VOLTA FINANCE LIMITED

INTERIM REPORT AND ACCOUNTS

FOR THE PERIOD 1 AUGUST 2008 to 31 JANUARY 2009

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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.

INTERIM HIGHLIGHTS

- Net Asset Value ("NAV") of €56.4 million (€1.87 per share) at 31 January 2009
- A proposed dividend of €0.06 per share for the period from 1 August 2008 to 31 January 2009 (the "period", or "interim period")
- Net loss of the Company for the period of €101.7 million, or €3.38 loss per share, taking into account the recognition of impairments on the 13 residuals of CLOs[1], the further decline in value of the six UK non-conforming ABS[2] and the mark-to-market losses of assets held at fair value through profit or loss and derivative financial instruments
- The investments held by the Company generated €12.4 million of cash over the period
- Over the period, the investment strategy was mainly to maintain cash in the Company while waiting for investment opportunities to arise. As a consequence, the cash holding was €24.5 million at the period end representing 43.5% of the NAV of the portfolio
- During the period, the sole purchases of new investments were two BBB rated tranches of CLOs for a total amount of €3 million
- As of the end of the interim period, Volta Finance held investments in three underlying asset classes (CDO[3], Corporate Credit[4], ABS)
- In view of the increase in discount margins seen in the market, the Company intends to continue to expand its investment horizon to assets that benefit from larger cushions of subordination and/or lower leverage within its target asset classes. The Company will continue to be very selective when pursuing its investment strategy
- Operating expenses as a percentage of average NAV for the period ended 31 January 2009 were 3.16%

Definitions:

[1] Collateralised Loan Obligations ("CLOs")

[2] Asset-Backed Securities ("ABS")

[3] Collateralised Debt Obligations ("CDOs")

[4] Collateralised Synthetic Obligations ("CSOs" or "Corporate Credits")

CORPORATE SUMMARY

FOR THE PERIOD ENDED 31 JANUARY 2009

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.

The Company was granted consent on 4 December 2006 to raise funds through the issue of shares under the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959, as amended. Under new rules that came into effect in 2008, the Company has elected to remain recognized as an authorised closed-ended collective investment scheme, rather than change to being treated as a registered collective investment scheme.

INVESTMENT OBJECTIVES

The Company's investment objectives are to seek to preserve capital and to provide a stable stream of income to its shareholders through dividends that it expects to distribute on a semi-annual basis. Subject to the risk factors that were described in the Company's IPO prospectus and the risk factors that are described in note 22, it seeks to attain its investment objectives by pursuing a multi-asset class investment strategy. The current investment strategy focuses on direct and indirect investments in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. Whilst the Company's investment objectives remain unchanged, as stated in the Chairman's Statement and the Investment Manager's Report, considering the discount to par at which most of these assets could be purchased, part of the expected return for most of the future investments may come from backloaded cash flows corresponding to principal payments in addition to ongoing cash flows. The assets that the Company may invest in either directly or indirectly include, but are not limited to: 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 exposure to portfolios of Primary Underlying Assets. In this regard, the Company instructed AXA Investment Managers Paris (the "Investment Manager" or "AXA IM") to pursue the Company's investment strategy by concentrating on five principal target asset classes (the "Primary Target Asset Classes"), each of which is supported principally if not entirely by cash flows generated by Primary Underlying Assets including: Collateralised Synthetic Obligations ("CSOs" or "Corporate Credits"); Collateralised Debt Obligations ("CDOs"); Asset-Backed Securities ("ABS"); leveraged loans and infrastructure assets. As at the period end, the Company held assets in its portfolio divided amongst three Primary Target Asset Classes: Corporate Credits; CDOs (all of which are exposed to leveraged loans); and ABS.

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 January 2009, the Company's total net asset value ("NAV" and "Net Asset Value") was €56.4 million, with the NAV per share amounting to €1.87. The Company publishes its NAV on a semi-annual basis and its gross asset value ("GAV" and "Gross Asset Value") monthly.

NAV is an expression of the total value of the Company which takes into account the current fair value of the Company's investments, accruals for debtors and creditors and the amount of the Company's liabilities. The Company's total NAV at 31 January 2009 can be seen in the Balance Sheet on page 19 (Total shareholders' 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.

CORPORATE SUMMARY (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2009

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 January 2009 was €0.40 per share.

CHAIRMAN'S STATEMENT

The global financial crisis has further reduced the value of the Company's assets during the interim period ended 31 January 2009. The NAV declined over the period from €165.5 million as of 31 July 2008 to €56.4 million as of 31 January 2009.

This period was marked by significant events that adversely affected the value of the Company. Impairments were recognised on the 13 residuals of CLOs following a review of expected cash flows from these assets as at the end of January 2009. Two Corporate Credit assets also saw their expected cash flows revised significantly downward. As at the end of January 2009, the eight positions in mezzanine tranches of CDOs, one Corporate Credit asset and one ABS, representing 30% of the GAV did not suffer any revision in the present value of their expected cash flows.

There was a loss of €101.7 million (or €3.38 loss per share) for the interim period ended 31 January 2009, compared to a loss of €28.2 million (or €0.94 loss per share) for the comparative interim period ended 31 January 2008. The Distribution Income for the interim period ended 31 January 2009 was negative at €118.1 million (or negative €3.93 per share).

However, the investments held by the Company continued to generate cash flows: €12.4 million for the 6 month interim period, compared with €17.6 million for the previous 6 month period ended 31 July 2008 and €19.6 million for the comparative interim period ended 31 January 2008.

During the interim period, the Company's investment strategy was mainly to maintain cash available while waiting for investment opportunities in a context of prolonged downward pressure on structured product asset prices. New previously uncommitted investments during the period were limited to a total cost of €3 million. As a result, €24.5 million was held in cash at the financial period end (43.5% of the NAV, or €0.82 per share).

DIVIDEND

The Board of Directors of Volta Finance Limited has proposed a dividend of €0.06 per share for the interim period ended 31 January 2009, amounting to €1.8 million. This dividend will be paid out of the Company's distributable reserves.

OUTLOOK

At the time of writing, after the payment of the dividend and other commitments, the Company is expected to have nearly €20 million in cash available for investments. Considering the current economic situation and the high level of uncertainties that it creates, the Company will pursue its investment objectives through selective investments and will continue to adapt its investment strategy to the ongoing situation.

In accordance with the Investment Manager's advice, the Company intends to take due time to deploy its capital. The Company is likely to favour assets, which are expected to have ongoing stable cash flows, despite the current economic situation. However, whilst the Company's investment objectives remain unchanged, the Company might consider investments for which backloaded capital payments, in addition to current cash flow, are expected to form a significant portion of the anticipated rate of return from future investment opportunities that might be taken.

With respect to the Company's investments, should a further deterioration in current market circumstances occur, ongoing cash flows generated by the Company could continue to decrease in the coming periods.

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

PETER CROOK

Chairman

24 March 2009

INVESTMENT MANAGER'S REPORT

1. OVERVIEW

Volta Finance Limited closed the interim period ended 31 January 2009 with a NAV of €56.4 million, or €1.87 per share, down from €165.5 million, or €5.51 per share, as of 31 July 2008.

During the period, particularly harsh market conditions and a degradation of the global economic environment, as well as an increased number of defaults, significantly affected the Company's assets both in mark-to-market value and in expected cash flow terms:

- Volta's corporate credit assets have been impacted by two defaults (Lehman Brothers Holding Inc and Tribune Co);
- several of the 13 residual tranches of CLOs held by Volta have begun to suffer diversion of cash flows due to an increase in default rate as well as an increase of the weight of CCC- or below-rated assets in the underlying portfolios; and,
- the continuing deterioration in UK housing prices, combined with the fact that prepayment of probably the best underlying mortgages has already occurred, resulted in a downward revision of expected cash flows reflected by a decrease in the value of the six UK non-conforming residuals.

As at the end of January 2009, all of the most recent investments by the Company in mezzanine tranches of CDO as well as one Corporate Credit asset and one ABS, representing 30% of the Company's end of January GAV, continued to perform, despite highly discounted prices, and are currently expected to deliver a performance in line with that expected at the time of purchase.

Taking into account the decreasing value of UK non-conforming residuals and of the equity of CLOs, as well as the mark-to-market variation on other derivatives and embedded derivatives, the Company incurred a loss of €101.7 million (or €3.38 loss per share) for the interim period ended 31 January 2009.

Given the ongoing uncertainties on the markets and the prolonged downward spiral of structured finance asset prices, the Investment Manager had decided:

- to overweight cash allocation throughout the period; and,
- to limit re-investment to a small number of assets that could benefit from some level of subordination protection and that have exposure to diversified portfolios.

Over the period, the Company's investments generated €12.4 million of cash flows, and the Company only purchased new investments in two BBB tranches of CLO at an aggregate cost of €3.0 million.

During the period that commenced on 1 February 2009, the Company is expected to benefit from its past willingness to maintain a significant amount of cash and should be in a position to begin to take advantage of investment opportunities in a highly discounted environment. Although the end of January 2009 prices already reflected a severe economic scenario, considering the highly uncertain economic environment, the value of Volta's assets is likely to continue to be volatile.

