VOLTA FINANCE LIMITED

ANNUAL REPORT AND ACCOUNTS 2008

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 2008

- NET ASSET VALUE OF €165.5 MILLION (€5.57 PER SHARE) AT 31 JULY 2008
- A RECOMMENDED DIVIDEND OF €0.25 PER SHARE FOR THE SEMI-ANNUAL PERIOD FROM 1 FEBRUARY 2008 TO 31 JULY 2008
- DISTRIBUTION INCOME OF THE COMPANY FOR THE ANNUAL PERIOD WAS NEGATIVE €57.9 MILLION, OR NEGATIVE €1.93 PER SHARE
- NET LOSS OF THE COMPANY FOR THE ANNUAL PERIOD WAS €70.6 MILLION, OR €2.35 PER SHARE, TAKING INTO ACCOUNT THE RECOGNITION OF AN IMPAIRMENT UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING FOR SIX UK NON-CONFORMING ASSET BACKED SECURITIES, THE LOSSES REALISED FOLLOWING THE LIQUIDATION OF THE TOTAL RETURN SWAP AND THE UNREALISED MARK-TO-MARKET LOSSES OF ASSETS HELD FOR TRADING AND DERIVATIVE FINANCIAL INSTRUMENTS
- AS OF THE END OF THE FINANCIAL YEAR, VOLTA FINANCE WAS INVESTED IN THREE UNDERLYING ASSET CLASSES (COLLATERALISED DEBT OBLIGATIONS, CORPORATE CREDIT, ASSET BACKED SECURITIES) FOLLOWING THE LIQUIDATION OF THE LEVERAGED LOAN TOTAL RETURN SWAP OVER THE COURSE OF THE ANNUAL PERIOD
- THE INVESTMENTS HELD BY THE COMPANY GENERATED €37.2 MILLION OF CASH OVER THE ANNUAL PERIOD. THE CASH HOLDING WAS €23.4 MILLION AT FINANCIAL YEAR END
- FOLLOWING THE INCREASE IN DISCOUNT MARGINS, THE COMPANY ENLARGED ITS INVESTMENT HORIZON TO ASSETS THAT COULD BENEFIT FROM LARGER SUBORDINATION AND/OR LOWER LEVERAGE AND/OR HAVE EXPOSURE TO PORTFOLIOS WITH BETTER CHARACTERISTICS SUCH AS A HIGHER AVERAGE RATING FACTOR
- OPERATING EXPENSES AS A PERCENTAGE OF AVERAGE NET ASSET VALUE FOR THE YEAR ENDED 31 JULY 2008 WERE 2.26% (2.21% FOR THE PERIOD ENDED 31 JULY 2007)

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CORPORATE SUMMARY FOR THE YEAR ENDED 31 JULY 2008

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) Law 2008.

INVESTMENT OBJECTIVE

Subject to the risk factors that were described in the Company's IPO Prospectus and the risk factors that are described in note 22, the Company's investment objectives are to seek to preserve capital and to provide a 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 investments 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 investments 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 investments 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, Collateralised Debt Obligations ("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, in the absence of 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.

ASSET VALUES

At 31 July 2008, the Company's Net Asset Value ("NAV" and "Net Asset Value") was €165,532,020, with the NAV per share amounting to €5.57. 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 NAV at 31 July 2008 can be seen in the Balance Sheet on page 25 (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 assets. 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 2008 was €2.00 per share.

The average closing price of the Company's listed shares quoted on Euronext Amsterdam over the year to 31 July 2008 was €5.10 per share.

PROVISIONAL FINANCIAL CALENDAR

31 October 2008	Announcement of results for the year ended 31 July 2008 and publication of the 2008 annual report
20 November 2008	Annual General Meeting
24 November 2008	Ex-dividend date
26 November 2008	Record date
3 December 2008	Dividend payment date

CHAIRMAN'S STATEMENT

INTRODUCTION

The global financial crisis has further reduced the value of the Company's assets during the second financial year of the Company.

The NAV has significantly declined over the period from €260.1 million as of 31 July 2007 to €165.5 million as of 31 July 2008.

This annual period was marked by significant events that have affected the value of the Company. In addition to the impairment announced on five UK non-conforming Asset Backed Securities ("ABS") residuals in the last semi-annual report, which was then followed by the liquidation of the Leveraged Loan Total Return Swap ("TRS"), further write-downs have been recognised on all of the Company's six UK non-conforming ABS residuals following a review of the expected cash flows of these assets as of the end of July 2008.

Consequently, there was a loss of €70.6 million (or €2.35 per share) for the financial year ended 31 July 2008, compared to a loss of €16.9 million (or €0.56 per share) for the previous financial year.

The Distribution Income for the financial year ended 31 July 2008 was negative €57.9 million (or negative €1.93 per share), with two consecutive semi-annual periods featuring negative Distribution Income. This compares to a positive Distribution Income of €14.1 million (or €0.47 per share) for the financial period ended 31 July 2007 and reflects primarily the losses incurred following the liquidation of the TRS and the impairments taken on all of the Company's UK non-conforming ABS residuals.

However, in spite of the sharp reduction in the value of the Company's assets, both in mark-to-market and expected cash flow terms, our assets have continued to generate cash, resulting in €23.4 million held in cash at the financial year-end.

DIVIDEND

The Board of Directors of Volta Finance Limited recommends a dividend of €0.25 per share for the semi-annual period ended 31 July 2008, amounting to €7.5 million. This dividend will be paid out of the Company's distributable reserves. Its level corresponds to the originally anticipated net return on the Company's assets of approximately 10% applied to the Company's performing asset base as at 7 October 2008, the date of the Company's last Board meeting.

OUTLOOK

The results presented in this annual report, which covers the year from 1 August 2007 to 31 July 2008, do not take into account subsequent market events, among which is the bankruptcy of Lehman Brothers Holding Inc. ("LBHI"). These subsequent events have further negatively affected the value of the Company's assets.

The impact of these events, which have sent credit spreads to higher levels, has been felt throughout the credit markets. For the most part, the impact has been on the Company's three Corporate Credit assets, all of which are junior CDO tranches referencing investment grade names, among which is LBHI. Following this event, significant losses will be recognised on these three assets in the results for the semi-annual period ending 31 January 2009. As of end of September 2008, following LBHI's bankruptcy, the unaudited value of these assets has declined to €23.0 million, from €69.3 million at end of July 2008. The end of September mark-to-market value of these three assets already priced in the probability of further defaults in the underlying portfolios.

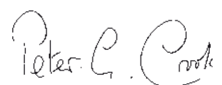
As reported at the end of August, and prior to LBHI's default, the GAV of the Company had declined to €159 million. As of end of September 2008, after LBHI's default, the GAV of the Company was €111.7 million (€3.72 per share).

At the time of writing, and after the payment of the dividend and taking into account other commitments, the Company is expected to have nearly €10 million in cash available. As for the previous semi-annual period, considering that the present volatility and price declines could last for several months, and taking into account the Investment Manager's advice, the Company will aim to take time to deploy capital in order to take advantage of stressed market conditions.

The Company is fully committed to managing the situation in the best interests of its shareholders in these extremely challenging conditions.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year ended 31 July 2008 will be held at the registered office of the Company in Guernsey on 20 November 2008. The notice of the meeting can be found on pages 46 to 48 of the annual report.



PETER CROOK
CHAIRMAN
18 OCTOBER 2008

INVESTMENT MANAGER'S REPORT

1. OVERVIEW

Volta Finance Limited closed the annual period ended 31 July 2008 with a NAV of €165.5 million, or €5.57 per share, down from €260.1 million, or €8.67 per share, as of 31 July 2007.

During the last financial year, the particularly severe market conditions and the deterioration of the global economic environment significantly affected the Company's assets both in mark-to-market value and in expected cash flow terms:

- the TRS has been liquidated in 2008 under the pressure of what proved to be the first phase of an unprecedented decrease in loan market prices. The TRS liquidation has resulted in the recovery of €17 million from a total posted collateral of €71.25 million. The deleveraging process of the TRS was initiated in August 2007, resumed in January 2008 and ended in April 2008 in anticipation of further market deterioration. This investment would have been even more adversely affected by the second phase of price decline in the loan markets that occurred following the default of LBHI; and
- the continuing deterioration in UK housing prices combined with significant changes in the prepayment rate for UK non-conforming mortgage pools resulted in the value of six UK non-conforming residuals decreasing dramatically from a combined value of €61 million as of the end of July 2007 (including one asset earmarked at the end of the previous financial period and settled in October 2007) to €9.7 million as of the end of July 2008.

This situation has brought the Distribution Income of the Company into negative territory to -€57.9 million for the 2007–2008 financial year.

Taking into account the TRS liquidation, the impairment on the UK non-conforming residuals as well as the mark-to-market variation on other derivatives and embedded derivatives, the Company incurred a loss of €70.6 million (or €2.35 per share) for the financial year ended 31 July 2008.

Over the annual period, the Company's investments have generated €37.2 million of cash flows and the Company invested €40.4 million primarily in two asset classes: mezzanine tranches of CLOs and a first loss tranche of a Corporate Credit portfolio.

As a matter of fact, given the uncertainties on the market, the Investment Manager decided:

- to overweight cash allocation throughout the financial period; and
- to aim at identifying investment opportunities that could benefit from increased subordination and/or lower leverage and/or have exposure to portfolios with better characteristics such as a higher average rating factor, thanks to global spread widening.

Since the end of July 2008, a further decline in the mark-to-market value of all Volta's assets has been recorded. The failure of LBHI, in September, has significantly affected all the Corporate Credit assets held by the Company, both in mark-to-market value and expected cash flow terms as the underlying portfolios of those assets were exposed to LBHI. A significant part of their mark-to-market reduction during September (from an aggregate valuation of €62.7 million at the end of August 2008 to €22.8 million at the end of September 2008) is the direct consequence of LBHI's bankruptcy and will be reflected in a reduction in expected cash flows from these assets.

In the current annual period the Company is expected to be able to take advantage of some investment opportunities in a particularly volatile market.

2. FINANCIAL YEAR INVESTMENTS

Volta seeks to attain its investment objectives by pursuing a multi-asset class investment strategy that has initially focused on four asset classes: Corporate Credit, CDO, ABS and Leveraged Loans.

As announced at launch, the general emphasis of the Company's strategy is on the rigorous selection and structuring of investment positions that are then held for returns based on cash flows. 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.

Including the amount of €14.2 million that had been committed in the previous financial year, the Company settled during the financial year €54.6 million of investments in four different types of assets over the course of the annual period:

- €8.9 million was used to purchase a UK non-conforming residual that had been earmarked for investment in the previous financial year ended 31 July 2007;
- €6.8 million was invested in two equity tranches of a CLO (of this, €5.3 million were tap amounts following a previous $15 million commitment in the Tennenbaum Opportunities Fund V);
- €13.9 million was invested in mezzanine tranches of CLOs (BB rated or equivalent); and
- €25 million was invested in a 0%–3% attachment/detachment bespoke tranche of Corporate Credit CDO with a 0.6% cash reserve.

At the time of the publication of this report, a residual commitment of $4.5 million related to the Tennenbaum Opportunities Fund V is expected to be drawn in the coming quarters.

In addition to the effect of reinvestments realised by the Investment Manager, the important differences in the relative performance of different asset classes have affected the Company's asset allocation significantly since 31 July 2007.

