting policies continued

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Investment Advisers own assumptions in determining the fair value of investments)

The inputs and methodologies used in valuing the securities are not necessarily an indication of the risks associated with investing in those securities.

Securities traded on a national stock exchange are valued at the last reported sales price on the valuation date. When prices are not readily available, or are determined not to reflect fair value, the Company may value these securities at fair value as determined in accordance with the procedures approved by the Investment Adviser in consultation with the Manager.

Level 2 securities are valued using representative brokers' prices, quoted prices for similar investments, published reports or, third-party valuations.

Level 3 securities are valued at the direction of the Investment Adviser in consultation with the Manager. In these circumstances, the Manager will attempt to use consistent and fair valuation criteria and may (but is not required to) obtain independent appraisals at the expense of the Company.

Derivative financial instruments that have quoted prices on a recognised exchange, such as futures and option contracts, are classified as Level 1. Over-the-counter derivative instruments such as interest rate swaps, foreign exchange forward contracts and credit default swaps, whose prices are based upon observable market inputs, are classified as Level 2. All other derivatives are classified as Level 3.

(d) *Income recognition*

Interest income and expenses are recognised on the accruals basis.

(e) *Foreign currency translation*

Investments and other monetary assets and liabilities denominated in foreign currencies are translated into British Pound amounts at exchange rates prevailing at the reporting date. Capital drawdowns and proceeds of distributions from the Limited Partnership and foreign currencies and income and expense items denominated in foreign currencies are translated into British Pound amounts at the exchange rate on the respective dates of such transactions.

Foreign exchange gains and losses on other monetary assets and liabilities are recognised in net realised and unrealised gain or loss from foreign exchange in the Statements of Operations.

The Limited Partnership does not isolate unrealised or realised foreign exchange gains and losses arising from changes in the fair value of investments. All such foreign exchange gains and losses are included with the net realised and unrealised gain or loss on investments in the Statements of Operations.

(f) *Cash and cash equivalents*

The Company considers all short-term deposits with a maturity of 90 days or less as equivalent to cash.

NOTES TO THE FINANCIAL STATEMENTS

continued

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007
(Expressed in British Pounds)

3. Cash and cash equivalents

Cash and cash equivalents at 31 December consist of the following:

	2008	2007
	£	£
Cash	168,291	3,743
Short-term deposits	32,725,555	97,150,519
	32,893,846	97,154,262

4. Management and performance fees

- (a) The Company has entered into a Management Agreement with Oakley Capital (Bermuda) Limited (the "Manager") to manage the Company's investment portfolio. The Manager will not receive a management fee from the Company in respect of funds either committed or invested by the Company in the Limited Partnership or any successor fund managed by the Manager. The Manager will receive a management fee at the rate of 1 per cent. per annum in respect of those funds that are not committed to the Limited Partnership or any successor fund (but including the proceeds of any realisations), which are invested in cash, cash deposits or near cash deposits and a management fee at the rate of 2 per cent. per annum in respect of those funds which are invested directly in co-investments. The management fee is payable monthly in arrears. As at 31 December 2008 and 2007, there were no management fees payable to the Manager.

The Manager may also receive a performance fee of 20 per cent. of the excess of the amount earned by the Company over and above an 8 per cent. hurdle rate per annum on any monies invested as a co-investment with the Limited Partnership or any successor limited partnership. Any co-investment will be treated as a segregated pool of investments by the Company. If the calculation period is greater than one year, the hurdle rate shall be compounded on each anniversary of the start of the calculation period for each segregated co-investment. If the Manager does not exceed the hurdle rate on any given co-investment that co-investment shall be included in the next calculation on a co-investment so that the hurdle rate is measured across both co-investments. No previous payments of performance fee will be affected if any co-investment does not reach the hurdle rate of the return. As at 31 December 2008 and 2007 and for the periods then ended, there were no performance fees payable to the Manager.

- (b) The Manager has entered into an Investment Adviser Agreement with Oakley Capital Limited (the "Investment Adviser") to advise the Manager on the investment of the assets of the Company. The Investment Adviser will not receive a management or performance fee from the Company. Any fees due to the Investment Adviser will be paid by the Manager out of the management fees it receives from the Company.

