HALF YEARLY REPORT AND UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Boussard & Gavaudan Holding Limited

For the six months ended 30 June 2010

Contents

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The Directors present their half yearly report and interim condensed financial statements for the six months ended 30 June 2010.

Principal Activities

Boussard & Gavaudan Holding Limited ("the Company") has invested substantially all of its assets in the Sark Fund Limited ("the Fund"), a Europe-focused multi-strategy hedge fund which aims primarily at arbitraging instruments with linear or non-linear pay-offs on equities and credit markets. The overall investment objective of the 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.

Additionally, the Company may enter into private equity investments and approximately 1% of its assets under management are currently so invested.

Boussard & Gavaudan Asset Management LP ("BGAM" or "the Investment Manager") is the investment manager for both the Company and the Fund.

Review of Recent Developments

The performance of the Company is driven primarily by the financial results of the Fund and, to a much lesser extent, by the accretive effect of the share buy back. Over the period, the contribution of the non-Sark investments to the performance of the Company has been marginal.

From 1 January to 30 June 2010, the NAV of the Fund's Euro A share class has posted a 4.37% return with a volatility of 3.4%.

Over the five year period ending on 30 June 2010, the NAV of the Fund's Euro A share class has posted an annualised return of 6.56% with an annualised volatility of 8.04%. This compares favourably with the Credit Suisse/Tremont Hedge Fund / Convertible Bond Index which has posted an annualised return of 2.08% with an annualised volatility of 13.08%, with the Credit Suisse/Tremont Hedge Fund / Multi Strategy Index which has posted an annualised return of 4.41% with an annualised volatility of 7.46%, with the HFRI RV CB Arb. Index (HFRICAI) which has posted an annualised return of 4.24% with an annualised volatility of 12.47% and with the HFRI Fund Weighted Composite Index which has posted an annualised return of 4.45% with an annualised volatility of 7.49% over the same period.

Following the strong recovery in the financial markets from March 2009 until the end of 2009, the first half of 2010 has seen relatively difficult market conditions with growing concern over the state of public debt in Europe:

- Over the period, European equity markets went down with the Dow Jones Eurostoxx 50 at -13.2%.

- Volatilities on stock markets increased during the period with the VDAX index ending at 25.4% from 20.8% and the VStoxx index at 34.3% from 24.1%.

- Credit spreads widened with the Itraxx Crossover index finishing at 575bps from 432bps.

The Investment Manager remained cautious over the period and managed to outperform the benchmarks. The euro share closed at the end of the period at €10.60 up 7.61% and the sterling share saw a 0.84% increase closing at £9.55. Whilst the NAV of the euro shares went up 4.33% to €12.9124 and the NAV of the sterling shares went up 3.26% to £12.1306, the discount to NAV tightened from 20.4% to 17.91% for the euro share and widened from 19.4% to 21.27% for the sterling share.

The Company continued to actively improve the liquidity of the shares in the market by continuing its share buy-backs of treasury shares on Euronext Amsterdam. As a consequence, the assets under management decreased from €690 million at 31 December 2009 to €673 million at 30 June 2010 despite the positive performance.

Results for the period and State of Affairs at 30 June 2010

The Interim Statement of Financial Position and the Interim Statement of Comprehensive Income for the six months ended 30 June 2010 are set out in the enclosed financial statements.

Directors

The Directors at the date of this report include:

- Christopher Fish, Chairman;
- Nicolas Wirz;
- Sameer Sain.

Save as disclosed in these financial statements, the Company is not aware of any potential conflicts of interest between any duty of any of the Directors owed to it and their respective private interests. Each Director is paid an annual fee of €30,000, the Chairman is entitled to receive €50,000 per annum and the Chairman of the Audit Committee will receive an additional fee of €7,500 per annum.

Directors' interests in shares

As of 30 June 2010, Christopher Fish had invested, directly or indirectly, in 8,631 ordinary € shares of the Company. Sameer Sain had invested, directly or indirectly, in 40,000 ordinary € shares of the Company. Nicolas Wirz had invested, directly or indirectly, in 16,168 ordinary € shares of the Company.

