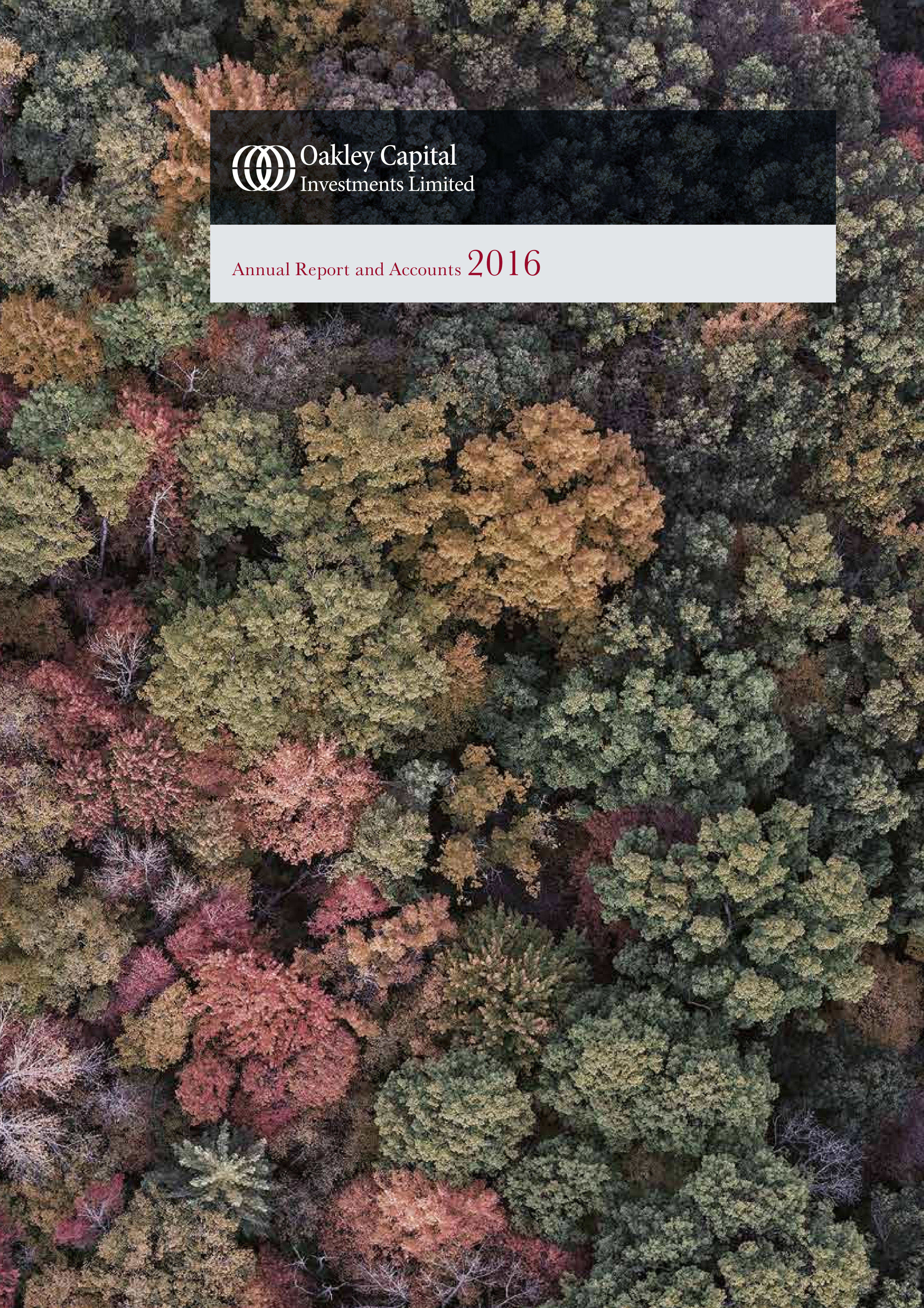


Oakley Capital Investments Limited

Annual Report and Accounts 2016

Oakley Capital Investments Limited

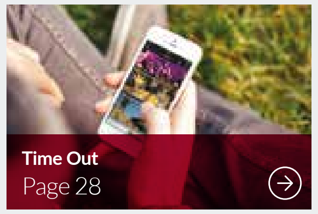
Oakley Capital Investments Limited ("OCI" or the "Company") is a Bermuda based company listed on AIM. OCI seeks to provide investors with long-term capital appreciation, through its investment in the Oakley Funds and co-investment opportunities.

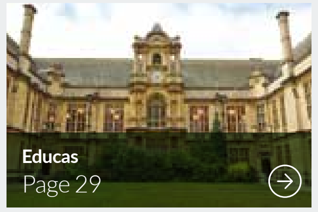
For more information visit
www.oakleycapitalinvestments.com

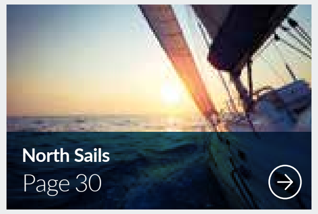
Financial Highlights

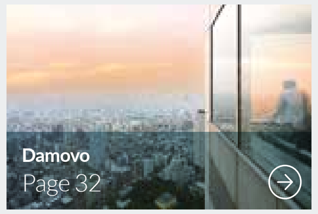
Net Asset Value[1] £438.4m (2015: £382.2m)	Net Asset Value per Share[2] £2.31 (2015: £2.00)	Total NAV per Share Return +16% (2015: 0%)
Share Price £1.64 (2015: £1.44)	Total Shareholder Return[3] +17% (2015: -7%)	Underlying Oakley Funds' Portfolio Growth[4] +30% (2015: +31%)
Maiden Dividend 4.5p (2015: nil)	Number of Shares in Issue at 31 December 2016 189.8m (2015: 191.1m)	Value of Current Investments £340.9m (2015: £289.2m)

Oakley Funds' Portfolio Companies









1 This is the post-dividend NAV, pre-dividend NAV was £447.0 million at 31 December 2016.
2 Calculated based on the post-dividend NAV, pre-dividend NAV per share was £2.35 at 31 December 2016.
3 Calculated based on the share price at 31 December 2016 of £1.64 plus the maiden dividend of 4.5 pence.
4 Calculated on a like-for-like basis.

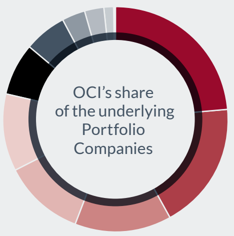
At a Glance

The post-dividend NAV of OCI was £438.4m* (2015: £382.2m) on 31 December 2016, a 15% increase year-on-year. It consists of the following components:

FUND INVESTMENTS	CO-INVESTMENTS	OTHER ASSETS/LIABILITIES
48.2% of total NAV	29.6% of total NAV	22.2% of total NAV
£211.3m	£129.6m	£97.5m
Assets in the underlying Oakley Funds.	Investments held by OCI directly or indirectly in the portfolio companies either through equity or debt.	Other assets and liabilities held by OCI, primarily cash.

PORTFOLIO

The Company invests in a number of portfolio companies, indirectly through the Oakley Funds, or directly through its co-investments. The composition of OCI's investment in the underlying portfolio companies is represented in the pie-chart below, (which includes debt and equity investments).



Time Out	£87.2m
Educas	£69.7m
North Sails	£54.3m
Daisy	£42.8m
Facile	£39.3m
Parship	£22.7m
Fund Facilities	£22.6m
HEG	£12.2m
Verivox	£9.8m
Damovo	£5.5m
Broadstone	£0.4m

KEY EVENTS DURING 2016:

- Time Out Group plc successfully listed on the AIM market of the London Stock Exchange, raising net proceeds of £59m.
- A partial sale of Parship Elite Group to ProSiebenSat.1 Media SE ("ProSieben") resulting in proceeds of €43.3m (£38.9m) being distributed to the Company.
- An agreement to sell Host Europe Group ("HEG") to GoDaddy Inc. was reached in December 2016. Expected proceeds to the Company are approximately €14.4m (£12.2m).
- Total commitments of €325.0m (£277.3m) were made to Fund III during the year.
- Maiden dividend was declared of 4.5 pence which was paid on 30 January 2017.
- Announcement of Fund III's first investment in December 2016, acquiring a portfolio of online property portals including the leading website in Luxembourg, atHome.lu, and the number two player in Italy, Casa.it.

* This is the post-dividend NAV, pre-dividend NAV was £447.0 million at 31 December 2016.

SECTOR FOCUS

Oakley has developed an expertise in three core sectors in which it has successfully invested.

TMT | CONSUMER | EDUCATION

GEOGRAPHICAL FOCUS

Investments are focused primarily in Western Europe.

WESTERN EUROPE

PERFORMANCE

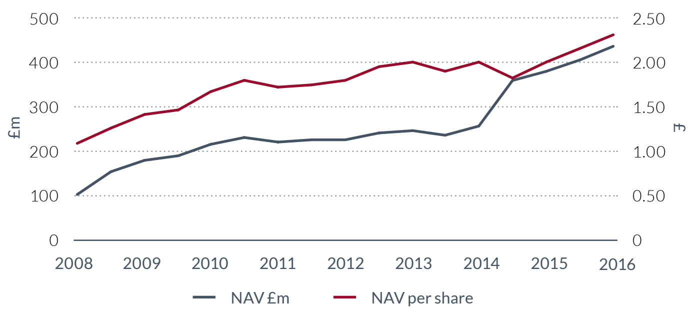
The table and graphs below reflect the performance from inception to date.

Performance (Total Return)

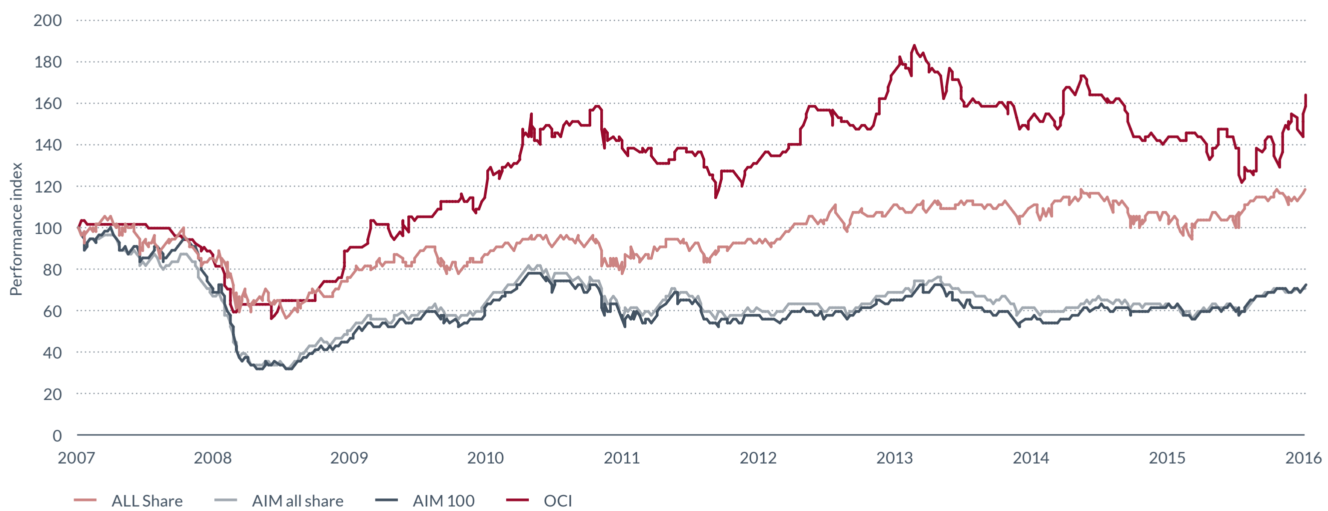
	1 year	5 years	Since inception
OCI NAV per share growth	16%	35%	133%
OCI share price growth*	14%	24%	61%

*Based on pre-dividend share price growth

OCI NAV & NAV per share



OCI long-term performance vs Indices



I am pleased to report that the underlying performance of the Oakley Funds' portfolio companies has been strong, reflected in the 30% like-for-like growth in the fair value of the Oakley Funds' investment portfolios over the past twelve months.

Chairman's Statement

"The Company's net asset value increased in the year by £56.2 million to £438.4 million."

Christopher Wetherhill
Chairman

Overview

I am pleased to report that the Company has performed well in 2016. There has been a 30% increase (on a like-for-like basis) in the fair values of the portfolio companies held by the Oakley Funds, reflecting strong underlying growth. This, together with the favourable impact on the Company of weaker Sterling, has resulted in an increase in the NAV per share year-on-year of 16%.

In June 2016, Time Out Group plc ("Time Out") successfully listed on the AIM of the London Stock Exchange, generating net proceeds of £59 million after fees and debt repayment. Following the listing, the Company has a direct interest in Time Out representing 24.0% of Time Out's issued share capital, and an indirect interest through Fund I of a further 22.7%.

In October 2016, Parship Elite Group was partially sold to ProSiebenSat.1 Media SE ("ProSieben"). The Company received proceeds of €43.3 million (£38.9 million) from this transaction. The Fund generated a gross money multiple and IRR of 3.6x and 145% respectively, from the realisation and from its retained interest.

In December 2016, Fund II reached an agreement with Cinven (the majority shareholder of Host Europe Group ("HEG")) to sell HEG to GoDaddy Inc. HEG was Oakley's third investment in the hosting space and demonstrates its expertise in the TMT sector, which it continues to build upon.

Fund III announced its first investment in December 2016, acquiring a number of European real estate consumer websites including Casa.it in Italy and atHome.lu in Luxembourg. This will build on Oakley's experience in the digital consumer sector through its previous investments in Facile, Parship Elite Group and Verivox. This transaction completed in January 2017.

Funding and Commitments

The Company has a capital commitment of €188.4 million (£160.1 million) to Fund I of which 95.0% had been called at 31 December 2016, making Fund I fully invested with just two companies remaining in the portfolio.

The Company has a capital commitment of €200.0 million (£170.6 million) to Fund II of which 76.5% had been called at 31 December 2016. Including debt facilities provided to the Fund, 93% of commitments have been deployed, making Fund II also essentially fully invested.

The Company has made a capital commitment of €325.0 million (£277.3 million) to Fund III, of which 3% had been called at 31 December 2016.

Performance

The NAV per share as at 31 December 2016 was £2.31, (2015: £2.00) an increase of 16% (18% before the maiden dividend is taken into account). Of the 31 pence uplift in NAV per share, 18 pence is attributable to the significant weakening of Sterling over 2016, and 13 pence is due to the strong performance of the portfolio which was partly offset by the dividend paid.

The Company's NAV increased in the year by £56.2 million to £438.4 million (2015: £382.2 million) which is due to the movements in the underlying Funds and co-investments.

Fund I represented £64.9 million (2015: £56.3 million) of the Company's NAV at year end, an increase of £8.6 million in the year. The movement in Fund I was driven by the uplift in the valuation of Educas, which was partly offset by the decrease in Time Out's share price following Brexit, and the disposal of the remaining investment in Broadstone.

Fund II represented £144.0 million (2015: £102.0 million) of the Company's NAV, an increase of £42.0 million in the year. The main driver of this increase was an uplift in fair value arising from improved trading performances in a number of the underlying portfolio companies, particularly Educas and Facile. Fund II also made follow-on investments in Educas, Daisy, North Sails and Verivox in 2016, totalling €81.3 million (£69.3 million).

Co-investments represented £129.6 million of the Company's NAV at year end, comprising quoted and unquoted equity and debt securities. This included £6.8 million of follow-on investment in Time Out, and debt financing provided to North Sails Apparel BV ("North Sails Apparel") of £10.0 million.

Board and Committee Changes

In June 2016, Caroline Foulger was appointed as a Non-executive Director to the Board and Chair of the Risk Committee and Laurence Blackhall was appointed Chair of the Audit Committee. Caroline has been an independent Director in the financial services industry since early 2013, and brings her significant experience to the Board of OCI. These appointments replace Tina Burns as Non-executive Director and Chair of the Audit Committee and Ian Pilgrim as Non-executive Director. Both Ian Pilgrim and Tina Burns did not offer themselves to be re-elected in the AGM on 7 June 2016. I would like to thank Tina and Ian for their contribution to the Company over the years.

Dividend

In December 2016, the Board took a decision to introduce a dividend of 4.5 pence per share, for the year ended 31 December 2016, given the consistent income generated from co-investments and increased cash returns from exits. The dividend payment equated to 2.0% of the NAV at 31 December 2016. The dividend was paid on 30 January 2017 to shareholders registered on 30 December 2016.

Outlook

OCI has performed well in the current market which is shown in the performance of the underlying portfolio companies. The portfolio has remained resilient to the current challenging macroeconomic and geopolitical markets.

The first few months of 2017 have shown that the events of Brexit and the new US political regime will take time to unfold and we will be presented with new challenges along the way. The Company is in a good position to continue to perform well and provide long-term capital appreciation for its shareholders.

Post Balance Sheet Events

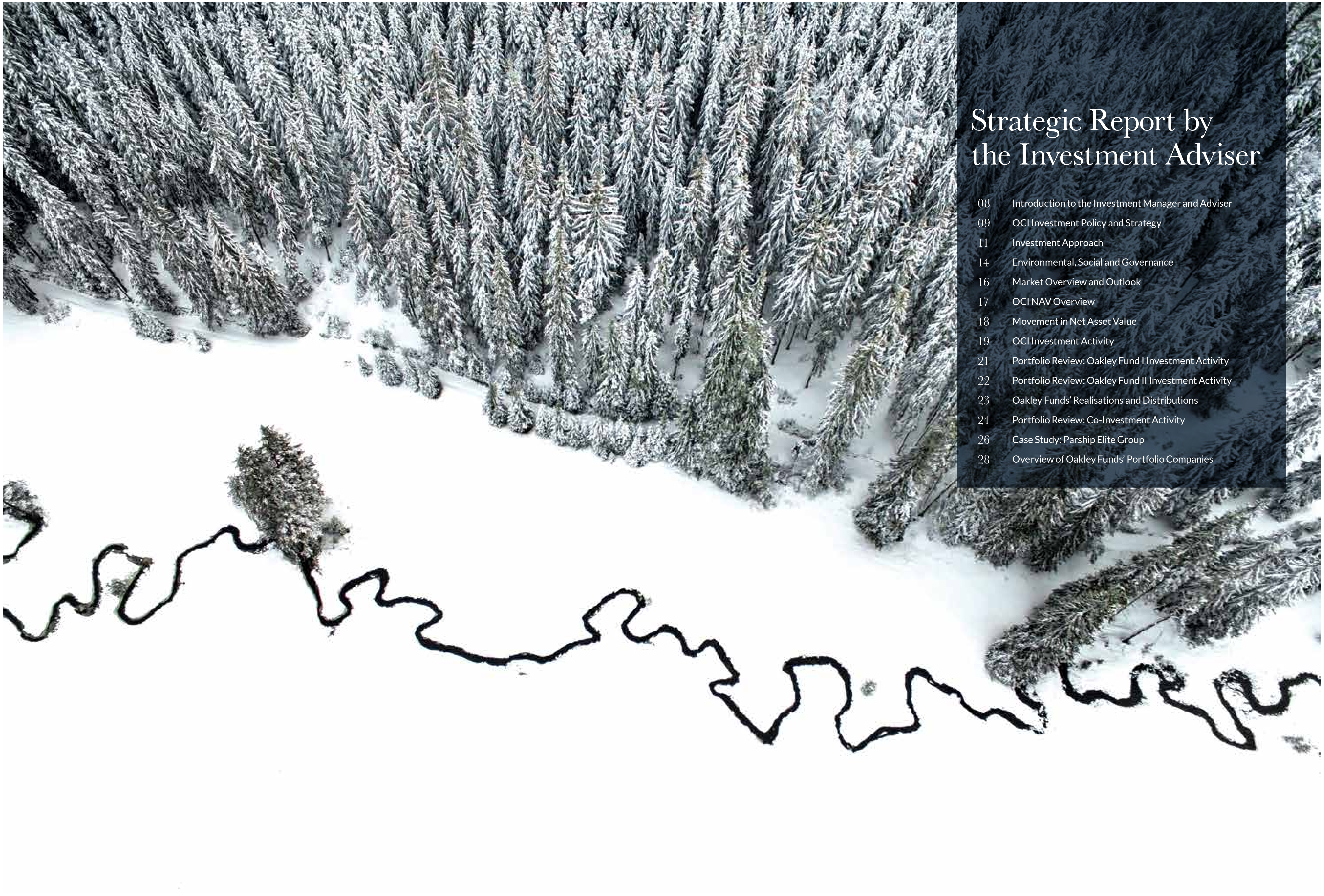
On 23 January 2017, the Company announced a placing of up to 17.1 million treasury shares at a price of £1.57 per share. The Company sold 15.0 million treasury shares and cancelled the remaining 2.1 million. This transaction settled on 7 February 2017 raising funds of £23.6 million. The number of ordinary shares with voting rights currently in issue is 204,804,036, and the Company no longer holds any shares in treasury. The dilution impact of this on the NAV per share as at 31 December 2016 was approximately 2.6%, or 5.9 pence (2015 dilution: 1.4%, 2.9 pence).

On 31 January 2017, Fund III completed its first acquisition, purchasing a group of European real estate consumer websites including Casa.it in Italy and atHome.lu in Luxembourg. The Company's contribution to the equity investment, through its interest in Fund III, is approximately €32.5 million (£28.2 million).

The sale of HEG completed on 3 April 2017, with total proceeds of €42.2 million (£36.2 million) received by Fund II, of which the Company will receive €14.6 million (£12.5 million). This is a slight increase from the expected proceeds of €14.4 million (£12.2 million) used in the year end accounts. The exit generated a gross money multiple and IRR of 2.1x and 40% respectively, for Fund II. The Fund took a minority stake in HEG at the time it sold intergenia to HEG in January 2015. This deal means, since its acquisition of intergenia in January 2014, the combined return and IRR to Fund II across both the HEG and intergenia investments is 1.8x and 44% respectively.

In February 2017, Steven Tredget joined Oakley, with responsibility for investor relations. Steven has worked in investment banking for 17 years and was a founding partner of our Nominated Adviser and Broker, Liberum Capital Limited. With his knowledge of the investment community and his understanding of and passion for the Company, he is well placed in this role.