5. Fair value of financial instruments

The following is a summary of the inputs used in valuing the Company's assets carried at fair value:

	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	£	£
Investments in Securities	—	64,447,295

NOTES TO THE FINANCIAL STATEMENTS

continued

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007
(Expressed in British Pounds)

5. Fair value of financial instruments continued

The Company has an investment into a private equity limited partnership. The investment is included at fair value based on the Company's balance on its capital account in the Limited Partnership. The valuation of non-public investments require significant judgment by the Investment Adviser in consultation with the Manager of the Limited Partnership due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such assets. Private equity investments are valued initially based upon transaction price. Valuations are reviewed periodically utilising available market data to determine if the carrying value of these investments should be adjusted. Such market data primarily includes observations of the trading multiples of public companies considered comparable to the private companies being valued. In addition, a variety of additional factors are reviewed by the management of the Limited Partnership, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third party financing environment. Mezzanine loans are initially valued at the price the loan was granted. Subsequent to initial recognition, the loans are valued on a fair value basis taking into account market conditions and any appreciation or deterioration in value pending a valuation review.

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	<i>Investment in Securities £</i>
Balance at 1 January 2008	2,378,310
Change in unrealised depreciation	(392,349)
Net purchases	62,461,334
Balance at 31 December 2008	64,447,295

The difference between the fair value and the cost of investments is due to the re-translation of the Euro denominated investment in the Limited Partnership at the year end into Sterling.

6. Administration fee

Under the terms of the Company Administration Agreement dated 30 July 2007 between Mayflower Management Services (Bermuda) Limited (the "Administrator") and the Company, the Administrator receives an annual administration fee at prevailing commercial rates, subject to the minimum monthly fee of US\$4,000 per month. During the year ended 31 December 2008, the Company incurred administration fees of £47,466 (2007 – £23,903), which is included in professional fees in the Statements of Operations.

7. Investments

Limited Partnership

The Company intends to invest its assets in the Limited Partnership, an exempted limited partnership established in Bermuda on 10 July 2007. The Limited Partnership's primary objective is to invest in a diversified portfolio of private mid-market UK and European businesses, aiming to provide investors with significant long term capital appreciation. The Company's share of the total amount drawn down to 31 December 2008 was £40.27 million (€51.75 million), representing 34.5 per cent. of the Company's total capital commitment. As at 31 December 2008, the Company accounted for 65.2 per cent. of the total capital and commitments in the Limited Partnership.

NOTES TO THE FINANCIAL STATEMENTS

continued

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007
(Expressed in British Pounds)

7. Investments continued

The Company may also make co-investments with the Limited Partnership based on the recommendations of the Manager. As at 31 December 2008, the Company has not made any such co-investments. Co-investments may amend the outstanding capital commitments to the Limited Partnership.

Limited Partnership's investments

The Limited Partnership made a number of investments; one large investment in Host Europe Corporation Limited and four smaller investments.

Host Europe and Cologne Data Centre

Host Europe is a UK market leader in domain name registration, the UK's second largest shared hosting provider and a leading provider of standardised hosting in Germany. The total transaction value of the financing deal was £128 million with the Limited Partnership's contribution being £48.6 million. The acquisition includes an acquisition of a data centre based in Cologne.

Headland Media

Headland Media is a leading business to business media content provider of news digest services to the hotel and shipping sectors; as well as a leading provider of entertainment and training services to offshore industries. Total transaction value was £6.3 million and the Limited Partnership's contribution was £2.5 million.

Monument Securities

Monument Securities is a global equity, derivatives and fixed income broker with an 18 year history. The company provides services to institutions, fund managers, market professionals, corporations and hedge funds. The total transaction value was £5.5 million. The Limited Partnership has a 51 per cent. interest in Monument Securities and its contribution is £2.8 million.

The investments are currently held at cost in the Limited Partnership as they were all acquired within 12 months of 31 December 2008. The Investment Adviser to the Limited Partnership completed a fair value analysis at the year end and appointed a third party to review the fair value analysis. The results of this process confirmed that there had been no deterioration in value.

