



OAKLEY CAPITAL INVESTMENTS LIMITED
Annual Report and Accounts
————— 2007 —————

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DIRECTORS AND ADVISERS

Directors

James Michael Keyes	<i>Independent Director and Chairman</i>
Christine (Tina) Michelle Burns	<i>Independent Director</i>
Peter Adam Daiches Dubens	<i>Director</i>
Katherine Christina Mary Innes-Ker	<i>Independent Director</i>
Ian Patrick Pilgrim	<i>Director</i>
Christopher Wetherhill	<i>Independent Director</i>

Registered Office

11 Harbour Road
Paget PG01
Bermuda

Manager to the Company and the Limited Partnership

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

Administrator to the Company and the Limited Partnership

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

Investment Adviser to the Manager

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

Legal Advisers to the Company as to English Law

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

Legal Advisers to the Company as to Bermuda Law

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

Auditors to the Company and the Limited Partnership

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

CREST Depository

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

Branch Registrar

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

CHAIRMAN'S STATEMENT

Oakley Capital Investments Limited was established to provide investors with access to the investment strategy being pursued by Oakley Capital Private Equity L.P. (the "Limited Partnership").

The Company was admitted to trading on the AIM market of the London Stock Exchange on 3 August 2007, having raised £100 million from the issue of 100,000,000 ordinary shares at 100 pence each, together with the issue of 50,000,000 warrants.

The primary objective of the Limited Partnership is to invest in a diverse portfolio of private mid-market UK and European businesses, aiming to provide investors with significant long-term capital appreciation. On 10 October 2007 the Limited Partnership announced its first closing, to which the Company committed €140 million. The Limited Partnership called down €4.2 million (£2.9 million) from the Company during the period. At the end of the period the Limited Partnership had not completed any investment transactions and the Company's net assets were £99.4 million.

Developments post the year-end

On 2 April 2008 a wholly-owned subsidiary of the Limited Partnership acquired the Hosting and Network Services Division of FREEDOM4 Communications plc, for a total enterprise value of £120 million.

The acquired businesses include a leading provider of web-hosting and domain names in the UK and of web-hosting in Germany. Trading under the brand-names 123-Reg and Webfusion, the business is the UK's largest domain registrar, offering easy-to-use, high quality, cost-effective products to consumers, hobbyists and businesses. In Germany, the business trades under the name Host Europe. The acquired businesses also include Vialtus Solutions (formerly Pipex Business Services) a provider of integrated communications solutions to large organisations and mid-market companies. With a focus on using IP technologies, Vialtus Solutions' products include managed hosting, mobile worker and remote office security solutions, voice services and IP networking.

Outlook

The web-hosting and network services businesses acquired by the Limited Partnership in April 2008 represent a sound initial investment for the Company, through its exposure to the Limited Partnership's investment strategy. Since its launch in mid-2007 the Limited Partnership has built up a strong pipeline of attractive new opportunities, across a range of industry sectors, and the Company is confident that a number of further investments will be completed during the remainder of 2008.

James Keyes
Chairman

20 June 2008

THE LIMITED PARTNERSHIP

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

The investment strategy of the Limited Partnership is to focus on buy-out opportunities in growth industries with consolidation potential and companies with scope for performance improvement. The Limited Partnership seeks to invest in companies that have achieved, or have the potential to achieve, a critical scale in their industry or sector, creating a sustainable earnings stream which should command a premium.

The Limited Partnership will focus on equity investments of between £20m and £100m per transaction, that enable it to secure a controlling position in the target company. The Limited Partnership aims to deliver over 25 per cent. gross Internal Rate of Return (IRR) per annum on investments and a blended gross multiple of three times. The life of the Limited Partnership is expected to be approximately 10 years, including a five year investment period from the date of the Final Closing.

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

INVESTMENT ADVISER'S REPORT

1. Investment strategy

The UK and European markets provide a range of attractive acquisition opportunities suited to the Limited Partnership's investment strategy. In the relatively fragmented European corporate environment, many large corporations are focusing or consolidating their activities. At the same time, many larger European companies are seeking to divest non-core businesses for strategic or financial reasons. Furthermore, in many family-owned businesses transition issues and competitive pressures are leading these businesses to consider external capital and expertise to facilitate succession and ensure long term success. In addition, certain public companies are potential candidates for taking private due to market dynamics, poor liquidity and limitations on raising capital in the current market environment. All of these factors are creating attractive opportunities for investment by the Limited Partnership.