Christopher Wetherhill
Chairman



Strategic Report by the Investment Adviser

Introduction to the Investment Manager and Adviser

Oakley Capital (Bermuda) Limited (the "Manager"), a Bermudian company, is the manager of the Company. The Manager appointed Oakley Capital Limited, a UK company, ("Oakley", or the "Investment Adviser") as its investment adviser. Oakley also serves as Investment Adviser to the Oakley Funds. The Investment Adviser is authorised and regulated by the Financial Conduct Authority.

OCI offers investors a liquid investment vehicle, through which they can obtain exposure to the underlying Oakley Funds with minimal administrative burden, no long-term lock-up and no minimum investment size. The Investment Adviser is primarily responsible for advising the Manager of the Oakley Funds, Oakley Capital Manager Limited ("OCML") on the investment and realisation of the assets for each of the Funds. Peter Dubens and David Till have a team of twenty-three investment professionals and are together primarily responsible for performing its investment advisory obligations with respect to the Company and the Funds.

The Oakley Funds invest in companies that can achieve exceptional growth through acquisition and operational improvement. The Investment Adviser has a strong track record in exploring different sectors and geographical areas to find investments that will create value for the Company in the future. For example, Parship Elite Group, an online matchmaking service in Germany, was partially exited in 2016 at a value which represented a gross money multiple of 3.6x and 145% IRR on the investment, returning €43.3 million (£38.9 million) to OCI. Fund II has a remaining stake of 38.5% in the company post-realisation.

The Oakley Funds' focus is on primary, proprietary transactions. The deals may include:

- Challenging or complex management buy-outs and buy-ins
- Carve-outs
- Operational businesses that require improvement.

The Oakley Funds look for businesses where the Investment Adviser's team can make a difference. Senior team members include proven business leaders who have successfully run, transformed and grown businesses themselves throughout their careers.

OCI Investment Policy and Strategy

OCI Investment Objective

OCI has been established to provide investors with long-term capital appreciation through its investments in the Oakley Funds managed by the Investment Manager and/or General Partners and/or advised by the Investment Adviser (or their respective affiliates) and through co-investment opportunities alongside the Oakley Funds, either through debt or equity instruments.

OCI Investment Strategy

Private equity funds are, traditionally, only available to very large investors who have the financial resources to make significant long-term commitments and can therefore be difficult for the vast majority of smaller investors to gain access to. OCI allows its shareholders to participate in the private equity model through their shareholding; providing the opportunity to access a differentiated portfolio of private equity investments. The benefits of this include no minimum size of investment is required and it provides liquidity via the listed structure. The need to manage resources to meet capital drawdowns is also removed by investing in this way.

OCI will hold cash on the balance sheet where it has not yet been called by the Oakley Funds or has not been deployed in co-investment opportunities. Where possible the Company will look to invest this cash to yield returns for the Company. Cash investing activities are governed by the Board, and primarily includes the investment of funds in near term cash deposits. Whilst OCI must maintain a level of liquidity in order to meet its commitments to the Oakley Funds, it aims to maximise the returns made on its cash resources.

OCI also has the ability to invest alongside the Oakley Funds in certain co-investment opportunities, in the form of equity and debt. These opportunities arise particularly when a deal becomes too large for the Oakley Funds and can occur when a platform deal grows significantly and further capital is required to grow the business and realise its potential. Co-investments provide a means for OCI to achieve high returns and gain direct exposure to the value of the underlying portfolio companies. In this way OCI can leverage the Investment Adviser's expertise to generate quality deal flow, whilst benefitting from direct participation in the deal. The Board determines the level of co-investments and carefully considers the Company's exposure and portfolio diversification. North Sails and Time Out are examples of co-investments made by OCI.

OCI Investment Policy and Strategy continued

Funds' Investment Strategy

Oakley's investment style is characterised by its ability to empathise with entrepreneurs and ambitious managers, combined with its analytical and operational experience. Oakley seeks to make investments in companies with enterprise values of approximately €60 – €300 million and secure a controlling position in the target company.

The Oakley networks and wider ecosystem attract a range of entrepreneurs and managers to the broader group. It believes it has developed a respected reputation and brand among business owners that are otherwise not attracted to the standard auction-led private equity market. These relationships are carefully cultivated to deliver differentiated deal flow, limiting Oakley's reliance on intermediaries and auctions. Oakley rarely participates in intermediated deals or active M&A auction processes unless it has a compelling competitive advantage.

Oakley's in-house execution capabilities enable it to effectively exploit off-market opportunities, which tend to be more complex, unpackaged and require speed and agility in order to deliver. These off-market opportunities generate a distinctive portfolio, typically at entry multiples which are low or below the sector average.

Oakley focuses on companies undergoing significant change, in sectors with strong growth dynamics. The sector strategy is therefore pragmatic, with the development of 'hubs' of sector expertise that have evolved through a series of successful investments. For instance, strong credentials and networks in Digital Consumer and TMT sectors. These spaces are represented strongly across the Oakley Funds, but more recently Oakley has also entered the highly attractive education sector with the investment in Educas, which it aims to develop, through the expertise acquired by working with this business.

Oakley primarily invests in Western Europe, with particularly strong credentials and networks in the UK and Germany, as well as experience of investing in the Netherlands and Northern Italy. Oakley recognises the benefits of operating in regions where it has a strong network and operating experience. The entrepreneurial heritage and strong connections among the European business community provides a flow of attractive proprietary introductions to primary deals.

Oakley (the Investment Adviser to the Company and the Oakley Funds) applies consistent investment criteria when accessing opportunities. These include:

- M&A potential
- Robust business models
- Sector of Oakley expertise
- Attractive financial markets
- Partnership with entrepreneurial management teams

Investment Approach

Sector focus

Oakley has developed particular expertise in three core sectors, with deep knowledge in certain subsectors where repeated investments have been made.

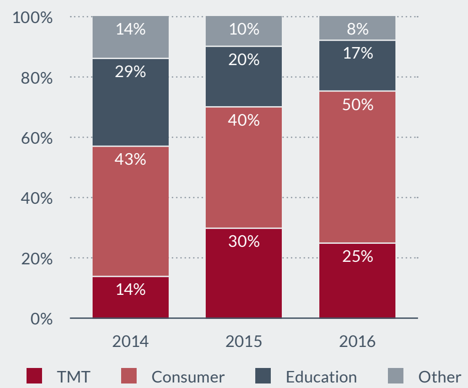
All investments are managed by specialist, dedicated sector and portfolio management teams located in London. They work with a common purpose and culture in applying consistent methodologies and processes to create value and growth in the Oakley Funds' portfolios.

TMT	
Hosting	Telecoms
Consumer	
Global Brands	Digital Consumer
Education	
Private Education	

Geographical focus

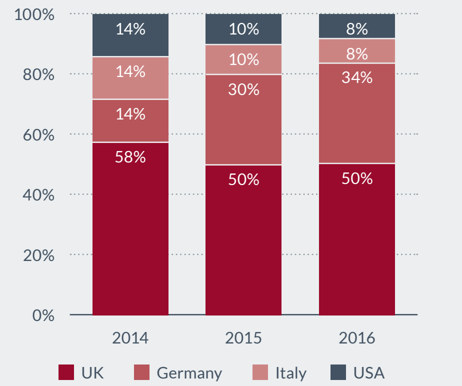
The Funds focus primarily in Western Europe.

Portfolio Companies by Sector



The above graph illustrates Oakley's focus and expertise in the core sectors. It is calculated based on the number of portfolio companies held by the Oakley Funds in each sector for each respective year.

Portfolio Companies by Country



The above graph illustrates the location of the portfolio companies, by headquarter, over the last three years. It is calculated based on the number of portfolio companies held by the Oakley Funds in each geographic location.

Investment Approach continued

Company/sector characteristics

The sectors and companies that the Investment Adviser targets are generally expected to exhibit the following characteristics:

Sustainable competitive advantage

- Brand strength
- Flexible cost structures

Consolidation opportunities

- Industries early in consolidation lifecycle
- Economies of scale through buy and build

Industry attraction

- Sustainable barriers to entry
- Stable customer and supplier bases
- Attractive forecasted growth

Ability to generate sustainable earnings and cash flow from recurring revenues

- Predictable cash-flows
- High return on invested capital

Defensible market position

- Leaders in their niches with demonstrable resilience in downturns
- Main business risks are within the control of the Funds and/or Company

Opportunities for value creation

The Investment Adviser will seek to target investments that have a potential for value creation through active management in the following areas:

Strategic redirection

- Focus on core business
- New market expansion
- New product introduction

Industry consolidation

- Economies of scale through acquisition and integration
- Business roll-outs

Operational restructuring

- Cost structure re-alignment
- Working capital and cash management
- Information technology and systems integration
- Improved asset utilisation

Financial restructuring

- Over-leveraged capital structures
- Public to private in smaller mid-market companies with a focus on AIM
- Non-core divestitures

Human capital management

- Management incentives through equity participation
- Removal of underperforming management teams
- Injection of new talent

OCI Re-investment

On any realisation of investments, the Company may re-invest funds in any of the following ways:

In existing Oakley Funds

If still in investment period, and accepting additional commitments

Successor or new Oakley Funds

In successor and/or new Oakley Funds, with successor strategies, in each case managed by the Investment Manager and/or advised by the Investment Adviser

Co-investment opportunities

In co-investment opportunities alongside the Oakley Funds, provided by the General Partners of any successor Oakley Funds

Cash

In cash, cash deposits and near cash deposits

Investment Approach

Oakley employs a disciplined and methodical investment approach. In order to evaluate a target company's potential, Oakley will typically conduct a detailed analysis of the sector; the target company's position within that sector; any consolidation potential; the target company's financial performance relative to its peers; its key performance drivers; and to which potential buyers the Investment Adviser believes the target company could ultimately be sold.

When making acquisitions or investing in a portfolio company, the Company and/or the Oakley Funds may invest directly or indirectly in equity and/or debt instruments, including convertible preference shares, loan notes, warrants, debentures and convertible loan stock. The debt securities in which the Company and/or the Funds may invest may be below investment grade.

The Company and/or the Oakley Funds may also directly or indirectly invest in derivative instruments for purposes of efficient portfolio management (and not for speculative purposes) and make loans or acquire debt instruments issued with a coupon and/or at a discount to the redemption price. The Company and/or the Oakley Funds may utilise leverage when deemed appropriate (subject to borrowing powers of the Company).

Although the Company and/or the Oakley Funds generally expect to invest directly in securities, subject to any applicable regulatory requirements, the Company and/or the Oakley Funds may invest indirectly through one or more subsidiaries or other vehicles where the Investment Manager and/or the Directors consider that this would be commercially preferable, tax efficient, or provide the only practicable means of access to the relevant security.

Borrowing Powers of the Company

OCI has the power to borrow money in any manner. The Directors cannot borrow more than 25% of the Net Asset Value of the Company determined at the time of drawdown and in accordance with the valuation policies and procedures adopted by OCI, as detailed in the Company Byelaws. It may utilise leverage when deemed appropriate by the Board, and it may be required to use its investments as security for any borrowings which it does put in place.

Environmental, Social and Governance

Oakley is committed to being a responsible investor and became a signatory of the UN Principles for Responsible Investing in December 2015. Oakley recognises that investments have an impact beyond a financial return for investors, in particular human, environmental and social factors.

Responsible investing is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance ("ESG") factors, and the long-term health and stability of the market as a whole. The Company recognises that the generation of long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems.

Awareness of environmental, social and governance factors are important to Oakley because:

- Shareholder value can be created through improving ESG in the underlying portfolio companies;
- There are material financial risks associated with ESG criteria;
- ESG aligns our interest with a long-term approach to return, as opposed to a focus on short-term company performance;
- Understanding and mitigating the ESG risks helps protect our reputation and goodwill in the market; and
- Regulatory attention is increasing, with stewardship codes launched in many jurisdictions including the UK and EU.

ESG issues can have a significant impact on private equity investments in terms of making and managing investments, and creating value in each portfolio company.

The following core ESG Principles are being implemented by Oakley to ensure that operations are in line with responsible investing:

Core ESG Principles:

- Complying with best practice, regulations, industry guidance and the principles of the law;
- Approaching the investment process responsibly and considering the environmental and social impact that any investments may have;
- Strict observance of the Company and any Fund investee entities, on respecting fundamental human rights;
- Aiming to mitigate the environmental impact of its own operations;
- Respecting the wishes of investors who do not wish to invest in specific sectors; and
- Seeking equality and diversity in employment.

Responsible Investing

When considering potential new investments, the Investment Adviser will assess them against certain criteria. As part of responsible investing, there will not be any investing in or development of relationships with a company which:

- produces any illegal products or engages in any illegal activities;
- has production or other activities that involve harmful or exploitative forms of forced labour or child labour;
- manufactures, distributes or sells arms or ammunitions designed or designated for military purposes;
- produces or sells pornography;
- is involved with products and activities that are banned under global conventions and agreements, such as certain pesticides, chemicals, wastes, ozone-depleting substances and endangered or protected wildlife or wildlife products; or
- is involved in the supply or purchase of sanctioned products or goods to or from countries or regions covered by United Nations sanctions.

Governance

Oakley has an ESG Committee which meets quarterly to discuss the ESG impact of its activities, and to evaluate whether or not any measures need to be taken to ensure that the ESG principles and goals are maintained.

The aim is to engage and work closely with all Oakley employees to encourage participation (and, where relevant, ensure compliance) with the ESG programme. It is implementing the UNPRI principals in advance of the initial reporting cycle in Q1 2018.

Signatory of:
PRI Principles for Responsible Investment

Oakley in the Community:

Oakley is active in the community and promotes a number of charities and trusts. OCI makes a number of donations every year to Bermudian charities. For further details, see page 47.

Prince's Trust

The Prince's Trust believes that every young person should have the chance to succeed. It helps 13 to 30 year-olds who are unemployed or struggling at school to transform their lives.

The Royal Brompton & Harefield Hospitals Charity is an independent charity that raises funds for specific projects at hospitals that the NHS is unable to fund. Current fundraising priorities are the Royal Brompton Hybrid Theatre Appeal and the Harefield Centenary Appeal.

Great Ormond Street Hospital

Great Ormond Street Hospital Children's Charity raises money so it can provide world-class care and to pioneer new treatments and cures for childhood illnesses.



Weizmann Institute of Science

The Weizmann Institute of Science is one of the world's leading multidisciplinary basic research institutions in natural and exact sciences. Its dedicated scientists are working to solve humanity's greatest challenges.

Jeans for Genes

Jeans for Genes Day funds a range of initiatives that improve the quality of life of children affected by genetic disorders. Jeans for Genes Day funds Genetic Disorders UK, a national charity dedicated to supporting families affected by genetic disorders.

Young Enterprise

Young Enterprise is the UK's leading charity that empowers young people to harness their personal and business skills. It gives young people from all backgrounds the opportunity to realise their full potential through a range of practical enterprise programmes, from one-day masterclasses to year-long projects. These programmes can empower young people to learn, to work and to live.



Market Overview and Outlook

The Company has continued to perform well during 2016. The underlying portfolio companies in the Oakley Funds have demonstrated resilience, in a year characterised by uncertainty and volatility due to the events of Brexit and the new US regime.

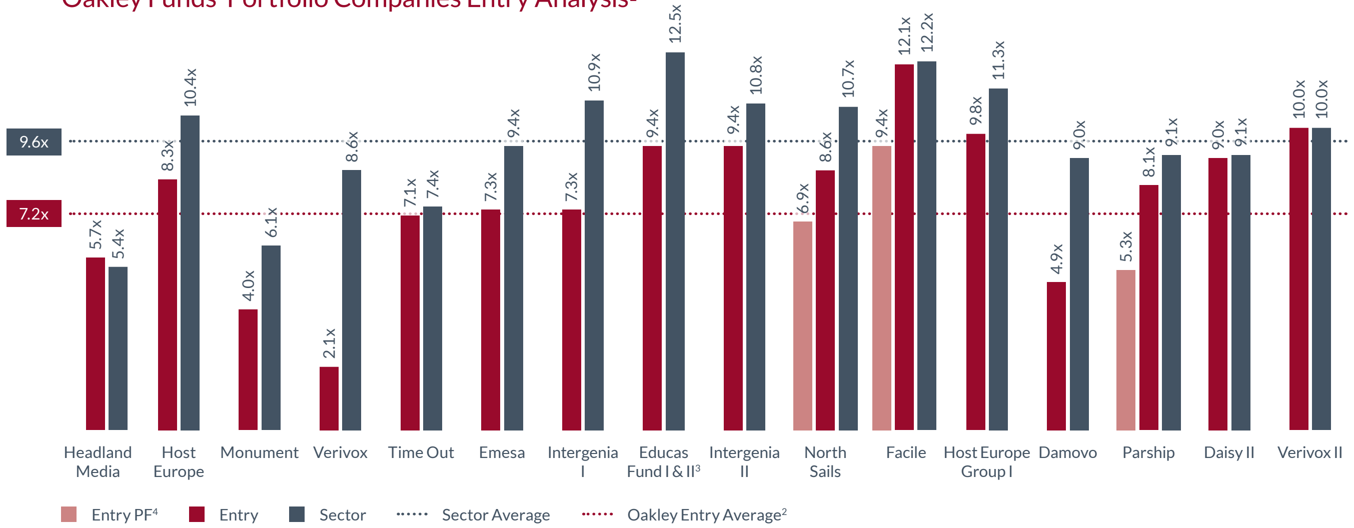
As has been widely reported throughout 2016, private equity investment activity remained subdued in a market heavily influenced by price pressures. The interest rate environment was benign and costs of debt remained low, making the leveraging of new deals cheaper. The demand for deals outstripped supply as Private Equity firms came under pressure to deploy high volumes of capital. Together with low interest rates, this has continued to push up prices of investee companies at entry as well as enhancing the value at exit. The Investment Adviser's strategy of pursuing non-competitive, proprietary deals has enabled the Oakley Funds to invest in high-quality companies. Oakley's analysis indicates that across the majority of the Funds' portfolios, companies have been purchased at an average EV/EBITDA multiple lower than the relevant sector average, demonstrating an effective strategy in an inflated valuation environment.

The exit environment was made more complex by difficult IPO conditions across Europe in 2016. Investor uncertainty depressed IPO volumes in the lead-up to the UK's Referendum on EU membership, and concerns about the performance of the British economy outside the European Union has caused many European firms to postpone IPO plans. Nevertheless, the successful IPO of Time Out onto the AIM was completed, just nine days before the referendum.

Following Brexit, Sterling has seen a marked weakening against other major currencies. For OCI, this has contributed to an uplift in the Company's NAV, however, this is subject to market volatility going forward as the implementation of Brexit takes shape.

Although there will be continued geopolitical and economic uncertainty in 2017, the Investment Adviser's investment strategy remains focussed on actively seeking new investments where it can leverage its sector expertise and detailed knowledge base, building strong relationships with founders and management. It continues to be diligent in its approach to sourcing new deals and, while macroeconomic factors are outside of its control, the Investment Adviser continues to believe that it can identify opportunities to deliver long-term value accretion to the Company.

Oakley Funds' Portfolio Companies Entry Analysis[1]



Notes:
1. Excludes: Broadstone, as business was loss making at point of acquisition; Daisy, as it was a share deal; Daisy Data Centre Solutions, as it was a short-term investment acquired out of administration.
2. Oakley Entry Average includes **pro forma** multiples.
3. Educas multiples based on aggregation of school acquisitions across Fund I and Fund II excluding Bearwood as it was loss making.
4. PF – **Pro forma** numbers include identified synergies and effects of planned acquisitions at the point of entry; in the case of Facile, given the Companies high forecast growth, *pro forma* multiple represents a forward year multiple.

OCI NAV Overview

OCI has three key areas of investment; being its investment in the Oakley Funds, co-investments including debt facilities, and other asset holdings (primarily cash).

Oakley Capital Investments Limited

NAV at 31 Dec 2016 – £438.4m*

48.2% of NAV	29.6% of NAV	22.2% of NAV
Fund Portfolio	Co-Investments	Other Assets and Liabilities
£211.3m	£129.6m	£97.5m
Fund I, Fund II & Fund III	Debt and Equity Co-investments	Primarily cash, offset by other payables

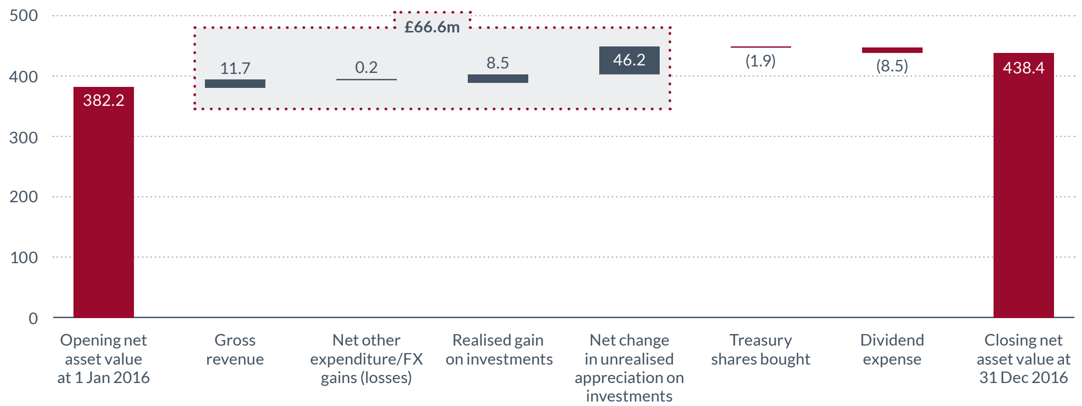
* This is the post-dividend NAV, pre-dividend NAV was £447.0 million for the year ended 2016.

