

HALF YEARLY REPORT AND UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS

Boussard & Gavaudan Holding Limited

For the six months ended 30 June 2017

Boussard & Gavaudan Holding Limited
Contents
For the six months ended 30 June 2017

	Page
<u>HALF YEARLY REPORT</u>	
Management and Service Providers	2
Glossary of Terms	3
Chairman's Statement	4
Investment Manager's Report and Financial Highlights	5-14
Directors' Report	15-20
Interim Management Report	21
<u>INDEPENDENT REVIEW REPORT</u>	22
 <u>UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS</u>	
Condensed Interim Statement of Financial Position	23
Condensed Interim Statement of Comprehensive Income	24
Condensed Interim Statement of Changes in Equity	25
Condensed Interim Statement of Cash Flows	26
Notes to the Condensed Interim Financial Statements	27-38

Boussard & Gavaudan Holding Limited
Management and Service Providers
For the six months ended 30 June 2017

Directors

Christopher Fish (Chairman) (resigned on 27 July, 2017)

Andrew Henton (Chairman) (since 27 July, 2017)

Nicolas Wirz

Andrew Howat (since 1 July, 2017)

(Directors are non-executive and independent for the purpose of LR15.2.12-A)

Investment Manager

Boussard & Gavaudan Investment Management LLP

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United Kingdom

Legal Advisors

(English and United States law)

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Legal Advisors

(Dutch law)

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1077 ZZ Amsterdam

The Netherlands

Administrator and Secretary

JTC Fund Solutions (Guernsey) Limited

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St Peter Port

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Registrar and CREST Service Provider

Computershare Investor Services (Guernsey)
Limited

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Legal Advisors

(Guernsey law)

Carey Olsen

Carey House

Les Banques, St Peter Port

Guernsey GY1 4BZ

Independent Auditor

Ernst & Young LLP

Royal Chambers

St Julian's Avenue

St. Peter Port

Guernsey GY1 4AF

Sub-Administrator

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(formally known as Globeop Financial Services LLC)

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USA

Euroclear Nederland

**Paying, Issuing, Transfer,
Proxy & Conversion Agent**

F. Van Lanschot Bankiers N.V

Listing Agent

Kempen & Co N.V.

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The Netherlands

Custodian

BNP Paribas Securities Services

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For the latest information: <https://www.bgholdingltd.com/index.php>

Boussard & Gavaudan Holding Limited

Glossary of Terms

For the six months ended 30 June 2017

Described below are the legal entities underlying funds, management companies, as well as some other commonly used terms and their acronyms or defined terms used within this report.

Management companies

BGIM/Investment Manager	Boussard & Gavaudan Investment Management LLP
BGAM	Boussard & Gavaudan Asset Management, LP
BGPL	Boussard & Gavaudan Partners Limited

Funds

BGHL	Boussard & Gavaudan Holding Limited
Umbrella Fund	BG Umbrella Fund PLC
BGF	BG Fund (a sub-fund of the Umbrella Fund)
Master Fund	BG Master Fund ICAV

Commonly used terms

AIFMD	The Alternative Investment Fund Managers Directive, Directive 2011/61/EU
AIFM	Alternative Investment Fund Manager for the purposes of the AIFMD
AIF	Alternative Investment Fund for the purposes of the AIFMD
AIFMD Regulations	The Alternative Investment Fund Managers Regulations 2013 made by H.M. Treasury in the United Kingdom
Board	The Board of Directors
Code	The UK Corporate Governance Code published by the UK's Financial Reporting Council
Companies Law	The Companies (Guernsey) Law, 2008, as amended
Exane	Exane BNP Paribas
NAV	Net asset value
Period	The six months ended 30 June 2017
IFRS	International Financial Reporting Standards (as adopted by the European Union)
AFM	Authority for the Financial Markets
AUM	Assets Under Management
Financial Statements	Unaudited Interim Condensed Financial Statements

Boussard & Gavaudan Holding Limited
Chairman's Statement
For the six months ended 30 June 2017

Dear Shareholders,

I am pleased to present to you the half-yearly report and unaudited interim condensed financial statements of BGHL for the six months ended 30 June 2017.

From 1 January to 30 June 2017, BGHL's NAVs for the Euro and Sterling shares increased by 7.2% and 7.5% respectively, whilst the market price improved by 9.7% and 4.4% respectively.

The determinants of share price are the NAV, reflecting the performance of BGF and the underlying Master Fund, and the degree of discount or premium to NAV at which BGHL's shares trade, which in turn is driven by supply and demand in the market place, the liquidity of the underlying shares and general market sentiment.

We continue to monitor closely the discounts to their NAVs at which both classes of share trade. Every reasonable and cost-effective endeavour will continue to be made to narrow the discounts to their NAVs at which BGHL's shares trade and to increase the liquidity of the shares. The share buy-back programme is central to this effort, as is the controlled reduction in the weighting of unquoted shares in the portfolio.

With regard to the review of the business, performance, allocation and risk analysis, I refer you to the Investment Manager's Report and Financial Highlights. In addition I refer you to the Directors' Report, which describes BGHL's corporate governance systems.

For your continuing information, BGHL publishes on its website (www.bgholdingltd.com) daily and monthly NAVs and monthly newsletters based on data provided to it by the Sub-Administrator and the Investment Manager.

On behalf of the Board, I would like to thank you once again for your continued support.



Andrew Henton
Chairman

25 August 2017

Boussard & Gavaudan Holding Limited

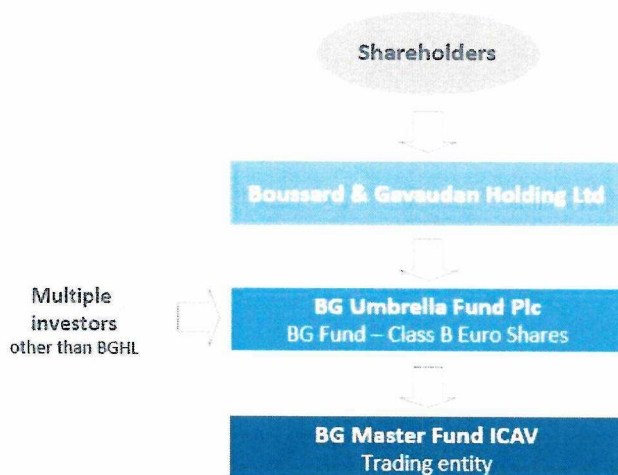
Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2017

1. Background and Structure

Boussard & Gavaudan Investment Management LLP is the Investment Manager of BGHL, the Umbrella Fund and of the Master Fund.

The Umbrella Fund, BGF and the Master Fund structure.



BGHL invests in Class B Euro shares which is a separate Euro-denominated share class of BGF. BGF is a sub fund of the Umbrella Fund predominantly owned by investors other than BGHL. BGHL is not subject to management fees and performance fees at BGF level in order to avoid multiple layering of fees. The Investment Manager receives management fees and performance fees in respect of its role as Investment Manager of BGHL.

The Umbrella Fund was incorporated under the laws of Ireland as a public company with limited liability on 16 November 2011 under the Companies Act 1990 with registration number 506116. The Umbrella Fund is authorised by the Central Bank of Ireland (the “Central Bank”) as a designated investment company pursuant to Part XIII of the Companies Act, 1990 and also as a qualifying investor alternative investment fund (QIAIF). The Umbrella Fund is structured as an umbrella fund with segregated liability between sub-funds. Each sub-fund of the Umbrella Fund maintains a single pool of assets subject to any allocations made to a class in accordance with the requirements of the Central Bank. The assets of each sub-fund are segregated from one another and are invested in accordance with the investment objectives and investment policies applicable to each such sub-fund and as set out in the relevant supplement to the Umbrella Fund’s prospectus.

BGF is a sub-fund of the Umbrella Fund, launched on 3 January 2012, which invests substantially all of its assets into the Master Fund. BGHL is therefore exposed to the strategies offered by the Master Fund.

The Master Fund is an open-ended Irish collective asset-management vehicle (ICAV) with variable capital incorporated under the laws of Ireland under the Irish Collective Asset-management Vehicles Act 2015 with registration number C154515. The Master Fund is authorised by the Central Bank of Ireland as a qualifying investor alternative investment fund (QIAIF). The Master Fund, which is the trading entity, maintains a single pool of assets subject to any allocations made to a share class in accordance with the requirements of the Central Bank.

Boussard & Gavaudan Holding Limited
Investment Manager's Report and Financial Highlights
For the six months ended 30 June 2017

2 Investment policies

2.1 BGHL's investment policy

BGHL invests its assets in order to deliver an exposure to multiple alternative investment strategies. The Investment Manager is responsible for the day-to-day management of BGHL's investments. BGHL seeks to achieve its investment objective by investing the proceeds of any fund raising, net of any amounts retained to be used for working capital requirements, into BGF. BGF in turn invests in the Master Fund, and by utilising its borrowing powers, makes leveraged investments.

Over time, a proportion of the net assets of BGHL may, at the discretion of the Investment Manager, be invested in other hedge funds and/or other financial assets within the limits set out under the heading "Asset Allocation" below and subject to the limit on the leverage set out under the heading "Gearing" below, provided that, where such hedge funds are managed by the Investment Manager, BGHL will invest through a share class which will not be subject to management or performance fees at the level of the underlying hedge fund.

The Investment Manager may use BGHL's borrowing facilities at its discretion within the limits set out under the heading "Asset Allocation" below. The Investment Manager's ability to use borrowings is subject to the limit on leverage set out under the heading "Gearing" below. Such investments may include the acquisition of minority or majority interests in unlisted companies or listed companies ("Direct Investments"). The Investment Manager may also make private equity investments through investing in funds that have a private equity investment focus ("Indirect Private Equity Investments").

With the possible application of leverage and when taken with the returns achieved from BGF, investments other than the investment in BGF as described above are intended to allow BGHL to achieve an attractive return. BGHL's investments in assets other than BGF are expected to consist of investment opportunities that are identified by the Investment Manager in connection with its, and its affiliates, current activities but which are not pursued by BGF due to risk profiles or liquidity profiles inconsistent with those of BGF.

Gearing

BGHL intends to make use of its borrowing facilities to allow it to have a gross investment exposure of up to 200 percent of its NAV at the time of investment. BGHL has power under its Articles of Incorporation to borrow up to an amount equal to 100 percent of its NAV as at the time of borrowing. It is intended that leverage will be used by BGHL for the purposes of (i) managing day to day cash flow, i.e. for meeting expenses of BGHL and for funding repurchases of its own shares and (ii) leveraging investments made by BGHL, including its investment in BGF or in other hedge funds managed by the Investment Manager (hereafter, "Manager Funds"), provided that BGHL complies with the exposure limitations set out under the heading "Asset Allocation" below.

Asset Allocation

Investments in Manager Funds

Substantially all of the net assets of BGHL are currently invested in BGF and it is anticipated that a significant proportion of BGHL's net assets will remain invested in BGF. Over time, no less than 80 percent of the NAV and no more than 110 percent of the NAV will be invested in Manager Funds, with at least 80 per cent of the NAV invested in BGF.

Investments in assets other than Manager Funds

In relation to those investments in assets other than Manager Funds, the Directors have determined that such investments shall not exceed certain limits:

- Other Hedge fund investments. The Directors have determined that BGHL's investments in hedge funds (other than Manager Funds) when aggregated may not exceed an amount equal to 25 percent of its NAV at the time of making any such investment.
- Indirect Private Equity Investments. The aggregate value of Indirect Private Equity Investments may not exceed an amount equal to 25 percent of BGHL's NAV at the time of making any such investment. In addition, BGHL will not make any single Private Equity Investment representing in excess of an amount equal to 10 percent of its NAV as at the time that investment is made. Private Equity Investments made in linked transactions will be aggregated for the purposes of this calculation.
- Other Investments (Direct Investments). The aggregate value of Direct Investments may not exceed an amount equal to 50 percent of BGHL's NAV at the time of making any such investment.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2017

2.2 The Master Fund's investment policy

The investment objective of the Master Fund, in which BGF is mainly invested, is to seek to achieve an attractive return on capital consistent with principles designed to manage risk of capital loss. The Master Fund arbitrages linear and non-linear instruments that can be exchange traded or traded over the counter. The Investment Manager may use derivative financial instruments for investment purposes or to hedge against fluctuations in the relative values of the Master Fund's portfolio positions. The investments are subject to normal market fluctuations and to the risks inherent to investment in securities. There can be no assurances that appreciation will occur. The value of financial instruments can increase as well as decrease and investors may not realise their initial investment on the disposal of their investments.