2. 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.

While Volta had initially focused on investments at the residual level, the significant widening of discount margins over the most recent quarters has enabled the Company to include in its investment perimeter assets having more subordination protection. In line with this development, the Company invested €3.0 million of cash in two assets over the course of the interim period ended 31 January 2009:

- €1.2 million was used to purchase a position in a BBB tranche of a US CLO (Battalion CLO - Class D); and,
- €1.8 million was used to purchase a position in a BBB tranche of a European CLO (Cheyne Credit Opportunity)

€2.2 million was also used to settle commitments on Tennenbaum Opportunities Fund V. After the end of the interim period covered by this report, the final residual commitment of $1.5 million on this investment was drawn (on 2 February 2009).

In addition to reinvestments effected by the Investment Manager, important variations in the relative performance of asset classes have affected the Company's asset allocation significantly since 31 July 2008. Although the Investment Manager pursues a diversified investment strategy, the relative market and credit performance of assets has tended to concentrate the Company's portfolio.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Table 1 – Volta Finance Asset Allocation Based on Mark-to-Market Prices (based on GAV)*

Asset classes		At 31 January 2009 (%)	At 31 July 2008 (%)
Corporate Credit		15.1	41.7
CDO	Residual tranches of CLO	15.0	22.3
	Mezzanine tranches of CLO	10.2	8.6
ABS		17.0	13.3
Cash		41.9	14.2**

* GAV of €166 million as of 31 July 2008 and GAV of €57.5 million as of 30 January 2009. 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 and the fact that the margin account balance of €410,000 is not included in the cash percentage.

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

Due to the Company's view of declining and volatile market conditions, cash accounted for the largest proportion of NAV as at the end of the interim period.

3. INVESTMENT PORTFOLIO

As of 31 January 2009, Volta held 31 settled assets in its portfolio divided amongst three asset classes: CDOs (all of which are exposed to leveraged loans); Corporate Credit; and ABS.

CDO

The Company has invested in residual tranches of managed CDOs selected by the Investment Manager. As of 31 January 2009, the Company had invested in 13 residual tranches of CDOs. Eleven of the 13 tranches are backed by US leveraged loans and two by European leveraged loans. The Company has not invested in any CDOs of ABS.

These assets have been affected by an increase in default rates and by the ongoing migration of the ratings of certain of their underlying assets to or below CCC. For most of these structures, payments to the residual holder are sensitive to the weight and the prices of CCC or lower rated assets in the underlying portfolio, as well as to actual losses incurred through defaults or trading.

As of the end of January 2009, as a consequence of the sharp economic downturn, nearly half of the residual tranches of CLOs had suffered at least a partial diversion of cash flows in the last months, although the others continued to pay normally.

All in all, considering the ongoing depressed economic picture, the Investment Manager expects an increase in default rates both in the US and European loan markets, as well as a continuation of rating migrations to or below CCC. This should continue to affect Volta's residual positions. Hence, partial or full diversions of cash flows are expected to occur at some point in time in 2009 for the majority of these positions.

As at the end of January 2009, the average price of these 13 positions was 13.6% of par, reflecting a very stressed scenario in which, on average, these assets stop paying in the coming quarters and never resume payment. This average price seems not to reflect the possibility that some deals could have a better performance than the market as well as the possibility that, for deals that could had suffered interruptions in payments, payments could resume later, once the crisis is over.

Tennenbaum Opportunities Fund V represents more than 50% of the mark-to-market value of the CDO residual holdings. The manager of this fund succeeded in significantly reducing the leverage of the fund (to a leverage ratio of below 1:1) and maintaining cash available in order to be able to seize opportunities that should present themselves the difficult financial and economic environment, through taking positions, as an example, in Debtor-In-Possession or Bankruptcy Exit loans or even through taking equity ownership when loans default.

Table 2 – List of CDO Residual Holdings as of 31 January 2009

Issuer	% GAV	Description of investment	Description of underlying asset	Manager/ servicer	Principal geographical exposure	ISIN	Arranging institution
TENNENBAUM OPPORTUNITIES FUND V	8.48	Residual of CLO	Broadly syndicated loans	Tennenbaum	USA	N/A	Wachovia Bank
GOLDENTREE LOAN OPPORTUNITIES IV LTD (Subordinated Notes)	1.22	Residual of CLO	Broadly syndicated loans	Golden Tree	USA	USG39607AC37	Deutsche Bank
WASATCH CLO LTD (Subordinated Notes)	0.87	Residual of CLO	Broadly syndicated loans	Invesco	USA	USG94608AB57	JP Morgan
OCEAN TRAILS CLO I (Subordinated Notes)	0.87	Residual of CLO	Broadly syndicated loans	WG Horizons	USA	USG66999AA46	UBS
SANDS POINT FUNDING LTD (Subordinated Notes)	0.81	Residual of CLO	Middle market loans	Guggenheim	USA	USG7800DAA93	Deutsche Bank
OAK HILL EUROPEAN CREDIT PARTNERS II PLC (Subordinated Notes)	0.78	Residual of CLO	Broadly syndicated loans	Oak Hill	Europe	XS0300349700	Deutsche Bank
BATALLION CLO 2007-I LTD (Subordinated Notes)	0.76	Residual of CLO	Broadly syndicated loans	Brigade Capital Management	USA	USG08887AA27	Deutsche Bank
LIGHTPOINT PAN-EUROPEAN CLO 2006 PLC (Subordinated Notes)	0.73	Residual of CLO	Broadly syndicated loans	Lightpoint	Europe	XS0282169803	Credit Suisse
CARLYLE HY PART IX (Subordinated Notes)	0.51	Residual of CLO	Broadly syndicated loans	Carlyle Management	USA	KYG1908R1048	Lehman Brothers
LIGHTPOINT CLO V, LTD (Subordinated Notes)	0.41	Residual of CLO	Broadly syndicated loans	Lightpoint	USA	USG5487GAG31	Credit Suisse
GALAXY VII CLO LTD (Subordinated Notes)	0.38	Residual of CLO	Broadly syndicated loans	AIG	USA	USG25796AB20	Morgan Stanley
KINGSLAND III LTD (Subordinated Notes)	0.16	Residual of CLO	Broadly syndicated loans	Kingsland Capital Management	USA	USG52702AB68	Wachovia Bank
NORTHWOODS CAPITAL VIII LIMITED (Subordinated Notes)	0.11	Residual of CLO	Broadly syndicated loans	Angelo Gordon	USA	USG6666RAB18	JP Morgan

MEZZANINE TRANCHES OF CDOs (or "CLOs")

As of the end of January 2009, the Company held eight positions in mezzanine tranches of CLOs. Five investments were made in assets initially rated BB or BB- by S&P. One of these investments is unrated but could be considered equivalent to a tranche rated BB, taking into account its level of subordination. The remaining two are tranches initially rated BBB by S&P. As of the end of January 2009, these assets accounted for 10.2% of Volta's GAV.

These positions, as with the residual holdings, have cash flows that are sensitive to the level of defaults. Nevertheless, these tranches are structured to be able to absorb a higher rise in defaults in the loan market than residual holdings, given their second loss or third loss (for BBB) rank.

Considering the current market and economic circumstances, some of these positions could suffer from time to time some delays in their payments but, globally, under an average scenario for defaults and rating migrations, payments are supposed to be met. However considering their second or third loss position, under more pessimistic scenarios these positions could suffer significant losses. This possibility seems to be reflected by the end of January average price of these eight positions at 21.4% of par.

Three of these positions have structural features that could generate some early payments of principal that should be viewed as beneficial, considering that these positions have been bought significantly below par.

Table 3 – List of CDO Mezzanine Holdings as of 31 January 2009

Issuer	% GAV	Description of investment	Initial rating	Description of underlying asset	Manager/ servicer	Principal geographical exposure	ISIN	Arranging Institution
MCDONNELL LOAN OPPORTUNITY MEZZANINE SPV LTD	4.55	Mezzanine debt of CLO	Unrated	Broadly syndicated loans	McDonnell Investment Mgt LLC	USA	USG6016MAA11	Deutsche Bank
Cheyne Credit Opportunity CDO I B.V. (Class IV Notes)	2.25	Mezzanine debt of CLO	BBB	Broadly syndicated loans	Cheyne	Euope	XS0243225728	Nomura
PUMA CLO I B.V. (Class E Notes)	1.60	Mezzanine debt of CLO	BB-	Broadly syndicated loans	M&G Invesmtent Management Ltd	Europe	XS0368831896	RBS
BATALLION CLO 2007-I LTD (Class E Notes)	0.77	Mezzanine debt of CLO	BB	Broadly syndicated loans	Brigade Capital Management	USA	USG08889AF79	Deutsche Bank
ADAGIO III CLO PLC (Class E Notes)	0.52	Mezzanine debt of CLO	BB-	Broadly syndicated loans	AXA Investment Managers Paris	Europe	XS0262683971	Lehman Brothers
BATALLION CLO 2007-I LTD (Class D Notes)	0.39	Mezzanine debt of CLO	BBB	Broadly syndicated loans	Brigade Capital Management	USA	USG071322AE14	Deutsche Bank
ALPSTAR CLO 2 PLC (Class E Notes)	0.35	Mezzanine debt of CLO	BB-	Broadly syndicated loans	Alpstar Management	Europe	XS0291723079	Bank of America
EURO-GALAXY CLO B.V. (Class E Notes)	0.22	Mezzanine debt of CLO	BB	Broadly syndicated loans	AIG Global Investments	Europe	US29871UAG31	Morgan Stanley

ABS

As at 31 January 2009, 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 2009, the Investment Manager concluded that the decrease in the mark-to-market price of these assets corresponded to a downward revision of expected cash flows. This revision was the direct consequence of several events: 1) the fact that non-conforming lending in the UK has almost disappeared since the beginning of 2008, making refinancing for troubled borrowers extremely difficult; 2) the fact that average home prices in the UK have been continuously decreasing since November 2007 at an unprecedented pace; and, 3) the growing delinquencies and losses.

