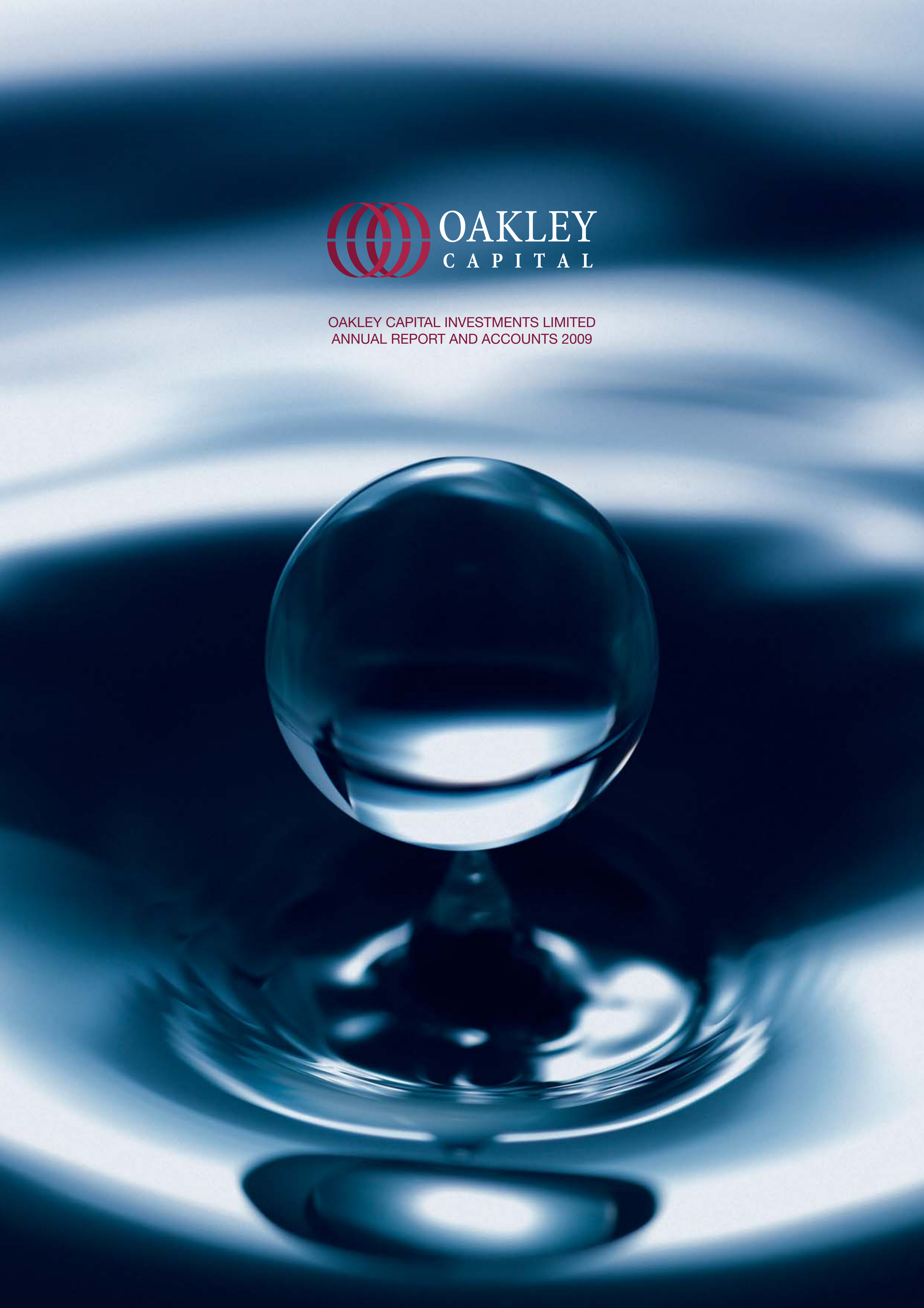
OAKLEY CAPITAL

OAKLEY CAPITAL INVESTMENTS LIMITED
ANNUAL REPORT AND ACCOUNTS 2009



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Financial Highlights

FINANCIAL HIGHLIGHTS

- NET ASSET VALUE OF £1.41 PER SHARE AT 31 DECEMBER 2009
  – UP FROM £1.08 LAST YEAR, AN INCREASE OF 31%
  – AHEAD OF ANALYST'S EXPECTATIONS

- IMPROVED EBITDA IN THE PORTFOLIO COMPANIES ADDS £52 MILLION TO NAV IN THE YEAR, OUT OF A TOTAL INCREASE OF £80 MILLION

- ACQUISITION BY THE LIMITED PARTNERSHIP OF 51% OF VERIVOX HOLDINGS LIMITED, ONE OF EUROPE'S LARGEST INDEPENDENT ONLINE CONSUMER PRICE COMPARISON BUSINESSES

"The Company enjoyed a steep rise in its net asset value in the year"

CHAIRMAN'S STATEMENT

I am pleased to report strong results for the Company in 2009, led by a 31% increase in the Company's net asset value per share. This has been driven primarily by operational performance improvements in the portfolio companies of Oakley Capital Private Equity L.P. (the "Limited Partnership").

The Limited Partnership throughout 2009 has been driving operational improvements within its portfolio companies, significantly increasing EBITDA, the success of which is reflected in the steep increase in the value of its portfolio. As well as the strong performance in the underlying portfolio companies, the low level of leverage in those businesses has meant that the Limited Partnership has been positioned to weather difficult market conditions.

During 2009, the Limited Partnership completed a successful partial exit: selling Vialtus Solutions to Daisy Group plc ("Daisy"), a company listed on the AIM market of the London Stock Exchange, generating £13 million in cash and a further £29 million in Daisy shares. The Limited Partnership holds 14% of the share capital of Daisy. Also in 2009, the Limited Partnership acquired a 51% interest in Verivox, one of Europe's leading on-line energy price comparison businesses.

As a result of a strong trading performance in 2009, both Host Europe and Headland Media, two of the Limited Partnership's portfolio companies, successfully refinanced, increasing the amount of their senior debt. The refinancing, together with cash generated from operations, enabled these companies to repay £9 million of their mezzanine loans to the Company.

During the course of 2009 the Limited Partnership's Investment Adviser spent time building solid relationships with a number of banking partners thereby laying the foundations for future investment opportunities. A large number of private companies are now directly or indirectly owned by the banks and the Investment Adviser works with its partner banks to provide financial and operational restructuring solutions on behalf of the Limited Partnership.

The Company has provided loans directly to a number of the Limited Partnership's portfolio companies, generally in the form of mezzanine finance. This has allowed uncalled cash to continue to work for the Company generating a positive return for investors.

PERFORMANCE

The Company enjoyed a steep rise in its net asset value in the year, increasing by £80 million to £180 million as at 31 December 2009. Of this increase, £52 million represents an unrealised gain arising in the Company's investment in the Limited Partnership and £25 million arose as a result of the issue of shares.

Of the total net asset value of £180 million, £133 million represents investments made by the Company into the Limited Partnership and directly to portfolio companies. The Limited Partnership had total commitments of €283 million at 31 December 2009 of which the Company's commitment was €187 million or 66% of the total amount raised; 34.5% of commitments have been drawn down. The Limited Partnership closed with total commitments of €288 million of which the Company's commitment was 65.0%.

Whilst the Company does not generally invest directly in the Limited Partnership's portfolio companies, it is possible to "see through" the Limited Partnership to understand the impact of the performance of those portfolio companies on the investment value attributed to the Limited Partnership in the Company.

All five of the portfolio company investments have seen an increase in their fair value both from inception and within the year, approximately 66% of which gets reflected in the Company (through its investment in the Limited Partnership). Fair values as at 31 December 2009 have been established in accordance with The International Private Equity and Venture Capital Valuation Guidelines by an independent third party valuer appointed by the Limited Partnership's Investment Adviser.

The Limited Partnership's largest portfolio company, Host Europe Corporation Limited ("Host Europe") has contributed an unrealised gain of £28 million to investment value in the year, driven by impressive improvements in the operating performance of the business and a higher rating. The valuation has been established using a combination of EV/EBITDA multiples for comparative public companies and discounted cash flow. In this case, a prudent multiple has been selected between the lower quartile and mean of the guideline group of companies.

The Limited Partnership's investment in Daisy, which is held within Host Europe, was acquired at the time that Vialtus Solutions, a division of Host Europe, was sold to Daisy. At 31 December 2009 the Daisy share price was 96.7p and this, less a discount to reflect a lock-in prohibiting the transfer or disposal of the shares before September 2010, provides an unrealised gain of £21 million from this investment.