Movement in Net Asset Value

The movement in the Company's NAV over the year is summarised below:

	2015 £m	2016 £m
Opening net asset value as at start of year	256.9	**382.2**
Gross revenue	5.6	**11.7**
Other expenditure	(7.3)	**(4.5)**
Net foreign currency gains/(losses)	(2.0)	**4.7**
Realised gain on investments	29.0	**8.5**
Net change in unrealised appreciation/(depreciation) on investments	(3.6)	**46.2**
Shares issued	126.8	**–**
Treasury shares bought	(24.6)	**(1.9)**
Treasury shares sold	1.4	**–**
Dividend expense	–	**(8.5)**
Closing net asset value as at end of year	382.2	**438.4**
NAV per share	£2.00	**£2.31**

Movement in Net Asset Value (£m)



During the year, the NAV increased by £56.2 million to £438.4 million (2015: £382.2 million).

The Company's net earnings for 2016 were £66.6 million (2015: £21.6 million), consisting of:

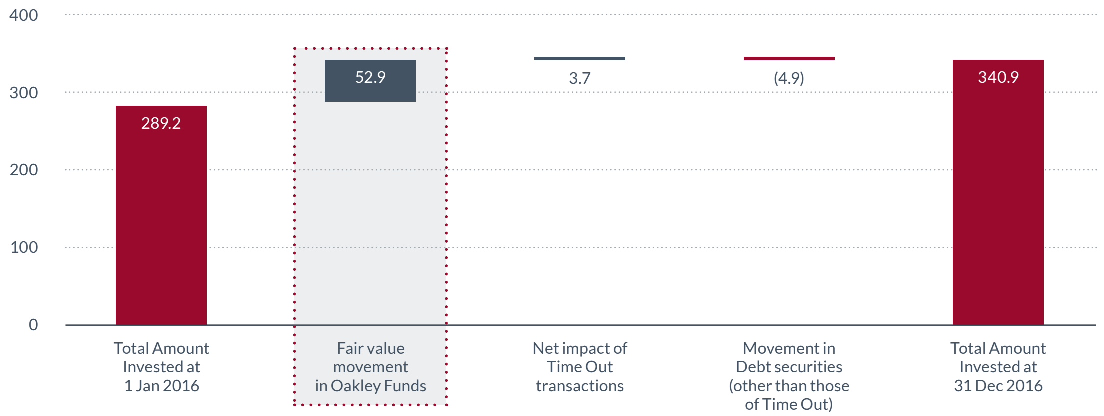
- Realised gain of £8.5 million and net change in unrealised gain of £46.2 million, driven predominantly by the uplift in the valuations of the underlying portfolio companies in the Funds and the weakening of Sterling over the year.
- Gross revenue of £11.7 million comprising of interest income earned on the debt facilities provided to portfolio companies and the Funds.
- Net other expenditure of £0.2 million, consisting of gross expenses being £4.5 million offset against positive net currency gains of £4.7 million due to the weakening of Sterling.
- The increase of the NAV was offset by the declaration of the Company's maiden dividend of £8.5 million, and by the buyback of treasury shares of £1.9 million.

OCI Investment Activity

The 2016 transactional activity for the Company's investment portfolio is summarised below:

Investment	31 Dec 2015 Fair value £m	31 Dec 2016 Fair value £m
Investment in Oakley Funds	**158.4**	**211.3**
	158.4	**211.3**
Co-Investments		
Equity securities	25.9	43.9
Debt securities	104.9	85.8
	130.8	**129.6**
Total Investments	**289.2**	**340.9**

Portfolio Investment Growth (£m)



Breakdown of the fair value movement of Investment in Oakley Funds:

Capital Calls	–	Cost of Investments sold	+	Fair value changes in portfolio	=	Total
£41.8m		£39.2m		£50.3m		£52.9m
(2015: £27.1m)		(2015: £16.5m)		(2015: £(4.1)m)		

The increase in the fair value of the Company's investments in the Oakley Funds was £52.9 million to £211.3million (2015: £158.4 million), which represents an increase of £8.6 million for Oakley Fund I, £42.0 million for Oakley Fund II and £2.3 million for Oakley Fund III.

OCI Investment Activity continued

Overview of OCI's underlying investments held through Oakley Funds I, II & III

Fund	Investments held at Year End:	Sector	Location	Year of Investment	Cost £m	Fair Value £m
Fund I	Time Out	Consumer	Global	2010	26.4	33.9
Fund I	Educas	Education	Global	2013	12.4	35.9
OCI's proportionate allocation of Fund I investments (on a look through basis)						**69.8**
Other Assets and Liabilities (includes receivable of £0.4m for Broadstone)						(4.9)
OCI's investment in Oakley Fund I						**64.9**
Fund II	North Sails	Consumer	Global	2014	28.3	32.3
Fund II	Educas	Education	Global	2014	24.7	33.8
Fund II	Facile	Consumer	Italy	2014	14.5	39.3
Fund II	Host Europe Group	TMT	Germany	2015	6.5	12.2
Fund II	Damovo	TMT	Germany	2015	3.4	5.5
Fund II	Parship Elite Group	Consumer	Germany	2015	0.0	22.7
Fund II	Daisy	TMT	UK	2015	12.1	11.0
Fund II	Verivox	Consumer	Germany	2015	7.0	9.8
OCI's proportionate allocation of Fund II investments (on a look through basis)						**166.8**
Other Assets and Liabilities						(22.8)
OCI's investment in Oakley Fund II						**144.0**
OCI's investment in Oakley Fund III						**2.3**
Co-Investment	Daisy	TMT	UK	2015	28.2	31.7
Co-Investment	North Sails	Consumer	Global	2014	20.0	22.0
Co-Investment	Time Out	Consumer	Global	2010	47.2	53.3
Co-Investment	Fund Facilities	n/a	n/a			22.6
Total Co-Investments						**129.6**

The OCI look-through values are calculated using the OCI attributable proportion (determined as the ratio which OCI's commitments to the relevant Fund bear to total commitments to that Fund) applied to each investment's fair value as held in the relevant Oakley Fund, net of any accrued performance fees relating to that investment, and converted using the year end EUR:GBP exchange rate.

Portfolio Review: Oakley Fund I Investment Activity

The investment activity of Oakley Fund I during the year is summarised in the table below. Oakley Fund I is denominated in Euros, and the year end exchange rate was used, where applicable. The Company held a 65.5% stake in the Fund at 31 December 2016.

FUND I	31 Dec 2015 Fair value €m	31 Dec 2016 Fair value €m
Open Investments at 31.12.16		
Educas	31.6	64.3
Time Out	82.0	60.5
Broadstone	9.8	0.6
Other	0.1	0.1
Total Current Investments	**123.5**	**125.5**

Realisations during 2016:	Proceeds €m	Realised Gain/(Loss) €m
Broadstone	6.3	(27.3)
Verivox	2.1	2.1
Other	0.2	0.2
Total	**8.6**	**(25.0)**

Educas 51%
Time Out 49%

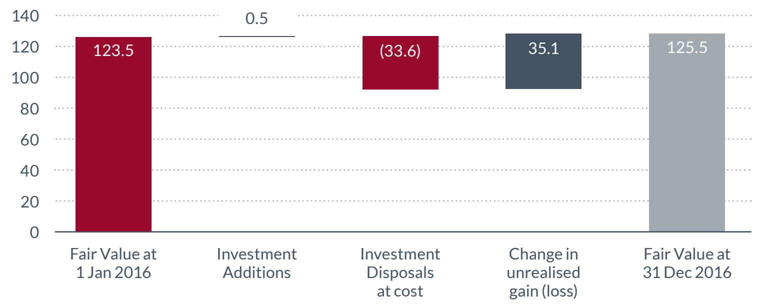
There was an overall increase of €2.0 million in the fair value of the Fund I portfolio investments in the year. This is due to the uplift in Educas' valuation, offset by a reduction in Time Out's share price performance and weakening of Sterling following Brexit and the Broadstone disposal.

In November 2016, Educas went through a structural reorganisation creating a new Oakley Holdco (OCPE Education LP). This was established to hold both Fund I and Fund II Educas stakes. An independent valuation was undertaken to establish the relative shareholdings held by the Funds in this new entity. As a result, Fund I now has a stake in all consolidated Educas investments. A further €0.5 million was invested by Fund I into Educas in 2016.

Time Out is now a listed company and its fair value is determined by a mark-to-market valuation, based on a year end share price of £1.38.

The remaining Broadstone division comprising the shares of Broadstone Corporate Benefits Limited and Broadstone Risk and Healthcare Limited, was disposed of in May 2016 to Livingbridge LP, after reaching a decision to sell in December 2015, with proceeds received of €6.3 million.

Movement in Fund I Investment Portfolio (€m)



Final deferred consideration of €2.1 million was received by the Fund from Verivox in 2016, after the successful exit from this investment in 2015.

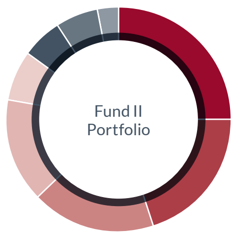
As at 31 December 2016, Fund I had called €179.0 million (£152.7 million) from OCI representing 95% of the Company's total capital commitment.

Portfolio Review: Oakley Fund II Investment Activity

The investment activity of Oakley Fund II during the year is summarised in the table below. Oakley Fund II is denominated in Euros, and the year end exchange rate was used, where applicable. The Company held a 38.1% stake in the Fund at 31 December 2016.

FUND II	31 Dec 2015 Fair value €m	31 Dec 2016 Fair value €m
Investments held at 31.12.16		
Facile	123.3	137.0
Educas	40.8	109.8
North Sails	97.3	101.9
Parship Elite Group	107.9	84.4
Host Europe Group	26.4	41.4
Daisy	21.3	33.9
Verivox	20.6	32.0
Damovo	16.3	18.4
Total Investments	**453.9**	**558.8**

Realisations during 2016:	Proceeds	Realised Gain/Loss
Parship Elite Group	125.3	69.4
Facile	11.8	0.0
Total Realisations	**137.1**	**69.4**



The overall increase of €104.9 million in the fair value of the Fund II portfolio investments is due to the strong performances in the portfolio companies throughout 2016, with Facile and Educas being the biggest contributors.

Investment additions over the year of €81.3 million comprised of €49.0 million investment into Educas which was provided to acquire three schools during 2016 and Fund II now has an interest in all Educas investments through the reorganisation of Educas and the creation of OCPE Education. There were follow-on investments in North Sails of €16.5 million, Daisy of €14.9 million and Verivox of €0.9 million during the year.

As part of its refinancing strategy, Facile repurchased shares which returned €11.8 million to the Fund, and €4.5 million (£3.8 million) to the Company.

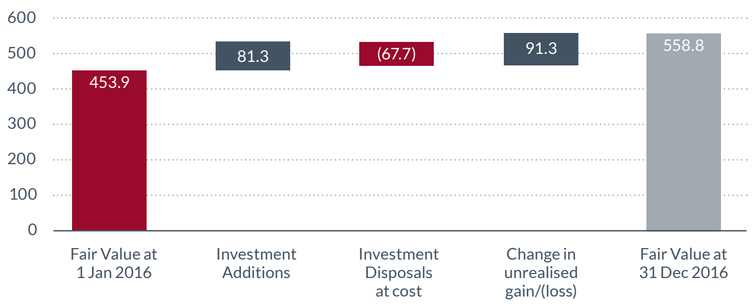
The partial realisation of Parship Elite Group was completed in October 2016, with Fund II receiving proceeds of €125.3 million, of which the Company received €43.3 million (£38.6 million). This reduced Fund II's stake in the investment from 80.3% to 38.5%.

An agreement was reached to sell Host Europe Group to GoDaddy Inc in December 2016. This is expected to complete in the second quarter of 2017 with €41.4 million anticipated proceeds for the Fund of which, OCI expected to receive €14.4 million (£12.2 million). This sale completed on 3 April 2017, with actual proceeds received by Fund II of €42.2 million (£31.6 million), a slight increase from expectations. OCI will receive proceeds of €14.6 million (£12.5 million) from this transaction.

The fair value of Verivox and Damovo increased during the year, however Daisy was adversely affected by the weakening of Sterling.

As at 31 December 2016, Fund II had called €153.0 million (£130.5 million) from the Company representing 76.5% of the Company's total capital commitment to Fund II.

Movement in Fund II Investment Portfolio (€m)



Oakley Funds' Realisations and Distributions

Funds' Realisations and Distributions during 2016:

PARSHIP ELITE Group — Oakley Fund II — Partially Exited

- Sale of a controlling stake to ProSieben, resulting in proceeds of €43.3 million (£38.9 million) distributed to OCI from its investment in Fund II.
- Repayment of a loan of £5.3 million (€6.2 million) to OCI following the partial realisation.

€55.9m Cost
€125.3m Proceeds

facile.it — Oakley Fund II — Refinancing

- The Facile refinancing in August 2016 resulted in proceeds of €11.8 million for Fund II.
- OCI received €4.5 million (£3.8 million) of proceeds from this distribution.

€11.8m Cost
€11.8m Proceeds

BROADSTONE — Oakley Fund I — Exited

- Sale of the remainder of the business to Livingbridge which completed on 3 May 2016.
- Repayment of loan to OCI amounting to £11.2 million.
- A final receivable balance remains at year end of €0.6 million.

€33.6m Cost
€6.3m Proceeds

VERIVOX — Oakley Fund I — Exited

- Deferred consideration received during the year for the investment previously held by Fund I and sold in 2015.
- From total proceeds of €2.1 million, OCI received €1.3 million (£1.1 million) in 2016.

€2.1m Proceeds

Fund Realisations and Distributions subsequent to year end:

HEG — Oakley Fund II — Post year end Exit

- Agreement reached in December 2016 by Cinven (the majority shareholder in HEG), to sell to ProSieben.
- The sale of HEG completed on 3 April 2017, and proceeds of €42.2 million (£31.6 million) was received by Fund II.
- OCI will receive proceeds of €14.6 million (£12.5 million) from the sale, a slight increase from the expected proceeds of €14.4 million (£12.2 million).

€20.0m Cost
€42.2m Actual Proceeds

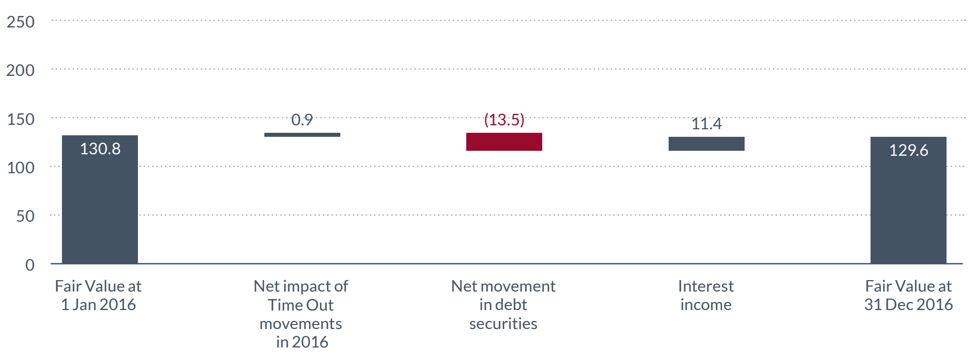
Portfolio Review: Co-Investment Activity

The investment activity of the co-investments during the year is summarised in the table below:

Co-Investments:	31 Dec 2015 Fair value £m	31 Dec 2016 Fair value £m
Equity Securities		
Time Out	26.0	43.9
Debt Securities		
Time Out	23.6	9.5
North Sails	10.1	22.0
Daisy	39.8	31.6
Damoco Bermuda	4.2	
Bellwood Holdings	2.8	
Broadstone	10.9	
Fund Facilities	13.4	22.6
Total Investments	**130.8**	**129.6**

Co-investments held by the Company consist of equity and debt facilities provided to the underlying Oakley Funds' portfolio companies.

Movement in the Co-Investment Portfolio (£m)



Equity securities

In June 2016, as part of the IPO of Time Out, the Company exchanged its preference shares and ordinary shares held in Time Out Mercado and its preference shares held in Flypay and Time Out HC Limited which had an aggregated fair value at 31 December 2015 of £26.0 million, for ordinary shares in Time Out Group plc. The Company received 10.0 million shares in Time Out as repayment of loans to the Time Out companies and 21.4 million shares for ordinary and preference shares held in Time Out Mercado and Time Out Group HC Limited. The fair value of Time Out at year end is mark-to-market based on a share price of £1.38 per share.

Debt Securities

A mezzanine loan of £6.2 million was provided to Time Out (Bermuda) Ltd in 2015. It was partially repaid following the IPO and has a balance of £9.5 million outstanding at the year end including accrued interest.

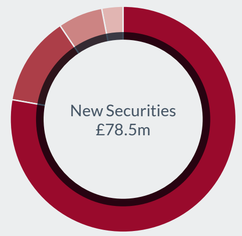
The net movement in debt securities (excluding Time Out) provided by OCI is £13.5 million. This consists of new facilities provided of £78.5 million and repayments of facilities over 2016, of £92.0 million including accrued interest.

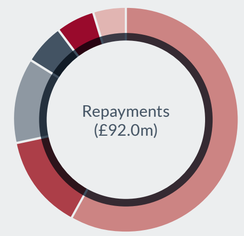
Further facilities were provided to the following portfolio companies over 2016: £10.0 million was provided to North Sails for its apparel business; a £5.2 million facility was provided to Parship Elite Group during the year, which was repaid to OCI following the partial realisation in October 2016; £2.2 million was provided to Bellwood but was fully repaid prior to year end. A total of £61.1 million of further facilities were provided to the Oakley Funds including Oakley Capital II Limited and Oakley Capital III Limited.

Repayments of £92.0 million were received throughout the year. These included a partial repayment of £12.5 million from Daisy for a loan made through the Ellisfield investment. The balance outstanding on this loan at year end was £31.6 million including interest. Following the disposal of Broadstone in May 2016, the previously provided loan facility was fully repaid amounting to £11.2 million being received by OCI. The Parship, Bellwood and Damovo loans were fully repaid during the year with a total balance received of £14.7 million including interest. Total repayments of £53.6 million including accrued interest were received from the Oakley Funds during the year.

The Company provides revolving credit facilities to the Oakley Funds. Each drawing under these facilities is for no more than one year. The loans are used to fund short-term cash requirements. The interest generated from these facilities exceeds the interest earned on the Company's bank deposits, allowing OCI to earn higher returns on part of its cash reserves. OCI earned £11.4 million (2015: £4.9 million) interest income on the debt facilities that were in place during the year. As at 31 December 2016, the Company had an outstanding debt facilities balance of £22.6 million (2015: £13.4 million) to the Oakley Funds. All outstanding loan amounts include accrued interest.

Net movement in Debt Securities of (£13.5m):





CASE STUDY

PARSHIP ELITE Group

As the leading provider of online dating services in Europe, it is the Group's goal to find the perfect match for everyone. Because a good relationship makes people happy – and the world a better place.

Sector:	Consumer
Fund:	Fund II
Date of Initial Investment:	April 2015

OCI's investment through Fund II

Cost:	£0.0m*
Valuation:	£22.7m*
Valuation Methodology	Earnings Multiple
Entry Multiple:	8.1x
Location:	Germany
Website:	www.parshipelite.com

Financial performance

EBITDA

2016 €27.6m
2015 €18.0m
2014 €11.2m

+57%

"Every 11 minutes a single person finds his or her match with Parship."

Timeline of Key Transactions:

MAR 2015	APR 2015	JUN 2015	NOV 2015	SEP 2016	OCT 2016
Signing of Parship deal	Completion of Parship acquisition	Signing of ElitePartner deal by Parship	Completion of ElitePartner acquisition	Signing of partial realisation to ProSieben	Completion of partial realisation to ProSieben

Business Overview

Parship Elite Group was formed through the combination of two of the leading online dating brands in Europe, Parship and ElitePartner.

Parship was founded in 2001 and is Germany's and Europe's largest online dating service. The Parship principle is a scientifically-based method following the maxim: "As many similarities as possible, as many differences as necessary". It allows singles to search for a serious relationship with the best possible chances of success. Parship currently offers its services in 13 countries.

ElitePartner is the premium partner agency for sophisticated singles aged 30 plus. Since 2004, ElitePartner has been matching people with similar lifestyles, interests and values. A thorough screening of each registration creates an exclusive circle of interesting contacts.

Headquartered in the heart of Hamburg, the Group employs over 230 people, ranging from IT to product management, marketing and customer services. Together they work passionately for one common goal: love.

The Investment Case

- Ranked number one in the online matchmaking segment in Germany, Austria and Switzerland ("the DACH region").
- Parship's addressable market expected to grow as online dating has become more mainstream and it is more normal for the "millennial" generation to look online for a life partner.
- Strong management team with excellent internal systems and processes.
- Good opportunity to use Parship as a basis for consolidation with ElitePartner (subsequently acquired) and similar targets.

Oakley's Investment

Oakley tracked Parship for some time prior to the acquisition. Once acquired, Oakley was able to move swiftly to negotiate the deal and secure exclusivity for the purchase of ElitePartner, combining these two leading brands and creating the Parship Elite Group; the premier matchmaking brand in Europe.

Through management's commercial insight and Oakley's streamlined transaction process, the ElitePartner deal was signed just six weeks after completion of Parship.

Financial Performance

Since acquisition, Parship's management team has worked hard to extend Parship's leading position in the DACH region while also integrating ElitePartner. Parship achieved strong growth in 2015, which continued into 2016.

The combination of Parship's strong organic growth and the realisation of synergies with ElitePartner has resulted in a compound annual growth rate (CAGR) of 57% since 2014 for the Parship Elite Group.

Part-Realisation

A strategic media buyer was a likely exit route for Parship Elite Group. Oakley decided to sell a majority stake when ProSieben made an approach in early 2016 but retained a 38.5% stake given the strength of the underlying business and the synergies that could be achieved with the strategic shareholder.

On 13 October 2016, Fund II completed the sale of its controlling stake in Parship Elite Group to ProSieben valuing the Group at €300 million, representing a gross return of 3.6x on the original investment and an IRR of 145% for Fund II.

The financial outperformance against forecasts and the successful acquisition of ElitePartner has created significant value. Through OCI's investment in Fund II, the Company's indirect economic interest in the Group increased from €20.3 million to €67.2 million at the time of the partial realisation and led to a cash return of €43.3 million (£38.9 million) in 2016.

