VOLTA FINANCE LIMITED

ANNUAL REPORT AND ACCOUNTS 2007

VOLTA FINANCE LIMITED IS A CLOSED-ENDED LIMITED LIABILITY INVESTMENT COMPANY THAT PURSUES A MULTI-ASSET CLASS INVESTMENT STRATEGY

FORWARD-LOOKING STATEMENTS

This Annual Report includes statements that are, or may be considered, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "plans", "expects", "targets", "aims", "intends", "may", "will", "can", "can achieve", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report, including in the Chairman's Statement. They include statements regarding the intentions, beliefs or expectations of the Company or the Investment Manager concerning, among other things, the investment objectives and investment policies, financing strategies investment performance, results of operation, financial condition, liquidity prospects, dividend policy and targeted dividend levels of the Company, the development of its financing strategies, and the development of the markets in which it, directly and through special purpose vehicles, will invest in and issue securities and other instruments. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments of the Company and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause differences include, but are not limited to, changes in economic conditions generally and in the structured finance and credit markets particularly; fluctuations in interest and currency exchange rates, as well as the degree of success of the Company's hedging strategies in relation to such changes and fluctuations; changes in the liquidity or volatility of the markets for the Company's investments; declines in the value or quality of the collateral supporting many of the Company's investments; legislative and regulatory changes and judicial interpretations; changes in taxation; the Company's continued ability to invest its cash in suitable investments on a timely basis; the availability and cost of capital for future investments; the availability of suitable financing; the continued provision of services by the Investment Manager and the Investment Manager's ability to attract and retain suitably qualified personnel; and competition within the markets relevant to the Company.

These forward-looking statements speak only as at the date of this Annual Report. Subject to its legal and regulatory obligations (including under the rules of Euronext Amsterdam), the Company expressly disclaims any obligations to update or revise any forward-looking statement (whether attributed to it or any other person) contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

The Company qualifies all such forward-looking statements by these cautionary statements.

HIGHLIGHTS 2007

- AS OF 31 JULY 2007 VOLTA FINANCE HAD DEPLOYED 96% OF THE NET PROCEEDS OF THE IPO AND WAS ON TRACK TO MEET ITS OBJECTIVE OF FULLY RAMPING UP ITS PORTFOLIO WITHIN NINE MONTHS FOLLOWING THE IPO
- IN LINE WITH THE COMPANY'S MULTI-ASSET CLASS INVESTMENT STRATEGY, THE PORTFOLIO HAS BEEN DIVERSIFIED IN TERMS OF UNDERLYING ASSET CLASSES AND GEOGRAPHY
- THE €0.40 PER SHARE RECOMMENDED DIVIDEND FOR THE PERIOD ENDED 31 JULY 2007 IS 14% ABOVE THE TARGET DIVIDEND AT IPO OF €0.35
- THE DISTRIBUTION INCOME OF THE COMPANY FOR THE PERIOD IS €14.1 MILLION, OR €0.47 PER SHARE
- PRINCIPALLY DUE TO UNREALISED LOSSES CAUSED BY MARKET TURMOIL ARISING ON THE REVALUATION ON A MARK-TO-MARKET BASIS OF DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL ASSETS, THE NET LOSS OF THE COMPANY FOR THE PERIOD WAS €16.94 MILLION, OR €0.56 PER SHARE
- AS OF THE ANNUAL REPORT PUBLICATION DATE, THE CASH FLOWS OF ALL THE ASSETS HELD BY THE COMPANY REMAIN IN LINE WITH EXPECTATIONS MADE AT THEIR PURCHASE

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CORPORATE SUMMARY FOR THE PERIOD 31 OCTOBER 2006 TO 31 JULY 2007

THE COMPANY

Volta Finance Limited (the "Company" or "Volta Finance" or "Volta") is a closed-ended limited liability company registered in Guernsey under the Companies (Guernsey) Laws, 1994 to 1996 (as amended).

INVESTMENT OBJECTIVE

Subject to the risk factors mentioned in the Prospectus, the Company's investment objectives are to seek to preserve capital and to provide a stable stream of income to its shareholders through dividends that it expects to distribute on a semi-annual basis. It seeks to attain its investment objectives by pursuing a multi-asset class investment strategy. The strategy focuses on direct and indirect investment in and exposures to a variety of assets selected for the purpose of generating overall stable and predictable cash flows for the Company. The assets targeted for direct and indirect investment consist of corporate credits, sovereign and quasi-sovereign debt, residential mortgage loans, automobile loans, student loans, credit card receivables, leases and debt and equity instruments in infrastructure products (the "Primary Underlying Assets"). There can be no assurance that the Company will achieve its investment objectives.

The Company's approach to investment in these Primary Underlying Assets is through vehicles and arrangements that essentially provide leveraged exposure to portfolios of Primary Underlying Assets. In this regard, the Company has instructed AXA Investment Managers Paris (the "Investment Manager" or "AXA IM") to pursue the Company's investment strategy by concentrating on five principal target assets classes (the "Primary Target Asset Classes"), each of which is supported principally if not entirely by cash flows generated by Primary Underlying Assets including corporate credits, CDOs, asset-backed securities, leveraged loans and infrastructure assets.

THE INVESTMENT MANAGER

The Investment Manager is authorised by the Autorité des Marchés Financiers as an investment management company and its activities are governed by article L.532-9 of the French Code Monétaire et Financier. AXA IM is an investment manager with a team of experts concentrating on the structured finance markets.

THE INVESTMENT MANAGEMENT AGREEMENT

The Company and the Investment Manager entered into an Investment Management Agreement in December 2006. The Investment Manager's appointment under that Agreement may be terminated by the Company without cause on two years' advance written notice (or with less than two years' notice if payment to compensate the Investment Manager is made), but any such notice may only be delivered after the third anniversary of the effective date of the Investment Management Agreement. As a result, absent termination for cause, termination by mutual agreement, the Investment Manager's resignation, automatic termination or (in the case of termination without cause) the payment of compensation, the Investment Manager's term of appointment is effectively for five years.

INITIAL PUBLIC OFFERING

As contemplated in its prospectus of 4 December 2006, as amended by the prospectus supplement of 12 December 2006 (the "Prospectus"), the Company issued 300,000,000 ordinary shares at an offer price of €10 each on 20 December 2006. 3,000,000 warrants (the "Warrants") with an exercise price of €10 each were also issued to the Investment Manager upon closing of the Initial Public Offering ("IPO"). The Warrants give the Investment Manager the right to acquire an amount of class C shares equivalent to 10% of the number of shares in issue immediately following the IPO closing, at an exercise price per share equal to the offer price. The Warrants will become exercisable after 30 November 2008 and they will remain exercisable until 31 December 2016.

ASSET VALUES

At 31 July 2007, the Company's total Net Asset Value ("NAV" and "Net Asset Value") was €260 million, with the NAV per share amounting to €8.67. The Company publishes its NAV on a semi-annual basis and its gross asset value ("GAV" and "Gross Asset Value") monthly.

NAV is an expression of the total value of the Company which takes into account the current fair value of the Company's investments, accruals for debtors and creditors, and the amount of the Company's liabilities. The Company's total NAV at 31 July 2007 can be seen in the Balance Sheet on page 23 (Total shareholder's equity line).

GAV is an expression of the Company's value, which only takes into account the fair value of the Company's investments. GAV, which is published by the Company on a more frequent basis than NAV, may be a useful point of reference, in light of the relatively small amount of the Company's liabilities.

DURATION

The Company has a perpetual life.

WEBSITE

The Company's website address is: www.voltafinance.com.

LISTING INFORMATION

The Company's ordinary shares are listed on Euronext Amsterdam by NYSE Euronext ("Euronext Amsterdam") (website: www.euronext.com).

The ISIN number of the Company's listed shares is GG00B1GHHH78.

The closing price of the Company's listed shares quoted on Euronext Amsterdam at 31 July 2007 was €7.75 per share.

The average closing price of the Company's listed shares quoted on Euronext Amsterdam over the period, from first trading, on 15 December 2006, to 31 July 2007, was €9.23 per share.

PROVISIONAL FINANCIAL CALENDAR

18 October 2007	Announcement of results and final dividend for the period ended 31 July 2007 and publication of the 2007 annual report
20 November 2007	Annual General Meeting
21 November 2007	Ex-dividend date
23 November 2007	Record date
27 November 2007	Dividend payment date

THE BOARD BELIEVES THAT THE MULTI-ASSET CLASS INVESTMENT STRATEGY WILL CONTINUE TO BE ADVANTAGEOUS FOR DIVERSIFICATION PURPOSES SINCE IT PROVIDES THE INVESTMENT MANAGER WITH THE FLEXIBILITY TO RESPOND TO CHANGING CIRCUMSTANCES RATHER THAN RESTRICTING IT TO A SINGLE ASSET CLASS THAT MAY LOSE RELATIVE ATTRACTIVENESS

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report to shareholders that the Company has made much progress in the first financial period from launch to 31 July 2007.

In December 2006, the Company successfully issued 30 million shares at an offer price of €10 per share in connection with its IPO and listing on Euronext Amsterdam. By the closing of accounts on 31 July 2007, the Company was on track to meet its objective of fully ramping up its portfolio within the nine months following the IPO. In fact, 96% of the net proceeds had been deployed and the small remaining balance had been earmarked for investment in two further assets.

As at 31 July 2007, the Company had a total Net Asset Value of €260 million with a market capitalisation of €232.6 million. Both were affected significantly and negatively by turbulence in the credit markets during June and July. Nevertheless, the cash flows of the Company's assets remained in line with what was expected, reflecting the economic fundamentals within the portfolio.

DIVIDEND

The Board is pleased to recommend a first dividend of €0.40 per share, for the shortened period to 31 July 2007. This is 4% of the IPO price and 14% above the target dividend of €0.35 set at IPO. This higher than expected dividend has been made possible by the receipt of more income from the introduction of assets into the portfolio at a quicker pace than originally anticipated, coupled with the expected effective yield of those assets being in line with that targeted in the portfolio model. In accordance with the Company's dividend policy, the Board has recommended distributing substantially all the Distribution Income of €14.1 million, or €0.47 per share. The €2.1 million balance of the Distribution Income will be set aside to support the Company's Net Asset Value and the ability of the Company to provide a stable income to its shareholders.

The Board points out that the higher than expected dividend for the first period of operation does not modify the level of the target dividend for the next year, which remains at €0.95.

INVESTMENT STRATEGY

The Company's multi-asset class investment strategy has proved to be beneficial in a period of market turmoil. The Board believes that AXA IM, as the Investment Manager, has done well, firstly in allocating investments across primary asset classes in line with agreed allocations and secondly in selecting assets that are performing in line with what was expected. The Board believes that the Company's multi-asset class investment strategy will continue to be advantageous for diversification purposes since it provides the Investment Manager with the flexibility to respond to changing circumstances rather than restricting it to a single asset class that may lose relative attractiveness.

TRANSPARENCY

The Board is well aware that the Company's shares have traded at a discount to their GAV, and has sought ways to improve this situation. Hence significant steps have been taken to enhance the transparency of the Company. Starting in June, a full list of assets held by the Company has been published as well as extra detail on those assets. It is intended to continue to provide this information monthly and we hope it will enable shareholders to be able to judge better the strength and prospects of the Company. The Company has also held investor conference calls to update investors as to the latest Company results and impact of market conditions upon the Company.

Transparency enhancing measures have been the hallmark of the Company since launch. As set out in the Company's Prospectus, independent third parties are involved in the review of the valuation of the assets on a semi-annual basis. They also review the projected cash flow assumptions of the Company used for setting the projected target dividend. In the case of the portfolio valuation, the assumptions used to compute the asset prices included in the NAV at 31 July 2007 have been prepared or reviewed by the Investment Manager and, where required by the valuation policy, as set out in the Prospectus, have been confirmed by an independent third party.

The assumptions used to determine the expected target dividend of the Company are based on a number of assumed parameters related to the characteristics of each asset class. Sometimes, for example, this would include the default rate linked to rating agencies hypotheses on the credit quality of the assets. For each asset, an independent third party has reviewed these parameters and has confirmed that the projected cash flow assumptions for each asset are fair and reasonable.

OUTLOOK

It is expected that credit markets will experience continuing volatility during the course of the Company's next financial year. This has proved to be the case, at the time of writing this report in October 2007. While credit markets continue to be unsettled, the GAV of the Company is at risk of remaining volatile. However, the Board believes that this anticipated volatility should not affect the Company's capacity to generate its expected distribution income for the second financial year, which depends on the credit quality of each asset class.

The Board believes that the assumptions made for each asset class to determine the expected distribution income are in aggregate consistent with the Company's outlook for the credit and structured credit markets.

The multi-asset class investment strategy, by providing the Investment Manager with the flexibility to select assets within a wide universe, should enhance the ability of the Company to withstand some degree of market disruption without having to alter its target dividend. Whenever possible, and consistent with the maintenance of appropriate cash reserves for dividends and other purposes, the Board expects the Investment Manager to identify opportunities that appear in volatile markets and to take advantage of them by reinvesting the proceeds of prepayments and the amortisation of assets.