Mezzanine financing investments

Headland Media Limited

During 2008, the Limited Partnership acquired Headland Media Limited and two further bolt-on acquisitions for a total transaction value of £6.3 million. The consideration was satisfied by a vendor loan note for £725,000 and £5.6 million in cash. The cash element comprised £3.1 million of debt finance, in the form of a secured mezzanine instrument from the Company. The instrument carries a fixed interest rate of 12 per cent.

Host Europe Corporation Limited and Cologne Data Centre (Bermuda) Limited

On 2 April 2008, the Limited Partnership acquired Host Europe Corporation Limited ("Host Europe") a UK market leader in domain name registration, one of the UK's largest shared hosting provider and a leading provider of standardised managed hosting in Germany. Host Europe also includes Vialtus Solutions, a provider of complex managed hosting services to the UK corporate and SME market and a small data centre based in Germany. Subsequently Host Europe acquired Domain Parking, a small bolt-on acquisition. The total transaction value, including bank and third party financing was £128 million. The Company provided debt finance of £19.4 million, in the form of a secured mezzanine instrument.

NOTES TO THE FINANCIAL STATEMENTS

continued

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007
(Expressed in British Pounds)

7. Investments continued

The instrument carries a fixed interest rate of 15.25 per cent. maturing on the earlier of 31 December 2015 or the date of sale or IPO of Host Europe Corporation Limited. Included within this deal, the Company provided debt finance of £2.6 million to Cologne Data Centre (Bermuda) Limited which has a subsidiary in Cologne that houses a data centre. This instrument carries a fixed interest rate of 15.25 per cent. maturing 3 April 2015.

8. Capital commitment

During 2008, the Company made an additional commitment of €10 million to the Limited Partnership taking the total capital commitment up to €150 million. The Limited Partnership may draw upon the capital commitment at any time subject to two weeks' notice on an as needed basis. During the year, capital in the amount of €47.55 million was called by the Limited Partnership. As at 31 December 2008, the amount of capital commitment available to be called was €98.25 million.

9. Share capital and warrants

(a) Share capital

The authorised share capital of the Company on incorporation was \$1,000 divided into 1,000 shares par value \$1.00 each. On incorporation, one ordinary share of par value \$1.00 was issued to Codan Trust Company Limited (the "Initial Subscriber"). The currency denomination of the Company's authorised share capital was subsequently changed from US Dollars to Euros, the shares were subdivided and the authorised share capital increased to €2,500,000 divided into 250,000,000 shares of par value €0.01 each. The currency denomination of the Company's authorised share capital was further changed from Euros to British Pounds, the shares were consolidated, divided and redenominated and the authorised share capital increased to £2,000,000 divided into 200,000,000 shares of par value 1 pence each. After the consolidation, division and redenomination the Initial subscriber was the registered shareholder of one Ordinary Share of par value 1 pence. This Ordinary Share was made available, under the terms of the Placing (see Note 1). The Placing Price of £1.00 per Ordinary Share represented a premium of 99 pence to the nominal value of an Ordinary Share issued under the Placing.

The Placing of the Company's Shares was fully subscribed, so that immediately after the Placing, the authorised share capital of the Company consisted of 200,000,000 Ordinary Shares and the issued share capital of the Company of 100,000,000 Ordinary Shares.

(b) Warrants

50,000,000 warrants were issued in conjunction with the subscription of Ordinary Shares at a ratio of one warrant for every two shares. Each warrant confers on the holder the right to purchase one fully paid Ordinary Share at an exercise price of £1.30 as adjusted in accordance with Condition 2.3 of the AIM Admission Document. Warrants may be exercised at the option of the holder at any time prior to the close of business on AIM of the third anniversary of the date of admission of the Company warrants to AIM (see Note 1).

As the price of the Ordinary Shares as at 31 December 2008 was below the exercise price of the warrants, there was no dilution in the net asset value and loss per share.

(c) Share repurchase

On 2 October 2008, the Board of Directors authorised a repurchase programme of 7,589,000 shares. Under the tender offer, the Company repurchased 7,589,000 shares for £4,576,316 at a price per share of 60 pence per share and hold them in treasury. All of the rights of the treasury shares have been suspended (including economic participation, voting and dividend distribution rights). The Company also holds 1,250,000 warrants in treasury.