The six UK non-conforming residuals held by the Company were priced at the end of January 2009 at €0.9 million (on average 1.9% of par), representing 1.62% of the GAV, compared to €9.7m at the end of July 2008.

Due to the mark-to-market adjustments, the relative mark-to-market value of the Promise Mobility asset increased to more than 90% of the ABS total. Promise Mobility is a first loss position on a very diversified portfolio (1373 positions according to the latest report) of loans made to small and medium sized German enterprises. Since inception, the portfolio had suffered only three credit events, which is far below what was expected at purchase. The difficult German and global economic situations might increase the risk of more credit events in the coming quarters and payments received from Promise Mobility may be affected.

Table 4 – List of ABS Holdings as of 31 January 2009

Issuer	% GAV	Description of investment	Description of underlying asset	Manager/ servicer	Principal geographical exposure	Arranging institution
PROMISE MOBILITY 2006–1 GmbH	15.41	Residual of ABS	German SME loans	IKB	Europe non-UK	Deutsche Bank
NEWGATE FUNDING PLC 2006–2	0.86	Residual of ABS	UK non-conforming residential mortgage loans	Mortgage Plc	UK	Merrill Lynch International
RMAC SECURITIES NO.1 PLC (Series 2007–NS1)	0.60	Residual of ABS	UK non-conforming residential mortgage loans	GMAC-RFC	UK	HSBC–RBS
ALBA 2006–2 PLC	0.07	Residual of ABS	UK non-conforming residential mortgage loans	Oakwood Home Loans	UK	Credit Suisse
ALBA 2007–1 PLC	0.05	Residual of ABS	UK non-conforming residential mortgage loans	Oakwood Home Loans	UK	Credit Suisse
EUROSAIL 2006–1 PLC	0.03	Residual of ABS	UK non-conforming residential mortgage loans	Capstone	UK	Lehman Brothers
ALBA 2006–1 PLC	0.01	Residual of ABS	UK non-conforming residential mortgage loans	Oakwood Home Loans	UK	Credit Suisse

CORPORATE CREDIT

The Company has focused 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 January 2009, the exposure to Corporate Credits was obtained through three investments in CDOs ("bespoke CSOs") managed by AXA IM: Aria II, Aria III and Jazz III.

Table 5 – List of Corporate Credit Holdings as of 31 January 2009

Issuer	% GAV	Description of investment	Description of underlying asset	Manager	Principal geographical exposures	ISIN	Arranging institution
ARIA CDO III (IRELAND) PLC	9.25	Bespoke CDO Tranche	Majority investment grade corporate credit	Axa Investment Managers Paris	Europe and USA	XS0375442307	JP Morgan
JAZZ III CDO (IRELAND) PLC	4.42	Residual of Corporate CDO	Majority investment grade corporate credit	Axa Investment Managers Paris	Europe and USA	XS0263617374 XS0263615675	Merrill Lynch International
ARIA CDO II (IRELAND) PLC	1.39	Bespoke CDO Tranche	Majority investment grade corporate credit	Axa Investment Managers Paris	Europe and USA	XS0293091673	JP Morgan

ARIA II, ARIA III and Jazz III suffered the jump-to-default of Lehman Brothers Holdings Incorporated ("LBHI") in September 2008. ARIA II also suffered the default of Tribune Company so that at the end of January 2009 the situation of these three deals was as follows:

Table 6 – ARIA II CDO: Technical Specifications

	At 31 January 2009	At 31 July 2008
Nominal Size	€69 million	€69 million
WARF (S&P)	627	504
Number of names	172	178
Attachment/Detachment points	0.00% – 0.51%	1.52% – 2.52%

Table 7 – ARIA III CDO: Technical Specifications

	At 31 January 2009	At 31 July 2008
Nominal Size	€25 million	€25 million
WARF (S&P)	294	252
Number of names	166	153
Attachment/Detachment points	0.00% – 1.82%	0% – 3%
Reserve balance	0%	0.6%

Table 8 – Jazz III CDO: Technical Specifications

		At 31 January 2009	At 31 July 2008
Euro-denominated tranche	Nominal size	€8.6 million	€8.6 million
	Number of names	347	309
USD-denominated tranche	Nominal size	USD 2.0 million	USD 2.0 million
	Number of names	347	309

As of the end of January 2009, considering the tranche thinness of ARIA II, as well as its exposure (0.575% of the underlying portfolio) to one specific name that is expected to go into default (IDEARC Inc.) in the coming months, the probability of further cash flow payments on ARIA II is currently very low.

Regarding both ARIA III and Jazz III, the Investment Manager had been able to pursue its strategy of diversifying the credit risk of the underlying portfolios by increasing the number of creditors in the underlying portfolios. With regard to ARIA III, considering the loss of principal already incurred due to the LBHI default, and the possibility of further credit events in conjunction with the WARF of its underlying portfolio, only a portion of ARIA III's nominal is expected to be paid at maturity.

Through trading in higher yielding names, some negative basis trades and some trading gains, the Investment Manager has been able to significantly increase the payments to the equity of Jazz III (excess spread on the portfolio that represents the coupon paid to the equity went from respectively 87 and 84 basis points("bp") at the end of July 2008 to 130 and 135bp at the end of January 2009 for the Euro and the USD tranche).

However, both ARIA III and Jazz III are first loss positions and their remaining principal is sensitive to any credit events that could occur.

4. HEDGE ON THE CURRENCY RISK INCURRED ON NON-EURO INVESTMENTS

From the time of the IPO of the Company, non-Euro investments had been partially hedged into Euro via simple foreign exchange swaps. Over time, the nominal amounts of swaps have been adjusted in accordance with new investments as well as with revisions of expected cash flows, once made, for existing non-Euro assets.

The significant appreciation of the US Dollar during October 2008 and the ongoing cross currency rates volatility exposed the Company to margin calls on its currency swap contracts. If the Company's hedging strategy had remained unchanged, significant further appreciation of the US Dollar would have confronted the Company with a liquidity problem and would have required the Company to maintain cash available for matching any further increase in margin calls.

Consequently, and taking into account the increasing uncertainty on expected cash flows from most of its non-Euro assets, the Company decided to change its currency hedging strategy and to adapt its investment strategy. The potential margin call liability under the currency hedge strategy has been significantly reduced and the Company will tend to favour future investments denominated in Euro. As a consequence of the changes in the currency hedge strategy, there is no certainty that hedging the currency exposure generated by non-Euro assets can continue to be performed in the future.

5. INVESTMENT STRATEGY

The overall investment strategy of the Company has continued to evolve along with 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, in June 2008, Volta began to invest in BB-rated or BB equivalent tranches of CLOs.

The prolonged widening in discount margins for structured products has led the Investment Manager to maintain a high level of cash in the Company and, as a consequence, to invest during the interim period only €3 million of cash toward new investments, which have more subordination to defaults than residual positions.

As at the end of January 2009, considering the very low price (less than 10% of par) of some junior positions in most segments of the structured finance market, these positions could be viewed as an option, based on their potential ability to go through the current economic and financial crisis and to resume paying some significant cash flows once the crisis is over.

Considering the current circumstances, at the time of writing this report, the Company's investment strategy is mainly to seek investments in what would be viewed, at the time of purchase, structures producing ongoing cash flows (as an example, senior bespoke tranches of corporate credit portfolio could be considered, as well as short- to medium-term maturity investments in the most senior part of the European ABS market). The Company is also considering using a smaller part of its investment resources to buy, at significant discount, less senior tranches of structured products (for example, Junior AAA, AA or A-rated tranches of CDOs could be considered if and when the current rating review process engaged in by both Moody's and S&P produces its effect on prices, as could A tranches of the European ABS market).

Considering the significant discount to par at which most investments described above could be purchased, a significant portion of their expected rate of return should come from backloaded cash flows rather than from ongoing cash flows.