Based on current portfolio performance, the Board is confident that the Company can achieve its annual target dividend of €0.95 in the forthcoming financial year.

ANNUAL GENERAL MEETING

The Annual General Meeting for the first financial year of the Company will be held at the registered office of the Company in Guernsey on 20 November 2007. The notice of the meeting can be found on page 40 of the annual report.

Peter G. Crook

PETER CROOK
CHAIRMAN
9 OCTOBER 2007

THE GENERAL EMPHASIS OF THE INVESTMENT MANAGER'S STRATEGY FOR THE COMPANY IS ON THE RIGOROUS SELECTION AND STRUCTURING OF INVESTMENT POSITIONS THAT ARE THEN GENERALLY HELD FOR RETURNS BASED ON CASH FLOWS

INVESTMENT MANAGER'S REPORT

1. OVERVIEW

Volta Finance Limited closed its first financial period on 31 July 2007. As of this date, the Company had deployed 96% of the net proceeds of its December 2006 Initial Public Offering ("IPO").

Until June 2007, the markets to which Volta has exposure were characterised by tight credit spreads. Thereafter, credit spreads of investment and sub-investment grade securities started to widen, and continued to do so in July 2007, leaving the Company's Net Asset Value at €8.67 per share at 31 July 2007.

Towards the end of the first financial period of the Company, mark-to-market valuations of credit assets declined across the board, despite credit fundamentals remaining generally sound. The most notable exception to the sound credit fundamentals was US sub-prime assets, to which the Company has no exposure. This explains why the mark-to-market valuations of Volta's assets, as reflected by its NAV per share, have been adversely affected, while the cash flows from those assets remain in line with what was originally expected.

Volta's investments are selected by the specialist teams of the Structured Finance Division ("SFD") of AXA Investment Managers Paris ("AXA IM" or the "Investment Manager") following a research-intensive selection process and the thorough analysis of the assets and liabilities of structured investment opportunities. The Company can use the critical mass and contacts of AXA IM as a major buyer of structured finance products to gain access to a range of potentially attractive investment opportunities in the targeted asset classes supporting its investment objectives.

2. INVESTMENT STRATEGY

Volta seeks to attain its investment objectives by pursuing a multi-asset class investment strategy that has so far focused on four Primary Target Asset Classes covered by the investment teams of AXA IM's SFD: Corporate Credit (Investment Grade CDO Team), CDO (CDO Invest Team), ABS (ABS Team) and Leveraged Loans (European Leveraged Loans Team). The underlying assets of those Primary Target Asset Classes are generally characterised by low historical default rates and/or high recovery rates and/or significant granularity.

The general emphasis of the Investment Manager's strategy for the Company is on the rigorous selection and structuring of investment positions that are then held for returns based on cash flows, in order to seek to attain the Company's investment objectives. Subject to the Company's investment guidelines, the Investment Manager may trade portfolio positions, and reallocate the portfolio within and amongst asset classes, on a discretionary basis.

Following those investment guidelines and as a result of the specific market conditions that have developed since the Company's IPO, the decision was made in April 2007 to reallocate some funds, which were initially earmarked for investments in residual income positions of ABS, to leveraged loans due to the competitive nature of the market in residual income positions of ABS at that time. A comparison between the originally targeted and actual asset breakdown of the IPO net proceeds of €285 million, based on asset purchase price, is shown in table 1.

TABLE 1 – VOLTA FINANCE ASSET ALLOCATION OF THE IPO NET PROCEEDS (BASED ON ASSET PURCHASE PRICE)

	INITIAL TARGET AT IPO		INVESTMENTS AT 31 JULY 2007	
PRIMARY TARGET ASSET CLASS	%	€ MILLION	%	€ MILLION*
LEVERAGED LOANS**	20.2	57.6	24.9	71.3
ABS	33.2	94.6	27.3	78.1
CORPORATE CREDIT	27.6	78.7	27.7	79.1
CDO	19	54.2	20.1	57.4
TOTAL		285.1		285.9

* This breakdown includes €8.9 million in funds earmarked for an investment in the RMAC 2007-1 residual of ABS, as well as €3.3 million in cash invested in the Tennenbaum Opportunities Fund V in August 2007 (included in the CDO Primary Target Asset Class).

** Leveraged loans exposure is gained through a Total Return Swap.

As shown in table 2, with the ramp up almost complete at the end of July 2007, the Company still held 12% of its GAV in cash (€31.7 million). Of this cash amount, €8.9 million, or 3.4% of the GAV as at the end of July 2007, was earmarked for an investment in the RMAC 2007-1 residual of ABS, and €3.3 million, or 1.3% of the GAV, was earmarked for the Tennenbaum Opportunities Fund V. The cash balance of €19.7 million came from the proceeds of assets held in the Company's portfolio. Due to ongoing interest payments, prepayments and asset amortisation, the Company expects its portfolio to continue to generate cash on a rolling basis, to be used for reinvestment, dividend payments and other purposes.

TABLE 2 – VOLTA FINANCE ASSET ALLOCATION BASED ON MARK-TO-MARKET PRICES (BASED ON GAV)*

PRIMARY TARGET ASSET CLASS	%
CORPORATE CREDIT	21.4
CDO	19.1
ABS	24.0
LEVERAGED LOANS	23.3
INFRASTRUCTURE	0.0
CASH	12.0

* GAV of €264 million as of 31 July 2007.

TABLE 3 – LIST OF CORPORATE CREDIT HOLDINGS AS OF 31 JULY 2007

ISSUER	% GAV	DESCRIPTION OF INVESTMENT	DESCRIPTION OF UNDERLYING ASSET	MANAGER/ SERVICER	PRINCIPAL GEOGRAPHICAL EXPOSURE	ISIN	ARRANGING INSTITUTION
ARIA CDO II (IRELAND) PLC	17.77	BESPOKE CDO TRANCHE	MAJORITY INVESTMENT GRADE CORPORATE CREDIT	AXA INVESTMENT MANAGERS PARIS	USA	XS0293091673	JP MORGAN
JAZZ III CDO (IRELAND) PLC	3.59	RESIDUAL OF CORPORATE CDO	MAJORITY INVESTMENT GRADE CORPORATE CREDIT	AXA INVESTMENT MANAGERS PARIS	USA	XS0263617374 XS0263615675	MERRILL LYNCH INTERNATIONAL

TABLE 4 – LIST OF CDO HOLDINGS AS OF 31 JULY 2007

ISSUER	% GAV	DESCRIPTION OF INVESTMENT	DESCRIPTION OF UNDERLYING ASSET	MANAGER/ SERVICER	PRINCIPAL GEOGRAPHICAL EXPOSURE	ISIN	ARRANGING INSTITUTION
NORTHWOODS CAPITAL LIMITED	2.14	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	ANGELO GORDON	USA	USG6666RAB18	JP MORGAN
OCEAN TRAILS CLO I LLC	2.12	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	WG HORIZONS	USA	USG66999AA46	UBS
WASATCH CLO LTD	2.08	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	INVESCO	USA	USG94608AB57	JP MORGAN
LIGHTPOINT PAN EUROPEAN CLO PLC	1.86	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	LIGHTPOINT	EUROPE	XS0282169803	CREDIT SUISSE
KINGSLAND IV LTD	1.44	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	KINGSLAND CAPITAL MANAGEMENT	USA	USG52702AB68	WACHOVIA BANK N.A.
SANDS POINT FUNDING LTD	1.33	RESIDUAL OF CLO	MIDDLE MARKET LOANS	GUGGENHEIM	USA	USG7800DAA93	DEUTSCHE BANK
GOLDEN TREE LOAN OPPORTUNITIES	1.30	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	GOLDEN TREE	USA	USG39607AC37	DEUTSCHE BANK
BATALLION CLO LTD	1.28	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	BRIGADE CAPITAL MANAGEMENT	USA	USG08887AA27	DEUTSCHE BANK
LIGHTPOINT CLO V, LTD	1.23	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	LIGHTPOINT	USA	USG5487GAG31	CREDIT SUISSE
CARLYLE HY PART IX	1.22	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	CARLYLE	USA	KYG1908R1048	LEHMAN BROTHERS
OAK HILL EUROPEAN CREDIT PARTNERS PLC	1.12	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	OAK HILL	EUROPE	XS0300349700	DEUTSCHE BANK
GALAXY VII CLO LTD	0.97	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	AIG	USA	USG25796AB20	MORGAN STANLEY
TENNENBAUM OPPORTUNITIES FUND V*	0.66	RESIDUAL OF CLO	HIGH YIELD BONDS AND LOANS	TENNENBAUM CAPITAL PARTNERS, LLC	USA	N/A	WACHOVIA BANK, N/A

* €3.3 million was invested in the Tennenbaum Opportunities Fund V in August 2007. The percentage shown in this table does not take this amount into account.

INVESTMENT MANAGER'S REPORT CONTINUED

3. INVESTMENT PORTFOLIO

As of 31 July 2007, Volta held 22 settled assets in its portfolio divided amongst four Primary Target Assets Classes. Of those 22 settled assets, 13 were part of the Company's Initial Portfolio, which was assembled under the direction of the Investment Manager in anticipation of the IPO. The remaining nine assets were bought over the course of the first financial year. No assets were sold by the Company over this period.

CORPORATE CREDITS

The Company focuses on acquiring or creating the equivalent of first loss or junior second loss investment exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. As of 31 July 2007, the exposure to Corporate Credits was obtained through two investments in CDOs managed by AXA IM: ARIA II and Jazz III. ARIA II was bought in April 2007 by the Company and Jazz III was part of the Initial Portfolio.

ARIA II is a bespoke CDO tranche backed by an actively managed portfolio of credit default swaps of mainly investment grade corporate issuers. Taking advantage of market volatility, the Investment Manager traded the underlying portfolio of ARIA II actively in July 2007, with a turnover in the portfolio of 7.5%. Following net trading gains, the tranche's attachment point of 1.60% at the time of purchase was increased to 1.61% in July 2007.

TABLE 5-ARIA II CDO: TECHNICAL SPECIFICATIONS (AS OF 31 JULY 2007)

NOMINAL SIZE	€69 MILLION
WARF (S&P)	405
NUMBER OF NAMES	208
ATTACHMENT/DETACHMENT POINTS	1.61% – 2.61%

TABLE 6 – ARIA II CDO: PORTFOLIO QUALITY TESTS AND CONCENTRATION LIMITS

	LIMIT	31 JULY 2007
MAXIMUM SHORT BUCKET	10%	0%
MAXIMUM NON IG BUCKET	20%	15.4%
MAXIMUM SINGLE NAME CONCENTRATION		
INVESTMENT GRADE NAME	2%	2%
NON-INVESTMENT GRADE NAME	1%	0.9%

The second corporate credit investment was made in the subordinated debt tranche of Jazz III, a CDO backed by an actively managed cash and synthetic corporate credit portfolio, mainly investment grade.

As of 31 July 2007, both for Jazz III and ARIA II, the Investment Manager believes that further volatility, as well as ongoing trading opportunities, can be expected in the months ahead.

At this date, the expected cash flows of both ARIA II and Jazz III remain in line with what was expected at their purchase.

Following a corporate credit spread tightening since the end of the Company's first financial period, the GAV of the Company's investments in this Primary Target Asset Class was up 3.9% in August 2007.

CDO

The Company currently invests in residual tranches of CDOs managed by third-party managers and selected by AXA IM. As of 31 July 2007, Volta had invested in 13 residual tranches of CDOs, six of which were part of the Company's Initial Portfolio. Twelve of the 13 tranches are backed by US-leveraged loans and one by European-leveraged loans. The Company has not invested in any CDOs of ABS.

TABLE 7 – LIST OF ABS HOLDINGS AS OF 31 JULY 2007*

ISSUER	% GAV	DESCRIPTION OF INVESTMENT	DESCRIPTION OF UNDERLYING ASSET	PRINCIPAL MANAGER/ SERVICER	GEOGRAPHICAL EXPOSURE	ARRANGING INSTITUTION
ALBA 2007-1 PLC	4.48	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	OAKWOOD	UNITED KINGDOM	CREDIT SUISSE
PROMISE MOBILITY 2006-1	4.41	RESIDUAL OF ABS	GERMAN SME LOANS	IKB	EUROPE NON-UK	DEUTSCHE BANK
ALBA 2006-2 PLC	4.40	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	OAKWOOD	UNITED KINGDOM	CREDIT SUISSE
EUROSAIL 2006-1 PLC	4.34	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	SPML	UNITED KINGDOM	LEHMAN BROTHERS
NEWGATE FUNDING PLC 2006-2	4.07	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	MORTGAGE PLC	UNITED KINGDOM	MERRILL LYNCH INTERNATIONAL
ALBA 2006-1 PLC	2.47	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	OAKWOOD	UNITED KINGDOM	CREDIT SUISSE

* This list does not include the €8.9 million in funds earmarked for an investment in the RMAC 2007-1 residual of ABS.

