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Volta Finance Limited

August Monthly Report

At 31 August 2007

Comment

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Dear Shareholders and Investors,

Volta Finance Limited (the “Company”, “Volta Finance”) wishes to take the opportunity of the publication of the August monthly report to comment on the current market conditions and their impact on the gross asset value (GAV) of the Company. This is also an opportunity to emphasize the absence of impairment at the end of August on any of the assets held by Volta Finance on the basis of our current knowledge, allowing the Company to firmly maintain its initially anticipated dividend, to be announced in the third week of October and paid in the fourth week of November.

Market environment *

In August, corporate credit markets have recovered slightly, while the structured credit market has continued to deteriorate.
Over the month, this was reflected in a tightening of 70 bps to 331 bps of the 5y iTraxx European Crossover index, while the 5y European iTraxx index tightened about 6 bps to 45 bps. In the US, the 5y CDX Crossover index tightened 108 bps to 243 bps, while the 5y CDX index tightened 10 bps to 72 bps.

In spite of this slight improvement, corporate credit markets remain quite volatile. While not going back to end-of-July levels, investment grade indices (iTraxx and CDX) have widened in the first week of September. Non-investment grade indices (iTraxx Crossover and CDX Crossover) also widened, albeit to a lesser extent.

The situation did not improve for leveraged loans. The leveraged loans European benchmark LevX index (senior series 1 - 5 y), which hovered around 95.5 points throughout August, has continued to trade around the same level in the first week of September.

However, and in spite of a show of confidence in corporate credit on the back of strong credit fundamentals, structured credit investors have not returned *en masse* to the market. This has caused mark-to-market valuation of structured finance assets such as CDOs and ABS to continue suffering from large price discounts due to weak liquidity.

Mark-to-market valuation and no evidence of impairment

Due to this market environment, the mark-to-market value of Volta Finance assets, which is reflected in its gross asset value (GAV) of €8.53 as at 31 August 2007, is down 3% month-to-month.

We believe such a mark-to-market change in the gross asset value of the Company is not a guide to the expected cash flows from the Company’s assets, which determine the Company’s target dividends, but rather reflection of the present scare with everything structured credit related. Volta Finance firmly maintains its target dividend for its first financial year given that all its assets’ cash flows have been in line or higher than the initial expected cash flows.

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The whole portfolio also benefits from a term financing and over three-quarters of the portfolio have an imbedded leverage that is not directly sensitive to mark-to-market valuation.

Corporate credit

While the mark-to-market value of the Company's investments in corporate credit was the first to suffer from wider spreads July, they were the first to recover from the August corporate credit spread tightening: the gross asset value of the bespoke ARIA II CDO and the equity tranches of the Jazz III CDO are up 3.9% over the month.

While the volatility of the recent months has caused the mark-to-market value of Volta Finance's corporate credit investments to fluctuate, it is also creating trading opportunities for the investment manager. Trading gains creations have permitted to lift the ARIA II tranche's attachment point by one basis point to 1.61% in July.

As of the end of August, the ARIA II bespoke tranche and the Jazz III CDO equity tranche keep their full capacity to distribute their expected cash flows.

Leveraged loans

As at the end of August, the gross asset value of the leveraged loans Total Return Swap (TRS) was down 10.9% on July.

There is no defaulted credit and the investment manager has not witnessed any meaningful credit deterioration in any of the assets it holds. Meanwhile, the market default rate remains at an historically low level, pointing to strong economic fundamentals. Nonetheless, the investment manager believes that the market will likely remain volatile and nervous for the several months to come on the back of the lack of liquidity as well as uncertainties regarding the amount of loans currently on the balance sheet of banks.

As part of Volta Finance's financing strategy, the leveraged loan exposure is gained through a Total Return Swap. This leverage, which is based on 5-year term financing with locked in financing level, is the only one in Volta Finance that is sensitive to mark-to-market variations.

The purpose of the TRS is to provide exposure on a leveraged basis to a diversified pool of leveraged loans including senior secured, second lien and mezzanine loans from mainly European issuers selected and actively managed by the investment manager. The investment manager has continued to sell mezzanine and second lien loans held in the reference portfolio and to buy senior secured loans. The expected cash flows of the TRS are unchanged.

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ABS

The mark-to-market value of Volta Finance's ABS investments is slightly down 0.7% in August. The discount to which ABS are currently trading is to be explained mainly by a weak liquidity on all financial markets and especially on structured credit markets.