TABLE 1 – VOLTA FINANCE ASSET ALLOCATION BASED ON MARK-TO-MARKET PRICES (BASED ON GAV)*

ASSET CLASSES		AT 31 JULY 2008 (%)	AT 31 JULY 2007 (%)
CORPORATE CREDIT		41.7	21.4
CDO	RESIDUAL TRANCHES OF CLO	22.3	19.1
	MEZZANINE TRANCHES OF CLO	8.6	—
ABS		13.3	24.0
LEVERAGED LOANS TRS		—	23.3
CASH		14.2**	12.0

* GAV of €166 million as of 31 July 2008 and GAV of €264 million as of 31 July 2007. The valuation of each asset class takes into account the valuation of the individual assets and of the derivatives hedging the asset class. Does not add up to 100% due to rounding.

** Including 0.2% of Volta's GAV corresponded to further payments owed to Volta following the liquidation of the TRS.

TABLE 2 – LIST OF CDO RESIDUAL HOLDINGS AS OF 31 JULY 2008

ISSUER	% GAV	DESCRIPTION OF INVESTMENT	DESCRIPTION OF UNDERLYING ASSET	MANAGER/ SERVICER	PRINCIPAL GEOGRAPHICAL EXPOSURE	ISIN	ARRANGING INSTITUTION
TENNENBAUM OPPORTUNITIES FUND V	3.60	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	TENNENBAUM	USA	N/A	WACHOVIA BANK
NORTHWOODS CAPITAL LIMITED	2.26	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	ANGELO GORDON	USA	USG6666RAB18	JP MORGAN
WASATCH CLO LTD	1.78	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	INVESCO	USA	USG94608AB57	JP MORGAN
LIGHTPOINT PAN EUROPEAN CLO PLC	1.70	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	LIGHTPOINT	EUROPE	XS0282169803	CREDIT SUISSE
OCEAN TRAILS CLO I LLC	1.69	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	WG HORIZONS	USA	USG66999AA46	UBS
BATALLION CLO LT-EQUITY	1.44	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	BRIGADE CAPITAL MANAGEMENT	USA	XS0282169803	CREDIT SUISSE
SANDS POINT FUNDING LTD	1.31	RESIDUAL OF CLO	MIDDLE MARKET LOANS	GUGGENHEIM	USA	USG7800DAA93	DEUTSCHE BANK
OAK HILL EUROPEAN CREDIT PARTNERS PLC	1.23	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	OAK HILL	EUROPE	XS0300349700	DEUTSCHE BANK
LIGHTPOINT CLO V, LTD	1.09	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	LIGHTPOINT	USA	USG5487GAG31	CREDIT SUISSE
GOLDEN TREE LOAN OPPORTUNITIES	1.05	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	GOLDEN TREE	USA	USG39607AC37	DEUTSCHE BANK
KINGSLAND IV LTD	1.04	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	KINGSLAND CAPITAL MANAGEMENT	USA	USG52702AB68	WACHOVIA BANK N.A.
CARLYLE HY PART IX	0.92	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	CARLYLE MANAGEMENT	USA	KYG1908R1048	LEHMAN BROTHERS*
GALAXY VII CLO LTD	0.78	RESIDUAL OF CLO	BROADLY SYNDICATED LOANS	AIG	USA	USG25796AB20	MORGAN STANLEY

* See Section 5 for consequences of LBHI's default.

INVESTMENT MANAGER'S REPORT CONTINUED

2. FINANCIAL YEAR INVESTMENTS (CONTINUED)

While Volta had so far focused on investments at the residual level, the significant widening of the discount margin of BB or BB-equivalent CLO tranches has permitted the Company to include such assets in its portfolio.

During the financial year ended 31 July 2008, the Company received cash flows from its investments totalling €37.2 million, compared to €13.1 million for the previous shortened annual period from December 2006 to July 2007.

Due to ongoing interest payments, prepayments and asset amortisation, the portfolio is expected to continue to generate cash on a rolling basis, which will be available to the Company for reinvestment, dividend payments and other purposes. Our approach to future reinvestment is detailed further in Section 6 below.

3. INVESTMENT PORTFOLIO

As of 31 July 2008, Volta held 29 settled assets in its portfolio divided amongst three asset classes: CDOs (all of which are exposed to leveraged loans) Corporate Credit and ABS.

LEVERAGED LOANS TRS

A large part of the exposure to European leveraged loans was formerly obtained through the TRS. After a first round of deleveraging in August 2007, Volta responded to the consequences of the crisis in the loan market by restructuring some of the terms of the TRS and by further deleveraging, selling a significant portion of the underlying portfolio in January 2008 and again in February 2008. In anticipation of a further deterioration, the decision was made in March 2008 to liquidate the remainder of the portfolio instead of assigning more capital to this market price sensitive investment vehicle. The decision was also made to favour the reinvestment of the liquidation proceeds into assets whose leverage is not sensitive to mark-to-market prices. At the time of writing this report, considering the low levels of leveraged loan prices reached following the failure of LBHI, maintaining this structure would have resulted in forced sales and further losses.

CDO

The Company invests in residual tranches of managed CDOs selected by the Investment Manager. As of 31 July 2008, the Company had invested in 13 residual tranches of CDOs. Eleven of the thirteen tranches are backed by US leveraged loans and two by European leveraged loans. The Company has not invested in any CDOs of ABS.

All of these CDO positions can be expected to benefit from reinvestments they make over a period of five years or more as their cost of funding has been locked in at the low levels prevailing before the crisis. On the other hand, these assets remain exposed to a significant increase in default rates and/or a significant migration of the rating of their underlying assets below CCC. As, for most of these structures, payments to the residual holder are sensitive to the weight of CCC or lower rated assets in the underlying portfolio, as well as to actual losses.

As of the end of July 2008 and still at the time of writing this report, the Investment Manager expected, in Europe and especially in the US, the default rate of the market and of the underlying assets of these CDOs to increase. All in all, the Investment Manager expects the higher than originally assumed cash flows that have been generated so far by those assets to be followed by lower expected cash flows in the future. The timing and the magnitude of defaults, as well as the recovery rates, will be critical in assessing the impact on those investments. The Investment Manager will continue to monitor closely those assets and will communicate any material developments through the Company's monthly report.

TABLE 3 – LIST OF CDO MEZZANINE HOLDINGS AS OF 31 JULY 2008

ISSUER	% GAV	DESCRIPTION OF INVESTMENT	INITIAL RATING	DESCRIPTION OF UNDERLYING ASSET	MANAGER/ SERVICER	PRINCIPAL GEOGRAPHICAL EXPOSURE	ISIN	ARRANGING INSTITUTION
PUMCL 2008-1X E – MEZZ DEBT	3.52	MEZZANINE DEBT OF CLO	BB	BROADLY SYNDICATED LOANS	M&G INVESTMENT MANAGEMENT LTD	EUROPE	XS0368831896	RBS
MCDONNELL LOAN OPPORTUNITY LTD – MEZZ DEBT	2.04	MEZZANINE DEBT OF CLO	UNRATED	BROADLY SYNDICATED LOANS	MCDONNELL INVESTMENT MGT LLC	USA	USG6016MAA11	DEUTSCHE BANK
ALPSTAR CLO 2 PLC – MEZZ DEBT	0.96	MEZZANINE DEBT OF CLO	BB	BROADLY SYNDICATED LOANS	ALPSTAR MANAGEMENT	EUROPE	XS0291723079	BANK OF AMERICA
BATALLION CLO LTD – MEZZ DEBT	0.90	MEZZANINE DEBT OF CLO	BB	BROADLY SYNDICATED LOANS	BRIGADE CAPITAL MANAGEMENT	USA	USG08889AF79	DEUTSCHE BANK
EURO GALAXY CLO BV – MEZZ DEBT	0.82	MEZZANINE DEBT OF CLO	BB	BROADLY SYNDICATED LOANS	AIG GLOBAL INVESTMENTS	EUROPE	US29871UAG31	MORGAN STANLEY
ADAGIO III CLO – MEZZ DEBT	0.61	MEZZANINE DEBT OF CLO	BB	BROADLY SYNDICATED LOANS	AXA INVESTMENT MANAGERS PARIS	EUROPE	XS0262683971	LEHMAN BROTHERS*

* See Section 5 for consequences of LBHI's default.

3. INVESTMENT PORTFOLIO (CONTINUED)

MEZZANINE TRANCHES OF CDOS

Between March 2008 and July 2008, the Company took the opportunity presented by the significant widening of discount margins in the structured credit markets to start investing in mezzanine tranches of CLOs. Six investments were made for a total of €14.5 million ($7.2 million and €9.8 million). Five of these deals were initially rated BB or BB- by S&P and one of them is unrated but could be considered equivalent to a BB-rated tranche, taking into account its level of subordination. As of the end of July 2008, BB-rated tranches or unrated BB-equivalent tranches of CLOs accounted for 8.6% of Volta's GAV.

As for the residual holdings, most of these positions have cash flows that are sensitive to the level of defaults. Nevertheless, these tranches are expected to be able to absorb a higher rise in defaults in the loan market than residual holdings given their second loss position.

ABS

As of 31 July 2008, the Company was exposed to seven residual income positions of ABS. Six of these ABS are backed by UK non-conforming mortgage loans and one by German Small and Medium Enterprise ("SME") loans. The Company has no exposure to US residential sub-prime mortgages.

At the end of January 2008 and again at the end of July 2008, the Investment Manager considered that the decrease in the mark-to-market of those assets corresponded to a downward revision of expected cash flows for its UK non-conforming ABS residuals, which therefore leads to an impairment in the net income. This revision was the direct consequence of several events: 1) the continuing negative prepayment situation featuring very low prepayments with penalties and a high level of prepayments without penalties, 2) the continuing disruption of money markets characterised by an unusually large spread between UK Bank Base Rate and GBP Libor, 3) the fact that average home prices in the UK have been continuously decreasing since November 2007 and that most surveys turned significantly bearish on future Home Price Appreciation ("HPA"); and 4) the fact that non-conforming lending in the UK almost disappeared during the first half of 2008, making refinancing for troubled borrowers extremely difficult.

Based on this information, the Board of Directors concurred with an increase in loss assumptions that materially diminished expected cash flows.

Five of the UK non-conforming residuals held by the Company were priced at the end of July 2007 for €51.6 million and the sixth one, earmarked for investment in the previous financial year, was settled in October 2007 for €8.9 million. As of the end of July 2008, the six UK non-conforming residuals represented 5.9% of the GAV (€9.7 million).

Due to the mark-to-market adjustment, the relative mark-to-market value of the Promise Mobility asset increased to more than 50% of the ABS total as of the end of the financial period.

CORPORATE CREDIT

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 2008, the exposure to Corporate Credits was obtained through three investments in CDOs managed by AXA IM: ARIA II, ARIA III and Jazz III.

ARIA II is a bespoke CDO tranche backed by an actively managed portfolio of credit default swaps of mainly investment grade corporate issuers. ARIA II suffered one default during the annual period (Quebecor World Inc.). The impact of this default was to lower the attachment point of the tranche owned by the Company

TABLE 4 – LIST OF ABS HOLDINGS AS OF 31 JULY 2008

ISSUER	% GAV	DESCRIPTION OF INVESTMENT	DESCRIPTION OF UNDERLYING ASSET	MANAGER/ SERVICER	PRINCIPAL GEOGRAPHICAL EXPOSURE	ARRANGING INSTITUTION
PROMISE MOBILITY 2006–1	5.98	RESIDUAL OF ABS	GERMAN SME LOANS	IKB	EUROPE NON-UK	DEUTSCHE BANK
ALBA 2006–2 PLC	1.33	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	OAKWOOD HOME LOANS	UNITED KINGDOM	CREDIT SUISSE
ALBA 2007–1 PLC	1.29	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	OAKWOOD HOME LOANS	UNITED KINGDOM	CREDIT SUISSE
RMAC 2007–NS1	1.24	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	GMAC-RFC	UNITED KINGDOM	HSBC–RBS
EUROSAIL 2006–1 PLC	0.96	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	CAPSTONE	UNITED KINGDOM	LEHMAN BROTHERS*
NEWGATE FUNDING PLC 2006–2	0.79	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	MORTGAGE PLC	UNITED KINGDOM	MERRILL LYNCH INTERNATIONAL
ALBA 2006–1 PLC	0.28	RESIDUAL OF ABS	UK NON-CONFORMING RESIDENTIAL MORTGAGE LOANS	OAKWOOD HOME LOANS	UNITED KINGDOM	CREDIT SUISSE

* See Section 5 for consequences of LBHI's default.