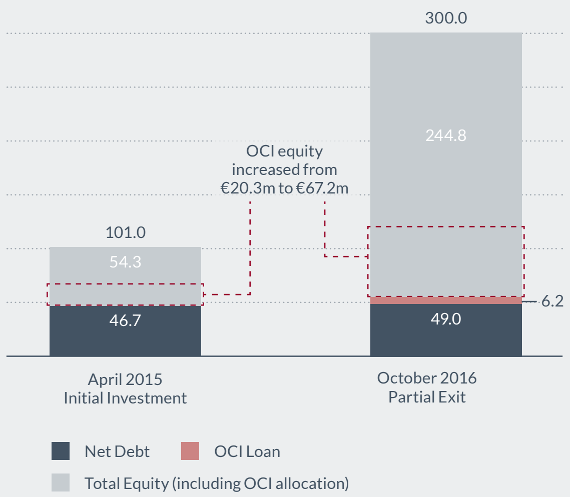
The graph below demonstrates how this value is split across the capital structure of Parship Elite Group from acquisition in April 2015 to the partial realisation in October 2016 from OCI's perspective.

Current Performance

Parship Elite Group continues to prosper under the same management team Oakley backed, and now with the support of ProSieben as a strategic investor.

Oakley retains a significant minority position in the Parship Elite Group, providing the Company and other Fund II investors to participate in the further potential of this high-quality digital market leader.

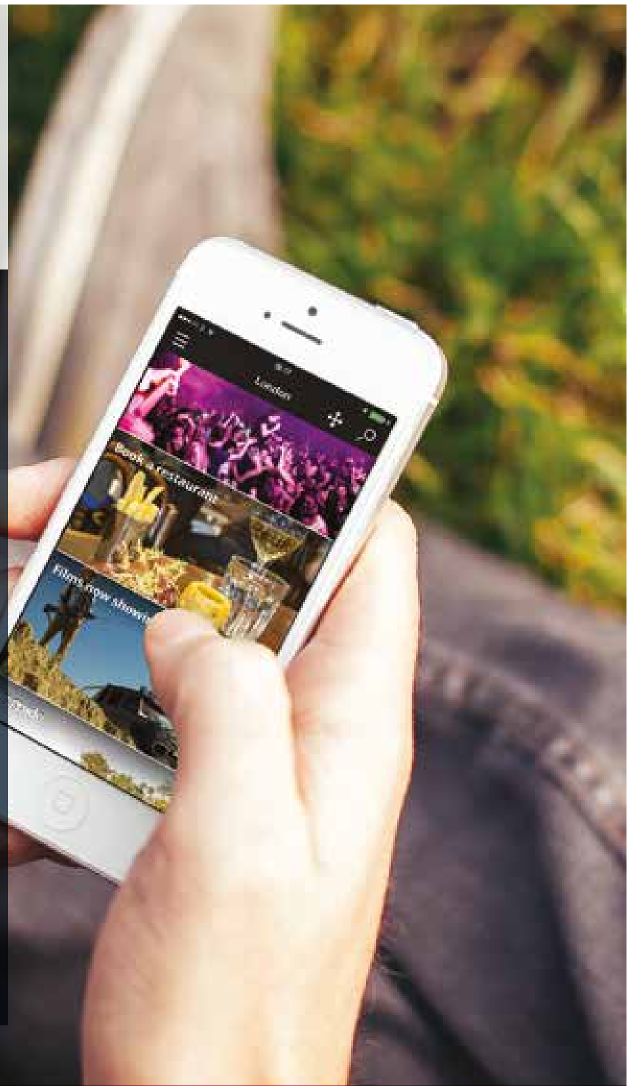
Value Creation – Parship Elite Group (€m)



Note* – The fair value and cost of the underlying investments have been calculated using year end FX rates. They have been calculated using OCI's proportionate share in each of the Funds; Fund I 65.5% and Fund II 38.1%. These valuations exclude costs and other fees, and are approximate valuations of the underlying portfolio companies.

Overview of Oakley Funds' Portfolio Companies

TimeOut
DISCOVER | BOOK | SHARE



Time Out, founded by Tony Elliott in 1968, has become one of the world's leading brands for leisure and lifestyle in today's increasingly urban environment. Time Out's emphasis on independent local opinions and unique editorial content is a trusted source of information on what to do in many of the world's major cities.

Sector:	Consumer
Fund:	Fund I
Date of Initial Investment:	November 2010
OCI's investment through Fund I & OCI	
Cost:	£26.4m*
Valuation:	£33.9m*
OCI Direct Investment:	£9.5m (debt facility) £43.9m (equity)
Valuation Methodology:	Mark-to-Market
Entry Multiple:	7.1x
Location:	Global
Website:	www.timeout.com

Business Overview

Time Out's global distribution network incorporates a comprehensive online presence, an offers-and-e-commerce platform, paid local business listings, mobile applications, city magazines, travel guides, live events, physical markets and syndicated content partnerships.

Time Out directly manages operations across 63 cities worldwide, and extends that reach through brand franchisee partners in a further 44 cities around the globe. Time Out's combined brand audience reach (across digital, print, social media and the physical markets) is approximately 100 million.

Time Out successfully listed on the AIM of the London Stock Exchange in June 2016. It raised £90 million which, after fees and debt repayment generated net proceeds of £59 million. These funds are being used to accelerate Time Out's growth plans, to invest in digital and e-commerce opportunities and the roll-out of the Time Out Market concept.

Oakley's Investment Rationale

- Trusted brand of 49 years with strong local editorial integrity synonymous with entertainment.
- Consolidation of the Time Out brand under common ownership with the acquisition of Time Out New York and Time Out Chicago.
- Opportunity to monetise through advertising, e-commerce and sponsored listings.
- Capacity to turn around the digital and mobile platform to provide transactional ease and one-stop-shop for entertainment.
- Rapid market growth and acceptance of digital content.

Current Performance

Revenue for the full year was ahead of expectations due to positive trading in the second half of the year.

Time Out's Group revenue, including a full year of Time Out Market on a **pro forma** basis, showed growth for the year of 23% (17% in constant currency) to £37.1 million (2015: £30.2 million), with revenue growth in the second half of 29% compared to 16% in the first half of the year.

Time Out Digital delivered revenue growth in 2016 of 39%. Within digital revenue, advertising grew by 36%, Premium Profiles by 51% and e-commerce by 45% year-on-year.

Time Out Market has also shown strong year-on-year revenue growth of 115% for the full year. Time Out Market Lisbon hit a record level of 3.1 million visitors in 2016.

Time Out noted the signing of conditional leases for new Time Out Markets located in London and in Miami South Beach, with further locations being assessed.

Note* – The fair value and cost of the underlying investments have been calculated using year end FX rates. They have been calculated using OCI's proportionate share in each of the Funds; Fund I 65.5% and Fund II 38.1%. These valuations exclude costs and other fees, and are approximate valuations of the underlying portfolio companies.

EDUCAS.

Educas was established by Nadim Nsouli in July 2013 to acquire controlling stakes in premium private schools around the world. Educas has grown through acquisition and partners with family owned businesses and management teams to achieve transformational growth.

Sector:	Education	
Fund:	Fund I	Fund II
Date of Initial Investment:	July 2013	August 2014
OCI's investment through Fund I & Fund II		
Cost:	£37.1m*	
Valuation:	£69.7m*	
Valuation Methodology:	Market and Income Approach	
Entry Multiple:	9.4x	
Location:	Global	
Website:	www.educasinternational.com	

Business Overview

Educas made its first acquisition in July 2013, taking a majority stake in Reddam House – a group of four premium, private South African schools. In order to broaden its international footprint, Educas has made further acquisitions in Africa, Europe, Australia and South America since then, as well as opening schools in South Africa and Australia. Today the group comprises 27 schools and 5 early learning centres, and educates c. 17,000 students.

On 30 November 2016, Educas reorganised the Group, resulting in the consolidation of the African, European and Australian assets into a single Educas holding company. As part of this reorganisation, a new Oakley Holdco (OCPE Education LP) was established to hold both the Fund I and Fund II stakes. A third-party valuation was undertaken in order to establish the relative shareholdings held by Fund I and Fund II in OCPE Education LP.

Oakley's Investment Rationale

- Long-term revenue visibility with strong cash flow generation and limited cyclicality.
- Attractive market dynamics in developing countries: weak public school systems and fast growth of middle classes are driving demand for quality education.
- Fragmented market with a small number of large operators, helping to drive premium valuations for schools groups.
- Potential for multiple arbitrage as single schools can typically be acquired at lower multiples.
- Reddam has strong brand recognition in both South Africa and Australia, helping to drive growth in pupil numbers at greenfield schools.

Current Performance

Educas has achieved strong growth during 2016 with continued growth in pupil numbers at its existing schools. Two new greenfield schools were opened during the year in South Africa, while the European footprint was further enhanced through the acquisitions of the International School of Europe and St Louis School in Italy, and St John's International School in Belgium.

Note* – The fair value and cost of the underlying investments have been calculated using year end FX rates. They have been calculated using OCI's proportionate share in each of the Funds; Fund I 65.5% and Fund II 38.1%. These valuations exclude costs and other fees, and are approximate valuations of the underlying portfolio companies.

Overview of Oakley Funds' Portfolio Companies (continued)

North Technology Group, founded in 1957 by Lowell North, comprises three market-leading marine brands (North Sails, Southern Spars, EdgeWater Power Boats) focused on providing innovative and high-performance products and solutions to the worlds sailors and yachtsmen.

Sector:	Consumer
Fund:	Fund II
Date of Initial Investment:	March 2014

OCI's investment through Fund II & OCI

Cost:	£28.3m*
Valuation:	£32.3m*
OCI Direct Investment:	£22.0m (debt facility)
Valuation Methodology:	Earnings / Revenue Multiple
Entry Multiple:	8.6x
Location:	Global
Website:	www.northsails.com

Business Overview

North Technology Group supplies the most technologically advanced sails, spars and rigging to the majority of the world's largest yachts and premier sailing teams.

North Sails, the largest brand in the group, is the world leader in sailmaking. North Sails is focused on providing innovative, high performance products including 3Di, the sail of choice on the majority of America's Cup, Grand Prix, ocean race boats and Superyachts. North Sails also produces and distributes branded sportswear throughout Europe and Asia through its partnership network of 1,000 chain and independent stores, as well as through proprietary and franchise retail stores across Europe.

Other brands in the Group are; Southern Spars, the world leader in composite spars, rigging and marine components; EdgeWater Boats, a line of high-performance outboard sport boats; and North Thin Ply Technology, a developer of thin ply carbon pre-pregnated for non-marine markets such as aerospace.

Oakley's Investment Rationale

- North Sails is the global market leader in sails and spars, with strong recurring revenues from the sail replacement cycle and an expansive portfolio of patents.
- Oakley identified significant synergy and cost reduction potential by merging the North Sails Group with its principal European licensee.
- Opportunities to license the North Sails brand in apparel and ancillary products.

Current Performance

North Sails revenue was flat on prior year primarily due to fewer major sailing race events in 2016. In mid-2016, North Sails Apparel signed an agreement with a global retailer to launch the clothing brand in the USA, and initial trading is looking positive. However, it faced a challenging year in its core domestic market of Italy, with retail and wholesale revenues down on prior year.

The Group continues its consolidation of the North Sails brand and acquired the Australian licensee after the year end.

Note* – The fair value and cost of the underlying investments have been calculated using year end FX rates. They have been calculated using OCI's proportionate share in each of the Funds; Fund I 65.5% and Fund II 38.1%. These valuations exclude costs and other fees, and are approximate valuations of the underlying portfolio companies.

Founded in 2008, Facile.it is Italy's leading destination for consumers to compare prices for motor insurance, energy, telecoms and personal finance. Facile is the market leader in online motor insurance comparison in Italy, with over 70% market share.

Sector:	Consumer
Fund:	Fund II
Date of Initial Investment:	September 2014

OCI's investment through Fund II

Cost:	£14.5m*
Valuation:	£39.3m*
Valuation Methodology:	Earnings Multiple
Entry Multiple:	12.1x
Location:	Italy
Website:	www.facile.it

Business Overview

Facile is a leader to the fast-growing online price comparison market, providing a platform for consumers to compare prices on a range of household services including motor insurance, energy, telecoms and personal finance. Facile has a strong position in its core market (car insurance) with over 70% market share. In order to capitalise on this leading market position, Facile has launched new product verticals in ADSL (broadband), gas and electricity, and financial products. Today Facile helps over 2.2 million Italians a month to compare prices on key elements of their household expenditure.

Oakley's Investment Rationale

- Dominant market position in the online car insurance switching market.
- Online penetration of the Italian car insurance market is only 10%, versus 80% in the UK, suggesting there is substantial growth potential.
- Facile generates additional revenues from renewals, benefits from low seasonality in the sector, consistently profitable and highly cash-generative month on month.
- Multiple new product verticals to be exploited (Oakley offers expertise from the German market, with the proven success of the Fund I investment in Verivox).

Current Performance

Facile achieved strong growth in 2016 versus the prior year, with revenues up 27% and EBITDA up 25%. Growth has been predominantly driven by increased switching volumes in Facile's core car insurance vertical, in which it maintains a 70% market share, also through non-insurance verticals (e.g. broadband and financial products) which are gaining traction in the marketplace. In 2016, these accounted for 21% of Group revenues, up from 15% in 2015.

Note* – The fair value and cost of the underlying investments have been calculated using year end FX rates. They have been calculated using OCI's proportionate share in each of the Funds; Fund I 65.5% and Fund II 38.1%. These valuations exclude costs and other fees, and are approximate valuations of the underlying portfolio companies.

Overview of Oakley Funds' Portfolio Companies (continued)

DAMOVO
UNDERSTAND. DELIVER. IMPROVE.

Damovo is one of Europe's leading providers of Information Communication Technology solutions and services with over 2,000 customers globally. Its mission is to deliver innovative end-to-end ICT solutions and managed services to support customers' business requirements, enabling them to stay ahead in todays digitally transforming world.

Sector:	TMT
Fund:	Fund II
Date of Initial Investment:	January 2015

OCI's investment through Fund II	
Cost:	£3.4m*
Valuation:	£5.5m*
Valuation Methodology:	Earnings Multiple
Entry Multiple:	4.9x
Location:	Germany
Website:	www.damovo.com

Business Overview

Damovo is a provider of information communication technology ("ICT") services and solutions to businesses. Its core areas of expertise are unified communications and collaborations ("UCC"), contract centres, enterprise networks, cloud services and managed services. It has regional offices across Europe and a global capacity spanning over 120 countries. Damovo is one of the only ICT providers in Europe that has the highest level of accreditation with all four of the leading Unified Communications suppliers in the Gartner Magic Quadrant.

Oakley's Investment Rationale

- Unique proposition in the European market with the ability to independently provide all of the major UCC technologies.
- Opportunity to create scale and improved commercial relationships through a targeted roll-up strategy.
- Low entry multiple as a result of historical issues (in particular, underinvestment by previous owners) within the business.
- Complex carve out.
- Consistently high customer satisfaction scores – one of the highest in the market.
- Potential for significant margin improvement.
- 50% of revenues are recurring, with a strategy to increase this going forward.

Current Performance

Damovo's results for 2016 were positive, with revenue growth of 9% against the prior year. This was due to a number of significant new customer wins, including two large German banks, along with improvement in gross margin, demonstrating good progress in its transition from a product business to a true managed services provider.

Damovo's recent acquisition of Netfarmers GmbH, a German-based specialist in unified communication, security and networking, has added geographic and technical capability to the business. This strengthens the Damovo's ability to deliver Cisco end-to-end solutions and architectures to clients which helps increase organic sales.

Note* – The fair value and cost of the underlying investments have been calculated using year end FX rates. They have been calculated using OCI's proportionate share in each of the Funds; Fund I 65.5% and Fund II 38.1%. These valuations exclude costs and other fees, and are approximate valuations of the underlying portfolio companies.

daisy.

Daisy is a leading digital supplier of end-to-end business communications and managed services to UK SMB, mid-market and corporate businesses.

Sector:	TMT
Fund:	Fund II
Date of Initial Investment:	July 2015

OCI's investment through Fund II & OCI	
Cost:	£12.1m*
Valuation:	£11.0m*
OCI Direct Investment:	£31.7m (debt facility)
Valuation Methodology:	Earnings Multiple
Entry Multiple:	9.0x
Location:	UK
Website:	www.daisygroup.com

Business Overview

Formed in 2001, Daisy has grown into the UK's largest independent telecommunications provider with 30 locations nationwide. Daisy offers a comprehensive range of products and services including fixed line voice, data, hosting, mobile telephony, IT infrastructure and associated managed services.

Since 2015, Daisy has completed the following transformative Public-to-Private acquisitions:

- Phoenix, a UK-based provider of IT managed services was acquired in July 2015. Phoenix was founded in 1979 and listed on the main market of the London Stock Exchange in 2004. It offers a comprehensive range of managed IT infrastructure services including systems management, communications, remote telephone support, project and consultancy services, business continuity and disaster recovery services.
- Alternative Networks, a UK-based IT and telecoms provider was acquired in December 2016. Alternative Networks was founded in 1994 and listed on the AIM of the London Stock Exchange in 2005. It provides IT managed services and B2B communications to UK businesses.

Daisy has now completed over 50 acquisitions since its formation in 2001.

Oakley's Investment Rationale

- Strong existing relationship with management that Oakley was keen to back in the next phase of Daisy's evolution.
- Acquisitions of Phoenix and Alternative Networks provided significant scale.
- A number of other target companies are suitable M&A candidates in a highly fragmented sector.
- Improving sector dynamics with the SME ICT sector forecast to grow at 4.2% CAGR 2015-2017.

Current Performance

Daisy has performed as expected for the first nine months of its financial year, ending March 2017.

The acquisition of Alternative Networks represents a strong, complementary fit with Daisy's existing business and operations. It also continues Daisy's track record of accretive acquisitions to build scale and deliver synergies across the Group.

Note* – The fair value and cost of the underlying investments have been calculated using year end FX rates. They have been calculated using OCI's proportionate share in each of the Funds; Fund I 65.5% and Fund II 38.1%. These valuations exclude costs and other fees, and are approximate valuations of the underlying portfolio companies.

Overview of Oakley Funds' Portfolio Companies (continued)

Verivox

Founded in 1998, Verivox is Germany's leading consumer energy and telecoms price comparison website. The company receives commission from energy suppliers when consumers elect to switch providers. Since 2012, Verivox has also offered price comparison services in the insurance and personal finance sectors.

Sector:	Consumer
Fund:	Fund II
Date of Initial Investment:	August 2015
OCI's investment through Fund II	
Cost:	£7.0m*
Fair Value:	£9.8m*
Valuation Methodology:	Earnings Multiple
Entry Multiple:	10.0x
Location:	Germany
Website:	www.verivox.de

Business Overview

Verivox is one of Germany's leading price comparison websites, enabling consumers to compare and switch providers across a range of household services including energy, telecoms, insurance and personal finance.

Verivox is a well-recognised brand in Germany and is regularly quoted by the media as an independent source of energy price data. The company has also been certified by Germany's leading consumer protection and standards bodies.

Oakley's Investment Rationale

- One of only two major players in the German price comparison services market following its acquisitions of Toptarif and Transparo in 2014.
- German price comparison services sector is projected to continue to show strong growth.
- Verivox's partnership with ProSieben will drive synergies through lower-cost TV advertising and increased marketing know-how.
- Oakley can add significant value through its knowledge of the price comparison sector gained through its historic investments in Verivox and Facile.

Current Performance

Verivox achieved strong growth in 2016 against 2015, with revenues up 25% and EBITDA up 13%. Total contracts switched across Verivox in 2016 were almost 1.9 million (up 27% versus prior year).

Growth was predominantly driven by Verivox's core energy switching business, but contract volume growth was also strong in telecoms, banking and insurance verticals, all of which grew volumes by at least 40%.

Note* – The fair value and cost of the underlying investments have been calculated using year end FX rates. They have been calculated using OCI's proportionate share in each of the Funds; Fund I 65.5% and Fund II 38.1%. These valuations exclude costs and other fees, and are approximate valuations of the underlying portfolio companies.

HEG

HEG is a leading provider of domain and hosting services in Europe, with an end-to-end product suite covering the entire hosting value chain including domains, application hosting, cloud hosting and managed hosting.

Sector:	TMT
Fund:	Fund II
Date of Initial Investment:	January 2015
Date of Exit:	December 2016 (completed 3 April 2017)
OCI's investment through Fund II	
Cost:	£6.5m*
Fair Value:	£12.2m*
Valuation Methodology:	Expected Sales Proceeds
Entry Multiple:	9.8x
Location:	Germany
Website:	www.hosteurope.com

Business Overview

HEG operates primarily in the UK and Germany, the two largest hosting markets in Europe, where it is ranked in the top 1–3 across all segments. Since being acquired by Cinven in 2013, HEG has acquired DomainFactory, a leading domains and shared hosting business in Germany, and Telefonica Online Services ("TOS"), a high-end managed hosting provider in Germany.

Oakley's Investment Rationale

- HEG is Europe's largest independently-held hosting business and is well-positioned to continue its consolidation of the European hosting sector having already acquired DomainFactory, TOS and intergenia.
- Investment into HEG at a low multiple, allowing Oakley to benefit from the synergies realised from the deal.

In January 2015, coinciding with the completion of the intergenia sale to HEG, Fund II invested €20m in the enlarged Host Europe Group obtaining a 3% minority stake in the Group.

Current Performance

On 7 December 2016, an agreement was reached to sell HEG to GoDaddy Inc, the world's largest cloud platform dedicated to small independent ventures, for an Enterprise Value of €1.7 billion.

The transaction closed on 3 April 2017, with total proceeds of €42.2 million being received by Fund II. This transaction generated a gross money multiple of 2.1x and 40% IRR for Fund II.

Note* – The fair value and cost of the underlying investments have been calculated using year end FX rates. They have been calculated using OCI's proportionate share in each of the Funds; Fund I 65.5% and Fund II 38.1%. These valuations exclude costs and other fees, and are approximate valuations of the underlying portfolio companies.

Governance

Board of Directors

Christopher Wetherhill
Chairman

Christopher Wetherhill founded and was Chief Executive Officer of Hemisphere Management Limited (now 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 Professional Accountants, a Fellow of the Institute of Directors and a Freeman of the City of London. He is a resident of Bermuda.

