VOLTA FINANCE LIMITED

INTERIM REPORT AND ACCOUNTS
FOR THE PERIOD 1 AUGUST 2012 TO 31 JANUARY 2013

CONTENTS

FORWARD-LOOKING STATEMENTS

This interim 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 interim 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 interim 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 €207.3 million (€6.45 per share) at 31 January 2013, an increase of 21.2% from €171.0 million at 31 July 2012. Overall, after taking into account the amount of dividends payable in cash during the semi-annual period (€6.2 million), this reflects a strong positive performance of 24.9% for the semi-annual period
- A dividend payment of €0.31 per share for the semi-annual period from 1 August 2012 to 31 January 2013 will be made in April 2013. Shareholders will have the option of receiving this dividend payment in either cash or Volta shares
- Net profit of the Company for the semi-annual period was €25.5 million, or €0.80 profit per share, taking into account recognition of the following significant items: effective income of €12.5 million; a positive adjustment of €13.8 million to previous estimates of effective income; a net positive impairment adjustment of €2.6 million on previously impaired assets; a net loss of €7.4 million on foreign exchange retranslation and revaluation of foreign exchange derivatives; a mark-to-market gain of €8.2 million on financial assets designated at fair value through profit or loss; net realised gains on sales and partial redemptions of €1.4 million; and net operating expenses of €5.6 million
- The investments held by the Company generated €16.4 million of interest or coupon receipts during the semi-annual period
- Over the semi-annual period, the investment strategy has been to invest cash mainly in underlying corporate credit risk through CLO[1] tranches and Synthetic Corporate Credit[2] deals. The cash holdings were €5.5 million at the end of the semi-annual period against €5.2 million at the beginning of the period
- During the semi-annual period, the Company purchased assets for €11.5 million, sold assets for €2.8 million and redeemed assets for €0.6 million, which contributed to an increase in its asset base
- As at 31 January 2013, the Company held investments in four underlying asset classes: CLOs (63.3%)[3]; Synthetic Corporate Credit deals (22.7%)[3]; Cash Corporate Credit[2] deals (7.1%)[3]; and ABS[4] (3.9%)[3]
- The Company intends to continue pursuing investment opportunities that are consistent with its objective of paying a dividend in line with the annual 10% objective described in the Chairman's Statement, whilst at the same time increasing its asset base
- Operating expenses as a percentage of average NAV for the semi-annual period ended 31 January 2013 were 2.9%, compared to 0.9% for the semi-annual period ended 31 January 2012. The increase in operating expenses arose primarily as a result of significantly higher fees payable to the Investment Manager as a result of improved performance

Definitions:

[1] Collateralised Loan Obligations ("CLOs" or "CLO")

[2] Synthetic Corporate Credit and Cash Corporate Credit deals are structured credit positions predominantly exposed to corporate credit risks materialised respectively by synthetic contracts such as credit default swaps ("CDS") or cash (loans and/or bonds)

[3] Expressed as a percentage of originally reported Gross Asset Value ("GAV") as at 31 January 2013

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

CORPORATE SUMMARY

FOR THE PERIOD ENDED 31 JANUARY 2013

THE COMPANY

Volta Finance Limited (the “Company”, “Volta Finance” or “Volta”) is a closed-ended limited liability company registered in Guernsey under The Companies (Guernsey) Law, 2008 (as amended).

The Company is an authorised closed-ended 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 Initial Public Offering (“IPO”) Prospectus and the risk factors that are described in Note 21, it seeks to attain its investment objectives by pursuing a multi-asset class investment strategy, although investments made during the semi-annual period were predominantly concentrated in assets leveraging corporate credit exposures. The 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 the Company’s assets have been purchased, part of the expected return for most of the Company’s investments may come from back loaded cash flows corresponding to principal payments in addition to expected 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; commercial mortgage loans; automobile loans; student loans; credit card receivables; leases; and debt and equity interests in infrastructure projects (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 for the semi-annual period covered by this report by concentrating on the following underlying asset classes: CLO, Synthetic Corporate Credit, Cash Corporate Credit and ABS. As at the semi-annual period end and throughout the semi-annual period, the Company held assets in its portfolio classified within each of these main asset classes.

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.

ASSET VALUES

At 31 January 2013, the Company’s NAV was €207.3 million, with the NAV per share amounting to €6.45. The Company publishes its NAV on a semi-annual basis and publishes its GAV monthly.

NAV is an expression of the total value of the Company that takes into account the current fair value of the Company’s investments, accruals for debtors and the amount of the Company’s liabilities. The Company’s NAV at 31 January 2013 can be seen in the Statement of Financial Position on page 23 (“Total shareholders' equity” line).

GAV is an expression of the Company’s value that 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 as the Company has no debt financing and its NAV is published only semi-annually.

CORPORATE SUMMARY

FOR THE PERIOD ENDED 31 JANUARY 2013

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 the NYSE Euronext Amsterdam Stock Exchange ("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 2013 was €5.81 per share.

The average closing price of the Company's listed shares quoted on Euronext Amsterdam over the semi-annual period ended 31 January 2013 was €5.41 per share.

PROVISIONAL FINANCIAL CALENDAR

28 March 2013	Announcement of results for the semi-annual period ended 31 January 2013 and publication of the interim report
27 March 2013	Ex-dividend date
2 April 2013	Dividend record date
24 April 2013	Dividend payment date

CHAIRMAN'S STATEMENT

During the semi-annual period ended 31 January 2013, Volta continued to demonstrate its ability to create value for shareholders in these still unsure times for financial markets and the global economy.

The value of the Company's assets significantly increased, as well as cash generation from its assets. Over the period, the NAV increased from €171.0 million as at 31 July 2012 to €207.3 million as at 31 January 2013 and the Company paid, in the meantime, a dividend of €0.26 per share, of which a total of €6.2 million was payable in cash and €2.1 million was paid in shares.

During the semi-annual period the Company continued to focus its investments predominantly on assets that are principally exposed to corporate credit risk.

Actual interest and coupons collected from Volta's assets increased from €15.1 million to €16.4 million over the six-month period, which is equivalent to €0.51 per share.

The Company's profit was €25.5 million (or €0.80 per share) for the semi-annual period ended 31 January 2013, compared to a profit of €34.6 million (or €1.11 per share) for the previous semi-annual period ended 31 July 2012.

During the financial period, the Company's investment strategy was to take advantage of market opportunities to invest most of the cash that was available as well as executing some asset switches in order to increase or stabilise Volta's expected asset cash flows. Through this investment strategy, the Company was able to roughly maintain its asset base at €248 million despite a negative contribution of €13.4m due to the significant appreciation of the US dollar against euro (please refer to table 8 and the related comments in Section 6 of the IMR for more details on the computation of "asset base").

€5.5 million was held in cash at the end of the semi-annual period, compared with €5.2 million at the end of July 2012.

The Board remains committed to transparency and it continues to offer a high level of information on the Company's assets and investment strategy. In addition, over the semi-annual period, the Company had regular contact with equity analysts in order to improve the coverage of the Company by the financial community in order to improve the liquidity of its shares.

The Board remains, as usual, available to address shareholders' questions via conference calls such as the one to be held after the release of this report.

TRANSACTIONS WITH RELATED PARTIES

For details of transactions between the Company, its Directors, the Investment Manager and other related parties, please refer to Note 22 within the unaudited condensed interim financial statements.

DIVIDEND

The Board of Directors of Volta has decided to pay a dividend of €0.31 per share, which amounts to €10.1 million for the semi-annual period ended 31 January 2013. This payment is based on the current dividend policy to pay, to the extent possible and reasonable, a dividend of approximately 10% per annum of the Company's NAV excluding cash at the end of the relevant period. The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by The Companies (Guernsey) Law, 2008 (as amended).

Shareholders will have the option of receiving this dividend payment in either cash or Volta shares.

OUTLOOK

At the time of writing, taking into account the proposed dividend payment, the Company can be considered as almost fully invested. Bearing in mind the current economic and financial situation, the Company will focus on re-investing ongoing cash flows when they are received, whilst managing its cash or near-cash position for dividend payment purposes as well as honouring other financial commitments. Considering the spread compression that occurred on a lot of debt assets owned by the Company it could be reasonably expected to see the Investment Manager selling a significant portion of these assets in order to re-invest the proceeds in assets having, at the time of purchase, higher projected internal rates of return.

In accordance with the Investment Manager's advice, the Company intends to favour assets that are expected to have ongoing stable cash flows at the time of purchase. It should be expected that most of the investments will be into assets leveraging corporate credit exposures through CLO tranches, cash or synthetic bespoke transactions. However, some investments in other areas, including structured mortgage loans, may also be considered from time to time.

JAMES GILLIGAN

Chairman

25 March 2013

INVESTMENT MANAGER'S REPORT

1. OVERVIEW

During the semi-annual period, Volta continued to invest predominantly in assets that give access to corporate credit exposures and modestly increased cash flow generation from its assets. The NAV of the Company increased from €171.0 million (€5.45 per share) to €207.3 million (€6.45 per share) over the six-month period and in the meantime the Company paid one dividend in December 2012 of €0.26 per share.

GENERATION OF CASH FLOWS

Volta's assets generated €16.4 million of interest or coupons over the semi-annual period, representing an annualised rate of 19.1% of Volta's beginning of period NAV, compared to €15.1 million in the previous semi-annual period.

Volta should continue to receive a significant amount of interest and coupons relative to its NAV in the forthcoming semi-annual period. Furthermore, it should be noted that 57% of Volta's end-of-period GAV consists of debt assets valued at a significant discount to par, for which redemption of principal amount, rather than ongoing coupons, are expected to account for a significant portion of the anticipated return on the assets.

DIVIDEND PAYMENTS INCREASED IN LINE WITH THE VALUE OF THE ASSETS

- For the semi-annual period ended 31 January 2013, Volta's Board has decided to pay **a dividend of €0.31 per share (€10.1 million) in April 2013**, a 19% increase relative to the latest dividend paid in December 2012 for the semi-annual period ended 31 July 2012.
- Volta shareholders will have the choice to receive this dividend either in Volta shares or in cash.
- During the semi-annual period, the amount of actual coupons and interest payments received by Volta represented 1.6 times the dividend payment, demonstrating Volta's ability to pursue an investment strategy that facilitates to pursue at the same time a high dividend policy in connection with the projected internal rate of return ("IRR") of Volta's assets and an increase in the total asset base and value of the Company.

VOLTA HAS BEEN ABLE TO INVEST IN ASSETS WITH AN EXPECTED IRR OF 12%

- **Volta purchased the equivalent of €11.5 million in investments (€14.1 million of principal), sold the equivalent of €2.8 million of assets (€1.6 million of principal)** and received partial redemption of principal amounts for the equivalent of €0.6 million.
- **Under standard and reasonable assumptions made at the time of purchase, the average expected IRR of Volta's purchases made during the semi-annual period was 12.0%.**
- **This situation reflects the capability of the Investment Manager to continue sourcing assets in line with Volta's objectives and dividend policy.**

During the period, Volta diversified its investments through five different investments. Assets exposed to underlying corporate credits represented 100% of purchases.

Thanks partly to the ability of Volta to purchase assets at significant discounts during the semi-annual period, the total principal amount of Volta's assets, including cash, increased by €11.7 million before taking into account the impact of the conversion of assets in euro at the end of the period (please refer to table 8, Section 6 for details).

All investments in debt assets were made of assets for which, under a reasonable default scenario run at the time of purchase, full principal payment was expected at maturity. This assumption is still valid at the time of writing. Considering current opportunities in the market and assuming no heightened economic crisis, Volta's ability to increase the principal amount of its assets is likely to slow down but is anticipated to remain in the area of €5 million to €10 million for the next semi-annual period (excluding the potential impact of US dollar/euro exchange rate movements).

THE NAV OF THE COMPANY SIGNIFICANTLY INCREASED THANKS TO A SUPPORTIVE CREDIT MARKET ENVIRONMENT

During the semi-annual period, Volta's NAV increased from €171.0 million, or €5.45 per share, at the end of July 2012 to €207.3 million, or €6.45 per share, at the end of January 2013.

INVESTMENT MANAGER'S REPORT

This strong performance, in addition to the €0.26 per share dividend payment made during the semi-annual period, reflects the decision of the Company to re-invest predominantly in debt assets at significant discount to par, as well as the still strong cash flows received from its equity positions.

This positive outcome is in line with the good fundamentals of Volta's assets. The choice of the Company to re-invest predominantly in assets where performance relies mostly on corporate credit exposures appeared to be the correct decision. As expected, during the period, improvements concerning the eurozone sovereign crisis positively impacted Volta's NAV. On average, fundamental measures of Volta's asset quality, such as the weighted average rating factor ("WARF") of the underlying corporate credit portfolio or over-collateralisation tests, kept improving during the semi-annual period under review, despite a somewhat weak economic environment.

According to various default scenarios (detailed in Section 4 hereafter) linked to the ratings of the underlying portfolios, it can be considered that **Volta's end of January 2013 NAV still reflected either stressed scenarios in terms of default at the underlying asset level or significant discount rates** on the cash flows resulting from these scenarios.

NEAR-TERM EXPECTATIONS

At the end of the period, the prevailing situation in Europe and in the US was somewhat different. Twelve-month rolling default rates for US-based corporate entities stabilised at a historically low level, while increasing for European high yield names. At the time of writing, rating agencies and most market participants anticipate that such a situation could carry on for a few years, forecasting for European speculative names default rates 2–3% above the respective US forecasts. This situation is fully reflected in Volta's asset prices. For example and on average, Volta's European debt of CLO, an asset class for which no loss would be expected under current rating agencies' central scenarios, was priced at 77%, against 91% for US dollar debt of CLO at the end of January 2013. Hence, further stabilisation in the European situation should be positive for Volta's assets in terms of valuation. Considering that defaults in the US are still expected to stay at or below the historical average, cash flows received from Volta's assets should continue to be important, roughly similar to those observed during the semi-annual period under review.

Given the current economic and financial situation, the Board has instructed the Investment Manager to focus its attention on two main objectives for the coming semi-annual period:

- maintain the expected cash flows from the Company's investments through various asset switches whilst considering the diversity of assets held by the Company; and
- re-invest the ongoing cash flows generated by the portfolio in order to pursue diversification and increase the asset base whilst keeping in mind the need to finance future dividend payments.

An indication of important events that have occurred since the end of the semi-annual period is provided in Note 24 of the Notes to the financial statements.

PAST PERFORMANCE

As a listed company investing mainly in US dollar and euro corporate assets, Volta's performance bears comparison with both equity and high yield bonds indices. As of the end of January 2013 the performance was as follows[1]:

	1 year	2 years	3 years	5 years
	%	%	%	%
GAV performance (including dividend payments not re-invested)	56.6	64.6	172.1	12.8
Share performance (including dividends but not re-invested)*	79.7	79.5	384.1	32.7
Share performance (dividends re-invested in the share)*	**84.5**	**93.9**	**461.9**	**148.6**
S&P 500 (dividends re-invested in shares)*	16.7	21.7	48.7	21.5
MSCI Europe (dividends re-invested in shares)*	18.1	2.7	15.7	(8.9)
US High Yield Bonds (H0A0 index on Bloomberg)	13.9	19.8	38.8	67.2
European High Yield Bonds (HE00 index on Bloomberg)	24.1	20.3	34.4	58.3

* Figures given by Bloomberg using the TRA function.

[1] No statement in this comparative table is intended to be nor may be construed as a profit forecast. The figures provided relate to previous months or years and past performance is neither a guide to future returns nor a reliable indicator to the future performance of the Company or the Investment Manager.

INVESTMENT MANAGER’S REPORT

Overall, since Volta’s launch in December 2006, the performance of an investor re-investing their dividend in the Company’s shares can be favourably compared to the average performance of the large equity indices and the high yield bond indices referenced in the table above. Considering the fact that structured finance assets were the hardest and the first to be hit in 2007/2008, the performance of Volta over the last three to five years has been very strong, thanks predominantly to its re-investment programme and to the deep discount Volta shares traded at during the height of the crisis.

As a result of the significant performance of Volta’s assets over the latest semi-annual period and over the last two years, the Investment Manager will receive €3.7 million of Performance Fees for the semi-annual period, as the performance is above the required performance threshold. Performance Fees are based on the performance of the assets, as measured by the Distribution Income, and depend upon semi-annual and bi-annual performance measures (for more details about the Distribution Income calculation please refer to pages 53 to 56 and for more detail on the calculation of Performance Fees please refer to Note 22 of the financial statements).

GENERAL OUTLOOK

When conducting the investment strategy during the semi-annual period under review, the Company pursued the following objectives:

- increase the diversification of its portfolio (from 75 assets at the beginning of the semi-annual period to 79 assets at the end of the period) with investments mainly exposed to corporate credit underlying risk through various formats (CLO/ synthetic and cash structures);
- increase the principal amount of Volta’s assets;
- enhance the ability of the portfolio to better resist economic or financial stress (most of the investments during the period concerned tranches of structured finance transactions that have subordination to losses);
- increase the level and the stability of ongoing interest and coupons received by the Company (€16.4 million of interest and coupon payments received during the semi-annual period); and
- maintain a level of expected return in line with the Company’s objectives.

At the time of writing it appears that discount margins of structured finance assets are still high relative to intrinsic underlying risks. This situation facilitates a wide range of investments that could be targeted by the Investment Manager. As in the past, Volta should be well placed to exploit such a situation given its experienced investment teams, few constraints in terms of ratings and limited liabilities.

A description of the principal risks and uncertainties that the Company faces is provided in Note 21 of the Notes to the financial statements but it should be noted that if the current sovereign debt crisis, especially in the eurozone, degenerates into a more general and profound economic crisis, the positioning of the Company predominantly toward corporate credit exposures could generate significant losses.

2. INVESTMENTS

In line with previous semi-annual periods, the high level of discount margins during the semi-annual period on mezzanine tranches of structured finance assets and the necessity for banks to limit regulatory capital enabled the Company to purchase assets in various formats. The Company purchased five different assets for a total of the equivalent of €11.5 million over the course of the semi-annual period ended 31 January 2013 with an expected average IRR of 12.0%:

- €7.7 million was used to purchase four CLO Debt tranches; and
- €3.8 million was invested in one Bank Balance Sheet transactions.

During the semi-annual period, Volta sold €2.8 million of assets. The rationale behind these sales was to improve Volta’s capability to generate cash flows through re-investment in higher yielding assets or to reduce the exposure to some specific assets.

In addition to re-investments made during the semi-annual period, important variations in the relative performance of asset classes have also changed the Company’s asset allocation since 31 July 2012.