The return modelled at the time of purchase of the CDOs held by Volta is not determined on the basis of the amortisation of the assets, but rather on reinvestment over a period of five years or more. CDOs that will reinvest their prepayment proceeds to exploit new investment opportunities will likely benefit from the fact that their liabilities had been locked in at a low level.

The Investment Manager believes that the monthly reduction in the mark-to-market valuation of Volta's CDO positions in July (6.5%) and August 2007 (7.7%) does not reflect any underlying credit issue at this stage, but rather a lack of liquidity in the market. On all of those transactions, the key parameters (e.g. rating of the underlying obligations, current spread of the portfolio) were unchanged as of the end of July 2007, and the amount of realised losses remained below the levels modelled. As a result, as of 31 July 2007, the expected cash flows of those assets remain in line with what was expected at purchase.

ABS

The Company currently invests in residual income positions of ABS selected by AXA IM, five of which were part of the Company's initial portfolio. As at the end of July 2007, Volta has holdings in six residual positions of ABS, five of which are backed by UK non-conforming residential mortgage loans and one by German Small and Middle Enterprise (SME) loans. The Company has no exposure to US residential sub-prime mortgages.

At the closing of the Company's accounts, the ABS portfolio's expected cash flows are in line with what was expected at their purchase. AXA IM believes that the reduction in liquidity observed on the ABS market is unlikely to have immediate significant effects on the behaviour of small European borrowers, mostly households and SMEs, which are the underlying obligors in Volta's current ABS portfolio. The ability of these obligors to repay is affected mainly by general economic conditions such as unemployment, housing price, growth and trend in interest rates.

Regarding assets backed by UK non-conforming residential mortgage loans, the performance of the pool of mortgages remains so far in line with expectations. Nevertheless, there is the risk that higher interest rates coupled with a stricter lending policy from UK-based mortgage originators may have a significant downward effect on UK property prices, which would in turn affect the capacity of UK borrowers to refinance their homes. Under such a scenario, the credit performance of UK non-conforming assets may be affected. The Investment Manager will continue to monitor this situation closely. As of the end of July 2007, we believed that the risk of increasing delinquencies and defaults is mitigated by lower expected prepayments. In turn, we did not think that this risk justifies, at present, a change in the expected cash flows originally modelled for the UK non-conforming assets held by Volta.

The mark-to-market value of Volta's ABS investments was down 0.7% in August 2007.

LEVERAGED LOANS

Volta obtains investment exposure to leveraged loans through positions in senior secured, mezzanine and second lien loans. As part of Volta's financing strategy, the exposure to these assets is gained on a leveraged basis through a Total Return Swap ("TRS"). The TRS reference portfolio is actively managed by the Investment Manager.

Over the course of the first financial year, the Investment Manager has gradually increased the proportion of senior secured loans in the TRS reference portfolio. As at the end of July 2007, there was only one mezzanine asset left accounting for 0.8% of the TRS reference portfolio.

VOLTA CURRENTLY GAINS LEVERAGE THROUGH INTERNALLY LEVERAGED INVESTMENTS SUCH AS RESIDUAL INCOME POSITIONS IN SECURITISATION STRUCTURES, AS WELL AS SYNTHETIC LEVERAGED INVESTMENT EXPOSURE

INVESTMENT MANAGER'S REPORT CONTINUED

TABLE 8 – TRS: BREAKDOWN BY TYPE OF ASSET OF THE REFERENCE PORTFOLIO (AT 31 JULY 2007)*

SENIOR SECURED	92.0%
SECOND LIEN	7.2%
MEZZANINE	0.8%

* Based on settled assets.

TABLE 9 – TRS: REFERENCE PORTFOLIO DATA (AT 31 JULY 2007)*

MARK-TO-MARKET VALUE (€)	334,839,661
NUMBER OF BORROWERS	52
AVERAGE SPREAD	EURIBOR + 252 BP

* Based on settled assets.

While the GAV of the leveraged loans TRS decreased by 16% on a mark-to-market basis over the course of July 2007, there were no defaults and no meaningful credit deterioration amongst the assets held in the TRS reference portfolio. As of 31 July 2007, the expected cash flows of the TRS are in line with what was expected at their purchase.

The market default rate remains at a historically low level, indicating sound economic fundamentals. Nonetheless, the Investment Manager believes that market will likely remain volatile for several months to come due to lack of liquidity as well as uncertainties regarding the amounts of leveraged loans currently on the balance sheets of banks.

As at the end of August 2007, the GAV of the leveraged loans TRS was down 10.9% on the previous month.

INFRASTRUCTURE

As initially planned, no infrastructure investments were made in the period from the IPO date to 31 July 2007. At the time of the annual report publication, the Investment Manager had not identified any infrastructure assets for investment.

In July 2007, following a corporate reorganisation to reinforce synergies within the AXA Investment Managers Group, the Infrastructure activity that was until then a unit of AXA Investment Managers Paris' Structured Finance Division, was delegated to AXA Private Equity, another subsidiary of AXA Investment Managers.

4. FUNDING

Volta currently gains leverage through internally leveraged investments such as residual income positions in securitisation structures (e.g. residual interests in CDOs and ABS), as well as synthetic leveraged investment exposure (through the Total Return Swap).

Approximately three-quarters of the portfolio have imbedded leverage that is not directly sensitive to mark-to-market valuation. Such a financing structure has proved quite resilient under volatile market conditions. Only the investments in leveraged loans use leverage that is directly affected by mark-to-market valuation. Such leverage, gained through the TRS, is based on a five-year financing with a fixed financing level set in December 2006.

Volta does not, at present, have any direct borrowings, but retains the flexibility to resort to this form of financing if and when required. The Company is currently negotiating a €30 million liquidity line with the objective of increasing the amount of cash available for

THE PERMANENCE OF THE COMPANY'S CAPITAL ALLOWS THE COMPANY AND THE INVESTMENT MANAGER TO TAKE A LONGER TERM VIEW WITH REGARD TO THE COMPANY'S INVESTMENT STRATEGY

working capital, for making temporary investments, or for other purposes. There can be no assurance that this liquidity line will be concluded.

5. GENERAL MARKET OUTLOOK

Following the closing of Volta's first annual accounts on 31 July 2007, corporate credit markets settled down to a certain extent while continuing to experience bouts of volatility.

Structured credit markets and leveraged loans markets have remained unsettled past July 2007. Financing problems experienced by Structured Investment Vehicles ("SIV"), mortgage lenders and a number of funds unrelated to Volta have increased the ranks of forced sellers. On the back of such negative headlines, CDO and ABS investors have largely stayed out of the market, driving CDO and ABS mark-to-market valuations to even lower levels. At the time of writing this report, primary markets remained sluggish.

After a steep fall in their value over the summer, leveraged loan markets were still trading at a discount in September. Lingering questions as to how banks will manage to sell off the presumably large amounts of leveraged loans on their balance sheets and the thin presence of buyers have slowed down activity on the primary market and hindered the recovery of the secondary market.

Overall, primary markets of structured credit and leveraged loan have yet to pick up, and their respective secondary markets are expected to remain volatile. In the context of such volatility, the general credit risk repricing may negatively affect the capacity of some companies and individuals to obtain refinancing, eventually pushing default rates upward.

We believe that both Volta's structure and investment strategy may help the Company to sustain such market conditions. The permanence of the Company's capital allows the Company and the Investment Manager to take a longer term view with regard to the Company's investment strategy. As a closed-ended company of indefinite duration, the Company has a permanent equity capital base. As a result, the Company is not required to return capital to shareholders after the expiry of any pre-agreed periods, as it is often the case with privately funded vehicles, and is not forced to liquidate investments on an untimely basis to meet share redemption requests, as would be the case if the Company were open ended.

Volta's multi-asset class investment strategy, which allows it to diversify risk across asset classes and widens the investment universe, enhances the Company's ability to sustain difficult market conditions. At the time of writing this report, the assumptions made to determine the expected distribution income for the second financial year of the Company are in aggregate consistent with the Company's outlook for the credit and structured credit markets.

Overall, such an environment may also provide investment opportunities. Thanks to regular cash inflows in the form of the proceeds from the prepayments and amortisation of assets, an investor such as Volta is likely to be in a good position to take advantage of such opportunities.

AXA INVESTMENT MANAGERS PARIS
9 OCTOBER 2007*

* The Company's last monthly report was published for the month of August 2007.

PORTFOLIO VALUATION

The Company publishes its Gross Asset Value on a monthly basis and its Net Asset Value on a semi-annual basis.

The calculation of the Gross Asset Value and the Net Asset Value of the Company may be suspended in situations where the underlying data needed to value the investments cannot readily, or without undue expenditure, be obtained by the Company. Details of any suspension in making such calculations would be announced in a manner that complies with the rules of Euronext Amsterdam.

Currently, for the majority of investments targeted by the Company, the secondary trading market is generally illiquid. As a result, there are no regularly reported market prices for these investments. Moreover, there may not be an agreed industry standard methodology for valuing the investments (e.g. in the case of residual income positions of asset-backed securitisations).

The Company's policy is to derive its Net Asset Value and Gross Asset Value totals on an ongoing basis in the following manner:

- Financial assets for which quoted prices are available from a third party in a liquid market are valued monthly on the basis of quoted bid prices. In this regard, for liquid assets, an external market pricing service may be the source of price quotations.

- In the case of investments where the fair value of the investment can be readily ascertained by reference to the market values of liquid underlying assets (as for the TRS), the counterparty or sponsor generally provides the valuation of the investment position, using the mark-to-market valuation of the underlying assets (minus, where applicable, the investment's internal funding or other liability). In the case of the TRS or other similar arrangements, the Investment Manager has agreed in the Investment Management Agreement that it will report semi-annually to the Company on how the valuations used by the counterparty on underlying loans from time to time compare to valuations from an external third-party pricing service.

- For illiquid financial assets, the method of ongoing valuation depends upon the nature of the asset.

- Where a financial asset involves an arranging bank that provides valuations on a monthly basis together with its related main valuation assumptions (as may, for example, be the case with a cash CDO), the valuations are sourced from such arranging bank. In many cases, the arranging bank determines a valuation based upon pricing models which may or may not produce values that correspond to the prices that the Company could obtain if it sought to liquidate the positions. Such pricing models generally involve a number of valuation assumptions, many of which are based on subjective judgements. The Investment Manager has agreed in the Investment Management Agreement to review the main assumptions of the arranging banks semi-annually to evaluate whether they appear, in the judgements of the Investment Manager, fair and reasonable, and to report its conclusions in this regard to the Portfolio Administrator and the Company. **The Investment Manager has reviewed those main assumptions as of 31 July 2007, and has concluded that the assumptions of the arranging banks appear, in its judgement, fair and reasonable.** The work done by the Investment Manager does not, however, represent a "fairness" or similar opinion and should not be regarded as such. When and where required, the Portfolio Administrator may then approach the relevant banks for clarifications or adjustments.

- The Company will use reasonable endeavours to engage an independent third party to review semi-annually the main assumptions employed by the arranging banks and to report on the fairness and reasonableness of those assumptions and of the valuations to the Portfolio Administrator and the Company. **Third parties have reviewed those main assumptions and valuations as of 31 July 2007, and have concluded that they were fair and reasonable.** Where a third party challenges an arranging bank's valuations on this basis, the Company will consider engaging such third party (or one or more other third parties, such as, for example, an investment bank or the seller of the underlying assets) to provide a valuation, or will adopt some other method of valuing the position.

- Where a financial asset does not involve an arranging bank (as, for example, with infrastructure assets), or if an arranging bank is unwilling to provide valuations and related main valuation assumptions on a monthly basis (as may, for example, be the case with some asset-backed securities residual positions), the Investment Manager has agreed in the Investment Management Agreement that it will provide a monthly valuation based on a pricing model. In the case of infrastructure assets, however, the Investment Manager valuation will be provided on a quarterly basis. In valuing infrastructure assets, a discounted cash flow method will be used. The cash flow projections for the relevant projects will be reviewed by the Investment Manager's infrastructure team and the discount rate to be applied will depend on a market premium (considering, to the extent practicable, the same type of transactions launched recently and market publications). With regard to any such valuations provided by the Investment Manager, the Company will use reasonable endeavours to engage an independent third party to review semi-annually the main valuation assumptions employed by the Investment Manager and to report on the fairness and reasonableness of those assumptions and the valuations to the Portfolio Administrator and the Company. **When and where required, third parties have reviewed these assumptions and valuations as of 31 July 2007 and have concluded that they were fair and reasonable.** If the third party challenges the Investment Manager's valuations on this basis, the Company will consider engaging such third party (or one or more other third parties, such as, for example, an investment bank or the seller of the underlying assets) to provide a valuation, or will adopt some other method of valuing the position.

