



OAKLEY CAPITAL INVESTMENTS LIMITED
INTERIM REPORT AND ACCOUNTS
30 JUNE 2010



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- **NET ASSET VALUE OF £1.46 AT 30 JUNE 2010**
 - INCREASE OF 17% FROM £1.25 AS AT 30 JUNE 2009
 - INCREASE OF 4% FROM £1.41 AS AT 31 DECEMBER 2009

- **CASH AND CASH EQUIVALENTS OF £46.4 MILLION**

- **MEZZANINE AND BRIDGING LOANS PROVIDED DIRECTLY TO THE PORTFOLIO COMPANIES OF £28.3 MILLION**

- **GOOD PERFORMANCE ACROSS THE PORTFOLIO**
 - STRONG GROWTH FROM VERIVOX
 - HEADLAND MEDIA ACQUIRED NEWSLINK
 - HOST EUROPE ACQUIRED VANAGER, TO BECOME THE LARGEST VPS PROVIDER IN EUROPE
 - DAISY GROUP PLC CONTINUED TO CONSOLIDATE THE MARKET, SECURED A £75.0 MILLION BANK FACILITY AND RAISED £12.5 MILLION THROUGH SUCCESSFUL DIVESTMENT OF THE WIMAX BUSINESS

- **STEP INCREASE IN THE NUMBER OF POTENTIAL INVESTMENT OPPORTUNITIES UNDER CONSIDERATION**

CHAIRMAN'S STATEMENT

I am pleased to report steady progress in the six months to 30 June 2010 with further growth in the Company's net asset value per share.

Three of the Limited Partnership's portfolio companies have made accretive acquisitions in the six month period and Daisy Group plc ("Daisy") secured a significant war chest to, in part, fund its continuing acquisitive growth.

The Limited Partnership's Investment Adviser has reported a step-up in the number of potential investment opportunities which it is currently evaluating, which should provide a positive backdrop for the second half of 2010 and beyond.

PERFORMANCE

The Company benefitted from a further rise in its net asset value in the six months to 30 June 2010, increasing by £7.3 million to £187.4 million, which also represents an annual increase of £36.4 million from the position at 30 June 2009. Of the six months increase, £5.4 million represents an unrealised gain arising on the Company's investment in the Limited Partnership.

Of the total net asset value, £138.2 million represents investments made by the Company into the Limited Partnership and directly to portfolio companies. The Limited Partnership had total commitments of €288 million at 30 June 2010 of which the Company's commitment was €187 million or 65% of the total amount raised; 34.5% of commitments have been drawn down.

Whilst the Company principally invests in the Limited Partnership, it is possible to "see through" the Limited Partnership to understand the impact of the performance of the underlying portfolio companies on the investment value attributed to the Limited Partnership in the Company.

Even though Host Europe Corporation Limited ("Host Europe") and Monument Securities Limited ("Monument Securities") performed in line with management expectations and Host Europe showed steady growth, the Investment Adviser

considered that their progress since December 2009 was not sufficient to prompt a re-assessment of their fair values. Likewise, a similar conclusion was arrived at for Headland Media Limited ("Headland Media"), which progressed in line with expectations; however, its fair value was increased to take account of its acquisition of Newslink.

The remaining two portfolio company investments in Verivox and Daisy have seen an increase in their fair values in the six month period, approximately 65% of which gets reflected in the Company (through its investment in the Limited Partnership). Fair values have been established in accordance with The International Private Equity and Venture Capital Valuation Guidelines by an independent third party valuer appointed by the Limited Partnership's Investment Adviser.

The Limited Partnership's investment in Daisy (14% of Daisy's total share capital), which is held within Host Europe, was acquired as a result of the sale of Vialtus Solutions, a division of Host Europe, to Daisy. The Daisy share price showed only a small net movement between 31 December 2009 and 30 June 2010 reflected in a slight increase in fair value.

The fair value of Verivox Holdings Limited ("Verivox") increased in the six month period with an unrealised gain attributable to the Company of £6.0 million. This arose because Vialtus continued to outperform expectations with a higher forecast EBITDA for 2010 and a consequent modest improvement in rating.

In addition to its investments in the Limited Partnership, the Company has provided debt finance directly to a number of the Limited Partnership's portfolio companies. These typically take the form of secured mezzanine loans with fixed interest rates around 15%. At the end of June 2010, the Company had loans outstanding with the portfolio companies of £28.3 million (31 December 2009: £28.5 million).

The increase in net asset value is reflected in an improvement in net asset value per share

which has risen to £1.46, an increase of 21p over the 12 month period and 5p for the six months to 30 June 2010.

The Company held cash and cash equivalents of £46.4 million at 30 June 2010, largely unchanged from the year end.

INVESTMENTS

The Fund made no new investments in the period but Daisy completed six transactions, Host Europe acquired Vanager GmbH and Headland Media acquired Newslink Services Limited:

Daisy

During the half year, Daisy has been active in continuing to consolidate its position as the telecoms reseller of choice to the SME market.

In terms of acquisitions, Daisy announced on 8 February 2010 that it had acquired the entire issued share capital of Managed Communications Limited ("Managed Communications") for total initial consideration of £6.3 million, £1.7 million of which was deferred for six months and was subject to adjustments depending on profitability and customer churn over the six month period. In addition an earn-out is payable in 2011 based on the EBIT of Managed Communications for the year to 31 July 2011. Managed Communications provides data networks through ADSL and SDSL lines to its base of approximately 800 SME customers. Using search engine optimisation tools, the company sells internet access, VPN, managed security, email, managed bandwidth solutions and VPN.

