

INTERIM REPORT 2008

About Oakley Capital Investments Limited

Oakley Capital Investments Limited (the "Company") 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 in 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. In October 2007 the Limited Partnership announced its first close, to which the Company committed €140 million. Oakley Capital Limited ("Oakley Capital" or the "Investment Adviser") acts as Investment Adviser to the Company and the Limited Partnership.

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

The investment strategy of the Limited Partnership is to focus on companies with the scope for performance improvement operating within industries with growth or consolidation potential. In addition, the Limited Partnership seeks to invest in companies with the potential to achieve scale, thereby commanding a premium on exit.

CHAIRMAN'S STATEMENT

I am pleased to report a successful year to date for the Company, in a period of turbulent financial and economic conditions. In March 2008 the Limited Partnership called down 31.5% of the committed capital, in order to exploit attractive investment opportunities identified in the Web Hosting, Financial Services and Media sectors. The Company's share of the total amount called was €44.1 million, taking its total investment to date in the Limited Partnership to €48.3 million, representing 34.5% of the Company's total capital commitment. The key investments made to date are:

Web Hosting

In April 2008, the Limited Partnership acquired Host Europe Corporation Limited ("Host Europe") for a total enterprise value of £120 million. The acquired business includes the UK market leader in domain name registration, the UK's second largest shared hosting provider, and the market leader in the German standardised managed hosting market. The acquired business also includes Vialtus Solutions, a provider of complex managed hosting services to the UK corporate and SME market. The web hosting market is characterised by strong growth, driven by the rapid proliferation of broadband usage and the increasing sophistication of multimedia content.

In connection with the Host Europe acquisition, the Company committed an additional £19.4 million of debt financing to Host Europe, in the form of a secured mezzanine instrument carrying a fixed interest rate of 15.25%. This instrument matures on the earlier of 31 December 2015 or the date of sale or IPO of Host Europe.

Media

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

Investments post period end

Financial Services

On 1 July 2008 the Limited Partnership, together with management, acquired Monument Securities Limited ("Monument Securities"), the international derivatives, equities and fixed income broker, from Insinger de Beaufort Group ("Insinger"). Successfully trading since 1991, Monument Securities has built a considerable presence in the derivatives and equity markets and has gained a reputation as an experienced and professional brokerage providing services to UK and US institutional investors, hedge funds and corporate investors. Monument Securities is expected to operate on a stand-alone basis, while taking advantage of the Oakley Capital platform.

Media

Two follow on investments were subsequently completed by Headland Media, with the acquisition of Good Morning News SpA ("GMN") and Walport International Limited ("Walport"). These acquisitions expanded Headland Media's presence in the marine training and entertainment sector.

Investment outlook

To date, the businesses acquired by the Limited Partnership in the Web Hosting, Financial Services and Media sectors provide a platform that is well positioned to deliver growth, with the potential for significant value creation through active management. Further details of the investment portfolio companies are provided in the Investment Adviser's Report.

Since the launch of the Limited Partnership in mid-2007, Oakley Capital has built a strong pipeline of attractive opportunities, across a range of industry sectors. As economic conditions deteriorate the Company expects to see a greater proportion of these investments emerging at attractive valuations. A number of strong and diverse banking relationships have also been established and remain supportive of the Limited Partnership's investment strategies.

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

INVESTMENT ADVISERS REPORT

Since the launch of the Limited Partnership in August 2007, Oakley Capital, as Investment Adviser to the Limited Partnership and the Company, has considered over 75 investment opportunities of which more than 20 were analysed. The majority of these opportunities were directly sourced by Oakley Capital. For the six months to 30 June 2008, 26 investment opportunities were considered of which three progressed to the due diligence phase leading to the Limited Partnership investing capital of £42.1 million in two companies. Following the period end, the Limited Partnership made a further three investments resulting in a further investment of £4.4 million. Due to the recent completion of the Limited Partnership's acquisitions, valuation of the investments is being maintained at cost.

Market background

The effects of the sub-prime credit crunch continue to be felt and threaten a significant economic slowdown. The availability of credit for leveraged acquisitions has been materially impaired and the cost of financing has increased. At the same time, concern over the economic outlook is tending to reduce valuation expectations. This environment should allow the Limited Partnership to acquire targets at attractive valuations.