A 51% interest in Verivox Holdings Limited ("Verivox") was acquired by the Limited Partnership on 4 December 2009. There has been an unrealised gain in Verivox of which £8.2 million is attributable to the Company. This arises from a combination of; acquiring the business on an attractive multiple; and, a strong trading performance by Verivox in the fourth quarter of 2009, which has continued in the first quarter of 2010. The Investment Adviser is satisfied that the re-rating is justified given that the EV/EBITA multiple adopted was that of the lowest amongst the group of comparative public companies.

In addition to its investments in the Limited Partnership, the Company has provided debt finance directly to a number of the Limited Partnership's portfolio companies. These typically take the form of secured mezzanine loans with fixed interest rates in the range 12.5% to 15.25%. At the end of 2009, the Company had loans outstanding with the portfolio companies of £28.5 million (2008: £25.1 million).

The increase in net asset value is reflected in an improvement in net asset value per share, of 33p over the 12 month period to £1.41.

The Company held cash and cash equivalents of £46.5 million at 31 December 2009.

INVESTMENTS

On 9 March 2009, the Company issued 28,125,000 shares at a price of 64p per share raising £18 million in a private placing. Of these proceeds, an additional €17 million was committed to the Limited Partnership.

On 11 September 2009, a further €20 million was committed to the Limited Partnership.

On 21 October 2009, an additional placing took place whereby the Company re-issued from treasury at a price of 94p per share the 7,589,000 shares previously repurchased at a price of 60p per share raising over £7 million and generating a capital gain of £2.5 million.

The Limited Partnership undertook two transactions in the year: selling Vialtus Solutions to Daisy in July; and acquiring a 51% interest in Verivox in December.

Vialtus Solutions was a division of Host Europe at the time this group was acquired by the Limited Partnership in April 2008. In July 2009, Host Europe sold Vialtus Solutions to Freedom4 Group plc ("Freedom4") for a total consideration of £42 million of which £29 million was received by Host Europe in the form of Freedom4 shares. Shortly thereafter Daisy reversed into Freedom4 changing the name of the AIM company to Daisy Group plc. Daisy's shares were subsequently readmitted to AIM on 3 August 2009. Daisy is a leading provider of integrated voice and data services to small and medium sized businesses providing customers with access to a combined product set from a single platform. The Limited Partnership owns 36,250,000 shares, representing approximately 14% of the share capital of Daisy.

As at 31 December 2009, Daisy had a market capitalisation of £255 million.

On 4 December 2009 the Limited Partnership acquired 51% of Verivox, Germany's largest independent online consumer energy price comparison service for £17 million. The consideration was funded using a combination of equity and debt. The recent deregulation in the German gas and electricity markets should have a favourable impact on the business as German household switching rates are currently around 4% per annum compared to 20% in the UK.

OUTLOOK

The Limited Partnership's Investment Adviser will continue to source opportunities from its own network of contacts including corporates looking to divest non-core assets, accountants, corporate finance practitioners, industry sources, lawyers and banks seeking to restructure underperforming assets. The particular focus, to which significant effort was dedicated in 2009, is to continue to build its relationships in the banking sector as the source for a pipeline of good quality investment opportunities. The Limited Partnership's focus continues to be on the turnaround of underperforming assets in consolidating or growth industries or within sectors which are subject to structural change.

The strong operational performance in 2009 and the low levels of leverage in the portfolio companies has positioned the Company well for the future. The market recovery in the last two quarters together with the significant amounts of available capital held by both corporate entities and private equity funds should provide a positive backdrop for the Limited Partnership in 2010. The Investment Adviser has completed due diligence on a significant number of potential transactions since the Limited Partnership launched in 2007, beyond the nine transactions, including follow on transactions, that have been completed to date. The Investment Adviser is currently working on a number of new transactions, which they anticipate will result in further investment during the second half of 2010.

James Keyes
Chairman
20 April 2010

Manager's Report

MANAGER'S REPORT

THE COMPANY AND THE LIMITED PARTNERSHIP

The Company provides investors with exposure to Oakley Capital Private Equity L.P. ("the Limited Partnership"), an unlisted UK and European mid-market private equity fund with the aim of providing investors with significant long term capital appreciation.

Oakley Capital (Bermuda) Limited (the "Manager"), a Bermudian company, has been appointed manager to the Company and the Limited Partnership. The Manager has appointed Oakley Capital Limited (the "Investment Adviser") as the 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 Limited Partnership's investment strategy is to focus on buy-out opportunities in industries with the potential for growth, consolidation and performance improvement. The Limited Partnership seeks to invest in companies with scale in their industry subsectors, thereby creating a sustainable earnings stream which should command a premium on exit.

The Limited Partnership looks to acquire a controlling interest in companies with an enterprise value of between £20 million and £150 million, though companies with a lower enterprise value are considered where the Manager believes that anticipated returns justify the investment. The Limited Partnership aims to deliver in excess of 25% gross internal rate of return (IRR) per annum on investments. The life of the Limited Partnership is expected to be approximately 10 years, which includes a five year investment period.

MARKET BACKGROUND

The impact of the economic downturn continued to be felt in 2009 with major parts of Europe suffering from sustained periods of recession. The Investment Adviser therefore remained cautious in its review and analysis of new investment opportunities. In previous recessions, where higher interest rates prevailed, companies were forced to restructure earlier than in the current recessionary environment. It is against this backdrop that banks have been able to nurse businesses along. However, as bank balance sheets improve, it appears that the banking sector has started to tackle the distressed businesses within their portfolios. Further, it seems that private sellers have been delaying the disposal of their companies, in anticipation of obtaining higher prices when the general economic situation improves.

In the difficult market conditions of the first two quarters of 2009, the primary focus of the Investment Adviser was directed towards driving operational improvements in the portfolio companies and even in these testing market conditions, the trading performance of the underlying portfolio companies has improved considerably. As market conditions improved in the second half of the year the Limited Partnership acquired a 51% interest in Verivox and the portfolio companies made two further acquisitions.

Conditions in 2010 appear more conducive both for the sourcing of new investments and for potential disposals by the Limited Partnership.

FINANCIAL HIGHLIGHTS

Assets at:	31.12.07	31.12.08	31.12.09	% change 09/07
Net assets (£m)	99.4	99.9	180.1	81%
Net assets per share (£)	0.99	1.08	1.41	42%
Share price (mid-market) (p)	101.6	63.5	95.0	(6%)
FTSE All-Share Index	3,287.0	2,209.0	2,751.0	(16%)
FTSE Small-Cap Index	3,418.0	1,854.0	2,777.0	(19%)
Operational performance				
Increase in net assets resulting from operations (£m)	(0.6)	5.1	55.0	
Net gain per share (£)	(0.01)	0.06	0.47	

ANALYSIS OF MOVEMENTS IN NET ASSET VALUE FOR THE YEAR ENDED 31 DECEMBER 2009

	£m
Opening net asset value as at 1 January 2009	99.9
Gross revenue	4.4
Other expenditure	(1.7)
Net unrealised appreciation of investments (excluding accrued interest)	52.4
Proceeds on issue of shares	18.0
Sale of treasury shares	7.1
Closing net asset value as at 31 December 2009	180.1

PERFORMANCE

The Company's net asset value increased substantially in the year from £99.9 million to £180.1 million, an increase of £80.2 million. The largest contributor to the increase arose from the revaluation of the Company's investments to fair value which gave rise to an unrealised gain of £52.4 million. The Manager follows The International Private Equity and Venture Capital Valuation Guidelines in establishing fair value. The Limited Partnership's Investment Adviser appointed a third party valuer to determine fair value taking account of financial information provided by the Investment Adviser.

In considering valuation, the Limited Partnership's Investment Adviser used a combination of the market approach and the income approach, with a significant bias in favour of the market method. This approach ascribes a value to a business interest or shareholding by comparing it to similar businesses, using the principle of substitution: that is, that a prudent purchaser would pay no more for an asset than it would cost to acquire a substitute asset with the same utility and income earning potential. In the income approach, an economic benefit stream from the business interest is selected, generally based on historic or forecast cash flows and generally a derivative of profits. The cash flow is then discounted to present value using a risk-adjusted discount rate.