The Master Fund carries the following strategies and sub-strategies:

Volatility strategies:

- mandatory convertible bond arbitrage ("mandatories")
- convertible bond arbitrage (including credit convertible bonds)
- gamma trading

Equity strategies:

- merger arbitrage & special situations
- long / short trading with short-term catalyst & value

Credit strategies:

- credit long / short
- capital structure arbitrage

Trading:

- short-term directional trading

3. Highlights and review of the development of the business

The Investment Manager's role is to allocate BGHL's capital in accordance with its investment objective which is to produce long term appreciation of BGHL's assets. Except for its working capital, BGHL has fully invested its net assets as well as any amount borrowed.

BGHL (in Euro)	30 June 2017	31 December 2016	Variation %
Net assets	698,036,552	651,166,613	7.2%

The increase in BGHL's net assets is explained by a positive performance during the Period.

4. Performance

BGHL's Euro and Sterling Share prices and NAV per Share performed as follows:

BGHL	Ticker Bloomberg	Price		Performance	
		30 June 2017	31 December 2016	2017	5 years annualised
Euro share – Price	BGHL NA Equity	€19.65	€17.92	9.7%	11.1%
Euro share – NAV	-	€23.75	€22.14	7.2%	10.9%
Sterling share – Price	BGHS LN Equity	£16.53	£15.83	4.4%	10.9%
Sterling share – NAV	-	£20.90	£19.44	7.5%	10.2%

HFRX Global Hedge Fund Index	HFRXGL Index	1,234.25	1,203.46	2.6%	1.9%
HFRX Equal Weighted Strategies Index	HFRXEW Index	1,245.88	1,217.15	2.4%	2.3%

BGHL's NAV is calculated by BGHL's Sub-Administrator, SS&C Financial Services LLC. BGHL's Euro and Sterling Share prices are provided by Euronext Amsterdam and the London Stock Exchange, respectively. Past performances are not indicative of future results.

The Investment Manager's actions affect BGHL's performance and NAV per Share. Although the NAV per Share appreciation influences BGHL's Share price on the Amsterdam and London stock exchanges, the Investment Manager has little direct influence on the Share price and on the discount between the Share price and the NAV per Share. The performance of BGHL's Sterling NAV per share tracks the performance of BGHL's Euro NAV per share, plus/minus the impact of the EUR/GBP hedge compared to a perfect hedge and less the accretive effect of the Euro shares bought back as part of the share buy-back programme.

Boussard & Gavaudan Holding Limited
Investment Manager's Report and Financial Highlights
For the six months ended 30 June 2017

5. Risks

Through a rigorous investment process, the Investment Manager identifies and assesses risks before investing.

5.1 Risk Management Organisation and Policy

The Investment Manager has established a Risk Management unit, segregated from the Portfolio Management unit, which reports to its Chief Executive Officer. Risks and responsibilities are split between the Quantitative Risk Management team which is in charge of market risk and the Qualitative Risk Management team which is in charge of counterparty and operational risk. A Risk Management Committee oversees the Risk Management unit. Exposures are calculated from a risk management system which is third party proprietary software provided by a leading risk and portfolio management solution provider. The system provides extensive real time information on the Master Fund's exposures and limits, generates sensitivity analysis and calculates stress-tests scenarios. The open architecture of the system allows the Investment Manager to create specific in-house reports for risk management purposes.

5.2 The Master Fund's Risk Management Policy

The Master Fund takes significant market risk exposure from the investments it makes. When assessing market risks the Investment Manager always combines:

- a macroeconomic, portfolio level with a microeconomic, position specific approach;
- quantitative measures with qualitative assessments; and
- a local risk measurement which captures the impact both of limited market moves and stress scenario type measurements which captures large market moves.

5.2.1 Macroeconomic risk

Macroeconomic risk is defined as those risks having a wide ranging effect on the entire portfolio or on a significant portion of it. It results from exogenous events such as economic changes, geopolitical uncertainty or general market disruptions.

Quantitative analysis

For *limited market variations* the Investment Manager assesses exposure by using a number of sensitivity factors (colloquially known as "Greeks", a recognised set of metrics used within the financial industry) mainly linked to changes and movements in equity markets, credit instruments, interest rates and foreign exchange. Greeks are used for real time portfolio hedging.

For *extreme market variations*, stress scenarios are run to measure the impact on the portfolio of a wide variety of market situations. Scenarios, which stress all types of market data, are produced daily and can be generated on demand. The reports allow risks to be assessed from the portfolio level down into each strategy, sub-strategy, trade and finally individual instrument in order to identify the main contributors to potential losses. A "trade" generally means a combination of financial instruments which contribute to the same arbitrage opportunity. Scenarios are graduated from level 1 to 5 with level 5 scenarios bearing the largest shocks. Level 3 scenarios are tested against established tolerance limits and trigger adjustment of the portfolio when limits are breached.

Results are checked daily by the Investment Manager's front office and quantitative risk management teams. Given the non linear nature of the portfolio and the wide range of instruments and strategies used, stress scenario calculations are considered by the Investment Manager to provide a better assessment of risk than value at risk calculations. A wide range of reports are also produced to monitor exposures and concentrations of risk. "What-if scenarios" as well as other risk indicators (which aggregate all type of exposures in different ways) are scrutinised. A non aggregated vision, focusing on nominal and/or notional amounts, is also used to track excessive concentrations of risk.

Qualitative analysis

The qualitative assessment focuses on hard to measure risks such as potential changes in the liquidity of various underlying financial instruments. Small and mid caps, levered positions as well as speculative positions entailing a hedge fund liquidation risk are examples of positions exposed to liquidity changes.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2017

5.2.2 Microeconomic risk

Microeconomic risk is defined as the risk applying to a *specific "trade" position* in the portfolio and one of its main components is the *idiosyncratic risk* which measures the risks applying to *one single issuer* to whom the Master Fund has exposure. Idiosyncratic risk is used to assess events such as bankruptcy, takeovers, bond offers, credit rating changes or any other credit event. Idiosyncratic risks are identified in the decision-making phases before the investment takes place and during the investment's life.

Quantitative analysis

For *limited market variations* the Investment Manager assesses exposure by using the Greeks by issuer. For *extreme market variations*, crash tests by issuer are run. The scenario which aims at assessing the bankruptcy of an issuer aggregates all the positions of the Master Fund by issuer and then applies extreme shocks whose magnitude depends on each financial instrument type contributing to the trade and on their recovery rate which themselves depend on the seniority of instruments. The Master Fund's portfolio has protection against extreme movements by trading equity options which provide positive convexity to the portfolio. Options will behave as insurance to the portfolio in particular through their Gamma sensitivity which provides protection in the case of a market crash.

Qualitative analysis

Qualitative analysis takes account of many events such as regulatory changes, changes in the management of a company but also liquidity risk. Liquidity risk is the risk that the Master Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It also reflects the ability of the Master Fund to unwind a specific trade in a reasonable timeframe. Liquidity has, by definition, an idiosyncratic component, but it also varies according to macroeconomic conditions. The Master Fund is exposed to the risk of credit related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. This credit exposure exists within financing relationships, derivatives and other transactions. Concentrations of risk are managed by diversifying the credit sensitivity of the portfolio across sectors, countries and maturities.

5.2.3 Capital allocation process and Equity-at-risk methodology.

The Investment Manager uses the "Equity-at-risk" methodology as a key indicator to monitor the leverage and solvency of the Master Fund and to allocate capital across strategies. Within each strategy, the Equity-at-risk allocated to each trade is used to calculate the return on equity which is the ratio used to assess the profitability of a trade. The Investment Manager secures the "Excess Margin" (see below) of the funds it manages by signing agreements which allow "Haircut" levels (see below) to be fixed over a pre-agreed period of time.

Equity-at-Risk and Excess Margin methodology

Prime brokers, when providing financing to hedge funds, take a risk that they assess using their own methodology. Even though each prime broker has its own methodology and risk measure, approaches tend to be similar. Risk measures are achieved by the use of "Haircuts". Haircuts reflect the level of risk attributed by a prime broker to a position. The higher the level of haircut, the higher the risk is. These methodologies take into account, to a large extent, the benefits of hedging by applying specific haircut and netting effects to hedged positions. Under these methodologies, an amount of equity, considered at risk, is allocated through the use of haircuts to each position. Each prime broker calculates its risk exposure to the sole portion of the fund's portfolio it holds. Given that prime brokers are the main financing and leverage providers, their view of the risk is central to the Investment Manager and so is the consequence of any restriction they may impose. Their measure constitutes an independent risk measurement.

The Investment Manager replicates the methodology applied by prime brokers through a model, named "**Equity-at-risk**". The model, applied to the entire portfolio, is a proxy for the calculations of the prime brokers. The difference between the AUM and the Equity-at-risk is the "**Excess-Margin**". The level of Excess-Margin is the level of spare risk to increase positions or enter into additional ones without having to raise additional cash. An Excess-Margin of 25%, which corresponds to a 75% level of Equity-at-Risk, means that the Master Fund can theoretically increase all of the positions in its portfolio by approximately 33% without having to raise further cash. The model provides an estimation of the fund's potential for additional leverage across its prime brokers. Equity-at-risk calculations are run every night and compared to the prime broker's calculations.

Boussard & Gavaudan Holding Limited
Investment Manager's Report and Financial Highlights
For the six months ended 30 June 2017

6. Capital allocation, risk and risk adjusted returns:

6.1 Capital allocation, risks and risk adjusted returns of BGHL

BGHL's investments are diversified thanks to its exposure – through BGF – to the investment strategies of the Master Fund which is its main investment. BGHL uses its borrowings from Natixis to leverage its exposure to BGF and to finance its "other investments". The additional exposure to BGF contributed an extra performance of BGHL during the Period.

The Investment Manager is satisfied with the performance of BGHL. BGHL's assets were allocated and performed as shown in the table below.

	Euro Share	Sterling Share	Holding in % AUM		
			30-Jun-17 Exposure End	Period Exposure Minimum	Period Exposure Maximum
BGHL	7.2%	7.5%	107.5%	107.5%	112.5%
BGF Euro B Class – NAV	10.1%	10.1%	100.0%	100.0%	100.0%
BGF Euro B Class – Leverage	0.6%	0.6%	6.8%	5.1%	6.8%
Other Investments	(0.7)%	(0.7)%	0.7%	0.7%	6.3%
Foreign Exchange	-	0.3%			
Share buy back	-	-			
Fees, miscellaneous	(2.8)%	(2.8)%			

Source: Boussard & Gavaudan Investment Management LLP

BGF Euro Class B's NAV is calculated by the Administrator, SS&C Financial Services LLC

During the Period, BGHL complied with its Investment Policy and has maintained its gross and commitment exposure, as required under AIFMD, within the limits established by the Investment Manager.

BGHL % AUM	AIFMD Commitment method		AIFMD Gross method	
	Exposure	Limit	Exposure	Limit
30 June 2017	107.4%	200.0%	117.0%	200.0%
31 December 2016	112.3%	200.0%	113.6%	200.0%

6.2 Capital allocation, risks and risk adjusted returns of the Master Fund

The Master Fund's investments are diversified thanks to its exposure to its multiple investment strategies.