Oakley Capital has a strong relationship with a number of major banks, all of whom remain supportive in pursuing acquisitions. Leverage multiples are largely dependent on the sector outlook and target cash flows. When considering acquisitions, Oakley Capital typically works closely with its lenders to determine an acquisition structure appropriate for the target and the sector in which it operates.

Risk management

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

- **Identification** - When an investment opportunity is first identified it is logged onto the investment tracking register. This records information on the investment opportunity and acts as a basis for discussion at the Partners' weekly meeting.
- **Selection** - Where an investment opportunity progresses, an overview document is prepared which assesses the proposed transaction in order to determine if it satisfies the Limited Partnership and/or the Company's investment profile in terms of sector, size, structure, price and investment risk.
- **Analysis** - In advance of committing to due diligence, further analysis is undertaken and a more detailed report (the "Concept Paper") is prepared. The Concept Paper considers the investment rationale, the industry, competitive positioning, pricing, structure, funding and transaction risk.
- **Approval** - Following the completion of due diligence, an approval paper is submitted to the investment committee summarising the outcome of the due diligence and identifying any material issues.
- **Confirmation** - Immediately prior to funding, a summary document (the "Investment Certificate") is compiled identifying any changes that have occurred between final approval and funding.

Investment and portfolio monitoring

Oakley Capital strongly believes that one of the most critical elements of value creation is the close monitoring of the portfolio companies and the rapid implementation of the investment strategy identified during the due diligence phase. As such, it commits significant resources to ensure companies meet or exceed their investment plan and that any unforeseen issues are dealt with immediately.

- **100 day plan** – Where necessary Oakley Capital executives will be onsite for an interim period to assist the management teams. In the case of the Host Europe, Oakley Capital relocated two Partners to the company for the first 100 days of ownership to ensure that the restructuring measures identified during due diligence were implemented.
- **Board directorships** – In addition to attending monthly senior management meetings, Oakley Capital holds Board level positions in all of its portfolio companies to ensure that strict corporate governance and reporting procedures are adhered to. In addition, non-executive directors will typically be appointed to bring in industry expertise and to provide support to the management team.
- **Strategic guidance** – Oakley Capital will hold strategic sessions with management teams on a quarterly basis to review progress and to ensure key milestones are met.
- **Financial discipline** – Oakley Capital maintains tight control over capital allocation and ensures its portfolio companies adopt a rigorous process when making capital investment decisions. Oakley Capital believes that strict financial reporting and analysis play a significant role in the process of value creation while ensuring individual accountability.

Investment portfolio overview

Since its launch the Limited Partnership has invested £42 million in Host Europe, a leading European web-hosting company. It has invested a further £4.4 million in relation to the acquisitions of Monument Securities and Headland Media Group, which includes the acquisition of Walport and GMN.

Deal flow continues to be strong, despite the market slowdown, and Oakley Capital is actively analysing new opportunities. A significant amount of time and effort has been dedicated to the active management of Host Europe, reflecting the anticipated upside.

1. HOST EUROPE GROUP



Transaction

On 3 April 2008, the Limited Partnership, via a newly incorporated company, acquired from FREEDOM4 Group plc (formerly Pipex Communications plc or "Pipex") the Pipex Hosting and Network Services division for a total consideration of £120 million. Financing and due diligence fees for the transaction amounted to £4 million.

Business overview

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

The web hosting market is characterised by strong growth driven by the rapid proliferation of broadband usage and the increasing sophistication of multimedia content. As internet users become more demanding, website owners require ever larger storage platforms capable of hosting and processing more complex and secure content. As hosting, security, and traffic balancing are not core business competences, these functions are increasingly being outsourced to specialist providers such as Host Europe.

Investment rationale

- Market leader – number two in the UK and number three in Germany
- Strong sector growth
- Significant opportunities for restructuring the cost base

2. MONUMENT SECURITIES



Monument Securities is a global equity and derivatives brokerage providing services to institutions, fund managers, market professionals, corporations and hedge funds for over 16 years. The company focuses agency broking within equity markets, equity and index derivatives markets and to a lesser extent fixed income markets. Monument Securities is a member of the London International Financials Futures and Options Exchange, Eurex, the London Stock Exchange, the International Capital Markets Association, and is authorised and regulated by the Financial Services Authority.