At the time of writing this report, the Investment Manager observed a very high level of illiquidity in most areas of the structured market that reflects the lack of buyers and the very high uncertainty about future cash flows for the most junior assets. As an illustration of the relevance of current market prices, the Manager has recently observed some assets paying a substantial part, and sometimes the entirety, of their latest mark in a single coupon payment.

The Company's strategy during the period, which had principally been to refrain from investing most of the cash generated by its assets while waiting for even higher discount margins on structured assets, should be rewarded given that the downward pressure on structured asset prices has led to such low prices that some opportunities may once again be considered.

6. OUTLOOK

Our general understanding of the current economic and financial crisis is that we are now seeing the convergence of 5 cyclical crises:

- A classical crisis characterized by overcapacity and overproduction in most sectors. This kind of crisis appears on average every five to seven years and usually requires 18 to 30 months to be cleared, although in a severe crisis more time may be needed.
- Two classical crises at the same time in two different markets: homebuilding (particularly for the US, UK and Spain) and commodities (in most industrial commodity sectors) characterised by the necessity to clear inventory surplus and for prices to fall. This kind of crisis generally appears every 10 to 15 years and commonly needs three to four years to be cleared.
- A less classical household debt crisis (mainly in the US, UK and Spain) that followed 10 to 20 years of debt accumulation by consumers in order to maintain their living standards. We expect, depending on the severity of the crisis from one country to another, that deleveraging consumers may take between 5 to 10 years.
- A cyclical crisis of financial over-leverage in bank balance sheets that began at the beginning of the current decade and now needs to be undone.

The required adjustments are under way. The pain felt is and will continue to be high, and economic and financial support from government and central banks is absolutely necessary and must be estimated in trillions of US Dollars or Euros.

The timing and pace of intervention in the markets will be critical in avoiding the precipitation of a deeper crisis among businesses outside the financial sector, where the imbalances are not yet as severe.

This situation should cause an increase in the number of defaults in the most cyclical sectors. This situation and the very high level of uncertainty that pertains in such a difficult period are reflected in the prices of most structured products, including the ones held by Volta. When considering the prices of Volta's assets at the end of the interim period, most of them reflect very pessimistic expected cash flows discounted with unusually high margin rates. These prices should be considered appropriate only if the trillions of USD that have begun to be mobilized by governments and central banks proves to be insufficient to prevent a large-scale contamination of corporate borrowers. In such circumstances, Volta's assets could suffer further downward volatility and further downward revisions of their expected cash flows.

Despite the current difficulties, during the interim period ended 31 January 2009, the Company received cash flows from its investments totaling €12.4 million. Due to some current and expected diversions of cash flows on residuals of CLOs and to the difficult situation of two of the Corporate Credit positions, the level of cash generated by the Company is expected to decrease in the next semi-annual period.

In 2009, the prices of risky assets, including structured finance products, may be highly volatile reflecting a high level of uncertainty, as most of the markets are likely to be pulled in opposing directions by an accumulation of bad economic news and the hopes generated by government rescue plans and central banks actions.

Considering the current circumstances, as described in section 5 (Investment Strategy), the Company may resume investing in the coming months. The Company's cash surplus and ability to adapt and to spread investments across the different segments of structured finance markets should be considered as positive characteristics.

AXA INVESTMENT MANAGERS PARIS

24 March 2009

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).

As described below, as a consequence of market practice changes by arranging banks when communicating valuations of CDO tranches, the Company has adapted its on-going valuation policy from which it derives its NAV and GAV to be as follows:

- **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 TRS), the counterparty or sponsor generally provides the valuation of the investment position, using the mark-to-market valuation of the underlying assets (minus, where applicable, the investment's internal funding or other liability). In the case of the TRS or other similar arrangements, the Investment Manager 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 and the valuation information available with respect to each particular asset.
- **Case C:** prior to the current reporting date, the Company was able to obtain valuations as at each reporting date, together with the related main valuation assumptions, for each of its bespoke CSO (or "Corporate Credit") investments and CDO investments from either an arranging bank, or another market participant. As at the current period end date, the Company has been able to obtain valuations with the related main valuation assumptions for its bespoke CSO investments and has been able to obtain valuations for all of its CDO investments. However, the Company has been unable to obtain the related main valuation assumptions for its CDO investments, except for a small number of CDOs for which the associated valuation assumptions were either incomplete or inconsistent. **Consequently, the Investment Manager has been unable to review for reasonableness the main valuation assumptions underlying the valuations of its CDO investments**. Therefore, the valuation methodology previously described as "Case C" has now been split into 2 new categories: "Case C (i)", which is equivalent to the previous "Case C" category; and, "Case C (ii)", as described below.
- **Case C(i):** where a financial asset involves an arranging bank, or another market participant, that provides valuations on a monthly basis together with its related main valuation assumptions (as may, for example, be the case with bespoke CSOs), the valuations are sourced from such parties. In many cases, the valuation provider, 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 is able to adjust such valuations in order to make them closer to the average prices for comparable assets if it appears that the valuations differ materially from comparable asset prices. The Investment Manager has agreed in the Investment Management Agreement to review the main assumptions semi-annually to evaluate whether they appear, in the judgements of the Investment Manager, fair and reasonable and to report its conclusions in this regard to the Portfolio Administrator and the Company. **The Investment Manager has reviewed those main assumptions as of 31 January 2009 and has concluded that the assumptions 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.

- **Case C(i) (continued):** The Company uses reasonable endeavours to engage independent third parties to review semi-annually the main valuation assumptions 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 January 2009 and have concluded that they were fair and reasonable.** Where a third party challenges one or more 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 C(ii):** For assets involving an arranging bank, or another market participant, for which the Company is able to collect on a monthly basis valuations from the arranging bank or from another bank or market participant, but not the assumptions underlying those valuations (as may be the case, as example, for cash CDOs), these valuations are used. In many cases, the valuation provider 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 is able to adjust such valuations in order to make them closer to the average prices for comparable assets if it appears that the valuations differ materially from comparable asset prices. 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 parties for clarifications or adjustments.
- The Company uses reasonable endeavours to engage independent third parties to review semi-annually the valuations and to report on the fairness and reasonableness of those valuations to the Portfolio Administrator and the Company. **Third parties have reviewed those valuations as of 31 January 2009 and have concluded that they were fair and reasonable.** Where a third party so engaged challenges one or more 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 or any other market participant that is willing to provide valuations on a monthly basis, or if an arranging bank, or other market participant, is unwilling to provide valuations 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. 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 January 2009 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.

The Board of the Company periodically reviews the Company's on-going valuation policy as it applies to each asset class in consultation with the Investment Manager, the Administrator and the Portfolio Administrator. The Board, from time to time, may make such changes in the policy as the Board deems in the best interest of shareholders.

DIRECTORS, MANAGEMENT, ADMINISTRATION AND ADVISORS

VOLTA FINANCE LIMITED

Company registration number 45747 (Guernsey, Channel Islands)

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DIRECTORS

Peter Crook – Chairman and Independent Director
Christophe Demain – Class B Director
Christian Jimenez – Senior Independent Director
Joan Musselbrook – Independent Director
Paul Varotsis – Independent Director

AUDITORS

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

COMPANY SECRETARY, ADMINISTRATOR, REGISTRAR, CORPORATE SERVICE PROVIDER

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LISTING AGENT AND PAYING AGENT

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RESPONSIBILITY STATEMENT
IN RESPECT OF THE FINANCIAL STATEMENTS

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting*
- gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company;
- the Chairman's Statement and the Investment Manager's Report meet the requirements of an interim management report, and includes a fair review of the information required by paragraph 4 of the Transparency Directive:
    - (a) being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - (b) being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in related party transactions described in the last annual report that could do so.

This responsibility statement was approved by the Board of Directors on 24 March 2009 and was signed on its behalf by:

Peter Crook	**Christian Jimenez**
Chairman	Senior Independent Director

24 March 2009

INDEPENDENT REVIEW REPORT
TO VOLTA FINANCE LIMITED

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2009 which comprises the unaudited condensed balance sheet, unaudited condensed income statement, the unaudited condensed statements of changes in shareholders' equity and cash flows and the related notes on pages 22 to 40. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement within our engagement letter dated 2 February 2009. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Euronext rules.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with IFRS. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Euronext rules.

Emphasis of Matter – Current Market Conditions

In forming our conclusion, which is not qualified, we have considered the adequacy of the disclosures in Notes 4, 5 and 25, concerning the impact of current market conditions on the Company.

The continuing significant events in the world economic and credit markets have led to a pronounced increase in 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 and that income derived from those investments may be less than that predicted.