On 18 February 2010, Daisy announced that it had reached agreement with the Directors of BNS Telecom Group plc ("BNS") on the terms of a recommended cash offer for the entire issued share capital of BNS at a price of 20 pence per BNS Share, valuing the fully diluted ordinary share capital of BNS at approximately £10.5 million. BNS is a voice over IP telecoms carrier and reseller of fixed and mobile lines, minutes, data and hardware and other value-added services.

The acquisition of BNS will augment Daisy's existing capabilities and further strengthen Daisy's position in the reseller market.

On 10 June 2010 Daisy announced that it had acquired Fone Logistics, a provider of mobile handsets and airtime to the SME market, for a cash consideration of £3.6 million. Fone Logistics sells through a network of more than 600 dealers to predominantly SME customers receiving commission from the mobile networks for connected customers, and has commercial relationships with three of the UK network operators (O2, Vodafone and Orange). On 22 June 2010, Daisy announced that it had acquired MurphX, a provider of data connectivity and hosted solutions for an initial cash consideration of £4.8 million. Further consideration will become payable based on growth in EBDITA over a three year period. MurphX provides a range of services including business broadband, connectivity, co-location, IP transit and applications services to ISPs, telecoms resellers and IT service organisations. MurphX provides the operating infrastructure that allows business customers to utilise convergent technologies such as VOIP and video conferencing, significantly enhancing Daisy's capabilities in this area.

In order to provide more focus to the group, Daisy disposed of its wireless broadband businesses in the period. On 17 June 2010, Daisy announced that it had disposed of its WiMAX spectrum licences to UK Broadband Limited, part of the PCCW Group, for cash consideration of £12.5 million, and also disposed of its non-core WiFi business, which was sold to the management team for a nominal sum.

To help Daisy to pursue its consolidation strategy, the management of Daisy successfully organised a £75 million three year revolving credit facility. The facility had been arranged with Lloyds TSB plc, Clydesdale Bank plc and HSBC Bank plc, each providing £25 million. The new facility will

replace the existing funding package, provide additional working capital and give Daisy the headroom to fund further acquisitions.

Host Europe

Acquisition by Host Europe GmbH of Vanager GmbH

On 19 March 2010 Host Europe GmbH ("HE") agreed to acquire the business and assets of Vanager GmbH ("Vanager"), Germany's fifth largest virtual private server ("VPS") provider with approximately 4,000 customers and over 6,000 virtual servers. The Host Europe Group, which includes HE, is the Fund's largest portfolio investment.

By acquiring Vanager, HE will become the largest VPS provider in Europe with over 35,000 virtual servers, further augmenting HE's strategy to become the leading virtualisation and managed hosting provider in Germany. Vanager has experienced an 85% growth in customer numbers between 2008 and 2009 and revenue CAGR of 44% in the period from 2005 to 2009. HE management believes the business will continue to demonstrate strong growth. Vanager uses the same VPS platform as HE which will assist the technical migration.

HE acquired the customer contracts and the assets of Vanager, including goodwill, for maximum total consideration of €2.36 million. Based on this consideration, Vanager is valued at 7.7x 2009 EBITDA. Taking into account the forecasted synergies, which HE management expect to realise within two months of completion, the adjusted multiple is 4.7x 2009 EBITDA.

Headland Media

Acquisition of Newslink Services Limited ("Newslink")

On 30 April 2010 Headland Media acquired Newslink, a strategic fit with Headland's existing operations and product offering. Newslink primarily provides news digest services to the maritime industry with activities in Cyprus, India and the Philippines.

The acquisition provides access to Newslink's customer base into which Headland Media expects to cross sell additional products and significantly increases Headland Media's market share. The acquisition was funded through an equity investment of \$2.4 million and a mezzanine loan of \$1.2 million.

POST BALANCE SHEET EVENT

On 4 August 2010, 48,750,000 warrants which were issued in conjunction with the subscription of ordinary shares in the Company, at a ratio of one warrant for every two shares, were cancelled and delisted by the Stock Exchange in accordance with the expiry of the exercise period for the warrants which ended on the third anniversary of the date of admission of the Company warrants to AIM. No warrants were exercised prior to cancellation.

OUTLOOK

With the Company's investment in the Limited Partnership continuing to perform well, relatively low levels of debt leverage in the Limited Partnership's portfolio companies and a healthy cash balance, the Board believes that the outlook is good. The Investment Adviser is seeing an increasing flow of potential opportunities and believes that this should lead to one or two new investments being made in the second half of the year. The improved market conditions for sourcing new opportunities also indicate a more conducive environment for realisations.

James Keyes
Chairman

THE MANAGER'S REPORT

THE COMPANY AND THE LIMITED PARTNERSHIP

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

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

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

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

MARKET BACKGROUND

The recovery in the global economy broadened during the first half of 2010 but, despite widespread improvement in business data, the financial markets' fear of a 'double-dip' recession intensified.

The availability of capital held by both corporate entities and private equity funds remains extensive and this should provide a constructive environment for the Limited Partnership in the second half of the year. The Investment Adviser has indicated that deal flow has improved considerably since the height of the economic crisis with a number of potential acquisitions currently undergoing intensive due diligence.

The euro has staged a rally in the past two months, particularly against the dollar, following the battering that it received from the financial markets during the spring. Having briefly fallen to £0.81 during May, it has recovered to £0.83, still well down from March's level of around £0.91.

A number of the Company's investments, including its investment in the Limited Partnership, are euro denominated and therefore subject to foreign exchange exposure. However, because the majority of the Limited Partnerships funds have been onward invested into sterling denominated businesses, this provides a natural hedge for much of the currency exposure the Company would otherwise be subject to.