INVESTMENT MANAGER'S REPORT CONTINUED

3. INVESTMENT PORTFOLIO (CONTINUED)

CORPORATE CREDIT (CONTINUED)

by 0.10% or 0.09% after taking into account gains of one basis point generated during the financial year. As of the end of July 2008, Volta's ARIA II is a 1.52%–2.52% attachment/detachment tranche compared to a 1.61%–2.61% tranche a year earlier.

TABLE 6 – ARIA II CDO: TECHNICAL SPECIFICATIONS

	AT 31 JULY 2008	AT 31 JULY 2007
NOMINAL SIZE	€69 MILLION	€69 MILLION
WARF (S&P)	504	405
NUMBER OF NAMES	178	208
ATTACHMENT/DETACHMENT POINTS	1.52%–2.52%	1.61%–2.61%

ARIA III is a bespoke CDO tranche backed by an actively managed portfolio of credit default swaps of mainly investment grade corporate issuers. ARIA III was acquired on 2 July 2008 taking advantage of the spread widening in the CDS market at the time of execution. It has been structured as a larger tranche than ARIA II, being a 0%–3% attachment/detachment tranche with a reserve cash balance representing 20% of the tranche giving it a principal protection of 0.6% from the first defaults.

TABLE 7 – ARIA III CDO: TECHNICAL SPECIFICATIONS

	AT 31 JULY 2008
NOMINAL SIZE	€25 MILLION
WARF (S&P)	252
NUMBER OF NAMES	153
ATTACHMENT/DETACHMENT POINTS	0%–3%
RESERVE BALANCE	0.6%

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

TABLE 8 – JAZZ III CDO: TECHNICAL SPECIFICATIONS

		AT 31 JULY 2008	AT 31 JULY 2007
NOMINAL SIZE	EURO-DENOMINATED TRANCHE	€8.58 MILLION	€8.58 MILLION
	USD-DENOMINATED TRANCHE	USD 2.01 MILLION	USD 2.01 MILLION
NUMBER OF NAMES		309	249
ATTACHMENT/DETACHMENT POINTS		0%–5.75%	0%–5.75%

As of 31 July 2008, cash flows received and expected from these three assets were in line with initial expectations. However, as explained in Section 5 below, these assets have suffered significantly following the sudden default of LBHI, both in terms of their expected cash flows and their mark-to-market value.

TABLE 5 – LIST OF CORPORATE CREDIT HOLDINGS AS OF 31 JULY 2008

ISSUER	% GAV	DESCRIPTION OF INVESTMENT	DESCRIPTION OF UNDERLYING ASSET	MANAGER	PRINCIPAL GEOGRAPHICAL EXPOSURE	ISIN	ARRANGING INSTITUTION
ARIA CDO II (IRELAND) PLC	21.36	BESPOKE CDO TRANCHE	MAJORITY INVESTMENT GRADE CORPORATE CREDIT	AXA INVESTMENT MANAGERS PARIS	USA	XS0293091673	JP MORGAN
ARIA CDO III (IRELAND) PLC	13.21	BESPOKE CDO TRANCHE	MAJORITY INVESTMENT GRADE CORPORATE CREDIT	AXA INVESTMENT MANAGERS PARIS	USA	XS0375442307	JP MORGAN
JAZZ III CDO (IRELAND) PLC	4.82	RESIDUAL OF CORPORATE CDO	MAJORITY INVESTMENT GRADE CORPORATE CREDIT	AXA INVESTMENT MANAGERS PARIS	USA	XS0263617374 XS0263615675	MERRILL LYNCH INTERNATIONAL

4. FUNDING

The Company continues to be exposed to underlying assets that are internally leveraged investments such as residual income positions in securitisation structures (e.g. residual interests or mezzanine tranches of CDOs and ABS). The Company does not, at present, have any direct borrowings.

5. RECENT DEVELOPMENTS

Since the end of the last financial year ended 31 July 2008, credit markets have been shaken by strong negative outflows and significant credit deterioration in most of the areas. Many leveraged investors have continued to be forced to deleverage and further widening in discount margin occurred. In particular, the asset classes targeted by the Company have continued to be drawn by the downward mark-to-market spiral.

CORPORATE CREDIT

The failure of LBHI mid-September had a significant and direct impact on three assets of the Company (ARIA II, ARIA III and Jazz III) constituting 39% of the Company's end of August 2008 GAV. These three assets had direct exposure to the senior debt of LBHI and the mark-to-market value of those assets fell from €62.7 million as of the end of August 2008 to €22.8 million as of the end of September 2008.

Taking into account the final recovery on LBHI (8.625% for Euro-denominated Senior CDS), the situation of these three assets as of 15 October 2008 was as follows:

- ARIA II, which was a 1.53/2.53% attachment/detachment tranche at the end of August 2008, has lost 29% of its future coupons and principal, and is now a 0/0.71% tranche.
- ARIA III, which was a 0/3% attachment/detachment tranche with a 0.6% internal reserve at the end of August 2008 has lost its reserve, 40% of its future coupons and principal, and is now a 0/1.80% tranche.
- The Jazz III Euro and USD tranches, accounting respectively for 85% and 15% of the initial Jazz III investments, were both 0/5.75% tranches at the end of August 2008 and are expected to lose a little less than 20% of their expected quarterly payments, and respectively 41% and 43% of their principal. The Euro tranche is now a 0/3.41% tranche and the USD tranche a 0/3.27% tranche.

Following the multiple government interventions in October in developed countries, the recent tightening of CDS spreads in financial sector companies (reflecting the market's perception of reduced bankruptcy risk for significant financial institutions) should benefit these three assets as their underlying portfolios are significantly overweight on financial sector companies. Nevertheless, these investments remain exposed to the broader risk of a significant deterioration of the economic cycle that would also affect non-financial sector companies.

INVESTMENT MANAGER'S REPORT CONTINUED

5. RECENT DEVELOPMENTS (CONTINUED)

ABS

As regards the Company's exposure to ABS residual positions, one of the UK non-conforming residual owned by Volta, Eurosail 2006-1, is directly affected by the failure of LBHI: 1) through its servicer Capstone, a subsidiary of LBHI that stands outside the bankruptcy perimeter, and 2) through swap agreements concluded with Lehman Brothers Special Financing Inc. ("LBSF"), a subsidiary of LBHI that is also in default.

Even if the servicer is left untouched by the bankruptcy of LBHI, Eurosail 2006-1 will have to substitute LBSF as the counterparty of most of the swaps that are in place inside the structure. The costs of substitution may have an impact that could be material on the cash flows that are due to Volta.

CDO

As regards the Company's positions in residual tranches of CDOs, there is no direct significant impact from the LBHI failure given that these assets have no direct exposure to the defaulting company. However, there might be some indirect effects: 1) One deal (Lightpoint) was managed by a LBHI subsidiary that is currently out of the bankruptcy perimeter. This manager is expected to be purchased by another experienced loan manager, with only a minor impact on the Company's positions, and; 2) The Company received ongoing pricing data with respect to three deals head by Volta (Adagio III, Lightpoint and Carlyle). At the time of writing this report, another counterparty has agreed to provide monthly prices on the securities issued by those deals.

As outlined above, following the LBHI default and the consequences of the financial crisis to the overall economy, default rates should increase significantly. This could, in turn, adversely affect the Company's investments. However, considering the determination of the G7 countries to tackle this crisis, such a scenario could be mitigated. The Investment Manager will monitor the situation and the impact on the Company's investments.

6. INVESTMENT STRATEGY

The overall investment strategy of the Company has evolved along the market environment in order to remain in line with the Company's objectives. While at the time of the IPO most of Volta's positions were either first loss or residual positions the significant widening of discount margins in the structured credit markets has placed second loss or mezzanine positions within the Company's investment horizon. As a matter of fact, the general spread widening can be used by the Company to buy assets which have more robust structural features (larger subordination, lesser sensitivity to mark-to-market changes or rating changes for example) and/or which have underlying portfolios with better credit quality (higher average rating factor for example).

In line with this approach, BB-rated mezzanine tranches of CLOs were acquired up until the end of the financial year and BBB-rated tranches were acquired in October 2008. Purchase opportunities in BBB or even A-rated tranches of CLOs could continue to be considered. Opportunities in low leverage loan programmes, as well as in leveraged exposure to senior ABS assets are also being reviewed.

Although the Company retains the possibility to buy first loss or residual positions, for so long as the market conditions permit to do so given the Company's target investment returns, it is likely to continue to focus on structurally more robust positions.

7. OUTLOOK

The significant difficulties that most banks are facing in developed countries will continue to bring a lot of uncertainties as these difficulties now spread to the rest of the economy. The economic weakness expected for the coming quarters will affect most of industries to various degrees. Default rates are expected to increase and the uncertainty as to the level at which corporate default rates will culminate in the coming years creates uncertainty on the different structured markets, affecting assets both in terms of the mark-to-market value and expected cash flows.

However, given the determination of the G7 authorities to tackle this crisis, such a challenging environment may provide investment opportunities specifically for a company such as Volta Finance that does not face refinancing risk. Due to the excess of sellers over buyers in some market segments and for certain type of assets, part of the increase in discount margin can be considered as having overshot the increase in risk premium based on objective credit fundamentals. Liquidity issues, as well as uncertainty about maturity or rating methodology, are now much more priced in than they were a few quarters ago.

The Investment Manager will continue to closely monitor the impact of the current crisis on the Company's investments. Considering that the volatility in the structured finance markets as well as in credit markets is likely to last, the Company prefers maintaining cash in its portfolio and waiting for more visibility before selecting investment opportunities as they arise in the midst of such turbulent market conditions.

AXA INVESTMENT MANAGERS PARIS
18 OCTOBER 2008*

* The Company's last monthly report was published for the month of September 2008.

PORTFOLIO VALUATION

The Company publishes its GAV on a monthly basis and its NAV on a semi-annual basis.

The calculation of the GAV and the NAV 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 NAV and GAV totals on an ongoing basis in the following manner:

- Case A: 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.

- Case B: 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 was the case for the TSR), 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 agreed in the Investment Management Agreement to 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.

- Case C: 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

CASE C (CONTINUED)

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 2008 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 approach the relevant banks for clarifications or adjustments.

- The Company uses reasonable endeavours to engage independent third parties 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 2008 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 the 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.

- Case D: 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's 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 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 2008 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 the 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.

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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 Chief Executive Officer 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 University College London and a special post graduate diploma in risk management from Saint Louis University.