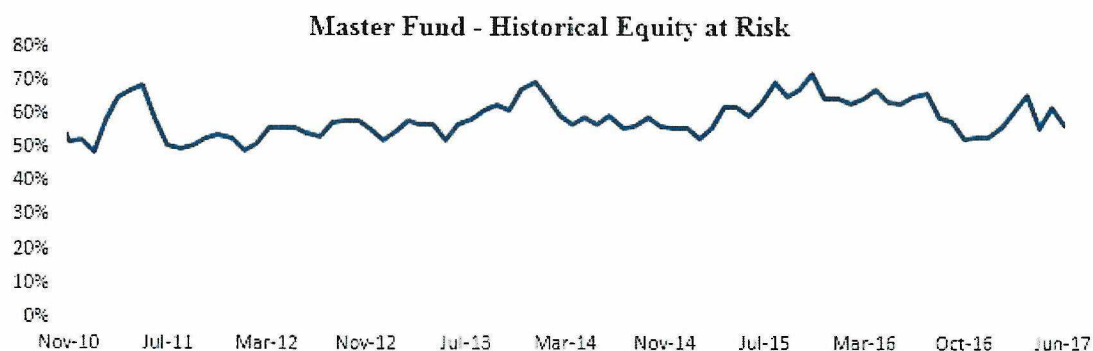
The Investment Manager allocates the capital of the Master Fund according to the Equity-at-risk methodology. The Master Fund's usage of Equity-at-risk and performance by strategies were as follows:

Master Fund (% AUM)	Performance	Equity at risk	
		30 June 2017	31 December 2016
Period ending	30 June 2017	30 June 2017	31 December 2016
Volatility strategies	0.4%	13.3%	14.5%
Equity strategies	8.4%	35.2%	27.8%
Credit strategies	0.9%	3.0%	5.0%
Trading	0.4%	4.9%	4.2%
Others	-	1.0%	2.1%
BGF Euro B Class - NAV	10.1%	57.4%	53.6%
	Excess Margin	42.6%	46.4%
	Total Risk	100.0%	100.0%

Source: Boussard & Gavaudan Investment Management LLP

Boussard & Gavaudan Holding Limited
Investment Manager's Report and Financial Highlights
For the six months ended 30 June 2017

The Investment Manager is very selective when deploying Equity-at-risk and seeks to maintain, at the Master Fund level, a prudent Excess-margin level at any time. The graph below illustrates the evolution of the equity at risk since November 2010.



Source: Boussard & Gavaudan Investment Management LLP

The Investment Manager monitors carefully the risk of the asset classes to which the Master Fund is sensitive. The main asset classes are the equity, credit and volatility asset classes which sensitivities are shown and explained below.

Asset Class	Index	Ticker Bloomberg	Master Fund's beta versus Index (5 years)	Index volatility (5 years)
Equity	Stoxx 600	SXXP index	0.07	14.5%
Credit	FTSE Euro Corporate Bonds All Maturities	FECVCP index	0.10	2.6%
Interest rate	Bloomberg / EFFAS	BEUR Index	0.10	3.7%
Asset Class	Master Fund's Vega			
Volatility	18 basis point by volatility point			

Source: Boussard & Gavaudan Investment Management LLP

A beta sensitivity of 0.10 versus an index means that if the index increases or decreases by 1%, the Master Fund is likely to increase or decrease by 0.1%. The "Stoxx 600" index is an equity market index which represents large, mid and small capitalisation companies across the main countries of the European region. The "FTSE Euro Corporate bond" index is a credit market index which includes Euro issues from corporate entities. The Investment Manager believes that these indices are the most relevant equity and credit indices to compare the Master Fund with.

A vega sensitivity of 1 basis point means that an increase in volatility by 1 percentage point leads to a performance of 0.01% for BGMF. The Vega measures the sensitivity to volatility for a given instrument. For a given instrument, it is the derivative of its price with respect to the volatility of its underlying. The Investment Manager considers the Vega to be the best proxy of the Master Fund's sensitivity to volatility and believes there are no relevant indices to compare its volatility sensitivity against.

Although interest rate is not a main asset class, it has been included in the table above to illustrate the level of hedging interest rate risk. Given that interest rate risks are essentially hedged, the Master Fund has low beta sensitivity versus the "Bloomberg/EFFAS" index which is a government bond market index.

During the reporting period, the Master Fund complied with its Investment Policy and has maintained the gross and commitment exposures, as required under AIFMD, within the limits established by the Investment Manager.

Master Fund	AIFMD Commitment method		AIFMD Gross method	
	Exposure	Limit	Exposure	Limit
30 June 2017	286.9%	700.0%	747.5%	2000.0%
31 December 2016	299.8%	700.0%	669.5%	2000.0%

Source: Boussard & Gavaudan Investment Management LLP

Boussard & Gavaudan Holding Limited
Investment Manager's Report and Financial Highlights
For the six months ended 30 June 2017

7. Detailed performance analysis

7.1. Detailed allocation and performance analysis of the Master Fund

The majority of strategies contributed positively to the Master Fund's performance which was driven mainly by equity strategies, and to a lesser extent by volatility and credit strategies.

Volatility strategies

Convertible Bond Arbitrage

Convertible bond contribution (excl. mandatories) was positive during the Period thanks to several special situation positions. In particular Futuren performed strongly as the company entered into exclusive talks to be bought by EDF Energies Nouvelles. Overall, the primary market offered few opportunities as deals were issued on expensive terms in the context of extremely low realised volatilities and low appetite from "long-only" funds. The secondary market was also very quiet, a big issue for brokers and for liquidity in general. The book remained limited and focused on special situations.

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds contributed positively during the first half of the year mostly due to mandatories trading higher. Flows were generally muted in the secondary market. In March, the primary market saw one unusual new issue, with a private investor issuing an exchangeable mandatory to finance the building of a material stake in Anglo American.

Volatility Trading

Volatility trading contributed negatively during the Period. Since the beginning of the year, volatilities collapsed across regions and asset classes. This decline not only negatively impacts the mark-to-market of positions which have a long volatility bias, but also increases the cost of carry of many positions.

Equity Strategies

During this Period, despite an uncertain macroeconomic environment, questions surrounding Donald Trump's policy actions and the elections in Europe, equity markets were on a positive trend with an extremely low realised volatility. In this context, the Investment Manager decided at the beginning of the Period to focus the portfolio on special situations. The Investment Manager believed that mergers & acquisitions and corporate activity would drive European equity markets. This stance has been profitable as the portfolio primarily benefited from the ongoing intense level of corporate activity during the first half year. The financials portfolio also performed very well. Finally, despite the low volatility environment, the Fund managed to generate a positive performance thanks to the long gamma positioning on single stocks particularly around earnings events. On the negative side, some option hedges, especially on indices, were costly.

Overall during the Period, the equity portfolio has been structurally repositioned. While some historical holdings were successfully closed out (Futuren, GFI), the Investment Manager also identified and established a number of interesting new investments.

Credit Strategies

Capital Structure Arbitrage

Capital structure arbitrage posted a net flat contribution to the performance of the Fund. The very low volatility environment persisted during the Period, with subdued moves and no specific / idiosyncratic news in this sub-strategy. Overall, both credit and equity asset classes moved positively and with a high correlation. This quiet tone prevented the Investment Manager from trading actively around existing positions and no new opportunities presented themselves.

Credit Long / Short

Credit long / short trading contributed slightly positively this Period. Alongside other risky asset classes, the Period was again characterised by low volatility. Market technicals remained supportive with steady inflows into the asset class and fluid primary markets. However, the Investment Manager remained cautious on the credit asset class and continued to have targeted exposure primarily on high conviction opportunities.

Credit Special Situations

Credit special situations contributed positively during this Period primarily driven by the successful finalisation of a restructuring plan and positive full-year results for a company outlining an improved operating performance.

Trading

Trading contributed positively this Period.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2017

7.2. Detailed performance analysis of assets other than Manager Funds

On top of its investment in the Master Fund, BGHL has other investments. At the end of the Period, the net asset value of these investments represented 5.1% of the net asset value of BGHL. In terms of market exposure, BGHL is only exposed up to 0.7% of its net asset value as the GFI shares, which are still in the portfolio, have been sold forward.

Rasaland Investors plc ("RLI")

RLI is a Malta-based holding company structured as a private equity fund in terms of fees and organisation. RLI is managed by BK Partners. RLI is dedicated to investing in land, hotels and high-end resort developments in Mexico.

As of 31 December 2016:

- RLI held a 55.0% interest in its private subsidiary ACTUR (the other ACTUR shareholders being Mexican public institutions).
- ACTUR held land developing assets (Mandarina and Xala projects) and a minority interest in the publicly-traded company RLH Properties (ticker: RLHA:MM), such indirect stake in RLH Properties accounting for approximately 25% of RLI's NAV.
- RLH Properties owned a majority interest in the Four Seasons hotel in Mexico City, the One & Only hotel under development in Mandarin and the Rosewood hotel to be developed in Mandarin,

During the Period, RLH Properties:

- increased its stake in the Four Seasons hotel in Mexico City to 66.7% with an option to acquire 100%.
- completed its acquisition of a majority interest in four hotels and a golf course in Mayakoba near Cancun (Fairmont, Rosewood, Banyan Tree and Andaz hotels and Camaleon PGA Golf Course) with an option to acquire 100%.
- raised USD 126.4 millions in a secondary equity offering, with the proceeds to be used to (i) increase participations in the Four Seasons hotel and Rosewood and Fairmont Mayakoba hotels, (ii) fund expansion of the Banyan Tree Mayakoba hotel and (iii) fund the development of the One & Only and Rosewood hotels in Mandarin.

BGIM has a fairly strong indication that it is going to be at least another 10 years until Rasaland realises its assets, whereas BGHL's exit horizon is likely to be within a much shorter timeframe. A recent transaction from May 2017 brings evidence that BGHL will only be able to exit at a material discount to the net asset value of RLI if it wishes to exit before the expected extended term. As a consequence, BGIM's valuation committee has amended its valuation methodology and fair value assessment. Since May 2017, given BGHL's time horizon to exit this investment and past transactions, the Investment Manager's valuation committee applies a 50% illiquidity discount to the net asset value per share calculated by the administrator. Consequently, RLI contributed approximately -0.63% basis points to BGHL's performance during the Period.

GFI Informatique ("GFI")

GFI is a major player in value-added IT services and software in Europe. GFI is listed on the Paris Euronext, NYSE Euronext (Compartment B) - ISIN Code: FR0004038099. On 10 May 2017, Mannai Corporation ("Mannai") announced an agreement for the acquisition by Mannai of the remaining stakes held by Boussard & Gavaudan and Apax (<http://www.gfi.world/en/newspaper/communiquel174-mannai-corporation-plans-to-acquire-an-additional-c-29-stake-in-2017>).

In accordance with this agreement, BGHL has sold forward two thirds of its position in July 2017 at a price of €8.00 per share, and the remaining third in July 2018 at a price of €8.50 per share.

The previous cross options agreed between BGHL and Mannai have been abandoned.

GFI contributed approximately -0.09% basis points to BGHL's performance during the Period. Following the sale to Mannai, BGHL has no exposure to GFI.

Boussard & Gavaudan Holding Limited
Investment Manager's Report and Financial Highlights
For the six months ended 30 June 2017

7.3 Share buy-back

No shares were repurchased during the Period.

Repurchases under the Share buy-back programme are made at a discount to the NAV and are therefore accretive to shareholders. They contribute to the outperformance of BGHL's NAV relative to that of BGF. The performance due to the Share buy-back accretion is derived from BGHL's monthly NAV estimations calculated by BGHL's sub-administrator SS&C Financial Services LLC.

8. Review of important events since the end of the Period

There have been no important events since the period end except for those disclosed in note 17 of the Financial Statements.

9. Principal Risks and Uncertainties

The principal risks and uncertainties are listed and described in the Director's report. The Board has put in place a reporting framework which highlights the following:

- the level of return generated relative to "market" returns, and the relative variability in those returns;
- the impact on NAV if sudden materially adverse movements occur in financial markets; and
- the value of assets (including assets held within the Master Fund on a "look through basis") which cannot be priced by reference to observable prices in a liquid market.