PERFORMANCE

The Company's net asset value increased substantially in the year from £151.0 million at 30 June 2009 to £187.4 million, an increase of £36.4 million. The largest contributor to this increase arose from the revaluation of the Company's investments to fair value which gave rise to an unrealised gain of £26.1 million, the majority of which had been recognised at 31 December 2009. The Manager follows The International Private Equity and Venture Capital Valuation Guidelines in establishing fair value. The Limited Partnership's Investment Adviser appointed a third party valuer to determine fair value taking account of financial information provided by the Investment Adviser. The sale of shares held in treasury for £7.1 million in the second half of 2009 also contributed to the increase in net assets in this period.

The net asset value at 30 June 2010 is equivalent to £1.46 per share up from £1.25 at 30 June 2009, an improvement of £0.21, or 17% and up from £1.41 at 31 December 2009. In the same period the Company's share price had moved from £0.76 at 30 June 2009 to £0.99 at 30 June 2010.

For the six months to 30 June 2010, the increase in net asset value was £7.2 million, the primary contributor to the increase being the unrealised appreciation in the fair value of the Company's investment in the Limited Partnership. This amounted to £5.4 million, the largest improvement being attributable to the Limited Partnership's investment in Verivox which contributed £6.0 million. This was driven by the continued improvement in the operating performance of the business which enjoyed a very strong first half of the year.

Daisy's fair value at 30 June 2010 was £20.6 million based on a slight net improvement in the share price since the year end.

For Host Europe and Monument Securities, the Investment Adviser considered that there had been no significant changes to the businesses since 31 December 2009 and consequently that the assessed fair values for those businesses did not need to be revisited. A similar conclusion was arrived at for Headland Media, though the fair value was increased to take account of the acquisition cost of Newslink.

At 30 June 2010 the Company's assets were divided between its investment in the Limited Partnership (59%), cash and cash equivalents (26%) and loans provided directly to portfolio companies (15%). These loans generally take the form of mezzanine finance, ensuring that uncalled cash continues to work for the Company earning a positive return. At 30 June 2010, the total value of loans outstanding was £28.3 million (December 2009: £28.5 million).

Income increased slightly in the six month period to £2.4 million from £2.1 million for the same period last year, with interest on new debt finance provided to Verivox in December 2009 offsetting any reduction following the repayment of mezzanine debt by both Host Europe and Headland Media in Q4 2009. Net income for the six months was £2.1 million compared to £1.3 million for the same period in 2009, with lower professional fees in 2010 adding to the favourable variance in interest income.

REVIEW OF INVESTMENTS

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

By 30 June 2010, the Company had invested a total of £51.8 million in the Limited Partnership since inception. This represents a small decline of £0.8 million from the position at 31 December 2009, reflecting a receipt of equalisation interest by the Company in the period, which has been deducted from the cost of investment in the Limited Partnership.

At 30 June 2010, the Limited Partnership's Investment Adviser appointed a third party valuer to determine fair value taking account of financial information provided by the Investment Adviser. As a result of this assessment, the fair value of investments made in the Limited Partnership at 30 June 2010 stands at £109.9 million, a factor of 2.1 x cost. In addition to its investments in the Limited Partnership, the Company has provided loans directly to three portfolio companies.

At 30 June 2010, the Company had outstanding mezzanine finance provided to Host Europe of £16.9 million carrying an interest rate of 15.25% and with a maturity date of December 2015, but repayable at any time before this date. Verivox had a euro denominated mezzanine loan from the Company with a fair value of £6.5 million with a fixed interest rate of 15% and maturing no later than December 2019 and a euro denominated senior debt finance bridge loan with a fair value of £4.1 million and carrying an interest rate of 8.5% maturing no later than December 2012.

Headland Media drew down \$1.2 million in mezzanine debt from the Company in the period to part-finance its acquisition of Newslink. This carries interest of 15% maturing no later than December 2014. The fair value of this loan at 30 June 2010 was £0.8 million.

PORTFOLIO COMPANIES



1. Host Europe

BUSINESS OVERVIEW

Host Europe consists of two divisions operating web hosting businesses in distinct geographies. In the UK, Host Europe operates through the brands 123reg and Webfusion. 123reg is the UK market leader for domain name registration and Webfusion is the UK's second largest shared hosting provider. In Germany, Host Europe GmbH is the market leader in the standardised managed hosting market.

The web hosting market has grown strongly, driven by the increase in broadband usage, faster internet connections and the rising proliferation of multimedia content.

The hosting industry has high barriers to entry requiring costly infrastructure and demanding power supplies.

BUSINESS UPDATE

The hosting divisions continue to perform strongly driven by market share gains, productivity improvements, and market growth. Host Europe's first half 2010 performance was ahead of plan and business activity in its target markets remains strong.

On 19 March 2010 Host Europe GmbH agreed to acquire the business and assets of Vanager GmbH, Germany's fifth largest virtual server provider with approximately 4,000 customers and 6,000 virtual servers, for a maximum consideration of €2.36 million. By acquiring Vanager, Host Europe GmbH will become the largest virtual private server provider in Europe with over 35,000 servers, augmenting their strategy to become the leading virtualisation and managed hosting provider in Germany.

Host Europe value at acquisition	Total equity held	Fair value of the Company's interest
£128m	83%	£78m ¹

¹After Valtus disposal



2. Daisy

BUSINESS OVERVIEW

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

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

BUSINESS UPDATE

On 22 June 2010 Daisy announced its preliminary results for the 15 months to March 2010. The results, which were ahead of expectations, demonstrated the progress made towards its aim of becoming one of the largest UK providers of unified communications services and solutions to the SME and mid-market sector. Acquired businesses (there have been seven acquisitions since the reverse acquisition of Freedom4 Group plc in July 2009) have been integrated on schedule, providing significant cost savings which should be reflected in their results for the year to 31 March 2011. In 2010, Daisy completed three further acquisitions; Managed Communications Limited; BNS Telecom plc; and MurphX Innovative Solutions Limited.