03. CHRISTIAN JIMENEZ
SENIOR INDEPENDENT DIRECTOR

Mr Jimenez is Founder and Chief Executive Officer of Imene Investment Partners, an investment management advisory firm. Mr Jimenez was Chief Financial Officer of Ecureuil Vie, the insurance company subsidiary of the Caisse d'Epargne Group from 2004 to 2007. Prior to that, he was Chief Financial and Risk Officer of Compagnie Financière EULIA from 2002 to 2003. Mr Jimenez was Chief Executive Officer 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 which, 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. Mr Jimenez is also 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 and Regional Director for France and Member of the Board of PRMIA (Professional Risk Managers' International Association).

04. JOAN MUSSELBROOK
INDEPENDENT DIRECTOR

Ms Musselbrook was most recently 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 Managing Director of MBIA UK Insurance Limited from February 2004 to April 2006. Ms Musselbrook holds a degree from Oxford University.

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 of 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 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

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Company registration number 45747 (Guernsey, Channel Islands)

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COMPANY SECRETARY, ADMINISTRATOR AND REGISTRAR
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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 report and the audited financial statements for the year ended 31 July 2008.

INCORPORATION

The Company was registered in Guernsey, Channel Islands on 31 October 2006 under the Companies (Guernsey) Laws 1994 to 1996 (as amended) (the "Old Law") with registered number 45747. The Old Law has now been superceded by the Companies (Guernsey) Law 2008 (the "New Law"). Under transitional provisions permitted by the New Law, the Company has prepared these financial statements in compliance with the Old Law. Future financial statements will be prepared in compliance with the New Law.

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 International Financial Reporting Standards ("IFRS") net loss for the year amounted to €70,599,501.

The Directors consider recommendation of a dividend on a semi annual basis, having regard to various elements including the financial position and the Distribution Income of the Company (as defined in the Company's IPO Prospectus).

Distribution Income for the year was a negative aggregate amount of €57,915,325. The calculation of Distribution Income is shown on page 44.

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 financial year ended 31 July 2008 sufficient distributable reserves remain available to allow the declaration and payment of a dividend.

The Directors recommend the payment of a final ordinary dividend for the year of €0.25 per share to those shareholders on the register at 26 November 2008.

GOING CONCERN

The Directors have considered the impact of the market conditions at the year end date and subsequently. Whilst the fair values of the Company's assets have fallen by a significant amount, the Company has no debt and the Directors are therefore of the opinion that the Company is a going concern and the accounts have been prepared on this basis.

DIRECTORS

The Directors who held office during the period and subsequently were:
P Crook
C Demain
C Jimenez
J Musselbrook
P Varotsis

The Directors' interests in the share capital as at the financial year end were:

	31 July 2008 Number of shares	31 July 2007 Number of shares
P Crook	8,015	1,836
C Demain	8,506	1,870
C Jimenez	8,506	1,870
J Musselbrook	8,506	1,870
P Varotsis	8,506	1,870

ROTATION PROVISIONS

Mr Crook was appointed to the Board as Chairman in November 2006 for an initial period of three years. The other Directors were appointed to the Board in November 2006 for an initial period of two years and therefore will stand for re-election at the forthcoming Annual General Meeting on 20 November 2008. After the first two years the rotation provisions set out in the Company's Memorandum and Articles of Incorporation and IPO Prospectus dated 4 December 2006 require that 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.

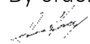
AUDITORS

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 ("AGM") on 20 November 2008.

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
COMPANY SECRETARY
30 OCTOBER 2008

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 2008) (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 IPO 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 year ended 31 July 2008 the Company has been in compliance with the provisions set out in Section 1 of the Combined Code, except as already explained in the Company's IPO 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 Company's IPO 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 Company's IPO Prospectus. The individual independence status of the Directors was last reviewed and confirmed by the Board on 7 October 2008.

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

An Audit, Nomination, and Remuneration Committee have been established by the Board and each committee has formally delegated duties, responsibilities and terms of reference. Mr Jimenez was appointed as Chairman of the Audit and Remuneration Committees whilst Mr Crook was appointed as Chairman of the Nomination Committee.

The Audit Committee comprises Mr Crook, Mr Jimenez, Ms Musselbrook and Mr Varotsis. Only independent Directors serve on the Audit Committee and members of the Committee have no links with the Company's Auditors. The Audit Committee meet at least twice each year and meet the Auditors at least once each year. The Audit Committee are responsible for making recommendations to the Board on the appointment, reappointment or removal of the Auditors and their remuneration. The Committee considers the independence and objectivity of the Auditors and review any non-audit services that are to be provided by the Auditors. It receives and reviews the Company's financial statements and the reports of the Investment Manager and the Auditors. The Committee focuses on ensuring that effective systems of internal financial and non-financial control are maintained and works 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. No non-audit services have been provided to the Company by the Auditors during the year.

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

The Nominations Committee meeting held on 7 October 2008 recommended that the Board put forward the current Directors for re-election at the forthcoming AGM for the following terms of appointment in accordance with the rotation provisions set out in the Company's IPO Prospectus and Memorandum & Articles of Association:

	Term of appointment (years)
C Demain	3
C Jimenez	3
J Musselbrook	1
P Varotsis	2

The Remuneration Committee comprises Mr Crook, Mr Jimenez, Ms Musselbrook and Mr Varotsis. Only independent Directors serve on the Remuneration Committee. The Committee meets twice 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 remuneration of the Directors was last reviewed by the Committee on 7 October 2008 and no changes were recommended to the Board. 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 are kept under periodic review.

CORPORATE GOVERNANCE REPORT CONTINUED

ATTENDANCE

There were eight Board meetings held during the year from 31 July 2007 to 31 July 2008. The attendance record of each of the Directors was as follows:

	Number of attendances
P Crook	8
C Demain	8
C Jimenez	7
J Musselbrook	8
P Varotsis	8

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 7 October 2008. The Chairman's report found the performance of the individual Directors and the Board as a whole over the review period to be satisfactory.

The Directors, other than the Chairman, lead by the Senior Independent Director, have reviewed the performance of the Chairman by Group appraisal and subsequent presentation of a report to the Board. This performance review was last conducted on 7 October 2008. The Senior Independent Director's report found the performance of the Chairman over the review period to be satisfactory.

INVESTOR RELATIONS

The Board relies principally on the Investment Manager together with CitiGroup and Goldman Sachs, who acted 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 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 July 2007 to 31 July 2008 were as follows:

Director	Cash €	Shares €	Total €
P Crook	84,036	36,016	120,052
C Demain	71,753	30,751	102,504
C Jimenez	78,752	33,751	112,503
J Musselbrook	71,753	30,751	102,504
P Varotsis	71,753	30,751	102,504
Total Directors' remuneration	**378,047**	**162,020**	**540,067**

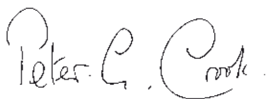
The share element of the Directors' remuneration, amounting to €162,020, was issued as follows:

Director	Shares issued during the period	Shares issued after the period end	Total
P Crook	5,025	3,214	8,239
C Demain	5,674	536	6,210
C Jimenez	5,674	1,607	7,281
J Musselbrook	5,674	536	6,210
P Varotsis	5,674	536	6,210
Total	**27,721**	**6,429**	**34,150**

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.

None of the Directors has any personal interest in any of the Company's investments.



PETER CROOK
CHAIRMAN
30 OCTOBER 2008

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 accordance with IFRS. 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 (the "financial statements") of Volta Finance Limited for the year ended 31 July 2008, 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 26. 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 22.

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 Report of the Directors 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 2008 and of the loss for the year then ended; and
- have been properly prepared in accordance with The Companies (Guernsey) Law, 1994.

EMPHASIS OF MATTER – CURRENT MARKET CONDITIONS

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures in note 26 concerning the impact of the current market conditions on the Company.

The continuing significant events in world economic and credit markets have led to a pronounced increase in the liquidity, credit and counterparty risk faced by the Company.

The Impact of these heightened risks on the future valuation and realisation prospects of the Company's investments is subject to a high degree of uncertainty. There is therefore a material risk that the Company's investments may not be realised in future at their fair values as included in the Company's financial statements nor at the post balance sheet values indicated in note 26 and that income derived from those investments may be less than that predicted.

KPMG CHANNEL ISLANDS LIMITED
CHARTERED ACCOUNTANTS
GUERNSEY
30 OCTOBER 2008

INCOME STATEMENT

FOR THE YEAR ENDED 31 JULY 2008

	Notes	1 August 2007 to 31 July 2008 €	31 October 2006 to 31 July 2007 €
OPERATING INCOME:			
Deposit interest income	6	3,692,373	3,482,735
Effective interest income on available-for-sale securities and investments at fair value through profit or loss	6	27,908,122	10,866,772
Income from Total Return Swap	6	2,436,558	3,003,812
Net income on settlement of forward foreign exchange contracts	6	4,900,253	—
		38,937,306	17,353,319
OPERATING EXPENDITURE:			
Legal fees		(419,668)	(139,312)
Audit fees		(286,841)	(243,225)
Investment management fees	23	(2,872,594)	(2,503,966)
Custodian fees		17,105	(55,651)
Portfolio valuation and administration fees		(194,616)	(95,093)
Company secretarial, administration and accountancy fees	7	(341,592)	(167,517)
Directors' remuneration	8	(552,134)	(429,544)
Insurance		(41,919)	(23,772)
Other operating expenses		(141,944)	(32,274)
		(4,834,203)	(3,690,354)
OPERATING PROFIT		34,103,103	13,662,965
REALISED AND UNREALISED PROFITS/LOSSES:			
Loss on Total Return Swap	5, 6	(44,112,228)	(10,176,780)
Unrealised gain on forward foreign exchange contracts	6	7,825,807	523,110
Unrealised loss on financial assets at fair value through profit or loss	6	(9,430,675)	(21,800,142)
Unrealised foreign exchange (loss)/gain on available-for-sale debt securities	6	(16,069,678)	841,919
Provision for impairments on available-for-sale debt securities	6	(41,813,016)	—
Net foreign exchange (loss)/gain on other assets	6	(1,080,064)	10,679
		(104,679,854)	(30,601,214)
FINANCE EXPENSES:			
Liquidity facility fee	18	(22,750)	—
		(22,750)	—
LOSS FOR THE YEAR		(70,599,501)	(16,938,249)
Loss per ordinary share			
Basic	10	(2.3519)	(0.5645)
Diluted	10	(2.3519)	(0.5645)
		Number of shares	
Weighted average ordinary shares outstanding			
Basic	10	30,017,762	30,003,889
Diluted	10	30,017,762	30,003,889

The notes on pages 28 to 43 form part of these financial statements.