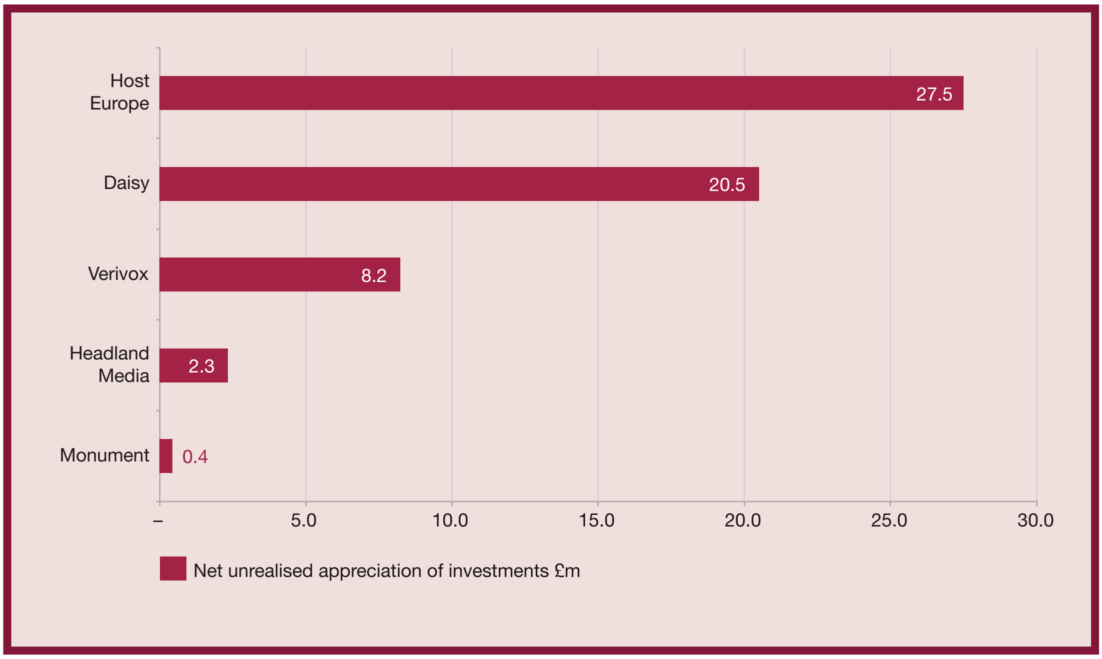
The net asset value at 31 December 2009 is equivalent to £1.41 per share up from £1.08 in 2008, an improvement of £0.33, or 31%. In the same period the Company's share price has moved from £0.64 at 31 December 2008 to £0.95 at 31 December 2009. The disparity between the market capitalisation and net asset value suggests there is scope for upwards movement in the Company's share price.

The primary contributor to the increase in net asset value in the year was the unrealised appreciation in the fair value of the Company's investment in the Limited Partnership. This amounted to £52.4 million and, whilst the largest increase was attributable to the Limited Partnership's largest investment, Host Europe, it is pleasing to note that all of the portfolio companies enjoyed a lift in their fair values in the period.

New ordinary shares were issued raising £18.0 million and an additional £7.1 million arose on the sale of shares held in treasury.

Income fell slightly in the year to £4.4 million from £5.4 million reflecting the repayment of mezzanine debt by Host Europe and Headland Media in the period. New debt finance was provided to Verivox in December 2009, in the form of £7.3 million 15% mezzanine finance and £4.6 million 8.5% senior debt bridge loan, but, given the timing, this had little influence on income in the year.

UNREALISED MOVEMENTS IN INVESTMENT PORTFOLIO VALUATION FOR THE YEAR ENDING 31 DECEMBER 2009



As shown in the above chart, the total increase in the year in the investment value of portfolio companies attributable to the Company was £59 million, of which Host Europe contributed 47%. This was driven largely by the continued improvement in the operating performance of the business which continued to enjoy good growth in both its UK and German operations.

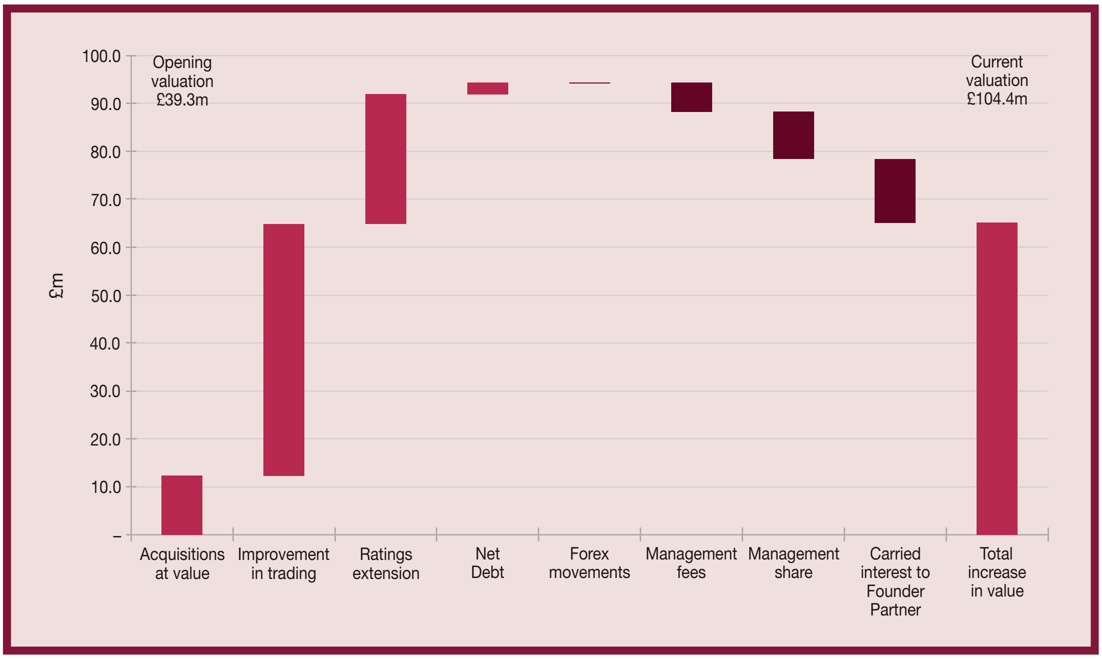
Daisy's fair value was £20.5 million including the improvement in the Daisy share price from £0.80, at the time the shares were acquired (July 2009), to £0.97 (less a discount to reflect a lock-in prohibiting the transfer or disposal of the shares before September 2010) at 31 December 2009.

Verivox has also posted a significant gain, of £8.2 million, even though the business was only acquired in December 2009. The Limited Partnership acquired 49% (of its total holding of 51%) from a seller who was disposing of non-core assets as part of a financial restructuring. The additional 2% was acquired from the founding managers who retain 49%. By partnering with management, the Limited Partnership was able to acquire the business at a very attractive multiple, well below average sector trading multiples. In addition to this rating improvement, the business had a fourth quarter trading performance which considerably exceeded expectations.

The Company invested £12 million in cash in the Limited Partnership of which £7 million was onward invested in the portfolio companies. The net of the increase in the value of the investment, of £59 million, less new cash invested gives rise to an unrealised gain on investments of £52.4 million.

The chart on page 13 shows the growth in 2009 of the investment portfolio attributed to its source. The investment in the Limited Partnership grew from £39.3 million at 31 December 2008 to £104.4 million at the end of 2009, an increase of £65.1 million. Trading was the dominant influence on growth which reflects the impact of the overall improvement in the underlying performance of the portfolio businesses on their assessed fair value. Improvements in trading multiples ascribed to the portfolio companies contributed an additional £27 million to growth. The Company invested £12 million in new subscriptions to the Limited Partnership and the portfolio companies reduced their overall debt. On the subtraction side of the growth chart, the performance improvement achieved in the portfolio businesses would, on exit, give rise to a percentage of that improvement being earned by the management teams in those businesses, reflected in a £10 million deduction in the chart. The Manager believes that direct participation by key managers in the portfolio businesses is an essential component in driving performance. In addition, any increase in fair value adds to the founding partner's performance fee accrual, and there is the charge for management fees. The founding partner's performance fee is dependent upon the Limited Partnership achieving a hurdle rate of 8% per annum and is only paid in cash on the successful realisation of an investment.