BOARD OF DIRECTORS

01. PETER CROOK
CHAIRMAN AND INDEPENDENT DIRECTOR

Mr Crook worked for 26 years in the Bank of England in all key areas of the Bank, including a two year period as a private secretary to the Governor of the Bank. He was involved in the introduction of the UK Banking Acts and in 1986 was seconded to the International Monetary Fund where he worked under its auspices in the Cayman Islands as Inspector of Banks and Trust Companies. He retired from the Bank and joined the Guernsey Financial Services Commission in 1989 as Director of Banking and in March 1997 was appointed Director General of the Commission responsible for the regulation of all financial services in Guernsey. Mr Crook was a member of the Offshore Group of Banking Supervisors from 1986 to 2001 and is a fellow of the Chartered Institute of Bankers. Mr Crook retired at the end of April 2001. Mr Crook was educated in England followed by three years in the British Army.

02. CHRISTOPHE DEMAIN
CLASS B DIRECTOR

Mr Demain is the CEO of AXA Private Management, the private banking wealth management subsidiary of AXA Belgium, which is an affiliate of the Investment Manager. Mr Demain began his employment at AXA Belgium as Head of Asset Allocation and Treasury in 1999. Prior to that, he was a trader in interest rate derivatives at Bank IPPA from 1994 to 1999 and a money market trader at Bank Crédit Général from 1992 to 1993. He is a member of the board of several AXA-related funds and companies, including AXA Private Management, AXA Open Fund Management, AXA Private Selection, AXA L Fund and AXA B Fund. Mr Demain was educated in Belgium and has received a Masters degree in applied economics from UCL University and a special post-graduate diploma in risk management from Saint Louis University.

03. CHRISTIAN JIMENEZ
SENIOR INDEPENDENT DIRECTOR

Mr Jimenez is Chief Financial Officer of Ecureuil Vie, the insurance company subsidiary of the Caisse d'Epargne Group. He also is Honorary Chairman of AFGAP (Association Française des Gestionnaires d'Actif-Passif), having been a member of AFGAP since 1991, Chairman of AFGAP from 1997 to 1999 and Chairman of its Scientific Committee from 1999 to 2002. He was Chief Financial and Risk Officer of Compagnie Financière EULIA from 2002 to 2003. Mr Jimenez was CEO of SURASSUR, the reinsurance company subsidiary of the Caisse d'Epargne Group from 1995 to 2002, part of which time (2000 to 2001) he was also Chief Investment Officer of Caisse Nationale de Caisses d'Epargne et de Prévoyance. Prior to this, he was Deputy Chief Financial Officer of Caisse d'Epargne Group from 1994 to 1999 and held other positions at Banque Nationale de Paris and Banque de France. He was also a professor of Economics from 1979 to 1984.

04. JOAN MUSSELBROOK
INDEPENDENT DIRECTOR

Ms Musselbrook was most recently a managing director at MBIA UK Insurance Limited, a leading financial guarantor and provider of other specialised financial services. She began her career at Natwest International Division as a graduate trainee in September 1985 and remained with the Natwest Group until August 2000, at which time she was a Director of the Asset Securitisation Group at Greenwich Natwest. She joined MBIA Assurance S.A. as a Director in October 2000 and was a managing director of MBIA UK Insurance Limited from February 2004 to April 2006. Ms Musselbrook holds a degree from the University of Oxford.

05. PAUL VAROTSIS
INDEPENDENT DIRECTOR

Mr Varotsis is a partner at Reoch Credit Partners LLP, where he works as a consultant for financial institutions and advises investors, asset managers, intermediaries and software vendors on structured credit solutions. Mr Varotsis was Director CDOs at Barclays Capital from 2002 to 2004. Prior to that, he was Executive Director, Structured Credit Trading, at Lehman Brothers from 2000 to 2002 and spent approximately ten years (1991 to 2000) at the Chase Manhattan Bank and its predecessors; his last position at Chase was head of Credit and Capital Management (Europe Africa Middle East). He was European Chairman of the ISDA committee that participated in the drafting of the 2003 Credit Derivatives Definitions and advised the Bank of England and other regulators on the appropriate framework for the market's development. Mr Varotsis holds an MBA from the Stanford Graduate School of Business, a Diplôme from the Institut d'études politiques de Paris and a Diplôme from the Institut Supérieur de Gestion.

MANAGEMENT, ADMINISTRATION AND ADVISORS

VOLTA FINANCE LIMITED
Company registration number 45747
(Guernsey, Channel Islands)

REGISTERED OFFICE
First Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 6HJ
tel: +44 (0)1481 749610
e-mail: volta.finance@mourant.com
website: www.voltafinance.com

AUDITORS
KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey GY1 4AN

COMPANY SECRETARY, ADMINISTRATOR AND REGISTRAR
Mourant Guernsey Limited
First Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 6HJ

INVESTMENT MANAGER
AXA Investment Managers Paris
Coeur Défense
Tour B-La Défense 4
100, Esplanade de Général de Gaulle
92932 Paris La Défense Cedex
France

CUSTODIAN AND PORTFOLIO ADMINISTRATOR
Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LISTING AGENT AND PAYING AGENT
ING Bank N.V.
Van Heenvlietlaan 220
1083 CN Amsterdam
The Netherlands

REPORT OF THE DIRECTORS

The Directors present their first report and the audited financial statements for the period 31 October 2006 to 31 July 2007.

INCORPORATION

The Company was registered in Guernsey, Channel Islands on 31 October 2006 under registered number 45747.

ACTIVITIES

The Company is a closed-ended investment company with the objective of investing in corporate credits, CDOs and asset-backed securities, leveraged loans and infrastructure assets.

RESULTS AND DIVIDENDS

The IFRS net loss for the period amounted to €16,938,249.

Dividends are determined on a semi-annual basis with reference to Distribution Income (as defined in the Company's Prospectus) rather than IFRS profits/losses. Distribution Income for the period amounted to €14,085,124. The calculation of Distribution Income is shown on page 38.

On 9 November 2006 the Company adopted a resolution cancelling the amount standing to the share premium account immediately following closing of the IPO and crediting such amount to distributable reserves. Therefore, despite the Company recording an IFRS net loss for the period, sufficient distributable reserves are available to fund a dividend.

The Directors recommend the payment of a final ordinary dividend for the period of €0.40 per share to those shareholders on the register at 23 November 2007.

GOING CONCERN

The Directors are of the opinion that the Company is a going concern and the accounts have been prepared on that basis.

DIRECTORS

The Directors who held office during the period and subsequently were:

P Crook (appointed 9 November 2006)
C Demain (appointed 9 November 2006)
C Jimenez (appointed 9 November 2006)
J Musselbrook (appointed 9 November 2006)
P Varotsis (appointed 9 November 2006)

The Directors' interests in the share capital as at the period end and the date of this report were:

	31 July 2007 Number of shares	18 October 2007 Number of shares
P Crook	1,836	2,990
C Demain	1,870	2,832
C Jimenez	1,870	2,832
J Musselbrook	1,870	2,832
P Varotsis	1,870	2,832

ROTATION PROVISIONS

Mr Crook was appointed to the Board as Chairman for an initial period of three years. The other Directors have been appointed to the Board for an initial period of two years. After the first two years the terms of appointment for the Directors will become staggered, with one directorship candidate standing for election or re-election for a one-year term, one standing for election or re-election for a two-year term, and two standing for election or re-election for a three-year term. Thereafter the Chairman and each of the Directors will stand for election or re-election for three-year terms in the years in which their terms expire.

AUDITORS

KPMG Channel Islands Limited served as Auditors during the period and have expressed their willingness to continue in office. A resolution to reappoint KPMG Channel Islands Limited as Auditors will be put to the forthcoming Annual General Meeting on 20 November 2007.

COMPANY SECRETARY

The Company Secretary is Mourant Guernsey Limited of First Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 6HJ, Channel Islands.

By order of the Board

Authorised Signatory

MOURANT GUERNSEY LIMITED
SECRETARY
9 OCTOBER 2007

CORPORATE GOVERNANCE REPORT

As a Guernsey limited liability company with shares listed on Euronext Amsterdam, the Company is not subject to the UK Combined Code on corporate governance (as revised June 2006) (the "Combined Code"). The Directors have nonetheless determined that the Company should voluntarily apply the Combined Code, with certain exceptions as described in the Company's Prospectus. The Dutch Corporate Governance Code does not apply to the Company and there is no formal corporate governance code applicable to Guernsey companies under Guernsey law.

STATEMENT OF COMPLIANCE:

Throughout the period ended 31 July 2007 the Company has been in compliance with the provisions set out in Section 1 of the Combined Code, except as already explained in the Prospectus or as set out below.

THE BOARD

The Board is responsible for the determination of the Company's investment objective, investment guidelines and dividend policy and has overall responsibility for overseeing the Company's activities. Mr Crook acts as Chairman of the Board. Mr Jimenez acts as the Senior Independent Director. Mr Crook, Mr Jimenez, Ms Musselbrook and Mr Varotsis are independent from the Investment Manager and satisfy the independence criteria established by the Board and set out in the Prospectus, whereas Mr Demain is an employee of an affiliate of the Investment Manager and does not meet the independence criteria. The composition of the Board in this respect is in accordance with the policy adopted by the Board and published in the Prospectus. The individual independence status of the Directors was last reviewed and confirmed by the Board on 9 October 2007.

All of the Directors are non-executive and the Company's day-to-day activities are delegated to third parties, including the Administrator, the Investment Manager and the Portfolio Administrator. The Company has entered into an Investment Management Agreement with the Investment Manager under which the Investment Manager is responsible for the management of the Company's investment portfolio subject to the Company's investment guidelines and the overall supervision of the Board.

COMMITTEES OF THE BOARD

In accordance with the Board's policy, as set out in the Prospectus, the Board did not initially establish any committees. However, on review of this policy the Board has now resolved to establish Audit, Nominations, and Remuneration Committees. Mr Jimenez will act as Chairman of the Audit and Remuneration Committees whilst Mr Crook will act as Chairman of the Nominations Committee. The first of each of the Committee meetings was held on 9 October 2007. Prior to that the various functions of the Committees were fulfilled by the Board acting as a whole.

The Audit Committee comprises Mr Crook, Mr Jimenez, Ms Musselbrook and Mr Varotsis. Only independent Directors will serve on the Audit Committee and members of the Committee shall have no links with the Company's Auditors. The Audit Committee will meet at least twice each year and will meet the Auditors at least once each year. The Audit Committee will be responsible for making recommendations to the Board on the appointment, reappointment or removal of the Auditors and their remuneration. The Committee will consider the independence and objectivity of the Auditors and will review any non-audit services that are to be provided by the Auditors. It will receive and review the Company's financial statements and the reports of the Investment Manager and the Auditors. The Committee will focus on ensuring that effective systems of internal financial and non-financial control are maintained and will work closely with the Company's third party service providers in this regard. As the Company's accounting functions are delegated to third parties, the Company does not have an internal audit function. The internal control environment of the Company is the product of control systems operated by its third party service providers, together with oversight exercised by the Audit Committee. To satisfy itself as to the existence and efficacy of material controls affecting the Company the Committee has sought certain comfort and explanations from key third party service providers. A review of controls is ongoing and is expected to be concluded before the first anniversary of the IPO closing. No non-audit services have been provided to the Company by the Auditors during the period. Certain non-audit services were provided to the Company in relation to its IPO by KPMG LLC, which is an affiliate of the Auditors.

The Nominations Committee comprises Mr Crook, Mr Jimenez, Ms Musselbrook and Mr Varotsis. Only independent Directors will serve on the Nominations Committee. The Committee shall meet once each year and will consider the size, structure and composition of the Board. The Committee will consider retirements, reappointments and appointments of additional or replacement Directors and will make recommendations to the Board in this respect. The initial terms of appointment for each of the Directors are two years, except for the Chairman who has been appointed for an initial term of three years.

The Remuneration Committee comprises Mr Crook, Mr Jimenez, Ms Musselbrook and Mr Varotsis. Only independent Directors will serve on the Remuneration Committee. The Committee will meet once each year to review the remuneration of the Directors and any employees of the Company and make recommendations to the Board in this respect. The approval of the Company's shareholders will be sought in respect of any proposed changes to the remuneration of the Directors.

The composition of the above Committees and their terms of reference will be kept under periodic review.

CORPORATE GOVERNANCE REPORT CONTINUED

ATTENDANCE

There were seven Board meetings held during the period from 31 October 2006 to 31 July 2007. The attendance record of each of the Directors was as follows:

	Number of attendances
P Crook	7
C Demain	6
C Jimenez	4
J Musselbrook	7
P Varotsis	7

The initial terms of appointment for each of the Directors are two years, except for the Chairman who has been appointed for an initial term of three years.

PERFORMANCE

The Chairman has reviewed the performance of each of the Directors and the Board as a whole, by conducting individual performance review meetings and presenting a report of his findings to the Board. This performance review was last conducted on 9 October 2007. The Chairman's report found the performance of the individual Directors and the Board as a whole over the review period to be entirely satisfactory.