Regarding assets backed by UK non-conforming residential mortgage loans, which accounts for 6 out of the seven ABS held by Volta Finance, the performance has so far been in line with our expectations. Higher interest rates coupled to a stricter lending policy from UK-based mortgage originators could have a significant downward effect on UK property price. This would affect the capacity of UK borrowers to refinance their homes. Under such a scenario, the credit performance of UK non conforming assets could be negatively affected. The investment manager will continue to monitor closely this situation. As of the end of August, we believe that the risk of increasing delinquencies and defaults is mitigated by lower expected prepayments. In turn, we maintain the assumptions regarding the expected cash flows modelled for the UK non-conforming assets held by Volta Finance.

CDO

In spite of strong economic fundamentals, the mark-to-market value of Volta Finance's third-party CDOs continued to decline in August with a 7.7% decrease on July.

All those residual tranches of CLOs have been acquired on the primary market during the ramp-up period and before the spreads start to widen, hence locking in cheap liabilities compared to post-July 2007 market conditions. More importantly, the return modelled at the CLOs purchase is not based on a liquidation of the assets in the near future and is rather based on five years or more of reinvestment. CLOs that will reinvest their prepayment proceeds will likely benefit from higher returns on newly invested assets.

We continue to believe that those mark-to-market variations are not reflective of the credit quality of those assets. All CDOs in this bucket are backed by US (predominantly) and European leveraged loans of good quality. Indeed, on all of those transactions, the key parameters (rating of the underlying obligations, current spread of the portfolio) are unchanged as at the end of August and the amount of realised losses is not significant, i.e. below what was modelled.

Dividend in line with expectations

The Company reiterates what was said upon the publication of the July monthly report. The Company is currently closing the accounts for its first financial year that ended on July 31st, 2007 and restates its target of a dividend of at least 3.5% of the IPO price of €10 for the period from December 20, 2006 to July 31, 2007, while maintaining its target dividend of 9.5% of the IPO share price for the second financial year. The dividend that will be actually paid to investors is dependent on the Company's distributable income, as defined in the prospectus of the Company and subject to the Company's auditors' validation.

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The dividend will be announced upon the publication of the Company's annual report in the third week of October. The payment of the dividend will follow the Annual Shareholder Meeting in the fourth week of November. The financial calendar of the Company is available on the Company's website.

** Index data source: Bloomberg, Deutsche Bank*

Portfolio Composition

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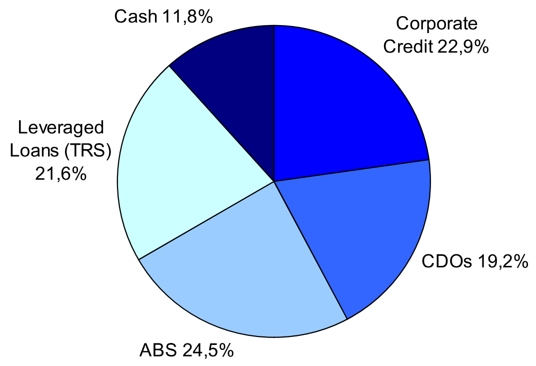
	At 31.07.07	At 31.07.07	Note
Gross Asset Value (GAV - €)	**256, 109,915**	*264,005,775*	-
GAV per Share (€)	**8.53**	*8.80*	*30 009 434 outstanding shares*
Cash (%)	**11.8**	*12.0*	*About half of the cash amount is committed to purchase two assets, which will finish the ramp up and allow pre-payment reinvestment. The remainder comes from interest payment.*

Historical data

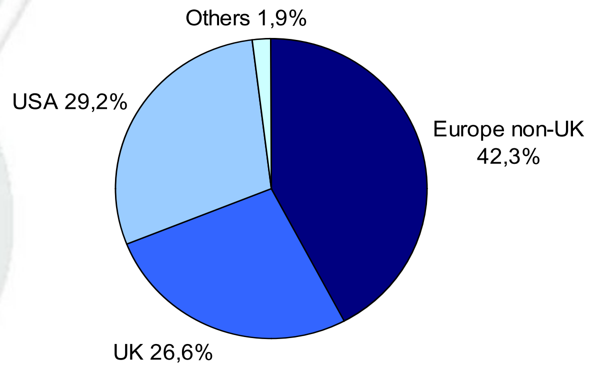
	August 2007	July 2007	June 2007	May 2007	April 2007	March 2007	February 2007	January 2007	December 2006
GAV per Share (€)	8.53	8.80	9.74	9.91	9.88	9.78	9.72	9.64	9.69