PORTFOLIO INVESTMENT GROWTH
2009 BY SOURCE



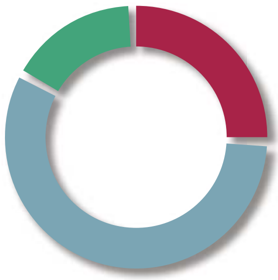
At 31 December 2009 the Company's assets were divided between its investment in the Limited Partnership (58%), cash and cash equivalents (26%) and loans provided directly to portfolio companies (16%). These loans generally take the form of mezzanine finance, ensuring that uncalled cash continues to work for the Company earning a positive return. At 31 December 2009, the total value of loans outstanding was £28.5 million (2008: £25.1 million). The cash segment in the chart analysing assets by portfolio investment includes cash held by the Limited Partnership.

Geographically, the portfolio is divided between the UK and Germany with 63% of value residing in the UK.

The distribution of the portfolio by sector remains heavily skewed towards web hosting because of the dominant influence of Host Europe on total values. Host Europe occupies the fast growing web hosting and domain name registration space within the technology sector. This area has defensive qualities as websites tend to be near the bottom of any list of cuts should a business find itself in trouble. On top of this, there are high barriers to entry in the form of very costly infrastructure and challenging power requirements. Daisy provided interest in the telecom's sector and the acquisition of Verivox has diversified the portfolio into consumer services. Headland Media and Monument add further limited diversification but with future potential.

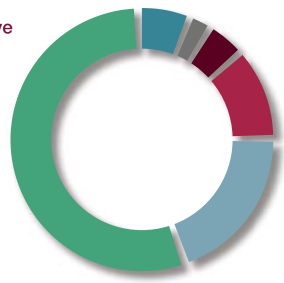
Asset types

- 26% Cash
- 58% Limited Partnership
- 16% Loan finance



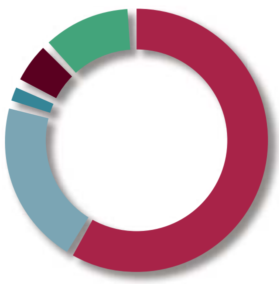
Split of investment in Limited Partnership above

- 6% Cash & other net assets
- 2% Monument
- 4% Headland
- 11% Verivox
- 20% Daisy
- 57% Host Europe



Portfolio by sector

- 61% Technology
- 21% Telecoms
- 2% Financial services
- 5% Digital media
- 11% Consumer services



Directors' Report

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, of 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 (MA 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. James is a resident of Bermuda.

TINA BURNS

Tina Burns is a Certified Public Accountant providing consulting services to Schroders Private Equity Services ("Schroders") in Bermuda. Prior to consulting with Schroders, 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. Peter is a United Kingdom resident.

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. He has an MA in marketing and currently holds a number of directorships in public and private UK companies. Laurence is a United Kingdom 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. (now Wakefield Quin) 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 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 and David Till (who are both Directors of the Investment Adviser) 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 to AIM. 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

Christopher Wetherhill is the beneficial owner of 70,000 shares of the Company, otherwise 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' REMUNERATION

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

James Keyes	£14,251
Tina Burns	£14,251
Peter Dubens	£nil
Laurence Blackall	£14,251
Ian Pilgrim	£14,251
Christopher Wetherhill	£14,251

The above fees do not include reimbursed expenses.

SUBSTANTIAL SHAREHOLDINGS

As at 12 April 2010, the Company has been notified by the following that they have a disclosable beneficial interest in 3% or more of the issued ordinary share capital of the Company:

AS A PERCENTAGE OF VOTING RIGHTS

Invesco	29.90%
Schroders plc	13.75%
Gartmore Investment Limited	13.00%
Blackrock Inc	8.30%
GAM International Management Limited	6.97%
Lloyds Banking Group Plc	6.41%
Cazenove Capital Management Limited	4.93%
Fidelity International Limited	4.88%
GAM UK Hedge Investments Limited	3.07%

"A portfolio of carefully selected investments"

REVIEW OF INVESTMENTS

SUMMARY

Assets at fair value	2009 £m	2008 £m
Investment in Limited Partnership	104.4	39.3
Mezzanine loans:		
Host Europe	16.9	22.0
Verivox	7.1	–
Headland Media[1]	–	3.1
Bridging loan:		
Verivox	4.4	–
Total investments	132.9	64.4

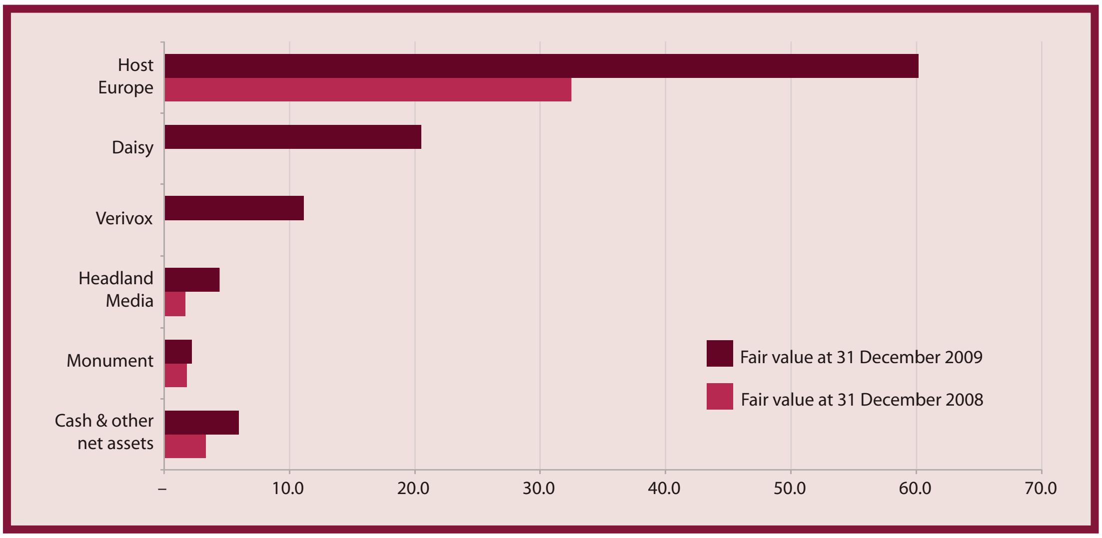
[1]Repaid to the Company in 2009

The Company invests principally in 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.

By 31 December 2009, the Company had invested a total of £52.6 million in the Limited Partnership since inception. This investment together with the Limited Partnership's own cash resources were invested in portfolio companies such that the investment by the Company represents approximately 66% of the total amount invested. The above chart shows the values attributed to the Company by virtue of its indirect holding through the Limited Partnership of its interest in the portfolio businesses. At 31 December 2009, the Limited Partnership's Investment Adviser appointed a third party valuer to determine fair value taking account of financial information provided by the Investment Adviser. As a result of this assessment, the fair value of investments made in the Limited Partnership at 31 December 2009 stands at £104.4 million, a factor of 1.98 x cost. This also represents an increase over 2008 of £65.1 million.

In addition to its investments in the Limited Partnership, the Company has provided loans directly to two portfolio companies. At 31 December 2009, the Company had outstanding mezzanine finance provided to Host Europe of £16.9 million carrying an interest rate of 15.25% and with a maturity date of December 2015, but repayable at any time before this date. Verivox also had a mezzanine loan from the Company of £7.3 million with a fixed interest rate of 15% and maturing no later than December 2019. Verivox also had a senior debt finance bridge loan of £6.0 million of which £4.6 million was drawn at the year end. This carries an interest rate of 8.5% maturing no later than December 2012. The mezzanine finance outstanding with Headland Media at the end of 2008 was repaid in the year from the proceeds of a refinancing with senior debt.

GROWTH IN FAIR VALUE OF INVESTMENTS THROUGH THE LIMITED PARTNERSHIP



Sector: Technology

Location: United Kingdom

Investment date: 2 April 2008

Website: www.hosteurope.com

BUSINESS OVERVIEW

On 21 July 2009, Host Europe sold Vialtus Solutions to Daisy. This transaction is more fully described under Review of Investments – Daisy. Following the disposal of Vialtus Solutions, Host Europe is now focussed solely on web hosting and comprises two businesses operating in the UK and Germany. The UK business is conducted through two brands; 123reg, the UK market leader for domain name registration; and Webfusion, the UK's second largest shared hosting provider. In Germany, Hosteurope.de is the market leader in standardised managed hosting.

The web hosting market has grown strongly driven by the increase in broadband usage, faster internet connections and the rising proliferation of multimedia content. The hosting industry has high barriers to entry requiring costly infrastructure and demanding power supplies.

BUSINESS UPDATE

Host Europe continues to perform strongly driven by market growth, market share gains and productivity improvements.