Investment rationale

- Opportunistic purchase: Insinger wished to exit the UK market for strategic reasons, enabling the negotiation of a transaction which benefited all parties.
- Business model performs well in times of volatility:
 - Monument's business model performs well in periods of economic uncertainty and high volatility (which typically coincide with economic downturns) as clients seek to contain risk through the increased use of derivatives;
 - Recruitment: Monument's revenue growth depends on the recruitment of experienced brokers. In times of economic difficulty, investment banks typically reduce headcount and bonuses, increasing the likelihood that experienced brokers, with established client bases, will seek alternative employment.
- Leverage the Investment Advisers relationships:
 - New clients: Through its fund of fund and corporate finance businesses Oakley Capital has significant relationships with a number of hedge funds and corporate clients that can be introduced to Monument Securities as new clients;
 - New Products: the business plans to add corporate broking, placement and fund raising services to its existing product set.

3. HEADLAND MEDIA , WALPORT and GOOD MORNING NEWS



Headland Media consists of satellite and broadcast operating divisions. The satellite division is a leading provider of news, e-mail, internet and weather services via satellite to cruise and merchant ships as well as hotels in remote locations. The broadcast division provides in store radio and music services to the retail industry. The follow on acquisitions of Walport and GMN will enable the satellite division to expand Headland Media's hotel customer base and will expand the company's presence in the marine training and entertainment sector enabling it to become the clear leader.

Headland Media has created a profitable niche as the dominant player providing news services to the marine and hotel industry in a market with significant barriers to entry. The company supplies approximately 80% of the world's cruise ships. Headland Media now aims to leverage this position by increasing its share of the merchant shipping industry, where it already supplies 2,500 out of an estimated 30,000 ships.

Investment rationale

- Leverage Headland Media's dominant position in the marine and hotel industries by adding new customers and expanding the range of products sold to existing customers;
- Consolidation: establish Headland Media as the leading player in this niche market and attain critical mass, enabling the company to increase EBITDA before any organic growth, positioning it well for an exit in three to four years time;
- Incentivise management: as a result of being a small division within a listed group Headland Media suffered from a lack of strategic focus. Oakley Capital has addressed this issue by providing a strong equity incentive for the management;
- Merchant shipping: global expansion has swelled the number of ships operating, putting a strain on owners finding qualified crews. Owners are aiming to improve crew retention through better onboard conditions, a critical element of which is offering better onboard entertainment services, as provided by Headland Media. As market leader, with low penetration amongst merchant ships, this should enable significant growth

INVESTMENT OUTLOOK

In recent months the general economic and credit environments have continued to worsen. Despite this, Oakley Capital's deal flow has remained strong, with a number of investment opportunities emerging at attractive multiples. Certain sectors, such as Financial Services and Media have suffered more than others, and interesting opportunities have arisen at discounted multiples. Oakley Capital believes that as a buyer with relevant sector knowledge and the ability to invest through the economic cycle it can generate considerable returns given the current compressed valuations in its target sectors.

STATEMENT OF ASSETS AND LIABILITIES

30 June 2008
Unaudited
(Expressed in British Pounds)

		30 June 2008	31 December 2007
	Note	£	£
Assets			
Investment in Limited Partnership, at fair value	6	34,898,455	2,378,310
Mezzanine financing investments	8	22,500,000	-
Cash and cash equivalents	3	42,634,581	97,154,262
Accrued interest receivable		889,733	-
Other receivables		51,273	303,475
Total assets		100,974,042	99,836,047
Liabilities			
Accounts payable and accrued expenses		38,995	395,548
Bank overdraft		-	12,632
Total liabilities		38,995	408,180
Net assets attributable to shares		100,935,047	99,427,867
Number of shares outstanding	9	100,000,000	100,000,000
Net asset value per share		1.01	0.99