KPMG Channel Islands Limited

25 March 2009

- The maintenance and integrity of the Volta Finance Limited website is the responsibility of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or review report since they were initially presented on the website.
- Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

UNAUDITED CONDENSED INCOME STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2009

	Notes	1 August 2008 to 31 January 2009 €	1 August 2007 to 31 January 2008 €
OPERATING INCOME:			
Deposit interest income	6	**347,036**	1,970,544
Effective interest income on available-for-sale securities and investments at fair value through profit or loss	6	**12,170,850**	13,239,539
Income from Total Return Swap	6	**11,426**	1,186,058
Net income on settlement of foreign exchange swaps and options	6	**1,314,834**	472,141
		13,844,146	16,868,282
OPERATING EXPENDITURE:			
Legal fees		**(34,683)**	(342,731)
Audit fees		**(131,358)**	(150,000)
Investment management fees		**(1,000,453)**	(1,631,316)
Custodian fees		**(11,953)**	27,818
Portfolio valuation and administration fees		**(149,012)**	(127,296)
Company secretarial, administration and accountancy fees	7	**(104,258)**	(201,022)
Directors' remuneration	8	**(255,066)**	(275,589)
Insurance		**(26,446)**	(20,919)
Other operating expenses		**(55,802)**	(77,728)
		(1,769,031)	(2,798,783)
OPERATING PROFIT		**12,075,115**	14,069,499
REALISED AND UNREALISED PROFITS/LOSSES:			
Loss on Total Return Swap	6	**—**	(22,493,520)
(Loss)/gain on foreign exchange swaps and options	6	**(9,206,856)**	6,978,280
Loss on financial assets at fair value through profit or loss	6	**(57,584,878)**	(4,363,705)
Foreign exchange gain/(loss) on available-for-sale securities	6	**9,045,548**	(11,199,014)
Provision for impairments on available-for-sale securities	6	**(57,103,848)**	(10,541,439)
Net foreign exchange gain/(loss) on other assets	6	**1,119,101**	(689,707)
		(113,730,933)	(42,309,105)
FINANCE EXPENSES:			
Liquidity facility fee	18	**(15,375)**	**—**
LOSS FOR THE PERIOD		**(101,671,193)**	(28,239,606)
Loss per ordinary share			
Basic	10	**(3.3820)**	(0.9408)
Diluted	10	**(3.3820)**	(0.9408)

		Number of shares	
Weighted average ordinary shares outstanding			
Basic	10	**30,062,261**	30,015,465
Diluted	10	**30,062,261**	30,015,465

The notes on pages 22 to 40 form part of these Condensed Interim Financial Statements.

UNAUDITED CONDENSED BALANCE SHEET

AS AT 31 JANUARY 2009

	Notes	**31 January 2009 €**	31 July 2008 €
ASSETS			
Available-for-sale securities	11	**25,941,145**	70,806,963
Financial assets at fair value through profit or loss	12	**5,151,571**	61,527,343
Open foreign exchange swaps and options	13	**—**	8,348,917
Trade and other receivables	15	**3,037,209**	3,344,620
Cash and cash equivalents	16	**24,526,387**	23,359,657
TOTAL ASSETS		**58,656,312**	167,387,500
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	19	**—**	—
Share premium	20	**333,990**	267,990
Warrants	20	**1,410,000**	1,410,000
Other distributable reserves	21	**265,474,881**	272,993,894
Net unrealised fair value movements on available-for-sale securities	21	**(21,649,014)**	(21,602,114)
Accumulated loss	21	**(189,208,943)**	(87,537,750)
TOTAL SHAREHOLDERS' EQUITY		**56,360,914**	165,532,020
LIABILITIES			
Current liabilities			
Open foreign exchange swaps and options	13	**857,939**	**—**
Trade and other payables	17	**1,437,459**	1,855,480
		2,295,398	1,855,480
TOTAL EQUITY AND LIABILITIES		**58,656,312**	167,387,500
Net asset value per ordinary share outstanding			
Basic		**€1.8739**	€5.5100
Diluted		**€1.8739**	€5.5100

These condensed interim financial statements on pages 18 to 40 were approved by the Board of Directors on 24 March 2009 and were signed on its behalf by:

Peter Crook

Chairman

Christian Jimenez

Senior Independent Director

The notes on pages 22 to 40 form part of these Condensed Interim Financial Statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD ENDED 31 JANUARY 2009

	Notes	Ordinary shares €	Share premium €	Warrants €	Other distributable reserves €	Accumulated loss €	Available-for-sale securities unrealised losses €	Total €
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 period	6	—	—	—	—	—	(6,185,018)	(6,185,018)
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	**6**	**—**	**—**	**—**	**—**	**—**	**(3,212,233)**	**(3,212,233)**
Net loss for the period	21	—	—	—	—	(28,239,606)	—	(28,239,606)
Total recognised income and expense	**21**	**—**	**—**	**—**	**—**	**(28,239,606)**	**(3,212,233)**	**(31,451,839)**
Issue of ordinary shares to Directors	20	—	90,067	—	—	—	—	90,067
Dividends paid	**9**	—	—	—	(12,007,280)	—	—	(12,007,280)
Balance at 31 January 2008		**—**	**177,990**	**1,410,000**	**272,993,894**	**(45,177,855)**	**(12,647,772)**	**216,756,257**
Balance at 31 July 2008		**—**	**267,990**	**1,410,000**	**272,993,894**	**(87,537,750)**	**(21,602,114)**	**165,532,020**
Net unrealised loss on available-for-sale securities recognised in the period	6	—	—	—	—	—	(18,000,573)	(18,000,573)
Impairment on available-for-sale securities previously recognised as an unrealised loss in the prior period	6	—	—	—	—	—	17,953,673	17,953,673
Total income and expense recognised directly in equity	**6**	**—**	**—**	**—**	**—**	**—**	**(46,900)**	**(46,900)**
Net loss for the period	21	—	—	—	—	(101,671,193)	—	(101,671,193)
Total recognised income and expense	**21**	**—**	**—**	**—**	**—**	**(101,671,193)**	**(46,900)**	**(101,718,093)**
Issue of ordinary shares to Directors	20	—	66,000	—	—	—	—	66,000
Dividends paid	**9**	—	—	—	(7,519,013)	—	—	(7,519,013)
Balance at 31 January 2009		**—**	**333,990**	**1,410,000**	**265,474,881**	**(189,208,943)**	**(21,649,014)**	**56,360,914**

The notes on pages 22 to 40 form part of these Condensed Interim Financial Statements

UNAUDITED CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2009

	Notes	**1 August 2008 to 31 January 2009 €**	1 August 2007 to 31 January 2008 €
Cash flows generated from operating activities:			
Loss for the period		**(101,671,193)**	(28,239,607)
Adjustments for:			
Effective interest income		**(12,170,850)**	(13,239,539)
Loss on TRS		**—**	22,493,520
Loss/(gain) on foreign exchange swaps and options		**9,206,856**	(6,978,280)
Loss on financial assets at fair value through profit or loss		**57,584,878**	4,363,705
Coupons received		**12,359,236**	19,638,729
Foreign exchange (gain)/loss on available-for-sale securities		**(9,045,548)**	11,199,014
Provision for impairments on available-for-sale debt securities		**57,103,848**	10,541,439
Decrease in trade and other receivables		**909,526**	591,259
Decrease in trade and other payables		**(418,021)**	(628,373)
Directors' fees paid in the form of shares		**66,000**	80,464
Cash generated from operating activities		**13,924,732**	19,822,331
Cash flows used in investing activities			
Purchase and settlement of investments		**(5,238,989)**	(13,239,776)
Net cash used in investing activities		**(5,238,989)**	(13,239,776)
Cash flows used in financing activities			
Dividend paid		**(7,519,013)**	(12,007,280)
Net cash used in financing activities		**(7,519,013)**	(12,007,280)
Net increase/(decrease) in cash and cash equivalents		**1,166,729**	(5,424,725)
Cash and cash equivalents at beginning of the period		**23,359,657**	31,669,340
Cash and cash equivalents at end of the period	16	**24,526,387**	26,244,615

Cash generated from operations

Cash generated from operations for the period of €13,924,732 includes the following interest receipts:

	1 August 2008 to 31 January 2009 €	1 August 2007 to 31 January 2008 €
Deposit interest	**347,036**	841,336
Collateral interest	**—**	1,131,984

The notes on pages 22 to 40 form part of these Condensed Interim Financial Statements.

1. REPORTING ENTITY

The Company is a closed-ended limited liability company registered under the Companies (Guernsey) Law, 2008 with registered number 45747 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 January 2009 the principal activity of the Company was investment in a diversified portfolio of mortgage-backed and other asset-backed securities, loans and equity instruments. The Company's investment objectives are to seek to preserve capital and to provide a stable stream of income to its shareholders through dividends that it expects to distribute on a semi-annual basis. 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 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 exposure to portfolios of Primary Underlying Assets. There can be no assurance that the Company will achieve its investment objectives.

These interim unaudited condensed financial statements are prepared in addition to annual audited financial statements. The Directors of the Company will also publish an interim management statement covering the period between the beginning of each interim period and the date of publication of such interim management statement, in accordance with the Transparency Directive.

2. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting.* These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the period ended 31 July 2008. The financial statements of the Company as at and for the period ended 31 July 2008 were prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee.

Applicable new standards and interpretations issued but not yet effective

In November 2006, the IASB issued IFRS 8 – "Operating Segments" which is effective for annual periods beginning on or after 1 January 2009. The standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. This "management approach" differs from IAS 14, which currently requires the disclosure of two sets of segments, business and geographical segments, based on a disaggregation of information contained in the financial statements. Under IFRS 8 operating segments become reportable based on threshold tests related to revenues, results and assets. The Company will apply IFRS 8 for its accounting period commencing 1 August 2009.