INVESTMENT MANAGER'S REPORT

Table 1 – Volta Finance asset allocation based on mark-to-market prices (based on GAV)*

Main asset class	Sub-classification	31 January 2013 %	31 July 2012 %
CLO	USD Equity tranches	17.7	21.1
	EUR Equity tranches	1.5	1.7
	USD Debt tranches	24.2	24.6
	EUR Debt tranches	19.8	15.9
Synthetic Corporate Credit	Equity tranches	7.7	5.5
	Debt tranches	9.6	10.2
	Bank Balance Sheet transactions	5.5	4.1
Cash Corporate Credit	Equity tranches	5.6	7.9
	Debt tranches	1.5	1.8
ABS	Mortgage Residual positions	2.3	3.2
	Debt tranches	1.6	1.8
Cash		3.0	2.2

* GAV of €173.2 million as at 31 July 2012 and GAV of €212.4 million as at 31 January 2013. The valuation of each asset class takes into account the valuation of the individual assets and of the derivatives hedging the asset class. Figures do not add up to 100% due to rounding.

One of the benefits of the investment programme conducted during the latest period has been to improve the diversification of the Company's portfolio by re-investing mainly in assets that give Volta a leveraged exposure to both US and European corporate credit markets.

The decreased exposure to ABS Mortgage Residual positions is mostly due to an upward revision of prices of the debt assets during the period.

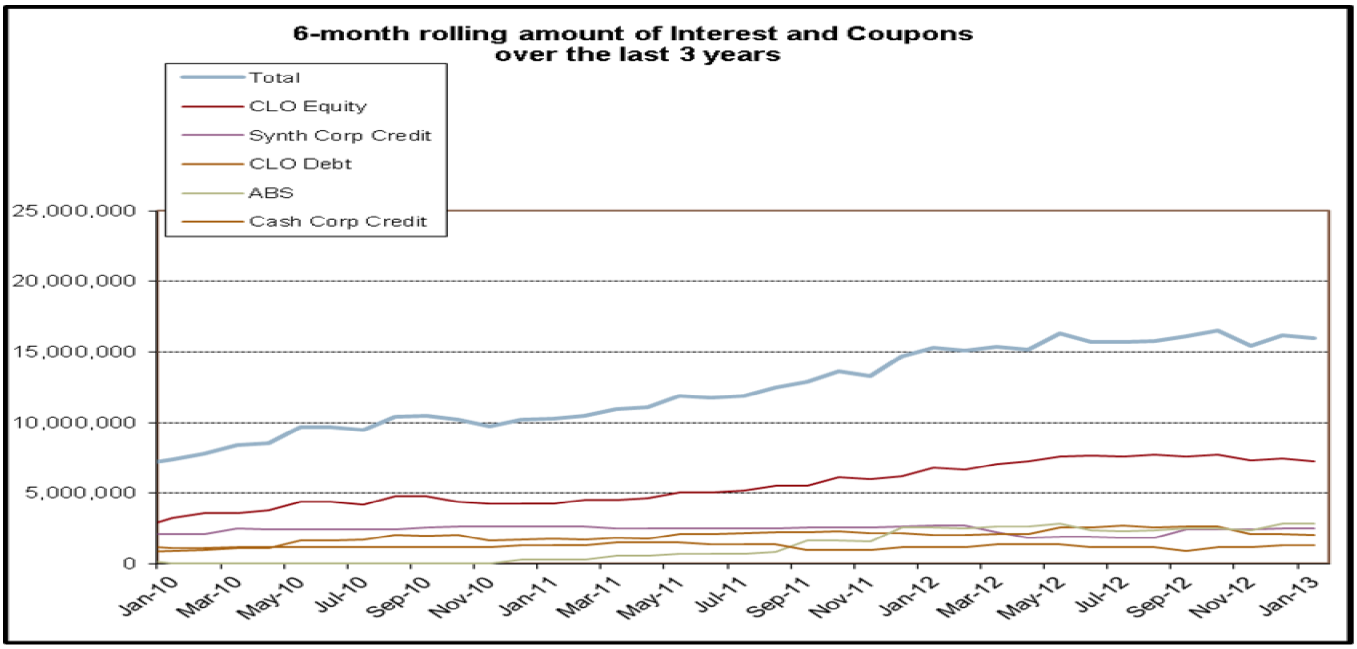
Overall, the investment strategy aims to invest in assets able to deliver an adequate return (on average, assets purchased during the semi-annual period were expected to deliver close to 12% return under a base case scenario).

3. INVESTMENT PORTFOLIO

As at 31 January 2013, Volta held assets divided amongst four asset classes: CLOs, Synthetic Corporate Credit deals, Cash Corporate Credit transactions and ABS.

It should be noted that the vast majority of the portfolio's assets as at 31 January 2013 had exposure to underlying portfolios of corporate credit positions (loans, bonds and CDS issued by or on corporate entities).

Before going into detail regarding each main asset class it should be noted that almost half of the cash flows generated by Volta's assets are from the CLO Equity positions:



INVESTMENT MANAGER'S REPORT

This situation is anticipated to continue for the coming semi-annual period, when we expect the amount of interest and coupons collected by the Company to stabilise around the latest figures unless Libor or Euribor short-term rates increase.

CLO

All the positions in this asset class are equity or debt tranches of CLOs.

EQUITY TRANCHES OF CLO

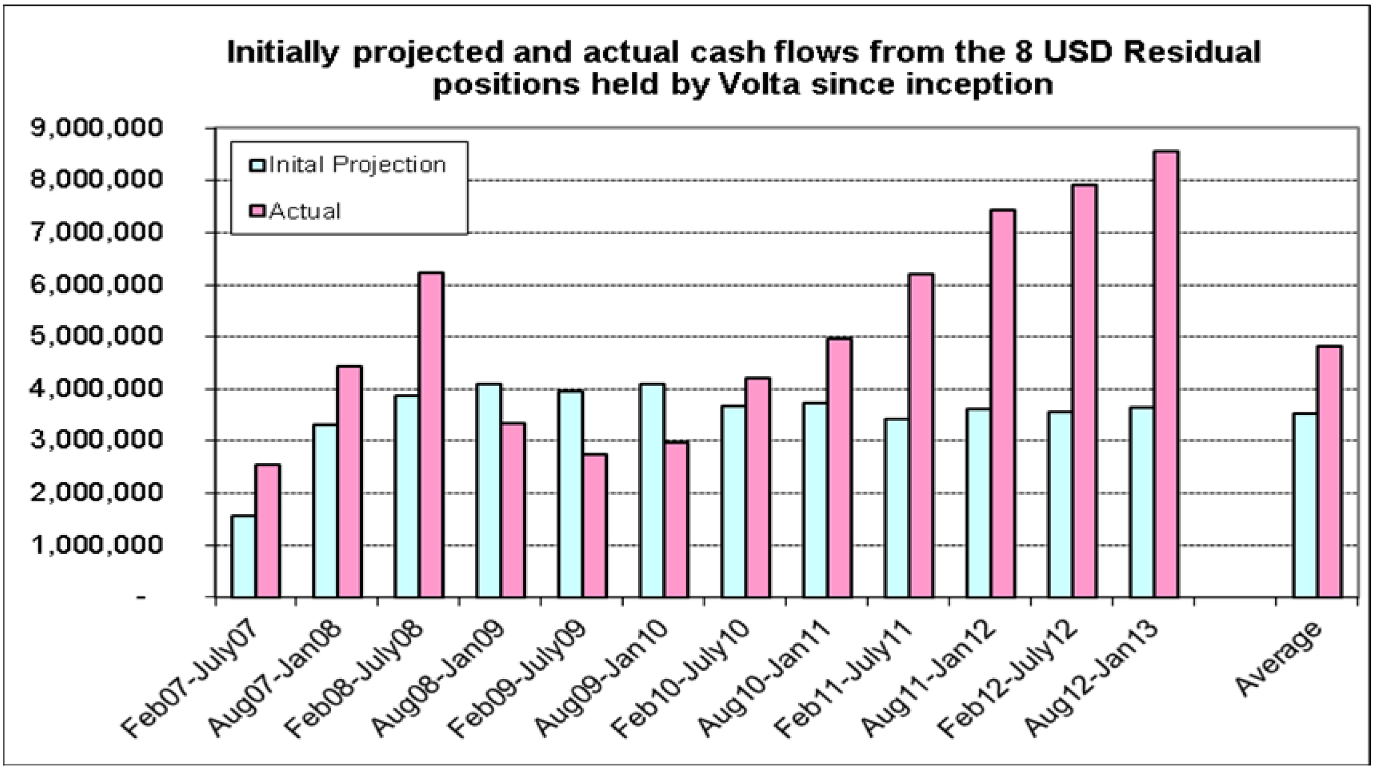
As at 31 January 2013 the Company held twelve positions in residual tranches of loan portfolios:

- eleven classic equity tranches of CLOs (equity tranches typically represent between 8% and 12% of the capital structure of the deal and give access with an eight to twelve times leverage to the excess cash flows of the structure); and
- one position in a structured vehicle (Prelude) managed by AXA IM Paris that gives access to the payments of approximately 28 different CLO Equity positions.

RESILIENCE OF PAYMENTS FROM RESIDUAL TRANCHES OF CLO

During the semi-annual period, the residual tranches of CLO held by Volta generated €7.0 million of cash flows (from assets valued at €39.4 million at the end of July 2012).

The eight classic US dollar residual positions held since early/mid 2007 had accumulated payments of $61.4 million at the end of January 2013, representing 128% of their original principal value ($48 million). The two euro residual positions held since early/mid 2007 had accumulated payments of €6.8 million at 31 January 2013, representing 76% of their original principal value (€9.0 million). Altogether, these cash flows are 33% higher than the cash flows that were projected at the purchase date using the weighted average rating factor ("WARF") of each underlying portfolio at that time (between 2% and 3% of defaults per year was projected depending on each transaction). See below for a comparison, period after period, between projected cash flows (at purchase date) and actual cash flows for the eight US dollar residual positions held since inception. During the semi-annual period under review, actual cash flows are more than double those which were projected six years ago at purchase.



INVESTMENT MANAGER'S REPORT

CLOs, being term leveraged structures at a fixed margin, can generate more excess payments through re-investments when markets are under stress than under normal circumstances. Overall, for these ten transactions, US dollar and euro transactions altogether, held since early/mid 2007, the effective cash flows available for the owner of the residual positions have increased by more than 40% throughout the crisis as a result of the significant increase of the weighted average spread of the underlying portfolios. It is also a consequence of the Zero Interest Rate Policy ("ZIRP") conducted by the US Federal Reserve to maintain spreads at high level.

A residual position on a CLO also gives access to the amount that remains in the structure once the debt tranches are paid back (at maturity if the normal process of deleveraging the structure takes place, sooner if the deal is called by the residual holders). It can be possible to measure the principal amount of the underlying loan portfolios (defaulted loans are valued at their market value) that exceeds the principal amount of the outstanding CLO debt tranches at any point in time. According to the latest CLO reports available at the end of January 2013, the average remaining principal amount of the eleven classic residual positions held by Volta was 93% of the original principal amount of the equity at the end of January 2013 against 100% at the end of July 2012. This decline is not due to any material loss, on average, at the underlying loan portfolio level but to the decision to reflect, when measuring the remaining principal amount, projected Performance Fees that will be due to the CLO managers and that, as a consequence, will diminish the amount due to CLO Equity. Indeed, some of the US CLOs where Volta holds a residual position have already reached their hurdle rate (most of the time 12% realised IRR), entitling the CLO manager to get its Performance Fee (most of time 20% of any future cash flow). The impact of these Performance Fees is already taken into account in the valuation of each CLO Equity position.

All of the positions in this bucket are negatively exposed to an increase in default rates or in the percentage of assets rated CCC or below and to a significant decrease in underlying loan prices. However, they strongly benefit from a historically cheap cost of leverage, locked in before the 2008 crisis and also benefit from some of their intrinsic features, mainly the ability to re-invest diverted amounts and prepayments.

As at 31 January 2013, the average price of the Company's eleven classic residual positions held over the semi-annual period (85% of original principal amount for US dollar assets and 35% of original principal amount for euro assets) reflects a reasonable scenario of defaults with still a decent level of discount margin. These deals are generally priced at three years' cash flows for assets that are supposed to pay excess cash flows for a remaining period of at least three years and to receive ultimately some principal amount later.

TABLE 2 – LIST OF CLO EQUITY HOLDINGS AS AT 31 JANUARY 2013

Issuer	% GAV	Main asset class	Sub classification	Description of underlying asset	Manager/servicer	Principal geographical exposure	ISIN	Arranging institution
Northwoods Capital Limited	3.51	CLO	Equity	Broadly syndicated loans	Angelo Gordon	USA	USG6666RAB18	JP Morgan
Wasatch CLO Ltd	2.87	CLO	Equity	Broadly syndicated loans	Invesco	USA	USG94608AB57	JP Morgan
Goldentree Loan opportunities IV Ltd	2.60	CLO	Equity	Broadly syndicated loans	GoldenTree	USA	USG39607AC37	Deutsche Bank
Batallion CLO 2007-1 Ltd- Equity	2.30	CLO	Equity	Broadly syndicated loans	Brigade Capital Management	USA	USG08887AA27	Deutsche Bank
Carlyle HY Part IX	2.08	CLO	Equity	Broadly syndicated loans	Carlyle	USA	KYG1908R1048	Lehman Brothers
Sands Point Funding Ltd	1.46	CLO	Equity	Middle market loans	Guggenheim	USA	USG7800DAA93	Deutsche Bank
Lightpoint CLO V, Ltd	1.14	CLO	Equity	Broadly syndicated loans	Neuberger Berman	USA	USG5487GAG31	Credit Suisse
Galaxy VII CLO Ltd	0.91	CLO	Equity	Broadly syndicated loans	AIG	USA	USG25796AB20	Morgan Stanley
Oak Hill European Credit Partners PLC	0.78	CLO	Equity	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349700	Deutsche Bank
Lightpoint Pan-European CLO 2006 PLC	0.71	CLO	Equity	Broadly syndicated loans	Neuberger Berman	Europe	XS0282169803	Credit Suisse
Prelude Credit Alpha plc	0.69	CLO	Equity	Broadly syndicated loans	AXA IM Paris	USA	XS0213954802	Wachovia Bank N.A.
Denali Capital CLO V Ltd	0.18	CLO	Equity	Broadly syndicated loans	Denali Capital LLC	USA	US24821MAB46	JP Morgan

Table 2 of the Investment Manager's Report forms an integral part of the financial statements. Refer to Note 21.

INVESTMENT MANAGER'S REPORT

DEBT TRANCHES OF CLOs

As at 31 January 2013, the Company held 45 positions in debt tranches of CLOs accounting for 44.0% of Volta's end-of-period GAV. With the exception of one investment that is unrated but could be considered equivalent to a BB-rated tranche taking into account its level of subordination, the investments in debt tranches of CLOs have been in tranches initially rated between BB (second loss position) and A (generally fourth loss position).

These positions were purchased between March 2008 and December 2012. Each asset, at the time of purchase, was expected to repay its principal in full at maturity and should be able to sustain a certain level of stress. Depending on the ability to find opportunities in the market and on the timing of the purchases, the Company has been able to purchase assets with different levels of initial subordination and IRR. On average, the expected IRR of these assets was 13% at the time of purchase under a base case scenario.

These positions, as for the residual holdings, have cash flows that are sensitive to the level of defaults and to the percentage of assets rated CCC or lower in the underlying loan portfolio. Nevertheless, these tranches are structured to be able to absorb a higher level of defaults in the underlying loans portfolio than residual holdings, given their second, third and even higher loss ranking.

As at the end of the semi-annual period, all 45 debt tranches of CLOs were paying their coupons.

Considering the current market and economic circumstances, some of these positions could suffer delays in their payments from time to time. However, with a reasonable economic scenario at the end of the semi-annual period, delayed payments are expected to be met in full for all the mezzanine tranches of CLOs. The average price of the 45 positions, at 84% of par at the end of the period (91% of par for US dollar assets, 77% of par for euro assets), despite a significant increase during the six-month period, still does not reflect the most likely scenario that the vast majority of assets should meet their expected payments in due time. This level of pricing does not reflect, either, the probability to have some of these positions (mainly USD ones) called at par in the coming year or so instead of being repaid in five to seven years' time.

Six of these positions (Adagio III, Alpstar II, Centurion, Apidos, Black Diamond and Tara Hill) have structural features that could generate some early payments of principal that should be beneficial to the Company, considering that these positions are still valued significantly below par.

TABLE 3 – LIST OF CLO DEBT HOLDINGS AS AT 31 JANUARY 2013

Issuer	% GAV	Main asset class	Sub classification	Description of underlying asset	Manager/servicer	Principal geographical exposure	ISIN	Arranging institution
Battalion CLO 2007-1 Ltd – E–BB debt	2.50	CLO	Debt	Broadly syndicated loans	Brigade Capital Management	USA	USG08889AF79	Deutsche Bank
Adagio III CLO – E–BB debt	2.34	CLO	Debt	Broadly syndicated loans	AXA Investment Managers Paris	Europe non-UK	XS0262683971	Lehman Brothers
Boyne Valley 1X – C1-A debt	2.09	CLO	Debt	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0235642971	JP Morgan
Cheyne Credit Opportunity CDO – BBB debt	1.91	CLO	Debt	Broadly syndicated loans	Nomura	Europe non-UK	XS0243225728	Cheyne Capital Management Ltd
McDonnell Loan Opportunity Ltd	1.80	CLO	Debt	Broadly syndicated loans	McDonnell Investment Mgt LLC	USA	USG6016MAA11	Deutsche Bank
Oak Hill European Credit Partners PLC	1.60	CLO	Debt	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349379	Deutsche Bank
Madison Park Funding E–BB debt	1.60	CLO	Debt	Broadly syndicated loans	Credit Suisse Alternative Capital	USA	USG5744QAA34	Merrill Lynch
Ballyrock 2006-1X – D - BBB debt	1.51	CLO	Debt	Broadly syndicated loans	Ballyrock	USA	USG0717JAD75	Goldman Sachs
Skellig Rock 2006 1X – C - A debt	1.48	CLO	Debt	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0273474444	JP Morgan
Limerock 1A – D–BB debt	1.47	CLO	Debt	Broadly syndicated loans	Invesco	USA	US532623AH83	Credit Suisse
Regatta Funding 2007–1X – B1L – BBB debt	1.30	CLO	Debt	Broadly syndicated loans	Citi Capital Advisor	USA	USG7476XAF71	Bear Stearns
LightPoint CLO V – C – BBB debt	1.22	CLO	Debt	Broadly syndicated loans	Neuberger Berman	USA	USG5487GAD00	Credit Suisse
BATALLION CLO LTD – D – BBB debt	1.19	CLO	Debt	Broadly syndicated loans	Brigade Capital Management	USA	US071322AE14	Deutsche Bank
Centurion 10 – E – BB debt	1.16	CLO	Debt	Broadly syndicated loans	River Source Investments LLC	USA	US15132PAA12	Morgan Stanley
Oryx 1X – D – BBB debt	1.10	CLO	Debt	Broadly syndicated loans	AXA IM	Europe non-UK	XS0230415373	UBS