Signed on behalf of the Board on 12 September 2008

James Keyes
Director

Ian Pilgrim
Director

The notes on pages 5 to 9 form an integral part of these financial statements

STATEMENT OF OPERATIONS

Period from 1 January 2008 to 30 June 2008 (Period from 28 June 2007 to 31 December 2007)

Unaudited
(Expressed in British Pounds)

	<i>Note</i>	2008 £	2007 £
Investment income			
Interest		2,620,842	2,117,617
Total income		2,620,842	2,117,617
Expenses			
Organisation expenses		-	4,593,684
Management fee	4(a)	-	156,318
Other		96,671	83,041
Professional fees		106,589	65,395
Interest		19,712	141
Total expenses		222,972	4,898,579
Net investment gain/(loss)		2,397,870	(2,780,962)
Realised and unrealised gain on investments and foreign exchange			
Net realised loss on foreign exchange		(1,271,842)	(681)
Net unrealised gain on foreign exchange		1,799,711	2,756,926
Net decrease in unrealised loss on investments		(1,418,559)	(547,416)
Net realised and unrealised (loss)/gain on investments and foreign exchange		(890,690)	2,208,829
Net increase/(decrease) in net assets resulting from operations		1,507,180	(572,133)
Net gain/(loss) per share	12	0.02	(0.01)

The notes on pages 5 to 9 form an integral part of these financial statements

STATEMENT OF CHANGES IN NET ASSETS

Period from 1 January 2008 to 30 June 2008 (Period from 28 June 2007 to 31 December 2007)

Unaudited
(Expressed in British Pounds)

	2008	2007
	£	£
Realised and unrealised gain on investment and foreign exchange		
Net investment gain/(loss)	2,397,870	(2,780,962)
Net realised loss on foreign exchange	(1,271,842)	(681)
Net unrealised gain on foreign exchange	1,799,711	2,756,926
Net unrealised loss on investments	(1,418,559)	(547,416)
Net realised and unrealised gain/(loss) on investments and foreign exchange	1,507,180	(572,133)
Capital share transactions		
Proceeds on issue of Shares	-	100,000,000
Net increase in net assets from capital share transaction	-	100,000,000
Net increase in net assets	1,507,180	99,427,867
Net assets at beginning of period	99,427,867	-
Net assets at end of period	100,935,047	99,427,867

The notes on pages 5 to 9 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

continued

Period from 1 January 2008 to 30 June 2008

Unaudited

1. The Company

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

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

2. Significant accounting policies

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The following are 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 are 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 and 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 Limited Partnership does not isolate unrealised or realised foreign exchange gains and losses arising from changes in the fair value of investments. All such foreign exchange gains and losses are included with the net realised and unrealised gain or loss on investments in the Statement of Operations.

NOTES TO THE FINANCIAL STATEMENTS

continued

Period from 1 January 2008 to 30 June 2008

Unaudited

(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 30 June 2008 consist of the following:

	<i>30 June 2008</i>	<i>31 December 2007</i>
	£	£
Cash	133,090	3,743
Short-term deposits	42,501,491	97,150,519
Net assets at end of year	42,634,581	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 rate of 1 percent per annum in respect of those funds that are not committed to the Limited Partnership or any successor fund (but including the proceeds of any realisations), which are invested in cash, cash deposits or near cash deposits and a management fee at the rate of 2 percent per annum in respect of those funds which are invested directly in co-investments. The management fee is payable monthly in arrears. As at 30 June 2008, there were no management fees payable to the Manager.

The Manager may also receive a performance fee of 20 percent of the excess of the amount earned by the Company over and above an 8 percent hurdle rate per annum on any monies invested as a co-investment with the Limited partnership or any successor limited partnership. Any co-investment will be treated as a segregated pool of investments by the Company. If the calculation period is greater than one year, the hurdle rate shall be compounded on each anniversary of the start of the calculation period for each segregated co-investment. If the Manager does not exceed the hurdle rate on any given co-investment that co-investment shall be included in the next calculation on a co-investment so that the hurdle rate is measured across both co-investments. No previous payments of performance fee will be affected if any co-investment does not reach the hurdle rate of the return. As at 30 June 2008 and for the period then ended, there were no performance fees payable to the Manager.