The Directors, other than the Chairman, lead by the Senior Independent Director have reviewed the performance of the Chairman by group appraisal and presenting a report to the Board. This performance review was last conducted on 9 October 2007. The Senior Independent Director's report found the performance of the Chairman over the review period to be entirely satisfactory.

INVESTOR RELATIONS

The Board relies principally on the Investment Manager together with Citigroup and Goldman Sachs, as joint global coordinators of the Company's IPO, to keep it informed of shareholder sentiment and analysts' views. The Company also holds periodic investor calls in which members of the Board participate and which the Board subsequently discusses at its quarterly Board meetings. Shareholders are also able to contact the Company directly through its dedicated e-mail address or by correspondence sent to the Company Secretary.

DIRECTORS' REMUNERATION REPORT

Each of the Directors has signed a letter of appointment with the Company setting out the terms of their appointment. The Chairman receives an annual fee of €120,000. Each of the other Directors receives an annual fee of €60,000, in each case payable quarterly in equal instalments in arrears, plus in each case an additional fee of €10,000 per meeting for each of the first four meetings of the Board attended in person by such Director in any calendar year. Each Director receives 30% of his or her Director's fee in respect of any year in the form of newly issued shares at a per share price equal to the average per share closing price of the shares on Euronext Amsterdam over the 60 consecutive Euronext Amsterdam trading days preceding the date of issuance. The Directors are obliged to retain those shares for a period of no less than six months from their respective dates of issuance.

In addition to these fees, the Company reimburses all reasonable travel and other incidental expenses incurred by the Directors in the performance of their duties.

The total amounts for the Directors' remuneration for the period from 31 October 2006 to 31 July 2007 were as follows:

Director	Cash €	Shares €	Total €
P Crook	61,386	26,307	87,693
C Demain	58,692	25,154	83,846
C Jimenez	58,692	25,154	83,846
J Musselbrook	58,692	25,154	83,846
P Varotsis	58,692	25,154	83,846
Total Directors' remuneration	**296,154**	**126,923**	**423,077**

The share element of the Directors' remuneration, amounting to €126,923, was issued as follows:

Director	Shares issued during the period	Shares issued after the period end	Total
P Crook	1,836	1,154	2,990
C Demain	1,870	962	2,832
C Jimenez	1,870	962	2,832
J Musselbrook	1,870	962	2,832
P Varotsis	1,870	962	2,832
Total	**9,316**	**5,002**	**14,318**

The Directors continue to hold these shares and no disposals of shares have been made by the Directors to date.

All remuneration of the Directors was in the form of fees. There was no performance related compensation.

Peter G. Crook

PETER CROOK
CHAIRMAN
9 OCTOBER 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 1994 to 1996 (as amended). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF VOLTA FINANCE LIMITED

We have audited the Financial Statements of Volta Finance Limited for the period from incorporation, 31 October 2006, to 31 July 2007, which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the related Notes 1 to 23. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 64 of The Companies (Guernsey) Law, 1994. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable Guernsey Law and International Financial Reporting Standards as set out in the Statement of Directors' Responsibilities on page 20.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 1994. We also report to you if, in our opinion, the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

We read the other information accompanying the Financial Statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

OPINION

In our opinion the Financial Statements:

- give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Company's affairs as at 31 July 2007 and of the loss for the period from incorporation, 31 October 2006, to 31 July 2007; and
- have been properly prepared in accordance with The Companies (Guernsey) Law, 1994.

KPMG CHANNEL ISLANDS LIMITED
CHARTERED ACCOUNTANTS
GUERNSEY
16 OCTOBER 2007

INCOME STATEMENT

FOR THE PERIOD ENDED 31 JULY 2007

	Notes	31 October 2006 to 31 July 2007 €
INCOME:		
Deposit interest income	5	3,482,735
Interest income on investments	5	10,866,772
Income from derivative financial instruments	5	3,003,812
Unrealised foreign exchange gain on available-for-sale debt securities	4, 5	841,919
Net foreign exchange gain on other assets	4, 5	10,679
		18,205,917
EXPENDITURE:		
Legal fees		139,312
Audit fees	4	243,225
Investment management fees		2,503,966
Custodian fees		55,651
Administration and accountancy fees		262,610
Directors' remuneration	6	429,544
Insurance		23,772
Other operating expenses		32,274
Unrealised loss on derivative financial instruments	4, 5	9,653,670
Unrealised loss on financial assets at fair value through profit or loss	5	21,800,142
		35,144,166
LOSS FOR THE PERIOD		**(16,938,249)**
Loss per ordinary share		
Basic	8	(0.5645)
Diluted	8	(0.5645)

		Number of shares
Weighted average ordinary shares outstanding		
Basic	8	30,003,889
Diluted	8	30,003,889

The notes on pages 26 to 37 form part of these Financial Statements.

BALANCE SHEET
AS AT 31 JULY 2007

	Notes	31 July 2007 €
ASSETS		
Non-current assets		
Available-for-sale securities	9	119,741,762
Financial assets at fair value through profit or loss	10	46,920,000
Derivative financial instruments	13	523,110
Investment in Total Return Swap	12	61,073,220
		228,258,092
Current assets		
Trade and other receivables	14	3,276,911
Cash and cash equivalents	11	31,669,340
TOTAL ASSETS		**263,204,343**
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	16	—
Share premium	17	87,923
Warrants	17	1,410,000
Other distributable reserves	18	285,001,174
Net unrealised fair value movements on available-for-sale securities	18	(9,435,539)
Accumulated loss	18	(16,938,249)
TOTAL SHAREHOLDERS' EQUITY		**260,125,309**
LIABILITIES		
Current liabilities		
Trade and other payables	15	3,079,034
TOTAL EQUITY AND LIABILITIES		**263,204,343**
Net asset value per ordinary share outstanding		
Basic		€8.6681
Diluted		€8.6681

These financial statements on pages 22 to 37 were approved by the Board of Directors on 9 October 2007 and were signed on its behalf by:

PETER CROOK
CHAIRMAN

CHRISTIAN JIMENEZ
SENIOR INDEPENDENT DIRECTOR

The notes on pages 26 to 37 form part of these Financial Statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD ENDED 31 JULY 2007

	Notes	Ordinary shares €	Share premium €	Warrants €	Other distributable reserves €	Accumulated loss €	Available-for-sale securities unrealised losses €	Total €
Issue of ordinary shares on incorporation	17	—	20	—	—	—	—	20
Issue of Class B share prior to IPO	17	—	10	—	—	—	—	10
Repurchase of ordinary shares post IPO	17	—	(20)	—	—	—	—	(20)
Issue of ordinary shares on IPO	17	—	300,000,000	—	—	—	—	300,000,000
Value of Warrants issued on IPO	17	—	—	1,410,000	—	—	—	1,410,000
IPO issue costs (including value of Warrants)	17	—	(14,998,836)	—	—	—	—	(14,998,836)
Cancellation of share premium account	17	—	(285,001,174)	—	285,001,174	—	—	—
Net unrealised loss on available-for-sale securities	5	—	—	—	—	—	(9,435,539)	(9,435,539)
Issue of ordinary shares to Directors	17	—	87,923	—	—	—	—	87,923
Net loss for the period	18	—	—	—	—	(16,938,249)	—	(16,938,249)
Balance at 31 July 2007		**—**	**87,923**	**1,410,000**	**285,001,174**	**(16,938,249)**	**(9,435,539)**	**260,125,309**

The notes on pages 26 to 37 form part of these Financial Statements.

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JULY 2007

	Notes	31 October 2006 to 31 July 2007 €
Cash flows from operating activities		
Cash generated from operations	20	4,953,592
Cash flows from investing activities		
Purchase of investments		(201,553,885)
Coupons/interest received		13,108,468
Amount placed on deposit as collateral under the TRS		(71,250,000)
Net cash used in investing activities		**(259,695,417)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares during the period		300,000,000
IPO issue costs		(13,588,835)
Net cash generated from financing activities		**286,411,165**
Net increase in cash and cash equivalents		31,669,340
Cash and cash equivalents at beginning of the period		—
Cash and cash equivalents at end of the period	11	**31,669,340**

CASH GENERATED FROM OPERATIONS
Cash generated from operations for the period of €4,953,592 includes the following interest receipts:

	31 October 2006 to 31 July 2007 €
Deposit interest	2,178,658
Collateral interest	1,109,667

The notes on pages 26 to 37 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 2007

1. REPORTING ENTITY

The Company was registered on 31 October 2006 with registered number 45747. The Company is a closed-ended limited liability Company registered in Guernsey under the Companies (Guernsey) Laws, 1994 to 1996 (as amended). The Company's IPO closed on 20 December 2006 and its shares are listed on Euronext Amsterdam. The registered office of the Company is Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 6HJ, Channel Islands.

As of July 2007 the principal activities of the Company are investing in a diversified portfolio of mortgage-backed and other asset-backed securities, loans and equity instruments. Subject to the risk factors described in the Prospectus, the Company's investment objective is to preserve capital and provide a stable stream of income to shareholders through dividends that it expects to distribute on a semi-annual basis. It seeks to attain its investment objectives by pursuing a multi-asset class investment strategy. There can be no assurance that the Company will achieve its investment objectives. The strategy focuses on direct and indirect investment in and exposures to a variety of assets selected for the purpose of generating overall stable and predictable cash flows for the Company. The Company's basic approach to investment in these Primary Underlying Assets is to invest in vehicles and arrangements that essentially provide leveraged exposure to portfolios of Primary Underlying Assets.

The initial portfolio of assets (excluding the TRS) was purchased under warehousing agreements entered into with Citigroup Global Markets Limited and Wachovia Capital Markets LLC (the "Warehousing Banks"). Under the warehousing agreements the Warehousing Banks assembled certain asset-backed securities and residual CDO interests. These securities were then purchased by the Company at the closing date via forward purchase agreements.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

The Directors of the Company have chosen not to present quarterly financial statements. Semi-annual unaudited financial statements are prepared in addition to annual audited financial statements.

2. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee.

Applicable new standards and interpretations not yet effective

In August 2005, the IASB issued IFRS 7 – "Financial Instruments: Disclosure" which became effective for periods starting on or after 1 January 2007. The standard requires disclosures about the significance of financial instruments for an entity's financial position and performance. These disclosures incorporate many of the requirements of IAS 32 – "Financial Instruments: Disclosure and Presentation". IFRS 7 also requires information about the extent to which the entity is exposed to risks arising from financial instruments, and a description of management's objectives, policies and processes for managing those risks. The Company will apply IFRS 7 for its accounting period commencing 1 August 2007.

In August 2005, the IASB issued amendments to IAS 1 – "Presentation of Financial Statements – Capital Disclosures" which becomes effective for periods starting on or after 1 January 2007. The standard requires disclosures about the entity's objectives, policies and processes for managing capital. The Company will apply the amendments to IAS 1 for its accounting period commencing 1 August 2007.

B) BASIS OF MEASUREMENT

These financial statements have been prepared on a historical cost basis except for the following:

- Derivative financial instruments are measured at fair value, with movements in fair value being recognised in the Income Statement.
- Available-for-sale financial assets are measured at fair values, with movements in fair value being taken directly to equity.
- Financial instruments designated at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in Note 3 – Determination of fair values and also on pages 12 and 13 of the Annual Report.
- The methods used to measure fair value are further disclosed in Note 3. All other financial instruments are measured at amortised cost.

C) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Euros, which is the Company's functional and presentation currency.

D) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a semi-annual basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. BASIS OF PREPARATION CONTINUED

E) FOREIGN CURRENCIES

Transactions in foreign currencies, other than Euro, are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign currency closing exchange rate ruling at the balance sheet date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Income Statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Euro at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency differences arising on retranslation are recognised in the Income Statement, except for differences arising on the retranslation of available-for-sale equity securities which are recognised directly in equity.

F) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognised on the Company's Balance Sheet when the Company becomes party to the contractual provisions of a given instrument.

Regular way purchases and sales of financial instruments are recognised on the trade date. Gains and losses are recognised from that date.

Financial assets are derecognised when the contractual rights to cash flows from the assets expire or the Company transfers the financial assets and substantially all of the risks and rewards of ownership have been transferred.

Financial liabilities are derecognised when the liabilities are extinguished.

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash comprises cash balances and call deposits with banks. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents also comprise amounts placed on deposit as collateral under the Total Return Swap.

Available-for-sale financial assets

The Company's investments in equity and certain debt securities are classified as available-for-sale financial assets. Available-for-sale financial assets are measured initially at fair value plus transaction costs that are directly attributable to the acquisition of the asset. Subsequent to initial recognition they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the host contract contains one or more embedded derivatives as permitted by IAS 39 – "Financial Instruments: Recognition and Measurement". Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

(ii) Derivative financial instruments

The Company holds derivative financial instruments to minimise its exposure to foreign exchange, interest rate and market risks as well as for economic leveraging. Derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in the Income Statement.