BGHL's main investment exposures, including the main risks to which the Master Fund is exposed, have been described in this report. The key market risks are equity price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The diversified nature of the investments within the Master Fund mitigates the apparent concentration risk within BGHL.

"Brexit" and the fall of Sterling versus the Euro had no significant impact on BGHL's hedge. The exposure of the Sterling shares to the Euro is hedged with a Euro / Sterling forward forex which is rolled on a monthly basis so that the capital of those shareholders invested in the Sterling shares is protected. They remain exposed to an intra month currency risk on the profit and loss made in Euro terms during each month.

The Investment Manager aims to continue to perform in accordance with its long term objective of delivering consistent NAV appreciation. The equity at risk of the Master Fund is deployed into attractive investment opportunities that are identified. The limited amount of leverage does not expose BGHL to a significant refinancing or default risk.

In terms of headline risks for 2017, an uncertain and tense political environment inside and outside Europe, instability in currency prices, and a general economic slowdown are seen as the risks most likely to have potentially adverse effects on the performance of the Fund. Risks have been exacerbated following the vote in the UK to leave the European Union. Notably, this has resulted in an environment of elevated political, legal and regulatory uncertainty that may lead to a reduction in corporate activity and investment, weaker economic growth, heightened volatility, an increase in the risk premium and potential capital outflows from the region. In addition to Europe, political uncertainty in other regions has raised the growing spectre of economic risk brought on by geo-politics, restructuring of trade deals and shifting alliances. These risks are framed within a backdrop of global asset valuations, which are no longer cheap, and central bank action, which may no longer be pursuing a quantitative easing stance and zero /low interest rate policy.

Please refer to Section 7 of this Investment Manager's Report for a description of developments over the Period relating to the GFI investment; the Investment Manager is not aware of any material adverse development since the events described in this section.

As regards RLI, the illiquid nature of the investment, the status of the Mexican real estate market and the political environment in Mexico are all factors which could potentially push down the carrying value but the valuation of RLI at a significant discount, which the Investment Manager views as fair value, mitigates the downside risk on this investment.

Boussard & Gavaudan Investment Management LLP
Acting by its managing member,
Boussard & Gavaudan Partners Limited

25 August 2017

Boussard & Gavaudan Holding Limited
Directors' Report
For the six months ended 30 June 2017

The Directors present their half-yearly report and unaudited interim condensed financial statements for the Period.

Principal Activities

During the Period, BGHL had invested substantially all of its net assets in BGF, a feeder fund fully invested in the Master Fund. The Master Fund implements diversified investment strategies, including volatility, equity and credit strategies. The overall investment objective of the Master Fund is to provide investors with consistent absolute returns primarily through investing and trading in financial instruments of companies incorporated in, or whose principal operations are in Europe.

In addition to its investment in BGF and as described in BGHL's offering memorandum and investment policy, BGHL enters into other investments, including private equity investments.

Performance of Investment Manager and Continued Appointment

The Investment Manager was appointed as Investment Manager and AIFM by BGHL, BGF and the Master Fund on 21 July 2014. The Investment Manager was registered on 5 November 2013 as a limited liability partnership or "LLP" in England and Wales for the purpose of complying with AIFMD Regulations, and the Investment Manager was authorised by the FCA on 11 July 2014 to perform the regulated activity of managing an AIF and remains so authorised.

The Board has reviewed the performance of the Investment Manager since the date of its appointment and is satisfied that the continued appointment of the Investment Manager on the terms agreed is in the interests of the Shareholders. Please refer to the Investment Manager's Report for a review of the performance of BGHL over the Period. Please also refer to note 8 to the financial statements for further details on the terms of the investment management agreement.

Results for the Period and State of Affairs at 30 June 2017

The Condensed Statement of Financial Position and the Condensed Statement of Comprehensive Income for the Period are set out in the main financial statements.

Directors

The Directors as at 30 June 2017 were:

- Christopher Fish, Chairman;
- Nicolas Wirz; and
- Andrew Henton

As announced previously, Mr Andrew Howat was appointed as a director effective 1 July, 2017 and elected by the Company's shareholders at the annual general meeting held on 27 July, 2017. Also at the annual general meeting, Mr Fish retired with immediate effect.

Following these changes, Andrew Henton assumed the role of Chairman of the Board. Following Mr Henton's appointment as Chairman of the Board, Mr Howat was appointed as Chairman of the Audit Committee instead of Mr Henton.

Directors' interests in shares

As of 30 June 2017, Mr. Fish had invested, directly or indirectly, in 8,631 ordinary Euro shares of BGHL and Mr. Wirz had invested, directly or indirectly, in 16,168 ordinary Euro shares of BGHL.

Boussard & Gavaudan Holding Limited

Directors' Report

For the six months ended 30 June 2017

Share buy-back programme and Liquidity Enhancement Agreement

BGHL's shares are dual listed on the London Stock Exchange and Euronext Amsterdam.

Since its listing, BGHL has operated a share buy back programme approved in each annual general meeting by its shareholders. The number of shares repurchased during the Period demonstrates the Board's commitment to BGHL's strategy and its efforts to reduce the discount to the prevailing NAV at which BGHL's shares are trading and to improve liquidity in the shares. Although the Board seeks to minimise its level, such discount is largely driven by market forces beyond BGHL's control. BGHL's intention is to maintain the share buy back programme as long as the discount remains greater than 10%. BGHL's share buy-back programme is financed by redemptions of BGF shares. BGF has monthly liquidity, which means that redemptions are payable once in every calendar month. BGHL does not know in advance the volumes and frequency of share buy-backs for any given month. As a result, every month BGHL needs short-term financing, which it meets by issuing variable funding notes to the Master Fund. The terms of the variable funding notes are described in note 11. The timing of and ability to redeem BGF's shares may expose BGHL to liquidity risk if the variable funding notes are recalled by the Master Fund, as described in note 4 section Liquidity risk.

On 27 July, 2017, the shareholders renewed BGHL's authority to make market purchases of its shares. Under such authority BGHL is allowed to purchase up to 8% of the shares of each class in issue (excluding treasury shares) at the time authority was granted, such shares in issue (excluding treasury shares) being 2,308,972 Euro shares and 42,313 Sterling shares. Previously, BGHL was granted an exemption by The Panel on Takeovers and Mergers in the UK from making a mandatory offer for the whole of the issued and to be issued share capital of the Company in accordance with Rule 9 of The Takeover Code if such obligation arose purely as a result of such market purchases. However, because the percentage of the Company's issued share capital which the Company was authorized to repurchase was reduced to 8% at the recent annual general meeting, there is no reasonable expectation that an obligation to make an offer will be triggered by such market repurchases, so renewal of the exemption was not sought this year.

In order to increase the liquidity of BGHL's Euro Shares on Euronext Amsterdam following the "financial crisis" in 2008, BGHL entered into a liquidity agreement with Exane on 14 August 2008. Under this Liquidity Enhancement Agreement, in accordance with Dutch accepted market practices, Exane acted on behalf of, but independently from, BGHL in effecting purchases of BGHL's Euro Shares on Euronext Amsterdam. BGHL limited the amount allocated to the execution of this contract to 2% of its market capitalisation per period. This arrangement was terminated on 16 June 2017, because it had not been used for a significant time and was no longer required. The Board will continue to monitor trading activity in the Company's shares and the prices at which they are traded and may enter into a similar such arrangement in future, if the Board in its absolute discretion considers it to be necessary or desirable in the best interests of the Company.

Repurchases under the Share buy-back programme are made at a discount to the prevailing NAV and are therefore accretive to the NAV. They contribute to the outperformance of BGHL's NAV relative to that of BGF. During the Period, no Sterling shares nor Euro shares were repurchased.

Repurchase of own shares for the period ended:	30 June 2017	31 December 2016
Treasury Shares	-	660,881
Average Price	-	€16.06
Amount Euro	-	€10,610,877

The discount of the shares with respect to their NAV was the following.

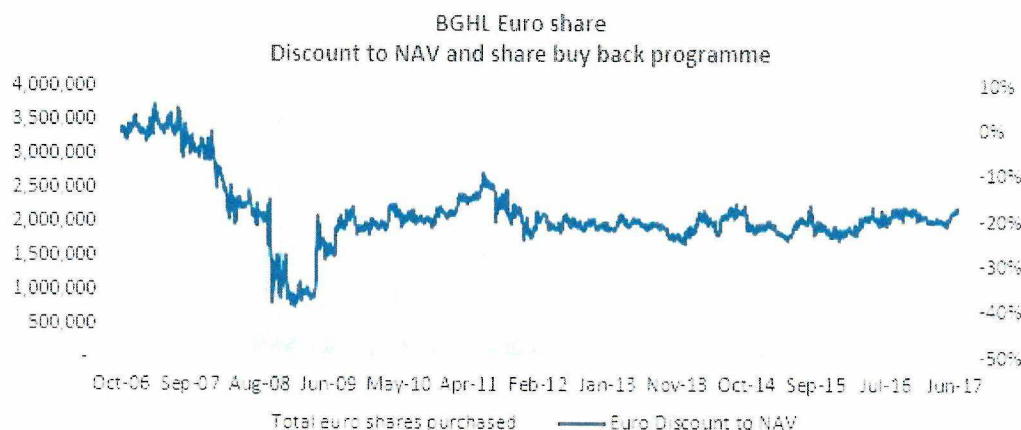
Discount to NAV	30 June 2017	31 December 2016
Euro Share	(17.3) %	(19.1) %
Sterling Share	(20.9) %	(18.6) %

Boussard & Gavaudan Holding Limited

Directors' Report

For the six months ended 30 June 2017

Below is a graph showing the discount to their NAV at which BGHL's Euro shares have traded and the Euro share buy-back activity since BGHL's inception. BGHL did not repurchase any Sterling shares in the Period.



Directors' Interests and Remuneration

Save as disclosed in these financial statements, BGHL is not aware of any potential conflicts of interest between any duty owed to BGHL by any of the Directors and their respective private interests. As advised to shareholders in July, the Directors' fees were reduced with effect from 1 July, 2017 and each Director is currently paid an annual fee of €20,000, other than the Chairman, who is entitled to receive €38,000 per annum, and the Chairman of the Audit Committee, who receives an additional fee of €7,500 per annum.

Due to the nature of their roles and in light of BGHL's stated investment objective and policy, no discretionary compensation payments are ordinarily made to the Directors. No Director has a contract for services and none of them is entitled to compensation in lieu of notice.

Shareholders are at each annual general meeting given the opportunity to vote on the Directors' remuneration.

Directors' Duties and Responsibilities

The Directors' responsibilities are as follows:

- Statutory obligations and public disclosure;
- Strategic matters and financial reporting;
- Oversight of management and advisors' matters;
- Risk assessment and management, including reporting, monitoring, governance and control;
- Other matters having a material effect on BGHL.

Principal Risks and Uncertainties

BGHL's business model involves identifying and taking positions on assets whose market price does not reflect the Manager's assessment of intrinsic value. As market prices trend towards the Manager's assessment of intrinsic value, profits are generated. In adopting this strategy, BGHL is deliberately and consciously exposed to various types of market risk which are described in the report of the Investment Manager. Additional risks are described in the notes to the accompanying financial statements. The Report of the Audit Committee included in the most recently published annual financial report describes financial reporting risks and how these risks have been mitigated. The Board believes that these disclosures are accurate, complete and not misleading.

The most significant risk identified by the Directors is that of the investment strategy pursued by the Master Fund no longer achieving its investment objectives, leading to non-achievement by BGHL of a long term appreciation in its asset value on a "per share" basis. This might be occasioned if the pricing relationships between and within different asset classes diverged materially from historical patterns, or the quality of investment analysis conducted within the Investment Manager was materially degraded. The next most significant risk is considered to be illiquid and / or non-traded investments not being realisable at their stated carrying value, thereby diluting NAV.