Sierra 2006-2X – B2L – BB debt	1.09	CLO	Debt	Broadly syndicated loans	Apidos Capital Management	USA	XS0276546065	Bear Stearns
Duane Street CLO – D1 – BBB debt	1.08	CLO	Debt	Broadly syndicated loans	Citi Capital Advisor	USA	US26358BAL27	Morgan Stanley
Laurelin – D1 – BBB debt	1.05	CLO	Debt	Broadly syndicated loans	Golden Tree Asset Management LP	Europe non-UK	XS0305010711	Barclays Capital
Adagio III-X – D – BBB debt	1.05	CLO	Debt	Broadly syndicated loans	AXA Investment Managers Paris	Europe non-UK	XS0262683203	Lehman Brothers
ACAS C 2012 1X – E – BB debt	1.04	CLO	Debt	Broadly syndicated loans	ACAM	USA	USG00669AA28	Deutsche Bank
Black Diamond 2012 – D – BB debt	1.04	CLO	Debt	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	USG1146TAA00	Credit Suisse
Tara Hill 1X-III – BBB debt	0.92	CLO	Debt	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0122499931	Morgan Stanley
Euro Galaxy CLO BV – E – BB debt	0.90	CLO	Debt	Broadly syndicated loans	AIG Global Investments	Europe non-UK	US29871UAG31	Morgan Stanley
Harvest IV – C – A debt	0.84	CLO	Debt	Broadly syndicated loans	3i Debt Management	Europe non-UK	XS0189775249	Merrill Lynch
LFE IV – S4 – BBB–debt	0.83	CLO	Debt	Broadly syndicated loans	BNP Paribas	Europe non-UK	XS0269248398	BNP Paribas
Apidos 2006 3 – C – BBB debt	0.80	CLO	Debt	Broadly syndicated loans	Apidos Capital Management	USA	US03761KAG31	Morgan Stanley
H1776 CLO – D – BBB debt	0.80	CLO	Debt	Broadly syndicated loans	W.R.Huff Asset Management	USA	US81806PAE07	Deutsche Bank
Adagio III CLO – C – A debt	0.79	CLO	Debt	Broadly syndicated loans	AXA Investment Managers Paris	Europe non-UK	XS0262682148	Lehman Brothers
Black Diamond 2006 1X – E – BB debt	0.76	CLO	Debt	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	XS0282504280	Bear Stearns
Clare Island 1X IV – B – BB debt	0.76	CLO	Debt	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0143896875	Morgan Stanley
Duane Street 2006-3X – E – BB debt	0.64	CLO	Debt	Broadly syndicated loans	Citi Capital Advisor	USA	USG29281AA33	Morgan Stanley
Alpstar CLO 2 PLC – E – BB debt	0.63	CLO	Debt	Broadly syndicated loans	Alpstar Management	Europe non-UK	XS0291723079	Bank of America
CLOML 2007-1X – D – BBB debt	0.58	CLO	Debt	Broadly syndicated loans	Denali Capital LLC	USA	USG60283AK75	Merrill Lynch
Galaxy VIII CLO LTD – E – BB debt	0.53	CLO	Debt	Broadly syndicated loans	AIG	USA	US36317KAA51	Morgan Stanley
Adagio II CLO – D1 – BBB debt	0.52	CLO	Debt	Broadly syndicated loans	AXA Investment Managers Paris	Europe non-UK	XS0237058424	Merrill Lynch International
Apidos CDO – E – BB debt	0.48	CLO	Debt	Broadly syndicated loans	Apidos Capital Management	USA	US03761NAA00	Morgan Stanley
Tara Hill 1X – IV – BB debt	0.43	CLO	Debt	Broadly syndicated loans	AIB Capital Markets plc	Europe non-UK	XS0122500027	Morgan Stanley
Century CDO 2007 – C – BBB debt	0.37	CLO	Debt	Broadly syndicated loans	Lightpoint	USA	US15134UAA88	Credit Suisse
Regent Park 1X – E – BB debt	0.37	CLO	Debt	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0268111126	JP Morgan
Atrium CDO – D1 – BB debt	0.34	CLO	Debt	Broadly syndicated loans	CSAS	USA	US049629AF50	CSFB
BlackRock SISC 2004-1A – D1 – BB debt	0.26	CLO	Debt	Broadly syndicated loans	BlackRock	USA	US09249DAA19	JP Morgan
Octagon IP XI – D – BB debt	0.25	CLO	Debt	Broadly syndicated loans	Octagon Investment Partners	USA	USG67245AF09	Citigroup/GS
CoLTS 2007 1 - D - BBB debt	0.24	CLO	Debt	Middle market loans	Ares Management	USA	USG23108AD83	Wachovia Bank, N.A.
Black Diamond CLO Ltd – 2005-2X E1debt	0.19	CLO	Debt	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	XS0232465202	Bear Stearns
Leopard CLO BV – BB debt	0.18	CLO	Debt	Broadly syndicated loans	M&G Investment Management Ltd	Europe non-UK	XS0251752472	RBS

Table 3 of the Investment Manager's Report forms an integral part of the financial statements. Please refer to Note 21.

INVESTMENT MANAGER'S REPORT

SYNTHETIC CORPORATE CREDIT DEALS

The Company invests in the equivalent of first loss or junior second loss investment exposures to diversified portfolios of investment grade and sub-investment grade CDS (predominantly CDS on corporate entities).

During the semi-annual period under review the Company entered into one Synthetic Corporate Credit equity position (Aquarius).

It is a Bank Balance Sheet deal (structures that aims to benefit from the necessity for banks to save capital by selling derivative credit exposures coming from their mainstream loan business with corporates) .

As at 31 January 2013, the exposure to Synthetic Corporate Credits deals comprised twelve investments representing 22.7% of the end-of-period GAV. Seven of these (ARIA III, BCOF, Alpine Taurus, Aquarius, Cheyne TRCF and Jazz III euro and Jazz III US dollar residual positions) are first loss positions in credit portfolios, whilst the others are senior or mezzanine debt tranches of corporate credit portfolios benefiting from subordination to potential defaults.

TABLE 4 – LIST OF SYNTHETIC CORPORATE CREDIT HOLDINGS AS AT 31 JANUARY 2013

Issuer	% GAV	Main asset class	Sub classification	Description of underlying asset	Manager/servicer	Principal geographical exposure	ISIN	Arranging institution
ARIA CDO III (tranche 0%–3%)	5.06	Synthetic Corporate Credit	Equity	Majority investment grade corporate credit	AXA Investment Managers Paris	USA	XS0375442307	JP Morgan
Jazz III CDO – AB – Junior AAA debt	4.70	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	AXA Investment Managers Paris	USA	US47215CAB19	Merrill Lynch International
Bank Capital Opportunity Fund	2.49	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	AXA Investment Managers Paris	Europe non-UK	LU0648070216	AXA IMP
Cadenza	2.00	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	AXA Investment Managers Paris	Europe non-UK	XS0672066908	UBS
Aquarius	1.84	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	Major European Bank	USA	n/a	Major European Bank
Jazz III CDO (Ireland) PLC	1.56	Synthetic Corporate Credit	Equity	Majority investment grade corporate credit	AXA Investment Managers Paris	USA	XS0263617374/XS0263615675	Merrill Lynch International
Dryden XVII – Junior AAA Debt	1.32	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	Prudential IM	USA	USG7546RAP40	UBS
Alpine Taurus	1.17	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	Major European Bank	Europe non-UK	n/a	Major European Bank
Cheyne TRCF 1 Share	1.05	Synthetic Corporate Credit	Equity	Majority investment grade corporate credit	Cheyne Capital Management	USA	KYG2101X1951	Credit Suisse
Corsair 06/30/2014	0.94	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	JP Morgan	USA	XS0280348572	JP Morgan
Jazz III CDO (Ireland) PLC – CA – A debt	0.42	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	AXA Investment Managers Paris	USA	XS0262646697	Merrill Lynch International
Start 2010-6X A	0.18	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	Standard Chartered	USA	XS0562803758	Standard Chartered

Table 4 of the Investment Manager's Report forms an integral part of the financial statements. Please refer to Note 21.

Credit default swap market prices are generally considered to give an indication of the financial market's estimation of the probability of default by the underlying name. Considering the market price at 31 January 2013 of one name (Supervalu) within the underlying portfolios of certain of the Company's Synthetic Corporate Credit deals, such name appeared to have a high possibility of default as at the period end date. We simulated a default of this name when projecting base case cash flows for these assets and it appeared that the high possibility of such default was already priced in as at 31 January 2013.[2]

More details are given regarding projected IRR on these assets in Section 4 of this report.

As illustrated above, the four equity positions and three Bank Balance Sheet positions are first loss positions and their remaining principal as well as their coupons are sensitive to any future defaults.[2]

The debt positions in the Synthetic Corporate Credit asset class had, at the end of the period, a level of subordination such that they were expected by the Company to pay all their coupons and their full principal.[2]

[2] The paragraphs annotated above form an integral part of the financial statements. Please refer to Note 21.

INVESTMENT MANAGER'S REPORT

CASH CORPORATE CREDIT TRANSACTIONS

There are three transactions in this bucket:

— ICE, an original AA tranche of a CDO of credit positions from emerging countries;

— Tennenbaum, a loan fund with low leverage. The investment manager, Tennenbaum, reduced the leverage of the fund before and during the midst of the financial crisis. They tend to manage the portfolio so as to take advantage of the various investment opportunities that were allowed by the very nature of the fund. For example, this fund has the possibility to invest in debtor-in-possession or bankruptcy exit loans, or even to take equity ownership when loans default; and

— Promise Mobility, a first loss position on a highly diversified portfolio (more than 1,000 positions according to the latest report) of loans made to German SMEs. This deal was impaired at the end of July 2011 considering the significant increase in defaults that occurred in June 2011 as well as the poor record in terms of recovery. Since then a second but more modest set of credit events occurred in June 2012 that affected the situation slightly. Since its purchase, in December 2006, this asset paid cash flows representing 76% of the amount invested.

TABLE 5 – LIST OF CASH CORPORATE CREDIT TRANSACTIONS AS AT 31 JANUARY 2013

Issuer	% GAV	Main asset class	Sub classification	Description of underlying asset	Manager/servicer	Principal geographical exposure	ISIN	Arranging Institution
Tennenbaum Opportunities Fund V	3.75	Cash Corporate Credit	Equity (Fund)	High yield bonds and loans	Tennenbaum Capital Partners, LLC	USA	n/a	Wachovia Bank, N.A.
Promise Mobility 2006-1	1.84	Cash Corporate Credit	Equity	German SME loans	IKB	Europe non-UK	n/a	Deutsche Bank
ICE 1 Emerg CLO – A3 – AA Debt	1.49	Cash Corporate Credit	Debt	Corporate emerging debt	ICE Canyon LLC	Other	USG4746PAD09	CitiGroup

Table 5 of the Investment Manager's Report forms an integral part of the financial statements. Please refer to Note 21.

ABS

As at 31 January 2013, the Company has seven positions in this asset class: five residual income positions backed by UK non-conforming residential loans, one original AAA tranche of a CDO of ABS (Pangaea), being currently the first-pay tranche of the structure (receiving every quarter a portion of its principal back), and a position in a US ABS fund (St Bernard).

The five UK non-conforming residual positions have seen their value revised upwardly during the previous semi-annual period as they resumed paying cash flows and as it was becoming more probable that such cash flows might last for a while. In aggregate, these five positions were valued at €5.5 million at the end of July 2012, whilst they generated €2.8 million of cash flows during the semi-annual period. There is a possibility that further upward revisions in the value of these five assets could materialise in the coming periods considering the fact that cash flows received from these assets remains high relative to their current value and if it is confirmed that some market participants are able to purchase these assets or similar assets on higher multiples that those used when valuing them. The cash flows from these assets are the result of monthly payments from mortgagers that have, on average, significant arrears of payments and real difficulties when having to make these payments. Hence cash flows received on these assets are highly sensitive to the economic situation of these non-conforming mortgagers, the UK monetary policy and to incentives from the UK government to favour indulgence from trustees regarding arrears of payments.

TABLE 6 – LIST OF ABS HOLDINGS AS AT 31 JANUARY 2013

Issuer	% GAV	Main asset class	Sub classification	Description of underlying asset	Manager/servicer	Principal geographical exposure	ISIN	Arranging institution
PGAEA 2007 – 1A – AAA Debt	1.19	ABS	Debt	European ABS	Investec	Europe non-UK	XS0287257280	Bear Stearns
Alba 2007-1 plc	1.12	ABS	Residual	UK non-conforming RMBS	Oakwood	United Kingdom	XS0301709621	Credit Suisse
Alba 2006-2 plc	0.72	ABS	Residual	UK non-conforming RMBS	Oakwood	United Kingdom	XS0271780651	Credit Suisse
St Bernard Opportunity Fund	0.38	ABS	Debt (Fund)	US mortgages	AXA Investment Managers Paris	USA	n/a	n/a
Alba 2006-1 plc	0.32	ABS	Residual	UK non-conforming RMBS	Oakwood	United Kingdom	XS0255043050	Credit Suisse
Eurosail 2006-1 PLC	0.15	ABS	Residual	UK non-conforming RMBS	SPML	United Kingdom	XS0254441081	Lehman Brothers
Newgate Funding PLC 2006-2	0.00	ABS	Residual	UK non-conforming RMBS	Mortgage Plc	United Kingdom	XS0259286101	Merrill Lynch International

Table 6 of the Investment Manager's Report forms an integral part of the financial statements. Please refer to Note 21.

4. UNDERSTANDING THE GAV OF THE COMPANY

According to Volta’s valuation policy, GAV is calculated using prices received by banks or brokers for all but a few assets representing 12% of Volta’s GAV. The exceptions being: Promise Mobility and the UK non-conforming positions which are model-based using a discount rate of 20% on projected cash flows; and Tennenbaum, Bank Capital Opportunity Fund, Cheyne Total Return Credit Fund and St Bernard Opportunity Fund, each of which is a fund that is valued using the value of its underlying assets.

In order to give shareholders an understandable and comparable perspective regarding Volta’s asset valuations, a grid of projected returns has been provided for Volta’s assets where there are classic analytic tools that permit linking the prices to simple underlying assumptions (mainly the expected level of default and recovery of underlying assets). In line with market practice, the WARF of the underlying portfolios has been considered as the standard measure of the probability of default.

In order to generate a range of scenarios, WARFs have been multiplied by 1.0 (standard scenario), 1.5 (stressed scenario) and 2.0 times (highly stressed scenario) to give shareholders an idea of how Volta’s assets behave when considering defaults at a higher rate than the standard measure. Other assumptions included a constant prepayment rate of 15% for European loans, 20% for US loans and a recovery rate of 65% for loans as well as a recovery rate of 30% for Corporate Credit exposures.

To illustrate these scenarios, constant annual default rates have been simulated for the underlying loans portfolio of Volta’s CLO positions, on average, at 3% (WARF), 4.5% (1.5 x WARF) and 6% (2.0 x WARF). These three figures are greater than the average default rate for these deals during the recent years (including the 2008/2009 crisis).

Thus, for all Volta’s assets, except Bank Capital Opportunity Fund, Tennenbaum, Promise Mobility, the UK non-conforming residuals, St Bernard Opportunity Fund, Cheyne Total Return Credit Fund, Pangaea, ICE 1, Alpine Taurus and Aquarius, it has been possible to generate projected cash flows and IRR (Internal Rate of Return considering end of January 2013 valuation and projected cash flows) under these scenarios using appropriate tools (for example, Intex for CLOs). These simulations concerned assets representing €170.9 million of assets (83% of Volta’s assets excluding cash at the end of January 2013).

TABLE 7 – STANDARD PROJECTED IRR ON CLASSIC CORPORATE DEALS*

					Projected IRR		
Amount in euro	Original principal amount € (million)	Remaining principal € (million)	Mark-to-market value € (million)	Average price	Standard scenario	Stressed scenario*	Highly stressed scenario*
Equity Tranches of Corporate Synthetic	35.1	21.4	16.3	46.4%	27.4%	12.3%	(4.1%)
Debt Tranches of Corporate Synthetic	22.9	22.9	20.3	88.9%	19.7%	19.7%	19.7%
USD CLO Equity tranches	44.4	39.9	37.7	84.9%	12.8%	8.7%	3.3%
EUR CLO Equity tranches	9.0	4.3	3.2	35.0%	50.1%	38.2%	24.3%
USD Debt tranches of CLOs and Cash Corporate Credit	56.9	56.9	51.5	90.5%	7.9%	7.9%	7.9%
EUR Debt tranches of CLOs and Cash Corporate Credit	54.7	54.7	42.0	76.7%	14.0%	14.1%	14.2%
Total/average	223.0	200.0	170.9	76.7%	12.9%	11.6%	10.1%

*These simulations are for illustrative purposes only, are based on a number of assumptions and should not be regarded as profits or earnings forecasts. In addition, changes to current market conditions may cause changes to certain of the assumptions which could produce different results, less favourable to investors. Accordingly, no representation or warranty is made that any simulation will happen or any asset will perform or will be sold in accordance with the tables set forth.

It should be noted when considering this table that the Company’s CLO Debt tranches, Cash Corporate Credit deals and Synthetic Corporate Credit Debt deals were insensitive to the default scenarios proposed herein and are, however, priced with discount rates ranging from 8% to 20% from mezzanine debt of US CLO to mezzanine debt of Synthetic Corporate Credit deals, reflecting potential losses for very extreme scenarios.

It should also be noted that first loss tranches of Synthetic Corporate Credit are highly sensitive to the pace of default that is projected but this high sensitivity seems to be incorporated in the end-of-period prices.

The figures in table 7 highlight the difference between euro deals and US dollar deals, for example through the projected IRR on Equity or Debt tranches of CLOs. They are higher on euro deals relative to US dollar deals with a greater sensitivity to default for first loss euro deals. This difference in pricing reflects a greater uncertainty in Europe relative to the US to any projected path of cash flows, most probably in line with the eurozone economic difficulties. This difference in pricing supports the view of Volta not to exclude euro deals from its portfolio.

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According to such calculations, the GAV of Volta as at 31 January 2013 corresponds to an IRR close to 13% when considering the standard assumption that ratings, and hence WARF, of a portfolio of corporate credit exposures appropriately reflect the probability of default.

Even if this average projected IRR has significantly declined over the recent years it could still be considered as attractive relative to classic credit market spreads or equity premium.

Section 4 of the Investment Manager's Report, including table 7, forms an integral part of the financial statements. Please refer to Notes 4 and 21.

5. FOREIGN EXCHANGE HEDGE OF US DOLLAR INVESTMENTS

As outlined in previous reports, the Company faces the risk of being forced to sell assets to face margin calls on its foreign exchange hedge transactions if the US dollar was to appreciate significantly. In order to limit this risk the Company uses currency options to reduce the level of cash that could be called by its currency swap (and options) counterparties when the dollar appreciates and also to reduce the amount of dollars sold forward. This hedging strategy has been successful in avoiding the Company being forced to sell assets to face increases in margin calls.

The Company's strategy creates a long USD exposure for Volta that can be monitored by shareholders on a monthly basis through the monthly report. As the EUR/USD cross rate has evolved without trend for several years now, to date this exposure has had no material cumulative effect on the NAV of the Company. A period of negative contribution such as the most recent one (the dollar depreciated from July 2012 to January 2013) has previously followed periods of positive contribution, like the previous two semi-annual periods.