The current market capitalisation of Daisy is £258 million.

Daisy value at acquisition	Total equity held	Fair value of the Company's interest
N/A	14%	£20.6m



3. Verivox

BUSINESS OVERVIEW

Verivox is Germany's leading consumer energy and telecoms price comparison website with a 10 year history. The company receives commission from energy suppliers when consumers elect to switch providers through its website www.verivox.de.

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

In contrast to the UK energy market, Germany has experienced relatively low-levels of consumer switching due to the recent de-regulation of the energy markets and the fragmented nature of regional energy suppliers. Consumer switching is expected to continue to grow driven by increased competition, higher internet penetration and growing consumer awareness of the ability to switch/save.

Verivox differentiates itself from competitors by having contractual relationships with over 100 suppliers (competitors have around 25) and by providing users with details of the lowest cost energy supplier even when the company does not represent that supplier. The company handled around 2.5 million contract requests last year leading to approximately 0.6 million customer switches.

BUSINESS UPDATE

The fourth quarter and the early part of a new calendar year are the peak trading periods for Verivox as consumers face winter heating bills and the energy providers are required by law to notify customers of price changes. Following an excellent quarter at the close of 2009, Verivox has had an exceptional first half 2010. Sales and EBITDA for the six months to June 2010 were ahead of expectations.

Verivox value at acquisition	Total equity held	Fair value of the Company's interest
£23.0m	51%	£27.9m



4. Headland Media

BUSINESS OVERVIEW

Headland Media is a business-to-business media content provider with offices in the UK, Europe and the United States. The company is the leading provider of news digest services to the hotel and shipping sectors as well as a provider of entertainment and training services to offshore industries, businesses in remote locations or with specialist communication needs. Headland Media distributes media content daily to an estimated 6,500 destinations using proprietary distribution channels and has an audience of approximately 20 million listeners and over 250,000 readers. Headland Media currently provides services to over 1,000 hotels and 3,600 cruise and merchant ships.

BUSINESS UPDATE

Headland Media continued to perform to plan during the first half of 2010 and business activity remains stable.

Newslink Services Limited was acquired in April 2010; Newslink provides news digest services and training material to the maritime industry. The acquisition was funded through an equity investment of \$2.4 million and additional consideration of \$2.5 million. This latter payment has resulted in drawing a further \$1.2 million of mezzanine debt from the Company.

Headland Media value at acquisition	Total equity held	Fair value of the Company's interest
£6.3m	80%	£6.0m



M O N U M E N T
S E C U R I T I E S L T D

5. Monument Securities

BUSINESS OVERVIEW

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

One of the primary strengths of the business is the management team who have worked together for 18 years. Management are highly motivated to grow the business both organically and through acquisition.

BUSINESS UPDATE

Monument Securities continues to work with its target client lists and to seek new introductions.

As much of Monument Securities' core customer base of fund and hedge fund managers have reduced their trading volumes the Company needs to broaden and deepen its customer coverage and bring in potential new business and customers at an increased rate. Monument Securities' depth of research and wide range of products and services is of considerable benefit to its customers and they continue to work with them to generate additional business.

During the first half of 2010 revenues were affected by continued low volumes and volatility in the equity markets. The exchange traded derivatives desk improved volumes and the performance of the fixed income area was solid.

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

STATEMENTS OF ASSETS AND LIABILITIES

FOR THE PERIODS ENDED 30 JUNE 2010 AND 2009
AND THE FISCAL YEAR ENDED 31 DECEMBER 2009
(Expressed in British Pounds)

	Notes	Unaudited six months ended 30 June 2010 £	Unaudited six months ended 30 June 2009 £	Audited year ended 31 Dec 2009 £
Assets				
Investments	2c, 5, 7	138,244,916	101,992,202	132,883,058
Cash and cash equivalents	3	46,431,099	44,566,251	46,511,535
Accrued interest receivable		2,683,035	4,481,598	781,118
Other receivables		112,304	61,050	41,394
Total assets		187,471,354	151,101,101	180,217,105
Liabilities				
Accounts payable and accrued expenses		72,192	83,920	106,747
Total liabilities		72,192	83,920	106,747
Net assets attributable to shares		187,399,162	151,017,181	180,110,358
Number of shares outstanding	9	128,125,000	120,536,000	128,125,000
Net asset value per share		1.46	1.25	1.41

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

The notes following form an integral part of these financial statements

SCHEDULES OF INVESTMENTS

FOR THE PERIODS ENDED 30 JUNE 2010 AND 2009
AND THE FISCAL YEAR ENDED 31 DECEMBER 2009
(Expressed in British Pounds)

30 June 2010	Fair value as a % of net assets	% interest	Principal amount/ Quantity	Cost £	Fair value £
Investments in Limited Partnership					
Bermuda					
Oakley Capital Private Equity LP	58.65%	65.01%	—	51,793,525	109,913,138
Unquoted debt securities					
Investments in mezzanine loans					
United Kingdom					
Host Europe Corporation Limited					
Interest at 15.25% p.a.					
Maturity date December 2015	9.02%	—	£16,905,544	16,905,544	16,905,544
Headland Media Limited					
Interest at 15% p.a.					
Maturity date December 2014	0.43%	—	\$1,200,000	785,622	799,397
Bermuda					
V VX (Bermuda) Limited					
Interest rate at 15% p.a.					
Maturity date December 2019	3.49%	—	€8,000,000	7,288,000	6,539,592
Total mezzanine loans	12.94%	—	—	24,979,166	24,244,533
Investment in bridge loans					
Bermuda					
V VX Investments Limited					
Interest rate at 8.5% p.a.					
Maturity date December 2012	2.18%	—	€5,000,000	4,555,000	4,087,245
Total investments	73.77%	—	—	81,327,691	138,244,916