The fair value of the Forward Exchange Contracts is measured as their quoted market price at the balance sheet date, being the present value of their quoted forward price. The fair value of the TRS is provided by the Swap Counterparty (Bank of America, NA), using the mark-to-market valuations of the underlying assets. Financial assets and liabilities are offset and the net amount is reported within assets and liabilities where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(iii) Embedded derivatives

Embedded derivatives in financial instruments and other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contracts are not carried at fair value with unrealised gains and losses reported in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD ENDED 31 JULY 2007

2. BASIS OF PREPARATION CONTINUED

G) SHARE CAPITAL

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction in equity, net of any tax effects. The initial set up costs of the Company and the expenses directly relating to the IPO have been charged to the share premium account.

H) IMPAIRMENT

A financial asset is assessed on a semi-annual basis to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the original effective rate. An impairment loss in relation to an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss. Any cumulative loss in respect of an available-for-sale financial assets previously recognised in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

I) PROVISIONS

A provision is recognised if, as a result of a past event, the Company has a legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to that liability.

J) REVENUE AND EXPENSES

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Expenses are accounted for on an accruals basis.

K) FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposals of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method. Dividend income is recognised in the Income Statement on the date the Company's right to receive payments is established which is usually the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of discounts on provisions, changes in the fair value of financial assets held at fair value through profit or loss, realised losses on disposal of available-for-sale securities and financial assets held at fair value through profit or loss and impairment losses recognised on financial assets.

Foreign currency gains and losses are reported in the Income Statement on a net basis.

L) EARNINGS PER SHARE

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The diluted EPS is calculated by adjusting the profit or loss attributable to ordinary shareholders for the effects of all dilutive potential ordinary shares, which comprise the Warrants issued to the Investment Manager. For further details please see Note 8.

M) TRANSACTION COSTS

Expenses incurred by the Company that are directly attributable to its Initial Public Offering ("IPO") have been charged directly to the share premium account. Share options granted at formation to the Investment Manager have been treated as an expense on the basis that they were granted as a fee for services performed by the Investment Manager in the course of the Offer process.

N) TAXATION

The Company is classified as exempt for taxation purposes under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and as such incurs a flat fee (presently £600 per annum). No other taxes are incurred in Guernsey.

O) DIVIDENDS PAYABLE

Dividends payable on ordinary shares are recognised in the Statement of Changes in Shareholders' Equity when approved by the shareholders.

Dividends are payable out of the Company's distributable reserves available in accordance with the Companies (Guernsey) Laws, 1994 to 1996 (as amended). Incentive fees are calculated with reference to Distribution Income.

On 9 November 2006 the Company adopted a resolution cancelling the amount standing to the share premium account immediately following closing of the IPO and crediting such amount to distributable reserves.

Dividends are determined on a semi-annual basis with reference to Distribution Income rather than IFRS profits/losses.

2. BASIS OF PREPARATION CONTINUED

P) DISTRIBUTION INCOME

The full definition of Distribution Income may be found in the Company's Prospectus and is reproduced on page 38. The calculation of Distribution Income for the period can be found on page 38.

Q) OFFSETTING

Financial assets and liabilities are offset and the net amount is reported within assets and liabilities where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair values for financial assets and liabilities. Fair values have been determined and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The Company's policy on portfolio valuation is set out on pages 12 and 13.

Financial assets for which quoted prices are available from a third party in a liquid market are valued monthly on the basis of quoted market prices. In this regard an external pricing service may be the source of the price quotations.

In the case of investments where the fair value of the investment can be readily ascertained with reference to the market values of liquid underlying assets (as for the TRS), the counterparty or sponsor will provide the valuation of the investment position using the mark-to-market valuations of the underlying assets (minus where applicable, the investment's internal funding or other liabilities).

For illiquid assets, the method of valuation depends on the nature of the asset. Where a financial asset involves an arranging bank that provides valuations on a monthly basis together with its related main valuation assumptions, the valuation is sourced from such arranging bank. In many cases, the arranging bank determines the valuation based on pricing models, which may or may not produce values that correspond to the prices that the Company could obtain if it sought to liquidate such positions. Such pricing models generally involve a number of valuation assumptions, many of which are based on subjective judgements.

Where a financial asset does not involve an arranging bank or if an arranging bank is unwilling to provide valuations and related main valuation assumptions on a monthly basis, the Investment Manager will provide a monthly valuation based on a pricing model. In the case of infrastructure assets, a discounted cash flow method will be used.

When and where required, third parties have reviewed these assumptions and valuations as of 31 July 2007 and have concluded that they were fair and reasonable.

The fair value of non-derivative financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

4. LOSS FOR THE PERIOD

The loss for the period of €16,938,249 is stated after charging:

	31 October 2006 to 31 July 2007 €
Unrealised foreign exchange gain on available-for-sale debt securities	841,919
Realised foreign exchange gain	10,679
Unrealised loss on derivative financial instruments	9,653,670
Auditors' remuneration for audit services	243,225

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD ENDED 31 JULY 2007

5. FINANCE INCOME AND EXPENSE

RECOGNISED IN PROFIT OR LOSS

	31 October 2006 to 31 July 2007 €
Deposit interest income	3,482,735
Interest income on investments	10,866,772
Income from derivative financial instruments	3,003,812
Unrealised foreign exchange gain on available-for-sale debt securities	841,919
Net foreign exchange gain	10,679
Finance income	**18,205,917**
Unrealised loss on derivatives financial instruments	(9,653,670)
Unrealised loss on financial assets at fair value through profit or loss	(21,800,142)
Finance expense	**(31,453,812)**
Net finance expense recognised in profit or loss	**(13,247,895)**

RECOGNISED DIRECTLY IN EQUITY

Net change in fair value of available-for-sale financial assets	(9,435,539)
Net finance expense recognised directly in equity	**(9,435,539)**

6. DIRECTORS' REMUNERATION

	31 October 2006 to 31 July 2007 €
Directors' fees (cash element)	296,154
Directors' fees (equity element, settled during the period)	87,923
Directors' fees (equity element, settled after the period end)	39,000
Directors' expenses	6,467
	429,544

7. DIVIDENDS

	31 October 2006 to 31 July 2007 €
Recommended final dividend for the period ended 31 July 2007 of €0.40 per share	**12,003,726**

The recommended final dividend for the period ended 31 July 2007 has not been included as a liability in these financial statements.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following information:

	31 July 2007 €
Loss for the purposes of basic loss per share being net loss attributable to equity holders	**(16,938,249)**

	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	30,003,889
Dilutive effect of ordinary shares subject to Warrants	—
Warrants (exercisable at €10 per share)	—
Weighted average number of ordinary shares for the purposes of diluted loss per share	**30,003,889**

The average market price, based on closing prices quoted on Euronext Amsterdam, for one ordinary share during the period from first listing to 31 July 2007 was €9.23.

9. AVAILABLE-FOR-SALE SECURITIES

	€	31 October 2006 31 July 2007 Unrealised losses €	31 July 2007 Fair value €
Available-for-sale debt securities (amortised cost basis)			
Corporate credits	9,904,616	(991,540)	8,913,076
CDO assets	50,489,758	(4,453,672)	46,036,086
ABS assets	66,502,252	(3,460,754)	63,041,498
	126,896,626	(8,905,966)	117,990,660
Available-for-sale equity securities (cost)			
Equity instrument (CDO)	2,280,675	(529,573)	1,751,102
Total available-for-sale securities	129,177,301	(9,435,539)	119,741,762

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As noted above, financial instruments are designated at fair value through profit or loss if the host contract contains one or more embedded derivatives as permitted by IAS 39 – "Financial Instruments: Recognition and Measurement". Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Financial assets at fair value through profit or loss	31 October 2006 31 July 2007 €
Purchases at cost	**69,000,000**
Coupons received	(3,384,761)
Interest income	3,104,903
Unrealised movement in fair value	(21,800,142)
Fair value as at 31 July 2007	**46,920,000**

11. CASH AND CASH EQUIVALENTS

	31 July 2007 €
Deposit accounts	31,669,340

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short-term highly-liquid investments with a maturity of three months or less.

12. INVESTMENT IN TOTAL RETURN SWAP

	31 July 2007 €
Collateral posted with Deutsche Bank	15,750,000
Collateral posted with Bank of America	55,500,000
Fair value of the TRS	(10,176,780)
	61,073,220

The Company has placed €71,250,000 on deposit with Deutsche Bank and Bank of America (the "Swap Counterparty") as collateral. The fair value of the TRS as at 31 July 2007 has been netted off the collateral balance as the Company is bound, when amounts are due and payable, by a legally enforceable right to set off the recognised amounts under the TRS confirmation (The "TRS Agreement") and the Company has an intention to settle on a net basis and realise the asset and settle the liability simultaneously.

Financial assets and liabilities are offset and the net amount is reported within assets and liabilities where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The purpose of the TRS is to provide exposure on a leveraged basis to a diversified pool of leveraged loans (including senior secured, second lien and mezzanine loans) selected by the Investment Manager. The amount of collateral posted under the TRS is dependent on the size of the portfolio and the proportion of senior secured, second lien and mezzanine loans making up the portfolio.

Payments under the TRS are made monthly. On each payment date, the Swap Counterparty pays the Company an amount representing the return on the referenced loans underlying the TRS, realised capital appreciation arising from the sale of any underlying assets and the repayment or prepayment of underlying loans. The Company pays the Swap Counterparty an amount comprising the floating rate interest calculated by reference to the aggregate notional amount of the referenced loans, any fees and expenses incurred by the Swap Counterparty in respect of the transaction, deferred payments and any realised capital depreciation. Only the net amount due between the Company and the Swap Counterparty is payable or accrued on each payment date.

Leverage	31 July 2007
Market value of the investments under the TRS	€340,840,935
Collateral posted with the Swap Counterparty	€71,250,000
Leverage	4.78%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD ENDED 31 JULY 2007

13. NON-CURRENT ASSETS – DERIVATIVE FINANCIAL INSTRUMENTS

	31 July 2007 €
Forward exchange contracts	**523,110**

Forward exchange contracts are classified as non-current derivative financial instruments as the contracts have maturities of between one and five years from the balance sheet date.

14. TRADE AND OTHER RECEIVABLES

	31 July 2007 €
Accrued interest receivable	194,409
Accrued effective interest on available-for-sale securities	2,256,674
Derivative income receivable	825,828
	3,276,911

15. TRADE AND OTHER PAYABLES

	31 July 2007 €
Investment management fees	2,503,967
Directors' fees (cash payable)	81,000
Directors' fees (shares payable)	39,000
Directors' expenses	2,000
Accrued expenses and other payables	453,067
	3,079,034

16. SHARE CAPITAL

AUTHORISED:

	31 July 2007 Number of shares
Ordinary shares of no par value each	unlimited
Class B convertible ordinary share of no par value	1
Class C non-voting convertible ordinary shares of no par value each	unlimited

The authorised share capital of the Company comprises an unlimited number of voting, non-convertible ordinary shares with no par value each, a single voting, convertible Class B share of no par value and an unlimited number of non-voting convertible Class C shares of no par value each.

ISSUED AND FULLY PAID:

	Ordinary number of shares	B share number of shares	C shares number of shares	Warrants number of shares
Issued on incorporation	2	—	—	—
Issued during the period	30,000,000	1	—	3,000,000
Issued to Directors during the period	9,316	—	—	—
Repurchased during the period	(2)	—	—	—
Balance at 31 July 2007	**30,009,316**	**1**	**—**	**3,000,000**

The initial public offering of ordinary shares on 20 December 2006 was priced at €10 per share.

The first issue of shares to Directors was priced at €9.49 per share and the second issue was priced at €9.37 per share.

The Class B share is identical in all respects to the Company's other shares, except that it will entitle the holder of the Class B share (an affiliate of AXA S.A.) to elect a single Director to the Company's Board of Directors. At such time as the holdings of the AXA Group investors decline to less than 5% of the Company's equity capitalisation (with the Class B share and the other issued and outstanding ordinary shares taken together), the Class B share shall be converted to an ordinary share.

17. SHARE PREMIUM ACCOUNT:

	Ordinary €	B share €	C shares €	Warrants €
Issued on incorporation	20	—	—	—
Issued during the period	300,000,000	10	—	1,410,000
Issued to Directors during the period	87,923	—	—	—
Repurchased during the period	(20)	—	—	—
IPO direct costs and expenses	(14,998,836)	—	—	—
Transfer to distributable reserves	(285,001,164)	(10)	—	—
Balance at 31 July 2007	**87,923**	—	—	**1,410,000**

The balance on the share premium account was transferred to distributable reserve on the 26 January 2007, following approval by the Guernsey Royal Court. This reserve is available as a source of funds for dividends.