Boussard & Gavaudan Holding Limited

Directors' Report

For the six months ended 30 June 2017

Brexit is not considered to pose a particular risk to BGHL. The hedging strategy adopted in relation to the Sterling share class is described in the report of the investment manager. BGIM is regulated to carry out investment management activities in both the UK and France, and has the necessary infrastructure to carry out such activity in both jurisdictions. In the event that political, regulatory or macro economic conditions changed such that it was beneficial for the investment manager to consolidate its activities in only one of these locations, the necessary changes could be implemented swiftly relying on procedures that are regularly tested as part of the business continuity plan.

The Investment Manager seeks to deliver risk adjusted returns which are attractive. The main reports which the Investment Manager provides to the Board, and by which risk exposures are assessed, are as follows:

Relative performance analysis: NAV accretion or dilution is reported monthly, and broken down by attribution to each specific strategy pursued within the Master Fund. Individual and aggregated strategy performances are compared to relevant indices or benchmarks. This serves to highlight over and under performances, and also any divergence from historic trends.

Stress testing: The impact on NAV is modelled each month against a series of downside scenarios. These scenarios make allowance not just for market movements, but also for liquidity related events (for example "mid cap" stocks falling by a greater amount than the main index due to materially reduced trading volumes in smaller company stocks). Different scenarios are modelled both singly, and in combination so that "contagion" risks are considered. Portfolio construction is informed by the results of this modelling.

Pricing analysis: The Investment Manager shares with the Board of Directors analysis that is prepared by the administrator of the Master Fund. This highlights the percentage of NAV in the Master Fund which is based on prices that cannot be independently verified by reference to an independent or market source. The existence of instruments for which independent pricing is not available is deemed to be a risk factor, and any such instruments are subjected to additional ongoing scrutiny.

In addition to the various financial and market risks, the Board actively monitors operational and commercial risk. Key risks in this regard are the following:

Prevailing share price: BGHL's shares currently trade at a discount to NAV and have done so for several years. The level of discount is monitored actively, and measures continue to be taken to try and narrow the discount. However, this is a function of supply and demand for BGHL's shares in the market and cannot therefore be controlled by the Board. The key element of the programme by which the Board seeks to manage the level of discount is the share buy back programme. For so long as the prevailing share price remains markedly less than NAV, it is value accretive to shareholders when BGHL buys back its own shares at that price. The Board authorised share buy backs on an opportunistic but regular basis throughout the Period and anticipates continuing this policy during 2017. In considering other interventions that might influence the level of discount, the Board seeks to avoid significantly increasing the total expense ratio and to favour actions which are persistent in their effect, as opposed to short term and transient.

Scale of operations: The Board reviews the operational plans of the Investment Manager at least annually. In so doing it seeks assurances that adequate resources are available to maintain an effective and compliant operating infrastructure. Future business development plans, headcount, organisational structure and the experience of operational incidents (if any) are all taken into account.

Service providers: BGHL places reliance on the administrator, sub-administrator, depositary and sub-custodian of the Master Fund. To the extent that independent assurance statements or reports can be obtained in relation to these firms, the Board of Directors requests them. Oversight is also exercised via open market sources (credit ratings), direct enquiry of the Investment Manager and feedback from other independent advisers (including the auditor).

Cyber security: The threat posed by "hackers" to companies operating in the financial services sector, (the nature of whose activities involves the management of assets readily convertible into cash) is acknowledged by the Board of Directors. The measures in place to mitigate these risks (including those measures intended to identify and contain intrusions, should they occur) is an area of particular attention and forms part of the oversight regime directed at the Manager and key service providers.

The Business Risk Assessment is used to monitor risk in its wider sense. This document identifies and describes key risks under seven categories (investment, liquidity, credit, market, counterparty, operational and governance), identifying the relevant controls by which to mitigate the associated risks. Impact assessments (a function both of likelihood and severity of impact) are considered for every risk identified, and the document

Boussard & Gavaudan Holding Limited
Directors' Report
For the six months ended 30 June 2017

informs both resource allocation (including the allocation of operational responsibility) and decision making about changes or additions to the control environment.

Risk Management and Internal Control Systems

The Audit Committee has conducted a review of BGHL's system of internal controls and further information is given in the Report of the Audit Committee included in the most recently published annual financial report.

The Board is ultimately responsible for BGHL's system of internal controls and for reviewing its effectiveness. The Board has developed a framework that is designed to manage, rather than to eliminate the risk of failure to achieve BGHL's business objectives. The framework involves identifying sources of risk, the potential significance (financial and operational) of any risk impact(s), and the associated controls in place to identify, pre-empt and mitigate those potential impacts. This is documented in a Business Risk Assessment which is considered at least annually by the Board. The framework is discussed with the Manager, and members of the Audit Committee conduct an on site review meeting with the Investment Manager to review the effectiveness of controls and any breaches / errors that have occurred since the last inspection visit. Any such control failures are also recorded on an exceptions basis and reported at quarterly Board meetings or in real time if sufficiently significant. No significant failings or weaknesses have been identified. These processes ensure an at least annual review of BGHL's system of internal controls, including financial, operational, compliance and risk management. The system can only provide reasonable and not absolute assurance against material misstatements.

The Board has delegated the management of BGHL's investment portfolio, the provision of custody services, the administration (including the independent calculation of BGHL's NAV), share registration, corporate secretarial functions and the production of the half-yearly and annual independently audited financial reports. The Board retains accountability for the functions it delegates. Formal contractual arrangements have been put in place between BGHL and the providers of these services.

Compliance reports are provided at each quarterly Board meeting by BGHL's Secretary. The Board considers that its internal control processes meet best practice as recommended in the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the UK's Financial Reporting Council as an adjunct to the UK Corporate Governance Code.

Regulatory Compliance

BGHL keeps abreast of regulatory and statutory changes and responds as appropriate. The Board continues to take advice on AIFMD from external professional advisers and to implement necessary measures to ensure compliance with relevant requirements of the AIFMD Regulations. The Chief Compliance Officer within the Investment Manager is also a resource relied upon by the Board in this regard. Although the majority of the obligations associated with AIFMD are applicable to the AIFM, the Board is satisfied that BGHL as an AIF complies fully with its relevant obligations under the UK's AIFMD and the AIFMD Regulations 2013.

Going Concern

The Board conducts a rigorous and proportionate assessment of BGHL's operational and financial risks with reference to cash flow requirements, debt positions and the liquidity of investments on a quarterly basis.

Currently BGHL has a debt position, the purpose of which is to finance share buy backs. The debt position is repaid in full using the proceeds from redemptions of a portion of its shares in BGF on a monthly basis. It remains at the discretion of BGHL to continue its share buy back activity in the future.

BGHL has also borrowed €70m from Natixis under the committed revolving loan facility agreement described in note 11 to the financial statements.

In addition to the management obligations associated with these debt positions, BGHL also incurs ongoing fees and expenses associated with its day to day operations.

The Directors regularly consider the financial solvency of BGHL and are required by the Law to do so on every occasion that any distribution is to be declared, including, but not limited to, dividends, the redemption and conversion of shares, and repurchases by BGHL of its own shares. Under Guernsey law, there is no limit on the period of time for which the Directors are required to consider BGHL's future solvency. The Directors are confident that BGHL's assets exceed its liabilities and that BGHL has sufficient liquid assets to meet its debts as they fall due. In addition, should BGHL have insufficient cash to meet its expenses, BGHL expects that it would

Boussard & Gavaudan Holding Limited
Directors' Report
For the six months ended 30 June 2017

very rapidly be able to realise sufficient investments to meet such expenses. This is evidenced by a formal solvency statement.

After making enquiries, the Board has a reasonable expectation that BGHL has adequate resources to continue in operational existence for at least the next twelve months. Therefore, the financial statements have been prepared on a going concern basis.

Relations with Shareholders

BGHL considers the ongoing interests of investors and other stakeholders on the basis of open and regular dialogue with the Investment Manager. Additionally, shareholders are welcome to contact the Board of BGHL in writing via the Secretary, should they wish to have a dialogue and/or provide any feedback.

Furthermore, at a minimum, the Chairman of the Board and the Chairman of the Audit Committee attend BGHL's annual general meeting. As recommended by E.2.1 of the Code, a separate resolution is proposed on each substantially separate issue at each general meeting of shareholders, including a vote on BGHL's annual financial report at the annual general meeting, and forms of proxy issued by BGHL for use at each general meeting provide for three way voting – for, against or vote withheld. Notices of annual general meetings are always sent at least 20 working days before the meeting and in accordance with the notice periods set out in the Companies Law.

After each general meeting, the results of the meeting are announced as recommended by E.2.2 of the Code and the announcement of results is also made available on the BGHL's website. As a matter of best practice, all resolutions are voted upon on a poll. Finally, if required, BGHL can also make available representatives of the Investment Manager to shareholders.

While BGHL reports formally to its shareholders twice a year, it also maintains a website which contains comprehensive information (www.bgholdingltd.com). This includes historic communications, investment philosophy, risk management policies, Investment Manager's reports, statistical information and corporate governance guidelines.

By order of the Board



Andrew Henton
Chairman



Andrew Howat
Director

25 August 2017

Boussard & Gavaudan Holding Limited

Interim Management Report

In accordance with the requirements of the Disclosure Guidance and Transparency Rules (UK Financial Conduct Authority Handbook) the Directors each confirm to the best of their knowledge that:

- (a) the interim condensed financial statements for the period ended 30 June 2017 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit of BGHL.
- (b) the condensed half yearly report includes a fair review of the development and performance of the business and the position of BGHL for the year to date, together with a description of the principal risks and uncertainties that BGHL faces for the remaining six months of the financial year.
- (c) There were no related party transactions in the Period, nor any changes in related party transactions described in the last annual report, that could have a material effect on the financial position of BGHL in the Period, other than as disclosed in the financial statements. Details of related parties are set out in note 6 to the financial statements.

By order of the Board



Andrew Henton
Chairman



Andrew Howat
Director

25 August 2017

Boussard & Gavaudan Holding Limited

Independent Review Report

INDEPENDENT REVIEW REPORT TO THE DIRECTORS OF BOUSSARD & GAVAUDAN HOLDING LIMITED

Introduction

We have been engaged by the Company to review the unaudited interim condensed financial statements for the six months ended 30 June 2017 which comprises of the Condensed Interim Statement of Financial Position, Condensed Interim Statement of Comprehensive Income, Condensed Interim Statement of Changes in Equity, Condensed Interim Statement of Cash Flows and related notes 1 to 18. We have read the other information contained in the Half Yearly Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited interim condensed financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The Half-Yearly Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Yearly Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the Annual Financial Statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

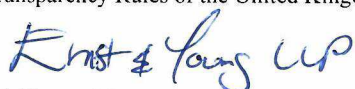
Our responsibility is to express to the Company a conclusion on the unaudited interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and 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 unaudited interim condensed financial statements for the six months ended 30 June 2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.