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

The notes following form an integral part of these financial statements

SCHEDULES OF INVESTMENTS continued

FOR THE PERIODS ENDED 30 JUNE 2010 AND 2009
AND THE FISCAL YEAR ENDED 31 DECEMBER 2009
(Expressed in British Pounds)

30 June 2009	Fair value as a % of net assets	% interest	Principal amount/ Quantity	Cost £	Fair value £
Investments in Limited Partnership					
Bermuda					
Oakley Capital Private Equity LP	50.90%	65.79%	–	46,119,218	76,870,866
Unquoted debt securities					
Investments in mezzanine loans					
United Kingdom					
Host Europe Corporation Limited					
Interest at 15.25% p.a.					
Maturity date December 2015	12.85%	–	£19,400,000	19,400,000	19,400,000
Headland Media Limited					
Interest at 12% p.a.					
Maturity date December 2008	2.05%	–	£3,100,000	3,100,000	3,100,000
Bermuda					
Cologne Data Centre (Bermuda) Limited					
Interest at 15.25% p.a.					
Maturity date April 2015	1.74%	–	£2,621,336	2,621,336	2,621,336
Total mezzanine loans	16.64%	–	–	25,121,336	25,121,336
Total Investments	67.54%	–	–	71,240,554	101,992,202

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

The notes following form an integral part of these financial statements

SCHEDULES OF INVESTMENTS continued

FOR THE PERIODS ENDED 30 JUNE 2010 AND 2009

AND THE FISCAL YEAR ENDED 31 DECEMBER 2009

(Expressed in British Pounds)

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

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

The notes following form an integral part of these financial statements

STATEMENTS OF OPERATIONS

FOR THE PERIODS ENDED 30 JUNE 2010 AND 2009
AND THE FISCAL YEAR ENDED 31 DECEMBER 2009
(Expressed in British Pounds)

	Notes	Unaudited six months ended 30 June 2010 £	Unaudited six months ended 30 June 2009 £	Audited year ended 31 Dec 2009 £
Investment income				
Interest		2,345,229	2,069,456	4,389,662
Total income		2,345,229	2,069,456	4,389,662
Expenses				
Other		158,188	91,299	223,733
Professional fees	6	120,448	681,545	970,094
Performance fees	4	—	—	529,441
Interest		309	819	1,677
Total expenses		278,945	773,663	1,724,945
Net investment income/(loss)		2,066,284	1,295,793	2,664,717
Realised and unrealised gains and losses on foreign exchange and investments				
Net realised gains/(losses) on foreign exchange		(105,914)	88,033	(95,088)
Net change in unrealised gains/(losses) on foreign exchange		(62,030)	2,631	1,226
Net change in unrealised appreciation on investments		5,390,464	31,691,407	52,466,526
Net realised and unrealised gains on foreign exchange and investments		5,222,520	31,782,071	52,372,664
Net increase in net assets resulting from operations		7,288,804	33,077,864	55,037,381
Net gain per share	9	0.06	0.30	0.47

The notes following form an integral part of these financial statements

STATEMENTS OF CHANGES IN NET ASSETS

FOR THE PERIODS ENDED 30 JUNE 2010 AND 2009
AND THE FISCAL YEAR ENDED 31 DECEMBER 2009
(Expressed in British Pounds)

	Unaudited six months ended 30 June 2010 £	Unaudited six months ended 30 June 2009 £	Audited year ended 31 Dec 2009 £
Net increase in net assets resulting from operations			
Net investment income	2,066,284	1,295,793	2,664,717
Net realised gain/(loss) on foreign exchange	(105,914)	88,033	(95,088)
Net change in unrealised gains/(losses) on foreign exchange	(62,030)	2,631	1,226
Net change in unrealised appreciation on investments	5,390,464	31,691,407	52,466,526
Net increase in net assets resulting from operations	7,288,804	33,077,864	55,037,381
Capital share transactions			
Proceeds on issue of shares	—	18,000,000	25,133,660
Net increase in net assets from capital share transaction	—	18,000,000	25,133,660
Net increase in net assets	7,288,804	51,077,864	80,171,041
Net assets at beginning of period/year	180,110,358	99,939,317	99,939,317
Net assets at end of period/year	187,399,162	151,017,181	180,110,358

The notes following form an integral part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED 30 JUNE 2010 AND 2009
AND THE FISCAL YEAR ENDED 31 DECEMBER 2009
(Expressed in British Pounds)

	Unaudited six months ended 30 June 2010 £	Unaudited six months ended 30 June 2009 £	Audited year ended 31 Dec 2009 £
Cash flows from operating activities			
Net increase in net assets resulting from operations	7,288,804	33,077,864	55,037,381
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:			
Net realised and unrealised gains on foreign exchange and investments	(5,222,520)	(31,782,071)	(52,372,664)
Payments for purchases of investments	(785,622)	(5,853,500)	(27,283,560)
Proceeds on disposal of investments	814,229	—	11,314,316
Change in accrued interest receivable	(1,901,918)	(1,851,104)	1,849,376
Change in other receivables	(70,910)	(40,770)	(21,114)
Change in accounts payable and accrued expenses	(34,555)	31,322	54,149
Net cash used in operating activities	87,508	(6,418,259)	(11,422,116)
Cash flows from capital transactions			
Proceeds on issuance of shares	—	18,000,000	25,133,660
Net cash provided by capital transactions	—	18,000,000	25,133,660
Net effect of foreign exchange gain	(167,944)	90,664	(93,855)
Net (decrease)/increase in cash and cash equivalents	(80,436)	11,672,405	13,617,689
Cash and cash equivalents at beginning of year/period	46,511,535	32,893,846	32,893,846
Cash and cash equivalents at end of year/period	46,431,099	44,566,251	46,511,535
Interest paid during the year/period	309	819	1,677