During the period, the Company decided to further protect its solvency (limiting the risk of being a forced seller if the dollar was to strongly appreciate) and to accept additional volatility on the NAV variations due to this long US dollar position against euro.

This strategy enabled the Company to continue investing in US dollar assets with a partial hedge against the depreciation of the US dollar and allowed the Company to invest more widely.

The contracts used to apply this strategy are collateralised (a net balance of €0.3 million was received by the Company from its counterparties at the end of January 2013) and are in place with two different counterparties in order to minimise the counterparty risk incurred by the Company through these contracts.

As of the end of January 2013 the Company's US dollar assets (including cash) were valued at approximately $170 million, US dollar forward sales represented $67.5 million and US dollar call options (financed by selling out of the money US dollar put options) represented $60 million. Overall, taking into the account the delta on the options, Volta could be considered as having a $130 million long unhedged position.

The Company has maintained during the last two years a dual exposure to US assets and to European assets. Considering the difficulties faced by European governments to roll their debt, a specific risk exists for assets directly linked to the eurozone. This risk is partially hedged by the long US dollar exposure of the Company described above.

6. OUTLOOK

During the semi-annual period, the overall investment strategy of the Company has been successfully adjusted in line with the changing market environment whilst pursuing the Company's objectives. The Company pursues the increase and the diversification of its asset base through investments in deals for which the main underlying exposure is corporate credit.

This strategy contributed to the continued receipt of a high level of interest and coupons by the Company.

During the semi-annual period, the Company paid dividends representing 10% of the NAV excluding cash, in connection with the average projected IRR on its assets. Considering the high level of cash flows generated by Volta's assets, this means that roughly 40% of the interest and coupons have been re-invested during the period.

This situation is expected to continue for the coming period and therefore the Company should be able to continue to increase its asset base (before currency effect), as has been the case for more than four years. That said, the pace at which ongoing cash flows will be re-invested could be adjusted if some significant financial or economic stress occurs.

Table 8 takes into account losses of principal amounts that could not be recouped for Cash or Synthetic Corporate Credit Equity and ABS; provided there is no loss expected on debt tranches (for all asset classes), debt tranches are accounted for at their principal amount; residual tranches of CLOs are accounted for at their remaining principal amount as described in Section 3; and US dollar principal amounts are translated to euro using the end-of-period cross rate.

INVESTMENT MANAGER'S REPORT

TABLE 8 – PRINCIPAL AMOUNTS OF VOLTA'S ASSETS (€ MILLION)

	End-of-period principal amounts					
	July 2010	January 2011	July 2011	January 2012	July 2012	January 2013
Synthetic Corporate Credit Equity	25.4	26.3	26.2	23.3	18.9	21.4
Synthetic Corporate Credit Debt	15.6	14.9	14.2	23.4	24.3	22.9
Bank Balance Sheet transactions	—	—	—	5.0	7.0	10.7
CLO Equity	38.7	41.6	44.1	51.5	54.9	44.2
CLO Debt	73.2	90.6	87.1	94.0	106.9	111.6
Cash Corporate Credit equity	22.4	20.9	20.0	21.1	18.5	16.6
Cash Corporate Credit debt	3.8	3.7	3.5	3.8	4.1	3.7
ABS	3.1	1.8	5.0	4.8	10.7	9.9
Cash	5.5	1.7	8.1	3.8	3.9	6.5
Total principal (including cash)	187.7	201.5	208.2	230.7	249.2	247.5
Change before currency conversion impact	16.2	16.6	12.0	11.1	8.6	11.7
Effect of conversion into euro at end of period	5.8	(2.8)	(5.3)	11.4	9.9	(13.4)

Table 8 of the Investment Manager's Report forms an integral part of the financial statements. Please refer to Note 21.

Between July 2012 and January 2013, the Company was able to increase the principal amount of its assets by €11.7 million before taking into account the impact of converting non-euro assets into euro at the end of the period. Including the currency conversion impact (-€13.4 million) the asset base declined by €1.7 million. This decline takes into account a negative €3.2 million impact from the recognition of Performance Fees due to CLO managers when estimating the remaining principal amount due to CLO Equity holders.

At the time of writing, it should be noted that discount margins in credit markets and in structured finance assets, had significantly tightened over recent months. From June 2009 to July 2012, Volta was able to purchase assets for which projected IRR, on average, was at or greater than 15%. As a matter of fact, average projected IRR of assets purchased during the current six-month period was at 12%.

Typically when considering tranches of USD CLO even the BB debt tranches of CLO, being traded in the 8% area, tend to be out of scope for Volta. It is only when considering market dynamics and technical features like their call option that this kind of asset can meet Volta's investment objectives.

As of the end of January 2013, it could be reasonable to expect that the compression of discount margins of USD debts of CLO will continue. At some point in time, it could be reasonably expected that Volta will consider investing in new equity tranches of CLOs contrary to what has been done in 2012 when Volta participated in the CLO primary market solely through the purchase of BB debt tranches.

Considering the average projected IRR of USD Debt tranches of CLOs held by Volta (7.9% according to table 7) it could be also reasonably expected, if discount margins of USD CLO debts continue to compress, that Volta could sell a significant portion of its USD CLO debt positions to re-invest in Equity CLO positions or in Corporate Credit synthetic or cash deals.

Overall, the investment strategy will continue to focus on re-investing sale proceeds and ongoing cash flows in order to maintain the projected IRR of Volta's portfolio above 10%.

At the time of writing, our general view on the current economic situation is that some developments in the eurozone have reduced uncertainties for the coming quarters even if the imbalances that exist amongst countries that collectively form the eurozone have not been resolved. The economic situation of the US seems to be more stable and Volta will continue favouring USD credit exposures when exposing itself to first loss investments.

It should be noted that the deleveraging of banks should continue. It has been an important source of opportunities for Volta in the semi-annual period under review and should continue being so for the coming period.

The Company has demonstrated its ability to adapt its investment strategy. The experience of the teams in the structured finance department of AXA IM Paris and their ability to seize investment opportunities across the different segments of the structured finance markets should provide encouraging prospects for the future of Volta.

AXA INVESTMENT MANAGERS PARIS

25 March 2013

DIRECTORS, MANAGEMENT, ADMINISTRATION AND ADVISORS

VOLTA FINANCE LIMITED

Company registration number: 45747 (Guernsey, Channel Islands)

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DIRECTORS

James Gilligan – Chairman and Independent Director
Christian Jimenez – Senior Independent Director
Joan Musselbrook – Independent Director
Paul Varotsis – Independent Director

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LIQUIDITY PROVIDER

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United Kingdom

DEPOSITARY AND ADMINISTRATOR OF THE LIQUIDITY ACCOUNT

Deutsche Bank AG, Amsterdam Branch
De Entrée 99–197
1101 HE Amsterdam
The Netherlands

RESPONSIBILITY STATEMENT

IN RESPECT OF THE FINANCIAL STATEMENTS

Each of the Directors, whose names and functions are listed on page 18, confirms that, to the best of their knowledge and belief:

- the unaudited condensed set of interim financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and performance of the Company; and
- the Chairman's Statement and the Investment Manager's Report constitute Volta's interim management report for the six-month period ended 31 January 2013, which contains a fair review of that period as required by Section 5:25d of the Financial Supervision Act of the Netherlands and includes:
  - (a) an indication of important events that have occurred during the first six months of the financial year and the effect thereof on the interim financial statements, and a description of the principal risks and uncertainties in the remaining six months of the financial year;
  - (b) an indication of related party transactions that have taken place in the first six months of the financial year, and/or changes in related party transactions as disclosed in the previously published financial statements, with a significant impact on the financial position or results of the Company in the period; and
  - (c) information on the Company's investments and the circumstances on which the development of the Company's turnover and profitability depend to the extent that providing this information is not contrary to the Company's best interests.

This Responsibility Statement was approved by the Board of Directors on 25 March 2013 and was signed on its behalf by:

James Gilligan	**Christian Jimenez**
Chairman	Senior Independent Director

25 March 2013

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 2013 which comprises the Unaudited Condensed Statement of Financial Position, the Unaudited Condensed Income Statement, the Unaudited Condensed Statement of Comprehensive Income, the Unaudited Condensed Statement of Changes in Shareholders' Equity and the Unaudited Condensed Statement of Cash Flows and the related explanatory notes on pages 26 to 52. 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 letter dated 6 February 2013. 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 Section 5:25d of the Financial Supervision Act of the Netherlands.

As disclosed in Note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("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" ("IAS 34").

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 UK. A review of half-yearly 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 2013 is not prepared, in all material respects, in accordance with IAS 34.

DERMOT A. DEMPSEY

FOR AND ON BEHALF OF KPMG CHANNEL ISLANDS LIMITED

CHARTERED ACCOUNTANTS AND RECOGNISED AUDITORS

20 NEW STREET, ST. PETER PORT, GUERNSEY, GY1 4AN

27 March 2013

- The maintenance and integrity of the Volta Finance Limited website is the responsibility of the Directors; 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 2013

	Notes	**1 August 2012 to 31 January 2013 €**	1 August 2011 to 31 January 2012 €
OPERATING INCOME			
Income on available-for-sale securities – effective interest income and dividend income		**10,777,461**	10,532,260
Income on available-for-sale securities – recognition of revised cash flow estimates		**13,796,670**	2,282,931
Income on investments at fair value through profit or loss – effective interest income		**1,771,297**	1,664,080
Deposit interest income		**1,688**	8,634
Net foreign exchange loss on settlement of foreign exchange derivatives and retranslation of cash and cash equivalents		**(448,035)**	(636,790)
Net realised gain on available-for-sale securities and investments at fair value through profit or loss		**414,724**	56,081
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement		**986,872**	105,510
Reversal of impairment recognised on available-for-sale debt securities	5	**2,861,021**	2,579,095
Impairment recognised on available-for-sale debt securities	5	**(295,713)**	(1,824,944)
Gain/(Loss) on revaluation of financial assets designated at fair value through profit or loss		**8,182,336**	(2,609,474)
Foreign exchange (loss)/gain on retranslation of available-for-sale securities and investments at fair value through profit or loss		**(9,696,039)**	6,278,383
Net gain/(loss) on revaluation of foreign exchange derivatives		**2,725,837**	(1,150,292)
		31,078,119	17,285,474
OPERATING EXPENDITURE			
Legal fees		**(48,024)**	(5,306)
Audit and audit related fees		**(115,689)**	(127,513)
Investment Management Fees	22	**(1,192,706)**	(987,749)
Investment Manager Incentive Fees	22	**(3,691,939)**	321,791
Custodian fees		**(13,883)**	(13,319)
Portfolio valuation and administration fees		**(35,348)**	(22,636)
Company secretarial, administration and accountancy fees	7	**(133,054)**	(131,575)
Directors' remuneration	8	**(171,000)**	(170,341)
Insurance		**(32,895)**	(29,400)
Other operating expenses		**(150,266)**	(109,770)
		(5,584,804)	(1,275,818)
PROFIT FOR THE PERIOD		**25,493,315**	16,009,656
EARNINGS PER SHARE			
Basic	10	**€0.8010**	€0.5195
Diluted	10	**€0.8010**	€0.5195
		Number of shares	
Weighted average number of shares outstanding			
Basic	10	**31,828,492**	30,815,232
Diluted	10	**31,828,492**	30,815,232

The Notes on pages 26 to 52 form part of these condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 JANUARY 2013

	1 August 2012 to 31 January 2013 €	1 August 2011 to 31 January 2012 €
PROFIT FOR THE PERIOD	**25,493,315**	16,009,656
OTHER COMPREHENSIVE INCOME		
Items that are, or may be, subsequently reclassified to profit or loss:		
Net unrealised gain/(loss) on available-for-sale securities recognised in the period	**16,552,074**	(14,141,385)
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	**(986,872)**	(105,510)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**15,565,202**	(14,246,895)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**41,058,517**	1,762,761
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Shareholders	**41,058,517**	1,762,761

The Notes on pages 26 to 52 form part of these condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2013

	Notes	**31 January 2013 €**	31 July 2012 €
ASSETS			
Available-for-sale securities	11	**175,853,672**	151,851,743
Financial assets at fair value through profit or loss	12	**24,970,815**	13,006,966
Open foreign exchange swaps and options	13	**888,488**	972,651
Trade and other receivables	14	**5,277,601**	5,132,642
Cash and cash equivalents	15	**5,541,140**	5,168,807
TOTAL ASSETS		**212,531,716**	176,132,809
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	**—**	—
Share premium	18	**7,541,280**	3,969,938
Warrants	19	**1,410,000**	1,410,000
Other distributable reserves	20	**223,157,780**	231,418,043
Net unrealised fair value movements on available-for-sale securities	20	**13,603,126**	(1,962,076)
Accumulated loss	20	**(38,376,167)**	(63,869,482)
TOTAL SHAREHOLDERS' EQUITY		**207,336,019**	170,966,423
LIABILITIES			
Current liabilities			
Trade and other payables	16	**5,195,697**	5,166,386
TOTAL EQUITY AND LIABILITIES		**212,531,716**	176,132,809
Net asset value per share outstanding			
Basic	10	**€6.4476**	€5.4502
Diluted	10	**€6.4476**	€5.4502

These condensed interim financial statements on pages 21 to 52 were approved by the Board of Directors on 25 March 2013 and were signed on its behalf by:

James Gilligan

Chairman

Christian Jimenez

Senior Independent Director

The Notes on pages 26 to 52 form part of these condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2013

	Notes	Ordinary shares €	Share premium €	Warrants €	Other distributable reserves €	Accumulated loss €	Available-for-sale securities unrealised losses €	Total €
Balance at 31 July 2011		—	2,066,515	1,410,000	245,071,649	(114,438,772)	8,457,780	142,567,172
Net unrealised gain on available-for-sale securities recognised in the period	20	—	—	—	—	—	(14,141,385)	(14,141,385)
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	20	—	—	—	—	—	(105,510)	(105,510)
Total other comprehensive income for the period		—	—	—	—	—	(14,246,895)	(14,246,895)
Profit for the year	20	—	—	—	—	16,009,656	—	16,009,656
Total comprehensive income for the period		—	—	—	—	16,009,656	(14,246,895)	1,762,761
Issue of ordinary shares to Directors	17, 18	—	56,699	—	—	—	—	56,699
Scrip dividend paid	17, 18, 20	—	368,371	—	(368,371)	—	—	—
Dividend paid	9, 20	—	—	—	(6,408,633)	—	—	(6,408,633)
Dividend payable	9, 20	—	—	—	(44,502)	—	—	(44,502)
Balance at 31 January 2012		—	2,491,585	1,410,000	238,250,143	(98,429,116)	(5,789,115)	137,933,497
Balance at 31 July 2012		—	**3,969,938**	**1,410,000**	**231,418,043**	**(63,869,482)**	**(1,962,076)**	**170,966,423**
Net unrealised gain on available-for-sale securities recognised in the period	20	—	—	—	—	—	16,552,074	16,552,074
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	20	—	—	—	—	—	(986,872)	(986,872)
Total other comprehensive income for the period		—	—	—	—	—	15,565,202	15,565,202
Profit for the year	20	—	—	—	—	25,493,315	—	25,493,315
Total comprehensive income for the period		—	—	—	—	25,493,315	15,565,202	41,058,517
Issue of ordinary shares to Directors	17, 18	—	59,400	—	—	—	—	59,400
Issue of Class C shares	17, 18	—	1,609,574	—	—	—	—	1,609,574
Scrip dividend paid	17, 18, 20	—	2,067,432	—	(2,067,432)	—	—	—
Dividend paid	9, 20	—	—	—	(6,192,831)	—	—	(6,192,831)
Acquisition of treasury shares	17, 18	—	(165,064)	—	—	—	—	(165,064)
Balance at 31 January 2013		—	7,541,280	1,410,000	223,157,780	(38,376,167)	13,603,126	207,336,019

The Notes on pages 26 to 52 form part of these condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2013

	Notes	**1 August 2012 to 31 January 2013 €**	1 August 2011 to 31 January 2012 €
Cash flows generated from operating activities			
Profit for the period		**25,493,315**	16,009,656
Adjustments for:			
Income on available-for-sale securities – effective interest income and dividend income		**(10,777,461)**	(10,532,260)
Income on available-for-sale securities – recognition of revised cash flow estimates		**(13,796,670)**	(2,282,931)
Income on investments at fair value through profit or loss		**(1,771,297)**	(1,664,080)
Net (gain)/loss on revaluation of foreign exchange derivatives		**(2,725,837)**	1,150,292
(Gain)/Loss on revaluation of financial assets designated at fair value through profit or loss		**(8,182,336)**	2,609,474
Coupons received		**15,698,499**	14,892,165
Dividends received		**745,909**	702,298
Foreign exchange loss/(gain) on retranslation of available-for-sale securities and investments at fair value through profit or loss		**9,696,039**	(6,278,383)
Reversal of impairments recognised on available-for-sale debt securities		**(2,861,021)**	(2,579,095)
Impairments recognised on available-for-sale debt securities		**295,713**	1,824,944
Net realised gain on available-for-sale securities and investments at fair value through profit or loss		**(414,724)**	(56,081)
Net realised gain on available-for-sale securities, previously recognised in equity in prior years as a net unrealised gain, transferred to the Income Statement		**(986,872)**	(105,510)
Net foreign exchange loss/(gain) on retranslation of cash and cash equivalents		**345,991**	(283,345)
(Increase)/Decrease in trade and other receivables		**(55,982)**	26,999
Decrease in trade and other payables		**29,311**	(303,500)
Directors' fees paid in the form of shares		**59,400**	56,699
Investment Manager's Incentive Fee paid in the form of Class C shares		**1,609,574**	—
Cash generated from operating activities		**12,401,551**	13,187,342
Cash flows used in investing activities			
Net receipts/(payments) from/(to) margin accounts from foreign exchange derivative activities		**2,810,000**	(2,170,000)
Purchase of investments		**(11,544,368)**	(15,254,799)
Proceeds from sales and redemptions of investments		**3,409,036**	4,131,636
Net cash used in investing activities		**(5,325,332)**	(13,293,163)
Cash flows used in financing activities			
Dividends paid		**(6,192,831)**	(6,408,633)
Acquisition of Treasury Shares		**(165,064)**	—
Net cash used in financing activities		**(6,357,895)**	(6,408,633)
Net increase/(decrease) in cash and cash equivalents		**718,324**	(6,514,454)
Cash and cash equivalents at the beginning of the period		**5,168,807**	8,877,091
Effect of exchange rate fluctuations on cash and cash equivalents		**(345,991)**	283,345
Cash and cash equivalents at the end of the period	15	**5,541,140**	2,645,982

Cash generated from operations

Cash generated from operations for the period of €12,401,551 (2012: €13,187,342) includes the following interest receipts:

	1 August 2012 to 31 January 2013 €	1 August 2011 to 31 January 2012 €
Deposit interest	**1,688**	8,634

The Notes on pages 26 to 52 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 (as amended) 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 at 31 January 2013 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 21, 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.