Ernst & Young LLP
Guernsey
Date: 25 August 2017

Notes:

- 1. The maintenance and integrity of the Boussard & Gavaudan Holding Limited web site is the responsibility of the directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the unaudited interim condensed financial statements since they were initially presented on the web site.*
- 2. Legislation in Guernsey governing the preparation and dissemination of unaudited interim condensed financial statements may differ from legislation in other jurisdictions.*

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Financial Position
30 June 2017

		UNAUDITED	AUDITED
		As at	As at
		30 June 2017	31 December 2016
	Note	€	€
Assets			
Investments at fair value through profit or loss			
Cost € 451,558,788 (2016: € 461,898,700)	3	779,792,508	734,637,786
Due from brokers	14	2,382,605	2,393,004
Unrealised gain on forward derivatives contracts	3	1,803,310	-
Interest and dividends receivable		195,474	-
Total assets		784,173,897	737,030,790
Equity and liabilities			
Liabilities			
Loans payable	11	70,000,000	70,000,000
Unrealised loss on forward derivatives contracts	3	167,291	820,806
Provision for transaction fees	15	1,365,576	1,478,300
Performance fees payable	8	11,797,086	10,961,356
Management fees payable	8	2,601,065	2,451,854
Other liabilities		103,417	39,184
Interest payable	11	102,910	112,677
Total liabilities		86,137,345	85,864,177
Equity			
Share capital		511,878,078	511,878,078
Treasury shares		(2,393,250)	(2,393,250)
Retained earnings		188,551,724	141,681,785
Total equity		698,036,552	651,166,613
Total equity and liabilities		784,173,897	737,030,790
Net asset value per share:			
Class A EURO shares outstanding 28,862,115 (2016: 28,862,115)		€ 23.7494	€22.1449
Class A GBP shares outstanding 528,912 (2016: 528,912)		£20.9024	£19.4401

The financial statements on pages 23 to 38 were approved by the Board of Directors on 25 August 2017 and signed on its behalf by:



Andrew Henton
Chairman



Andrew Howat
Director

The accompanying notes on pages 27 to 38 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Comprehensive Income
For the six months ended 30 June 2017

	UNAUDITED For six months ended 30 June 2017 Note €	UNAUDITED For six months ended 30 June 2016 €
Income		
Net realised gain on financial assets and liabilities at fair value through profit or loss	6,011,321	38,082,846
Net change in unrealised gain on financial instruments at fair value through profit or loss	57,951,461	6,335,074
Net gain on financial assets at fair value through profit or loss	63,962,782	44,417,920
Other realised and unrealised foreign currency gain	1,256	2,617
Dividend income	770,311	402,386
Interest income	112,677	-
Change in provision for transaction fees	112,724	-
Total income	64,959,750	44,822,923
Interest expense	761,153	540,341
Interest expense on cash equivalent	6,066	6,266
Performance fees	8 11,797,085	8,463,720
Management fees	8 5,070,771	4,745,508
Administrative fees	7 51,854	55,364
Directors fees	6 47,977	49,125
Transaction fees	15 -	1,478,300
Professional fees	4,753	3,894
Audit fees	29,777	38,805
Other expenses	89,282	83,753
Total expenses	17,858,718	15,465,076
Net Profit before tax	47,101,032	29,357,847
Taxation		
Withholding tax	(231,093)	-
Net Profit and total comprehensive income	46,869,939	29,357,847
Basic and diluted earnings per share		
Class A EURO €46,307,412 Profit / 28,862,115 shares (2016: €30,229,844 Profit / 28,897,639 shares)	€ 1.6044	€ 1.0461
Class A GBP £465,324 Profit / 528,912 shares, (2016: £(744,325) Loss / 494,962 shares)	£0.8798	£(1.5038)

There is no statement of Other Comprehensive Income presented as there was no other comprehensive income during the Period.

All activities are of a continuing nature.

The accompanying notes on pages 27 to 38 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Changes in Equity
For the six months ended 30 June 2017

	Share Capital	Distributable Reserve	Treasury Shares	Retained Earnings	Total Equity
	€	€	€	€	€
2017 - UNAUDITED					
Balance as at 1 January 2017	511,878,078	-	(2,393,250)	141,681,785	651,166,613
Total comprehensive income	-	-	-	46,869,939	46,869,939
Balance as at 30 June 2017	511,878,078	-	(2,393,250)	188,551,724	698,036,552

	Share Capital	Distributable Reserve	Treasury Shares	Retained Earnings	Total Equity
	€	€	€	€	€
2016 - UNAUDITED					
Balance as at 1 January 2016	511,878,144	-	(10,513,775)	121,302,676	622,667,045
Total comprehensive income	-	-	-	29,357,847	29,357,847
Treasury Shares acquired	-	-	(10,610,877)	-	(10,610,877)
Treasury Shares cancelled	(66)	(18,731,336)	18,731,402	-	-
Transferred from retained earnings	-	18,731,336	-	(18,731,336)	-
Balance as at 30 June 2016	511,878,078	-	(2,393,250)	131,929,187	641,414,015

The accompanying notes on pages 27 to 38 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Cash Flows
For the six months ended 30 June 2017

	UNAUDITED For six months ended 30 June 2017 €	UNAUDITED For six months ended 30 June 2016 €
Cash flows from operating activities		
Net Profit and total comprehensive income	46,869,939	29,357,847
<u>Adjustments to reconcile net profit to net cash used in operating activities:</u>		
Unrealised gain on financial instruments at fair value through profit and loss	(57,951,461)	(6,335,074)
Realised gain on financial instruments at fair value through profit and loss	(6,011,321)	(38,082,846)
Decrease/(increase) in due from brokers	10,399	(863,785)
Increase in interest and dividends receivable	(195,474)	(402,386)
Decrease in interest and dividends payable	(9,767)	(15,329)
Decrease in due to brokers	-	(114,503)
Increase/(decrease) in performance fee payable	835,730	(13,607,299)
Increase in management fee payable	149,211	61,303
(Decrease)/increase in provision for transaction fees	(112,724)	1,478,300
Increase/(decrease) in other liabilities	64,233	(27,581)
Net cash used in operating activities	<u>(16,351,235)</u>	<u>(28,551,353)</u>
Cash flows from investing activities		
Purchase of investments at fair value through profit or loss	-	(44,584,248)
Sales of investments at fair value through profit or loss	17,313,040	90,241,970
Net cash provided by investing activities	<u>17,313,040</u>	<u>45,657,722</u>
Cash flows from financing activities		
Treasury shares acquired	-	(10,610,877)
Net settlements of foreign exchange forward derivative contracts	(961,805)	(995,492)
Repayment of other loan payable	-	(24,100,000)
Proceeds from other loan payable	-	18,600,000
Net cash used in financing activities	<u>(961,805)</u>	<u>(17,106,369)</u>
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at 01 January	-	-
Cash and cash equivalents at 30 June	<u>-</u>	<u>-</u>
Supplementary information		
Interest received	112,677	-
Interest paid	(776,986)	(561,936)
Dividend received	574,837	-

The accompanying notes on pages 27 to 38 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

1. General information

1.1 BGHL

BGHL is a limited liability closed-ended investment company incorporated in Guernsey on 3 October 2006 with registration number 45582.

BGHL was admitted to the Eurolist Market operated by Euronext Amsterdam on 3 November 2006. As a result of listing and trading of the shares on Euronext Amsterdam, BGHL is subject to Dutch securities regulations and to supervision by the relevant Dutch authorities. BGHL is registered with the Dutch Authority for the Financial Markets as a collective investment scheme.

On 28 July 2008, BGHL's shares were also admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange Plc's main market for listed securities. As a result of admission to the Official List of the UK Listing Authority, BGHL is subject to the UK Listing Authority's Listing, Prospectus, Disclosure and Transparency Rules, save where Dutch securities regulations take precedence. BGHL's share issue costs were borne by the Investment Manager.

At the time of this dual listing, BGHL created a class of shares denominated in Sterling (the "Sterling Shares") through the conversion of existing Euro shares into new Sterling shares at the prevailing NAV per Euro share as at 30 June 2008. From that date, shareholders have been able to convert their existing holding of shares in BGHL from one class into another class. Conversions, from one class to another, are effected once a year on the last business day of November, in compliance with the procedure published on BGHL's website.

1.2 The Investment Manager

Boussard & Gavaudan Investment Management LLP is the Investment Manager of BGHL. The Investment Manager is an English limited liability partnership. The Investment Manager is authorised by the United Kingdom's Financial Conduct Authority to perform the activity of managing alternative investment funds.

The Investment Manager also manages BGF and the Master Fund.

The Administrator arranges for the monthly publication of the NAV of BGHL as at the end of the previous month and the Investment Manager provides daily estimates.

As of 30 June 2017 and 31 December 2016 neither of BGHL and BGF had any employees or owned any facilities.

2. Accounting policies

Basis of preparation and statement of compliance

The financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union and with legislation and rules pertaining to the Amsterdam Euronext and London Stock Exchange Listing.

The financial statements have been prepared on an historical cost basis except for financial assets and liabilities held at fair value through profit or loss that have been measured at fair value.

The financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with BGHL's annual financial statements for the year ended 31 December 2016, which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The accounting policies have been applied consistently by BGHL to all periods presented in these interim financial statements. The same accounting policies, presentation and methods of computation are followed in this set of condensed financial statements as applied in BGHL's latest annual audited financial statements for the year ended 31 December 2016. Major accounting policies are described below.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

New standards, amendments and interpretations issued but not effective for the Period beginning 1 January 2017 and not early adopted by BGHL

IFRS 9, 'Financial Instruments', effective for annual periods beginning on or after 1 January 2018 (endorsed by European Union), specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. BGHL has assessed the impact of the standard and conclude there will be no material impact on its financial position or performance after adoption of the standard and it is expected that BGHL will continue to classify its financial assets and financial liabilities as being at fair value through profit or loss.

Disclosure Initiative (Amendments to IAS 7) are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted. BGHL is in the process of assessing the impact of standard on its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant or material impact on BGHL.

Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the amounts in the financial statements and accompanying notes.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, BGHL performs sensitivity analysis or stress testing techniques.

BGHL invests in private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

The Investment Manager considers the valuation techniques and inputs used in valuing these investments as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund.

BGHL also applies judgement when selecting the method of valuation of other investments and uses estimates while assessing their fair value (please refer to note 3 for description of methods and assumptions used).

Management believes that the estimates utilised in preparing its financial statements and management judgements applied are reasonable. However, actual results could differ from these estimates.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which BGHL operates ('the functional currency'). The functional currency is Euro, which reflects BGHL's primary activity of investing in Euro denominated securities. BGHL has adopted the Euro as its presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Financial assets and liabilities at fair value through profit or loss

Financial assets are designated by management at fair value through profit or loss at inception as the group of assets is managed and its performance is evaluated on a fair value basis in accordance with BGHL's investment strategy and information about the investments are provided to the board of Directors on that basis.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes equity security held for the purpose of selling in the short term.

Investments are initially recognised at fair value excluding attributable purchase costs. Listed securities are subsequently valued by using quoted prices, whereas non-listed equities are determined by using the NAV determined by independent administrator as its basis or by using valuation models. The valuation methodology is discussed in note 3.

Changes in the fair value of investments are recorded in the Statement of Comprehensive Income in net unrealised gain/loss on financial assets at fair value through profit or loss.

Transfers between levels of the fair value hierarchy, are deemed to have occurred at the end of the reporting period.

Recognition/derecognition of financial assets and liabilities at fair value

Purchases and sales of financial assets and liabilities at fair value are recognised on the trade date - the date on which BGHL commits to purchase or sell the investment. Financial assets and liabilities are derecognised when the rights to receive cash flows from the investments have expired or BGHL has transferred substantially all risks and rewards of ownership.

Loans payable

Loans payable are carried at amortised cost.

Forward contracts

A forward contract is a contract which obliges one party to the contract to buy, and the other party to sell, the asset that is the subject of the contract for a fixed price at a future date. Forward contracts are recorded at fair value with all changes in fair value recognised in the Statement of Comprehensive Income.

A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward foreign exchange contracts are valued by reference to the forward price at which a new forward contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price, and is recognised in the Statement of Comprehensive Income.

Due from and due to brokers

Amounts due from and to brokers represent deposits held with brokers, receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively, and cash pledged as collateral on derivative contracts.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts.

Taxation

Current income tax assets and liabilities for the current Period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where BGHL directly and through the Master Fund, operates and generates taxable income.

BGHL invests in foreign countries which may levy withholding tax at source on revenues derived by non residents. Where such tax is withheld at source by the broker or another party BGHL records the revenue on a gross basis in Statement of Comprehensive Income (the revenue is grossed up and offset against an expense representing the tax withheld at source).

Income and expenses

Income is recognised in the Statement of Comprehensive Income as it occurs on an accrual basis.