Breakdown by Primary Target Asset Class



Asset class	At 31.08.07	At 31.07.07
Corporate Credits	**22.9%**	21.4%
CDOs	**19.2%**	19.1%
Asset Backed Securities	**24.5%**	24.0%
Leveraged Loans (TRS)	**21.6%**	23.3%
Cash	**11.8%**	12.0%

Breakdown by Geography **



Region	At 31.08.07	At 31.07.07
Europe non-UK	**42.3%**	42.9%
UK	**26.6%**	25.8%
USA	**29.2%**	29.8%
Others	**1.9%**	1.5%

*** Look through. Includes the geographic exposure gained through the underlying portfolio of the TRS, Jazz III and Aria II. Does not include cash.*

Volta Finance Portfolio Holdings: Complete List

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Issuer	% GAV	Primary target asset class	Description of investment	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
TRS *	21.6	Leveraged Loans	Leveraged loans	Senior secured, second lien and mezzanine debt	Axa Investment Managers Paris	Europe	NA	Bank of America
ARIA CDO II (IRELAND) PLC	19.4	Corporate Credit	Bespoke CDO tranche	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0293091673	JP Morgan
ALBA 2007-1 PLC	4.54	ABS	Residual of ABS	UK non-conforming RMBS	Oakwood	United Kingdom	NA	Credit Suisse
PROMISE MOBILITY 2006-1	4.45	ABS	Residual of ABS	German SME first loss	IKB	Europe non-UK	NA	Deutsche Bank
ALBA 2006-2 PLC	4.45	ABS	Residual of ABS	UK non-conforming RMBS	Oakwood	United Kingdom	NA	Credit Suisse
EUROSAIL 2006-1 PLC	4.44	ABS	Residual of ABS	UK non-conforming RMBS	SPML	United Kingdom	NA	Lehman Brothers
NEWGATE FUNDING PLC 2006-2	4.23	ABS	Residual of ABS	UK non-conforming RMBS	Mortgage Plc	United Kingdom	NA	Merrill Lynch International
JAZZ III CDO (IRELAND) P.L.C.	3.48	Corporate Credit	Residual of Corporate CDO	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0263617374 / XS0263615675	Merrill Lynch International
ALBA 2006-1 PLC	2.52	ABS	Residual of ABS	UK non-conforming RMBS	Oakwood	United Kingdom	NA	Credit Suisse
NORTHWOODS CAPITAL LIMITED	2.33	CDO	Residual of CLO	Broadly syndicated loans	Angelo Gordon	USA	USG6666RAB18	JP Morgan
TENNENBAUM OPPORTUNITIES FUND V	1.88	CDO	Residual of CLO	High yield bonds and loans	Tennenbaum Capital Partners, LLC	USA	NA	Wachovia Bank, N.A.
LIGHTPOINT PAN EUROPEAN CLO PLC	1.87	CDO	Residual of CLO	Broadly syndicated loans	Lightpoint	Europe	XS0282169803	Credit Suisse
OCEAN TRAILS CLO I LLC	1.72	CDO	Residual of CLO	Broadly syndicated loans	WG Horizons	USA	USG66999AA46	UBS

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Issuer	% GAV	Primary target asset class	Description of investment	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
WASATCH CLO LTD	1.60	CDO	Residual of CLO	Broadly syndicated loans	Invesco	USA	USG94608AB57	JP Morgan
KINGSLAND IV LTD	1.33	CDO	Residual of CLO	Broadly syndicated loans	Kingsland Capital Management	USA	USG52702AB68	Wachovia Bank N.A.
SANDS POINT FUNDING LTD	1.29	CDO	Residual of CLO	Middle market loans	Guggenheim	USA	USG7800DAA93	Deutsche Bank
GOLDEN TREE LOAN OPPORTUNITIES	1.29	CDO	Residual of CLO	Broadly syndicated loans	Golden Tree	USA	USG39607AC37	Deutsche Bank
LIGHTPOINT CLO V, LTD	1.27	CDO	Residual of CLO	Broadly syndicated loans	Lightpoint	USA	USG5487GAG31	Credit Suisse
BATALLION CLO LTD	1.22	CDO	Residual of CLO	Broadly syndicated loans	Brigade Capital Management	USA	USG08887AA27	Deutsche Bank
CARLYLE HY PART IX	1.12	CDO	Residual of CLO	Broadly syndicated loans	Carlyle	USA	KYG1908R1048	Lehman Brothers
OAK HILL EUROPEAN CREDIT PARTNERS PLC	1.10	CDO	Residual of CLO	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349700	Deutsche Bank
GALAXY VII CLO LTD	0.97	CDO	Residual of CLO	Broadly syndicated loans	AIG	USA	USG25796AB20	Morgan Stanley