Christopher is Chairman of the Board of Directors.

James Keyes
Non-executive Director

James Keyes was a Managing Director of Renaissance Capital, an emerging markets investment bank, from 2008 until 2013. He established the Renaissance Bermuda office and remained with the firm until the office closed in 2013.

He was previously a partner of Appleby, the offshore law firm, for 11 years. James joined Appleby in 1993 and was team leader of the Funds and 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 admitted as a solicitor in England and Wales in 1991 and called to the Bermuda Bar in 1993. He became a Notary Public in 1998. James is a resident of Bermuda.

Caroline Foulger
Non-executive Director

Caroline Foulger has been an independent Non-executive Director in the financial services industry since early 2013. In addition to her seat on the OCI Board, Caroline currently sits on the Board of a FTSE 250 insurance company and its subsidiaries at Lloyds and in Bermuda, a NYSE listed bank and several private companies.

Caroline was previously a partner with PwC for 12 years, primarily leading the insurance practice in Bermuda and servicing listed clients with both audit and advisory services and has 25 years' experience in public accounting. Caroline is a Fellow of the Institute of Chartered Accountants in England & Wales, CPA Bermuda and a Member of the Institute of Directors.

Laurence Blackall
Non-executive Director

Laurence Blackall has thirty years experience in the information, media and communication industries, pioneering electronic publishing (especially at McGraw Hill where he was a Vice-President) and the internet in the United Kingdom.

He has proven expertise in establishing internet companies and developing them through to public offering and subsequent sale.

He holds Directorships in a number of public and private companies. Laurence is a resident of the United Kingdom.

Peter Dubens
Non-executive Director

Peter Dubens is the founder and Managing Partner of the Oakley Capital Group, a privately-owned asset management and advisory group comprising Private Equity, Venture Capital, Corporate Finance and Capital Introduction operations managing over €1.5 billion.

Peter founded the Oakley Capital Group in 2002 to be a best-of-breed, entrepreneurially-driven UK investment house, creating an ecosystem to support the companies in which Oakley Capital invests, whether they are early-stage companies or established businesses.

David Till serves as an alternate Director to Peter Dubens.

Directors' Report

The Directors present their report and financial statements for the year ended 31 December 2016. The results for the year are set out in the attached financial statements. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which have been adopted for the first time for the year ended 31 December 2016.

Directors

During the year there were changes to the composition of the Board. Tina Burns and Ian Pilgrim left the Board during 2016, and Caroline Foulger joined the Board as a Non-Executive Director.

The Company is not aware of any potential conflicts of interest between any duty of any of the Directors owed to it and respective private interests. All Directors, other than Peter Dubens, are considered to be independent.

Directors' Interests in Shares

As at 28 March 2017, Directors who are beneficial owners of shares in the Company are:

Director	No. of Shares
Peter Dubens	1,784,588
Laurence Blackall	200,000
Christopher Wetherhill	175,000
Caroline Foulger	61,000
James Keyes	10,000

Save as disclosed above, 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.

Relations with Shareholders

The Board recognises that it is important to maintain appropriate contact with major shareholders in order to understand their issues and concerns. Members of the Board have had the opportunity to attend meetings with major shareholders, and the Board receives major shareholders' views of the Company via direct face-to-face contact, and analyst and broker briefings.

In addition, the Investment Adviser maintains dialogue with institutional shareholders, the feedback from which is reported to the Board. The Board monitors the Company's trading activity on a regular basis.

The Company reports formally to shareholders twice a year. In addition, current information is provided to shareholders on an ongoing basis through the Company's website.

Substantial Shareholdings

As of March 2017, the Company has received the following notifications of interest of 3% or more in the voting rights attached to the Company's ordinary shares:

Shareholder	% of voting rights
Invesco Perpetual	20.4%
Woodford Investment Management	20.3%
Ruffer LLP	17.2%
Sarasin & Partners	8.9%
Fidelity International	5.5%
Henderson Volantis Capital	4.9%
Talisman	4.0%

Corporate Responsibility

The Board of the Company considers the ongoing interests of investors on the basis of open and regular dialogue with the Investment Advisor. The Board receives regular updates outlining regulatory and statutory developments and responds as appropriate.

Manager

The Manager was incorporated in Bermuda on 18 June 2007 under the Bermuda Companies Act. The Manager is responsible for advising and arranging in respect of the assets of the Company in accordance with the Management Agreement, subject to review by the Directors, in a manner consistent with the investment objective, approach and restrictions described in the Company's admission document. For the purposes of AIFMD, however, the Manager is not the "Alternative Investment Fund Manager" of the Company. The Company is self-managed under AIFMD.

Peter Dubens is a Director of both the Manager and the Company, and cannot vote on any Board decision relating to the Management Agreement whilst he has an interest.

Investment Adviser

The Investment Adviser was incorporated in England and Wales on 12 October 2000 under the Companies Act 1985. The Investment Adviser serves as investment adviser to the Manager with respect to the Company, and the general partners of the Oakley Funds.

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

Peter Dubens and David Till (both Directors of the Investment Adviser), with a team of twenty-three investment professionals, are together primarily responsible for performing investment advisory obligations with respect to the Company and the Funds.

Peter Dubens is a Director of both the Investment Adviser and the Company, and cannot vote on any Board decision relating to the Investment Adviser Agreement whilst he has an interest.

Delegation of Responsibilities

Under the Management Agreement, the Board has delegated to the Manager, substantial authority for carrying out the day-to-day management and operations of the Company. The Board has the ultimate decision to invest after reviewing the recommendations provided by the Investment Adviser.

Board Responsibilities

The Board meets at least quarterly and between these scheduled meetings there is regular contact between Directors and the Investment Adviser as otherwise required for the purpose of considering key investment decisions of the Company.

The Directors are kept fully informed of investments and other matters that are relevant to the business of the Company. Such information is brought to the attention of the Board by the Investment Adviser and by the Administrator in their periodic reports detailing the Company's performance, and receives from the Investment Adviser and other service providers such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

For the avoidance of doubt, the Directors do not make investment decisions on behalf of the Oakley Funds, nor do they have any role or involvement in selecting or implementing transactions by the Funds.

Dividends and Distributions

A maiden dividend was announced in December 2016 of 4.5 pence per share in respect of the 2016 financial year.

The decision to introduce a dividend was based on the consistent income generated from co-investments and increased cash returns from exits. The Company has experienced strong NAV growth in 2016 due to growth in the underlying portfolio companies.

The Board has adopted a dividend policy which takes into account the profitability and underlying performance of the Company in addition to capital requirements, cash flows and distributable reserves. Subject to any unforeseen circumstances, the Board intends to maintain a dividend of 4.5 pence per share for the 2017 financial year, paying 2.25 pence per share semi-annually following the publication of half yearly reports as of 30 June and 31 December.

Directors' Remuneration

There are no long-term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company and each Director is appointed by a letter of appointment setting out the terms of the appointment.

Directors are remunerated in the form of fees, payable annually in advance, to the Director personally. The table below details the fees paid to each Director of the Company for the year ended 31 December 2016.

The below fees do not include reimbursed expenses.

Director	Fees
Christopher Wetherhill	£55,000
James Keyes	£45,000
Caroline Foulger	£25,644
Peter Dubens	£nil
Laurence Blackall	£45,000
Tina Burns	£45,000
Ian Pilgrim	£45,000

Signed on behalf of the Board by:

Christopher Wetherhill
Chairman

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Consolidated Financial Statements are published on www.oakleycapitalinvestments.com. The maintenance and integrity of the website, so far as it relates to the Company, is the responsibility of the Company. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the Financial Statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in Bermuda governing the preparation and dissemination of the Consolidated Financial Statements may differ from legislation in other jurisdictions.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Bermuda Companies Act (1981). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Annual Report, confirms that, to the best of their knowledge:

- The Consolidated Financial Statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- So far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware;
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information; and
- The Consolidated Financial Statements, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Audit Committee Report

The Board is supported by the Audit Committee, which comprises James Keyes and Laurence Blackall. We are pleased to report to you on the range of matters which the Audit Committee has considered during 2016, the key risks and judgment areas and the decisions applied.

The principal role of the Audit Committee is to consider the following matters and make appropriate recommendations to the Board to ensure that:

- the accounting and internal control systems of the service providers are adequate;
- the integrity of the Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the independence, objectivity and effectiveness of the appointed external auditor is monitored and reviewed;
- the Company's policy on the provision of non-audit services by the external auditors is developed and implemented ; and
- recommendations are made to the Board that the external audit is put out to external tender as appropriate in accordance with applicable law, rules, regulation and best practice, and initiate and oversee as required fair tendering and selection processes.

The Audit Committee met twice during the year under review and has continued to support the Board in fulfilling its oversight responsibilities.

Review of Accounting Policies and Areas of Judgment or Estimation

The most significant risk in the Company's accounts is whether its investments are fairly and consistently valued and this issue is considered carefully when the Audit Committee reviews the Company's Annual and Interim Report and Accounts. The Investment Adviser provides detailed explanations of the rationale for the valuation of each investment. These are discussed in detail with the other members of the Committee and the Auditor.

The main risk identified by the Audit Committee is the valuation of the Oakley Funds. The key area of focus of the Committee is the valuation methodology and underlying business performance of the Oakley Funds' portfolio companies.

The valuations are independently reviewed by a professional valuation firm who report on their procedures and the conclusions of their work. The Audit Committee concluded that the year-end valuation process had been effectively carried out and that the investments have been fairly valued.

The Audit Committee reports to the Board after each Audit Committee meeting on the main matters discussed at the meeting.

IFRS conversion

The Consolidated Financial Statements have been prepared in accordance with IFRS for the first time. The Company's effective date of transition from US GAAP is 1 January 2015. The transition to IFRS has been detailed in note 27 of the financial statements.

External Audit

OCI's external auditor, KPMG Audit Limited, located in Hamilton, Bermuda, has been Auditor since 2007 and the Audit Committee reviews their performance annually. The Audit Committee considers a range of factors including the quality of service, the auditors' specialist expertise and the level of audit fee. The Audit Committee remains satisfied with KPMG's effectiveness and therefore has not considered it necessary to date, to require the auditors to tender for the audit work. The Auditors are required to rotate the audit partner and the current partner has been in place for five years.

The Audit Committee has reviewed the provision of non-audit services and believes them to be cost-effective and not an impediment to the external auditor's objectivity and independence. This is assessed by ensuring that KPMG has appropriate measures in place to safeguard their independence; such measures include ensuring that separate engagement teams provide audit and non-audit services.

It has been agreed that the Audit Committee must approve in advance all non-audit work to be carried out by the external Auditor for the Company.

On behalf of the Audit Committee

Laurence Blackhall
Chairman of the Audit Committee

Corporate Governance Report

The Board recognises the importance of sound corporate governance and have adopted policies and procedures that reflect those principles of the UK Corporate Governance code (formally known as the "Combined Code") as are appropriate to the Company's size and AIM listing. The Directors note that Bermuda, the country of incorporation of the Company, has no specific corporate governance regulatory regime.

This report describes the Company's corporate governance practices that were in place throughout the financial year ended 31 December 2016.

Chairman's Introduction to Corporate Governance

Good corporate governance is a key component of the Company's activities. Governance and oversight of these activities form an integral part of the Company's operations and it is as important as ever to monitor these to create and deliver value to the Company's stakeholders. The primary function of the Board is to provide leadership and strategic direction and it is responsible for the overall management and control of the Company. It is through these functions the Board creates and delivers value and growth for its shareholders.

The Board

The Board was comprised of five Directors at 31 December 2016, with Christopher Wetherhill as Chairman. All Directors are considered independent, with the exception of Peter Dubens, who is founder and Managing Partner of the Oakley Capital Group. Christopher Wetherhill, James Keyes and Laurence Blackall remain independent despite their individual length of service on the Board, as they are free from any business or other relationship that could materially interfere with their exercise of judgment. With respect to any decisions that Peter Dubens is deemed to have a conflict of interest, he does not vote on these matters.

It is the Board's responsibility to ensure that the Company has a clear strategy and vision, and to oversee the overall management and oversight of the Company, and for its growing success. In particular, the Board is responsible for monitoring financial performance, setting and monitoring the Company's risk appetite and ensuring that obligations to shareholders and other stakeholders are understood and met.

The Directors believe that the Board has an appropriate balance of skills and experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience is summarised in their respective biographies.

Directors' Terms of Appointment

In accordance with best practice, two of the Directors retire and are subject to re-election annually. In accordance with the appointment and rotation policy, Peter Dubens and Laurence Blackall were re-elected at the Annual General Meeting on 7 June 2016. Ian Pilgrim and Tina Burns did not offer themselves for re-election at the Annual General Meeting ("AGM") on 7 June 2016 and therefore no longer sit on the Board.

Caroline Foulger was appointed to the Board at the AGM on 7 June 2016, as an independent Director. She is an experienced Non-executive Director in the financial services industry and sat on her first Board in early 2013. She brings a wealth of experience to the Board and was previously a partner in PwC in Bermuda for 12 years with 25 years experience in the public accounting sector.

Board Meetings

The Board met formally six times during 2016 with regular contact amongst the Directors between these meetings. Where necessary, the Directors may seek independent professional advice at the expense of the Company to aide their duties.

Director	Board Attendance
Total meetings held:	**6**
Number attended:	
Christopher Wetherhill	6
James Keyes	6
Laurence Blackall	4
Caroline Foulger (a)	4
Peter Dubens	2
Ian Pilgrim (b)	2
Tina Burns (b)	2

(a) Caroline Foulger was appointed at the Annual General Meeting on 7 June 2016

(b) Ian Pilgrim and Tina Burns did not offer themselves for re-election at the Annual General Meeting on 7 June 2016 and were not present at the AGM on 7 June 2016

The principal matters considered by the Board during 2016 included:

- Regular reports and updates from the Investment Adviser on the co-investments and debt facilities held by the Company;
- Reports and updates from the Manager;
- Consideration of the Company's share price and net asset value;
- Regular reports from the Board's committees;
- The Annual Report and Accounts and half-yearly Report;
- Reports from external consultants on market and regulatory updates; and
- Corporate matters including dividend policy, share buybacks and treasury shares.

The Board receives information that it considers to be sufficient and appropriate to enable it to discharge its duties. Directors receive Board papers in advance of Board meetings and are able to consider in detail the Company's performance and any issues to be discussed at the relevant meeting.

Board Training

New Directors are provided with an induction programme tailored to the particular circumstances of the appointee and which includes being briefed fully about the Company by the Chairman and Senior Executives of the Investment Adviser. The Chairman regularly reviews and agrees with Directors their training and development needs as necessary to enable them to discharge their duties.

Board Committees

The Board has delegated a number of areas of responsibility to its committees. Laurence Blackall became Chairman of the Audit Committee at the AGM on 7 June 2016 after Tina Burns did not offer herself for re-election. Caroline Foulger is the Chairman of the Risk Committee. Nomination and Remuneration decisions are taken by the whole Board.

The Board discontinued its Remuneration Committee during the year. The work previously undertaken by this committee is considered core to the Company and that it is more appropriate to be dealt with by the full Board. It is noted that no Director determines their own remuneration.

Audit Committee

OCI has an Audit Committee with formal delegated duties and responsibilities. It currently comprises James Keyes and Laurence Blackall (Chair of Committee).

In consultation with the Auditor, the Audit Committee determines the terms of engagement and the scope of the audit. It continuously monitors the external auditor's independence and objectivity, and has unrestricted access to oversee the relationship with the Company's Auditor. The Audit Committee receives and reviews reports both from management and the Company's Auditor relating to the annual accounts and the accounting and internal control systems of the Company.

For more information, please find the full Audit Committee report on page 43.

Director	Audit Committee
Total meetings held:	**2**
Number attended:	
Christopher Wetherhill	2 (a)
James Keyes	2
Laurence Blackall	1 (b)
Tina Burns	1 (a)

(a) Member of the Audit Committee for the period 1 January 2016 through 7 June 2016

(b) Laurence Blackall was a member of the committee for the full year of 2016 and was elected Chairman of the Audit committee on 7 June 2016

Corporate Governance Report continued

Risk Committee

As part of the continuous programme to improve the risk governance framework, the Risk Committee was established in 2015 to oversee the adequacy and effectiveness of the Company's risk management framework and policies. The Risk Committee is responsible for identifying and assessing current and emerging material risks and for the monitoring and mitigation of these, in accordance with the Company's risk policy and internal procedures. The current members of the Committee are Christopher Wetherhill and Caroline Foulger (Chair of Committee).

Attendance at the Risk Committee meetings in 2016 was as follows:

Director	Risk Committee
Total meetings held:	**2**
Number attended:	
Christopher Wetherhill	2
Caroline Foulger	2

Risk is an integral part of business and the effective identification and management of risks is central to operating a successful business and to the Company achieving its strategic objectives. Having a clear and well understood risk management strategy assists the firm in achieving an appropriate balance between generating returns for its investors and taking risk. In that respect, the Board has established the Risk Committee to monitor, manage and mitigate those identified risks.

The principal risks and uncertainties faced by the Company are described below and note 5 to the Consolidated Financial Statements provides detailed explanations of the risks associated with the Company's financial instruments.

- **Regulatory:** the risk that a change in the laws and regulations will materially impact the business if the Company is not in compliance. The laws and regulations include the AIM listing rules, AIFMD requirements, FCA requirements and corporate governance requirements. This risk also relates to the quality of the Company's relationship with its regulators.
- **External:** relates to losses that could be incurred due to changes in external market factors (i.e. prices, volatilities, and correlations, foreign exchange, political risk, event risk). The Company may face market risks from its currency exposures through investing into the Oakley Funds and through any bridging loans or co-investments pursued alongside the Funds.
- **Counterparty:** relates to losses that could be incurred due to declines in the creditworthiness of entities in which the Company invests or counterparties to transactions. From time-to-time the Company may provide bridging or debt finance to other entities, such as the Oakley Funds or underlying portfolio companies. The credit risk of lending to these entities will be considered on a case-by-case basis through the Board and Risk Committee.
- **Financial:** relates to inadequate controls by the Investment Adviser or other third party services providers which could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations.
- **Operational:** relates to risk associated with, and supporting the operating environment of the Company. The operating environment includes middle and back-office functions such as trade processing, accounting, administration, valuation and reporting. The Company is dependent on its Investment Adviser and its investment professionals. The Investment Adviser's employees play key roles in the operation and control of the Company. The departure or reassignment of some or all of these professionals could prevent the Company from achieving its investment objectives.

Through the Risk Committee, the Board has an ongoing process in place for the identification, evaluation and management of these risks.

Shareholder Communications:

Board Oversight

The Company places great importance on communication with its shareholders and endeavours to provide clear information, as well as maintaining a regular dialogue with shareholders.

The Investment Adviser briefs the Board on a regular basis with regards to any feedback received from analysts and investors. Any significant concern raised by shareholders in relation to the Company is also communicated to the Board. The Company's Nominated Broker (Liberum Capital Limited) regularly reports directly to the Board at their meetings. In addition, research reports published by financial institutions on the Company are circulated to the Board on a regular basis.

AGM

An Annual General Meeting is held each year, where a separate resolution is proposed on each substantially separate issue, including receipt of the annual report and accounts. All proxy votes are counted and, except where a poll is called, the level of proxies lodged for each resolution is announced at the Meeting and is published on the Company's website. The notice of the Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting.

The Chairman and the Directors can be contacted through the Company Secretary, Mayflower Management Services (Bermuda) Limited, 3rd Floor, Mintflower Place, 8 Par-la-Ville Road, Hamilton HM08, Bermuda.

Capital Markets Day

An annual Capital Markets Day consists of a presentation to significant shareholders and analysts by senior Partners and the management teams of certain portfolio companies. The events are held in London. The presentations are focused on the performance of the investment portfolio.

Public Reporting

The Company's Annual Report and Accounts, along with the half-year Financial Statements and other RNS releases are prepared in accordance with applicable regulatory requirements.

Donations

The Company made charitable donations during 2016 of US$20,000 (£15,916) (2015: US$15,000 (£9,844)) to Bermuda registered charities.