On 11 September 2009, Host Europe completed a refinancing of its senior debt facility, raising an additional £12.5 million. This, together with £13 million received from Daisy as part of the consideration for Vialtus Solutions and cash generated by operations, allowed Host Europe to repay the £17.5 million vendor loan note issued to part finance the acquisition of the group and to repay a portion of the mezzanine debt. The refinancing has reduced Host Europe's cost of capital.

On 11 December 2009, Webfusion acquired the assets of XCalibre, a web hosting and virtualisation business for consideration of £2.5 million, £1.0 million of which was deferred and is subject to an earn-out. This was funded from Host Europe's internal resources.

PERFORMANCE

Host Europe performed very strongly in 2009, exceeding both its revenue and EBITDA targets. The fair value of the Company's interest in Host Europe through its investment in the Limited Partnership has risen by £28 million in the year driven primarily by this underlying performance.

HOST EUROPE

Company value at acquisition	Total equity held	Fair value of the Company's interest
£128m	83%	£77m

Sector:
Telecoms

Location:
United Kingdom

Investment date:
21 July 2009

Website:
www.daisyplc.com

TRANSACTION DETAILS

On 21 July 2009, Host Europe sold Vialtus Solutions, one of Host Europe's three operating divisions, for £42 million to Freedom4 Group plc ("Freedom4"). The same day, following a reverse takeover, Freedom4 was renamed Daisy Group plc ("Daisy"). In consideration for the disposal of Vialtus Solutions, Host Europe received £13 million of cash and £29 million of ordinary shares in Daisy. As at 21 July, 2009 Host Europe held 36,250,000 Daisy ordinary shares with a share price of £0.80 per share at the previous day's close. Daisy is listed on AIM.

BUSINESS OVERVIEW

Daisy is a leading provider of integrated voice and data services to small and medium sized businesses providing customers with access to a combined product set from a single platform.

Daisy's strategic objective is to consolidate the fragmented mid-market telecommunications sector with the aim of building a business of considerable scale. Following the acquisition of Vialtus Solutions, Daisy had completed three further acquisitions by 31 December 2009; the trading assets of AT Communications plc; the trading assets of Eurotel Limited; and the telecommunications division of Redstone plc.

In 2010, Daisy has completed two more acquisitions; Managed Communications Limited; and BNS Telecom plc. The aggregate historic annual revenues and EBITDA for these two businesses were £41 million and £4.8 million respectively.

The Daisy share price on 31 December 2009 was 96.7p and this has been used to establish the fair value of the investment, less a discount to reflect a lock-in prohibiting the disposal or transfer of the shares before September 2010.

In its pre-close trading update made on 19 April, 2010 Daisy announced that "The 15 months ended 31 March 2010 has been a transformational period for Daisy. The Group has completed seven separate acquisitions during the period and has been actively engaged in the integration of these businesses over that time. The results for this financial period are anticipated to be in line with market expectations."

DAISY GROUP PLC

Company value at acquisition	Total equity held	Fair value of the Company's interest
N/A	14%	£20.5m

Sector:
Online consumer

Location:
Germany

Investment date:
4 December 2009

Website:
www.verivox.de

TRANSACTION DETAILS

On 4 December 2009, the Limited Partnership acquired Verivox, Germany's largest independent online consumer energy price comparison site, for £17 million, funded using a combination of debt and preferred equity. 49% of Verivox was acquired from the seller, which was disposing of non-core assets as part of a financial restructuring, and a further 2% was acquired from management, who have retained the remaining 49%.

The Company's investment in Verivox via the Limited Partnership is held in preferred shares. In addition, the Company provided €13.0 million in the form of mezzanine finance and a bridging loan.

In accordance with management performance, at exit, following repayment of the loans and preferred equity, including accrued interest, the economic gain is to be divided between the Limited Partnership and management in the ratio 40.5 : 59.5.

BUSINESS OVERVIEW

Verivox, which has been established 10 years, is Germany's leading energy price comparison website. The company receives commissions from energy suppliers when consumers elect to switch their provider, using the company's website www.verivox.de. Verivox's commission is based on a typical household bill of €700 to €1,300 per annum.

In contrast to the UK energy market, Germany has historically experienced relatively low levels of consumer switching due primarily to the dominance of regional energy providers. However, with recent deregulation of the energy market the level of consumer switching is growing driven by increasing consumer awareness and by increased competition and higher internet penetration. The company currently handles around 2.5 million contract enquiries annually, leading to approximately 600,000 customer switches.

VERIVOX

Company value at acquisition	Total equity held	Fair value of the Company's interest
£17.0m	51%	£22.7m

HeadlandMedia

Sector:
Digital media

Location:
United Kingdom

Investment date:
25 January 2008

Website:
www.headlandmedia.com

BUSINESS OVERVIEW

Headland Media Limited ("Headland Media") is a business-to-business media content provider with offices in the UK, Europe and the US. It is the leading provider of news digest services to the hotel and shipping sectors and is a provider of entertainment and training services to offshore industries and other remote locations.

Headland Media distributes media content to around 6,500 destinations using proprietary channels and has an audience of approximately 20 million listeners and 250,000 readers.

BUSINESS UPDATE

In September 2009, the business acquired Shipboard Video Express Inc, a US based maritime entertainment provider. The acquired business was integrated into the existing Walport entertainment business in quarter 4 2009 and therefore has been rebranded "Walport USA".

In December 2009, the Headland Media refinanced its mezzanine debt facility of £3.1 million provided by the Company with a senior bank facility, thereby significantly lowering its cost of borrowing.

PERFORMANCE

The trading performance in 2009 was strong with both revenues and EBITDA in line with expectations and ahead of the previous year.

HEADLAND MEDIA

Company value at acquisition	Total equity held	Fair value of the Company's interest
£6.3m	80%	£4.4m

MONUMENT
SECURITIES LTD

Sector:
Financial services

Location:
United Kingdom

Investment date:
31 March 2008

Website:
www.monumentsecurities.com

BUSINESS OVERVIEW

Monument Securities Limited ("Monument") is an independent 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 and the International Capital Markets Association and is regulated by the Financial Services Authority.

BUSINESS UPDATE

The Limited Partnership's ownership of Monument has coincided with difficult economic and market conditions. Equity trading volumes remained low throughout 2009 and this has been reflected in brokering commissions which ended the year lower than in previous years. Monument's performance given such adverse market conditions was considered good and with a strong balance sheet supports a slight increase in the Company's interest in Monument measured at fair value.