BALANCE SHEET
AS AT 31 JULY 2008

	Notes	31 July 2008 €	31 July 2007 €
ASSETS			
Available-for-sale securities	11	**70,806,963**	119,741,762
Financial assets at fair value through profit or loss	12	**61,527,343**	46,920,000
Open forward foreign exchange contracts	13	**8,348,917**	523,110
Investment in Total Return Swap	14	**—**	61,073,220
Trade and other receivables	15	**3,344,620**	3,276,911
Cash and cash equivalents	16	**23,359,657**	31,669,340
TOTAL ASSETS		**167,387,500**	263,204,343
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	19	**—**	—
Share premium	20	**267,990**	87,923
Warrants	20	**1,410,000**	1,410,000
Other distributable reserves	21	**272,993,894**	285,001,174
Net unrealised fair value movements on available-for-sale securities	21	**(21,602,114)**	(9,435,539)
Accumulated loss	21	**(87,537,750)**	(16,938,249)
TOTAL SHAREHOLDERS' EQUITY		**165,532,020**	260,125,309
LIABILITIES			
Current liabilities			
Trade and other payables	17	**1,855,480**	3,079,034
TOTAL EQUITY AND LIABILITIES		**167,387,500**	263,204,343
Net asset value per ordinary share outstanding			
Basic		**€5.5718**	€8.6681
Diluted		**€5.5718**	€8.6681

These financial statements on pages 24 to 43 were approved by the Board of Directors on 30 October 2008 and were signed on its behalf by:

PETER CROOK
CHAIRMAN

CHRISTIAN JIMENEZ
SENIOR INDEPENDENT DIRECTOR

The notes on pages 28 to 43 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 JULY 2008

	Notes	Ordinary shares €	Share premium €	Warrants €	Other distributable reserves €	Accumulated loss €	Available-for-sale securities unrealised losses €	Total €
Balance at 31 October 2006		—	—	—	—	—	—	—
Net unrealised loss on available-for-sale securities recognised in the year	6	—	—	—	—	—	(9,435,539)	(9,435,539)
Total income and expense recognised directly in equity		—	—	—	—	—	(9,435,539)	(9,435,539)
Net loss for the period	21	—	—	—	—	(16,938,249)	—	(16,938,249)
Total recognised income and expense		—	—	—	—	(16,938,249)	(9,435,539)	(26,373,788)
Issue of ordinary shares on incorporation	20	—	20	—	—	—	—	20
Issue of Class B share prior to IPO	20	—	10	—	—	—	—	10
Repurchase of ordinary shares post IPO	20	—	(20)	—	—	—	—	(20)
Issue of ordinary shares on IPO	20	—	300,000,000	—	—	—	—	300,000,000
Value of warrants issued on IPO	20	—	—	1,410,000	—	—	—	1,410,000
IPO issue costs (including value of warrants)	20	—	(14,998,836)	—	—	—	—	(14,998,836)
Cancellation of share premium account	20	—	(285,001,174)	—	285,001,174	—	—	—
Issue of ordinary shares to Directors	20	—	87,923	—	—	—	—	87,923
Balance at 31 July 2007		—	87,923	1,410,000	285,001,174	(16,938,249)	(9,435,539)	260,125,309
Net unrealised loss on available-for-sale securities recognised in the year	6	—	—	—	—	—	(15,139,360)	(15,139,360)
Impairment on available-for-sale securities previously recognised as an unrealised loss in the prior period	6	—	—	—	—	—	2,972,785	2,972,785
Total income and expense recognised directly in equity		**—**	**—**	**—**	**—**	**—**	**(12,166,575)**	**(12,166,575)**
Net loss for the year	21	—	—	—	—	(70,599,501)	—	(70,599,501)
Total recognised income and expense		**—**	**—**	**—**	**—**	**(70,599,501)**	**(12,166,575)**	**(82,766,076)**
Issue of ordinary shares to Directors	20	—	180,067	—	—	—	—	180,067
Dividends paid		—	—	—	(12,007,280)	—	—	(12,007,280)
Balance at 31 July 2008		**—**	**267,990**	**1,410,000**	**272,993,894**	**(87,537,750)**	**(21,602,114)**	**165,532,020**

The notes on pages 28 to 43 form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2008

	Notes	1 August 2007 to 31 July 2008 €	31 October 2006 to 31 July 2007 €
Cash flows from operating activities			
Loss for the period		(70,599,501)	(16,938,249)
Adjustments for:			
Effective interest income		(27,908,122)	(10,866,772)
Loss on TRS		44,112,228	10,176,780
Unrealised gain on forward foreign exchange contracts		(7,825,807)	(523,110)
Unrealised loss on financial assets at fair value through profit or loss		9,430,675	21,800,142
Coupons received		37,187,547	13,108,468
Unrealised foreign exchange loss/(gain) of available-for-sale securities		16,069,678	(841,919)
Provision for impairments on available-for-sale debt securities		41,813,016	—
Decrease/(increase) in trade and other receivables		110,711	(1,020,237)
(Decrease)/increase in trade and other payables		(1,223,554)	3,040,034
Directors' fees paid in the form of shares		180,067	126,923
Cash flows generated from operating activities		41,346,938	18,062,060
Cash flows used in investing activities			
Purchase of investments		(54,610,332)	(201,553,885)
Collateral returned/deposited under the TRS		16,960,991	(71,250,000)
Net cash used in investing activities		(37,649,341)	(272,803,885)
Cash flows (used in)/derived from financing activities			
Proceeds from issue of ordinary shares during the year		—	300,000,000
IPO issue costs		—	(13,588,835)
Dividend paid		(12,007,280)	—
Net cash (used in)/derived from financing activities		(12,007,280)	286,411,165
Net (decrease)/increase in cash and cash equivalents		(8,309,683)	31,669,340
Cash and cash equivalents at beginning of the year		31,669,340	—
Cash and cash equivalents at end of the year	16	23,359,657	31,669,340

CASH GENERATED FROM OPERATIONS

Cash generated from operations for the year of €41,346,938 includes the following interest receipts:

	1 August 2007 to 31 July 2008 €	31 October 2006 to 31 July 2007 €
Deposit interest	2,038,885	2,178,658
Collateral interest	1,847,897	1,109,667

The notes on pages 28 to 43 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008

1. REPORTING ENTITY
The Company is a closed-ended limited liability company registered under the Companies (Guernsey) Law, 2008 with registered number 45747. Under transitional provisions permitted by the New Law, the Company has prepared these financial statements in compliance with the Old Law. Future financial statements will be prepared in compliance with the New Law. 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 31 July 2008 the principal activity of the Company was investment in a diversified portfolio of mortgage-backed and other asset-backed securities, loans and equity instruments. Subject to the risk factors that were described in the Company's IPO Prospectus and the risk factors that are described in note 22, the Company's investment objectives are to seek to preserve capital and to provide a stream of income to shareholders through dividends that it expects to distribute on a semi-annual basis, based on 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 cash flows for the Company. The Company's basic approach to investment in the Primary Underlying Assets, as defined in the Company's IPO Prospectus, is to invest in vehicles and arrangements that essentially provide leveraged exposure to portfolios of Primary Underlying Assets.

The Directors of the Company have chosen not to present quarterly financial statements. Semi-annual unaudited condensed 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 IFRS adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee.

Applicable new standards and interpretations
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 has applied 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 became 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 has applied the amendments to IAS 1 for its accounting period commencing 1 August 2007.

In the opinion of the Directors, there are no other new standards either already applied or yet to be applied that are material to the Company's financial statements.

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 value, 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 the Income Statement; and
- the methods used to measure fair value are further disclosed in note 4. All other financial instruments are measured at amortised cost.

C) FUNCTIONAL AND PRESENTATION CURRENCY
These financial statements are presented in Euros (rounded to the nearest whole Euro), which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION (CONTINUED)

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.

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 the following:

- note 4 (Determination of fair values);
- pages 14 and 15 (Portfolio Valuation); and
- note 24 (Non-consolidation).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

A) FOREIGN CURRENCIES

Transactions in foreign currencies, 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.

B) FINANCIAL INSTRUMENTS

Recognition

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.

Derecognition

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. The Company uses the weighted average method to determine realised gains and losses on derecognition.

Classification and measurement

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) FINANCIAL INSTRUMENTS (CONTINUED)

Classification and measurement (continued)

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 was provided by the Swap Counterparty (Bank of America, NA), using the mark-to-market valuations of the underlying assets.

(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.

C) 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.

D) 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. Such evidence that a financial asset is impaired includes observable data that comes to the attention of the Company about any of the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy, administration or other analogous financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

If any such indication exists, an impairment loss in relation to an available-for-sale financial asset is recognised in the Income Statement as the difference between its amortised cost and its current fair value. The current fair values of the available-for-sale assets that are impaired as at the balance sheet date were determined as disclosed in note 4.

An impairment loss in respect of a financial asset measured at amortised cost is recognised in the Income Statement, calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the original effective rate.

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.

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.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

E) 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.

F) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G) 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.

H) 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 10.

I) TRANSACTION COSTS

Expenses incurred by the Company that were directly attributable to its Initial Public Offering ("IPO") were charged directly to the share premium account. Share options granted at formation to the Investment Manager were 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.

J) 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.

K) 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.

The Directors determine a dividend on a semi annual basis, having regard to various elements including the financial position and the Distribution Income of the Company.

L) DISTRIBUTION INCOME

The full definition of Distribution Income may be found in the Company's IPO Prospectus and is reproduced on pages 44 and 45. The calculation of Distribution Income for the year can be found on page 44.

M) 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.

4. 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 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 14 and 15.

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).

In the absence of an active market for an investment, a mark-to-model approach has been adopted to determine the valuation. Such pricing models generally involve a number of valuation assumptions, many of which are based on subjective judgements. Key model inputs include: asset spreads, expected defaults and expected recovery rates. These inputs are derived by reference to a variety of market sources. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2008

4. DETERMINATION OF FAIR VALUES (CONTINUED)

When and where required, third parties have reviewed these assumptions and valuations as of 31 July 2008 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.

The fair value calculations for the equity tranche investments in securitisation vehicles are sensitive to the key model inputs, in particular to defaults and recovery rates. The initial model assumptions are reviewed on a regular basis with reference to both current and projected data. In the case of a material change in the actual rates from the historical rates, then the model assumptions will be adjusted accordingly.

If, over the lifetime of an individual deal, defaults and recoveries diverge from their long-term historical norms, then the actual returns may differ from the current levels projected by the model, which would impact upon the net assets of the Company and its distributable income.

There is no liquid market for the Company's investments. Consequently no quoted market prices exist for these assets. Therefore, Volta's investments fair values have been determined as described above. The split between the different methodologies is as follows:

	31 July 2008		31 July 2007	
	€m	% NAV	€m	% NAV
Case B	—	0.0%	61.1	23.2%
Case C	110.7	68.9%	103.6	39.4%
Case D	18.2	11.0%	63.0	24.0%

Further detail of the valuation methodology is given on pages 14 and 15.

5. PROVISIONS FOR IMPAIRMENT AND THE EFFECT ON THE DISTRIBUTION INCOME CALCULATION

AVAILABLE-FOR-SALE DEBT SECURITIES

In January 2008, the decrease in UK housing prices combined with significant changes in the prepayment rate for UK non-conforming mortgage pools, together with deteriorating conditions in the leveraged loan market, led the Company, based on the Investment Manager's advice, to revise downwards the expected cash flows of five of the six UK non-conforming ABS residuals and also the TRS.

As the UK non-conforming ABS residuals are classified as "available-for-sale securities" under IFRS, their impairment as described above negatively affected the Income Statement of the Company by €10.5 million (an amount equal to the difference between their book value and their mark-to-market value as of the end of January). Since the end of January 2008, significant further declines have occurred in the mark-to-market value of all six of the UK non-conforming ABS residuals and are reflected in a further reduction in expected cash flows from those assets. Accordingly, further impairments totalling €31.3 million have been recognised in the Income Statement, resulting in aggregate impairments of €41.8 million being recognised in the Income Statement during the year ended 31 July 2008.

TOTAL RETURN SWAP

Under IFRS, the fall in the mark-to-market value of derivative and embedded derivative financial instruments, assets held for trading, or assets designated as "financial assets at fair value through profit or loss" negatively affect the IFRS Net Income, regardless of whether or not such a fall is indicative of a drop in the expected cash flows from these assets. Consequently no impairment of the TRS was recognised in the preceding periods' Income Statement as the unrealised loss on revaluation of the TRS had already been recognised in the Income Statement.