Investment opportunities are identified in companies that potentially have the ability to create, or defend, a sustainable competitive advantage through a market leading position in their respective industry sectors. Investments are targeted which have a potential for value creation through active management in the following areas:

- strategic redirection;
- industry consolidation;
- operational restructuring;
- financial restructuring; and
- management restructuring.

A disciplined and methodical investment approach is employed to evaluate a company's potential. A detailed analysis of the industry sector is carried out, identifying the company's position within that sector, any consolidation potential, the company's financial performance relative to its peers, its key performance drivers, and potential buyers to which the company could ultimately be sold.

A strict set of procedures are applied when implementing this investment strategy, which emphasise:

- concentration on a select number of investments;
- in depth analysis of the industry sector and the company prior to acquisition;
- focus on cash flow stability and growth prospects; and
- a hands-on, value creating approach to ownership.

The overriding philosophy behind each investment will be to achieve capital appreciation through EBITDA growth, primarily driven by revenue increases, achieved both organically and by acquisition.

2. Investments to date

On 2 April 2008 the Hosting and Network Services Division of FREEDOM4 Communications plc was acquired for a total enterprise value of £120 million. The cash element of £92.5 million included approximately £49.2 million contributed by the Company, in the form of equity drawn down by the Limited Partnership and through a secured mezzanine instrument.

INVESTMENT ADVISER'S REPORT

continued

The acquired businesses include a leading provider of web-hosting and domain names in the UK and of web-hosting in Germany. The acquired businesses also include Vialtus Solutions (formerly Pipex Business Services) a provider of integrated communications solutions to large organisations and mid-market companies.

For the year ended 31 December 2007, the acquired businesses generated revenues of £72.3 million (2006: £61.5 million), an EBITDA of £7.7 million (2006: £8.3 million) and a loss before tax, excluding amortisation of goodwill, inter-company interest and impairments, of £0.75 million (2006: loss of £0.4 million).

As at 31 December 2007, the net tangible assets of the acquired businesses, excluding intangibles, investments and inter-company balances, were £32.7 million (2006: £11.2 million). As at 31 December 2007, the acquired businesses had approximately 386,000 hosting customers (2006: 331,000).

3. Investment pipeline

Since the establishment of the Limited Partnership and appointment of Oakley Capital Limited as Investment Adviser to the Manager in August 2007, a significant number of potential investment opportunities have been identified and analysed, across a range of industry sectors. As a result a strong pipeline of attractive new opportunities has been built up, and the Investment Adviser is confident that a number of further investments will be completed during the remainder of 2008.

DIRECTORS' REPORT

Directors' functions

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

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

Directors

The Directors of the Company, all of whom are non executive, are:

James Keyes (aged 44)

James Keyes is a partner and team leader of the Limited Partnerships and Investment Services Team within the Corporate/Commercial Department of Appleby in Bermuda, which he joined in 1993. Mr Keyes practices in the area of corporate and commercial law, particularly mutual funds, corporate finance and securities. Prior to that, Mr Keyes worked with Freshfields, the law firm, in London from 1989 to 1992. Mr Keyes attended Oxford University in England and graduated (M.A. with Honours) as a Rhodes Scholar. Mr Keyes was admitted as a solicitor in England & Wales in 1991, to the Bermuda Bar in 1993 and is a member of the Bermuda International Business Association's committee on investment funds. Mr Keyes is also a frequent speaker at hedge fund conferences and regularly contributes to industry journals. Mr Keyes is the Chairman of the Board of Directors. Mr Keyes is a resident of Bermuda.

Tina Burns (aged 37)

Tina Burns is a Certified Public Accountant providing consulting services to Schroders Private Equity Services ("Schroders") in Bermuda. Prior to consulting with Schroders, she was a Director with KPMG in Bermuda from 2002 through 2006, specialising in US Taxation. Ms Burns joined KPMG in Bermuda in 1995. Prior to joining KPMG in Bermuda, Ms Burns was a tax senior with KPMG in Atlanta, Georgia. Ms Burns graduated from the University of North Carolina with a Masters of Accounting in 1992 and is a member of the American Institute of Certified Public Accountants and the Georgia Society of Certified Public Accountants. Ms Burns is a resident of Bermuda.