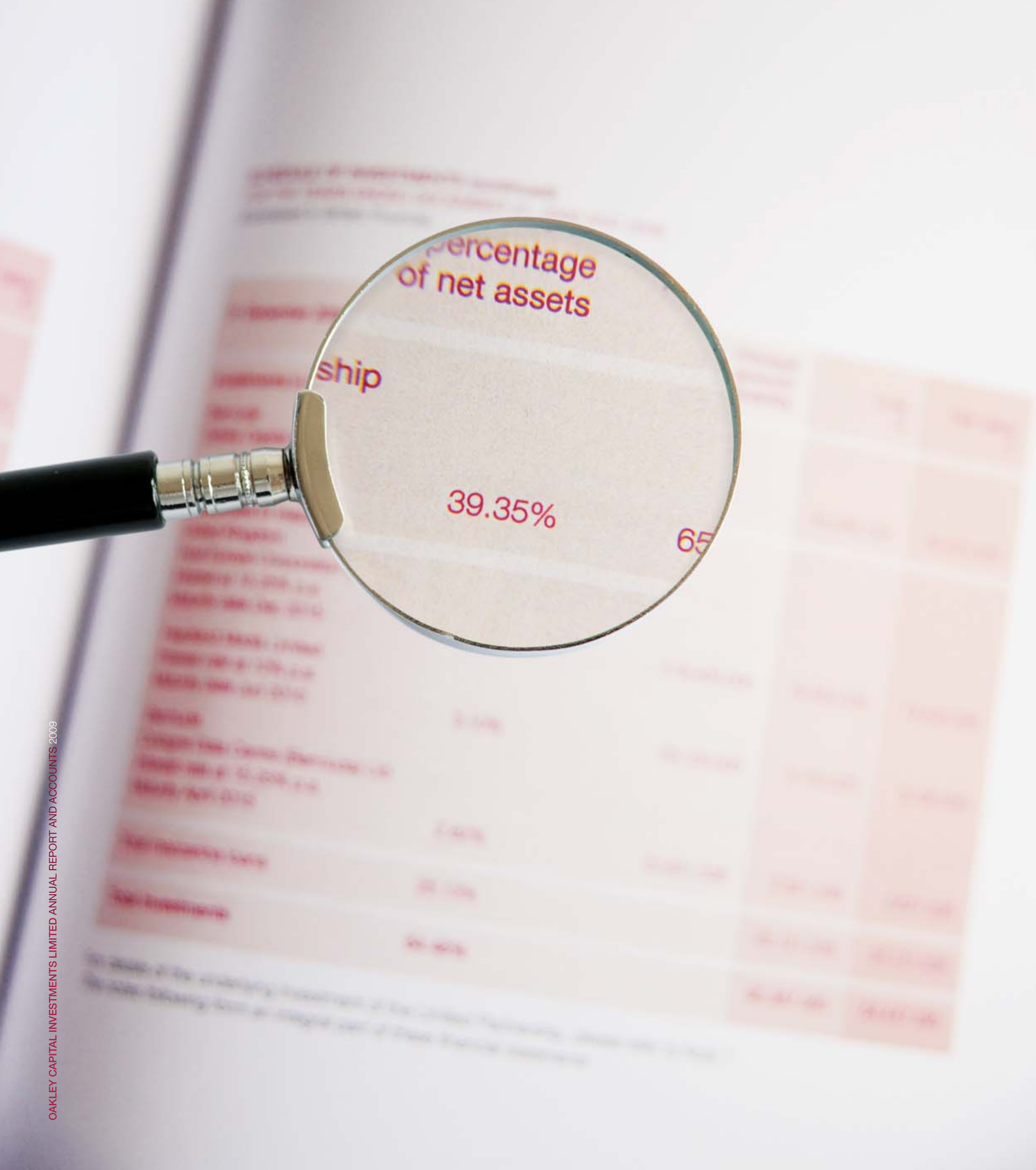
PERFORMANCE

Even with the low volumes in Monument's markets, the company remained profitable, albeit at lower levels than in 2008. The business has no leverage and has a significant amount of cash on its balance sheet and their management is confident of an improved performance in 2010.

MONUMENT SECURITIES

Company value at acquisition	Total equity held	Fair value of the Company's interest
£5.5m	51%	£2.2m

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

to the Board of Directors and Shareholders of Oakley Capital Investments Limited

We have audited the accompanying statements of assets and liabilities, including the schedule of investments, of Oakley Capital Investments Limited (the "Company") as of 31 December 2009 and 2008 and the related statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of 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 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 2009 and 2008, and the results of its operations, changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG
Chartered Accountants
Hamilton, Bermuda
20 April 2010

Financial Statements

FINANCIAL STATEMENTS

STATEMENTS OF ASSETS AND LIABILITIES
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(Expressed in British Pounds)

	notes	2009 £	2008 £
Assets			
Investments (Cost 2009: £81,356,297; 2008: £65,387,060)	5, 7	132,883,058	64,447,295
Cash and cash equivalents	3	46,511,535	32,893,846
Accrued interest receivable		781,118	2,630,494
Other receivables		41,394	20,280
Total assets		180,217,105	99,991,915
Liabilities			
Accounts payable and accrued expenses	6	106,747	52,598
Total liabilities		106,747	52,598
Net assets attributable to shares		180,110,358	99,939,317
Represented by:			
Share capital		1,281,250	924,110
Share premium		119,276,094	94,499,575
Retained earnings		59,553,014	4,515,632
		180,110,358	99,939,317
Number of shares outstanding	9	128,125,000	92,411,000
Net asset value per share		**1.41**	**1.08**

These financial statements were approved and authorised for issue by the Board on 20 April 2010 and signed on its behalf by Ian Pilgrim and Tina Burns.

The notes following form an integral part of these financial statements

SCHEDULE OF INVESTMENTS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(Expressed in British Pounds)

31 December 2009	Fair value as a percentage of net assets	Percentage interest	Principal amount/ Quantity	Cost £	Fair value £
Investments in Limited Partnership					
Bermuda					
Oakley Capital Private Equity LP	57.98%	66.05%	–	52,607,753	104,432,214
Unquoted debt securities					
Investment in mezzanine loans					
United Kingdom					
Host Europe Corporation Limited					
Interest at 15.25% p.a.					
Maturity date Dec 2015	9.39%	–	£16,905,544	16,905,544	16,905,544
Bermuda					
VVX (Bermuda) Limited					
Interest rate at 15% p.a.					
Maturity date December 2019	3.94%	–	€8,000,000	7,288,000	7,104,800
Total mezzanine loans	13.33%	–	–	24,193,544	24,010,344
Investment in bridge loans					
Bermuda					
VVX (Bermuda) Limited.					
Interest rate at 8.5% p.a.					
Maturity date December 2012	2.47%	–	€5,000,000	4,555,000	4,440,500
Total investments	**73.78%**			**81,356,297**	**132,883,058**

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

The notes following form an integral part of these financial statements

SCHEDULE OF INVESTMENTS (continued)
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(Expressed in British Pounds)

31 December 2008	Fair value as a percentage of net assets	Percentage interest	Principal amount/ Quantity	Cost £	Fair value £
Investments in Limited Partnership					
Bermuda					
Oakley Capital Private Equity LP	39.35%	65.20%	–	40,265,724	39,325,959
Unquoted debt securities					
Investment in mezzanine loans					
United Kingdom					
Host Europe Corporation Limited					
Interest at 15.25% p.a.					
Maturity date Dec 2015	19.41%	–	£19,400,000	19,400,000	19,400,000
Headland Media Limited					
Interest rate at 12% p.a.					
Maturity date Jun 2010	3.10%	–	£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	2.62%	–	£2,621,336	2,621,336	2,621,336
Total mezzanine loans	25.13%	–	–	25,121,336	25,121,336
Total investments	**64.48%**			**65,387,060**	**64,447,295**

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

The notes following form an integral part of these financial statements

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(Expressed in British Pounds)

	notes	2009 £	2008 £
Investment income			
Interest		4,389,662	5,429,842
Total income		4,389,662	5,429,842
Expenses			
Professional fees	6	970,094	198,852
Performance fees	4	529,441	–
Other		223,733	216,189
Interest		1,677	19,875
Total expenses		1,724,945	434,916
Net investment income		**2,664,717**	**4,994,926**
Realised & unrealised gains (losses) on foreign exchange and investments			
Net realised (losses) gains on foreign exchange		(95,088)	491,648
Net change in unrealised gains/(losses) on foreign exchange		1,226	(6,459)
Net change in unrealised appreciation (depreciation) on investments		52,466,526	(392,349)
Net realised and unrealised gains on foreign exchange and investments		52,372,664	92,840
Net earnings		55,037,381	5,087,766
Net earnings per share		**0.47**	**0.06**

The notes following form an integral part of these financial statements

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(Expressed in British Pounds)

	notes	2009 £	2008 £
Net increase in net assets resulting from operations			
Net investment income		2,664,717	4,994,926
Net realised (losses) gains on foreign exchange		(95,088)	491,648
Net change in unrealised gains (losses) on foreign exchange		1,226	(6,459)
Net change in unrealised appreciation (depreciation) on investments		52,466,526	(392,349)
Net increase in net assets resulting from operations		55,037,381	5,087,766
Capital share transactions	9		
Proceeds on issue of shares		25,133,660	–
Repurchase of shares		–	(4,576,316)
Net increase (decrease) in net assets from capital share transaction		25,133,660	(4,576,316)
Net increase in net assets		80,171,041	511,450
Net assets at beginning of year		99,939,317	99,427,867
Net assets at end of year		**180,110,358**	**99,939,317**

The notes following form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(Expressed in British Pounds)

	2009 £	2008 £
Cash flows from operating activities		
Net increase in net assets resulting from operations	55,037,381	5,087,766
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Net realised and unrealised losses on foreign exchange and investments	(52,372,664)	(92,840)
Payments for purchases of investments	(27,283,560)	(62,461,334)
Proceeds on disposal of investments	11,314,316	–
Change in accrued interest receivable	1,849,376	(2,630,494)
Change in other receivables	(21,114)	283,195
Change in accounts payable and accrued expenses	54,149	(342,950)
Net cash used in operating activities	(11,422,116)	(60,156,657)
Cash flows from capital transactions		
Proceeds on issuance of shares	25,133,660	–
Repayment of cash provided by short term borrowing	–	(12,632)
Paid on repurchase of shares	–	(4,576,316)
Net cash provided by (used in) capital transactions	25,133,660	(4,588,948)
Net effect of foreign exchange gain	(93,855)	485,189
Net increase (decrease) in cash and cash equivalents	13,617,689	(64,260,416)
Cash and cash equivalents at beginning of year	32,893,846	97,154,262
Cash and cash equivalents at end of year	46,511,535	32,893,846
Interest paid during the year	1,677	19,875

The notes following form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

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 LP (the "Limited Partnership"), an exempted limited partnership established in Bermuda on 10 July 2007. The manager is Oakley Capital (Bermuda) Limited (the "Manager") and the investment adviser is Oakley Capital Limited (the "Investment Adviser"). The Company and the general partner of the Limited Partnership have at least one director in common.