EFFECT ON THE DISTRIBUTION INCOME CALCULATION

These revisions to the expected cash flows negatively affected the Distribution Income for the semi-annual period ended 31 January 2008 in amounts equal to the discounted value of the difference between the previous and the current series of expected cash flows for each asset class, namely negative €8.8 million for five of the six UK non-conforming ABS residuals and negative €40.5 million for the TRS. The further revisions to the expected cash flows for all six of the UK non-conforming ABS residuals, and the realisation of further losses on the unwinding of the TRS, negatively affected the Distribution Income for the semi-annual period ended 31 July 2008 in amounts equal to the discounted value of the difference between the previous and the current series of expected cash flows for each asset class, namely negative €28.5 million for the six UK non-conforming ABS residuals and negative €16.2 million for the TRS. The aggregate impact for the year ended 31 July 2008 was negative €37.3 million for the six UK non-conforming ABS residuals and negative €56.7 million for the TRS.

6. FINANCE INCOME AND EXPENSE

RECOGNISED IN PROFIT OR LOSS

	31 July 2008 €	31 July 2007 €
Deposit interest income	3,692,373	3,482,735
Effective interest income on available-for-sale securities and investments at fair value through profit or loss	27,908,122	10,866,772
Income from TRS	2,436,558	3,003,812
Net income on settlement of forward foreign exchange contracts	4,900,253	—
Unrealised gain on forward foreign exchange contracts	7,825,807	523,110
Unrealised foreign exchange gain on available-for-sale debt securities	—	841,919
Net foreign exchange gain on other assets	—	10,679
Finance income	46,763,113	18,729,027
Loss on TRS	(44,112,228)	(10,176,780)
Unrealised loss on financial assets at fair value through profit or loss	(9,430,675)	(21,800,142)
Unrealised foreign exchange loss on available-for-sale debt securities	(16,069,678)	—
Net foreign exchange loss on other assets	(1,080,064)	—
Provision for impairments on available-for-sale debt securities	(41,813,016)	—
Liquidity facility fee	(22,750)	—
Finance expense	(112,528,412)	(31,976,922)
Net finance expense recognised in profit or loss	(65,765,299)	(13,247,895)
RECOGNISED DIRECTLY IN EQUITY		
Net change in fair value of available-for-sale financial assets	(12,166,575)	(9,435,539)
Net finance expense recognised directly in equity	(12,166,575)	(9,435,539)

7. COMPANY SECRETARIAL, ADMINISTRATION AND ACCOUNTANCY FEES

Mourant Guernsey Limited acts as Company Secretary, Administrator and Registrar. Company secretarial, administration and accountancy fees are incurred and billed on a time costs basis in accordance with Mourant Guernsey Limited's standard fee scales, subject to an annual cap of GBP 180,000 with respect to the activities and responsibilities as set out in the Administration, Registrar and Secretarial Agreement.

8. DIRECTORS' REMUNERATION

	31 July 2008 €	31 July 2007 €
Directors' fees (cash element)	378,047	296,154
Directors' fees (equity element, settled during the period)	144,020	87,923
Directors' fees (equity element, settled after the period end)	18,000	39,000
Directors' expenses	12,067	6,467
	552,134	429,544

None of the Directors have any personal financial interest in any of the Company's investments.

9. DIVIDENDS

The following dividends have been proposed and/or paid during the year ended 31 July 2008 and during the period ended 31 July 2007:

	Dividend per share €
Dividend for the semi-annual period ended 31 July 2008 (proposed)	0.25
Dividend for the semi-annual period ended 31 January 2008	—
Dividend for the period ended 31 July 2007 (paid)	0.40

10. LOSS PER SHARE

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

	31 July 2008 €	31 July 2007 €
Loss for the purposes of basic loss per share being net loss attributable to equity holders	(70,599,501)	(16,938,249)

	31 July 2008 Number	31 July 2007 Number
Weighted average number of ordinary shares for the purposes of basic loss per share	30,017,762	30,003,889
Dilutive effect of ordinary shares subject to:		
Warrants (exercisable at €10 per share)	—	—
Weighted average number of ordinary shares for the purposes of diluted loss per share	30,017,762	30,003,889

The average market price, based on closing prices quoted on Euronext Amsterdam, for one ordinary share during the year ended 31 July 2008 was €5.10 (€9.23 during the period to 31 July 2007).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2008

11. AVAILABLE-FOR-SALE SECURITIES

	31 July 2008 Amortised cost €	31 July 2008 Unrealised losses €	31 July 2008 Fair value €
Available-for-sale debt securities (amortised cost basis)			
Corporate credits	8,837,717	(1,484,049)	7,353,668
Collateralised debt obligation assets ("CDO")	56,639,368	(16,940,646)	39,698,722
Asset backed security assets ("ABS")	20,197,292	(1,990,415)	18,206,877
	85,674,377	(20,415,110)	65,259,267
Available-for-sale equity securities (cost)			
Equity instrument (CDO)	6,734,700	(1,187,004)	5,547,696
Total available-for-sale securities	92,409,076	(21,602,114)	70,806,963

	31 July 2007 Amortised cost €	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
Collateralised debt obligation assets ("CDO")	50,489,758	(4,453,672)	46,036,086
Asset backed security assets ("ABS")	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

Amortised cost is calculated after deduction of impairment losses recognised.

There have been no disposals of available-for-sale securities during either the current year or the prior period.

12. 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 July 2008 €	31 July 2007 €
Fair value brought forward/purchase price	46,920,000	69,000,000
Purchase during the year	25,000,000	—
Coupons received	(12,584,832)	(3,384,761)
Interest income	11,622,850	3,104,903
Unrealised movement in fair value	(9,430,675)	(21,800,142)
Fair value carried forward	61,527,343	46,920,000

There have been no disposals of financial assets at fair value through profit or loss during either the current year or the prior period.

13. OPEN FORWARD FOREIGN EXCHANGE CONTRACTS

Forward foreign exchange contracts are held to economically hedge estimated future foreign exchange cash flows expected from the Company's investments.

14. INVESTMENT IN TOTAL RETURN SWAP

	31 July 2008 €	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

14. INVESTMENT IN TOTAL RETURN SWAP (CONTINUED)

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

The purpose of the TRS was 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 was dependent on the size of the portfolio and the proportion of senior secured, second lien and mezzanine loans making up the portfolio.

On each TRS payment date, the Swap Counterparty paid 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 paid 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 was payable or accrued on each payment date.

Leverage	31 July 2008	31 July 2007
Market value of the investments under the TRS	—	€334,839,661
Market value of the TRS	—	€61,073,220
Leverage	—	5.48 times

During the second half of the year the TRS was fully unwound, resulting in an aggregate realised loss of €54.3 million being recognised in the Income Statement of the Company. €44.1 million of which has been recognised in the year ended 31 July 2008 and €10.2 million of which was previously recognised as an unrealised loss in the period ended 31 July 2007.

15. TRADE AND OTHER RECEIVABLES

	31 July 2008 €	31 July 2007 €
Accrued interest receivable	—	194,409
Accrued effective interest receivable	2,435,094	2,256,674
Accrued income receivable on TRS (settled subsequent to the year end)	909,526	825,828
	3,344,620	3,276,911

16. CASH AND CASH EQUIVALENTS

	31 July 2008 €	31 July 2007 €
Deposit accounts	23,359,657	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.

17. TRADE AND OTHER PAYABLES

	31 July 2008 €	31 July 2007 €
Investment management fees	1,241,278	2,503,967
Directors' fees (cash payable)	42,000	81,000
Directors' fees (shares payable)	18,000	39,000
Directors' expenses	—	2,000
Accrued expenses and other payables	554,202	453,067
	1,855,480	3,079,034

18. LIQUIDITY FACILITY

On 30 January 2008 the Company concluded a €30 million 364 day revolving Facility Agreement with Citibank N.A. London Branch in order to maximise the Company's financial management flexibility. Under this liquidity facility, subject to certain conditions as specified in the Facility Agreement, the Company may draw up to €30 million. This facility bears a commitment fee calculated at 0.15% p.a. on any undrawn amounts. As at 31 July 2008, and up to the date of approval of these financial statements, no draw downs have been made under this facility. The Company is currently unable to use this facility due to the GAV of the Company currently being below the threshold specified in the Facility Agreement.

19. SHARE CAPITAL

AUTHORISED:

	31 July 2008 Number of shares	31 July 2007 Number of shares
Ordinary shares of no par value each	Unlimited	Unlimited
Class B convertible ordinary share of no par value	1	1
Class C non-voting convertible ordinary shares of no par value each	Unlimited	Unlimited

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2008

19. SHARE CAPITAL (CONTINUED)

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.

With respect to voting rights at general meetings of the Company, the ordinary shares and Class B share confer on the holder of such shares the right to one vote for each share held, whilst the holders of Class C shares do not have the right to vote.

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.

The Class C shares are non-voting shares, but in all other respects have the same rights and entitlements as the ordinary shares.

Each class of share ranks pari-passu with each other with respect to participation in the profits and losses of the Company. The Directors consider recommendation of a dividend on a semi annual basis, having regard to various elements including the financial position and the Distribution Income of the Company. The Company may declare an interim dividend by ordinary resolution of the Directors and may declare a final dividend by ordinary resolution of the shareholders at a general meeting, but no dividend shall exceed the amount recommended by the Board of Directors.

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	—	30,000,000
Issued to Directors during the period	9,316	—	—	—
Repurchased during the period	(2)	—	—	—
Balance at 31 July 2007	30,009,316	1	—	30,000,000
Issued to Directors during the year	32,723	—	—	—
Balance at 31 July 2008	**30,042,039**	**1**	**—**	**30,000,000**

The initial public offering of ordinary shares on 20 December 2006 was priced at €10 per share. Shares have subsequently been issued to the Directors on a quarterly basis in respect of 30% of their fees, as described in the Directors' Remuneration Report at the following prices per share: €9.49; €9.37; €7.80; €7.00; €6.32; €3.90; and €2.80.

20. SHARE PREMIUM ACCOUNT AND WARRANTS

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
Issued to Directors during the year	180,067	—	—	—
Balance at 31 July 2008	**267,990**	**—**	**—**	**1,410,000**

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

WARRANTS:

	2008	2007
Number of warrants issued at IPO (1:1 exercisable for C shares)	**30,000,000**	30,000,000
Value of warrants at IPO	**€1,410,000**	€1,410,000
Exercise price	**€10**	€10
Exercise period – start date	**01/12/2008**	01/12/2008
Exercise period – end date	**31/12/2016**	31/12/2016
Closing price of ordinary shares at year/period end	**€2.00**	€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 and will cease to be exercisable after 31 December 2016.

21. 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)
As at 31 July 2007	(16,938,249)	285,001,174	(9,435,539)
Loss for the year	(70,599,501)	—	—
Net unrealised fair value movement on available-for-sale securities	—	—	(12,166,575)
Dividend paid	—	(12,007,280)	—
As at 31 July 2008	**(87,537,750)**	**272,993,894**	**(21,602,114)**

22. 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, affecting the Company's income and/or the value of its holdings in financial instruments, and includes: interest rate risk, currency risk, and valuation risk.

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, 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.

The tables below summarise the effective interest rates applicable to the Company's interest bearing financial assets and financial liabilities.