The Directors have chosen not to present quarterly financial statements. Semi-annual unaudited condensed interim financial statements are prepared in addition to annual audited financial statements. The Directors of the Company also publish an interim management statement covering the period from the beginning of each interim period to the date of publication of such interim management statement, in accordance with the EU Transparency Directive.

2. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". These Unaudited 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 audited financial statements of the Company as at and for the year ended 31 July 2012. The audited financial statements of the Company as at and for the year ended 31 July 2012 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 ("IFRIC").

New accounting standards, amendments to existing accounting standards and/or interpretations of existing accounting standards (separately or together, "New Accounting Requirements") adopted during the current year

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, except for the amendments to IAS 1 referred to below, there are no mandatory New Accounting Requirements applicable in the current period that had any material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no other mandatory New Accounting Requirements are listed. The Company has not early adopted any New Accounting Requirements that are not mandatory.

IAS 1 – "Presentation of Financial Statements" (amendments)

The main change resulting from these amendments that is relevant to the Company is a requirement for entities to group items presented in other comprehensive income ("OCI") on the basis of whether they may potentially be re-classified to profit or loss subsequently (re-classification adjustments). This amendment has been reflected in the statement of comprehensive income. The amendments do not address which items are presented in OCI.

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 the Statement of Comprehensive Income;

— financial instruments designated at fair value through profit or loss are measured at fair value and changes therein are recognised in the Income Statement; and

— the methods used to measure fair value are further disclosed in Note 4. All other financial instruments are measured at amortised cost.

C) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in euro (rounded to the nearest whole euro), which is the Company's functional and presentation currency. In the Directors' opinion, the euro is the Company's functional currency as the Company has issued its share capital denominated in euro and the Company partially hedges the projected cash flows from its US dollar investments such that its principal exposure is to the euro.

2. BASIS OF PREPARATION (CONTINUED)

D) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and 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:

— estimation uncertainty: Note 4 (Determination of fair values);

— estimation uncertainty and critical judgements in applying accounting policies: Note 5 (Provisions for impairment, recognition of reversals of impairment, recognition of revised cash flow estimates and the effect on the Distribution Income calculation); and

— estimation uncertainty and critical judgements in applying accounting policies: Note 21 (Financial risk management).

E) TREASURY SHARES

Where the Company purchases its own share capital (whether into treasury or for cancellation), the consideration paid, which includes any directly attributable costs (net of taxation, if any) is recognised as a deduction from equity shareholders' funds through the share premium account.

When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs (net of taxation, if any) is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from the share premium account.

Shares held in treasury are not taken into account in determining NAV per share or profit/loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its audited financial statements as at and for the year ended 31 July 2012. The current period presentation of the Income Statement has been modified and the prior period presentation has also been modified to maintain comparability.

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. Where applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

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, for liquid assets, 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 by reference to the market values of liquid underlying assets, the arranging bank, or another market participant, generally provides 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 by the Investment Manager, which may be sourced from the arranging bank, or another market participant, or developed internally, 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.

4. DETERMINATION OF FAIR VALUES (CONTINUED)

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 judgements on key model inputs, particularly default and recovery rates, and may not be uniform. Banks and other market participants may be unwilling to disclose all or any of the key model inputs or discount rates that have been used to produce such valuations and it is currently standard market practice to withhold such information. 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 another market participant that is willing to provide valuations on a monthly basis, or if an arranging bank is unwilling to provide valuations, the Investment Manager will provide a monthly valuation based on a pricing model and/or comparable asset prices.

Third parties have reviewed the valuations and/or valuation assumptions as at 31 January 2013 and have concluded that they were fair and reasonable. In the event that a third party were to challenge the Investment Manager's valuations, 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 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 reporting date.

The fair value calculations for the residual and debt tranche investments in securitisation vehicles are sensitive to the following key model inputs: default rates, recovery rates and prepayment 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 ones, then the model assumptions will be adjusted accordingly as well as the discount 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 using the mark-to-model approach as described above.

In accordance with Volta's valuation policy, GAV is calculated using prices received from arranging banks or brokers for all but a few assets representing 11.8% of Volta's assets, the exceptions being Promise Mobility (1.8% of Volta's GAV), which is model-based using a discount rate of 20% on projected cash flows; Tennenbaum (3.8% of Volta's GAV), Bank Capital Opportunity Fund (2.5% of Volta's GAV) and Cheyne Total Return Credit Fund (1.0% of Volta's GAV), each of which is a fund that is valued using the net asset value as provided by the fund manager and used in good faith by the Directors; St Bernard Opportunity Fund (0.4% of Volta's GAV), a fund that is also valued using the net asset value as provided by the fund manager; and the UK non-conforming residual positions (2.3% of Volta's GAV), which are valued at their projected cash flows until 31 January 2015, after which it is considered that any projected cash flows are too uncertain to be taken into account in the valuation, using a discount rate of 20%.

For the majority of investments targeted by the Company, the secondary trading market may sometimes become illiquid. As a result, at such times there may be no regularly reported market prices for these investments. In addition, 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).

Additional disclosures on fair value estimation, including assumptions applied in determining fair value where available, are presented in Section 4 of the Investment Manager's Report, including table 7 thereof.

5. PROVISIONS FOR IMPAIRMENT, RECOGNITION OF REVERSALS OF IMPAIRMENT, RECOGNITION OF REVISED CASH FLOW ESTIMATES AND THE EFFECT ON THE DISTRIBUTION INCOME CALCULATION

AVAILABLE-FOR-SALE DEBT SECURITIES

Recognition of reversal of impairment and impairment

No new assets were impaired during the period. The aggregate net reversal of impairment of €2,565,308 relates to impairment adjustments on previously impaired assets.

During the period, significant cash flows continued to be received on some of the UK non-conforming residual positions held by the Company and the fair values of such positions as at the period end remained significant, mainly due to payments of arrears at the underlying mortgage pool level. As required by IAS 39, the Company recognised any cash flows received in excess of the amortised cost of each such position as at the date of receipt of such cash flows, together with the changes in estimated fair value of these residual positions as at the period end, as reversals of impairment.

The table below details the amount of net reversal of impairments recognised during the period:

	Six months to 31 January 2013 €	Six months to 31 July 2012 €	Six months to 31 January 2012 €
Alba 2006-2 plc	**873,818**	2,008,204	731,188
Eurosail 2006-1 PLC	**540,857**	455,401	182,457
Newgate Funding PLC 2006-2	**—**	(10)	(11)
Promise Mobility 2006-1	**(295,713)**	(263,794)	437,181
Alba 2007-1 plc	**507,324**	4,029,029	1,217,327
Alba 2006-1 plc	**135,841**	1,191,752	10,833
LightPoint Pan-European CLO 2006 plc	**240,061**	(259,596)	(767,227)
Oak Hill Europe Credit Partners II plc	**169,572**	64,745	(41,589)
Alpstar CLO 2 PLC – E BB debt	**393,548**	27,017	(271,737)
Carlyle HY Part IX	**—**	2,112,240	(20,195)
Northwoods Capital VIII Limited	**—**	1,593,801	(724,196)
RMAC 2007 NS1 Mercs & Residuals	**—**	7,545,873	120
	2,565,308	18,504,662	754,151

As at 31 January 2013, the following assets remained impaired:

	31 January 2013 Cumulative impairment €	**31 January 2013 Fair value €**
Alba 2006-2 plc	**(7,163,034)**	**1,505,371**
Eurosail 2006-1 PLC	**(6,573,019)**	**322,722**
Newgate Funding PLC 2006-2	**(6,795,689)**	**117**
Promise Mobility 2006-1	**(5,631,079)**	**3,819,390**
Alba 2007-1 plc	**(4,445,550)**	**2,333,767**
Alba 2006-1 plc	**(3,910,223)**	**654,133**
LightPoint Pan-European CLO 2006 plc	**(1,291,518)**	**1,500,000**
Oak Hill Europe Credit Partners II plc	**(627,146)**	**1,504,681**
	(36,437,258)	**11,640,181**

Interest income recognised during the semi-annual period on available-for-sale securities that remained impaired as at the end of the semi-annual period amounted to €1,072,412 (semi-annual period ended 31 January 2012: €1,644,525).

5. PROVISIONS FOR IMPAIRMENT, RECOGNITION OF REVERSALS OF IMPAIRMENT, RECOGNITION OF REVISED CASH FLOW ESTIMATES AND THE EFFECT ON THE DISTRIBUTION INCOME CALCULATION (CONTINUED)

AVAILABLE-FOR-SALE DEBT SECURITIES (CONTINUED)

Recognition of reversal of impairment and impairment (continued)
As at 31 July 2012, the following assets remained impaired:

	31 July 2012 Cumulative impairment €	31 July 2012 Fair value €
LightPoint Pan-European CLO 2006 plc	(1,531,579)	1,320,000
Alba 2006-1 plc	(4,046,064)	800,512
Alba 2006-2 plc	(8,036,852)	1,384,958
Eurosail 2006-1 PLC	(7,113,876)	218,456
Newgate Funding PLC 2006-2	(6,795,689)	125
Promise Mobility 2006-1	(5,335,366)	4,339,645
Alba 2007-1 plc	(4,952,874)	3,070,248
Oak Hill Europe CP 2	(796,718)	1,414,875
Alpstar CLO 2 PLC	(393,548)	857,391
	(39,002,566)	13,406,210

Recognition of revised cash flow estimates on available-for-sale debt securities
The Board reviews the projected cash flows from the Company's available-for-sale debt securities on a semi-annual basis. If the projected cumulative cash flows on any asset are significantly different from those projected on purchase of such an asset, the Board will consider the evidence supporting the revised cash flow estimates and will assess whether or not such revised cash flow estimates should be recognised in the Company's financial statements.

During the semi-annual period, the number of defaults stayed at a very low level for most of the CLO positions held by the Company and the nature of the underlying portfolios improved through the actions of portfolio managers and/or thanks to rating agencies' upgrades at the underlying loan level. As a consequence, actual cash flows received during the period have exceeded previous projections, causing the Company to upwardly revise the expected future cash flows on several of its holdings in Subordinated Notes of CLOs, resulting in revised projected aggregate cumulative IRRs on such assets.

As at 31 January 2013, the revised projected aggregate cumulative cash flows on the Company's investments in Subordinated Notes issued by Jazz III CDO (EUR and USD), Sands Point Funding Ltd, Wasatch CLO Ltd, Battalion CLO Ltd, Goldentree Loan Opportunities IV and Prelude Credit Alpha plc, as measured by the revised projected aggregate cumulative IRRs on these assets, were estimated to be significantly in excess of the original projected aggregate cumulative IRRs. The Board determined that the evidence supporting the revised cash flow estimates was sufficiently strong to justify recognition of such revised cash flow estimates in the Company's financial statements. The recognition of revised cash flow estimates on these available-for-sale debt securities positively affected the Income Statement of the Company by €13.8 million, being presented within income on available-for-sale securities in the Income Statement.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
Under IFRS, a change in the mark-to-market value of assets designated as "financial assets at fair value through profit or loss" affects the Income Statement, regardless of whether or not such a change is indicative of a change in the expected cash flows from these assets. Consequently, no impairments of the Company's investments classified as "financial assets at fair value through profit or loss" are required to be recognised in the Income Statement.

EFFECT ON THE DISTRIBUTION INCOME CALCULATION
Revisions to the expected cash flows from seven CLO Equity positions positively affected the Distribution Income by €10.6 million.

Cash flows received during the semi-annual period from four of the five UK non-conforming assets previously impaired, together with period end revaluations thereon, also positively affected the Distribution Income by €2.4 million. A reversal of previously recognised impairment was recognised on ARIA III for the purpose of establishing the Distribution Income, positively affecting the Distribution Income by €4.0 million.

Since originally recognising an impairment on the Company's investment in Tennenbaum Opportunities Fund, the Company had subsequently recognised significant partial reversals of that original impairment. However, during the current semi-annual period the Company recognised an increase in the amount of impairment, negatively affecting the Distribution Income by €0.4 million.

6. OPERATING SEGMENTS

The Board is charged with setting the Company's investment strategy in accordance with the IPO Prospectus. The Board has delegated the day-to-day implementation of this strategy to its Investment Manager but retains responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The Investment Manager has been given full authority to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto.

Whilst the Investment Manager may take investment decisions on a day-to-day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager. The Board therefore retains full responsibility as to the major allocation decisions made on an ongoing basis. The Investment Manager will act under the terms of the IPO Prospectus, which cannot be radically changed without the approval of the Board and the shareholders. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" as defined under IFRS 8 – "Operating Segments". The Board is of the view that the Company is engaged in a single segment of business, being investment in a diversified portfolio of collateralised debt obligations, asset-backed securities, Corporate Credits and other equity instruments.

The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the revaluation of GAV, which is prepared on a monthly basis by Deutsche Bank AG. The GAV reported by Deutsche Bank AG includes all assets known to Deutsche Bank AG, adjusted for any amounts due to/from brokers and revaluation of any open derivative positions but excludes the Company's liabilities. This GAV is published monthly by the Company. The table below shows a reconciliation between the measure of GAV used by the Board and that contained in the financial statements:

	31 January 2013
	€
Published GAV as at 31 January 2013	**212,377,116**
Adjustments:	
– RBSI cash accounts	**82,491**
– RBSI security deposit	**7,412**
– coupons receivable prior to the period end received after the period end	**134,361**
– insurance prepayments	**87,961**
– fair value of Treasury Shares held	**(181,238)**
– cash in transit (refund of duplicate payment)	**23,613**
GAV as per Statement of Financial Position at 31 January 2013	**212,531,716**

The published GAV does not include the following items: cash held at RBSI; coupons and other amounts due prior to the period end received after the period end; and, adjustments for prepaid expenses.

The published GAV treats Treasury Shares held as an asset of the Company.

The Company's assets held as at the period end and income recognised from investments during the period per geographical areas in which the Company is invested are presented in the table below:

	31 January 2013		31 January 2012	
	Assets held*	**Income recognised**	Assets held*	Income recognised
	%	**€**	%	€
UK	**2.30**	**380,270**	0.11	201,629
USA	**61.08**	**7,348,184**	63.04	10,491,565
Europe (excluding UK)	**29.96**	**4,808,931**	32.03	3,637,155
Emerging markets	**3.60**	**11,373**	1.93	148,922
Total	**96.94**	**12,548,758**	97.11	14,479,271

*Assets held are shown as a percentage of GAV.

The Company is domiciled in Guernsey. However, none of the Company's investments are domiciled in Guernsey. Consequently no investment income is derived from Guernsey sources.

The Company does not hold any non-current assets other than financial instruments.

The Company did not hold any investments that individually represented more than 10% of the Company's effective interest income.

6. OPERATING SEGMENTS (CONTINUED)

Volta's effective income recognised on each asset class according to the Company's classification of its investments for investor reporting purposes is presented in the table below:

	Six months ended 31 January 2013	Financial year ended 31 July 2012
	€	€
USD CLO Equity	**11,680,488**	12,239,470
USD CLO Debt	**2,580,721**	4,635,206
EUR CLO Equity	**307,426**	590,950
EUR CLO Debt	**2,772,804**	5,353,724
CLO total	**17,341,439**	22,819,350
Synthetic Corporate Credit Equity	**4,880,515**	3,262,718
Synthetic Corporate Credit Debt	**2,164,685**	2,808,624
Synthetic Corporate Credit – Bank Balance Sheet transactions	**295,596**	37,067
Synthetic Corporate Credit total	**7,340,796**	6,108,409
Cash Corporate Credit Equity	**1,055,855**	2,039,837
Cash Corporate Credit Debt	**11,373**	291,447
Cash Corporate Credit total	**1,067,228**	2,331,284
ABS – Mortgage Residual positions	**380,270**	311,716
ABS Debt	**215,695**	—
ABS total	**595,965**	311,716
Total effective income	**26,345,428**	31,570,759

The Company adopted the revised classifications as set out above in its investor reporting from June 2012 onwards, as announced on 6 July 2012. Comparative figures for the semi-annual period ended 31 January 2012 are not readily available. Therefore, figures for the financial year ended 31 July 2012 have been presented for comparative purposes.

7. COMPANY SECRETARIAL, ADMINISTRATION AND ACCOUNTANCY FEES

State Street (Guernsey) Limited ("SSGL") acts as Company Secretary, Administrator and Registrar. Company secretarial, administration and accountancy fees are incurred and billed on a time cost basis in accordance with State Street (Guernsey) Limited's standard fee scales, subject to an annual cap of £220,000 with respect to the activities and responsibilities as set out in the Administration, Registrar and Secretarial Agreement. The amount charged to the Company under the terms of this agreement during the semi-annual period was €133,054 (2012: €131,575).

8. DIRECTORS' REMUNERATION

	1 August 2012 to 31 January 2013	1 August 2011 to 31 January 2012
	€	€
Directors' fees (cash element)	**119,700**	113,400
Directors' fees (equity element, settled during the year)	**31,050**	28,350
Directors' fees (equity element, settled after the year end)	**20,250**	20,250
Directors' expenses	**4,128**	8,341
	175,128	170,341

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 semi-annual period ended 31 January 2013 and during prior periods:

	Dividend per share
	€
Dividend for the semi-annual period ended 31 January 2013 (proposed)	**0.31**
Dividend for the semi-annual period ended 31 July 2012 (paid 28 December 2012)	0.26
Dividend for the semi-annual period ended 31 January 2012 (paid 19 April 2012)	0.22
Dividend for the semi-annual period ended 31 July 2011 (paid 16 January 2012)	0.22
Dividend for the semi-annual period ended 31 January 2011 (paid 11 April 2011)	0.22

10. EARNINGS PER SHARE ("EPS") AND NAV PER SHARE

The calculation of the basic and diluted EPS is based on the following information:

	1 August 2012 to 31 January 2013 €	1 August 2011 to 31 January 2012 €
Profit for the purposes of basic and diluted EPS being net profit attributable to equity holders	**25,493,315**	16,009,656
	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**31,828,492**	30,815,232
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 earnings per share	**31,828,492**	30,815,232

The average market price, based on closing prices quoted on Euronext Amsterdam, for one ordinary share during the semi-annual period ended 31 January 2013 was €5.41 (€3.41 during the semi-annual period ended 31 January 2012).