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.

Pursuant to Statement of Financial Accounting Standards ("SFAS") No. 168, The Financial Accounting Standards Board ("FASB") Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162, the FASB Accounting Standards Codification ("ASC") became the sole source of authoritative accounting principles generally accepted in the United States of America for interim and annual periods ending after 15 September 2009, except for rules and interpretive releases of the Securities and Exchange Commission ("SEC"), which are sources of authoritative GAAP for SEC registrants. The Company adopted this standard for the year ended 31 December 2009. References to specific accounting standards in the footnotes to the financial statements have been changed to refer to the appropriate section of the ASC.

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 appreciation and depreciation on investments in the Statements of Operations.

The Limited Partnership 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.

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.

Bridge loans

Bridge 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.

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.

The Company is subject to the provisions of the FASB guidance on Fair Value Measurements and Disclosure (originally issued as FAS No. 157 and now referred to as ASC 820). ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America and expands disclosures about fair value measurements. ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active market quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

The hierarchy of inputs is summarised below.

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.

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 Company 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.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 31 December 2009 and 2008 consist of the following:

	2009 £	2008 £
Cash	10,581,913	168,291
Short-term deposits	35,929,622	32,725,555
	46,511,535	32,893,846

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 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 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 2009, there were no management fees payable to the Manager (2008: Nil).

The Manager may also receive a performance fee of 20% of the excess of the amount earned by the Company over and above an 8% 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 2009, there were no performance fees payable to the Manager (2008: Nil).

(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:

Investments in Securities	31 December 2009 £	31 December 2008 £
Quotes prices (Level 1)	–	–
Other significant observable inputs (Level 2)	–	–
Significant unobservable inputs (Level 3)	132,883,058	64,447,295

The instruments comprising investments in securities are disclosed in the schedules of investments.

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 requires significant judgment by the Limited Partnership's 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 Limited Partnership's investment adviser, 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. Bridge 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.

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

	Investment in Securities 2009 £	Investment in Securities 2008 £
Investment in Limited Partnership		
Fair value at beginning of year	39,325,959	2,378,310
Net purchases	12,342,029	37,339,998
Net change in unrealised appreciation (depreciation) on investments	52,764,226	(392,349)
Unquoted equity securities, fair value at end of year	104,432,214	39,325,959
Unquoted debt securities		
Fair value at beginning of year	25,121,336	–
Net purchases	3,627,208	25,121,336
Net change in unrealised depreciation on investments	(297,000)	–
Unquoted debt securities, fair value at end of year	28,450,844	25,121,336
Fair value at end of year	132,883,058	64,447,295

The net change in unrealised appreciation on investments relates to investments held at the respective year end. The investments held by the Limited Partnership are classified as Level 3 investments by the Limited Partnership.

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$5,000 per month. During the year ended 31 December 2009, the Company incurred administration fees of £43,675 (2008: £47,466), which is included in professional fees in the Statements of Operations. As at 31 December 2009, there was a balance payable of £14,408 (2008: £12,735), which is included in accounts payable and accrued expenses.

7. INVESTMENTS

Limited Partnership

The Company has committed substantially all of its capital to 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 investment in the Limited Partnership is denominated in Euros. The Limited Partnership has an initial period of ten years from its final closing date of 30 November 2009; however the life of the Partnership may be extended, at the discretion of the General Partner, by up to three additional one year periods to provide for the orderly realisation of investments. The Limited Partnership will make distributions as its investments are realised.

The Company's share of the total capital called by the Limited Partnership to 31 December 2009 was £52,607,753 (€64,515,000) (2008: £40,265,717 (€51,750,000)), representing 34.5% of the Company's total capital commitment. As at 31 December 2009, the Company accounted for 66.05% of the total capital and commitments in the Limited Partnership (2008: 65.20%).

The Company may also make co-investments with the Limited Partnership based on the recommendations of the Manager.

At 31 December 2009, the Limited Partnership appointed a third party valuer to determine the fair value of the underlying businesses taking into account financial information provided by the Limited Partnership's investment adviser. The Limited Partnerships accounts have been audited for the year ending 31 December 2009. As a result of the valuation, the Company's participation in the Limited Partnership has been valued at £104,432,214 (2008: £39,325,959) at year end, representing an increase in value of £52,764,226 (2008: (£392,349)).

Limited Partnership's investments

The Limited Partnership made one new acquisition in 2009, Verivox, and was involved in the refinancing of Host Europe.

Host Europe Corporation Limited and Cologne data centre

Host Europe Corporation Limited ("Host Europe") is a UK market leader in domain registration, the UK's second largest shared hosting provider and a leading provider of standardised hosting in Germany. Host Europe was acquired in April 2008 for £128 million with the Limited Partnership's contribution being £48.6 million. The acquisition included an acquisition of a data centre based in Cologne which was held within a wholly-owned subsidiary of the Limited Partnership, Cologne Data Centre (Bermuda) Limited ("Cologne data centre").

On 21 July 2009 Host Europe sold Vialtus Solutions Limited ("Vialtus"), one of Host Europe's three operating divisions, for £42 million to AIM listed Daisy Group plc ("Daisy"). Host Europe received £13 million at the date of the transaction and 36,250,000 ordinary Daisy shares (currently held by Host Europe), valued at £29 million and equal to 14% of Daisy's issued share capital. Daisy is a leading provider of integrated voice and data services to small and medium sized businesses providing customers with access to a combined product set from a single billing platform. Peter Dubens, a director of the Company, is Daisy's Executive Chairman.

On 11 September 2009 Host Europe completed a refinancing of its senior debt facility increasing it from £32.5 million to £45 million. Together with the £13 million received from Daisy as part of the consideration for Vialtus, this refinancing allowed Host Europe to repay the £17.5 million vendor loan note issued to finance the acquisition of the Group and to prepay a large portion of the mezzanine debt. Following the disposal of Vialtus, Host Europe consists of two web hosting divisions operating in distinct geographies. In the UK, Host Europe operates through the brands 123reg and Webfusion. 123reg is the UK market leader for domain name registration and Webfusion is the UK's second largest shared hosting provider. The Group also has a German division, Host Europe GmbH, which is the German market leader in the standardised managed hosting market.

As at 31 December 2009, the net fair value of the investment, excluding Daisy, attributable to the Company was £60.2 million (2008: £32.5 million). At 31 December 2009, the net fair value of the investment in Daisy held within Host Europe attributable to the Company was £20.5 million.

Headland Media

Headland Media Limited ("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 in January 2008 was £6.3 million and the Limited Partnership contribution was £2.5 million.

As at 31 December 2009, the net fair value of the investment attributable to the Company was £4.4 million (2008: £1.7 million).

Monument Securities

Monument Securities Limited ("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. The total transaction value in March 2008 was £5.5 million. The Limited Partnership has a 51% interest in Monument Securities and its contribution was £2.8 million.

As at 31 December 2009, the net fair value of the investment attributable to the Company was £2.2 million (2008: £1.8 million).

VVX (Bermuda) Limited

On 4 December 2009, the Limited Partnership acquired 51% of Verivox Holdings Limited ("Verivox"), Germany's largest independent online consumer energy price comparison service, for £17 million. The consideration was funded using a combination of debt and equity. The Limited Partnership's contribution was £4.6 million for equity. The company receives commission from energy suppliers when consumers elect to switch providers through its website.

As at 31 December 2009, the net fair value of the investment attributable to the Company was £11.1 million (2008: £Nil).

Mezzanine financing investments

Headland Media

As part of the Limited Partnership's acquisition of Headland Media, the Company provided £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% and was due June 2010. On 20 December 2009, Clydesdale bank provided £3.35 million of senior debt which was used to repay the mezzanine loan in full.