The notes following form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIODS ENDED 30 JUNE 2010 AND 2009
AND THE FISCAL YEAR ENDED 31 DECEMBER 2009

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

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

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

b) Use of estimates

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

Actual results could differ from those estimates.

c) Investment valuation

Limited Partnership

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

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

Mezzanine loans

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

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

Bridge loans

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

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

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

The hierarchy of inputs is summarised below:

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

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

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

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

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

d) Income recognition

Interest income and expenses are recognised on the accruals basis.

e) Foreign currency translation

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

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

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

f) Cash and cash equivalents

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

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	Unaudited six months ended 30 June 2010 £	Unaudited six months ended 30 June 2009 £	Audited year ended 31 Dec 2009 £
Assets			
Cash	743,175	14,751,956	10,581,913
Short-term deposits	45,687,924	29,814,295	35,929,622
Total assets	46,431,099	44,566,251	46,511,535

4. MANAGEMENT AND PERFORMANCE FEES

- (a) The Company has entered into a Management Agreement with Oakley Capital (Bermuda) Limited (the “Manager”) to manage the Company’s investment portfolio. The Manager will not receive a management fee from the Company in respect of funds either committed or invested by the Company in the Limited Partnership or any successor fund managed by the Manager. The Manager will receive a management fee at the rate of 1% per annum in respect of those funds that are not committed to the Limited Partnership or any successor fund (but including the proceeds of any realisations), which are invested in cash, cash deposits or near cash deposits and a management fee at the rate of 2% per annum in respect of those funds which are invested directly in co-investments. The management fee is payable monthly in arrears. As at 30 June 2010, there were no management fees payable to the Manager (30 June 2009: Nil; 31 December 2009: Nil).

The Manager may also receive a performance fee of 20% of the excess of the amount earned by the Company over and above an 8% hurdle rate per annum on any monies invested as a co-investment with the Limited Partnership or any successor limited partnership. Any co-investment will be treated as a segregated pool of investments by the Company. If the calculation period is greater than one year, the hurdle rate shall be compounded on each anniversary of the start of the calculation period for each segregated co-investment. If the Manager does not exceed the hurdle rate on any given co-investment that co-investment shall be included in the next calculation on a co-investment so that the hurdle rate is measured across both co-investments. No previous payments of performance fee will be affected if any co-investment does not reach the hurdle rate of the return. As at 30 June 2010, there were no performance fees payable to the Manager (30 June 2009: Nil; 31 December 2009: Nil).

- (b) The Manager has entered into an Investment Adviser Agreement with Oakley Capital Limited (the “Investment Adviser”) to advise the Manager on the investment of the assets of the Company.

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

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

30 June 2010	Quotes prices (Level 1) £	Other significant observable inputs (Level 2) £	Significant unobservable inputs (Level 3) £
Investments in Securities	—	—	138,244,916

30 June 2009	Quotes prices (Level 1) £	Other significant observable inputs (Level 2) £	Significant unobservable inputs (Level 3) £
Investments in Securities	—	—	101,992,202

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

The instruments comprising investments in securities are disclosed in the Schedules of Investments.

The Company has an investment into a private equity limited partnership. The investment is included at fair value based on the Company's balance on its capital account in the Limited Partnership. The valuation of non-public investments requires significant judgment by the Limited Partnership's investment adviser in consultation with the manager of the Limited Partnership due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such assets. Private equity investments are valued initially based upon

transaction price. Valuations are reviewed periodically utilising available market data to determine if the carrying value of these investments should be adjusted. Such market data primarily includes observations of the trading multiples of public companies considered comparable to the private companies being valued. In addition, a variety of additional factors are reviewed by the Limited Partnership's investment adviser, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third party financing environment. Mezzanine loans are initially valued at the price the loan was granted. Subsequent to initial recognition, the loans are valued on a fair value basis taking into account market conditions and any appreciation or deterioration in value. Bridge loans are initially valued at the price the loan was granted. Subsequent to initial recognition, the loans are valued on a fair value basis taking into account market conditions and any appreciation or deterioration in value.

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

	Investment in Securities 30 June 2010 £	Investment in Securities 30 June 2009 £	Investment in Securities 31 Dec 2009 £
Investment in Limited Partnership			
Fair value at beginning of period/year	104,432,214	39,325,959	39,325,959
Net purchases	(814,229)	5,853,500	12,342,029
Net change in unrealised appreciation/(depreciation) on investments	6,295,153	31,691,407	52,764,226
Limited Partnership, fair value at end of period/year	109,913,138	76,870,866	104,432,214
Unquoted debt securities			
Fair value at beginning of period/year	28,450,844	25,121,336	25,121,336
Net purchases	785,620	—	3,627,208
Net change in unrealised depreciation on investments	(904,686)	—	(297,700)
Unquoted debt securities, fair value at end of period/year	28,331,778	25,121,336	28,450,844
Fair value at end of period/year	138,244,916	101,992,202	132,883,058

The net change in unrealised appreciation on investments relates to investments held at the respective period/year end.

The investments held by the Limited Partnership are classified as Level 3 investments by the Limited Partnership.

6. ADMINISTRATION FEE

Under the terms of the Company Administration Agreement dated 30 July 2007 between Mayflower Management Services (Bermuda) Limited (the “Administrator”) and the Company, the Administrator receives an annual administration fee at prevailing commercial rates, subject to the minimum monthly fee of US\$5,000 per month. During the period ended 30 June 2010, the Company incurred administration fees of £21,776 (30 June 2009: £21,776, 31 December 2009: £43,675), which is included in professional fees in the Statements of Operations. As at 30 June 2010, there was a balance payable of £7,771 (30 June 2009: £7,400, 31 December 2009: £14,408), which is included in accounts payable and accrued expenses.