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

	31 January 2013 €	31 July 2012 €
Net assets attributable to equity holders	**207,336,019**	170,966,423
	Number	Number
Number of ordinary shares in issue (listed on NYSE Euronext)	**31,639,673**	31,228,819
Class B share in issue	**1**	1
Class C shares in issue	**548,435**	139,914
Shares held in treasury	**(31,194)**	—
Total number of shares in issue for the purposes of calculating NAV per share	**32,156,915**	31,368,734
Dilutive effect of ordinary shares subject to warrants	**—**	—
Warrants (exercisable at €10 per share)	**—**	—

11. AVAILABLE-FOR-SALE SECURITIES

31 January 2013	**Amortised cost €**	**Unrealised gains/(losses) €**	**Fair value €**
Available-for-sale debt securities			
USD CLO Equity	**33,882,349**	**3,388,202**	**37,270,551**
USD CLO Debt	**42,396,864**	**8,568,213**	**50,965,077**
EUR CLO Equity	**3,004,681**	**—**	**3,004,681**
EUR CLO Debt	**36,920,166**	**3,433,123**	**40,353,289**
CLO total	**116,204,060**	**15,389,538**	**131,593,598**
Synthetic Corporate Credit Equity	**8,505,148**	**(5,487,755)**	**3,017,393**
Synthetic Corporate Credit Debt	**11,829,158**	**1,181,311**	**13,010,469**
Synthetic Corporate Credit, Bank Balance Sheet transactions	**—**	**—**	**—**
Synthetic Corporate Credit total	**20,334,306**	**(4,306,444)**	**16,027,862**
Cash Corporate Credit Equity	**3,819,390**	**—**	**3,819,390**
Cash Corporate Credit Debt	**2,551,575**	**488,010**	**3,039,585**
Cash Corporate Credit total	**6,370,965**	**488,010**	**6,858,975**
ABS – Mortgage Residual positions	**4,816,111**	**—**	**4,816,111**
ABS Debt	**3,084,814**	**(589,848)**	**2,494,966**
ABS total	**7,900,925**	**(589,848)**	**7,311,077**
Available-for-sale debt securities total	**150,810,256**	**10,981,256**	**161,791,512**
Available-for-sale equity securities			
Synthetic Corporate Credit – Bank Balance Sheet transactions	**5,000,000**	**291,500**	**5,291,500**
Cash Corporate Credit Equity	**5,704,390**	**2,254,236**	**7,958,626**
ABS Debt	**735,900**	**76,134**	**812,034**
Available-for-sale equity securities total	**11,440,290**	**2,621,870**	**14,062,160**
Total available-for-sale securities	**162,250,546**	**13,603,126**	**175,853,672**

11. AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

31 July 2012	Amortised cost €	Unrealised gains/(losses) €	Fair value €
Available-for-sale debt securities			
USD CLO Equity	33,690,628	2,468,986	36,159,614
USD CLO Debt	40,805,795	1,360,194	42,165,989
EUR CLO Equity	2,734,875	—	2,734,875
EUR CLO Debt	31,494,055	(5,440,641)	26,053,414
CLO total	108,725,353	(1,611,461)	107,113,892
Synthetic Corporate Credit Equity	5,374,639	(3,511,019)	1,863,620
Synthetic Corporate Credit Debt	12,028,989	592,837	12,621,826
Synthetic Corporate Credit total	17,403,628	(2,918,182)	14,485,446
Cash Corporate Credit Equity	4,339,645	—	4,339,645
Cash Corporate Credit Debt	2,707,314	319,179	3,026,493
Cash Corporate Credit total	7,046,959	319,179	7,366,138
ABS – Mortgage Residual positions	5,474,301	—	5,474,301
ABS Debt	3,052,041	(772,055)	2,279,986
ABS total	8,526,342	(772,055)	7,754,287
Available-for-sale debt securities total	141,702,282	(4,982,519)	136,719,763
Available-for-sale equity securities			
Synthetic Corporate Credit – Bank Balance Sheet transactions	5,000,000	95,500	5,095,500
Cash Corporate Credit Equity	6,298,937	2,924,943	9,223,880
ABS Debt	812,600	—	812,600
Available-for-sale equity securities total	12,111,537	3,020,443	15,131,980
Total available-for-sale securities	153,813,819	(1,962,076)	151,851,743

Amortised cost is calculated after deduction of impairment losses recognised.

On 6 July 2012, the Company announced a revised classification of its assets, for investor reporting purposes only, in order to adapt its communications to current market practices and terminology and to be helpful to investors. The above analysis of the Company's available-for-sale securities has been prepared using the revised investor reporting classification. The changes have had no effect on the categorisation of the Company's assets for IFRS reporting purposes.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As noted overleaf, 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 the Income Statement.

	1 August 2012 to 31 January 2013 €	1 February 2012 to 31 July 2012 €	1 August 2011 to 31 January 2012 €
Fair value brought forward	**13,006,966**	8,250,563	6,203,728
Purchases	**3,781,802**	3,968,199	5,903,189
Coupons receivable	**(1,439,651)**	(941,099)	(1,423,268)
Interest income recognised	**1,771,297**	1,589,477	1,664,763
Sales proceeds received	**—**	—	(1,597,732)
Gains on sales	**—**	—	30,269
Foreign exchange retranslation	**(331,935)**	86,939	79,087
Unrealised movement in fair value	**8,182,336**	52,887	(2,609,473)
Fair value carried forward	**24,970,815**	13,006,966	8,250,563

13. OPEN FOREIGN EXCHANGE SWAPS AND OPTIONS

Foreign exchange swaps and options are classified as financial instruments at fair value through profit or loss and are held to hedge some of the currency exposure generated by non-euro assets held by the Company (see Note 21). 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 call and put 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 certainty that hedging some of the currency exposure generated by non-euro assets could continue to be performed in the future in case of high volatility in the US dollar/euro cross rate.

The margin account balance is offset against open foreign exchange swaps and options. As at 31 January 2013, the margin account balance received from the counterparty by the Company amounted to €319,951 (31 July 2012: €2,490,049 paid to the counterparty by the Company).

14. TRADE AND OTHER RECEIVABLES

	31 January 2013	31 July 2012
	€	€
Prepayments	**87,961**	31,312
Accrued income receivable	**5,182,229**	5,093,252
Security deposit	**7,411**	8,078
	5,277,601	5,132,642

15. CASH AND CASH EQUIVALENTS

	31 January 2013	31 July 2012
	€	€
Deposit accounts	**5,541,140**	5,168,807

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

16. TRADE AND OTHER PAYABLES

	31 January 2013	31 July 2012
	€	€
Investment Management Fees	**1,192,706**	904,894
Investment Manager Incentive Fees	**3,691,939**	3,752,758
Dividends payable	**—**	75,284
Directors' fees (cash payable)	**47,250**	66,150
Directors' fees (shares payable)	**20,250**	28,350
Accrued expenses and other payables	**243,552**	338,950
	5,195,697	5,166,386

17. SHARE CAPITAL

	31 January 2013	31 July 2012
Authorised	**Number of shares**	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

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 ordinary 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 and Class C 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. The Investment Manager has agreed with the Company in the Investment Management Agreement that it will retain any Class C shares issued to it for a period of at least two years from the date of issuance of such shares. If sold to a party unaffiliated with the Investment Manager, the Class C shares will be convertible into ordinary shares.

17. SHARE CAPITAL (CONTINUED)

As stated in the Report of the Directors, The Companies (Guernsey) Law, 2008 (as amended) prohibits the payment of dividends in respect of any shares held by a company as treasury shares. Consequently, in accordance with that law, no dividends will be paid by the Company on any shares held on its Liquidity Account.

The Company's Liquidity Account is operated by Kepler Corporate Finance with the objective to improve the liquidity in the trading of the Company's shares. As at 31 January 2013, the Company held 31,194 shares on its Liquidity Account as treasury shares.

Except for those shares that may be held on the Liquidity Account, 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 considerations, including the financial position 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 2011	30,794,178	1	—	3,000,000
Issued to Directors during the period	15,170	—	—	—
Scrip dividend paid	122,868	—	—	—
Balance at 31 January 2012	30,932,216	1	—	3,000,000
Issued to Directors during the period	15,771	—	—	—
Scrip dividend paid	280,832	—	—	—
Class C shares issued	—	—	139,914	—
Balance at 31 July 2012	31,228,819	1	139,914	3,000,000
Issued to Directors during the period	13,271	—	—	—
Scrip dividend paid	397,583	—	—	—
Class C shares issued	—	—	408,521	—
Balance at 31 January 2013	**31,639,673**	**1**	**548,435**	**3,000,000**

The IPO 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. During the semi-annual period, shares were issued as follows: ordinary shares were issued to the Directors in respect of such fees at the following prices per share: €3.94 and €5.11; Class C shares were issued to the Investment Manager in settlement of 50% of the Investment Manager's Incentive Fee payable at an average price of €3.94 per share; and scrip dividends were paid at €5.20 per share.

18. SHARE PREMIUM ACCOUNT

	Ordinary €	B share €	C shares €	Total €
Balance at 31 July 2011	2,066,515	—	—	2,066,515
Issued to Directors during the period	56,699	—	—	56,699
Scrip dividend paid	368,371	—	—	368,371
Balance at 31 January 2012	2,491,585	—	—	2,491,585
Issued to Directors during the period	54,001	—	—	54,001
Scrip dividend paid	890,742	—	—	890,742
Class C shares issued	—	—	533,610	533,610
Balance at 31 July 2012	3,436,328	—	533,610	3,969,938
Issued to Directors during the period	59,400	—	—	59,400
Scrip dividends paid	2,067,432	—	—	2,067,432
Class C shares issued	—	—	1,609,574	1,609,574
Acquisition of Treasury Shares	(165,064)	—	—	(165,064)
Balance as 31 January 2013	**5,398,096**	**—**	**2,143,184**	**7,541,280**

The share premium account represents the issue proceeds received, or value attributed, from the issue of share capital, except for the share premium amount of €285,001,174 arising from the Company's initial issue of share capital upon its IPO, which was transferred to other distributable reserves on 26 January 2007, following approval by the Royal Court of Guernsey.

19. WARRANTS

	31 January 2013	31 July 2012
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	**€5.81**	€4.39
Theoretical value per warrant if exercised at period end	**—**	—
Dilutive effect of warrants	**—**	—

The warrants were issued to the Investment Manager upon the 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 and will cease to be exercisable after 31 December 2016.

20. RESERVES

	Accumulated loss €	Other Distributable reserves €	Unrealised losses €
As at 31 July 2011	(114,438,772)	245,071,649	8,457,780
Net profit for the period	16,009,656	—	—
Net unrealised fair value movement on available-for-sale securities	—	—	(14,141,385)
Net realised net gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	—	—	(105,510)
Scrip dividend paid	—	(368,371)	—
Dividend paid	—	(6,408,633)	—
Dividend payable	—	(44,502)	—
As at 31 January 2012	(98,429,116)	238,250,143	(5,789,115)
As at 31 July 2012	**(63,869,482)**	**231,418,043**	**(1,962,076)**
Net profit for the period	25,493,315		
Net unrealised fair value movement on available-for-sale securities	—	—	16,552,074
Net realised net gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	—	—	(986,872)
Scrip dividend paid	—	(2,067,432)	—
Dividend paid	—	(6,192,831)	—
Dividend payable	—	—	—
As at 31 January 2013	**(38,376,167)**	**223,157,780**	**13,603,126**

The accumulated loss reserve represents all profits and losses recognised through the Income Statement to date.

Other distributable reserves represent the balance transferred from the share premium account on 26 January 2007, less dividends paid. The initial purpose of this reserve was to create a reserve from which dividend payments could be paid under Guernsey company law prevailing at that time. However, The Companies (Guernsey) Law, 2008 (as amended) became effective from 1 July 2008. Under this law, dividends may now be paid from any source, provided that a company satisfies the relevant solvency tests and the Directors make the appropriate solvency declaration.

The net unrealised losses reserve represents the difference between the fair value of available-for-sale securities and their amortised cost.

21. 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, interest 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).

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. The Company's strategy for the management of market risk is driven by its investment objective to preserve capital and to provide a stable stream of income to its shareholders through dividends by investing in a variety of assets selected for the purpose of generating overall stable and predictable cash flows. The Company's market risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

The Company intends to mitigate market risk generally by pursuing a multi-asset class investment strategy involving direct and indirect investments in a number of asset classes that naturally tend to involve a diversification of underlying market risk. The Company generally intends to structure synthetic investment exposures so as to mitigate credit exposure to its counterparties. The Company's market positions are monitored on a quarterly basis by the Board of Directors. The Company uses derivatives to manage its exposure to foreign currency, interest rate and equity market risks. The instruments used include interest rate swaps, forward contracts, futures and options. The Company does not apply hedge accounting.

FAIR VALUE ESTIMATION

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date.

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 judgements on key model inputs, particularly default and recovery rates, and may not be uniform. In the case of all 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 or through comparable asset prices.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)
FAIR VALUE ESTIMATION (CONTINUED)

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

— level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The quoted price for these instruments is not adjusted;

— level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information; and

— level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes “observable” requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following tables analyse, within the fair value hierarchy, the Company's financial assets and liabilities (by class, excluding cash and cash equivalents, trade and other receivables and trade and other payables) measured at fair value at 31 January 2013 and 31 July 2012:

	31 January 2013			
	Level 1 €	**Level 2 €**	**Level 3 €**	**Total €**
Available-for-sale securities:				
– debt securities	**—**	**—**	**161,791,512**	**161,791,512**
– equity securities	**—**	**—**	**14,062,160**	**14,062,160**
Financial assets at fair value through profit or loss:				
– securities	**—**	**—**	**24,970,815**	**24,970,815**
– open foreign exchange derivatives	**—**	**888,488**	**—**	**888,488**
	—	**888,488**	**200,824,487**	**201,712,975**

	31 July 2012			
	Level 1 €	Level 2 €	Level 3 €	Total €
Available-for-sale securities:				
– debt securities	—	—	136,719,763	136,719,763
– equity securities	—	—	15,131,980	15,131,980
Financial assets at fair value through profit or loss:				
– securities	—	—	13,006,966	13,006,966
– open foreign exchange derivatives	—	972,651	—	972,651
	—	972,651	164,858,709	165,831,360

21. FINANCIAL RISK MANAGEMENT (CONTINUED)
FAIR VALUE ESTIMATION (CONTINUED)

All of the Company's investments are classified within level 3 as they have significant unobservable inputs and they may trade infrequently. As observable prices are not available for these securities, the Company has used valuation techniques (see Note 4) to derive their fair value.

Foreign exchange derivatives (open option positions and open foreign exchange swaps) are included within level 2 as their prices are not publicly available but are derived from information that is publicly available.

The following table represents the movement in level 3 instruments for the period ended 31 January 2013 by class of financial instrument:

	Available-for-sale debt securities €	Available-for-sale equity securities €	Financial assets at fair value through profit or loss €	Total €
Balance as at 31 July 2012	136,719,763	15,131,980	13,006,966	164,858,709
Purchases	7,762,566	—	3,781,802	11,544,368
Sales	(3,409,036)	—	—	(3,409,036)
Coupons received and receivable	(14,347,824)	(745,909)	(1,439,651)	(16,533,384)
Gains and losses recognised in the Income Statement:				
– interest income recognised	23,828,221	745,909	1,771,297	26,345,427
– net reversal of impairments previously recognised	2,565,308	—	—	2,565,308
– net foreign exchange loss	(8,692,857)	(671,247)	(331,935)	(9,696,039)
– net realised gain on available-for-sale securities	1,401,596	—	—	1,401,596
– loss on revaluation of financial assets at fair value through profit or loss	—	—	8,182,336	8,182,336
Subtotal	**145,827,737**	**14,460,733**	**24,970,815**	**185,259,285**
Gains and losses recognised in the Statement of Comprehensive Income:				
– net unrealised fair value movement on available-for-sale securities	15,963,775	(398,573)	—	15,565,202
Balance as at 31 January 2013	**161,791,512**	**14,062,160**	**24,970,815**	**200,824,487**

The appropriate fair value level classification is reviewed for each of the Company's investments at the end of each semi-annual period. Any transfers to or from level 3 are recognised at the beginning of the period following such re-classification at the fair value as at the date of re-classification.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

SENSITIVITY ANALYSIS

In the opinion of the Directors, the following analysis gives an approximation of the sensitivity of the different asset classes to market risk as at 31 January 2013 that seems reasonable considering the current market environment and the nature of the Company's assets' main underlying risks.

This sensitivity analysis presents an approximation of the potential effects of events that could have been reasonably expected to occur as at the reporting date.

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

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

Whilst every effort has been made to assess the pertinent risk factors, there is no assurance that all the risk factors have been considered. Other risk factors could become large determinants of the fair value. For additional information please refer to Section 4, including table 7, of the Investment Manager's Report.

CLO tranches

All CLO tranches held by Volta are classified as available-for-sale debt securities.

One of the main determinants of the risks associated with CLO tranches is the occurrence of defaults in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to an increase and a decrease in the occurrence of defaults.

The base case scenario is to project defaults in accordance with the average rating of the underlying loans (WARF: Weighted Average Risk Rating of the underlying portfolio), on average 3% default per year. The test has been calibrated as an amount equivalent to one year of projected defaults, measured by the WARF, for the first year to come, keeping the projected future losses unchanged for the following years (i.e. an immediate "jump to default" equivalent to one year of defaults at the historical average default rate).

If defaults for the first year were to increase by such amount, the fair value of the residual tranches of CLOs (€40.8 million as of the end of January 2013) would decrease by 5.6% or €2.3 million. If defaults for the first year were to decrease by such amount, the fair value of the residual tranches of CLOs would increase by 5.4% or €2.2 million.

The fair value of the mezzanine tranches of CLOs (€93.5 million as at 31 January 2013) would be roughly unchanged if defaults for the first year were to increase or decrease by such amount. This low sensitivity is due to the seniority of these positions relative to losses that could occur in the underlying portfolio.

Cash Corporate Credit deals

As at 31 January 2013, the Company has three investments in this bucket. Two of these (Promise Mobility and ICE 1) are classified as available-for-sale debt securities and one (Tennenbaum) is a loan fund classified as available-for-sale equity.

These assets have exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. One of the main determinants of the risks associated with these assets is the occurrence of defaults in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to a change in the occurrence of defaults for the year, keeping the expected future losses unchanged for the following years.

For Tennenbaum and ICE 1, the test has been calibrated as an amount equivalent to one year of projected defaults, measured by the WARF of the underlying portfolio, like the one applied to CLO tranches. Considering the subordination to losses of ICE 1, the fair value of this asset (€3.2 million as at 31 January 2013) would be almost unchanged if defaults for the first year were to increase or decrease by such amount. If defaults for the first year were to increase by one year of projected normalised default rate, the fair value of Tennenbaum (€8.0 million as at 31 January 2013) would decrease by 1.5% or €0.1 million. If defaults for the first year were to decrease by one year of projected normalised default rate, the fair value of Tennenbaum would increase by 1.5% or €0.1 million.

For the Promise Mobility position, considering the losses observed over the past semi-annual period, the Directors believe it is reasonable to test an increase and a decrease of 25% in the projected annual losses of the underlying portfolio relative to the projected losses used to value the assets, as at 31 January 2013. If the expected losses on the underlying portfolio of this asset were to increase by 25%, the fair value of this asset (€3.9 million as at 31 January 2013) would decrease by 27% or €1.1 million. If the expected losses on the underlying portfolio of this asset were to decrease by 25%, the fair value of this asset would increase by 27% or €1.1 million.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)
SENSITIVITY ANALYSIS (CONTINUED)

Synthetic Corporate Credit transactions

Assets in this bucket are classified in three accounting categories: available-for-sale debt securities, available-for-sale equity and fair value through profit and loss.