The Company has not applied IAS 1 revised (on 6th September 2007) in these financial statements. The revised standard mainly introduces the concept of "total comprehensive income". This is applicable for financial periods starting on or after 1st January 2009.

In the opinion of the Directors, there are no other new standards issued but not yet effective 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.

2. BASIS OF PREPARATION (CONTINUED)

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.

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 13 and 14 (Portfolio Valuation); and

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 loses 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) FINANCIAL INSTRUMENTS (CONTINUED)

Classification and measurement - Non-derivative financial instruments (continued)

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.

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 values of the foreign exchange swaps and options are measured as their quoted market prices at the balance sheet date.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) IMPAIRMENT (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2008.

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 considerations, 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 41 and 42. The calculation of Distribution Income for the year can be found on page 41.

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 13 and 14.

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 was the case 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; expected recovery rates; and, the price of uncertainty or liquidity through the interest rate at which expected cash flows are discounted. 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, or another market participant, that provides valuations on a monthly basis, the valuation is sourced from such arranging bank. In many cases, the arranging bank determines the valuation based on pricing models, which may or may not produce values that correspond to the prices that the Company could obtain if it sought to liquidate such positions. Such valuations generally involve subjective judgments on key model inputs, particularly default and recovery rates, and may not be uniform. In the case of some of these assets, banks and other market participants are currently unwilling to disclose either the key model inputs or the discount rates that have been used to produce such valuations. In such circumstances, the valuation continues to be sourced from such arranging bank, or other market participant, despite the lack of valuation assumptions.

Where a financial asset does not involve an arranging bank, or if an arranging bank is unwilling to provide valuations, the Investment Manager will provide a monthly valuation based on a pricing model.

When and where required, third parties have reviewed these valuations as at 31 January 2009, together with the related main valuation assumptions where available, and have concluded that they were fair and reasonable.

4. DETERMINATION OF FAIR VALUES (CONTINUED)

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 residual and debt 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 key model inputs from the historical one, then the model assumptions will be adjusted accordingly as well as the discounted rate used when establishing the fair value.

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, the fair values of Volta's investments have been determined as described above. The split between the different methodologies is as follows:

	31 January 2009		31 July 2008	
	€m	**% NAV**	€m	% NAV
Case C (i)	**8.6**	**21.7%**	110.7	68.9%
Case C (ii)	**7.0**	**16.6%**	0.0	0.0%
Case D	**9.5**	**16.8%**	18.2	11.0%

Further details on the valuation methodology are given on pages 13 and 14.

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

AVAILABLE-FOR-SALE DEBT SECURITIES

In January 2009, the continued decrease in UK housing prices combined with continued adverse changes in the prepayment rate for UK non-conforming mortgage pools, led the Company, based on the Investment Manager's advice, to revise downwards the expected cash flows of all six of the UK non-conforming ABS residuals. These downward revisions to the expected future cash flows have been reflected in the relevant valuations as at 31 January 2009. Impairments had been previously recognised on each of these investments as at 31 July 2008. Consequently, as required by IAS 39, the decreases in value of these investments have each been recognised as a further impairment.

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 €6.67 million (an amount equal to the difference between their book value and their mark-to-market value as of the end of January 2009).

During the interim period,, the accumulation of credit events in the pools of assets underlying the Company's investments in CDOs combined with the continuation of downward revisions in the credit ratings of many of the remaining assets underlying the Company's investments in CDOs and with the ongoing decrease in prices of assets rated CCC or below, led the Company, based on the Investment Manager's advice, to revise downwards the expected future cash flows for all of the Company's investments in subordinated notes (residual interests) of CDOs. These downward revisions to the expected future cash flows have been reflected in the relevant valuations as at 31 January 2009. As required by IAS 39, the decreases in value of these investments have each been recognised as an impairment.

As the subordinated notes of CDOs are classified as "available-for-sale securities" under IFRS, their impairment as described above negatively affected the Income Statement of the Company by €50.43 million (an amount equal to the difference between their book value and their mark-to-market value as of the end of January 2009).

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Under IFRS, the fall in the mark-to-market value of assets designated as "financial assets at fair value through profit or loss" negatively affects the income statement, regardless of whether or not such a fall is indicative of a drop in the expected cash flows from these assets. Consequently no separate impairments of the Company's investments classified as "financial assets at fair value through profit or loss" were recognised in either the current period's or prior periods' Income Statements as the unrealised losses on revaluation of such investments had already been recognised in such Income Statements.

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

EFFECT ON THE DISTRIBUTION INCOME CALCULATION

The Company's expectations of future cash flows for the two assets at fair value through profit or loss (ARIA II and ARIA III) had not materially changed until the interim period, when the Company's expectations of future cash flows from those assets underwent significant downward adjustments. Consequently, an impairment has been recognized on these assets for the purpose of establishing the Distribution Income. It has a negative impact of €90 million for these assets, reflecting the difference in discounted value between the previous and the current series of expected cash flows.

As for the previous semi-annual period, revisions to the expected cash flows from the six UK non-conforming assets negatively affected the Distribution Income for the semi-annual period ended 31 January 2009 in amounts equal to the discounted value of the difference between the previous and the current series of expected cash flows, being negative €6.67 million for these assets.

For the first time, revisions to the expected cash flows from the 13 residual interests of CDOs negatively affected the Distribution Income for the semi-annual period ended 31 January 2009 in amounts equal to the discounted value of the difference between the previous and the current series of expected cash flows, being negative €33.47 million for these assets.

6. FINANCE INCOME AND EXPENSE RECOGNISED IN THE INCOME STATEMENT

	1 August 2008 to 31 January 2009 €	1 August 2007 to 31 January 2008 €
Deposit interest income	**347,036**	1,970,544
Effective interest income on available for sale securities and investments at fair value through profit or loss	**12,170,850**	13,239,539
Income from Total Return Swap	**11,426**	1,186,058
Net income on settlement of foreign exchange swaps	**1,314,834**	472,141
Unrealised gain on foreign exchange swaps and options	**—**	6,978,280
Unrealised foreign exchange gain on available-for-sale securities	**9,045,548**	—
Net foreign exchange gain on other assets	**1,119,101**	—
Finance income	**24,008,795**	23,846,562
Loss on Total Return Swap	**—**	(22,493,520)
Unrealised loss on financial assets at fair value through profit or loss	**(57,584,878)**	(4,363,705)
Unrealised loss on foreign exchange swaps and options	**(9,206,856)**	—
Unrealised foreign exchange loss on available-for-sale securities	**—**	(11,199,014)
Net foreign exchange loss on other assets	**—**	(689,707)
Provision for impairments on available-for-sale debt securities	**(57,103,848)**	(10,541,439)
Facility fee (€30 million Citigroup facility)	**(15,375)**	—
Finance expense	**(123,910,957)**	(49,287,385)
Net finance expense recognised in profit or loss	**(99,902,162)**	(25,440,823)
Recognised directly in equity		
Net change in fair value of available-for-sale financial assets	**(46,900)**	(3,212,232)
Net finance expense recognised directly in equity	**(46,900)**	(3,212,232)

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 220,000 with respect to the activities and responsibilities as set out in the Administration, Registrar and Secretarial Agreement.

8. DIRECTORS' REMUNERATION

	1 August 2008 to 31 January 2009 €	1 August 2007 to 31 January 2008 €
Directors' fees (cash element)	**175,000**	187,749
Directors' fees (equity element, settled during the period)	**48,000**	53,464
Directors' fees (equity element, settled after the period end)	**27,000**	27,000
Directors' expenses	**5,066**	7,376
	255,066	275,589

None of the Directors has any direct personal financial interest in any of the Company's investments other than indirectly through their shareholding in the Company.

9. DIVIDENDS

The following dividends have been proposed and/or paid during the period ended 31 January 2009 and during prior periods:

	Dividend per share €
Dividend for the interim period ended 31 January 2009 (proposed)	**0.06**
Dividend for the interim period ended 31 July 2008 (paid 25 November 2008)	0.25
Dividend for the interim period ended 31 January 2008	—
Dividend for the period ended 31 July 2007 (paid 26 November 2007)	0.40

10. LOSS PER SHARE

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

	1 August 2008 to 31 January 2009 €	1 August 2007 to 31 January 2008 €
Loss for the purposes of basic loss per share being net loss attributable to equity holders	**(101,671,193)**	(28,239,606)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	**30,062,261**	30,015,465
Dilutive effect of ordinary shares subject to warrants	**—**	—
Warrants (exercisable at €10 per share)	**—**	—
Weighted average number of ordinary shares for the purposes of diluted loss per share	**30,062,261**	30,015,465

The average market price, based on closing prices quoted on Euronext Amsterdam, for one ordinary share during the six month period to 31 January 2009 was €1.18 (€6.82 during the six month period to 31 January 2008).