NOTES TO THE FINANCIAL STATEMENTS

continued

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007
(Expressed in British Pounds)

9. Share capital and warrants continued

Shares of common stock and warrants outstanding are:

	<i>Common stock</i>	<i>Warrants</i>
Balance as at 1 January 2008	100,000,000	50,000,000
Issued	—	—
Repurchased	7,589,000	1,250,000
	92,411,000	48,750,000
Balance as at 31 December 2008	92,411,000	48,750,000

10. Related parties

Certain Directors of the Company are also Directors and shareholders of Oakley Capital (Bermuda) Limited, Palmer Capital Associates (International) Limited and Mayflower Management Services (Bermuda) Limited; entities which provide services to and receive compensation from the Company.

Certain Directors of the Company are also Directors of Oakley Capital GP Limited, the General Partner of the Limited Partnership.

11. Taxation

Under current Bermuda law the Company is not required to pay any taxes in Bermuda or either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of such taxes being imposed, the Company will be exempt from such taxation at least until the year 2016.

Effective from 1 January 2008, the Company adopted FASB Interpretation No.48 *Accounting for Uncertainty in Income Taxes*. There has been no significant impact on the Company's financial statements as a result of adopting this interpretation.

12. Subsequent events

On 9 March 2009 a secondary placing took place whereby the Company issued 28,125,000 shares, which were sold at a price of 64 pence per share raising £18 million from new and existing investors. An additional commitment of €17 million was made into the Limited Partnership on 20 March 2009. If these shares had been issued on 31 December 2008, the cash received, and €17 million committed, the NAV per share of the Company would be 0.97.

NOTES TO THE FINANCIAL STATEMENTS

continued

Year ended 31 December 2008 and Period from 28 June 2007 (date of incorporation) to 31 December 2007
(Expressed in British Pounds)

13. Financial highlights

	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>
Per share operating performance		
Net asset value per share, at start of year/date of subscription	0.99	1.00
Gain/(loss) from investment operations		
Net investment income	0.06	(0.03)
Net realised and unrealised gain on investments and foreign exchange	—	0.02
	0.06	(0.01)
Total from investment operations		
Repurchase of shares	0.03	—
	1.08	0.99
Net asset value per share, end of year/period		
	1.08	0.99
Total return for year/period ¹	<i>Percentage</i>	<i>Percentage</i>
Total return	5.01	(0.57)
	5.01	(0.57)
Ratio of expenses to average net assets ^{1,2}		
Operating expenses	0.44	4.91
	0.44	4.91
Ratio of net investment income to average net assets ^{1,2}		
Net investment income (loss)	5.01	(2.79)
	5.01	(2.79)

¹ Not annualised for periods less than or greater than a year

² Expenses include interest expenses of: 2008 £19,875; 2007 £141

NOTICE OF ANNUAL GENERAL MEETING

OAKLEY CAPITAL INVESTMENTS LIMITED

(the "Company")

NOTICE is hereby given that the 2009 Annual General Meeting of the members of the Company will be held at 11 Harbour Road, Paget PG01, Bermuda on:

13 July 2009 at 11.00 a.m. (Bermuda time)

AGENDA

1. To elect a Chairman, if necessary.
2. To read the Notice convening the meeting.
3. To lay before the Members of the Company's audited report and accounts for the financial year ended 31 December 2008.
4. To re-appoint KPMG of Crown House, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda as auditors for the ensuing year, and to authorise the Directors to fix their remuneration.
5. To note the retirement by rotation as Directors of the Company of James Keyes and Chris Wetherhill at the Meeting in accordance with Bye-law 105 of the Company's Bye-laws.
6. To:
 - (a) determine the minimum and maximum number of Directors as not less than two (2) and not more than twelve (12);
 - (b) re-elect the following persons as Directors of the Company so to serve until the next Annual General Meeting or until their respective successors are elected or appointed;

Peter Dubens
James Keyes
Laurence Blackall
Christopher Wetherhill
Tina Burns
Ian Pilgrim
 - (c) authorise the Directors from time to time to fill any vacancies on the Board; and
 - (d) confer general authority on the Directors to appoint Alternate Directors.

26 May 2009

BY ORDER of the Directors

Mayflower Management Services (Bermuda) Limited
Secretary