All the assets in this bucket are first loss or junior second loss exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. One of the main determinants of the risks associated with these assets is the occurrence of defaults in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to a change in the occurrence of defaults for the year, keeping the projected future losses unchanged for the following years.

The test has been calibrated as an amount equivalent to one year of projected defaults, measured by the WARF of the underlying portfolio.

If defaults for the first year were to increase by such amount, the fair value of the available-for-sale debt securities (€17.0 million as at 31 January 2013) would decrease by 3.2% or €0.5 million. If defaults for the first year were to decrease by such amount, the fair value of the available-for-sale debt securities would increase by 3.2% or €0.5 million. This low sensitivity is due to the seniority of the majority of these positions relative to losses that could occur in the underlying portfolio and, although two assets are first loss positions, the valuations of these assets are already very low.

If defaults for the first year were to increase by such amount, the fair value of the securities classified as fair value through profit and loss (€22.1 million as at 31 January 2013) would decrease by 17.6% or €3.9 million. If defaults for the first year were to decrease by such amount, the fair value of the securities classified as fair value through profit and loss would increase by 17.6% or €3.9 million. This high sensitivity is due the fact that these positions are first loss positions.

For BCOF and Aquarius, a fund of Bank Balance Sheet transactions and a Bank Balance Sheet transaction respectively (with an aggregate fair value of €9.2 million as at 31 January 2013), being complex assets, it has been impossible for the Company to determine a simple stress test that could be implemented or to give a meaningful measure of volatility. However, it should be reasonable to expect that these assets would have a lower sensitivity to default than the other first loss positions in this bucket.

The fair value of some of these synthetic positions is mathematically linked to the mark-to-market spread of the underlying credit portfolio. The test has been calibrated to an increase and a decrease by approximately one-sixth of the spread of the underlying portfolio. This test is only adequate for ARIA CDO III and Cadenza. If the spreads of the underlying portfolio assets were to increase by such proportion, the fair value (€15.0 million as at 31 January 2013) would decrease by 3.4% or €0.5 million. If the spreads of the underlying portfolio assets were to decrease by such proportion, the fair value would increase by 3.4% or €0.5 million.

ABS

Except for one asset (St Bernard) which is classified as available-for-sale equity, the ABS assets are classified as available-for-sale debt (the five UK non-conforming transactions and one CDO of ABS).

The main determinant of the risks associated with the UK non-conforming positions held by the Company is the level of credit losses on the underlying collateral. Considering the losses observed over the past semi-annual period, the Directors believe it is reasonable to test an increase and a decrease of 25% in the projected annual losses of the underlying portfolio relative to the projected losses used to value the assets. If the projected losses on the UK non-conforming underlying portfolio were to increase by such amount, the fair value of these assets (€4.9 million as at 31 January 2013) would decrease by 28% or €1.4 million. If the projected losses on the UK non-conforming underlying portfolio were to decrease by such amount, the fair value of these assets would increase by 28% or €1.4 million.

For the CDO of ABS position (Pangaea, €2.5 million fair value at 31 January 2013), the Directors believe it is reasonable to apply the same test as that applied to CLO debt tranches. Considering the seniority of this tranche, it is almost insensitive to such stress.

For St Bernard (€0.8 million fair value as at 31 January 2013), being a complex fund, it has been impossible for the Company to determine a simple stress test that could be implemented. However, it should be noted that, as at 31 January 2013 and over the last twelve months, St Bernard's volatility was 5.2% for an annual performance of 24.2% (the respective figures since inception of this fund are 6.8% volatility for an annualised performance of 15.3%). The Directors believe that this gives a reasonable indication of the risk profile of this investment.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 investments or risks to which such investment is exposed may be limited. Illiquidity contributes to uncertainty about the values ascribed to investments when NAV 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 was 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 investments.

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.

If the Company was unable to collect reliable information about the value of its assets the Investment Manager has agreed to provide a monthly valuation based on pricing models. The Company will use reasonable endeavours to engage an independent third party to review semi-annually the main assumptions employed by the Investment Manager and to report the fairness and reasonableness of those assumptions and valuations to the Portfolio Administrator and the Company.

INTEREST RATE RISK

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

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

Interest rate risk is analysed by the Investment Manager on a daily basis and is communicated and monitored by the Board through the quarterly business report.

The table overleaf 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.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)
INTEREST RATE RISK (CONTINUED)

Interest rate profile as at 31 January 2013

	Interest charging basis	Effective interest rate %	Carrying Amount €
Financial assets			
Cash and cash equivalents:			
EUR deposit accounts	Floating	**Eonia – 25bp**	**1,255,612**
USD deposit accounts	Floating	**Libor USD Overnight – 25bp**	**4,165,617**
GBP deposit accounts	Floating	**SONIA Overnight – 40bp**	**119,911**
			5,541,140
Available-for-sale securities:			
AFS (denominated in EUR)	Fixed/Floating	**15.35%**	**58,399,978**
AFS (denominated in USD)	Fixed/Floating	**15.20%**	**112,637,583**
AFS (denominated in GBP)	Fixed/Floating	**7.39%**	**4,816,111**
			175,853,672
Financial assets at fair value through profit or loss (EUR)	Floating	**9.58%**	**18,860,415**
Financial assets at fair value through profit or loss (USD)	Floating	**8.48%**	**6,110,400**
			24,970,815
Trade and other receivables	Non-interest bearing	**N/A**	**5,277,601**
Derivative contracts	Non-interest bearing	**N/A**	**888,488**
			6,166,089
			212,531,716
Financial liabilities			
Trade and other payables	Non-interest bearing	**N/A**	**(5,195,697)**
			(5,195,697)

Interest rate profile as at 31 July 2012

	Interest charging basis	Effective interest rate %	Carrying Amount €
Financial assets			
Cash and cash equivalents:			
EUR deposit accounts	Floating	Eonia – 25bp	2,289,772
USD deposit accounts	Floating	Libor USD Overnight – 25bp	1,731,740
GBP deposit accounts	Floating	SONIA Overnight – 40bp	1,147,295
			5,168,807
Available-for-sale securities:			
AFS (denominated in EUR)	Fixed/Floating	18.73%	42,737,746
AFS (denominated in USD)	Fixed/Floating	19.30%	103,639,696
AFS (denominated in GBP)	Fixed/Floating	5.69%	5,474,301
			151,851,743
Financial assets at fair value through profit or loss (EUR)	Floating	29.23%	10,484,039
Financial assets at fair value through profit or loss (USD)	Floating	7.54%	2,522,927
			13,006,966
Trade and other receivables	Non-interest bearing	N/A	5,132,642
Derivative contracts	Non-interest bearing	N/A	972,651
			6,105,293
			176,132,809
Financial liabilities			
Trade and other payables	Non-interest bearing	N/A	(5,166,386)
			(5,166,386)

In the Directors' opinion, market interest rate risk on the Company's investments is not considered to be material when compared to the risk factors that are considered to be significant, as described in the sensitivity analysis.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)
CURRENCY RISK
The Company's accounts are presented in euro, the Company's functional currency, whilst investments are made and realised in 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). At the end of January 2013 the Investment Manager has put into 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 euro/US dollar 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 if volatility in the US dollar/euro cross rate is very high.

The exposure associated with the British pound sterling-denominated residuals of asset-backed securities is unhedged as at the end of January 2013 given the limited amount that is considered.

Currency risk is analysed by the Investment Manager on a daily basis and is communicated and monitored by the Board through the quarterly business report.

Currency risk profile as at 31 January 2013

	Denominated in EUR €	Denominated in USD €	Denominated in GBP €
Investments:			
Available-for-sale debt securities	**53,108,478**	**103,866,923**	**4,816,111**
Available-for-sale equity securities	**5,291,500**	**8,770,660**	**—**
Financial assets at fair value through profit or loss	**18,860,415**	**6,110,400**	**—**
	77,260,393	**118,747,983**	**4,816,111**
Cash and cash equivalents	**1,255,612**	**4,165,617**	**119,911**
Trade and other receivables	**3,039,200**	**2,155,357**	**83,044**
Trade and other payables	**(5,114,529)**	**—**	**(81,168)**
Derivative contracts	**888,488**	**—**	**—**
	77,329,164	**125,068,957**	**4,937,898**

The following foreign exchange swaps and options were unsettled as at 31 January 2013:

Description of open positions	Nominal amount USD	Average strike price
Forward foreign exchange contracts (USD sold forward vs. EUR)	**67,500,000**	**1.32**
Long position – USD calls vs. EUR	**60,000,000**	**1.21**
Short position – USD puts vs. EUR	**75,000,000**	**1.46**

	Unrealised gain EUR
Aggregate revaluation loss	**1,208,439**
Margin accounts balance – amounts paid	**(319,951)**
Unsettled amount receivable	**888,488**

As at 31 January 2013 the Company's US dollar assets (including cash) were valued at approximately $170 million, US dollar forward sales represented $67.5 million and US dollar call options (financed by selling out of the money US dollar put options) represented $60 million. Overall, taking into the account the delta on the options, Volta could be considered as having approximately a $130 million long unhedged US dollar position.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)
CURRENCY RISK (CONTINUED)

Currency risk profile as at 31 July 2012

	Denominated in EUR €	Denominated in USD €	Denominated in GBP €
Investments:			
Available-for-sale debt securities	42,737,746	88,507,716	5,474,301
Available-for-sale equity securities	—	15,131,980	—
Financial assets at fair value through profit or loss	10,484,039	2,522,927	—
	53,221,785	106,162,623	5,474,301
Cash and cash equivalents	2,289,772	1,731,740	1,147,295
Trade and other receivables	2,906,245	2,218,082	8,315
Trade and other payables	(5,035,152)	—	(131,234)
Derivative contracts	972,651	—	—
	54,355,301	110,112,445	6,498,677

The following foreign exchange swaps and options were unsettled as at 31 July 2012:

Description of open positions	Nominal amount USD	Average strike price
Forward foreign exchange contracts (USD sold forward vs. EUR)	67,500,000	1.32
Long position – USD calls vs. EUR	50,000,000	1.23
Short position – USD puts vs. EUR	50,800,000	1.44

	Unrealised gain EUR
Aggregate revaluation loss	(1,517,398)
Margin accounts balance – amounts paid	2,490,049
Unsettled amount receivable	972,651

CREDIT RISK, INCLUDING COUNTERPARTY RISK

Credit risk is the risk of financial loss to the Company if the 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 reporting date. This also relates 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.

AFS debt securities include ABS positions, Cash Corporate Credit assets and CLO assets.

The ABS positions could be split into three different buckets: a tranche, originally rated AAA, of a deal backed by tranches of ABS (Pangaea), representing 30.7% of the fair value of this asset class; a position in a fund mainly investing in US RMBS debt tranches (St Bernard Opportunity Fund), representing 9.8% of the fair value of this asset class; and five residual income positions backed by UK non-conforming residential loans, representing 59.5% of the fair value of this asset class. During the semi-annual period, no particular events affected either Pangaea or St Bernard Opportunity Fund. At the period end, the valuation of the five UK non-conforming residual positions reflects the approach that recently observed cash flows, being the result of extra payments at the underlying level, might last for two years. A sale executed during June 2012 of a previously held UK non-conforming residual income position appeared to demonstrate that some market participants might have believed at that time that such cash flows might last for a longer period than this.

The Cash Corporate Credit assets include three positions: one loan fund (Tennenbaum), one residual position exposed to German SME loans (Promise Mobility) and an originally AA-rated tranche of a CDO exposed to emerging market credit positions (ICE). During the semi-annual period, no particular events affected the situation of any of these three positions.

The positions in the CLO asset class are residual or mezzanine debt tranches of CLOs, which, being term leveraged structures at a fixed margin, can generate more excess payments through re-investments when markets are under stress than under normal circumstances. Overall, for the ten US dollar and euro transactions that have been held since early/mid 2007, the effective cash flows available for the owner of the residual positions have increased by more than 40% throughout the crisis as a result of the significant increase of the weighted average spread of the underlying portfolios.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)
CREDIT RISK, INCLUDING COUNTERPARTY RISK (CONTINUED)

A residual position on a CLO also gives access to the amount that remains in the structure once the debt tranches are paid back (at maturity if the normal process of deleveraging the structure takes place, sooner if the deal is called by the residual holders). It can be possible to measure the principal amount of the underlying loan portfolios (defaulted loans are valued at their market value) that exceeds the principal amount of the outstanding CLO debt tranches at any point in time. The average remaining principal amount of the eleven classic residual positions held by Volta was 93% at the end of January 2013, down 7% over the semi-annual period, according to the latest CLO reports available at this time. This decline is due to a change in measurement basis when measuring the remaining principal amount that now takes into account projected Performance Fees that may be due to the CLO managers, which would diminish the amount due to CLO Equity holders. This illustrates the ability of the underlying portfolio managers to re-build principal value for the residual holder.

All of the positions in this bucket are negatively exposed to an increase in default rates, an increase in the percentage of assets rated CCC or below and to a significant decrease in underlying loan prices. However, they strongly benefit from a historically cheap cost of leverage that was locked in before the 2008 crisis and they also benefit from some of their intrinsic features, mainly the ability to re-invest diverted amounts and prepayments.

As at 31 January 2013, the Company held 45 positions in debt tranches of CLOs accounting for 44.0% of Volta's end-of-period GAV. With the exception of one investment that is unrated but could be considered equivalent to a BB-rated tranche taking into account its level of subordination, the investments in debt tranches of CLOs have been in tranches initially rated between BB (second loss position) and A (generally fourth loss position). These positions, as for the residual holdings, have cash flows that are sensitive to the level of defaults and the percentage of assets rated CCC or lower in the underlying loan portfolio. Nevertheless, these tranches are structured to be able to absorb a higher level of defaults in the underlying loans portfolio than residual holdings, given their second, third and even higher loss ranking.

These positions were purchased between March 2008 and December 2012. Each asset, at the time of purchase, was expected to repay its principal in full at maturity and was expected to be able to sustain a certain level of stress. Depending on the ability to find opportunities in the market and on the timing of the purchases, the Company has been able to purchase assets with different levels of initial subordination and IRR. On average, the expected IRR of these assets was 13% at the time of purchase under a base case scenario.

Six of these positions (Adagio III, Alpstar II, Centurion, Apidos, Black Diamond and Tara Hill) have structural features that could generate some early payments of principal in the event of stressed conditions arising in the underlying portfolios, which might be beneficial to the Company, considering these positions were bought significantly below par.

Financial assets at fair value through profit or loss comprise Synthetic Corporate Credit positions.

The Synthetic Corporate Credit bucket could be split in two: debt tranches, representing 42% of the fair value of this bucket; and first loss positions in credit portfolios, representing 58% of the fair value of this bucket. No particular events in the semi-annual period affected the situation of these positions. Through these synthetic deals the Company is exposed to the credit of the counterparty of such deals, namely Merrill Lynch International, JP Morgan, UBS and Standard Chartered.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)
CREDIT RISK, INCLUDING COUNTERPARTY RISK (CONTINUED)

The table below takes into account losses of principal amounts that could not be recouped for Corporate Credit and ABS; residual tranches of CLOs are accounted for by their remaining principal amount; and US dollar principal amounts being translated to euro using end-of-period cross rate.

	End-of-period principal amounts (€ million)					
	July 2010	January 2011	July 2011	January 2012	July 2012	January 2013
Synthetic Corporate Credit Equity	25.4	26.3	26.2	23.3	18.9	21.4
Synthetic Corporate Credit Debt	15.6	14.9	14.2	23.4	24.3	22.9
Synthetic Corporate Credit – Bank Balance Sheet transactions	—	—	—	5.0	7.0	10.7
CLO Equity	38.7	41.6	44.1	51.5	54.9	44.2
CLO Debt	73.2	90.6	87.1	94.0	106.9	111.6
Cash Corporate Credit Equity	22.4	20.9	20.0	21.1	18.5	16.6
Cash Corporate Credit Debt	3.8	3.7	3.5	3.8	4.1	3.7
ABS	3.1	1.8	5.0	4.8	10.7	9.9
Cash per originally reported GAV	5.5	1.7	8.1	3.8	3.9	6.5
Total principal (including cash)	187.7	201.5	208.2	230.7	249.2	247.5
Principal per share	**6.19**	**6.55**	**6.76**	**7.46**	**7.94**	**7.70**

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 investments in assets that are expected to generate cash flows from underlying portfolios that have at the time of purchase, in aggregate, diverse characteristics such as 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. As at the semi-annual period end, the Company's derivative counterparties were Deutsche Bank AG, London Branch ("Deutsche Bank"), Citibank New York and Citibank N.A., London Branch. The current long-term issuer credit ratings assigned to Deutsche Bank AG and Citigroup Inc by each of Moody's, Standard & Poor's and Fitch respectively are as follows: Deutsche Bank AG: A2 (stable); A+ (negative); and A+ (stable); and Citigroup Inc: Baa2 (negative); A- (negative); and A (stable).

Substantially all of the cash held by the Company is held at Deutsche Bank. Bankruptcy or insolvency by Deutsche Bank may cause the Company's rights with respect to the cash held at 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.

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.

Further information regarding the credit quality of the Company's investments are as presented in tables 2, 3, 4, 5 and 6 and paragraphs as annotated within the Investment Manager's Report.

No financial assets carried at amortised cost were past due but not impaired either at 31 January 2013 or 31 July 2012.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 Corporate Credit, counterparty, 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 it 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 may combine 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.

As at the reporting date, the Company's exposures were concentrated in the following asset classes:

Main asset class	Detailed classification	31 January 2013 %	31 July 2012 %
CLO	**USD CLO Equity**	**17.7**	21.1
	EUR CLO Equity	**1.5**	1.7
	USD CLO Debt	**24.2**	24.6
	EUR CLO Debt	**19.8**	15.9
Synthetic Corporate Credit	**Synthetic Corporate Credit Equity**	**7.7**	5.5
	Synthetic Corporate Credit Debt	**9.6**	10.2
	Bank Balance Sheet transactions	**5.5**	4.1
Cash Corporate Credit	**Cash Corporate Credit Equity**	**5.6**	7.9
	Cash Corporate Credit Debt	**1.5**	1.8
ABS	**Mortgage Residual positions**	**2.3**	3.2
	ABS Debt	**1.6**	1.8
Cash		**3.0**	2.2

The table above shows the asset allocation based on mark-to-market prices (based on reported GAV). As at 31 January 2013, reported GAV amounted to €212,377,116 million (31 July 2012 originally reported GAV: €173.2 million). The valuation of each asset class takes into account the valuation of the individual assets and of the derivatives hedging the asset class. Figures do not add up to 100% due to rounding. For further information please refer to tables 1 to 7 of the Investment Manager's Report.

RE-INVESTMENT 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 re-invest 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.