WARRANTS:

	2007
Number of Warrants issued at IPO (1:1 exercisable for C shares)	3,000,000
Value of Warrants at IPO	€1,410,000
Exercise price	€10
Exercise period – start date	01/12/2008
Exercise period – end date	31/12/2016
Closing price of ordinary shares at period end	€7.75
Theoretical value per Warrant if exercised at period end	—
Dilutive effect of Warrants	—

The Warrants were issued to the Investment Manager upon closing of the IPO. The Warrants give the Investment Manager the right to acquire an amount of Class C shares equivalent to 10% of the number of shares in issue immediately following the closing, at an exercise price per share equal to the offer price of €10 per share.

The Warrants will become exercisable after 30 November 2008. They will cease to be exercisable after 31 December 2016.

18. RESERVES

	Accumulated loss €	Other distributable reserves €	Unrealised losses €
Loss for the period	(16,938,249)	—	—
Transfer from share premium account	—	285,001,174	—
Net unrealised fair value movement on available-for-sale securities	—	—	(9,435,539)
	(16,938,249)	**285,001,174**	**(9,435,539)**

19. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. Below is a non-exhaustive summary of the risks that the Company is exposed to as a result of its use of financial instruments:

MARKET RISK

Market risk is the risk of changes in market prices, such as foreign exchange rates and equity prices, affecting the Company's income and/or the value of its holdings in financial instruments.

The Company's exposure to market risk comes mainly from movements in the value of its investments. Changes in credit spreads may affect the Company's net equity or net income directly through their impact on unrealised gains or losses on investments within the portfolio, and therefore the Company's ability to make gains on such investments, or indirectly through their impact on the Company's ability to borrow and access capital (and its cost of capital).

INTEREST RATE RISK

To the extent the Company incurs indebtedness, as well as its exposure created by the TRS, changes in interest rates can affect the Company's net interest income, which is the difference between the interest income earned on interest-earning investments and the interest expense incurred on interest-bearing liabilities. Changes in the level of interest rates can also affect, among other things, the Company's ability to acquire loans and investments, the value of its investments and the Company's ability to realise gains from the settlement of such assets.

The Company may enter into hedging transactions for the purposes of efficient portfolio management, where appropriate, to protect its investment portfolio from interest rate fluctuations. These instruments may be used to hedge as much of the interest rate risk as the Investment Manager determines is in the best interests of the Company, given the cost of such hedges. The Company may bear a level of interest rate risk that could otherwise be hedged when the Investment Manager believes, based on all relevant facts, that bearing such risks is advisable.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD ENDED 31 JULY 2007

19. FINANCIAL RISK MANAGEMENT CONTINUED

INTEREST RATE RISK CONTINUED

Interest rate profile as at 31 July 2007

	Interest charging	Effective interest rate %	Amount €
Financial assets:			
Cash and cash equivalents:			
Euro deposit accounts	Floating	Eonia – 25bp	29,025,313
USD deposit accounts	Floating	Libor USD Overnight – 25bp	803,604
GBP deposit accounts	Floating	SONIA Overnight – 40bp	1,840,423
			31,669,340
Available-for-sale securities:			
AFS (denominated in Euro)	Fixed	11.44%	27,017,910
AFS (denominated in USD)	Fixed	13.15%	41,151,964
AFS (denominated in GBP)	Fixed	12.51%	51,571,888
			119,741,762
Financial assets at fair value through profit or loss (EUR)	Floating	6 month Euribor + 12.77%	46,920,000
Collateral (EUR)	Floating	Eonia	71,250,000
Investment in TRS (EUR)	Fixed	9.67%	(10,176,780)
Trade and other receivables	Non-interest bearing	n/a	3,276,911
Derivative contracts	Non-interest bearing	n/a	523,110
			263,204,343
Financial liabilities:			
Trade and other payables	Non-interest bearing	n/a	(3,079,034)
			(3,079,034)

CURRENCY RISK

The Company's accounts are denominated in Euro while investments are made and realised in both Euro and other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments. A change in foreign currency exchange rates may adversely impact returns on the Company's non-euro-denominated investments. The Company's principal non-euro currency exposures are expected to be the US Dollar and pound Sterling, but this may change over time.

The Company's policy is to hedge currency risk on an asset by asset basis and also, where the Investment Manager considers appropriate, on an overall portfolio basis. The Company may bear a level of currency risk that could otherwise be hedged where the Investment Manager considers that bearing such risks is advisable. The Investment Manager has put in place arrangements to hedge into Euro certain US Dollar and pound Sterling exposures associated with the US Dollar-denominated CDO residual interests and pound Sterling denominated residuals of asset-backed securities.

Currency rate risk profile as at 31 July 2007:

	Denominated in Euro €	Denominated in USD €	Denominated in GBP €
Investments:			
Available-for-sale debt securities	27,017,910	39,400,862	51,571,888
Financial assets at fair value through profit or loss	46,920,000	—	—
Available-for-sale equity securities	—	1,751,102	—
	73,937,910	41,151,964	51,571,888
Cash and cash equivalents:	29,025,313	803,604	1,840,423
Investment in TRS	61,073,220	—	—
Trade and other receivables	1,682,347	1,004,504	590,060
Trade and other payables	(2,963,534)	—	(115,500)
Derivative contracts	—	(53,746,768)	(58,549,889)

The following foreign exchange forward contracts were unsettled as at 31 July 2007:

Amount bought €	Amount sold ccy	Number of positions	Unrealised gain/(loss) €
53,944,770	USD 73,401,961	12	885,702
56,261,009	GBP 39,509,465	6	(362,366)
66,864	CHF 110,457	1	(224)
4,121	SEK 38,025	1	(2)
			523,110

19. FINANCIAL RISK MANAGEMENT CONTINUED

CREDIT RISK (INCLUDING COUNTERPARTY RISK)

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk with respect to its investments. The Company and its Investment Manager seeks to mitigate credit risk by actively monitoring the Company's portfolio of investments and the underlying credit quality of its holdings. The Company's multi-asset class investment strategy is founded on limiting credit risk by pursuing Primary Target Asset Classes that generate streams of cash flows from underlying payors having, in the aggregate, diverse characteristics and/or low default rates and/or high recovery rates and/or granularity.

The Company invests in total return swaps, credit default swaps and other derivatives with various financial institution counterparties for purposes of securing investment exposure to portfolios of diverse underlying reference obligations. The Company is exposed to counterparty credit risk in respect of these transactions and the Investment Manager employs various techniques to limit actual counterparty credit risk.

The Company may have more than 20% of its gross assets invested in the instruments of one or more special purpose vehicles. The Company's investment guidelines establish criteria for synthetic arrangements entered into by the Company, and require specific Board approval for investments in excess of certain limits. Those criteria, and Board approval for synthetic arrangements, are intended to limit the investment risk of the Company. Shareholders should, however, be prepared to bear the risks of direct and indirect investment in special purpose structured finance vehicles and arrangements, which often involve reliance on techniques intended to achieve bankruptcy remoteness and protection through security arrangements that may not function as intended in unexpected scenarios.

RISK RELATING TO DERIVATIVES

The Company's transactions using derivative instruments and any credit default or total return swap arrangements or other synthetic investments entered into by the Company or any of its funding vehicles may involve certain additional risks, including counterparty credit risk. Moreover, as referred to in the preceding paragraph, the Company has established criteria for synthetic arrangements that are intended to limit its investment risk. Certain derivative transactions into which the Company may enter may be sophisticated and innovative, and as a consequence may involve tax or other risks that may be misjudged.

CONCENTRATION RISK

The Company may be exposed at any given time to any one industry, region, country or any given services or asset manager (in addition to the Investment Manager) and may therefore be exposed to a degree of concentration risk. The Company mitigates this risk by monitoring the concentration of its portfolio from time to time and rebalancing its investment portfolio accordingly, although there can be no assurance that it will succeed. As noted above, the Company faces counterparty concentration risk from synthetic arrangements.

REINVESTMENT RISK

Some of the Company's investments (e.g. ABS (including mortgage-backed securities) and leveraged loans) may be particularly sensitive to the interest rate environment, with a general decline in prevailing rates of interest tending to promote faster rates of repayment of fixed-rate obligations. Unexpected accelerations in the rate of repayments can cause the value of such investments to decline, and may leave the Company with excess cash to reinvest in a low interest rate environment. One virtue of having a multi-asset class strategy is that the flexibility exists to reallocate among asset classes in such cases.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company may face liquidity risks. Most of the assets in which the Company intends to invest are relatively illiquid. Changes in market sentiment may make portions of the Company's investment portfolio rapidly less liquid, particularly with regard to types of assets for which there is not a broad, well established trading market. Portfolio issuers and borrowers may experience changes in circumstance that adversely affect their liquidity, leading to interruptions in cash flows. The Company can seek to manage liquidity needs by borrowing, but turns in market sentiment may make credit expensive or unavailable. Liquidity may also be addressed by selling the more liquid assets in the Company's portfolio, but selling those assets first may not, in some circumstances, be advantageous for the Company.

MATURITY PROFILE

The tables below show the maturity of the current borrowings under the facilities, rather than the maturity over the whole life of the facilities and the expected maturity of the securities, rather than the legal maturity date.

Maturity profile as at 31 July 2007:

	Within one year €	One to five years €	Over five years €
Financial assets:			
Cash and cash equivalents	31,669,340	—	—
Available-for-sale securities	—	—	119,741,762
Financial assets at fair value through profit and loss	—	—	46,920,000
Investment in TRS	—	61,073,220	—
Derivative contracts	72,525	450,585	—
Trade and other receivables	3,276,911	—	—
	35,018,776	61,523,805	166,661,762
Financial liabilities:			
Trade and other payables	3,079,034	—	—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD ENDED 31 JULY 2007

19. FINANCIAL RISK MANAGEMENT CONTINUED

RISKS RELATING TO LEVERAGED EXPOSURE

The Company's investment strategy involves a high degree of exposure to the risks of leverage. Investors in the shares must accept and be able to bear the risk of investment in a highly-leveraged investment portfolio. In some cases, the Company may be party to various loan, repurchase and other financing and investment agreements that contain representations, warranties and covenants of various kinds. The arrangements may also contain financial covenants that could, among other things, require the Company to maintain certain financial ratios. If the Company breaches covenants under financing or investment agreements, it could be forced to sell assets or experience other disadvantages.

VALUATION RISK

The markets for many of the Company's investments, including residual income positions, are illiquid. Accordingly, many of the Company's investments are or will be illiquid. In periods of market uncertainty or distress, the markets for the Company's investments may become increasingly illiquid or even cease to function effectively for a period of time. In addition, investments that the Company may purchase in privately negotiated (also called ""over the counter'' or ""OTC'') transactions may not be registered under relevant securities laws or otherwise may not be freely tradable, rendering them less liquid than other investments. Tax or other attributes of securities or loans in which the Company invests may make them attractive to only a limited range of investors. There may also be contractual or other restrictions on transfers of the Company's investments. As a result of these and other factors, the Company's ability to vary its portfolio in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited and the Company may be forced to hold investments for an indefinite period of time or until the maturity or early redemption thereof.

Furthermore, where the Company acquires investments for which there is not a readily available market, the Company's ability to obtain reliable information about the resale value of such investment or risks to which such investment is exposed may be limited. Illiquidity contributes to uncertainty about the values ascribed to investments when net asset value determinations are made, which can cause those determinations to vary from amounts that could be realised if the Company were to seek to liquidate its investments.

Although the Company and its agents are able to refer to reported over-the-counter trading prices and bid/offer prices from brokers when valuing its more liquid investments, such as widely-held investment grade debt, for other investments (such as residual interests in CDOs and other asset-backed securities) the Company's pricing sources frequently need to rely on financial pricing models based on assumptions concerning a number of variables, some of which involve subjective judgements and may not be uniform.

20. CASH GENERATED FROM OPERATIONS

	31 October 2006 31 July 2007 €
Profit for the period	(16,938,249)
Adjustments for:	
Effective interest income	(10,866,772)
Unrealised loss on derivatives	9,653,670
Unrealised loss on financial assets at fair value through profit or loss	21,800,142
Unrealised foreign exchange gain of available-for-sale securities	(841,919)
Increase in trade and other receivables	(1,020,237)
Increase in trade and other payables	3,040,034
Directors' fees paid in the form of shares	126,923
CASH GENERATED FROM OPERATIONS	**4,953,592**

21. RELATED PARTY DISCLOSURE

TRANSACTIONS WITH DIRECTORS AND THE INVESTMENT MANAGER

For disclosure of Directors' remuneration, please see Note 6 and the Directors' Remuneration Report. As at the period end, Directors' fees to be paid in cash of €81,000 had been accrued but not paid. Directors' fees to be paid in shares of €39,000 had been accrued but not paid and Directors' expenses of €2,000 had been accrued but not paid.

As at 31 July 2007, the Directors of the Company controlled 0.03% of the voting shares of the Company. A number of the key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The terms and conditions of any transactions with key management personnel and their related parties are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Under the Investment Management Agreement the Investment Manager is entitled to receive a management fee from the Company at a rate of 1.5% per annum of the portion of the Company's Net Asset Value that is less than €200,000,000, and 1.75% per annum on the portion of the Net Asset Value that is greater or equal to €200,000,000, calculated for each six month period ending on 31 July and 31 January each year on the basis of the Company's Net Asset Value at the end of the preceding period and payable semi-annually in arrears. For this first period, the relevant Net Asset Value is taken as the IPO proceeds.