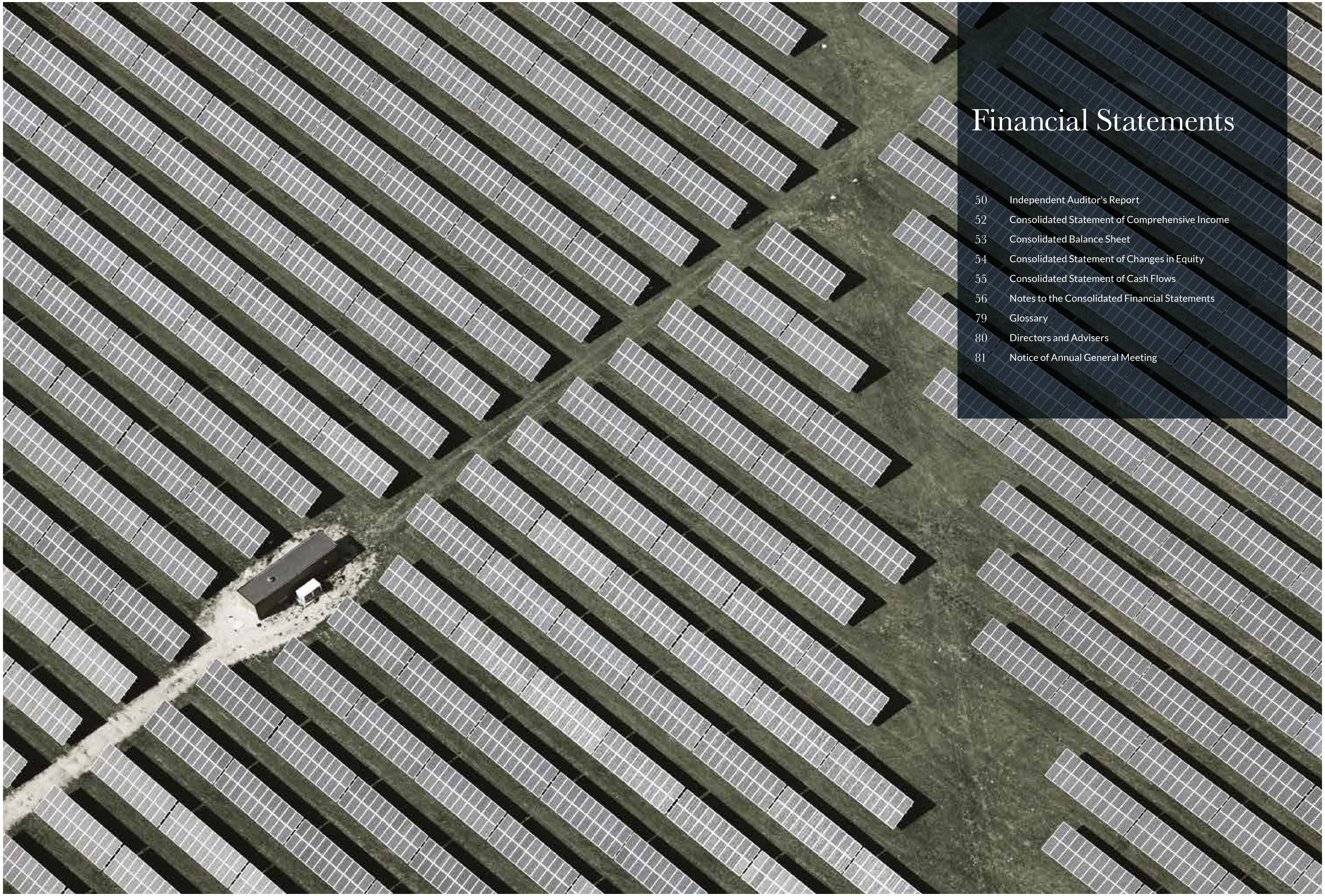
Alternative Investment Fund Managers Directive

Status and Legal Form

The Company is a self managed non-EU Alternative Investment Fund ('AIF'). It is a closed-ended investment company incorporated in Bermuda and listed on the London Stock Exchange. The Company's registered office is 3rd Floor, Mintflower Place, 8 Par-la-Ville Road, Hamilton HM08, Bermuda.

Remuneration Disclosure

The total amount of remuneration paid by the Company, to its Directors (the senior management) was £260,644. This comprised solely of fixed remuneration; no variable remuneration was paid. Fixed remuneration was composed of agreed fixed fees and any other expenses paid. There were six beneficiaries of this remuneration.



Financial Statements

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Oakley Capital Investments Limited (the "Company"), which comprise the consolidated balance sheet as at 31 December 2016 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter that arose is as follows:

Valuation of the unquoted investment portfolio

As discussed in the Audit Committee Report on page 43, the Accounting Policies on pages 56 to 58 and in notes 6 and 8 to the consolidated financial statements on pages 63 to 64 and 65 to 69, respectively, the Company holds investments in private equity partnerships (the Funds) and unquoted debt securities at 31 December 2016 of £297.0 million, where quoted prices do not exist. Such unquoted equity investments and debt securities are carried at their estimated fair values based upon the principles of the International Private Equity and Venture Capital Association ("IPEV") valuation guidelines.

The valuation of the unquoted private equity partnerships and debt securities held in the Company's investment portfolio is the key driver of its net asset value and total return to shareholders.

The private equity partnerships hold equity investments in unquoted portfolio companies. The valuation of these portfolio companies is complex and requires the application of judgement by the Investment Adviser.

The fair values are based upon the income approach, where estimated future cash flows are discounted at an appropriate interest rate, or the market approach which estimates the enterprise value of the investee using a comparable multiple of revenues or EBITDA, information from recent comparable transactions, or the underlying net asset value.

The risk

The significance of the unquoted investments to the Company's consolidated financial statements, combined with the judgement required in estimating their fair values means this was an area of focus during our audit.

Our response to the risk

We performed the following procedures:

We selected a sample of the unquoted debt securities held by the Company and unquoted equity investments held by the private equity partnerships and performed the following audit procedures:

- Obtained independent confirmations of the existence and accuracy of the unquoted equity investments and debt securities or agreed them to loan agreements;
- Obtained the Investment Adviser's models for valuing the unquoted equity investments and debt securities;
- Determined that the valuation specialists engaged by the Investment Adviser are qualified and independent of the Company;
- Challenged the Investment Adviser on the methodologies followed and key assumptions used in determining the valuations of the unquoted equity investments and debt securities in the context of the IPEV valuation guidelines;
- Obtained management information, including budgets and forecasts for revenues and EBITDA, which are the key inputs used in the valuation models by the Investment Adviser and compared this information to that used in the models;
- Independently sourced multiples for comparable companies used by the Investment Adviser, considered whether those companies are comparable to the investee and compared them to the multiples used in the valuations;
- Tested the mathematical accuracy of the valuation models;
- Tested the disclosures made about the unquoted equity investments and debt securities in the notes to the consolidated financial statements for compliance with IFRS; and
- Monitored any events that emerged in the post balance sheet period (up to the date of signing the Company's consolidated financial statements) that would have a potential impact on the value of the unquoted equity investments and debt securities held at the year end.

Other Information in the Annual Report

Management is responsible for the other information contained within the Annual Report. The other information comprises the Overview, Strategic Report by the Investment Adviser, and Governance sections.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Neil Patterson.

KPMG Audit Limited

KPMG Audit Limited
Chartered Professional Accountants
Hamilton, Bermuda

28 March 2017

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Income			
Interest income	13	11,637	5,053
Net realised gains on investments at fair value through profit and loss	6, 7	8,545	29,041
Net change in unrealised gains (losses) on investments at fair value through profit and loss	6, 7	46,196	(3,561)
Net foreign currency gains (losses)		4,733	(2,000)
Other income		140	597
Total income		**71,251**	**29,130**
Expenses	14	**(4,519)**	**(7,319)**
Operating profit		**66,732**	**21,811**
Finance cost		(55)	(2)
Profit before tax		**66,677**	**21,809**
Withholding tax	19	–	(235)
Profit after tax attributable to equity shareholders/total comprehensive income		**66,677**	**21,574**
Earnings per share			
Basic and diluted earnings per share	20	0.35	0.12

The Notes on pages 56 to 78 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2016

	Notes	2016 £'000	2015 £'000	2014 £'000
Assets				
Non-current assets				
Investments	6, 8	340,869	289,216	220,344
		340,869	289,216	220,344
Current assets				
Trade and other receivables	11	673	5	29,748
Cash and cash equivalents	10	106,509	95,520	6,882
		107,182	95,525	36,630
Total assets		**448,051**	**384,741**	**256,974**
Liabilities				
Current liabilities				
Trade and other payables	12	9,619	2,591	52
		9,619	2,591	52
Total liabilities		**9,619**	**2,591**	**52**
Net assets attributable to shareholders		**438,432**	**382,150**	**256,922**
Equity				
Share capital	22	2,069	2,069	1,281
Share premium	22	246,245	246,245	120,209
Treasury shares	22	(25,024)	(23,170)	–
Retained earnings		215,142	157,006	135,432
Total shareholders' equity		**438,432**	**382,150**	**256,922**
Net asset per ordinary share				
Basic and diluted net assets per share	21	2.31	2.00	2.01
Ordinary shares in issue at 31 December		189,804	191,078	128,125

The Notes on pages 56 to 78 are an integral part of these financial statements.

The financial statements of Oakley Capital Investments Limited (registration number: 40324) on pages 52 to 78 were approved by the Board of Directors and authorised for issue on 28 March 2017 and were signed on their behalf by:

Christopher Wetherhill
Director

Laurence Blackall
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Treasury shares £'000	Retained earnings £'000	Total shareholders' equity £'000
Balance at 1 January 2015	**1,281**	**120,209**	**–**	**135,432**	**256,922**
Profit for the year/ total comprehensive income	–	–	–	21,574	21,574
Ordinary shares issued	788	126,036	–	–	126,824
Purchase of treasury shares	–	–	(24,591)	–	(24,591)
Sale of treasury shares	–	–	1,421	–	1,421
Dividends	–	–	–	–	–
Total transactions with equity shareholders	**788**	**126,036**	**(23,170)**	**–**	**103,654**
Balance at 31 December 2015	**2,069**	**246,245**	**(23,170)**	**157,006**	**382,150**
Profit for the year/ total comprehensive income	–	–	–	66,677	66,677
Ordinary shares issued	–	–	–	–	–
Purchase of treasury shares	–	–	(1,854)	–	(1,854)
Sale of treasury shares	–	–	–	–	–
Dividends	–	–	–	(8,541)	(8,541)
Total transactions with equity shareholders	**–**	**–**	**(1,854)**	**(8,541)**	**(10,395)**
Balance at 31 December 2016	**2,069**	**246,245**	**(25,024)**	**215,142**	**438,432**

The Notes on pages 56 to 78 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
Purchases of investments		(178,228)	(131,118)
Sales of investments		173,554	122,579
Interest income received		17,403	1,687
Expenses paid		(4,704)	(6,759)
Finance cost paid		(55)	(2)
Other income received		140	597
Net cash provided by (used in) operating activities		**8,110**	**(13,016)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	22	–	126,824
Proceeds from treasury shares sold	22	–	1,421
Payment for treasury shares purchased	22	(1,854)	(24,591)
Dividends paid	23	–	–
Net cash (used in) provided by financing activities		**(1,854)**	**103,654**
Net increase in cash and cash equivalents		6,256	90,638
Cash and cash equivalents at the beginning of the year		**95,520**	**6,882**
Effect of foreign exchange rate changes		4,733	(2,000)
Cash and cash equivalents at the end of the year	10	**106,509**	**95,520**

The Notes on pages 56 to 78 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2016

1. Reporting entity

Oakley Capital Investments Limited (the "Company") is a closed-end investment company 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 businesses, primarily in the UK and Europe. The Company currently achieves its investment objective primarily through its investments in the following three private equity funds (the "Funds"): Oakley Capital Private Equity L.P. ("Fund I"), an exempted limited partnership established in Bermuda, Oakley Capital Private Equity II-A L.P., which together with Oakley Capital Private Equity II-B L.P., Oakley Capital Private Equity II-C L.P. (collectively the "Feeder Funds") and OCPE II Master L.P. (the "Fund II Master") collectively comprise "Fund II", and Oakley Capital Private Equity III-A L.P., which together with Oakley Capital Private Equity III-B L.P., Oakley Capital Private Equity III-C L.P. (collectively the "Fund III Feeder Funds") and OCPE III Master L.P. (the "Fund III Master") collectively comprise "Fund III".

The Company's manager is Oakley Capital (Bermuda) Limited (the "Manager"), whose investment adviser in relation to the Company is Oakley Capital Limited (the "Investment Adviser"). The Company's Administrator is Mayflower Management Services (Bermuda) Limited (the "Administrator").

The defined term "Company" shall, where the context requires for the purposes of consolidation, include its sole, wholly owned subsidiary, OCIL Financing (Bermuda) Limited ("OCI Financing").

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

2. Basis of preparation

The consolidated financial statements of the Company have been prepared on a going concern basis and under the historical cost convention, except for financial instruments at fair value through profit and loss, which are measured at fair value.

2.1 Basis for compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2.2 Functional and presentation currency

The consolidated financial statements are presented in British Pounds ("Pounds"), which is the Company's functional currency.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

3.1 Changes in accounting policies and disclosures

(a) Transition to IFRS

The consolidated financial statements and notes have been prepared in accordance with IFRS for the first time.

The Company's effective transition date from US GAAP is 1 January 2015. The Company prepared its opening balance sheet using IFRS at that date and the Company's IFRS adoption date is 31 December 2015. In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exemptions from full retrospective application of IFRS as described in note 27.

(b) New standards, amendments and interpretations that are not yet effective and might be relevant for the Company;

- IFRS 9 Financial Instruments (effective 1 January 2018, early adoption permitted); and
- Disclosure Initiative - Amendments to IAS 7 (effective 1 January 2017).

The Company is currently in the process of analysing the impact of these new standards, amendments to existing standards and annual improvements to IFRS in detail but these are not expected to have a material effect on the consolidated financial statements of the Company.

3.2 Basis for consolidation

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. While the Company may have a greater than 50% ownership interest in a Fund, it does not have the ability to affect the decisions of the Fund's General Partner or the returns of the Funds. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary, after the elimination of all significant intercompany balances and transactions. The financial statements of the Company's sole wholly owned subsidiary, OCI Financing, are included in the consolidation. As at 31 December 2016, the Company holds $29,201,704 share capital in OCI Financing (2015: $15,011,794).

As a result of the amendments to IFRS 10, investment entities are exempted from consolidating controlled investees. The Company meets the definition of an investment entity, as the following conditions are met:

- The Company provides investment management services.
- The business purpose of the Company is the purchase, holding and disposal of investments held in private equity funds and directly in portfolio companies with above-average growth potential with the goal of achieving returns from capital appreciation and investment income.
- The performance of these investments is measured and evaluated on a fair value basis.
- The Company holds multiple investments.

The Company therefore measures its investments at fair value through profit and loss in accordance with the investment entity exemption. The Company does not consolidate any of its investments in the Funds.

3.3 Investments

(a) Classification

The Company classifies its investments in private equity funds, direct investments and loans to the Funds, portfolio companies and other loans (herein referred to as "unquoted debt securities") as financial assets held at fair value through profit and loss at inception.

Financial assets held at fair value through profit and loss at inception are assets that are managed and their performance evaluated on a fair value basis in accordance with the Company's investment strategy.

(b) Recognition and measurement

Financial assets held at fair value through profit and loss are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Financial assets held at fair value through profit and loss are recognised initially at fair value, with transaction costs recognised in profit or loss.

Net gains and losses from financial assets held at fair value through profit and loss include all realised and unrealised fair value changes and foreign exchange differences and are included in the consolidated statement of comprehensive income in the period in which they arise.

Quoted investments are subsequently carried at fair value. Fair value is measured using the closing bid price at the reporting date, where the investment is quoted on an active stock market.

Unquoted investments, including both equities and loans, are subsequently carried in the consolidated balance sheet at fair value. Fair value is determined in line with the Company's investment valuation policy, which is compliant with the fair value guidelines under IFRS 13 and the International Private Equity and Venture Capital (IPEV) Valuation Guidelines.

(c) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest on such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.4 Cash and cash equivalents

Cash and cash equivalents include deposits held on call with banks and other short-term deposits. The Company considers all short-term deposits with a maturity of 90 days or less as equivalent to cash.

3.5 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.6 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired or received in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.7 Interest Income

Interest on unquoted debt securities held at fair value through profit and loss is accrued on a time-proportionate basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts estimated future cash receipts over the expected life of the debt security to its net carrying amount on initial recognition. Interest income is recognised gross of withholding tax, if any. Interest income on unquoted debt securities is recognised as a separate line item in the consolidated statement of comprehensive income and classified within operating activities in the consolidated cash flow statement.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

3. Significant accounting policies continued

3.8 Expenses

Expenses are recognised on the accruals basis.

3.9 Foreign currency translation

The functional currency of the Company is Pounds. Transactions in currencies other than Pounds are recorded at the rates of exchange prevailing on the dates of the transactions.

At each reporting date, investments and other monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. Capital drawdowns and proceeds of distributions from the Funds and foreign currencies and income and expense items denominated in foreign currencies are translated into Pounds 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 foreign currency gains and losses in the consolidated statement of comprehensive income.

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 gains or losses on investments in the consolidated statement of comprehensive income.

3.10 Share capital

Ordinary shares issued by the Company are recognised based on the proceeds or fair value received, with the excess of the amount received over their nominal value being credited to the share premium account. Direct issue costs are deducted from equity.

3.11 Treasury shares

Treasury shares are included at the consideration paid as a reduction in shareholders' equity. Gains or losses resulting from the subsequent sale of treasury shares are recorded as an adjustment to equity.

3.12 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

4. Critical accounting estimates, assumptions and judgment

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its consolidated financial statements. IFRS require the Board of Directors, in preparing the Company's consolidated financial statements, to select suitable accounting policies, apply them consistently and make judgments and estimates that are reasonable and prudent. The Company's estimates and assumptions are based on historical experience and the Board of Directors expectation of future events and are reviewed periodically. The actual outcome may be materially different from that anticipated. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The judgments, assumptions and estimates involved in the Company's accounting policies that are considered by the Board of Directors to be the most important to the portrayal of its results and financial condition are the fair valuation of the investments and the assessment regarding investment entities.

(a) Fair valuation of investments

The fair values assigned to investments held at fair value through profit and loss are based upon available information and do not necessarily represent amounts which might ultimately be realised. Because of the inherent uncertainty of valuation, these estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed, and those differences could be material.

Investments held at fair value through profit and loss are valued by the Company in accordance with IAS 39 and IFRS 13 and the IPEV valuation guidelines. Judgment is required in order to determine the appropriate valuation methodology under this standard and subsequently in determining the inputs into the valuation models used. These judgments include making assessments of the future earnings potential of portfolio companies, appropriate earnings multiples to apply, estimating future cash flows and determining appropriate discount rates.

(b) Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit and loss.

The Board of Directors has concluded that the Company meets the definition of an investment entity as its strategic objective is to invest in portfolio investments on behalf of its investors for the purpose of generating returns in the form of investment income and capital appreciation.

5. Financial risk management

5.1 Introduction and overview

The Board of Directors, the Company's Risk Committee (the "Risk Committee") and the Investment Adviser attribute great importance to professional risk management, beginning with the sourcing of premier private equity investment opportunities, proper understanding and negotiation of appropriate terms and conditions and active monitoring, including a thorough analysis of reports and financial statements and ongoing review of investments made. It is also key to structure the investment vehicles for the portfolio taking into account issues such as liquidity and tax related issues. The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control the economic impact of these risks. The Investment Adviser provides the Board of Directors with recommendations as to the Company's asset allocation and annual investment levels that are consistent with the Company's objectives. The Risk Committee reviews and agrees policies for managing the risks as summarised below.

The Company has exposures to the following risks from financial instruments: concentration risk, credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and price risk). The Company's overall risk management process focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

5.2 Credit risk

The Company is subject to credit risk on its unquoted investments and cash. The schedule below summarises the Company's exposure to credit risk on its cash and unquoted investments.

	2016		2015	
	Total £'000	Rating (Moody's)	Total £'000	Rating (Moody's)
Cash at HSBC	72,142	A1	95,292	A1
Cash at Barclays	34,254	A1	116	A2
Cash at Lloyds	113	A1	112	A1
Investments in Funds	211,254	n/a	158,369	n/a
Investments in unquoted equity and debt securities	85,761	n/a	130,847	n/a

In accordance with the Company's policy, the Investment Adviser monitors the Company's exposure to credit risk on cash on a quarterly basis and the Risk Committee regularly reviews the Company's exposure to credit risk. The credit quality of the investments in the funds and unquoted equity and debt securities, which are held at fair value and include debt and equity elements, is based on the financial performance of the individual investments and they are not rated.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

5. Financial risk management continued

5.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company. The Company's policy and the Investment Adviser's approach to managing liquidity is to have sufficient cash available to meet its liabilities, including estimated capital calls, without incurring undue losses or risking damage to the Company's reputation.

Unfunded commitments to the Funds are irrevocable and can exceed cash and cash equivalents available to the Company. Based on current short-term cash flow projections and barring unforeseen events, the Company expects to be able to honour all capital calls by the Funds.

As of 31 December 2016 cash and cash equivalents of the Company amount to £106,509,636 (2015: £95,519,939). The Company has total undrawn capital commitments of £330,796,945 (2015: £89,465,097) relating to the Funds. Of this, £268,971,300 (2015: £nil) relates to the commitment in Fund III, with drawdowns spread over an expected investment period of five years ending in 2022. The unfunded commitments of the Company are listed in note 24. As per the Company's Bye-laws, the Company can borrow up to 25% of total shareholders' equity which would equal £109,608,000 for the year ending 31 December 2016 (2015: £95,538,000).

The majority of the investments held by the Company are unquoted and subject to specific restrictions on transferability and disposal. Consequently, the risk exists that the Company might not be able to readily dispose of its holdings in such markets at the time of its choosing and also that the price attained on a disposal is below the amount at which such investments are included in the Company's consolidated balance sheet.

The table below analyses the Company's consolidated financial liabilities based on the remaining period between the balance sheet date and the contractual maturity date. The amounts in the schedule are the contractual undiscounted cash flows. Balances due within 12 months equal their fair values, as the impact of discounting is not significant. In accordance with the Company's policy, the Investment Adviser monitors the Company's liquidity position, and the Risk Committee reviews it on a regular basis.

	2016 £'000	2015 £'000
Trade and other payables		
Less than 1 month	8,541	1,997
1–3 months	1,078	594
More than 3 months	–	–
No stated maturity	–	–
Total trade and other payables	9,619	2,591

5.4 Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company's sensitivity to these items is set out below.

a) Interest rate risk

Interest rate risk arises principally from changes in interest receivable on cash and deposits. The Company holds unquoted debt securities at fixed rates of interest and is therefore exposed to interest rate risk.

The impact of an increase or decrease on interest rates of 100 basis points on cash and deposits, based on the closing consolidated balance sheet position over a 12 month period, would have been:

	2016		2015	
	Increase in variable £'000	Decrease in variable £'000	Increase in variable £'000	Decrease in variable £'000
Impact on interest income from cash and deposits	9,959	(9,959)	11,995	(11,995)
Impact on profit (loss)	9,959	(9,959)	11,995	(11,995)

The Company's unquoted debt investments consist of mezzanine loans, financing loan facilities, revolving loan facilities and senior secured loans, which carry fixed rates of interest ranging from 6.5% to 15%. These loans are subject to interest rate risk as increases and decreases in interest rates will have an impact on their fair value. A 100 basis point increase in interest rates would result in a decrease in fair value of those loans of £1,702,961 and a corresponding decrease of 100 basis points in interest rates would result in an increase in their fair value by the same amount (2015: £1,880,379).