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

5. Administration fee

Under the terms of the Company Administration Agreement dated 30 July 2007 between Mayflower Management Services (Bermuda) Limited (the "Administrator") and the Company, the Administrator receives an annual administration fee at prevailing commercial rates, subject to the minimum monthly fee of US\$4,000 per month. During the period ended 30 June 2008, the Company incurred administration fees of £28,061, which is included in professional fees in the Statement of Operations.

NOTES TO THE FINANCIAL STATEMENTS

continued

Period from 1 January 2008 to 30 June 2008

Unaudited

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 2007. The Limited Partnership's primary objective is to invest in a diversified portfolio of private mid-market UK and European businesses, aiming to provide investors with significant long term capital appreciation. As at 30 June 2008 the Company accounted for 63.33 per cent of the total capital and commitments in the Partnership.

The Company may also make co-investments with the Limited Partnership based on the recommendations of the Manager. As at 30 June 2008 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 million 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 €44.1 million was called by the Limited Partnership. As at 30 June 2008, the amount of capital commitment available to be called was €91.7 million.

8. Mezzanine Financing Investments

Headland Media Limited

On 25 January 2008, a wholly owned subsidiary of the Limited Partnership acquired Headland Media Limited for a total deal cost of £4.1 million. The consideration was satisfied by a vendor loan note for £725,000 and £3.3 million in cash. The cash element comprised £3.1 million of debt finance, in the form of a secured mezzanine instrument from the Company. The instrument carries a fixed interest rate of 12 per cent.

Host Europe Corporation Limited

On 2 April 2008 a wholly-owned subsidiary of the Limited Partnership acquired the hosting and network services division of FREEDOM 4 Communications plc for the total deal value, including bank finance, of £120 million. The consideration was satisfied by a vendor loan note for £17.5 million (issued by 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 Company provided debt finance of £19.4 million, in the form of a secured mezzanine instrument. The instrument carries a fixed interest rate of 15.25 per cent maturing on the earlier of 31 December 2015 or the date of sale or IPO.

9. Share capital and warrants**(a) Share capital**

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

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

NOTES TO THE FINANCIAL STATEMENTS

continued

Period from 1 January 2008 to 30 June 2008

Unaudited

(b) Warrants

50,000,000 warrants were issued in conjunction with the subscription of Ordinary Shares at a ratio of one warrant for every two shares. Each warrant confers on the holder the right to purchase one fully paid Ordinary Share at an exercise price of £1.30 as adjusted in accordance with Condition 2.3 of the AIM Admission Document. Warrants may be exercised at the option of the holder at any time prior to the close of business on AIM of the third anniversary of the date of admission of the Company warrants to AIM (see Note1).

As the price of the Ordinary Shares as at 30 June 2008 was below the exercise price of the warrants, there was no dilution in the net asset value and loss per share.

10. Related parties

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

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

11. Taxation

Under current Bermuda law, the Company is not 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 should they be imposed, at least until the year 2016.

NOTES TO THE FINANCIAL STATEMENTS

continued

Period from 1 January 2008 to 30 June 2008

Unaudited

12. Financial highlights

	2008	2007
	£	£
Per share operating performance		
Net asset value per share, at date of subscription/start of period	0.99	1.00
Gain/(loss) from investment operations		
Net investment income	0.02	(0.03)
Net realised and unrealised gain on investments and foreign exchange	0.00	0.02
Total from investment operations	0.02	(0.01)
Net asset value per share, end of period	1.01	0.99
Total return for period ¹	<i>Percentage</i>	<i>Percentage</i>
Total return before incentive fee	1.52	(0.60)
Incentive fee	-	-
Return after incentive fee	1.52	(0.60)
Ratio of expenses to average net assets ^{1,2}		
Operating expenses	0.22	4.91
Incentive fee	-	-
Total expenses	0.22	4.91
Ratio of net investment income to average net assets ^{1,2}		
Net investment income before incentive fee	2.39	(2.79)
Incentive fee	-	-
Total net investment income	2.39	(2.79)

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

² Expenses include interest expenses of: 2008 £19,712; 2007 £141