Host Europe

As part of the Limited Partnership's acquisition of Host Europe, the Company provided debt finance of £19.4 million, in the form of a secured mezzanine instrument. The instrument carries a fixed interest rate of 15.25% maturing on the earlier of 31 December 2015 or the date of sale or IPO of Host Europe Corporation Limited. Host Europe, through refinancing its senior debt, repaid £5.6 of the mezzanine loan to the Company. The Company also provided debt finance of £2.6 million to Cologne data centre whose Cologne subsidiary houses a data centre. This instrument carries a fixed interest rate of 15.25%, maturing 3 April 2015. During 2009, the principal plus accrued interest amounting in total to £3 million was assigned to Host Europe, bringing the total mezzanine loan with Host Europe to £16.9 million (2008: £19.4 million).

VVX (Bermuda) Limited

As part of the Limited Partnership's acquisition the Company provided debt finance of £7.3 million (€8 million), in the form of an unsecured mezzanine instrument. The instrument carries a fixed interest rate of 15%, maturing no later than 4 December 2019.

Bridge financing investments

VVX Investments Limited

As part of the Limited Partnership's acquisition of Verivox, the Company provided debt finance of £6 million (€6.6 million), in the form of a secured facility instrument. As at 31 December 2009, Verivox has drawn £4.6 million (€5 million) of the facility. The instrument carries a fixed interest rate of 8.5%, maturing no later than 4 December 2012.

Certain directors of the Company and the General Partner of the Limited Partnership may also be directors of the investee companies.

8. CAPITAL COMMITMENT

During 2009, the Company made an additional commitment of £33,449,500 (€37,000,000) to the Limited Partnership taking the total capital commitment up to £166,074,700 (€187,000,000) (2008: £142,815,000; €150,000,000). The Limited Partnership may draw upon the capital commitment at any time subject to two weeks' notice on an as needed basis. Since inception, capital in the amount of £52,607,753 (€64,515,000) was called from the Company by the Limited Partnership. As at 31 December 2009, the amount of capital commitment available to be called from the Company by the Limited Partnership was £108,788,929 (€122,485,000) (2008: £93,543,825; €98,250,000).

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. 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.

As the exchange traded price of the Ordinary Shares as at 31 December 2009 and 2008 was below the exercise price of the warrants, there was no dilution caused by the warrants in the net asset value and gain per share.

(c) Secondary placing

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 £18,000,000.

(d) 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 held them in treasury. All of the rights of the treasury shares were suspended (including economic participation, voting and dividend distribution rights). The Company also holds 1,250,000 warrants in treasury.

On 21 October 2009, an additional placing took place whereby the Company re-issued the 7,589,000 shares previously repurchased at a price of 94 pence per share raising £7,133,660.

Shares of common stock and warrants outstanding are:

Common stock	2009	2008
Balance at beginning of year	92,411,000	100,000,000
Issued	35,714,000	–
Repurchased	–	(7,589,000)
Balance at end of year	128,125,000	92,411,000
Weighted average shares in issue at end of year	116,825,010	98,128,739

Warrants	2009	2008
Balance at beginning of year	48,750,000	50,000,000
Issued	–	–
Repurchased	–	(1,250,000)
Balance at end of year	48,750,000	48,750,000

10. RELATED PARTIES

Certain Directors of the Company are also Directors, Members and/or shareholders of the Manager, Oakley Capital Corporate Finance LLP ("Oakley Finance"), Palmer Capital Associates (International) Limited and the Administrator; entities which provide services to and receive compensation from the Company.

During the year ended 31 December 2009, the Company entered into a financial advisory agreement with Oakley Finance. During 2009, the Company incurred financial advisory fees of £20,125 (2008: £Nil), which is included in professional fees in the statements of operations. As at 31 December 2009, there was no balance payable (2008: £Nil) to Oakley Finance.

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.

The Company is subject to the provisions of FASB ASC 740-10, Income Taxes – Overall, where FASB Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes is primarily codified, and which is effective for the financial statements for fiscal year beginning after 15 December 2008. This standard establishes consistent thresholds as it relates to accounting for income taxes. It defines the threshold for recognizing the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realised. The Company early adopted ASC 740-10 for the fiscal year beginning 1 January 2008. There has been no significant impact on the Company's financial statements as a result of adopting this interpretation.

12. SUBSEQUENT EVENTS

The Directors have evaluated subsequent events from the year end through 20 April 2010 which is the date the financial statements were available to be issued. They have determined that there were no matters requiring disclosure.

DIRECTORS AND ADVISERS

DIRECTORS

James Michael Keyes
Independent Director and Chairman

Christine (Tina) Michelle Burns
Independent Director

Peter Adam Daiches Dubens
Director

Laurence Charles Neil Blackall
Independent Director

Ian Patrick Pilgrim
Director

Christopher Wetherhill
Independent Director

ADVISERS

Registered Office
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Bermuda

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Legal Advisers to the Company as to English Law
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10 Upper Bank Street
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United Kingdom

CREST Depositary
Computershare Investor Services PLC
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United Kingdom

Manager to the Company and the Limited Partnership
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Paget PG01
Bermuda

Administrator to the Company and the Limited Partnership
Mayflower Management Services (Bermuda) Limited
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Paget PG01
Bermuda

Legal Advisers to the Company as to Bermuda Law
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Hamilton HM CX
Bermuda

Nominated Adviser and Broker to the Company
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Auditors to the Company and the Limited Partnership
KPMG
Crown House
4 Par la Ville Road
Hamilton HM 08
Bermuda

Branch Registrar
Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES
Channel Islands

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2010 Annual General Meeting (the "Meeting") of Oakley Capital Investments Limited (the "Company") will be held at 11.00 a.m. Bermuda time on 23 June 2010, at the offices of Mayflower Management Services (Bermuda) Limited at 11 Harbour Road, Paget PG01, Bermuda for the following purposes:

As ordinary business to consider and, if thought fit, pass Resolutions 4 and 6(a) to (i) inclusive below which will be proposed as Ordinary Resolutions:

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 2009.
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 Peter Dubens and Laurence Blackall 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 Peter Dubens as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
   c) re-elect James Keyes as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
   d) re-elect Laurence Blackall as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
   e) re-elect Christopher Wetherhill as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
   f) re-elect Tina Burns as a Director of the Company so to serve until the next Annual General Meeting or until her successor is elected or appointed;
   g) re-elect Ian Pilgrim as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
   h) authorise the Directors from time to time to fill any vacancies on the Board; and
   i) confer general authority on the Directors to appoint Alternate Directors.

Copies of the letters of appointment of the Directors of the Company will be available for inspection for at least 15 minutes prior to the meeting and during the meeting itself.

20 May 2010
BY ORDER of the Directors
Mayflower Management Services (Bermuda) Limited
Secretary

NOTES

1. The Company has established the date of this Notice as the record date (the "Record Date") for the purposes of the Meeting, and accordingly only the registered holders of the Company's Ordinary Shares who are entered in the Company's Register of Members as at the Record Date are entitled to receive notice of, and attend and vote at, the Meeting.
2. A member is entitled to appoint one or more proxies to attend the Meeting, and, on a poll, vote instead of that member. A proxy need not be a Member.
3. Enclosed is a Form of Proxy appointing the Chairman, failing which the Secretary, of the Meeting or some other person to vote your shares with respect to any and all matters coming before the Meeting.

   To be valid the Form of Proxy must be received no later than 11.00 a.m. Bermuda time on 21 June 2010 at:

   Mayflower Management Services (Bermuda) Limited
   Secretary
   Oakley Capital Investments Limited
   11 Harbour Road
   Paget PG01
   Bermuda

   Email: ipilgrim@mayflower.bm
   Fax: (441) 236 6724

   Please return the completed Form of Proxy by scanned e-mail or by facsimile.
4. The Company advises that it knows of no other items to be brought before the Meeting other than the agenda items specified in the Notice. However, should any other items be presented at the Meeting of which the Company is not aware, it is the intention that the Proxy-holder vote at his/her discretion.
5. The giving of a proxy does not preclude the right to vote in person, should the Member giving the proxy so desire, as the proxy may be revoked at any time, provided Notice of Revocation is received by the Company at the address given in paragraph 3 above before commencement of the Meeting. Notice of Revocation may be served by scanned e-mail or by facsimile.

Designed by add to taste and printed by Portman Lodge Limited

Oakley Capital Investments Limited is registered in Bermuda with company number 40324.
Registered office: 11 Harbour Road, Paget PG01, Bermuda