In addition, the Company has indirect exposure to interest rates through changes to the financial performance and valuation in equity investments in the Funds and portfolio companies that have issued debt caused by interest rate fluctuations. Short-term receivables and payables are excluded as the risks due to fluctuation in the prevailing levels of market interest rates associated with these instruments are not significant.

b) Currency risk

The Company holds assets and liabilities denominated in currencies other than its functional currency, which expose the Company to the risk that the exchange rates of those currencies against the Pound will change in a manner which adversely impacts the Company's net profit and net assets attributable to shareholders. The following sensitivity analysis is presented based on the sensitivity of the Company's net assets to movements in foreign currency exchange rates assuming a 10% increase in exchange rates against the Pound. A 10% decrease in exchange rates against the Pound would have an equal and opposite effect.

	2016		2015	
	Euro £'000	US dollar £'000	Euro £'000	US dollar £'000
Assets:				
Financial assets at fair value through profit and loss	21,125	–	16,402	840
Cash and cash equivalents	7,808	–	6,449	(10)
Trade and other receivables	64	–	–	–
Total assets	28,997	–	22,851	830
Liabilities:				
Trade and other payables	–	(16)	–	(5)
Total liabilities	–	(16)	–	(5)
Impact on profit (loss)	28,997	(16)	22,851	825

The Investment Adviser monitors the Company's currency position on a regular basis and reports the impact of currency movements on the performance of the investment portfolio to the Risk Committee quarterly. As per the Company's investment policy, all investments in quoted equity securities and unquoted equity and debt securities are denominated in Pounds, placing currency risk on the counter party. The investments in the Funds are denominated in Euros.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

5. Financial risk management continued

5.4 Market risk continued

c) Price risk – market fluctuations

The Company's management of price risk, which arises primarily from quoted and unquoted equity instruments, is through the careful selection of financial assets within specified limits as advised by the Investment Adviser and approved by the Risk Committee.

For quoted equity securities, the market risk variable is deemed to be the market price itself. A 15% change in the price of those investments would have the following direct impact on the consolidated statement of comprehensive income:

	2016		2015	
	Increase in variable £'000	Decrease in variable £'000	Increase in variable £'000	Decrease in variable £'000
Quoted equity investments:				
15% movement in price of listed investment				
Impact on profit (loss)	6,578	(6,578)	–	–
Impact on net assets attributable to shareholders	6,578	(6,578)	–	–

For the investment in the Funds and unquoted equity securities, the market risk is deemed to be the change in fair value. A 15% change in the fair value of those investments would have the following direct impact on the consolidated statement of comprehensive income:

	2016		2015	
	Increase in variable £'000	Decrease in variable £'000	Increase in variable £'000	Decrease in variable £'000
Funds and unquoted equity securities:				
15% movement in price of Funds and unquoted equity securities				
Impact on profit (loss)	31,688	(31,688)	27,648	(27,648)
Impact on net assets attributable to shareholders	31,688	(31,688)	27,648	(27,648)

The Company is exposed to a variety of market risk factors which may change significantly over time. As a result, measurement of such exposure at any given point in time may be difficult given the complexity and limited transparency of the investments held by the underlying portfolio companies.

5.5 Capital management

The Company's capital is represented by ordinary shares with £0.01 par value and they carry one vote each. The shares are entitled to dividends when declared. The Company has no additional restrictions or specific capital requirements on the issuance and re-purchase of ordinary shares. The movements of capital are shown in the consolidated statement of changes in equity.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to achieve positive returns in all market environments. In order to maintain or adjust the capital structure, the Company may return capital to shareholders through the issue and repurchase of treasury shares. The effects of the issue, repurchase and resale of treasury shares as a result of market making activities in 2016 are listed in note 22. Liberum Capital Limited acts as the Company's nominated adviser and broker. The Company has a policy of share buy backs as part of discount control management and will not sell stock from treasury nor issue new shares at material discounts to total shareholders' equity.

6. Investments

Investments as at 31 December 2016:

	2015 Fair Value £'000	Purchases/ Capital calls £'000	Total sales/ repayment £'000	Realised gains (losses) £'000	Interest and other £'000	Change in unrealised gains (losses) £'000	2016 Fair Value £'000
Funds							
Fund I	56,318	–	(6,271)	(13,686)	–	28,545	64,906
Fund II	102,051	33,989	(42,365)	23,089	–	27,251	144,015
Fund III	–	7,857	–	–	–	(5,524)	2,333
Total funds	**158,369**	**41,846**	**(48,636)**	**9,403**	**–**	**50,272**	**211,254**
Quoted equity securities							
Time Out Group plc	–	47,155	–	–	–	(3,301)	43,854
Total quoted equity securities	–	47,155	–	–	–	(3,301)	43,854
Unquoted equity securities							
Flypay Limited	7,115	–	(6,990)	–	–	(125)	–
Time Out Group HC Limited	13,271	4,000	(15,635)	(2,165)	529	–	–
Time Out Mercado Limited	5,564	2,754	(9,530)	747	574	(109)	–
Total unquoted equity securities	**25,950**	**6,754**	**(32,155)**	**(1,418)**	**1,103**	**(234)**	**–**
Unquoted debt securities							
Bellwood Holdings Ltd	2,805	2,200	(5,055)	–	50	–	–
BH(B) 55 Limited	10,948	–	(11,175)	–	227	–	–
Daisy Group Holdings Limited	14,061	–	–	–	3,203	(62)	17,202
Damoco Holdco Ltd	4,212	–	(4,300)	–	88	–	–
Ellisfield (Bermuda) Limited	25,711	–	(12,537)	–	1,356	–	14,530
Fund I	10,550	12,037	(11,032)	–	701	–	12,256
Fund II	–	43,567	(39,838)	–	608	–	4,337
NSG Apparel BV	10,066	10,000	–	–	1,912	–	21,978
Oakley Capital II Limited	2,895	–	(2,214)	–	87	–	768
Oakley Capital III Limited	–	5,500	(529)	–	239	–	5,210
Parship GmbH	–	5,172	(5,292)	–	120	–	–
Time Out Group BC Limited	4,032	–	(4,211)	–	179	–	–
Time Out Group HC Limited	–	2,000	(2,053)	–	53	–	–
TO (Bermuda) Limited	11,222	–	(2,652)	–	910	–	9,480
TONY MC LLC	8,395	–	(9,088)	560	612	(479)	–
Total unquoted debt securities	**104,897**	**80,476**	**(109,976)**	**560**	**10,345**	**(541)**	**85,761**
Total investments	**289,216**	**176,231**	**(190,767)**	**8,545**	**11,448**	**46,196**	**340,869**

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

6. Investments continued

Investments as at 31 December 2015:

	2014 Fair Value £'000	Purchases Capital calls £'000	Total sales £'000	Realised gains (losses) £'000	Interest and other £'000	Change in unrealised gains (losses) £'000	2015 Fair Value £'000
Funds							
Fund I	87,193	5,973	(26,620)	26,619	–	(36,847)	56,318
Fund II	64,664	21,173	(18,900)	2,422	–	32,692	102,051
Fund III	–	–	–	–	–	–	–
Total funds	**151,857**	**27,146**	**(45,520)**	**29,041**	**–**	**(4,155)**	**158,369**
Unquoted equity securities							
Flypay Limited	–	6,990	–	–	–	125	7,115
Time Out Group HC Limited	–	13,271	–	–	–	–	13,271
Time Out Mercado Limited	–	5,455	–	–	–	109	5,564
Total unquoted equity securities	**–**	**25,716**	**–**	**–**	**–**	**234**	**25,950**
Unquoted debt securities							
Bellwood Holdings Ltd	2,646	–	–	–	159	–	2,805
BH(B) 55 Limited	10,752	–	–	–	196	–	10,948
Daisy Group Holdings Limited	–	14,000	–	–	–	61	14,061
Damoco Holdco Ltd	–	4,130	–	–	82	–	4,212
Ellisfield (Bermuda) Limited	–	24,932	–	–	779	–	25,711
Fund I	19,907	17,661	(27,850)	–	832	–	10,550
Fund II	8,117	4,530	(12,795)	–	148	–	–
NSG Apparel BV	1,252	15,000	(6,429)	–	245	(2)	10,066
Oakley Capital II Limited	4,745	–	(2,057)	–	207	–	2,895
Oakley Capital III Limited	–	–	–	–	–	–	–
Parship GmbH	–	–	–	–	–	–	–
Time Out Group BC Limited	3,604	–	–	–	428	–	4,032
Time Out Group HC Limited	–	–	–	–	–	–	–
TO (Bermuda) Limited	10,174	–	–	–	1,048	–	11,222
TONY MC LLC	7,290	–	–	–	804	301	8,395
Total unquoted debt securities	**68,487**	**80,253**	**(49,131)**	**–**	**4,928**	**360**	**104,897**
Total investments	**220,344**	**133,115**	**(94,651)**	**29,041**	**4,928**	**(3,561)**	**289,216**

7. Net gains (losses) from investments at fair value through profit and loss

	2016 £'000	2015 £'000
Net change in unrealised gains (losses) on investments at fair value through profit and loss:		
Funds	50,272	(4,155)
Quoted equity securities	(3,301)	–
Unquoted equity securities	(234)	234
Unquoted debt securities	(541)	360
Total net change in unrealised gains (losses) on investments at fair value through profit and loss	46,196	(3,561)
Realised gains (losses) on investments at fair value through profit and loss:		
Funds	9,403	29,041
Quoted equity securities	–	–
Unquoted equity securities	(1,418)	–
Unquoted debt securities	560	–
Total realised gains (losses) on investments at fair value through profit and loss	8,545	29,041

8. Disclosure about fair value of financial instruments

The Company has adopted IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The Company classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy:

- Level I: Quoted prices (unadjusted) in active markets for identical instruments that the Company can access at the measurement date. Level I investments include quoted equity instruments.
- Level II: Inputs other than quoted prices included within Level I that are observable for the instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level III: Inputs that are not based on observable market data. Level III investments include private equity funds, unquoted equity and debt securities.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the instrument. The determination of what constitutes 'observable' requires significant judgment by the Company. The Company considers observable data to be market data that are readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses the Company's investments measured at fair value as of 31 December 2016 by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level I £'000	Level II £'000	Level III £'000	Total £'000
Funds	–	–	211,254	211,254
Quoted equity securities	43,854	–	–	43,854
Unquoted equity securities	–	–	–	–
Unquoted debt securities	–	–	85,761	85,761
Total investments measured at fair value	43,854	–	297,015	340,869

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

8. Disclosure about fair value of financial instruments continued

The following table analyses the Company's investments measured at fair value as of 31 December 2015 by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level I £'000	Level II £'000	Level III £'000	Total £'000
Funds	–	–	158,369	158,369
Quoted equity securities	–	–	–	–
Unquoted equity securities	–	–	25,950	25,950
Unquoted debt securities	–	–	104,897	104,897
Total investments measured at fair value	–	–	289,216	289,216

Level I

Quoted equity investment values are based on quoted market prices in active markets, and are therefore classified within Level I investments. The Company does not adjust the quoted price for these investments.

Level II

The Company does not hold any Level II investments as of 31 December 2016 or 31 December 2015.

Level III

The Company has determined that the Funds, unquoted equity securities and unquoted debt securities fall into the category Level III. Funds, unquoted equity and debt securities are measured in accordance with the IPEV Guidelines with reference to the most appropriate information available at the time of measurement. The consolidated financial statements as of 31 December 2016 include Level III investments in the amount of £297,014,877, representing approximately 67.74% of equity (2015: £289,216,303; 75.68%).

Funds

The Company primarily invests in portfolio companies via the Funds. The Funds are unquoted equity securities and in turn invest in unquoted securities. The Company's investments in unquoted equity securities are recognised in the consolidated balance sheet at fair value, in accordance with IPEV Valuation Guidelines and IFRS 13 and are considered Level III investments.

The valuation of unquoted fund investments is generally based on the latest available net asset value ("NAV") of the fund reported by the corresponding general partner or administrator, provided that the NAV has been appropriately determined using fair value principles in accordance with IFRS 13.

The NAV of a fund is calculated after determining the fair value of a fund's investment in any investee companies. This value is generally obtained by calculating the Enterprise Value ("EV") of the portfolio company and then adding excess cash and deducting financial instruments, such as external debt, ranking ahead of the fund's highest ranking instrument in the investee company.

A common method of determining the EV is to apply a market-based multiple (e.g. an average multiple based on a selection of comparable quoted companies) to the 'maintainable' earnings or revenues of the portfolio company. This market-based approach presumes that the comparator companies are correctly valued by the market. A discount is sometimes applied to market based multiples to adjust for points of difference between the comparators and the company being valued.

As at 31 December 2016, the value of the Funds' investments, other assets and liabilities attributable to the Company based on its respective percentage interest was as follows:

	2016		
	Fund I (€'000)	Fund II (€'000)	Fund III (€'000)
Investments	82,225	213,160	–
Loans	(9,241)	(27,564)	–
Provisional profit allocation	–	(17,751)	–
Other net assets	3,090	949	2,734
Total value of the Fund attributable to the Company (€'000)	76,074	168,794	2,734
Total value of the Fund attributable to the Company (£'000)	64,906	144,015	2,333

As at 31 December 2015, the value of the Funds' investments, other assets and liabilities attributable to the Company based on its respective percentage interest was as follows:

	2015		
	Fund I (€'000)	Fund II (€'000)	Fund III (€'000)
Investments	80,919	173,127	–
Loans	(9,219)	(31,278)	–
Provisional profit allocation	–	(4,875)	–
Other net assets	4,808	1,664	–
Total value of the Fund attributable to the Company (€'000)	76,508	138,638	–
Total value of the Fund attributable to the Company (£'000)	56,318	102,051	–

The Company does not utilise valuation models to calculate the fair value of its fund investments. The NAV as reported by the Funds' General Partner or Administrator is considered to be the key unobservable input. In addition, the Company has the following control procedures in place to evaluate whether the NAV of the underlying fund investments is calculated in a manner consistent with IFRS 13:

- Thorough initial due diligence process and ongoing monitoring procedures, primarily discussions with the Funds' Investment Adviser;
- Comparison of historical realisations to last reported fair values; and
- Review of qualifications, if any, in the auditor's report of a Fund or whether there is a history of significant adjustments to NAV reported by the Funds' General Partner or Administrator as a result of its annual audit or otherwise.

Unquoted equity securities

In estimating the fair value of unquoted equity securities, the Company considers the transaction price as a reasonable estimate of fair value at initial recognition. Subsequently, the Company considers the most appropriate market valuation techniques in determining fair value. Inputs considered by the Company are mainly comparable company valuation multiples.

Unquoted debt securities

The fair values of the Company's investments in unquoted debt securities are derived from a Discounted Cash Flow calculation based on expected future cash flows to be received, discounted at an appropriate rate. Expected future cash flows include interest received and principal repayment at maturity.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

8. Disclosure about fair value of financial instruments continued

Unobservable inputs for Level III investments

Funds

In arriving at the fair value of the unquoted fund investments, the key input used by the Company is the NAV as provided by the General Partner or Administrator. It is recognised by the Company that the NAVs of the Funds are sensitive to movements in the values of the underlying portfolio companies.

The underlying portfolio companies of the Funds may include both quoted and unquoted companies. Quoted portfolio companies are valued based on market prices and no unobservable inputs are used. Unquoted portfolio companies are valued based on a market approach for which significant judgment is applied.

For the purposes of sensitivity analysis, the Company considers a 10% adjustment to the fair value of the unquoted portfolio companies of the Funds as reasonable. For the year ending 31 December 2016 a 10% adjustment to the fair value of the unquoted portfolio companies held by the Funds would result in a 4.9% movement in net assets attributable to shareholders (2015: 4.2%).

Unquoted equity securities

The Company held no unquoted equity securities as at 31 December 2016. For the year ending 31 December 2015, the Company valued the unquoted equity securities at fair value equal to the transaction price and no unobservable inputs were used.

Unquoted debt securities

In arriving at the fair value of the unquoted debt securities, the key inputs used by the Company are future cash flows expected to be received until maturity of the debt securities and the discount factor applied. The discount factor applied is considered to be an unobservable input and range between 6.5% and 15%.

For the purposes of sensitivity analysis, the Company considers a 1% adjustment to the discount factor applied as reasonable. For the year ending 31 December 2016 a 1% adjustment would result in a 0.4% movement in net assets attributable to shareholders (2015: 0.5%).

Transfers between levels

The following table presents the transfer between Levels for the year ended 31 December 2016:

	Level I £'000	Level II £'000	Level III £'000
Funds	–	–	–
Quoted equity securities	47,155	–	–
Unquoted equity securities	–	–	(32,155)
Unquoted debt securities	–	–	(15,000)
Total transfers between Level I and III	47,155	–	(47,155)

There were no transfers between the Levels during the year ended 31 December 2015.

On 14 June 2016, the Time Out unquoted debt and equity securities classified as Level III were exchanged for listed shares of Time Out Group as part of the reorganisation and Initial Public Offering ("IPO") of the Time Out Group. Transfers are recognised at the date of transfer.

Level I and Level III reconciliation

The changes in investments measured at fair value, for which the Company has used Level I and Level III inputs to determine fair value as of 31 December 2016 and 2015, are as follows:

Level I Investments:	2016 £'000	2015 £'000
Quoted equity securities		
Fair value at beginning of year	–	–
Shares transferred from unquoted debt and equity securities	47,155	–
Net change in unrealised gains (losses) on investments	(3,301)	–
Fair value of Level I investments at end of year	43,854	–

Level III Investments:

	Funds £'000	Unquoted equity securities £'000	Unquoted debt securities £'000	Total £'000
2016				
Fair value at beginning of year	158,369	25,950	104,897	289,216
Purchases	41,846	6,754	80,476	129,076
Proceeds on disposals (including interest)	(48,636)	–	(94,976)	(143,612)
Realised gain on sale	9,403	–	–	9,403
Accrued interest capitalised in debt for share conversion	–	1,103	–	1,103
Net realised loss on debt for share conversion	–	(1,418)	560	(858)
Transferred to quoted equity securities (Level I)	–	(32,155)	(15,000)	(47,155)
Interest income and other fee income	–	–	10,345	10,345
Net change in unrealised gains (losses) on investments	50,272	(234)	(541)	49,497
Fair value at end of year	211,254	–	85,761	297,015

	Funds £'000	Unquoted equity securities £'000	Unquoted debt securities £'000	Total £'000
2015				
Fair value at beginning of year	151,857	–	68,487	220,344
Purchases	27,146	25,716	80,253	133,115
Proceeds on disposals (including interest)	(45,520)	–	(49,131)	(94,651)
Realised gain on sale	29,041	–	–	29,041
Interest income and other fee income	–	–	4,928	4,928
Net change in unrealised gains (losses) on investments	(4,155)	234	360	(3,561)
Fair value at end of year	158,369	25,950	104,897	289,216

Financial instruments not carried at fair value

Financial instruments, other than financial instruments at fair value through profit and loss, where carrying values are equal to fair values:

	2016 £'000	2015 £'000
Cash and cash equivalents	106,509	95,520
Trade and other receivables	673	5
Trade and other payables	9,619	2,591

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

9. Segment information

The Company has two reportable segments, as described below. For each of them, the Board of Directors receives detailed reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

- Fund investments: includes commitments/investments in three private equity funds.
- Direct investments and loans: includes direct investments, loans to the Funds' portfolio companies, loans to the Funds and other loans.

Balance sheet and income and expense items which cannot be clearly allocated to one of the segments are shown in the column "Unallocated" in the following tables.

The reportable operating segments derive their revenue primarily by seeking investments to achieve an attractive return in relation to the risk being taken. The return consists of interest, dividends and/or unrealised and realised capital gains.

The financial information provided to the Board of Directors with respect to total assets and liabilities is presented in a manner consistent with the consolidated financial statements. The assessment of the performance of the operating segments is based on measurements consistent with IFRS. Liabilities are not considered to be segment liabilities but rather managed at the corporate level.

There have been no transactions between the reportable segments during the financial year 2016 (2015: none).

The segment information for the year ended 31 December 2016 is as follows:

	Fund investments £'000	Direct investments & loans £'000	Total operating segments £'000	Unallocated £'000	Total £'000
Net realised gains on financial assets at fair value through profit and loss	9,403	(858)	8,545	–	8,545
Net unrealised gains (losses) on financial assets at fair value through profit and loss	50,272	(4,076)	46,196	–	46,196
Interest income	–	11,355	11,355	282	11,637
Net foreign currency gains (losses)	–	–	–	4,733	4,733
Other income	–	93	93	47	140
Expenses	–	–	–	(4,519)	(4,519)
Finance cost	–	–	–	(55)	(55)
Withholding tax	–	–	–	–	–
Profit (loss) for the year	59,675	6,514	66,189	488	66,677
Total assets	211,254	129,615	340,869	107,182	448,051
Total liabilities	–	–	–	(9,619)	(9,619)
Net assets	211,254	129,615	340,869	97,563	438,432
Total assets include:					
Financial assets at fair value through profit and loss	211,254	129,615	340,869	–	340,869
Others	–	–	–	107,182	107,182

The segment information for the year ended 31 December 2015 is as follows:

	Fund investments £'000	Direct investments & loans £'000	Total operating segments £'000	Unallocated £'000	Total £'000
Net realised gains on financial assets at fair value through profit and loss	29,041	–	29,041	–	29,041
Net unrealised gains (losses) on financial assets at fair value through profit and loss	(4,155)	594	(3,561)	–	(3,561)
Interest income	–	4,936	4,936	117	5,053
Net foreign currency gains (losses)	–	–	–	(2,000)	(2,000)
Other income	–	227	227	370	597
Expenses	–	–	–	(7,319)	(7,319)
Finance cost	–	–	–	(2)	(2)
Withholding tax	–	(235)	(235)	–	(235)
Profit (loss) for the year	24,886	5,522	30,408	(8,834)	21,574
Total assets	158,369	130,847	289,216	95,525	384,741
Total liabilities	–	–	–	(2,591)	(2,591)
Net assets	158,369	130,847	289,216	92,934	382,150
Total assets include:					
Financial assets at fair value through profit and loss	158,369	130,847	289,216	–	289,216
Others	–	–	–	95,525	95,525

10. Cash and cash equivalents

	2016 £'000	2015 £'000
Cash and demand balances at banks	80,402	67,297
Short-term deposits	26,107	28,223
	106,509	95,520

11. Trade and other receivables

	2016 £'000	2015 £'000
Prepayments	34	5
Amounts due from related parties	639	–
	673	5

12. Trade and other payables

	2016 £'000	2015 £'000
Trade payables	1,078	594
Dividend payable	8,541	–
Investment purchases for future settlement	–	1,997
	9,619	2,591

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

13. Interest Income

	2016 £'000	2015 £'000
Interest income on investments carried at amortised cost:		
Cash and cash equivalents	282	117
Interest income on investments designated as at fair value through profit and loss:		
Debt securities	11,355	4,936
	11,637	5,053

14. Expenses

	Notes	2016 £'000	2015 £'000
Management fees	15	2,264	5,176
Professional fees	18	567	563
Performance fees	15	607	–
Administration fees	16	368	381
Directors' fees	17	261	203
Other expenses		452	287
Transaction costs		–	709
		4,519	7,319

15. Management and performance fees

The Company has appointed the Manager to provide management services pursuant to the management agreement dated 30 July 2007. The Manager does not receive a management fee from the Company in respect of amounts either committed or invested by the Company in the Funds. The Manager receives a management fee at the rate of 1% per annum in respect of assets that are not committed to the Funds or any successor fund, 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 assets which are invested directly in co-investments. The management fee is payable monthly in arrears.