Interest rate profile as at 31 July 2008

	Interest charging	Effective interest rate %	Amount €
Financial assets:			
Cash and cash equivalents:			
Euro deposit accounts	Floating	Eonia – 25bp	14,676,907
USD deposit accounts	Floating	Libor USD Overnight – 25bp	3,053,139
GBP deposit accounts	Floating	SONIA Overnight – 40bp	5,629,611
			23,359,657
Available-for-sale securities:			
AFS (denominated in Euro)	Fixed	13.29%	30,208,647
AFS (denominated in USD)	Fixed	13.89%	31,596,647
AFS (denominated in GBP)	Fixed	14.68%	9,001,669
			70,806,963
Financial assets at fair value through profit or loss (EUR)	Floating	6 month Euribor + 13.88%	61,527,343
Trade and other receivables	Non-interest bearing	n/a	3,344,620
Derivative contracts	Non-interest bearing	n/a	8,348,917
			73,220,880
Financial liabilities:			
Trade and other payables	Non-interest bearing	n/a	(1,855,480)
			(1,855,480)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2008

22. 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 RISK PROFILE AS AT 31 JULY 2008

	Denominated in Euro €	Denominated in USD €	Denominated in GBP €
Investments:			
Available-for-sale debt securities	30,208,647	26,048,951	9,001,669
Financial assets at fair value through profit or loss	61,527,343	—	—
Available-for-sale equity securities	—	5,547,696	—
	91,735,990	**31,596,647**	**9,001,669**
Cash and cash equivalents:	14,676,907	3,053,139	5,629,611
Trade and other receivables	2,073,052	555,171	716,397
Trade and other payables	(1,640,019)	(4,811)	(210,650)
Effect of forward currency contracts	115,866,783	(59,168,721)	(48,349,145)
	222,712,713	**(23,968,575)**	**(33,212,118)**

The forward foreign exchange contracts were entered into to hedge the approximate future foreign currency cash flows expected from the Company's investments rather than the fair value of the Company's investments. As at the time of opening of the forward foreign exchange positions, such positions were calculated to approximate the future cash flows expected at that time from the Company's investments. As at the balance sheet date, the approximate future cash flows expected exceed the fair value of the Company's investments.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

CURRENCY RISK PROFILE AS AT 31 JULY 2008 (CONTINUED)

The following foreign exchange forward contracts were unsettled as at 31 July 2008:

Amount bought €	Amount sold currency	Number of positions	Unrealised gain €
59,168,721	USD 81,419,732	12	5,407,864
48,349,145	GBP 35,988,154	7	2,941,053
			8,348,917

CURRENCY 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)
Effect of forward currency contracts	112,819,767	(53,746,768)	(58,549,889)
	275,575,023	(10,786,696)	(4,663,018)

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

Amount bought €	Amount sold currency	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

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. The Company could also face some difficulties when collecting reliable information about the value of its assets if all or part of the contributors for such information were to experience significant business difficulties or were to suspend relative market activities. This could affect the timing and determination process when assessing the value of the Company's investment.

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.

The Company has consistently applied its valuation techniques since inception.

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 carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost, as they have a short-term to maturity.

At the reporting date, the Company's financial assets exposed to credit risk are available for sale securities, financial assets at fair value through profit or loss, open FX contracts and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2008

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

CREDIT RISK (INCLUDING COUNTERPARTY RISK) (CONTINUED)

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 diversifying credit risk by pursuing Primary Target Asset Classes that generate cash flows from underlying portfolio's having, in the aggregate, diverse characteristics like low historical default rate and/or high expected recovery rates in the event of default and/or significant 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.

Substantially all of the cash held by the Company is held by Deutsche Bank AG, London Branch ("Deutsche Bank"). Bankruptcy or insolvency by Deutsche Bank may cause the Company's rights with respect to the cash held by Deutsche Bank to be delayed or limited. The Company monitors its risk by monitoring the credit rating of Deutsche Bank, as reported by Standard and Poor's, Moody's or Fitch and analyses any information that could imply deterioration in Deutsche Bank's financial position.

Other counterparties to the Company's investments are as presented in tables 2, 3, 4, and 5 within the Investment Managers report with specific reference to the Lehman exposures detailed in section 5 of that report and note 26 of the accounts.

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 monitors the concentration of its portfolio and from time to time, as long as market liquidity permits to do so, might rebalance 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.

The composition of the Company's portfolio could change due to important changes in the relative value of its assets in such a way that it increases the concentration risk. In such a stressed situation characterised by high volatility in the value of the Company's assets and/or significant changes in the market expectation of default rates, the ability of the Company to mitigate its concentration risk could be significantly affected for liquidity reasons.

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 invests are illiquid. Changes in market sentiment may make significant portions of the Company's investment portfolio rapidly more illiquid, particularly with regard to types of assets for which there is not a broad well-established trading market or for which such a market is linked to a fewer number of market participants. 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 assets in the Company's portfolio, but selling assets may in some circumstances, be significantly disadvantageous for the Company or even almost impossible if liquidity were to disappear for the Company's assets.

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.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity profile as at 31 July 2008

	Within one year €	One to five years €	Over five years €
Financial assets			
Cash and cash equivalents	23,359,657	—	—
Available-for-sale securities	—	3,142,860	67,664,103
Financial assets at fair value through profit and loss	—	—	61,527,343
Derivative contracts	1,137,319	7,211,598	—
Trade and other receivables	3,344,620	—	—
	27,841,596	10,354,458	129,191,446
Financial liabilities			
Trade and other payables	(1,855,480)	—	—

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	—	—

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.

SENSITIVITY ANALYSIS

In the opinion of the Directors, the following analysis gives an approximation of the sensitivity as of 31 July 2008 of the different asset classes to market risk that seems reasonable considering the current market environment and the nature of the Company's assets main underlying risks.

This sensitivity analysis presents an approximation of the potential effects of events that could reasonably have been expected to occur as at the balance sheet date and does not show the possible effects of exceptional events such as the bankruptcy of LBHI (i.e. "worst case scenario events").

The sensitivity of the fair values of most of the assets held by the Company to the traditional risk variables are not the most relevant in the current environment. For example, the sensitivity to interest rates is interdependent with other market variables.

The present analysis reflects the sensitivity to some of the most relevant determinants of the risks associated with each asset class.

Whilst every effort has been made to assess the pertinent risk factors, there is no assurance that all the risk factors have been considered. Other risk factors could become large determinants of the fair value.

ABS assets

One of the main determinants of the risks associated with the ABS positions held by the Company is the level of credit losses on the underlying collateral. Considering the losses observed over the past financial year, it seems reasonable to test an increase of 25% in the realised cumulative losses as of the end of July 2008, keeping the expected future losses unchanged. If the realised cumulative losses on the ABS assets were to increase by 25% immediately, the fair value of these assets and the Company's NAV would decrease by approximately €4.2 million.

Corporate Credit assets

The Corporate Credit assets held by the Company are first loss or junior second loss exposures to diversified portfolios of investment grade and sub-investment grade Corporate Credits. One of the main determinants of the risks associated with these assets is the occurrence of defaults in the underlying portfolio. It seems reasonable to test the sensitivity of these assets to an immediate occurrence of defaults, keeping the expected future losses unchanged.

The test has been calibrated as an amount equivalent to one year of expected defaults, measured by the Weighted Average Rating Factors of the underlying portfolio. The fair value of theses assets and the Company's NAV would decrease by approximately €5.0 million if such a event were to occur.

As regard the mark-to-market spread of the underlying portfolio, the test has been calibrated to increase by roughly 17% the spreads of the underlying portfolio. The fair value of these assets and the Company's NAV would therefore decrease by approximately €4.7 million.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2008

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

SENSITIVITY ANALYSIS (CONTINUED)

CDO assets

The CDO assets held by the Company are either residual tranches or mezzanine tranches of CLOs. One of the main determinants of the risks associated with these assets is the occurrence of defaults in the underlying portfolio. It seems reasonable to test the sensitivity of these assets to an immediate occurrence of defaults, keeping the expected future losses unchanged.

The test has been calibrated as an amount equivalent to one year of expected defaults, measured by the Weighted Average Rating Factors of the underlying portfolio. The fair value of these assets and the Company's NAV would decrease by approximately €4.0 million if such an event were to occur.

23. RELATED PARTY DISCLOSURE

TRANSACTIONS WITH DIRECTORS AND THE INVESTMENT MANAGER

For disclosure of Directors' remuneration, please see note 8 and the Directors' Remuneration Report. As at the period end, Directors' fees to be paid in cash of €42,000 (2007: €81,000) had been accrued but not paid. Directors' fees to be paid in shares of €18,000 (2007: €39,000) had been accrued but not paid and Directors' expenses of €Nil (2007: €2,000) had been accrued but not paid.

As at 31 July 2008, the Directors of the Company controlled 0.14% (2007: 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 NAV that is less than €200,000,000, and 1.75% per annum on the portion of the NAV 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 NAV at the end of the preceding period and payable semi-annually in arrears. For the period to 31 July 2007, the relevant NAV was taken as the IPO proceeds.

During the period the management fees accrued were €2,872,594 (2007: €2,503,966). Fees accrued and outstanding as at 31 July 2008 were €1,241,278 (31 July 2007: €2,503,966).

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.

As stated in the Investment Manager's Report, the Investment Manager also acts as Investment Manager for four of the Company's investments (ARIA II, ARIA III, Jazz III and Adagio III), earning Investment Management fees for so doing directly from these investment vehicles.

However, with respect to ARIA II, ARIA III and Jazz III, there is no duplication of Investment Management fees as adjustment for these investments is made in the calculation of the Investment Management fees payable by the Company.

The investment in Adagio III was made by way of a secondary market purchase on a bona fide arm's length basis from a party unaffiliated with the Investment Manager. Therefore, the Company pays Investment Management fees with respect to this investment calculated in the same way as if the Investment Manager of Adagio III was an independent third party.

24. NON-CONSOLIDATION

These financial statements have been presented in unconsolidated format. In September 2007, the Company purchased an investment in RMAC Securities No. 1 PLC, Series 2007-NS1 ("NS1-07"). In the opinion of the Directors, the Company does not control NS1-07, as defined by IAS 27 – "Consolidated and Separate Financial Statements" and SIC-12 – "Consolidation – Special Purpose Entities", as it is not entitled to receive the majority of the rewards occurring in NS1-07, nor is it exposed to the majority of the risks associated with NS1-07. Accordingly, the Company is required to account for its investment in NS1-07 under IAS 39 – "Financial Instruments: Recognition and Measurement".

As at the date of preparation of the Company's interim financial statements, which were also presented in unconsolidated format, it was believed that the Company would be required to present its annual financial statements to 31 July 2008 in consolidated format. However, subsequent analysis of the relevant figures under the market conditions existing as at the purchase date determined that the Company is required to present its annual financial statements to 31 July 2008 in unconsolidated format.

There are no other SPEs with which the Company is associated that would require consolidation, and the Directors are not aware of any off-balance sheet exposures related to the Company's association with SPEs.

25. 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$15,000,000 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 2008, the Company had made capital contributions of US$10,500,000 and therefore there was a commitment at that date to make further capital contributions of US$4,500,000 before 31 August 2009.

26. POST BALANCE SHEET EVENTS

Since the end of the last financial year ended 31 July 2008, credit markets have been shaken by strong negative outflows and significant credit deterioration in most of the areas. Many leveraged investors have continued to be forced to deleverage and further widening in discount margin occurred. In particular, the asset classes targeted by the Company have continued to be drawn by the downward mark-to-market spiral.

CORPORATE CREDIT

The failure of LBHI mid-September had a significant and direct impact on three assets of the Company (ARIA II, ARIA III and Jazz III) constituting 39% of the Company's end of August 2008 GAV. These three assets had direct exposure to the senior debt of LBHI and the mark-to-market value of those assets fell from €62.7 million as of the end of August 2008 to €22.8 million as of the end of September 2008.