Peter Dubens (aged 41)

Peter Dubens has considerable experience in the acquisition, turn around, management, development, and disposal of public as well as private companies. Mr Dubens was instrumental in establishing 365 as one of the UK's leading online sports content providers and its disposal to BSkyB in December 2006. Mr Dubens is currently Executive Chairman of FREEDOM4 Communications plc, the AIM listed provider of integrated telecommunications and internet services. Mr Dubens is a director of the Manager, the Investment Advisor, Palmer Capital Associates Limited, a hedge fund capital raising business which he co-founded in 2001, and Oakley Multi Manager Fund, a Bermuda-based fund of hedge funds with more than \$100 million in net assets under management which he also co-founded. Mr Dubens is a UK resident.

DIRECTORS' REPORT

continued

Katherine Innes-Ker (aged 47)

Katherine Innes-Ker is currently a non-executive director of Taylor Wimpey plc, Gyrus Group plc, Wickam Capital and the Ordnance Survey and non-executive Chairman of Shed Productions plc. She was formerly a director of The Television Corporation plc, a non-executive director of Williams Lea plc, Taylor Woodrow plc, Fibernet plc, Bryant Group plc and ITVdigital plc. Ms Innes-Ker also held senior investment banking roles with SBC Warburg, Dresdner Kleinwort Benson and Henry Ansbacher. Ms Innes-Ker holds a D.Phil, Molecular Biophysics, and an honours degree in Chemistry from Oxford University. Ms Innes-Ker is a UK resident.

Ian Pilgrim (aged 43)

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

Christopher Wetherhill (aged 59)

Christopher Wetherhill founded and was Chief Executive Officer of Hemisphere Management Limited (now known as BISYS 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 in Bermuda. Mr Wetherhill is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Canadian and Bermudian Institutes of Chartered Accountants, a Fellow of the Institute of Directors and a Freeman of the City of London. Mr Wetherhill is a resident of Bermuda.

Manager

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

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

DIRECTORS' REPORT

continued

Investment Adviser

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

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

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

Corporate governance

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

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

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

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

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

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

DIRECTORS' REPORT

continued

Directors' interests

None of the Directors nor any member of their respective immediate families, nor any person connected with a Director (within the meaning of section 346 of the Companies Act 1985 of England and Wales (as amended)), has any interest whether beneficial or non-beneficial in the share capital of the Company.

Directors' remuneration

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

James Keyes	£5,901
Tina Burns	£5,901
Peter Dubens	£nil
Katherine Innes-Ker	£5,901
Ian Pilgrim	£5,901
Christopher Wetherhill	£5,901

The above fees do not include reimbursed expenses

Substantial shareholdings

At 31 December 2007 the following interests in 3 per cent. or more of the issued Ordinary Shares had been notified to the Company:

	<i>Number of Ordinary Shares</i>	<i>Percentage of share capital</i>
Moore Macro Fund LP	10,000,000	10.00
GAM International Management Ltd	9,000,000	9.00
Fidelity International Limited	5,887,500	5.89
British Coal Superannuation Scheme	3,000,000	3.00
Mineworkers Pension Scheme	3,000,000	3.00

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Shareholders of Oakley Capital Investments Limited

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

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

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

KPMG
Chartered Accountants
Hamilton, Bermuda

20 June 2008

STATEMENT OF ASSETS AND LIABILITIES

31 December 2007

(Expressed in British Pounds)

	<i>Note</i>	<i>2007</i> £
Assets		
Investment in Limited Partnership, at fair value (cost £2,925,726)	6	2,378,310
Cash and cash equivalents	3	97,154,262
Other receivables		303,475
Total assets		99,836,047
Liabilities		
Accounts payable and accrued expenses		395,548
Bank overdraft		12,632
Total liabilities		408,180
Net assets attributable to shares		99,427,867
Number of Shares outstanding	8	100,000,000
Net asset value per share		0.99