** See following page for more information on the TRS.*

Asset Class Analysis

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Asset Class	Number of Positions	Average Position Size (€)
CDOs	13	3,739,232
Corporate Credit	2	29,294,471
ABS	6	10,510,635
Leveraged Loans (TRS) *	1	55,328,769

** Leveraged loans exposure is gained through a Total Return Swap. The amount published in the table above is the equity equivalent of the TRS (which is equal to the posted collateral).* ***Information on the invested underlying TRS portfolio is the following:***

TRS portfolio description

(Settled asset as of end August)

Mark-to-Market value (€) *	**360,382,322**
Number of Issuers	**57**
Average position size (€)	**6,322,497**

Breakdown by type of asset

(Settled asset as of end August)

Senior Secured	**92.2%**
Second Lien	**7.2%**
Mezzanine	**0.6%**

About Volta Finance Ltd

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Volta Finance Ltd. (the "**Company**") is incorporated in Guernsey under the Companies (Guernsey) Laws. The Company's investment objectives are to preserve capital and to provide a stable stream of income to its shareholders through dividends. It seeks to attain its investment objectives by pursuing a multi-asset class investment strategy. The strategy focuses on direct and indirect investment in and exposures to a variety of assets selected for the purpose of generating overall stable and predictable cash flows for the company. The underlying assets principally targeted for direct and indirect investment (collectively, the "**Primary Underlying Assets**") consists of (but 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.

Volta Finance Ltd.'s basic approach to investment in these Primary Underlying Assets is through vehicles and arrangements that essentially provide leveraged exposure to portfolios of Primary Underlying Assets (for example, the kind of risk/reward profile typically associated with the residual interest in a securitisation transaction). In this regard, the Company has instructed AXA Investment Managers Paris, the company's investment portfolio manager (the "**Investment Manager**"), to pursue its investment strategy by concentrating initially on five principal target asset classes, each of which is supported principally if not entirely by cash flows generated by Primary Underlying Assets ("**Primary Target Asset Classes**"):

Corporate Credits

Investment grade, sub-investment grade and unrated credits. These may include industrial companies as well as financial institutions (such as banks), among others. The Company uses the term ""corporate credits" to refer both to cash obligations (bonds or loans) of corporate or other commercial borrowers and to synthetic arrangements (such as credit default swaps) referencing these entities.

The Company's focus in this area is on acquiring or creating the equivalent of a first loss or a junior second loss investment exposure to diversified portfolios of these credits (e.g., through bespoke collateralised swap obligations ("CSOs") managed by the Investment Manager). As a general matter, the Company includes in this Primary Target Asset Class cash and synthetic CDOs/CSOs that have corporate credits a majority of which are investment grade and that are managed by the Investment Manager.

CDOs

The Company intends to invest in the securities of collateralised debt obligations, collateralised loan obligations, collateralised synthetic obligations and similar leveraged investment vehicles (collectively "CDOs").

The Company's initial focus in this Primary Target Asset Class will be on the residual income positions of CDOs managed by portfolio managers other than the Investment Manager, although the Company may invest to a lesser extent in higher-ranking positions in a leveraged format as well.

Leveraged Loans

Leveraged loan obligations, including positions in mezzanine and second lien loans, as well as loans with higher payment priorities. These loan obligations may be rated or unrated, secured or unsecured and senior or subordinated. Initially, the Company intends to obtain exposure to this asset class in a leveraged format through a synthetic arrangement (Total Return Swap).

Asset-Backed Securities

The Company's initial focus in this area is on residual income positions of asset-backed securities, although the Company may also invest in debt tranches in a leveraged format.

Infrastructure Assets

Infrastructure assets. The Company will seek to acquire investments in infrastructure projects generally but not necessarily located in Europe. Among the sectors in which the Company may invest are transport, public buildings, energy and utilities. The Company may invest in both "greenfield" and "brownfield" projects, and may acquire both debt and equity/quasi-equity interests in infrastructure projects.