During the period the management fees accrued were €2,503,966. The total fees accrued were outstanding as at 31 July 2007.

Under the terms of the Investment Management Agreement, the Investment Manager is also entitled to an incentive fee, which is payable in arrears in respect of each semi-annual period ending 31 July and 31 January. The incentive fee is dependent on the Company's performance. During the period there were no incentive fees accrued.

22. COMMITMENTS

The Company has entered into a Subscription Agreement with Tennenbaum Opportunities Fund V ("Tennenbaum"). Under the Subscription Agreement the Company has agreed to purchase US$15m of the LP interest prior to 31 August 2009 (the "Subscription Period") and has agreed to make capital contributions as specified by Tennenbaum from time to time on multiple drawdown dates. As at 31 July 2007, the Company had made capital contributions of US$3,000,000 and therefore there was a commitment to make further capital contributions of US$12,000,000 before 31 August 2009.

23. POST BALANCE SHEET EVENTS

Subsequent to the period end, the Company has purchased the following assets:

Tennenbaum Opportunities Fund V: (€1,500,000 capital contribution)	(1 August 2007)
Tennenbaum Opportunities Fund V: (€3,000,000 capital contribution)	(31 August 2007)
RMAC 07 – MERCs and Residuals: ABS (£6,191,938 nominal value)	(3 October 2007)

DISTRIBUTION INCOME CALCULATION

FOR THE PERIOD ENDED 31 JULY 2007

Distribution Income is a non-IFRS financial measure that has been devised to express the Company's intentions with respect to the distribution of dividends. Other companies may define Distribution Income or similar terms differently.

The calculation of Distribution Income for the period is set out below. The full definition of Distribution Income, as stated in the Company's Prospectus, together with certain related information, is reproduced below for ease of reference.

CALCULATION

	31 October 2006 to 31 July 2007 €
Net IFRS loss per the Income Statement	**(16,938,249)**
Less: impairment losses on available-for-sale securities in excess of carrying value on an amortised cost basis	—
Less: gains/(losses) other than those equivalent to interest income via derivatives	31,023,691
Less: income attributable to impaired assets in excess of income on amortised cost basis	—
Less: foreign exchange and other hedging gains/(losses)	(318)
Distribution Income	**14,085,124**

OBJECTIVES

The net income of the Company established under IFRS, amongst other items, takes into account gains and losses arising on the disposal of investments, gains and losses arising on the revaluation of investments classified as being held at fair value through the Income Statement (including derivative financial instruments), and losses due to the impairment of investments. It also includes foreign exchange gains and losses in respect of these items. The Company obtains its exposure to certain classes of investments through the use of derivative financial instruments. In accordance with IFRS, changes in the fair value of such instruments are included in the Company's Income Statement.

Given the nature of the Company's investments and its investment objectives, the Board has concluded that, in determining the amount of distributable income in respect of these items, it should take into account: (i) changes in the fair value of derivative positions that it determines should be characterised as interest; (ii) both (a) losses arising on the disposal of investments and (b) unrealised losses and impairment losses, but only to the extent that such losses are in the Board's view representative of a decrease in the cash flows expected to be received from the investment, and not for example attributable to increases in market interest rates; and (iii) for assets where the cash flows are hedged, any portion of gain or loss (realised or unrealised) on the related hedging instrument insofar as such gain or loss relates to interest income or any impairment loss on the asset.

DEFINITION

Distribution Income will be, for any relevant calculation period, based on the net income reported in the Company's Income Statement prepared in accordance with IFRS but will exclude:

- *any impairment losses (whether on assets held by the Company or its subsidiaries or included in changes in the fair value of related derivative financial instruments) in excess of the impairment losses which would have been recorded had the carrying value of the assets in question been calculated to equal the present value of the expected cash flows using a discount rate equal to the original effective interest rate on the relevant asset (i.e. on an amortised cost basis);*
- *realised and unrealised gains other than (i) gains that are determined to represent interest income on underlying investments that the Company holds through derivative financial instruments or equivalent to interest income on the derivative financial instruments themselves, and (ii) such other gains as the Board may from time to time, in its discretion decide to distribute to shareholders, provided that, if the Board decides to include any unrealised gain with respect to any asset in Distribution Income for any Incentive Period, (x) the Incentive Fee otherwise payable to the Investment Manager in that Incentive Period with respect to the contribution of such unrealised gain to the Distribution Income shall be placed by the Company into a segregated trust account established for that purpose and (y) to the extent that any portion of such unrealised gain is realised for any subsequent Incentive Period, (1) such portion of the gain so realised shall be excluded from Distribution Income for that subsequent Incentive Period, but (2) the deferred Incentive Fee relating to such portion of the gain so realised shall be released to the Investment Manager (even in the event that an Incentive Fee is not otherwise payable in respect of that subsequent Incentive Period);*
- *except as described in the foregoing point, gains and losses attributable to the revaluation of investments held at fair value through the Income Statement, including derivatives (other than impairment losses, the treatment of which is discussed above);*
- *income attributable to impaired assets in excess of the income which would have been recognised on those assets calculated on an amortised cost basis; and*
- *foreign exchange gains and losses attributable to movements in the fair value of the "clean" price (without accrued but unpaid interest) of investments on which the cash flows are hedged, foreign exchange and other hedging gains and losses other than those stated under (iii) "Objectives" above or other transactions achieving the same purpose.*

DEFINITION CONTINUED

Distribution Income will include income classified as interest income in any event.

Distribution Income will be determined prior to any allowance being made for Incentive Fees (that is, Distribution Income will be an amount from which Incentive Fees are deducted in establishing the aggregate amount of a dividend).

The Investment Manager will advise the Board from time to time concerning whether realised gains or other gains should, in the Investment Manager's view, be included in Distribution Income.

Distribution Income is a non-IFRS financial measure that has been devised to express the Company's intentions with respect to the distribution of dividends. Other Companies may define Distribution Income or similar terms differently.

The calculation of Distribution Income for the period is set out below. The full definition of Distribution Income as stated in the Prospectus, together with certain related information, is reproduced below for ease of reference.

REPORTING

In addition to the disclosures required by IFRS, the Company will disclose in its semi-annual and annual financial statements a calculation of Distribution Income, including (a) an analysis of the net gains or losses on derivative financial instruments distinguishing between (i) interest, (ii) any losses attributable to the impairment of reference assets and (iii) other gains and losses, (b) an analysis of any impairment losses calculated on a fair value basis and on an amortised cost basis and (c) an analysis of income from impaired assets in excess of the amount which would be calculated on an amortised cost basis.

IMPAIRMENT

In assessing impairment for the purposes of determining Distribution Income, the Company will review or cause the Investment Manager to review on a semi-annual basis a set of assumptions (e.g. default rates, prepayment rates, recovery rates) for each asset, which assumptions (the "Projected Cash Flow Assumptions") are used to determine the expected cash flows from such asset and compare those assumptions with the assumptions that were used to determine the effective interest rate of the asset at the time of purchase. (For the avoidance of doubt, the discount rate will be the effective yield at the time of purchase of any asset.) These assumptions will be, or will have been, generated by the Investment Manager.

The Company will use reasonable endeavours to obtain on a semi-annual basis a confirmation from an independent third party that the Projected Cash Flow Assumptions for each asset are reasonable. The Investment Manager has agreed in the Investment Management Agreement that, where the independent third party has a view that differs from that of the Investment Manager, the Investment Manager will consult with that party to determine the source of the disagreement, and will then determine whether such differences can be resolved and report its findings to the Company. **When and where required, the Company has received confirmation from an independent third party that, as of 31 July 2007, the Projected Cash Flow Assumptions for each asset are reasonable.** Where the Company is not able to attain such third party confirmation, it will disclose that fact in its next semi-annual report.

NOTICE OF MEETING

VOLTA FINANCE LIMITED

A closed-ended limited liability company incorporated in Guernsey on 31 October 2006, under the Companies (Guernsey) Laws, 1994 to 1996 (as amended) with registered number 45747, and registered with the Dutch Authority for the Financial Markets, (the "Company").

NOTICE OF THE FIRST ANNUAL GENERAL MEETING OF THE COMPANY

In accordance with the Company's Articles of Association, notice is hereby given that the first Annual General Meeting of the Company will be held at the Company's registered office, First Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 6HJ, Channel Islands, at 8:30am (London time) on Tuesday 20 November 2007.

AGENDA

ORDINARY BUSINESS:

1. To adopt the audited financial statements of the Company for the period ended 31 July 2007, including the reports of the Directors and the Auditors (the "Accounts").
2. To reappoint KPMG Channel Islands Limited of 20 New Street, St Peter Port, Guernsey as the Company's Auditors to hold office until the conclusion of the next Annual General Meeting.
3. To fix the remuneration of the Directors of the Company until the conclusion of the next Annual General Meeting, as follows, such remuneration being unchanged from the level set out in the Company's Prospectus of 4 December 2006, as amended by the Prospectus supplement of 12 December 2006:

   The Chairman to receive an annual fee of €120,000. Each of the other Directors to receive an annual fee of €60,000, in each case payable quarterly in equal instalments in arrears, plus in each case an additional fee of €10,000 per meeting for each of the first four meetings of the Board attended in person by such Director in any calendar year. Each Director to receive 30% of his Director's fee in respect of any year in the form of newly issued ordinary shares at a share price equal to the average per share closing price of the Company's ordinary shares on Euronext Amsterdam over the 60 consecutive Euronext Amsterdam trading days preceding the date of issuance of the relevant shares. The Directors to be obliged to retain those shares for a period of no less than six months from the respective date of issuance.
4. To approve the remuneration of the Auditors of the Company in respect of the Company's first financial period ended 31 July 2007 of €235,000 (plus disbursements), and to authorise the Board to negotiate and fix the remuneration of the Auditors in respect of the year ending 31 July 2008.
5. To approve a final dividend for the period ended 31 July 2007 in respect of the Company's ordinary shares of €0.40 per share, as declared by the Board on 9 October 2007, and to approve the dividend payment date of 27 November 2007.

SPECIAL BUSINESS:

6. To renew the authorisation of the Company unconditionally and generally for the purposes of Section 5 of the Companies (Purchase of Own Shares) Ordinance, 1998 to make market purchases of ordinary shares in the Company provided that:
   (a) the maximum number of ordinary shares in each class authorised to be purchased is 14.99% of each class of the ordinary shares in issue at any time;
   (b) the minimum price payable by the Company for each ordinary share is 1% and the maximum price payable by the Company for each ordinary share will not be more than the higher of:
      (i) 105% of the average of the mid-market values of the ordinary shares of that class in the Company for the five business days prior to the date of the market purchase; and
      (ii) that stipulated by the Commission Regulation (EC) of 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003); and
   (c) such authority shall expire at the earlier of the 31st day of December 2008 or the conclusion of the second Annual General Meeting of the Company.

NOTES

1. A copy of the Accounts, approved by the Board on 9 October 2007, may be found on pages 22 to 37 of the Company's 2007 annual report.
2. Copies of the Company's Memorandum and Articles of Association and its 2007 annual report are available for inspection at the Company's registered office during normal business hours and are available on request free of charge from the Company Secretary, Mourant Guernsey Limited, First Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 6HJ (e-mail: volta.finance@mourant.com) and from the Listing Agent, ING Bank N.V., Van Heenvlietlaan 220, 1083 CN Amsterdam, The Netherlands or from the Company's website (www.voltafinance.com).
3. Investors holding shares via an admitted institution of Euroclear Nederland who wish to attend or to exercise the voting rights attached to the shares at the AGM should contact their admitted institution as soon as possible. Only those investors holding shares via an admitted institution of Euroclear Nederland as at 5:00pm (London time) on 16 November 2007 shall be entitled to attend or exercise their voting rights attached to such shares at the AGM.
4. The quorum requirements for the conduct of Ordinary Business are set out under Article 16(2) of the Company's Articles of Association, and the quorum requirements for the conduct of Special Business are set out under Articles 16(3)–(7). The consideration of Special Business requires a larger quorum than for Ordinary Business. In the event that there exists at the commencement of the AGM a quorum for Ordinary Business but no quorum for Special Business this situation shall not impede the AGM from proceeding to consider the Ordinary Business on its own and passing such resolutions arising there from. The progression of Special Business thereafter shall be dealt with on its own and in accordance with Articles 16(3)–(7).

For and on behalf of

MOURANT GUERNSEY LIMITED
COMPANY SECRETARY
18 OCTOBER 2007

designed and produced by
the design portfolio
marketing services.
www.design-portfolio.co.uk

VOLTA FINANCE LIMITED
First Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 6HJ
Channel Islands

Tel: +44 1481 749610
E-mail: volta.finance@mourant.com
Web: www.voltafinance.com