Expenses are accounted for as they occur on an accrual basis. Expenses are charged to the Statement of Comprehensive Income.

Interest income and expense

Interest income, arising on due from brokers and interest expense on due to broker and short term loan are recognised in the Statement of Comprehensive Income within interest income and interest expense using the effective interest method.

Dividend income

Dividend income is recognised on ex-dividend date.

Investment entity

BGHL has unrelated investors and holds multiple investments. Ownership interests in BGHL are in the form of equity shares which are exposed to variable returns from changes in the fair value of BGHL's assets and liabilities. BGHL has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- (a) BGHL has obtained funds for the purpose of providing investors with investment management services.
- (b) BGHL's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income, through investments
- (c) The performance of investments is measured and evaluated on a fair value basis.

BGHL's exit strategy with respect to its investment in BGF is that BGHL may redeem its shares in BGF on a monthly basis and does not have any special or preferential rights in BGF. Redemptions and subscriptions in BGF are made in order to manage BGHL's exposure in accordance with BGHL's investment policy.

Basic and diluted earnings per share, and NAV per share

Basic earnings per share are calculated by dividing the net income by the weighted average number of registered shares in issue, during the Period. There is no difference between the basic and diluted earnings per share.

NAV per share is calculated by dividing the net assets at the Statement of Financial Position date by the number of shares outstanding at the Statement of Financial Position date.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

Treasury shares

When BGHL purchases its own equity instruments (treasury shares), they are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of BGHL's own equity instruments.

Provision

Provisions are recognised when BGHL has a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount.

3. Fair value of financial instruments

The following tables analyses BGHL's net assets between the three levels of the fair value hierarchy:

30 June 2017	Level 1	Level 2	Level 3	Total Fair Value	Total Cost
	€	€	€	€	€
Financial assets at fair value through profit & loss					
Designated as fair value at inception					
BG Fund	-	745,193,892	-	745,193,892	421,852,710
Private equity investments	-	-	4,515,493	4,515,493	6,350,396
Held for trading					
Listed equity investments	30,083,123	-	-	30,083,123	23,355,682
	30,083,123	745,193,892	4,515,493	779,792,508	451,558,788
Derivatives					
Forward contracts		1,803,310		1,803,310	-
Total	30,083,123	746,997,202	4,515,493	781,595,818	451,558,788
Financial liabilities at fair value through profit & loss					
Derivatives					
Forward Foreign exchange contracts	-	(167,291)	-	(167,291)	-
Total	30,083,123	746,829,911	4,515,493	781,428,527	451,558,788
31 December 2016	Level 1	Level 2	Level 3	Total Fair Value	Total Cost
	€	€	€	€	€
Financial assets at fair value through profit & loss					
BG Fund	-	693,732,060	-	693,732,060	432,029,473
Private equity investments	-	-	9,471,461	9,471,461	6,350,396
Money market fund	163,148	-	-	163,148	163,149
Listed equity investments	31,271,117	-	-	31,271,117	23,355,682
Total	31,434,265	693,732,060	9,471,461	734,637,786	461,898,700
Financial liabilities at fair value through profit & loss					
Derivatives					
Forward Foreign exchange contracts	-	(820,806)	-	(820,806)	-
Total	31,434,265	692,911,254	9,471,461	733,816,980	461,898,700

Other short term operating assets and liabilities are excluded from the table due to their nature.

In accordance with IFRS, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. The above tables analyse BGHL's investment into the three levels of fair value hierarchy in accordance with IFRS 13 as described below:

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

Level 1 – quoted prices in active markets for identical investments that BGHL has the ability to access.
Level 2 – valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment spreads, credit risk, etc.) or quoted prices from inactive exchanges. Forward contracts are valued primarily based on market observable inputs such as a share price or forward foreign currency curves at the balance sheet date.
Level 3 – valuations based on significant unobservable inputs (including BGHL's own assumptions in determining the fair value of investments).

3.1 Level 3 investments

Financial assets	30 June 2017	31 December 2016
	€	€
Opening Balance	9,471,461	51,129,899
Sales	-	(43,219,068)
Unrealised loss	(4,955,968)	(21,294,413)
Realised gain	-	22,855,043
Closing Balance	4,515,493	9,471,461

The above table presents the movements in Level 3 investments. There were no transfers between levels for the period ended 30 June 2017.

Rasaland Investors Plc ("RLI")

RLI is classified as a Level 3 asset for valuation purposes since its fair value uses significant unobservable inputs. RLI is administered by Francis J. Vassallo & Associates, a Maltese company. RLI management value the net assets of the company using a documented valuation procedure. The key significant unobservable input used in this process is land values in Mexico sourced from independent professional advisers, Cushman & Wakefield. These "area based" land values are applied without adjustment to individual properties, the existence and ownership of which is also independently verified by law firm Baker & Mackenzie. Consistent and accurate application of the agreed valuation methodology is verified by PricewaterhouseCoopers on an annual basis. The administrator, Francis J. Vassallo & Associates, only performs an annual valuation each 31 December, resulting in a stale NAV per share at each 30 June period end. The value of RLI had remained almost unchanged, slightly above cost, since BGHL made its investment in June 2008.

In accordance with BGHL's valuation policy, this investment is treated as a private equity fund which should be valued at fair value but, in order to reflect the uncertainty in the valuation, the investment was carried at cost (\$1.00) as long as the NAV per share remained between \$1.00 and \$1.25. This was the case as at 31 December 2016.

However, in the period, BGIM has received a fairly strong indication that it is going to be at least another 10 years until Rasaland realises its assets, whereas BGHL's exit horizon is likely to be within a much shorter timeframe. A recent transaction from May 2017 brings evidence that BGHL will only be able to exit at a material discount to the net asset value of RLI if it wishes to exit before the expected extended term. As a consequence, BGIM's valuation committee has amended its valuation methodology and fair value assessment. Since May 2017, given BGHL's time horizon to exit this investment and past transactions, the Investment Manager's valuation committee applies a 50% illiquidity discount to the net asset value per share calculated by the administrator. The change in unrealised loss on the RLI investment for the period amounted to €4,955,968 (Period ended 30 June 2016: loss of €204,310) attributable to the marking down of this investment by a 50% discount to the latest year-end net asset value per share.

RLI	30 June 2017	31 December 2016	Variation %
NAV per share (USD)	1.0308	1.0308	-
Discounted price	0.5154	-	-
Carrying value (USD)	0.5154	1.00	48.5%

Source: Francis J. Vassallo & Associates

The valuation produced by BGHL is derived from the net asset value, which is driven by land and hotel asset values and there is a direct correlation between those values and the net asset value of RLI. In addition, the valuation is sensitive to change in the illiquidity discount. As of 30 June 2017, a 10% increase or decrease in the NAV per share or Carrying value would result as below:

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

	Quantity	Type	Price	Asset Value €	10% increase			10% decrease		
					Price +10%	Asset Value €	Gain €	Price -10%	Asset Value €	Loss €
30 Jun 2017	9,999,968	NAV per share (USD)	1.0308	9,030,985	1.13	9,934,084	903,098	0.93	8,127,887	(903,098)
		Carrying value (USD)	0.5154	4,515,493	0.57	4,967,042	451,549	0.46	4,063,944	(451,549)
31 Dec 2016	9,999,968	NAV per share (USD)	1.0308	9,763,181	1.13	10,739,500	-	0.93	9,057,499	(705,683)
		Carrying value (USD)	1.0000	9,471,460	1.10	9,471,460	-	0.90	8,524,314	(947,146)

3.2 Level 2 investments

The significant majority of BGHL's gross assets are invested in the Master Fund. Notwithstanding the significance of BGHL as a material investor in the Umbrella Fund, BGHL does not enjoy any special or particular rights in relation to the management of the Master Fund because of the voting rights attached to its investment. Specifically, it receives no information from the Umbrella Fund that is not communicated simultaneously to other investors, has no right to appoint a Director or attend board meetings, and has no influence on investment and operational decisions. Therefore, BGHL has no control over the Umbrella Fund nor, in the opinion of the Directors, could it exercise significant influence as described in IAS 28.

BGHL's investment in BGF is classified as Level 2 in the fair value hierarchy because the only inputs to valuation are number of shares and the quoted observable market price of those shares. The quoted price is published on the Irish Stock Exchange. BGHL classifies the interest in BGF as Level 2 because there is not a continuous active market in BGF's shares. The market is active only once a month when investors can transact in BGF shares at the published price which is calculated by the administrator of BGF based on its NAV.

The underlying investments of BGF, which are principally held by the Master Fund, are predominantly classified as Level 1 and Level 2 in the fair value hierarchy. The proportion of Level 3 investments of the Master Fund is disclosed in the table below including the proportion of the investments which are fair valued by the Investment Manager using a variety of techniques including discounted cash flows and public/private company comparables.

Master Fund % AUM (*)	30 June 2017	31 December 2016	Variation %
Level 3	2.10%	3.99%	1.89%
of which Investment Manager's Valuation	0.38%	0.30%	(0.08)%

Source: Administrator, SS&C Financial Services LLC

(*) Profit & Loss of the FX to hedge investors is included in the AUM of the Master Fund.

Instruments are valued in the risk management system which is fed by real time market data in order to price the portfolio. Some instruments such as, but not limited to, derivatives are priced by using in-house developed models.

The system calculates profits and losses as well as net asset values. Inputs are used in applying the various valuation techniques and broadly based on the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, spot and volatility prices, interest rate, credit and foreign exchange levels, default probabilities, liquidity factors as well as other data.

BGHL does not have access to the detail of the underlying valuations nor to the sensitivities and strategies of the Umbrella Fund, BGF and the Master Fund other than as explained in the Investment Manager's Report. BGHL does not have the ability nor the responsibility to direct or to implement the Master Fund's investment objective and policy. As a consequence, BGHL does not consider that it is appropriate to seek to disclose in the notes of the financial statement quantitative information relating to the underlying investments held by the Master Fund in its financial statements. General information about the Master Fund's exposure can be found in the Investment Manager's Report.

Umbrella Fund

BGHL's holding of voting shares in the Umbrella Fund is disclosed in the table below:

BGHL's holdings	30 June 2017	31 December 2016
Voting shares - Umbrella Fund	29.82%	34.71%

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

The investment in the Umbrella Fund is measured at fair value through profit and loss.

Investment by BGHL into BGF in €	30 June 2017	30 June 2016
Subscriptions	-	26,600,000
Redemptions	(17,150,000)	(47,020,000)
Change in holding	(17,150,000)	(20,420,000)

As at 30 June 2017 there were no capital commitment obligations and no amounts due to BGF for unsettled purchases.

Exposure to GFI

During the Period BGHL has sold forward two thirds of its position in July 2017 at a price of €8.00 per share for an amount of €20,232,688 and the remaining third in July 2018 at a price of €8.50 per share for an amount of €11,076,851. There is no remaining market exposure to GFI, rather credit risk related to the receivable amount.

4. Financial instruments and associated risks

BGHL's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in BGHL's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to BGHL's continuing profitability. BGHL is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Risk management structure

The Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of BGHL.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with BGHL's annual financial statements as at 31 December 2016.

There have been no changes in the risk management department or in any risk management policies since the year end and it is envisaged that the principal risks and uncertainties expected by the Investment Manager and Board of Directors in the next 6 months will be similar to the last 6 months and will be managed in the same way.

Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities. However, as noted in note 3.1, a 50% liquidity discount to net asset value per share has been applied to the latest RLI NAV received by the Investment Manager representing a liquidity risk associated with the asset.

Credit risk

As noted in note 3.1, there is no remaining market exposure to GFI, rather a credit risk related to the receivable amount due to BGHL. In the very unlikely event of a default by Mannai before July 2018, the forward sale would be void and BGHL would be exposed back to GFI with a recourse against Mannai for the difference between the sale price and the market price, if the difference is a loss.