7. INVESTMENTS

Limited Partnership

The Company has committed substantially all of its capital to the Limited Partnership or to the Limited Partnership’s related investments. The Limited Partnership’s primary objective is to invest in a diversified portfolio of private mid-market UK and European businesses, aiming to provide investors with significant long term capital appreciation. The investment in the Limited Partnership is denominated in Euros. The Limited Partnership has an initial period of ten years from its final closing date of 30 November 2009; however the life of the Partnership may be extended, at the discretion of the General Partner, by up to three additional one year periods to provide for the orderly realisation of investments. The Limited Partnership will make distributions as its investments are realised.

The Company’s share of the total capital called by the Limited Partnership to 30 June 2010 was £51,793,525 (€64,515,000) (2009: £52,607,753, (€64,515,000)), representing 34.5% of the Company’s total capital commitment. As at 30 June 2010, the Company accounted for 65.01% of the total capital and commitments in the Limited Partnership (2009: 66.05%).

The Company may also make co-investments with the Limited Partnership based on the recommendations of the Manager. At 30 June 2010 and 31 December 2009, the Limited Partnership appointed a third party valuer to determine the fair value of the underlying businesses taking into account financial information provided by the Limited Partnership’s investment adviser. The Limited Partnerships accounts have not been audited for the period ending 30 June 2010 but were audited for the year ending 31 December 2009. As a result of the valuation, the Company’s participation in the Limited Partnership has been valued at 30 June 2010 at £109,913,138 (31 December 2009: £104,432,214), representing an increase in value of £5,480,824 in the six month period).

Limited Partnership’s investments

The Limited Partnership made one new investment in the period to 30 June 2010 through its investment in Headland Media.

Host Europe Corporation Limited and Cologne data centre

Host Europe Corporation Limited (“Host Europe”) is a UK market leader in domain registration, the UK’s second largest shared hosting provider and a leading provider of

standardised hosting in Germany. Host Europe was acquired in April 2008 for £128 million with the Limited Partnership's contribution being £48.6 million. The acquisition included an acquisition of a data centre based in Cologne which was held within a wholly-owned subsidiary of the Limited Partnership, Cologne Data Centre (Bermuda) Limited ("Cologne data centre").

On 21 July 2009 Host Europe sold Vialtus Solutions Limited ("Vialtus"), one of Host Europe's three operating divisions, for £42.0 million to AIM listed Daisy Group plc ("Daisy"). Host Europe received £13.0 million at the date of the transaction and 36,250,000 ordinary Daisy shares (currently held by Host Europe), valued at £29.0 million and equal to 14% of Daisy's issued share capital. Daisy is a leading provider of integrated voice and data services to small and medium sized businesses providing customers with access to a combined product set from a single billing platform. Peter Dubens, a Director of the Company, is Daisy's Executive Chairman.

On 11 September 2009 Host Europe completed a refinancing of its senior debt facility increasing it from £32.5 million to £45.0 million. Together with the £13.0 million received from Daisy as part of the consideration for Vialtus, this refinancing allowed Host Europe to repay the £17.5 million vendor loan note issued to finance the acquisition of the Group and to prepay a large portion of the mezzanine debt. Following the disposal of Vialtus, Host Europe consists of two web hosting divisions operating in distinct geographies. In the UK, Host Europe operates through the brands 123reg and Webfusion. 123reg is the UK market leader for domain name registration and Webfusion is the UK's second largest shared hosting provider. The Group also has a German division, Host Europe GmbH, which is the German market leader in the standardised managed hosting market.

As at 30 June 2010, the net fair value of the investment, excluding Daisy, attributable to the Company was £61.0 million (31 December 2009: £60.2 million). At 30 June 2010 the net fair value of the investment in Daisy held within Host Europe attributable to the Company was £20.6 million (31 December 2009: £20.5 million).

Headland Media Limited

Headland Media Limited ("Headland Media") is a leading business to business media content provider of news digest services to the hotel and shipping sectors; as well as a leading provider of entertainment and training services to offshore industries. On 30 April 2010 Headland Media made a further acquisition of Newslink Services Limited; provider of news digest services to the maritime industry. The acquisition provides access to Newslink's customer base into which Headland Media expects to cross sell additional products and the acquisition will help Headland Media to increase its market share. The acquisition was funded through an equity investment of £1.5 million (\$2.4 million) and a mezzanine loan of £0.8 million (\$1.2 million).

As at 30 June 2010, the net fair value of the investment attributable to the Company was £5.2 million (31 December 2009: £4.4 million).

The total transaction value to date for Headland Media is £8.5 million and the Limited Partnership contribution to date is £4.3 million.

Monument Securities Limited

Monument Securities Limited ("Monument Securities") is a global equity, derivatives and fixed income broker with an 18 year history. The company provides services to institutions, fund managers, market professionals, corporates and hedge funds. The total transaction value in March 2008 was £5.5 million. The Limited Partnership has a 51% interest in Monument Securities and its contribution was £2.8 million.

As at 30 June 2010, the net fair value of the investment attributable to the Company was £2.2 million (31 December 2009: £2.2 million).

VVX (Bermuda) Limited

On 4 December 2009, the Limited Partnership acquired 51% of Verivox Holdings Limited ("Verivox"), Germany's largest independent online consumer energy price comparison service, for £17.0 million. The consideration was funded using a combination of debt and equity. The Limited Partnership's contribution was £4.6 million for equity. The company receives commission from energy suppliers when consumers elect to switch providers through its website.