Liquidity risk is analysed by the Investment Manager on a daily basis and is communicated and monitored by the Board through the quarterly business report. This is demonstrated by the Investment Manager's decision to invest in several short-term European ABS assets in order to enhance cash management. A decision was also made to sell assets to improve the Company's capability to generate cash flows to diminish the risk that adverse scenarios could negatively affect liquidity.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

MATURITY PROFILE

The following tables show the projected maturity of the securities:

Maturity profile as at 31 January 2013

	Within one year €	One to five years €	Over five years €
Financial assets			
Cash and cash equivalents	**5,541,140**	**—**	**—**
Available-for-sale securities	**3,707,877**	**81,509,965**	**90,635,830**
Financial assets at fair value through profit and loss	**12,065,231**	**10,455,278**	**2,450,306**
Derivative contracts	**(116,141)**	**1,004,629**	**—**
Trade and other receivables	**5,277,601**	**—**	**—**
	26,475,708	**92,969,872**	**93,086,136**
Financial liabilities			
Trade and other payables	**(5,195,697)**	**—**	**—**
	(5,195,697)	**—**	**—**

Maturity profile as at 31 July 2012

	Within one year €	One to five years €	Over five years €
Financial assets			
Cash and cash equivalents	5,168,807	—	—
Available-for-sale securities	6,196,798	22,733,567	122,921,377
Financial assets at fair value through profit and loss	2,103,314	8,909,520	1,994,133
Derivative contracts	2,877,412	(1,904,761)	—
Trade and other receivables	5,132,642	—	—
	21,478,973	29,738,326	124,915,510
Financial liabilities			
Trade and other payables	(5,166,386)	—	—
	(5,166,386)	—	—

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.

CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. The Company's capital is represented by the ordinary shares, share premium account, other distributable reserves and accumulated loss reserve. The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objectives. The Company seeks to attain its investment objectives by pursuing a multi-asset class investment strategy, although investments made during the period were predominantly concentrated in assets leveraging corporate credit exposures. The 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. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's current general objective is to pay, to the extent possible and reasonable, a dividend of approximately 10% per annum of the Company's net assets excluding cash at the end of the relevant period.

There were no changes in the Company's approach to capital management during the year.

22. 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 €47,250 (31 July 2012: €66,150) had been accrued but not paid. Directors' fees to be paid in shares of €20,250 (31 July 2012: €28,350) had been accrued but not paid and Director's expenses of €133 (31 July 2012: €891) had been accrued but not paid.

As at 31 January 2013, the Directors of the Company controlled 1.02% (31 July 2012: 0.98%) of the voting shares of the Company.

Under the Investment Management Agreement, the Investment Manager is entitled to receive a management fee from the Company at a rate of 1.5% per annum of the portion of the Company's NAV that is less than €200,000,000 and 1.75% per annum on the portion of the NAV that is greater or equal to €200,000,000, calculated for each semi-annual period ending on 31 July and 31 January each year on the basis of the Company's NAV at the end of the preceding period and payable semi-annually in arrears. During the semi-annual period the Investment Management Fees accrued were €1,192,706 (semi-annual period ended 31 January 2012: €987,749). Fees accrued outstanding as at 31 January 2013 were €1,192,706 (31 July 2012: €904,894).

"Performance" for any semi-annual period is defined as the difference, positive or negative, between the Distribution Income and the hurdle amount for that semi-annual period. The hurdle amount is currently calculated at a rate of 8% per annum (4% per semi-annual period) on the weighted average number of shares outstanding at their weighted average issue price. If the performance of the Company for a semi-annual period is positive and the aggregate of the performance for such period and the performance for the three previous semi-annual periods (the "Underperformance Measure Period") is also positive, the Investment Manager will be entitled to receive an Incentive Fee of 25% of the amount of the lower of (i) the performance for the semi-annual period and (ii) the aggregate of the performance for the semi-annual period and the performance for the Underperformance Measure Period, less any Incentive Fees previously payable with respect to the Underperformance Measure Period. If an Incentive Fee is payable, 50% of any such fee is payable in cash and 50% is payable in the form of newly issued Class C shares, which are recognised in equity immediately upon issue. 408,521 Class C shares were issued during the semi-annual period in payment of Incentive Fees of €1,609,574. The Incentive Fee charge earned during the semi-annual period was €3,691,939 (semi-annual period ended 31 January 2012: €nil). Incentive fees of €3,691,939 were outstanding as at 31 January 2013 (31 July 2012: €3,752,758).

As stated in the Investment Manager's Report, the Investment Manager also acts as Investment Manager for the following of the Company's investments: ARIA III; Jazz III CDO (Ireland) PLC Subordinated Notes (EUR and USD); Adagio III CLO PLC Class E Notes; Adagio III CLO PLC Class C Notes; Jazz III CDO (Ireland) PLC Class A-1 Notes; Jazz III CDO (Ireland) PLC Class C Notes; Oryx European CLO B.V.; Adagio II CLO PLC Class D Notes; Prelude Credit Alpha PLC; Bank Capital Opportunity Fund; Cadenza; and St Bernard Opportunity Fund.

The Investment Manager earns Investment Management Fees directly from each of the above investment vehicles, in addition to its Investment Management Fees earned from the Company, except for the Company's investments in: ARIA III; Bank Capital Opportunity Fund; Cadenza; St Bernard Opportunity Fund; and the original purchases of first loss tranches of Jazz III. In these cases 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.

Except for the Company's investments in ARIA III; Bank Capital Opportunities Fund; Cadenza; St Bernard Opportunity Fund and the original purchases of first loss tranches of Jazz III, all other investments in products managed by the Investment Manager were made by way of secondary market purchases on a bona fide arm's length basis from parties unaffiliated with the Investment Manager. Therefore, the Company pays Investment Management Fees with respect to these investments calculated in the same way as if the Investment Manager of these deals was an independent third party.

As at 31 January 2013, AXA Group Investors and AXA Assurances Vie Mutuelle together held 28.15% (31 July 2012: 28.28%) of the voting shares in the Company and funds managed by AXA IM for third-party investors owned 5.99% (31 July 2012: 5.77%) of the voting shares in the Company. AXA IM did not hold any voting shares in the Company for its own account as at 31 January 2013 (31 July 2012: nil). AXA IM held 548,435 Class C shares as at 31 January 2013 (31 July 2012: 139,914).

23. COMMITMENTS

As at 31 January 2013 the Company had no outstanding commitments linked to previous investments.

24. SUBSEQUENT EVENTS

Since the end of the semi-annual period, no particular credit event has materially affected the Company; however, the following points are pertinent:

CLO tranches, ABS and Cash Corporate Credit

No material events have occurred subsequent to the semi-annual period end and the financial situation of the positions held by the Company in this category is unchanged relative to that described in the Investment Manager's Report.

Synthetic Corporate Credit

When making assumptions at the end of January 2013 for the purpose of establishing the financial statements and reports of the Company, Volta decided to take into account the special situation of two of its riskiest positions in this bucket (ARIA III and Jazz III) regarding their exposure to one specific credit name (Supervalu). Since the end of January 2013, the situation of this credit has improved so that the CDS market now indicates a low probability of default for this name. Considering the exposure to this credit name through ARIA III and Jazz III and if it were to be confirmed that this name avoids defaulting in 2013, it is likely that cash flows to be received from ARIA III and Jazz III would be slightly higher than the projected cash flows used to establish Volta's financial statements at the end of January 2013.

Since the end of January 2013, Volta's GAV increased from €6.60 per share to €6.70 per share at the end of February 2013.

Since the end of January 2013, the Company made two new investments: one BB-rated and one B-rated tranche of a USD CLO recently issued (ACAS 2013-1).

DISTRIBUTION INCOME CALCULATION (UNAUDITED)

FOR THE PERIOD ENDED 31 JANUARY 2013

Distribution Income ("DI") is a non-IFRS financial measure that was devised at the Company's inception to express the Company's intentions with respect to the distribution of dividends. Other companies may define DI or similar terms differently. It should be noted that the Company no longer uses DI to determine its dividend policy.

The calculation of DI for the year is set out below. An explanation of the Company's definition of DI, together with certain related information, is stated below.

CALCULATION

	1 August 2012 to 31 January 2013	1 August 2011 to 31 January 2012
Net IFRS profit per the Income Statement	**25,493,315**	16,009,656
Less: income from available-for-sale securities – effective interest income and dividend income per IFRS financial statements	**(10,777,461)**	(10,532,260)
Less: income from available-for-sale securities – recognition of revised cash flow estimates per IFRS financial statements	**(13,796,670)**	(2,282,931)
Less: income on investments at fair value through profit or loss per IFRS financial statements	**(1,771,297)**	(1,664,079)
Add: income from available-for-sale securities – effective interest income and dividend income per DI, incorporating adjustments for impaired and improved assets	**11,001,208**	9,965,203
Add: income from available-for-sale securities – recognition of revised cash flow estimates per DI, incorporating adjustments for impaired and improved assets	**10,571,300**	1,614,678
Add: income on investments at fair value through profit or loss per DI, incorporating adjustments for impaired assets	**1,164,139**	1,083,010
Less: realised gains on disposals and/or redemptions per IFRS financial statements	**(1,401,596)**	(161,591)
Add: realised gains on disposals and/or redemptions per DI	**1,181,761**	161,591
Less: net reversals of impairments per IFRS financial statements	**(2,565,308)**	(754,151)
Add: net reversals of impairments per DI	**5,731,743**	433,933
(Less)/add: unrealised loss/(gain) on revaluation of investments held at FVTPL	**(8,182,336)**	2,609,474
Add/(less): unrealised (gain)/loss on foreign exchange retranslation of available-for-sale securities and investments at fair value through profit or loss	**9,696,039**	(6,278,383)
(Less/add): unrealised loss/(gain) on revaluation of derivatives	**(2,725,837)**	1,150,292
Less: deferral of net foreign exchange derivatives	**(84,446)**	(106,481)
Add/(less): (over accrual)/accrual of Incentive Fees for the period/(prior period)	**3,691,939**	(321,791)
Distribution Income	**27,226,493**	10,926,170

DISTRIBUTION INCOME CALCULATION (UNAUDITED)

FOR THE PERIOD ENDED 31 JANUARY 2013

OBJECTIVE OF DI CALCULATION

As referred to above, the Company's IPO Prospectus dated 4 December 2006 described DI as "a non-GAAP financial measure that has been devised to express the Company's intentions with respect to the distribution of dividends". However, since the date of the Prospectus, the Company's circumstances have changed such that DI is currently no longer relevant with respect to this principal purpose, as described in the annual report for 2010. However, DI remains relevant for the purpose of calculation of the Investment Manager's Incentive Fee, if any, as described in Note 22 (Related party disclosure).

When the Company's Prospectus was published the market environment was significantly different from both the current market environment and the market environment experienced during the period since the occurrence of the credit crisis in 2008. Consequently, although it was intended to give comprehensive guidance as to how DI should be calculated in all foreseeable circumstances, the definition of DI in the Prospectus has proven to be inadequate to provide definitive and practicable guidance as to how DI should be calculated in all circumstances that have subsequently arisen.

Accordingly, the Board determined that it would be in the interests of all parties if the DI calculation process could be both better defined and simplified, whilst still observing the Board's interpretation of the original intention, or "spirit", of the DI calculation as defined in the Prospectus. The Board has applied the following principles and interpretations in the DI calculation for the period ended 31 January 2013 and intends to continue to do so consistently in all future periods.

In the opinion of the Board, the principal objective of the DI calculation is to measure the Investment Manager's performance on a basis that smoothes the returns from its investments insofar as is possible, mainly by eliminating the volatility that might arise in the Company's IFRS financial statements from measuring its investments at fair value rather than at amortised cost. Accordingly, where it is both practicable and prudent to do so and where it does not result in unnecessary complexity that might result in unnecessary expense to the Company, the Board has resolved to calculate DI for any relevant calculation period on the basis described below.

DI DEFINITION AND DI CALCULATION METHODOLOGY

For the majority of items recognised in DI, the methodology adopted is approximately equivalent to calculation on an amortised cost basis in accordance with the rules and guidance set out under IFRS. However, the Board will depart from such IFRS rules and guidance in order to try to achieve the principal objective of the DI calculation, where the Board considers it either prudent or more practical to do so.

The Board has determined that DI should normally include all net realised gains and losses but should normally exclude all net unrealised gains and losses, other than impairment losses (which for this purpose may be regarded as being equivalent to realised losses) and revised cash flow estimates recognised on available-for-sale debt securities (which for this purpose may be regarded as being equivalent to realised gains or losses, as applicable).

Where realised gains and/or losses result from sales of investments, all significant sales will be subsequently reviewed by the Board and explanations shall be obtained from the Investment Manager for any sales that resulted in a significant gain in order to try to ensure that no conflict of interest arose for the Investment Manager when considering any such sales. All net settled income/expense on derivative transactions will ordinarily be treated as realised gains/losses on such transactions, whilst any revaluation gains/losses on derivative transactions will ordinarily be treated as unrealised gains/losses on such transactions. However, any significant amounts paid/received during the period on derivative transactions might be considered by the Board to represent unrealised gains/losses and may be partially or totally excluded from DI at the Board's discretion.

Items ordinarily included in DI, unadjusted from the figures reported in the Company's Income Statement prepared in accordance with IFRS, include the following:

(a) deposit interest income;

(b) income on available-for-sale securities and investments at fair value through profit or loss that is neither impaired nor adjusted as a result of revised cash flow estimates;

(c) net income/expense from interest rate swaps;

(d) net income/expense on settlement of forward foreign exchange swaps and exercise of foreign exchange options;

(e) operating expenditure (excluding Investment Manager Incentive Fees, if any, for the period);

(f) net foreign exchange gains/losses on other assets; and

DISTRIBUTION INCOME CALCULATION (UNAUDITED)

FOR THE PERIOD ENDED 31 JANUARY 2013

DI DEFINITION AND DI CALCULATION METHODOLOGY (CONTINUED)

(g) net realised gains/losses on sales and redemptions of investments that are neither impaired nor adjusted as a result of revised cash flow estimates (which will include the amounts of any such gains or losses that were previously recognised in prior periods as unrealised gains or losses).

Items ordinarily included in DI, as adjusted from the figures reported in the Company's Income Statement prepared in accordance with IFRS in accordance with the methods described below, are as follows:

(h) income on available-for-sale securities and investments at fair value through profit or loss that is either impaired or adjusted as a result of revised cash flow estimates;

(i) impairments and/or reversals of impairments on available-for-sale securities and investments at fair value through profit or loss;

(j) revised cash flow estimates recognised on available-for-sale securities and investments at fair value through profit or loss;

(k) net realised gains/losses on sales and redemptions of investments that are either impaired or adjusted as a result of revised cash flow estimates (which will include the amounts of any such gains or losses that were previously recognised in prior periods as unrealised gains or losses); and

(l) net income/expense on foreign exchange option premiums amortised during the period.

Items ordinarily excluded from DI, unadjusted from the figures reported in the Company's Income Statement prepared in accordance with IFRS, are as follows:

(m) net unrealised gains/losses on revaluation of all derivatives;

(n) net gains/losses on revaluation of financial assets at fair value through profit or loss;

(o) net foreign exchange gains/losses on retranslation of available-for-sale securities; and

(p) Investment Manager Incentive Fees, if any, for the period.

Notes:

(b) and (h): Income on available-for-sale securities and investments at fair value through profit or loss that are neither impaired nor adjusted as a result of revised cash flow estimates is calculated in the same way in both the IFRS financial statements and the DI calculation. However, subsequent to impairment/adjustment as a result of revised cash flow estimates, effective income is measured at the rate used to measure the impairment/adjustment. As described below, the IRRs used to measure such impairments/adjustments differ between IFRS and the DI calculation. Consequently, the IRRs used to measure effective income subsequent to impairment/adjustment differ between IFRS and the DI calculation as described below.

(c): Net income from interest rate swaps will normally include all amounts received and paid under interest rate swap agreements, whether in accordance with the terms of such swap agreements, or upon termination or assignment thereof.

(d): Net income/expense on settlement of forward foreign exchange swaps and options will normally include: all option premiums paid/received; all settlement amounts received/paid on exercise of such options; and all settlement amounts received/paid on maturity of forward currency contracts.

(f): Net foreign exchange gains/losses on other assets normally consist primarily of foreign exchange gains/losses on retranslation of cash balances. Consequently, the Board considers such gains/losses to be similar in nature to realised gains/losses and that they should be included in DI. Where net foreign exchange gains/losses on other assets includes significant amounts relating to retranslation of other assets and/or liabilities, the Board will normally include in DI all such gains/losses that relate to short-term assets and/or liabilities, on the basis that such gains/losses are also similar in nature to realised gains/losses. However, the Board may exclude any such gains/losses that relate to long-term assets and/or liabilities at its discretion.

DISTRIBUTION INCOME CALCULATION (UNAUDITED)

FOR THE PERIOD ENDED 31 JANUARY 2013

DI DEFINITION AND DI CALCULATION METHODOLOGY (CONTINUED)

(g) and (k): Net realised gains/losses on sales and redemptions of investments will include all net gains/losses resulting either from sales, redemptions at maturity or early redemptions of investments and will be computed by taking the difference between the proceeds received and the amortised cost ("AC") at the date of sale/redemption. For assets that are neither impaired nor adjusted there will be no need to adjust the figure reported in the IFRS profit and loss account. For assets that are either impaired or adjusted, the figure reported in the IFRS P&L account will be adjusted such that the gain or loss will be computed by taking the difference between the proceeds received and the AC per the DI calculation at the date of sale/redemption.

(i): Impairments and/or reversals of impairments on available-for-sale securities and investments at fair value through profit or loss are measured as the difference between the AC per the DI calculation and the net present value of expected future cash flows discounted at the original IRR. Subsequent to impairment, effective income is measured at the rate used to measure the impairment, i.e. the original IRR.

(j): Adjustments resulting from revised cash flow estimates on available-for-sale securities and investments at fair value through profit or loss are measured as the difference between the AC per the DI calculation and the NPV of expected future cash flows discounted at the revised projected cumulative IRR. Subsequent to adjustment, effective income is measured at the rate used to measure the adjustment, i.e. the revised projected cumulative IRR. This measurement basis represents a significant departure from the amortised cost basis under IFRS. In the Board's opinion, measurement of adjustments resulting from revised cash flow estimates on an amortised cost basis under IFRS would result in short-term volatility in the DI calculation and would therefore not achieve the objective of smoothing the returns expected from the Company's investments. Consequently, the Board considers that it is prudent to depart from the amortised cost basis under IFRS when measuring adjustments resulting from revised cash flow estimates.

(l): Foreign exchange option premiums received/paid are amortised on a straight line basis from the trade date until the expiry or exercise date.

REPORTING

In addition to the disclosures required by IFRS, the Company will disclose in its interim and annual financial statements a calculation of DI.

IMPAIRMENT AND/OR RECOGNITION OF REVISED CASH FLOW ESTIMATES ON AVAILABLE-FOR-SALE DEBT SECURITIES

In assessing impairment and/or recognition of revised cash flow estimates for the purposes of determining DI, 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. These assumptions (the "Projected Cash Flow Assumptions'') are used to determine the expected cash flows from such asset and are compared 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 projected 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 2013, 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.