Taking into account the final recovery on LBHI (8.625% for Euro-denominated Senior CDS), the situation of these three assets as of 15 October 2008 was as follows:

- ARIA II, which was a 1.53/2.53% attachment/detachment tranche at the end of August 2008, has lost 29% of its future coupons and principal, and is now a 0/0.71% tranche.
- ARIA III, which was a 0/3% attachment/detachment tranche with a 0.6% internal reserve at the end of August 2008 has lost its reserve, 40% of its future coupons and principal, and is now a 0/1.80% tranche.
- The Jazz III Euro and USD tranches, accounting respectively for 85% and 15% of the initial Jazz III investments, were both 0/5.75% tranches at the end of August 2008 and are expected to lose a little less than 20% of their expected quarterly payments, and respectively 41% and 43% of their principal. The Euro tranche is now a 0/3.41% tranche and the USD one a 0/3.27% tranche.

Following the multiple government interventions in October in developed countries, the recent tightening of CDS spreads on financial sector companies (reflecting the market's perception of reduced bankruptcy risk for significant financial institutions) should benefit these three assets as their underlying portfolios are significantly overweight on financial sector companies. Nevertheless, these investments remain exposed to the broader risk of a significant deterioration of the economic cycle that would also affect non-financial sector companies.

ABS

As regards the Company's exposure to ABS residual positions, one of the UK non-conforming residual owned by Volta, Eurosail 2006-1, is directly affected by the failure of LBHI: 1) through its servicer Capstone, a subsidiary of LBHI that stands outside the bankruptcy perimeter, and 2) through swap agreements concluded with Lehman Brothers Special Financing Inc. ("LBSF"), a subsidiary of LBHI that is also in default.

Even if the servicer is left untouched by the bankruptcy of LBHI, Eurosail 2006-1 will have to substitute LBSF as the counterparty of most of the swaps that are in place inside the structure. The costs of substitution may have an impact that could be material on the cash flows that are due to Volta.

CDO

As regards the Company's positions in residual tranches of CDOs, there is no direct significant impact from the LBHI failure given that these assets have no direct exposure to the defaulting company. However, there might be some indirect effects: 1) One deal (Lightpoint) was managed by a LBHI subsidiary that is currently out of the bankruptcy perimeter. This manager is expected to be purchased by another experienced Loan manager, with only a minor impact on the Company's positions, and; 2) The Company received ongoing pricing data with respect to three deals held by Volta (Adagio III, Lightpoint and Carlyle). At the time of writing this report, another counterparty has agreed to provide monthly prices on the securities issued by those deals.

As outlined above, following the LBHI default and the consequences of the financial crisis to the overall economy, default rates should increase significantly. This could, in turn, adversely affect the Company's investments. However, considering the determination of the G7 countries to tackle this crisis, such a scenario could be mitigated. The Investment Manager will monitor the situation and the impact on the Company's investments.

OPEN FORWARD FOREIGN EXCHANGE CONTRACTS

Following the recent appreciation of the US Dollar against the Euro, the Company has posted a total of €3.1 million of collateral to the counterparty with which the Company entered into currency swaps for the purpose of hedging the currency risk of its US Dollar investments.

CURRENT OUTLOOK

The significant difficulties that most banks are facing in developed countries will continue to bring a lot of uncertainties as these difficulties now spread to the rest of the economy. The economic weakness expected for the coming quarters will affect most of industries to various degrees. Default rates are expected to increase and the uncertainty as to the level at which corporate default rates will culminate in the coming years creates uncertainty on the different structured markets, affecting assets both in terms of the mark-to-market value and expected cash flows.

However, given the determination of the G7 authorities to tackle this crisis, such a challenging environment may provide investment opportunities specifically for a company such as Volta Finance that does not face refinancing risk. Due to the excess of sellers over buyers in some market segments and for certain type of assets, part of the increase in discount margin can be considered as having overshot the increase in risk premium based on objective credit fundamentals. Liquidity issues, as well as uncertainty about maturity or rating methodology, are now much more priced in than they were a few quarters ago.

The Investment Manager will continue to closely monitor the impact of the current crisis on the Company's investments. Considering that the volatility in the structured finance markets as well as in credit markets is likely to last. The Company prefers maintaining cash in its portfolio and waiting for more visibility before selecting investment opportunities as they arise in the midst of such turbulent market conditions.

DISTRIBUTION INCOME CALCULATION (UNAUDITED)

FOR THE YEAR ENDED 31 JULY 2008

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 IPO Prospectus, together with certain related information, is reproduced below for ease of reference.

CALCULATION

	31 July 2008 €	31 July 2007 €
Net IFRS loss per the Income Statement	**(70,599,501)**	(16,938,249)
Add: impairment losses on available-for-sale securities per the Income Statement	**41,813,016**	—
Less: impairment losses on available-for-sale securities for the purpose of determining the Distribution Income	**(37,338,688)**	—
Add: mark-to-market losses on the TRS per the Income Statement	**44,112,228**	10,176,780
Less: impairment losses on the TRS for the purpose of determining the Distribution Income	**(56,655,070)**	—
Less: net income from the TRS per the Income Statement	**(2,436,558)**	(3,003,812)
Add: effective income on the TRS for the purpose of determining the Distribution Income	**4,434,637**	3,426,291
Add: net unrealised loss on financial assets at fair value through profit or loss per the Income Statement	**9,430,675**	21,800,142
Add/(less): foreign exchange gains/(losses), net of hedging gains/(losses), for the purpose of determining the Distribution Income	**9,323,936**	(1,376,028)
Distribution Income	**(57,915,325)**	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);

DEFINITION (CONTINUED)

- 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 "Objectives" above or other transactions achieving the same purpose.

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.

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 2008, 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) Law, 1994 with registered number 45747, and registered with the Dutch Authority for the Financial Markets, (the "Company").

NOTICE OF THE SECOND ANNUAL GENERAL MEETING OF THE COMPANY

In accordance with the Company's Articles of Incorporation, notice is hereby given that the second 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 20 November 2008.

AGENDA

ORDINARY BUSINESS:

1. To adopt the audited financial statements of the Company for the year ended 31 July 2008, 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 re-elect Joan Musselbrook as an Independent Director of the Company for a term of one year.
4. To re-elect Christian Jimenez as an Independent Director of the Company for a term of three years.
5. To re-elect Christophe Demain as a Class B Director of the Company for a term of three years (The holder of the Class B share is entitled to elect a single Director to the Company's Board of Directors – please refer to note 5 below).
6. To re-elect Paul Varotsis as an Independent Director of the Company for a term of two years.
7. 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 IPO Prospectus of 4 December 2006, as amended by the Prospectus supplement of 12 December 2006:

   The Chairman is 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 is to receive 30% of his or her 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 are obliged to retain those shares for a period of no less than six months from the respective date of issuance.
8. To approve the remuneration of the Auditors of the Company in respect of the Company's financial year ended 31 July 2008 of €240,809 (plus disbursements), and to authorise the Board to negotiate and fix the remuneration of the Auditors in respect of the year ending 31 July 2009.
9. To approve a final dividend for the period ended 31 July 2008 in respect of the Company's ordinary shares of €0.25 per share, as declared by the Board on 7 October 2008, and to approve the dividend payment date of 3 December 2008.

SPECIAL BUSINESS:

10. To approve that the Memorandum and Articles of Incorporation of the Company be amended as follows:

    (i) Any reference in the Memorandum and Articles of Incorporation to:

    the "Memorandum of Association" shall be deemed to be a reference to the "Memorandum of Incorporation";

    the "Articles of Association" shall be deemed to be a reference to the "Articles of Incorporation";

    "The Companies (Guernsey) Laws, 1994 to 1996" or "The Companies (Financial Assistance for the Acquisition of Own Shares) Ordinance, 1998" shall be deemed to be a reference to "The Companies (Guernsey) Law, 2008";

    a specific section or sections of The Companies (Guernsey) Law, 1994 shall be deemed to be a reference to the corresponding section or sections of The Companies (Guernsey) Law, 2008.

    (ii) The Memorandum of Incorporation be amended by:

    deleting the existing clauses 3 and 6;

    inserting a new clause 3 as follows:

    "The Company is a non-cellular company within the meaning of Section 2(1) (c) of The Companies (Guernsey) Law, 2008."

    inserting a new clause 6 as follows:

    "The Company may make or alter:

    (1) any provision in the Memorandum relating to any matter mentioned in Section 15(7) of The Companies (Guernsey) Law, 2008 by special resolution; and

    (2) any other provision in the Memorandum in the manner prescribed by the Laws."

(iii) The Articles of Incorporation are amended by inserting the following new Article 39 immediately after Article 38:

"39. OVERRIDING PROVISIONS

Notwithstanding any other provision of these Articles:

(1) The standard articles of incorporation prescribed pursuant to the Laws are disapplied in respect of the Company.

(2) Where the Board has resolved to issue different classes of shares, the Board has the authority to issue an unlimited number of shares subject to the following:

(a) the authority of the Board to issue shares under this Article shall expire on the fifth anniversary of the incorporation of the Company unless the Members, by ordinary resolution, revoke that authority;

(b) at or before the expiry of the fifth anniversary of incorporation, the Members may, by ordinary resolution, extend the power of the Board to issue shares under this Article for further periods, with each period of extension being for no more than five years (or such longer period as the Laws may then allow).

(3) Subject to the Laws a resolution in writing shall be as effective as if the same had been duly passed at a general meeting if:

(a) in the case of an ordinary resolution, it is signed by or on behalf of Members representing a simple majority of the total voting rights of Members eligible to vote on the resolution on the circulation date;

(b) in the case of a special resolution, it is proposed as such and signed by or on behalf of Members representing not less than seventy five per cent of the total voting rights of Members eligible to vote on the resolution on the circulation date;

(c) in the case of a resolution required by the Laws to be passed as a waiver resolution, it is proposed as such and signed by or on behalf of Members representing not less than ninety per cent of the total voting rights of Members eligible to vote on the resolution on the circulation date;

(d) in the case of a resolution required by the Laws to be passed as a unanimous resolution, it is proposed as such and signed by or on behalf of all Members eligible to vote on the resolution on the circulation date.

(4) Any prohibition or limitation in the Articles on paying dividends otherwise than out of the profits of the Company or declaring only dividends justified by the profits of the Company shall be of no effect. The payment of a dividend out of the Company's capital, share premium account or any capital reserve shall not be treated as a capital reduction for the purposes of the Articles.

(5) All Members are deemed to have agreed to accept communication from the Company by electronic means (including via the Company's website) unless the Members notify the Company otherwise. Notice under this paragraph 5 must be in writing and signed by the Member and delivered to the Office or such other place as the Board directs.

11. To renew the authorization of the Company unconditionally and generally for the purposes of Section 315 of the Companies (Guernsey) Law, 2008 to make market purchases of ordinary shares in the Company provided that:

a. A 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:

- 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
- 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 2009 or the conclusion of the third Annual General Meeting of the Company.

NOTICE OF MEETING CONTINUED

NOTES

1. The Company's 2008 annual report and accounts will be published on 31 October 2008.
2. Copies of the Company's Memorandum and Articles of Association and its 2008 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 Annual General Meeting ("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 18 November 2008 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).
5. The Class B share is identical to the Company's other ordinary voting shares, except that the Articles of Association of the Company confer on the holder of the Class B Share the right to elect one member to the Company's Board of Directors and the affirmative vote of the Class B shareholder will be required to amend the Articles of Association of the Company to remove or modify this special right. (Mr Demain will be treated for this purpose as elected by the Class B shareholder).

For and on behalf of

MOURANT GUERNSEY LIMITED
COMPANY SECRETARY
29 OCTOBER 2008

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

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