As part of the Company's investment in Fund III, the Company agreed to pay Oakley Capital Manager Limited, the manager of Fund III (the "Fund III Manager"), an option fee of €1,500,000 to secure the option to increase the Company's commitment in Fund III by an additional €150,000,000 at any time on or prior to 31 December 2016. Under the terms of the option agreement, the Fund III Manager would repay the option fee in the event that the Company exercises the option. In November 2016, the Company exercised 50% of the option when it committed an additional €75,000,000 to Fund III. The Fund III Manager repaid 50% of the option fee to the Company at that time. In December 2016, it was agreed that the Fund III Manager would repay the remaining 50% of the option fee. The £639,300 (€750,000) is included in Trade and other receivables in the consolidated balance sheet. The Company did not exercise the remaining portion of the option and the option agreement expired on 31 December 2016.

Management fees for the year ended 31 December 2016 totalled £2,263,915 (2015: £5,175,574) and are presented in the consolidated statement of comprehensive income. The amount outstanding at year end is £802,283 (2015: nil) and is included in Trade and other payables in the consolidated balance sheet. During 2015, the Company undertook a review of management fees paid to the Manager since inception. Following the review, it was determined that management fees had been underpaid by £2,797,887, primarily as a result of certain co-investments made by the Company being excluded from the management fee calculation or being included in the management fee calculation but charged at a rate of 1% instead of 2%. This amount is included in the 2015 management fee expense balance of £5,175,574.

The Manager also receives a performance fee of 20% of the excess of the amount earned by the Company over and above an 8% per annum hurdle rate on any monies invested as a co-investment with any Fund. Any co-investment is treated as a segregated pool of investments by the Company. If the calculation period is greater than one year, the hurdle rate is compounded on each anniversary of the start of the calculation period for each segregated co-investment. If the amount earned does not exceed the hurdle rate on any given co-investment, that co-investment is included in the next calculation 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.

Performance fees for the year ended 31 December 2016 totalled £606,701 (2015: nil) and are presented in the consolidated statement of comprehensive income.

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 does not receive a management or performance fee from the Company. Any fees due to the Investment Adviser are paid by the Manager out of the management and performance fees it receives from the Company.

16. Administration fees

The Company has appointed the Administrator to provide administration services pursuant to the administration agreement dated 30 July 2007 and it receives an annual administration fee at prevailing commercial rates. Administration fees for the year ended 31 December 2016 totalled £367,553 (2015: £381,249) and are included in expenses (note 14) in the consolidated statement of comprehensive income. The amount outstanding at the year end is £91,226 (2015: nil) and is included in trade and other payables in the consolidated balance sheet.

17. Directors' fees

	2016 £'000	2015 £'000
Chairman's remuneration	55	47
Directors' fees	206	156
	261	203

The members of the Board of Directors are listed on pages 38 to 39 of the annual report and are considered to be Key Management Personnel. No pension contributions were made in respect of any of the directors and none of the directors receives any pension from any portfolio company held by the Company.

During the year none of the directors waived remuneration (2015: none) and no fees were payable as at year end (2015: none). During the year the Investment Adviser recharged staff costs of £132,565 (2015: none) and overheads of £42,435 (2015: none) to the Company. No other staff costs are paid by the Company. For the years ended 31 December 2016 and 31 December 2015 members of the Board of Directors held shares in the Company and were entitled to dividends as detailed below:

	2016 ('000)	2015 ('000)
Shares at the beginning of the year	385	370
Shares acquired during the year	1,846	15
Shares at the end of the year	2,231	385
Dividends payable to directors	£100	–

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

18. Professional fees

	2016 £'000	2015 £'000
Consulting fees	300	212
Legal fees	63	188
Auditor's remuneration	124	52
Other fees	80	111
	567	563

	2016 £'000	2015 £'000
Auditor's remuneration		
Audit of consolidated financial statements	96	52
Other assurance services	28	–
Total auditor's remuneration	124	52

19. Withholding tax

Under current Bermuda law the Company is not required to pay tax in Bermuda on 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 is exempt from such taxation at least until 31 March 2035.

The Company may, however, be subject to foreign withholding taxes in respect of income derived from its investments in other jurisdictions (2016: nil; 2015: £235,297).

20. Earnings per share

The earnings per share calculation use the weighted average number of shares in issue during the year.

	2016	2015
Basic and diluted earnings per share	£0.35	£0.12
Profit for the year ('000)	£66,677	£21,574
Weighted average number of shares outstanding ('000)	189,901	174,008

21. Net asset value per share

The net asset value per share calculation uses the number of shares in issue at the end of the year.

	2016	2015
Basic and diluted net asset value per share	£2.31	£2.00
Net assets attributable to shareholders ('000)	£438,432	£382,150
Number of shares in issue at year end ('000)	189,804	191,078

22. Share capital

a) Authorised and issued capital

The authorised share capital of the Company is 280,000,000 ordinary shares at a par value of £0.01 each. Ordinary shares are listed and traded on the AIM market of the London Stock Exchange. Each share confers the right to one vote and shareholders have the right to receive dividends.

During the year, no ordinary shares have been issued (2015: 78,787,879 ordinary shares at a price of £1.65 per share).

As at 31 December 2016, the Company's issued and fully paid share capital was 189,804,036 ordinary shares (2015: 191,078,315).

	2016 ('000)	2015 ('000)
Ordinary shares outstanding at the beginning of the year	191,078	128,125
Ordinary shares issued and fully paid	–	78,788
Treasury shares purchased	(1,274)	(16,654)
Treasury shares issued	–	819
Ordinary shares outstanding at the end of the year	189,804	191,078

b) Treasury shares

During the year, the Company bought back 1,274,279 (2015: 16,653,814) ordinary shares for a total cash consideration of £1,853,928 (2015: £24,590,657). No treasury shares were issued during the year (2015: 819,250 ordinary shares for a total cash consideration of £1,421,399). The total number of treasury shares held by the Company as at 31 December 2016 was 17,108,843 (2015: 15,834,564).

All rights associated with treasury shares held by the Company are suspended until the shares are re-issued.

c) Share premium

Share premium represents the amount received in excess of the nominal value of ordinary shares.

23. Dividends

The Board of Directors recommended and approved a dividend of 4.5 pence per ordinary share during the year ended 31 December 2016 which will result in a dividend payment of £8,541,181 payable on 30 January 2017 (2015: approved nil, paid nil).

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

24. Commitments

The Company had the following capital commitments in Euros at year end:

	2016 (€'000)	2015 (€'000)
Fund I		
Total capital commitment (2016: £160,741; 2015: £138,680)	188,398	188,398
Called capital, beginning of year	178,978	176,152
Capital calls during the year (2016: 0%; 2015: 1.5%)	–	2,826
Called capital, end of year (2016: £152,704; 2015: £131,746)	178,978	178,978
Unfunded capital commitment (2016: £8,037; 2015: £6,934)	9,420	9,420
Aggregate recycled commitment	5,652	5,652
Fund II		
Total capital commitment (2016: £170,640; 2015: £147,220)	200,000	200,000
Called capital, beginning of year	114,000	84,000
Capital calls during the year (2016: 19.5%; 2015: 15%)	39,000	30,000
Called capital, end of year (2016: £130,540; 2015: £83,915)	153,000	114,000
Unfunded capital commitment (2016: £40,100; 2015: £63,305)	47,000	86,000
Fund III		
Total capital commitment (2016: £277,290; 2015: nil)	325,000	–
Called capital, beginning of year	–	–
Capital calls during the year (2016: 3%; 2015: nil)	9,750	–
Called capital, end of year (2016: £8,319; 2015: nil)	9,750	–
Unfunded capital commitment (2016: £268,971; 2015: nil)	315,250	–
Total unfunded capital commitments (2016: £317,108; 2015: £70,239)	371,670	95,420

The Company had the following loan commitments at year end:

	2016 £'000	2015 £'000
Total revolving loan facility commitments:		
Fund I	5,000	5,000
Fund II	15,000	15,000
	20,000	20,000
Total unfunded loan commitments:		
Fund I	3,000	4,226
Fund II	10,688	15,000
	13,688	19,226

25. Contingent liabilities

In the ordinary course of business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history, experience and assessment of existing contracts, management feels that the current likelihood of such an event is remote.

During 2015, the Company agreed to guarantee the following with respect to its investment in Time Out Mercado: a) €1,400,000 contingent consideration payment based on certain performance criteria; and b) provided certain bank guarantees on behalf of Time Out Mercado totalling €3,134,000. Following the IPO of Time Out in June 2016, the Company was released from both guarantees.

As at 31 December 2016, there are no contingent liabilities outstanding.

26. Related parties

Balances and transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed in this note. Related parties as disclosed below are not part of the consolidation and for this reason are not eliminated.

The Manager, the Investment Adviser and the Board of Directors are considered related parties to the Company due to direct or indirect control and transactions with them. Management fees and performance fees paid to the Manager are detailed in notes 14 and 15. Amounts paid to Directors are provided in note 17. One Director of the Company is also a Director of the Manager, the Investment Adviser and Oakley Capital Corporate Finance LLP; entities which provide services to, and receive compensation from, the Company. The agreements between the Company and these service providers are based on normal commercial terms.

Until 7 June 2016, the Administrator and the Company were considered related parties by virtue of a Director in common. This Director did not seek re-election to the Company's Board of Directors at the Company's 2016 Annual General Meeting. Administration fees paid to the Administrator are detailed in note 16. Throughout 2016, no Director of the Company had a personal interest in any transaction of significance for the Company.

27. Transition to IFRS

As stated in note 3.1, this is the Company's first set of consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended 31 December 2016, the comparative information presented in these consolidated financial statements for the year ended 31 December 2015 and as at 31 December 2014 and in the preparation of an opening IFRS balance sheet at 1 January 2015.

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in accordance with US generally accepted accounting principles ("US GAAP"). An explanation of how the transition from previous US GAAP to IFRS has affected the Company's consolidated balance sheet, financial performance and cash flows is set out below.

a) Estimates

The estimates previously made by the Company under US GAAP were not revised for the application of IFRS.

b) Presentation

The presentation in accordance with IFRS differs from the presentation in accordance with US GAAP. The analysis below sets out the most significant adjustments arising in the transition to IFRS.

c) Consolidated balance sheet

The transition to IFRS resulted in no material adjustments to the consolidated balance sheet.

d) Consolidated statement of comprehensive income

The Company capitalised transaction costs relating to the acquisition of investments in accordance with US GAAP. Under IFRS, transaction costs must be expensed in the period in which they are incurred. As a result the Company has reclassified costs of £221,297 from unrealised gains or losses on investments held at fair value through profit and loss to transaction cost expense for the year ended 31 December 2015.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2016

27. Transition to IFRS continued

e) Consolidated cash flow statement

Under US GAAP the Company presented the consolidated cash flow statement according to the indirect method of presentation. The Company has elected to present the consolidated cash flow statement according to the direct method under IFRS. There are no other material adjustments to the consolidated cash flow statement.

The US GAAP consolidated statement of comprehensive income for the year ended 31 December 2015 can be reconciled to IFRS as follows:

	US GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Income			
Interest income	5,053	–	5,053
Net realised gains on investments at fair value through profit and loss	29,041	–	29,041
Net change in unrealised gains (losses) on investments at fair value through profit and loss	(3,782)	221	(3,561)
Net foreign currency gains (losses)	(2,000)	–	(2,000)
Other income	597	–	597
Total income	28,909	221	29,130
Expenses	(7,098)	(221)	(7,319)
Operating profit	21,811	–	21,811
Finance cost	(2)	–	(2)
Profit (loss) before tax	21,809	–	21,809
Withholding tax	(235)	–	(235)
Profit after tax attributable to equity shareholders	**21,574**	**–**	**21,574**

28. Events after balance sheet date

The Board of Directors has evaluated subsequent events from the year end through 28 March 2017, which is the date the consolidated financial statements were available for issue. The following events have been identified for disclosure.

On 24 January 2017, the Company sold 15,000,000 treasury shares at a price of £1.57 per share. Total cash consideration from the sale was £23,550,000. The Company's average purchase price of the treasury shares sold was £1.47 per share. The Company subsequently cancelled its remaining 2,108,843 treasury shares. As at that date the Company had 204,804,036 fully paid ordinary shares in issue. Following the cancellation of the remaining treasury shares, the Company adopted a policy regarding share buy backs as part of discount control management and will not sell stock from treasury nor issue new shares at material discounts to total shareholders' equity.

On 30 January 2017, the Company paid its previously declared maiden dividend of 4.5 pence per share for the year ended 31 December 2016. The total dividend expense of £8,541,181 was paid to shareholders registered on 30 December 2016.

On 31 January 2017, Fund III Master called for £28,154,750 (€32,500,000) representing 10% of outstanding commitments to partly fund the acquisition of Casa.it and atHome.lu.

On 17 March 2017, the Company provided a loan facility of £3,000,000 to Oakley NS (Bermuda) LP, the holding entity for Fund II's investment in the North Sails group. The instrument carries a fixed interest rate of 10.0% per annum and matures one year from drawdown date. The loan facility will be used to fund the acquisition of Hall Spars.

On 22 March 2017, the Company agree to extend the repayment date on its loan with Fund I to August 2017.

On 22 March 2017, the Company agreed to increase the revolving credit facility with Fund II to £20,000,000.

On 22 March 2017, the Company entered into a £20,000,000 revolving credit facility with Fund III carrying an interest rate of 6.5% per annum.

On 22 March 2017, the Company agreed to extend the repayment date on its two loans with Oakley Capital III Limited to July 2020.

On 22 March 2017, the Company agree to extend the repayment date on its loan with Ellisfield (Bermuda) Limited to December 2017.

Glossary

Admission Document	The admission of the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules. The admission document dated 30 July 2007 was prepared by the Company in respect to its admission to trading on AIM.
AIM	The Alternative Investment Market of the London Stock Exchange.
AIFMD	Alternative Investment Fund Managers Directive became effective from July 2013. As a result, at 31 December 2016, Oakley Capital Investments Limited is registered as an Alternative Investment Fund ("AIF").
AIF	Alternative Investment Fund, as at 31 December 2016, Oakley Capital Investments Limited is a non-EU AIF.
AIM Rules	The AIM Rules for Companies, which sets out the rules and responsibilities for companies listed on AIM, as amended from time to time.
Auditor	KPMG Audit Limited or such other auditor as appointed from time to time.
Board / Directors	The board of directors of the Company.
Carried Interest	20 per cent. of the income and realisation proceeds from the sale of investment by the Funds payable to the carried interest holders after satisfying any expenses and liabilities of the Funds and subject to the payment of the General Partner Share as described in Section 11 of Part 1 of the Admission Document.
Commitments	The amount committed by an investor to the Funds whether or not such amount has been advances in whole or in part.
Company / OCI	Oakley Capital Investments Limited, a company incorporated with limited liability in Bermuda and registered number 40324.
Cost	In relation to the cost of investments, this is the open cost of the investment at 31 December 2016, i.e. the investment cost net of amounts realised from partial exits and refinancings, where applicable.
EBITDA	Earnings before interest, taxation, depreciation and amortisation and is used as the typical measure of portfolio company performance.
Exchange Rate	The GBP:EUR exchange rate at 31 December 2016 was £1: €1.1720.
Fund I / Oakley Fund I	Oakley Capital Private Equity L.P.
Fund II / Oakley Fund II	Those limited partnerships constituting the fund known as Oakley Capital Private Equity II, comprising Oakley Capital Private Equity II-A L.P., Oakley Capital Private Equity II-B L.P, Oakley Capital Private Equity II-C L.P and OCPE II Master L.P.
Fund III / Oakley Fund III	Those limited partnerships constituting the fund known as Oakley Capital Private Equity III, comprising Oakley Capital Private Equity III-A L.P., Oakley Capital Private Equity III-B L.P, Oakley Capital Private Equity III-C L.P and OCPE III Master L.P.
Fund Facilities	This includes debt facilities provided by the Company to the Oakley Funds and to the General Partners of the Oakley Funds.
General Partners (GP)	Oakley Capital I Limited in respect of Fund I (previously Oakley Capital GP Limited) Oakley Capital II Limited in respect of Fund II (previously Oakley Capital GP II Limited) and Oakley Capital III Limited in respect of Fund III (previously Oakley Capital GP III Limited); all exempted companies incorporated in Bermuda.
IFRS	International Financial Reporting Standards. The consolidated financial statements and notes have been prepared in accordance with IFRS for the first time.
Investment Adviser	Oakley Capital Limited, a company incorporated in England and Wales with registered number 4091922, which is authorised and regulated by the Financial Conduct Authority; or any successor as Investment Adviser of Fund I, Fund II or Fund III.
Investment Manager	Oakley Capital Manager Limited (formerly known as Oakley PE Management (Bermuda) Limited, in respect of the Oakley Funds.
IPO	Initial Public Offering.
Manager	Oakley Capital (Bermuda) Limited, in respect of the Company.
NAV	Net asset value is the value of the assets less liabilities.
Oakley	The Investment Adviser being Oakley Capital Limited.
Oakley Funds	Fund I, Fund II and Fund III and (as applicable) any successor funds.
US GAAP	Generally accepted accounting principles adopted by the US Securities and Exchange Commission.

Directors and Advisers

Directors

Christopher Wetherhill
Independent Director and Chairman

Laurence Charles Neil Blackall
Independent Director

Caroline Foulger
Independent Director

Peter Adam Daiches Dubens
Director

James Michael Keyes
Independent Director

Registered Office
3rd Floor, Mintflower Place
8 Par-la-Ville Road
Hamilton HM08
Bermuda

Advisers

Manager to the Company
Oakley Capital (Bermuda) Limited
3rd Floor, Mintflower Place
8 Par-la-Ville Road
Hamilton HM08
Bermuda

Investment Adviser to the Manager
Oakley Capital Limited
3 Cadogan Gate
London SW1X 0AS
United Kingdom

Legal Adviser to the Company
Simpson Thacher & Bartlett LLP
City Point
1 Ropemaker Street
London EC2Y 9HU
United Kingdom

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

Administrator to the Company
Mayflower Management Services (Bermuda) Limited
3rd Floor, Mintflower Place
8 Par-la-Ville Road
Hamilton HM08
Bermuda

Legal Adviser to the Company as to Bermuda Law
Conyers Dill & Pearman Limited
Clarendon House
2 Church Street
Hamilton HM CX
Bermuda

Nominated Adviser and Broker to the Company
Liberum Capital Limited
Level 12, Ropemaker Place
25 Ropemaker Street
London EC2Y 9AR
United Kingdom

Auditor to the Company
KPMG Audit Limited
Crown House
4 Par-la-Ville Road
Hamilton HM08
Bermuda

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

Notice of Annual General Meeting

NOTICE is hereby given that the 2017 Annual General Meeting (the "Meeting") of the members of the Company will be held at 3rd Floor, Mintflower Place, 8 Par-la-Ville Road, Hamilton HM08, Bermuda on:

14 June 2017 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 the Company's audited report and accounts for the financial year ended 31 December 2016.
4. To note the retirement by rotation as a Director of the Company of James Keyes at the Meeting in accordance with Bye-law 105 of the Company's Bye-laws.

Ordinary Resolutions

To consider, and if thought fit, pass the following resolutions as ordinary resolutions:

5. **THAT** KPMG of Crown House, 4 Par-la-Ville Road, Hamilton HM08, Bermuda be re-appointed as auditor for the ensuing year, and that the Directors be authorised to fix their remuneration.
6. **THAT:**
   a) the maximum number of Directors be determined as not more than six (6);
   b) Peter Dubens be re-elected as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
   c) James Keyes be re-elected as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
   d) Laurence Blackall be re-elected as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
   e) Christopher Wetherhill be re-elected as a Director of the Company so to serve until the next Annual General Meeting or until his successor is elected or appointed;
   f) Caroline Foulger be re-elected as a Director of the Company so to serve until the next Annual General Meeting or until her successor is elected or appointed;
   g) the Directors be authorised from time to time to fill any vacancies on the Board; and
   h) general authority be conferred on the Directors to appoint alternate Directors.

7. Special Resolution

To consider whether the Company should cease to continue as constituted.

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.

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

28 April 2017

Notes

1. Only those shareholders registered in the Company's register of members at:
   - 6.00 pm Bermuda time on 7 June 2017; or,
   - if this Meeting is adjourned, at 6.00 pm on the day seven days prior to the adjourned Meeting,

   shall be entitled to attend, speak and vote at the Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to 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 12 June 2017 at:

   Mayflower Management Services (Bermuda) Limited
   Secretary
   Oakley Capital Investments Limited
   3rd Floor, Mintflower Place
   8 Par-la-Ville Road
   Hamilton HM08
   Bermuda
   Email: ipilgrim@mayflower.bm
   Fax: (441) 542 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.
6. The Ordinary Resolutions require a simple majority of votes cast at the Meeting in order to pass. The Special Resolution will require a majority of not less than three fourths of the votes cast at the Meeting in order to pass.

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