11. AVAILABLE-FOR-SALE SECURITIES

	31 January 2009 Amortised cost €	**31 January 2009 Unrealised losses €**	**31 January 2009 Fair value €**
Available-for-sale debt securities (amortised cost basis)			
Corporate credits	**8,729,593**	**(6,540,800)**	**2,188,793**
CDO assets	**22,345,961**	**(12,964,560)**	**9,381,401**
ABS assets	**11,639,620**	**(2,143,654)**	**9,495,966**
	42,715,174	**(21,649,014)**	**21,066,160**
Available-for-sale equity securities (cost)			
Equity instrument (CDO)	**4,874,985**	**—**	**4,874,985**
Total available-for-sale securities	**47,590,159**	**(21,649,014)**	**25,941,145**

Amortised cost is calculated after deduction of impairment losses recognised. There have been no disposals of available-for-sale securities during either the current period or in any prior period.

11. AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

	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
CDO assets	56,639,368	(16,940,646)	39,698,722
ABS assets	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

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.

	1 August 2008 to 31 January 2009 €	1 February 2008 to 31 July 2008 €
Fair value brought forward	**61,527,343**	46,920,000
Coupons received	**(3,924,709)**	25,000,000
Interest income recognised	**6,100,144**	(12,584,832)
Interest income accrued	**(966,329)**	11,622,850
Unrealised movement in fair value	**(57,584,878)**	(9,430,675)
Fair value carried forward	**5,151,571**	61,527,343

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

13. OPEN FOREIGN EXCHANGE SWAPS AND OPTIONS

Foreign exchange swaps and options are held to hedge some of the currency exposure generated by non-Euro assets held by the Company. The hedge has been put in place taking into account the fact that derivative positions, such as simple foreign exchange swaps, could cause the Company to require cash to fund margin calls on those positions. Considering this, the Company decided to use foreign exchange options to limit the liquidity risk that could be created in the event of significant margin calls. As a consequence of this limitation, there is no certitude that hedging some of the currency exposure generated by non-Euro assets could continue to be performed in the future.

14. INVESTMENT IN TOTAL RETURN SWAP

The following statements relative to the TRS have been maintained from the previous annual report. This position was unwound as of the end of July 2008, although final settlement of some cash payments were due and have been paid in the semi-annual period ended 31 January 2009.

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 Total Return Swap ("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.

14. INVESTMENT IN TOTAL RETURN SWAP (CONTINUED)

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.

During the first half of 2008 the TRS was fully unwound, resulting in an aggregate realised loss of €54.3 million being recognised in the Income Statement of the Company. The aggregate loss of €54.3 million was recognised in prior periods as follows: €21.6 million in the 6 months ended 31 July 2008; €22.5 million in the 6 months ended 31 January 2008; and, €10.2 million in the period ended 31 July 2007.

15. TRADE AND OTHER RECEIVABLES

	31 January 2009 **€**	31 July 2008 €
Accrued effective interest receivable	**3,037,209**	2,435,094
Accrued income receivable on TRS	**—**	909,526
	3,037,209	3,344,620

16. CASH AND CASH EQUIVALENTS

	31 January 2009 **€**	31 July 2008 €
Deposit accounts	**24,116,387**	23,359,657
Margin account deposited as collateral for foreign exchange derivatives	**410,000**	—
	24,526,387	23,359,657

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 January 2009 **€**	31 July 2008 €
Investment management fees	**1,000,453**	1,241,278
Directors' fees (cash payable)	**63,000**	42,000
Directors' fees (shares payable)	**27,000**	18,000
Accrued expenses and other payables	**347,006**	554,202
	1,437,459	1,855,480

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. However, this Facility Agreement was cancelled by the Company in November 2008 due to market changes that combined to make this facility unusable. This facility was not utilised. Under the liquidity facility, subject to certain conditions as specified in the Facility Agreement, the Company could have drawn up to €30 million. The facility bore a commitment fee calculated at 0.15% p.a. on any undrawn amounts.

19. SHARE CAPITAL

Authorised:

	31 January 2009 **Number of shares**	31 July 2008 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

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
Balance at 31 July 2007	**30,009,316**	**1**	**—**	**3,000,000**
Issued to Directors during the period	12,295	—	—	—
Balance at 31 January 2008	**30,021,611**	**1**	**—**	**3,000,000**
Issued to Directors during the period	20,428	—	—	—
Balance at 31 July 2008	**30,042,039**	**1**	**—**	**3,000,000**
Issued to Directors during the period	34,013	—	—	—
Balance at 31 January 2009	**30,076,052**	**1**	**—**	**3,000,000**

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 at the following prices per share: €9.49; €9.37; €7.80; €7.00; €6.32; €3.90; €2.80; €1.74 and €0.52.

20. SHARE PREMIUM ACCOUNT

	Ordinary €	B share €	C shares €	Warrants €
Balance at 31 July 2007	**87,923**	**—**	**—**	**1,410,000**
Issued to Directors during the period	90,067	—	—	—
Balance at 31 January 2008	**177,990**	**—**	**—**	**1,410,000**
Issued to Directors during the period	90,000	—	—	—
Balance at 31 July 2008	**267,990**	**—**	**—**	**1,410,000**
Issued to Directors during the period	66,000	—	—	—
Balance as 31 January 2009	**333,990**	**—**	**—**	**1,410,000**

The balance on the share premium account as at 26 January 2007 of €285,001,174 was transferred to distributable reserves on that date, following approval by the Guernsey Royal Court.

20. SHARE PREMIUM ACCOUNT (CONTINUED)

Warrants:

	2009	2008
Number of warrants issued at IPO (1:1 exercisable for C shares)	**3,000,000**	3,000,000
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 period end	**€0.40**	€2.00
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 became exercisable after 30 November 2008. They will cease to be exercisable after 31 December 2016.

21. RESERVES

	Accumulated loss €	Other distributable reserves €	Unrealised losses €
As at 31 July 2007	**(16,938,249)**	**285,001,174**	**(9,435,539)**
Loss for the period	(28,239,606)	—	—
Net unrealised fair value movement on available-for-sale securities	—	—	(3,212,232)
Dividend paid	—	(12,007,280)	—
As at 31 January 2008	**(45,177,855)**	**272,993,894**	**(12,647,771)**
As at 31 July 2008	**(87,537,750)**	**272,993,894**	**(21,602,114)**
Loss for the period	(101,671,193)	—	—
Net unrealised fair value movement on available-for-sale securities	—	—	(46,900)
Dividend paid	—	(7,519,013)	—
As at 31 January 2009	**(189,208,943)**	**265,474,881**	**(21,649,014)**

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

The Company's exposure to market risk comes mainly from movements in the value of its investments. Changes in credit spreads may further 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.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

INTEREST RATE RISK (CONTINUED)

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 summarises the effective interest rates applicable to the Company's interest bearing financial assets and financial liabilities as at the end of the period. The effective interest rates presented for the Company's investments have been determined from modelled expected future cash flows and should therefore not be considered to represent the actual coupon rates receivable.

Interest rate profile as at 31 January 2009

	Interest charging basis	Effective interest rate %	Amount €
Financial assets			
Cash and cash equivalents:			
Euro deposit accounts	Floating	**Eonia – 25bp**	**21,564,961**
Euro margin account	Non-interest bearing	**n/a**	**410,000**
USD deposit accounts	Floating	**Libor USD Overnight – 25bp**	**1,947,041**
GBP deposit accounts	Floating	**SONIA Overnight – 40bp**	**604,385**
			24,526,387
Available-for-sale securities:			
AFS (denominated in Euro)	Fixed	**12.35%**	**13,785,452**
AFS (denominated in USD)	Fixed	**14.68%**	**11,361,957**
AFS (denominated in GBP)	Fixed	**20.00%**	**793,736**
			25,941,145
Financial assets at fair value through profit or loss (EUR)	Floating	**6 month Euribor + 15.11%**	**5,151,571**
Trade and other receivables	Non-interest bearing	**n/a**	**3,037,209**
Derivative contracts	Non-interest bearing	**n/a**	**-**
			8,188,780
			58,656,312
Financial liabilities			
Trade and other payables	Non-interest bearing	**n/a**	**(1,437,459)**
Derivative contracts	Non-interest bearing	**n/a**	**(857,939)**
			(2,295,398)

Interest rate profile as at 31 July 2008

	Interest charging basis	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
			167,387,500
Financial liabilities			
Trade and other payables	Non-interest bearing	n/a	(1,855,480)
			(1,855,480)

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 British 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 or is in the best interest of the Company considering the liquidity risk that is attached to any derivative contracts that could be used (e.g. margin calls on those contracts). As at the end of January, the Investment Manager has put in place arrangements to hedge into Euro its US Dollar exposure associated with the US Dollar-denominated assets. In order to reduce the risk of having to post a potentially unlimited amount of cash with respect to forward EUR/USD foreign exchange swaps, the Investment Manager has capped and floored those amounts using short to mid-term options. Consequently, there is no guarantee that hedging the currency exposure generated by US Dollar assets can continue to be performed in the future.