As at 30 June 2010, the net fair value of the investment attributable to the Company was £17.3 million (31 December 2009: £11.1 million). The increase arose because the business continued to outperform expectations with a higher forecast EBITDA for 2010 and a consequent modest improvement in rating.

Mezzanine financing investments**Headland Media**

As part of the Limited Partnership's acquisition of Newslink through Headland Media, the Company provided £0.8 million (\$1.2 million) of debt finance, in the form of a secured mezzanine instrument from the Company. The instrument carries a fixed interest rate of 15% and a maturity date of 31 December 2014.

Host Europe

As part of the Limited Partnership's acquisition of Host Europe, the Company provided debt finance of £16.9 million, in the form of a secured mezzanine instrument. The instrument carries a fixed interest rate of 15.25% maturing on the earlier of 31 December 2015 or the date of sale or IPO of Host Europe Corporation Limited. At 30 June 2010, the fair value of the loan was £16.9 million (31 December 2009: £16.9 million).

VVX (Bermuda) Limited

As part of the Limited Partnership's acquisition the Company provided debt finance of £7.3 million (€8.0 million), in the form of an unsecured mezzanine instrument. The instrument carries a fixed interest rate of 15%, maturing no later than 4 December 2019.

Bridge financing investments**VVX Investments Limited**

As part of the Limited Partnership's acquisition of Verivox, the Company provided debt finance of £4.6 million (€5.0 million) of a €6.0 million facility, in the form of a secured facility instrument. The instrument carries a fixed interest rate of 8.5%, maturing no later than 4 December 2012.

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

8. CAPITAL COMMITMENT

The total capital commitment is £152,865,201 (€187,000,000) (30 June 2009: £142,300,700 (€167,000,000), (31 December 2009: £166,074,700 (€187,000,000)). The Limited Partnership may draw upon the capital commitment at any time subject to two weeks' notice on an as needed basis. Since inception, capital in the amount of £51,793,524 (€64,515,000) was called from the Company by the Limited Partnership. As at 30 June 2010, the amount of capital commitment available to be called from the Company by the Limited Partnership was £101,071,676 (€122,485,000) (30 June 2009: £93,206,958; (€109,385,000), (31 December 2009: £108,788,929 (€122,485,000)).

9. SHARE CAPITAL AND WARRANTS**(a) Share capital**

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

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

(b) Warrants

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

As the exchange traded price of the Ordinary Shares as at 30 June 2010, 20 June 2009 and 31 December 2009 was below the exercise price of the warrants, there was no dilution caused by the warrants in the net asset value and gain per share. In accordance with the terms and conditions set out in the warrant instrument dated 30 July 2007, the final date for exercising the subscription rights conferred by the Warrants was 3 August 2010. Cancellation of the listing of the Warrants took place on 4 August 2010.

(c) Secondary placing

On 9 March 2009, a secondary placing took place whereby the Company issued 28,125,000 shares, which were sold at a price of 64 pence per share raising £18,000,000.

(d) Share repurchase

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

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

Shares of common stock and warrants outstanding are:

Common stock	Unaudited six months ended 30 June 2010 £	Unaudited six months ended 30 June 2009 £	Audited year ended 31 Dec 2009 £
Balance at beginning of period/year	128,125,000	92,411,000	92,411,000
Issued	—	28,125,000	35,714,000
Repurchased	—	—	—
Balance at end of period/year	128,125,000	120,536,000	128,125,000
Weighted average shares in issue at end of period/year	128,125,000	109,348,155	116,825,010

Warrants	Unaudited six months ended 30 June 2010 £	Unaudited six months ended 30 June 2009 £	Audited year ended 31 Dec 2009 £
Balance at beginning of period/year	48,750,000	48,750,000	48,750,000
Issued	–	–	–
Repurchased	–	–	–
Balance at end of period/year	48,750,000	48,750,000	48,750,000

10. RELATED PARTIES

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

During the year ended 31 December 2009, the Company entered into financial advisory agreement with Oakley Finance. During the period ended 30 June 2010, the Company incurred financial advisory fees of £17,500 (30 June 2009: £Nil; 31 December 2009: £20,125), which is included in professional fees in the statements of operations. As at 30 June 2010, there was no balance payable to Oakley Finance (30 June 2009: £Nil; 31 December 2009: £Nil).

11. TAXATION

Under current Bermuda law the Company is not required to pay any taxes in Bermuda or either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of such taxes being imposed, the Company will be exempt from such taxation at least until the year 2016. The Company is subject to the provisions of FASB ASC 740-10, Income Taxes – Overall, where FASB Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes is primarily codified, and which is effective for the financial statements for fiscal year beginning after 15 December 2008.

This standard establishes consistent thresholds as it relates to accounting for income taxes.

It defines the threshold for recognising the benefits of tax-return positions in the financial statements as “more-likely-than-not” to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50% likely to be realised. The Company early adopted ASC 740-10 for the fiscal year beginning 1 January 2008. There has been no significant impact on the Company’s financial statements as a result of adopting this interpretation.

12. SUBSEQUENT EVENTS

The Directors have evaluated subsequent events from the period ending 30 June 2010 through 17 August 2010 which is the date the financial statements were available to be issued. They have determined that the following required disclosure. On 4 August 2010, 48,750,000 warrants which were issued in conjunction with the subscription of ordinary shares in the Company, at a ratio of one warrant for every two shares, were cancelled and delisted by the Stock Exchange in accordance with the expiry of the exercise period for the warrants which ended on the third anniversary of the date of admission of the Company warrants to AIM. No warrants were exercised prior to cancellation.



Oakley Capital Investments Limited is registered in Bermuda with company number 40324.
Registered office: 102 St. James Court, Flatts, Smiths FL04, Bermuda