Signed on behalf of the Board on 20 June 2008

James Keyes
Director

Ian Pilgrim
Director

The notes on pages 15 to 19 form an integral part of these financial statements

STATEMENT OF OPERATIONS

Period from 28 June 2007 (date of incorporation) to 31 December 2007

(Expressed in British Pounds)

	<i>Note</i>	<i>2007</i> £
Investment income		
Interest		2,117,617
Total income		<u>2,117,617</u>
Expenses		
Organisation expenses		4,593,684
Management fee	4(a)	156,318
Other		83,041
Professional fees	5	65,395
Interest		<u>141</u>
Total expenses		<u>4,898,579</u>
Net investment loss		<u>(2,780,962)</u>
Realised and unrealised gain on investments and foreign exchange		
Net realised loss on foreign exchange		(681)
Net unrealised gain on foreign exchange		2,756,926
Net increase in unrealised depreciation on investments		<u>(547,416)</u>
Net realised and unrealised gain on investments and foreign exchange		<u>2,208,829</u>
Net decrease in net assets resulting from operations		<u><u>(572,133)</u></u>
Net loss per share		<u><u>(0.01)</u></u>

The notes on pages 15 to 19 form an integral part of these financial statements

STATEMENT OF CHANGES IN NET ASSETS

Period from 28 June 2007 (date of incorporation) to 31 December 2007

(Expressed in British Pounds)

	2007 £
Net decrease in net assets resulting from operations	
Net investment loss	(2,780,962)
Net realised loss on foreign exchange	(681)
Net realised and unrealised gain on foreign exchange	2,756,926
Net increase in unrealised depreciation on investments	(547,416)
Net decrease in net assets resulting from operations	<u>(572,133)</u>
Capital share transactions	
Proceeds on issue of Shares	100,000,000
Net increase in net assets from capital share transactions	<u>100,000,000</u>
Net increase in net assets	99,427,867
Net assets at beginning of year	<u>—</u>
Net assets at end of year	<u><u>99,427,867</u></u>

The notes on pages 15 to 19 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Period from 28 June 2007 (date of incorporation) to 31 December 2007

1. The Company

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

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

2. Significant accounting policies

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The following are the significant accounting policies adopted by the Company:

(a) *Use of estimates*

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

(b) *Security transactions and valuation*

Security transactions are accounted for on a trade date basis based on the capital drawdown and proceeds distribution dates from the Limited Partnership.

The Company's investment in the Limited Partnership is valued at the balance on the Company's capital account in the Limited Partnership as at the reporting date. Any difference between the capital introduced and the balance on the Company's capital account in the Limited Partnership is recognised in unrealised gains and losses on investments in the Statement of Operations.

Realised gains and losses are recorded when the security acquired is sold. The net realised gains and losses on sale of securities is determined on an average cost basis.

The accounting policies followed by the Limited Partnership in valuing investments and recognising income and gains and losses on security transactions are described in the notes to its financial statements.

(c) *Income recognition*

Interest income and expense are recognised on the accruals basis.

(d) *Foreign currency translation*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

continued

Period from 28 June 2007 (date of incorporation) to 31 December 2007

2. Significant accounting policies continued

(e) *Cash and cash equivalents*

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

3. Cash and cash equivalents

Cash and cash equivalents at 31 December 2007 consist of the following:

	2007 £
Cash	3,743
Short-term deposits	97,150,519
	97,154,262
	97,154,262

4. Management and performance fees

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

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

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

5. Administration fee

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

NOTES TO THE FINANCIAL STATEMENTS

continued

Period from 28 June 2007 (date of incorporation) to 31 December 2007

6. Investment in Limited Partnership

The Company intends to invest its assets in the Limited Partnership, an exempted limited partnership established in Bermuda on 10 July 2008. The Limited Partnership's primary objective is to invest in a diversified portfolio of private mid-market UK and European businesses, aiming to provide investors with significant long term capital appreciation. As at 31 December 2007 the Company accounted for 66 per cent. of the total capital and commitments in the Partnership.

As at 31 December 2007 and for the period then ended, the Limited Partnership had called 3 per cent. of its commitments. The proceeds were used to pay its management fee and other operating expenses with the remainder being invested in cash and cash equivalents at 31 December 2007.