The exposure associated with the British Pound Sterling denominated residuals of asset-backed securities is unhedged as at the end of January given the limited amount that is considered.

Currency risk profile as at 31 January 2009

	Denominated in Euro €	Denominated in USD €	Denominated in GBP €
Investments:			
Available-for-sale debt securities	**13,785,452**	**6,486,972**	**793,736**
Financial assets at fair value through profit or loss	**5,151,571**	**-**	**-**
Available-for-sale equity securities	**-**	**4,874,985**	**-**
	18,937,023	**11,361,957**	**793,736**
Cash and cash equivalents	**21,974,961**	**1,947,041**	**604,385**
Trade and other receivables	**2,202,769**	**695,220**	**139,220**
Trade and other payables	**(1,353,840)**	**(5,849)**	**(77,770)**
Derivative contracts	**8,461,451**	**(9,319,390)**	**-**
	50,222,364	**4,678,979**	**1,459,571**

The following foreign exchange swaps and options were unsettled as at 31 January 2009:

	Amount in foreign currency bought/(sold) currency	Unrealised gain/(loss) €
Net nominal position on foreign exchange swaps	(USD 26,905,913)	(1,895,468)
Aggregate nominal position on USD call options	USD 25,000,000	1,258,050
Aggregate nominal position on USD put options	(USD 25,000,000)	(220,521)
		(857,939)

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)
Derivative contracts	115,866,783	(59,168,721)	(48,349,145)
	222,712,713	(23,968,575)	(33,212,118)

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

CURRENCY RISK (CONTINUED)

The following foreign exchange swaps and options were unsettled as at 31 July 2008:

Amount bought €	Amount sold currency	Number of positions	Unrealised gain/(loss) €
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

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 prices from brokers when valuing its investments, for most investments 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

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 foreign exchange contracts and cash and cash equivalents.

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 investment on asset that are expected to generate cash flows from underlying portfolio's having at the time of purchase, in aggregate, diverse characteristics like low historical default rates and/or high expected recovery rates in the event of default and/or significant granularity.

The Company may invest 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.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

CREDIT RISK (INCLUDING COUNTERPARTY RISK) (CONTINUED)

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 Manager's report, with specific reference to the Lehman, Tribune and IDEARC exposures detailed in section 3 of that report.

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.

Indeed, considering the fact that assets are purchased in order to generate cash flows on a long term horizon and that most of the Company's assets are significantly illiquid, the difference in market and credit performances of the various assets bought by the company combined to increase the concentration of the portfolio ..

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. 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.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

MATURITY PROFILE

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

Maturity profile as at 31 January 2009

	Within one year €	One to five years €	Over five years €
Financial assets			
Cash and cash equivalents	**24,526,387**	**—**	**—**
Available-for-sale securities	**—**	**2,491,138**	**23,450,007**
Financial assets at fair value through profit and loss	**—**	**—**	**5,151,571**
Derivative contracts	**705,138**	**—**	**—**
Trade and other receivables	**3,037,209**	**—**	**—**
	28,268,734	**2,491,138**	**28,601,578**
Financial liabilities			
Derivative contracts	**—**	**(1,563,077)**	**—**
Trade and other payables	**(1,437,459)**	**—**	**—**
	(1,437,459)	**(1,563,077)**	**—**

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)	—	—
	(1,855,480)	—	—

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.

23. RELATED PARTY DISCLOSURE

TRANSACTIONS WITH DIRECTORS AND THE INVESTMENT MANAGER

For disclosure of Directors' remuneration, please see Note 8. As at the period end, Directors' fees to be paid in cash of €63,000 (2008: €42,000) had been accrued but not paid. Directors' fees to be paid in shares of €27,000 (2008: €18,000) had been accrued but not paid and Directors' expenses of €Nil (2008: Nil) had been accrued but not paid.

As at 31 January 2009, the Directors of the Company controlled 0.25% (2008: 0.14%) 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.

23. RELATED PARTY DISCLOSURE (CONTINUED)

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

During the period the management fees accrued were €1,000,454 (interim period ended 31 January 2008: €1,631,316; semi-annual period ended 31 July 2008: €1,241,278). The total fees accrued were outstanding as at 31 January 2009 (31 July 2008).

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 interim 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. COMMITMENTS

The Company entered into a Subscription Agreement with Tennenbaum Opportunities Fund V ("Tennenbaum"), under which the Company agreed to purchase US$15,000,000 of the LP interest prior to 31 August 2009 (the "Subscription Period") and agreed to make capital contributions as specified by Tennenbaum from time to time on multiple drawdown dates. As at 31 January 2009, the Company had made capital contributions of US$13,500,000 and therefore there was a commitment at that date to make further capital contributions of US$1,500,000 before 31 August 2009.

25. POST BALANCE SHEET EVENTS

Subsequent to the period end, on 2 February 2009 the Company made its final capital contribution of US$1,500,000 to Tennenbaum Opportunities Fund V. Therefore the Company currently has no further outstanding funding commitment relative to this investment.

Since the end of the interim period ended 31 January 2009, credit markets have continued to be volatile, credit events have continued to occur, mostly in the high yield area, at a pace that is comparable to the one observed in the last few months of the interim period, and the prices of assets held by the Company have continued to decline.

The end of February GAV of the Company have decreased to €53.9m from €57.5m at the end of January 2009.

Corporate Credit

No credit events have occurred within the Company's portfolio subsequent to the period end and the financial situation of the 3 positions held by the company in this category is unchanged relative to the one described in the Investment Management Report.

ABS

No particular events have occurred subsequent to the period end and the financial situation of the 7 positions held by the company in this category is unchanged relative to that described in the Investment Management Report.

CDO

Credit events, particularly in the US loan market, have continued to negatively impact most of the Company's CDO positions, but both the pace and the magnitude of such credit events have, so far, not been materially different from what was expected at the end of the interim period. Consequently the financial situation of the 13 residuals positions and of the 8 mezzanine tranches held by the company is unchanged relative to that described in the Investment Management Report.

25. POST BALANCE SHEET EVENTS (CONTINUED)

CDO (continued)

In the early days of March, Moody's put all except for the most senior CLO tranches on review for downgrade following a review of their assumptions based on corporate defaults that are likely to exceed their historical long-term average and the heightened interdependence of credit markets in the current global economic contraction. As a result, all rated mezzanine tranches of CLOs held by Volta are expected to be downgraded below investment grade in the coming weeks. The significant decline in price of these tranches seen in the previous months was partially reflecting the likelihood of such a review. Standard & Poor's is also in the process of finalising its own methodology review. Once defined and applied, it is also likely to significantly affect the rating of the mezzanine tranches of CLOs held by Volta.

Such rating agencies' actions are likely, going forward, to continue to affect the price of these mezzanine tranches.

DISTRIBUTION INCOME CALCULATION (UNAUDITED)

FOR THE PERIOD ENDED 31 JANUARY 2009

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 used by the Company, together with certain related information, is reproduced below for ease of reference.

CALCULATION

	1 August 2008 to 31 January 2009 €	1 August 2007 to 31 January 2008 €
Net IFRS loss per the Income Statement	**(101,671,193)**	(28,239,607)
Add: impairment losses on available-for-sale securities per the Income Statement	**57,103,848**	10,541,439
Less: impairment losses on available-for-sale securities for the purpose of determining the Distribution Income	**(130,144,265)**	(8,783,703)
Add: Mark-To-Market losses on the TRS per the Income Statement	**—**	22,493,520
Less: impairment losses on the TRS for the purpose of determining the Distribution Income	**—**	(40,493,115)
Less: Net income from the TRS per the Income Statement	**—**	(1,186,058)
Add: Effective income on the TRS for the purpose of determining the Distribution Income	**—**	3,433,444
Add: Net unrealised loss on financial assets at fair value through profit or loss per the Income Statement	**57,584,878**	4,363,705
Add/(Less): foreign exchange gains/(losses), net of hedging gains/(losses), for the purpose of determining the Distribution Income	**(957,793)**	4,910,442
Distribution Income	**(118,084,525)**	(32,959,934)

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, (a) the Incentive Fee otherwise

DEFINITION (CONTINUED)

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 (b) to the extent that any portion of such unrealised gain is realised for any subsequent Incentive Period, (1) such portion of the gain so realised shall be excluded from Distribution Income for that subsequent Incentive Period, but (2) the deferred Incentive Fee relating to such portion of the gain so realised shall be released to the Investment Manager (even in the event that an Incentive Fee is not otherwise payable in respect of that subsequent Incentive Period);

- except as described in the foregoing point, gains and losses attributable to the revaluation of investments held at fair value through the Income Statement, including derivatives (other than impairment losses, the treatment of which is discussed above);
- income attributable to impaired assets in excess of the income which would have been recognised on those assets calculated on an amortised cost basis; and
- foreign exchange gains and losses attributable to movements in the fair value of the "clean'' price (without accrued but unpaid interest) of investments on which the cash flows are hedged, foreign exchange and other hedging gains and losses other than those stated under "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 interim and annual financial statements a calculation of Distribution Income, which will take into account (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 January 2009, 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 interim or annual report.