5. Capital management

BGHL is not subject to any externally imposed capital requirements. When managing the capital of BGHL as detailed below, the Investment Manager seeks to provide consistent absolute returns in accordance with BGHL's investment objectives and policies, for example those related to gearing. BGHL operated a share buy-back programme designed to reduce its capital, which has had the favourable effect of increasing the NAV per Share since the Shares were repurchased at a discount to their NAV. Transactions under the programme are disclosed in note 10.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

Over the Period the indebtedness of BGHL, comprised of short-term commitments, has changed as follows:

Fair value	30 June 2017	31 December 2016
	€	€
External Debt	70,000,000	70,000,000
Equity	698,036,552	651,166,613
Ratio = External Debt / Equity	10.03%	10.75%

6. Related Party transactions

The relationship between BGHL and the Investment Manager and the fees earned are disclosed in note 8. During the Period, each Director was entitled to an annual fee of €23,000 (2016: €23,000) for an annualised total of €46,000 (2016: €46,000); the Chairman was entitled to receive €41,500 (2016: €41,500) per annum and the Chairman of the audit committee was entitled to an additional fee of €7,500 (2016: €7,500) per annum.

The issued share capital of BGHL is owned by numerous parties and therefore in the opinion of the Directors, there is no ultimate and immediate controlling party as no BGHL investors hold more than 50% of total shares in issue.

7. Administration fees

JTC Fund Solutions (Guernsey) Limited, the Administrator, is entitled to an annual fee. In addition, the Administrator outsources the accounting to SS&C Financial Services LLC for an annual service fee payable monthly.

8. Management fees and Performance fees

Under the Investment Management Agreement, the Investment Manager has been given responsibility for the day-to-day discretionary management of BGHL's assets in accordance with BGHL's investment objective and policy, subject to the overall supervision of the Directors. The Investment Management Agreement is terminable by either party giving to the other not less than twelve months' notice in writing, except in certain circumstances where, inter alia, the Investment Manager ceases to have all necessary regulatory permissions, becomes insolvent or is in material breach of the Investment Management Agreement, in which case the Investment Management Agreement may be terminated forthwith. If the Investment Management Agreement is terminated before 31 December in any period, the performance fee in respect of the then current Calculation Period is calculated and paid as though the date of termination were the end of the relevant Calculation Period.

The Investment Manager receives a management fee, accrued monthly and payable quarterly, calculated at the annual rate of 1.5 percent of the NAV.

The Investment Manager is also entitled to receive a performance fee. The Performance Fee is calculated in respect of each Calculation Period. The Performance Fee is deemed to accrue on a monthly basis as at each Valuation Day. For each Calculation Period, the Performance Fee is equal to 20 percent of the appreciation in the NAV per share during that Calculation Period above the previous high NAV per Share of the relevant class (the "Base NAV per Share"). The Base NAV per Share is the highest NAV per Share achieved as at the end of any previous Calculation Period (if any).

For the six months ended 30 June 2017 the Management fees and the Performance fees were as follows:

	2017		2016	
	Expense during the period ended 30 June 2017	Payable at the 30 June 2017	Expense during the period ended 30 June 2016	Payable at the 31 December 2016
	€	€	€	€
Management Fees	5,070,771	2,601,065	4,745,508	2,451,854
Performance Fees	11,797,085	11,797,086	8,463,720	10,961,356

9. Total Expense Ratio

Total expense ratios are as below. Performance fees are not taken into account in the total expense ratio.

Period ended	AUM Period Average	Management Fees	Administration & Depositary Fees	Other Fees	Total Expense Ratio
30 June 2017	€678,926,616	1.49%	0.01%	0.03%	1.53%
30 June 2016	€631,469,987	1.50%	0.01%	0.03%	1.54%

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

10. Share Capital and Treasury Shares

Authorised share Capital

The authorised share capital of BGHL is €1,010,000 divided into 5,100,000,000 ordinary shares of €0.0001 each and 5,000,000,000 C Shares of €0.0001 each.

Allotted, issued and fully paid

The share capital detail as of 30 June 2017, is as follows:

Class A Shares	Euro Shares				Sterling Shares
Share balances	Issued and fully paid	Treasury Shares	Outstanding Shares	% Treasury Shares (*)	Issued and fully paid
At 1 January 2016	30,387,568	(829,415)	29,558,153	2.7%	494,962
Repurchase of own shares	-	(660,881)	(660,881)	-	-
Share Cancelled	(1,167,454)	1,167,454	-	-	-
Share Conversions	(35,157)	-	(35,157)	-	33,950
At 31 December 2016	29,184,957	(322,842)	28,862,115	1.1%	528,912
Repurchase of own shares	-	-	-	-	-
Share Cancelled	-	-	-	-	-
Share Conversions	-	-	-	-	-
At 30 June 2017	29,184,957	(322,842)	28,862,115	1.1%	528,912

(*) Under the Companies Law and the listing rules of EuroNext Amsterdam and the UK Listing Authority, BGHL is only allowed to acquire its own shares with the prior approval of its members in a general meeting and that authority is may only be granted for repurchases of up to a maximum of 14.99% of its issued share capital on the date that the members' resolution is passed. As explained in the Directors' Report, authority to repurchase 8% of the issued share capital was sought and granted at the annual general meeting held on 27 July, 2017. All shares held in treasury are cancelled after each month end and BGHL seeks renewal of its authority to repurchase its own shares at each annual general meeting.

Voting

The shareholders are entitled to receive notice of and to attend and vote at general meetings of BGHL and each holder of shares being present in person or by proxy or corporate representative at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by corporate representative shall have one vote in respect of each share held by him.

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in BGHL may be issued with such preferred, deferred or other special rights or restrictions whether as to dividend, voting, return of capital or otherwise as BGHL at any time by ordinary resolution may determine and subject to and in default of such determination as the Board may determine. Subject to the provisions of the Companies Law, the terms and rights attaching to any class of shares, the Articles and any guidelines established from time to time by the Directors, BGHL may from time to time, purchase or enter into a contract, under which it will or may purchase any of its own shares.

If at any time the share capital is divided into further classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue) may whether or not BGHL is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class. On a winding-up, the shareholders are entitled to the surplus assets remaining after payment of all the creditors of BGHL.

11. Loans payable

	30 June 2017	31 December 2016
	€	€
Beginning cost	(70,000,000)	(69,500,000)
Repayments	-	28,100,000
Drawdown	-	(28,600,000)
Ending Cost	(70,000,000)	(70,000,000)
Accrued interest	(102,910)	(112,677)
Loans payable at fair value	(70,102,910)	(70,112,677)

The above carrying values are a reasonable approximation of their fair values. Over the period, BGHL has borrowed money in Euro at a variable rate plus a spread rate of 1.825%.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

Bank Facility

On 22 November 2013, BGHL and Natixis SA entered into a facility agreement under which Natixis made available to BGHL a committed credit facility (the "Facility").

On 17 November 2016, the Facility's maturity was extended by two years to 22 November 2018. BGHL has the right to prepay and cancel the Facility at any time. At the end of the Period, the Facility was utilised in full and all the proceeds were used to invest in BGF.

The total amount due under the Facility was as follows:

Bank Facility - Natixis	30 June 2017	31 December 2016
	€	€
Principal	70,000,000	70,000,000
Accrued Interest	102,910	112,677

In order to secure its obligations under the Facility, BGHL granted to Natixis a first priority security interest over the following number of BGF's Euro B Class Shares.

Security Interest	30 June 2017	31 December 2016	Variation %
BGF – Euro B Class – Shares	2,800,000	2,800,000	0.0%
BGF – Euro B Class – Price	188.491852	171.205955	10.1%
Value in Euro	€527,777,186	€479,376,673	10.1%

Variable Funding Notes

In compliance with its investment policy, BGF agreed, from 2 November 2010, to subscribe for such interest-bearing variable funding notes issued by BGHL up to a principal amount of €25 million (the "VFN"). Every month BGHL finances its share buy-back activity by issuing VFN to BGF. Although the stated maturity of the VFN is 18 months from their issue date, BGHL has the option to redeem at any time the notes at par on 2 business days' notice, which it does every month by applying the proceeds of BGF shares redemptions.

The terms of the VFN have been approved by the Board of BGHL. BGHL pays interest at an annual rate equal to a 1.5 percent spread over the 1 month Euribor. In addition, BGF may at any time, on a 90 calendar days notice, require BGHL to repay all VFN at par.

The Board of BGHL agreed to renew the VFN in 2016 for a period of three years ending 1 November 2019. The total amount due under the VFN was as follows:

VFN	30 June 2017	31 December 2016
	€	€
Principal	-	-
Accrued Interest	-	-

12. Segment information

For management purposes, BGHL is engaged in one main operating segment, which invests in financial instruments. All of BGHL's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of BGHL as one segment. The financial results from this segment are equivalent to the financial statements of BGHL as a whole.

The following table analyses BGHL's total income per geographical location. The basis for attributing the total income is the place of incorporation of the instrument's counterparty.

	30 June 2017	30 June 2016
	€	€
Ireland	68,611,837	43,906,476
France	690,362	420,710
United Kingdom	269,869	(1,308,255)
Rest of the world	(4,612,318)	1,803,992
Total	64,959,750	44,822,923

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2017

The following table analyses BGHL's operating income per investment type.

	30 June 2017	30 June 2016
	€	€
Equity securities	63,350,797	44,835,217
Debt instruments	112,677	1,295,966
Derivative financial instruments	1,495,020	(1,310,877)
Foreign exchange gains on financial instruments not at fair value through profit or loss	1,256	2,617
Total	64,959,750	44,822,923

13. Taxation

BGHL has been granted exemption under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 from Guernsey Income Tax, and is charged the annual fee of £1,200 (2016: £1,200). As a result, no provision for income tax has been made in the financial statements. BGHL invests in foreign countries which may levy withholding tax at source on revenues derived by non residents. Where such tax is withheld at source by the broker or another party BGHL records the revenue on a gross basis in Statement of Comprehensive Income (the revenue is grossed up and offset against an expense representing the tax withheld at source).

14. Due from brokers and due to brokers

Amount due from brokers include €1,800,000 (2016: €1,960,000) of cash pledged as collateral on forward foreign exchange contracts.

15. Transaction fees

As at 30 June 2017, a provision has been recognised for a transaction fee which was paid by BGHL in July 2017 for the sale of its remaining GFI interests. The transaction fee provision has been decreased from €1,478,300 to €1,365,576.

16. Comparatives

Comparative information for the condensed interim statement of comprehensive income, statement of changes in equity and statement of cash flows has been provided for the six months from 1 January 2016 to 30 June 2016, whereas comparative information for the condensed interim statement of financial position has been presented as at 31 December 2016.

17. Post balance sheet events

On 10 July 2017, BGHL completed the sale of 2,529,086 shares of GFI to Mannai Corporation for a price of €8.00 per share in accordance with the agreement announced by GFI on 10 May 2017. As of the date of this report, BGHL holds 1,303,159 shares which were sold forward as per the agreement dated 10 of May 2017 to Mannai Corporation in July 2018 for a price of €8.50 per share. The transaction fee of €1,365,576 was paid in July 2017.

On 17 July 2017, BGHL completed the purchase of 9,075,135 ordinary shares of Rasaland from BK Capital Partners Limited for a price of \$0.255 per share. This transaction was not considered to be orderly due to an underlying forced seller, and therefore the price paid per share is not representative of fair value at the period end. As of the date of this report, BGHL now holds 19,075,103 shares which is approximately 10.1% of the share capital.

Mr Andrew Howat was appointed as a director effective 1 July, 2017 and elected by the Company's shareholders at the annual general meeting held on 27 July, 2017. Also at the annual general meeting, Mr Fish retired with immediate effect. Following these changes, Andrew Henton assumed the role of Chairman of the Board. Following Mr Henton's appointment as Chairman of the Board, Mr Howat was appointed as Chairman of the Audit Committee instead of Mr Henton.

18. Approval of financial statements

The financial statements were approved and authorized for issue by the Board on 25 August 2017, at which date these financial statements were considered final.