The Company may also make co-investments with the Limited Partnership based on the recommendations of the Manager. As at 31 December 2007 the Company has not made any such co-investments. Co-investments may amend the outstanding capital commitments to the Limited Partnership.

7. Capital Commitment

The Company made a capital commitment to invest €140,000,000 in the Limited Partnership. The Limited Partnership may draw upon the capital commitment at any time subject to two weeks' notice on an as needed basis. During the year, capital in the amount of €4,200,000 was called by the Limited Partnership. As at 31 December 2007, the amount of capital commitment available to be called was €135,800,000.

8. Share capital and warrants

(a) Share capital

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

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

(b) Warrants

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

As the price of the Ordinary Shares as at 31 December 2007 was below the exercise price of the Warrants, there was no dilution in the net asset value and loss per share.

NOTES TO THE FINANCIAL STATEMENTS

continued

Period from 28 June 2007 (date of incorporation) to 31 December 2007

9. Related parties

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

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

10. Taxation

Under current Bermuda law, the Company is not obligated to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax Protection Act 1966 which exempts the Company from any such taxes, at least until the year 2016.

11. Financial highlights

	<i>2007</i> <i>£</i>
Per share operating performance	
Net asset value per share, at date of subscription/start of period	1.00
Loss from investment operations	
Net investment income	(0.03)
Net realised and unrealised gain on investments and foreign exchange	0.02
Total from investment operations	<u>(0.01)</u>
Net asset value per share, end of period	<u><u>0.99</u></u>
	<i>Percentage</i>
Total return for period ¹	
Total return before incentive fee	(0.60)
Incentive fee	—
Total return after incentive fee	<u>(0.60)</u>
Ratio of expenses to average net assets ^{1,2}	
Operating expenses	4.91
Incentive fee	—
Total expenses	<u>4.91</u>
Ratio of net investment income to average net assets ^{1,2}	
Net investment income before incentive fee	(2.79)
Incentive fee	—
Total net investment income	<u><u>(2.79)</u></u>

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

² Expenses include interest expense of £141

NOTES TO THE FINANCIAL STATEMENTS

continued

Period from 28 June 2007 (date of incorporation) to 31 December 2007

12. Subsequent events

On 14 March 2008 the Limited Partnership called 31.5 per cent. of the committed capital primarily for investment purposes. The Company's committed share of the total amount called was €44.1 million.

On 2 April 2008 a wholly-owned subsidiary of the Limited Partnership acquired the Hosting and Network Services Division of FREEDOM4 Communications plc for a total deal value, including bank finance, of £120 million. The consideration was satisfied by a vendor loan note for £17.5 million (issued by a wholly-owned subsidiary of the Limited Partnership), the assumption of approximately £10 million in debt, and the balance of £92.5 million in cash. The cash element included approximately £49.2 million contributed by the Company, comprising equity and loan notes of £29.8 million invested through the Company's commitment to the Limited Partnership along with £19.4 million in debt finance, in the form of a secured mezzanine instrument from the Company. This instrument carries a fixed interest rate of 15.25 per cent. maturing on the earlier of 31 December 2015 or the date of sale or IPO.

NOTICE OF ANNUAL GENERAL MEETING

OAKLEY CAPITAL INVESTMENTS LIMITED

(the "Company")

NOTICE is hereby given that the 2008 Annual General Meeting of the members of the Company will be held at 11 Harbour Road, Paget PG01, Bermuda on:

22 July 2008 at 11.00 a.m. (Bermuda time)

AGENDA

1. To elect a Chairman, if necessary.
2. To read the Notice convening the meeting.
3. To lay before the Members of the Company's audited report and accounts for the year ended 31 December 2007.
4. To re-appoint KPMG of Crown House, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda as auditors for the ensuing year, and to authorise the Directors to fix their remuneration.
5. To note the retirement by rotation as Directors of the Company of Ian Pilgrim and Tina Burns at the Meeting in accordance with Bye-law 105 of the Company's Bye-laws.
6. To:
 - (a) determine the minimum and maximum number of Directors as not less than two (2) and not more than twelve (12);
 - (b) re-elect the following persons as Directors of the Company so to serve until the next Annual General Meeting or until their respective successors are elected or appointed;

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

20 June 2008

BY ORDER of the Directors

Mayflower Management Services (Bermuda) Limited

Secretary