Corporate Governance

As a Guernsey incorporated company, the Company is not, strictly speaking, required to comply with the Combined Code (the "Code") appended to the listing rules of the UK's Financial Services Authority. However, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have adopted the spirit of the Code which sets out principles of good governance and a code of best practice for listed companies. There are no significant requirements of the Code that the Company does not comply with.

The Board meets formally at least four times a year. In addition to these scheduled meetings, over the past period the Board has met on an ad hoc basis and has consulted the Investment Manager regularly. The Directors are satisfied that they have been kept fully informed of the investment performance, financial and operational controls, and other matters relevant to the business of the Company. The Directors have, where necessary to the furtherance of their duties, taken independent professional advice at the expense of the Company.

The attendance record of the Directors is set out below:

	Quarterly Board Meeting	Ad hoc Board Meetings	Audit Committee
Number of Meetings	3	0	1
Meetings attended:			
Christopher Fish	3	0	1
Nicolas Wirz	3	0	1
Sameer Sain	3	0	1

The focus at Board Meetings is a review of investment performance, marketing/investor relations, risk management, general administration and compliance, peer group information and industry, regulatory and corporate governance issues. Board papers are circulated in advance allowing Directors the opportunity to add agenda items they consider appropriate for Board discussion. Each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussion.

The Board evaluates its performance and the performance of individual Directors on an annual basis, and believes that the current mix of skills and experience of the Directors are appropriate to the requirements of the Company.

Directors' Duties and Responsibilities

A summary of 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 the Company.

Committees of the Board

The Board has not deemed it necessary to appoint a nomination or remuneration committee as, being comprised wholly of non-executive Directors, the whole Board considers these matters.

Audit Committee

An Audit Committee, with defined terms of reference and duties, has been established to consider inter alia: (a) annual and semi-annual accounts, (b) auditors' reports, and (c) terms of appointment and remuneration for the auditor (including overseeing the independence of the auditor particularly as it relates to non-audit services). In addition, the Audit Committee will ensure that the Company maintains high standards of integrity, financial reporting and internal controls. The Audit Committee comprises the following as members: Nicolas Wirz (Chairman), Christopher Fish and Sameer Sain.

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all reasonable steps he ought to have taken as a Director to make himself aware of any relevant information and to establish that the Company's auditors are aware of that information.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has developed a framework that is designed to identify, evaluate and manage the primary operating risks faced by the company. The framework specifies an ongoing review timetable that ensures at least an annual review of the Company's system of internal controls, including financial, operational, compliance and risk management.

The Board has delegated the management of the Company's investment portfolio; the provision of custody services; the administration, registrar and corporate secretarial functions (including the independent calculation of the Company's Net Asset Value); and the production of the Annual report and Financial Statements which are independently audited. The Board retains accountability for the functions it delegates and is responsible for the system of internal control. Formal contractual arrangements have been put in place between the Company and the providers of these services.

The Company has appointed Boussard & Gavaudan Asset Management, LP as Investment Manager pursuant to an investment management agreement entered into on 13 October 2006. The Board has reviewed the performance of the Investment Manager and is satisfied that the continuing appointment of the Investment Manager on the terms agreed is in the interests of the shareholders. Please refer to the above section entitled "Review of Recent Developments" of this Report for a review of the performance of the Company. Also, please refer to note 6 to the financial statements for further details on the terms of the investment management agreement.

Compliance reports are provided at each quarterly Board meeting by the Company Secretary.

Corporate Responsibility

The Company considers the ongoing concerns of investors on the basis of open and regular dialogue with the Investment Manager.

The Company keeps abreast of regulatory and statutory changes and responds as appropriate.

The Board will assess its performance on an annual basis based on the guidelines set out by the Association of Investment Companies (AIC) and the Combined Code.

Going Concern

The Board conducts a rigorous and proportionate assessment of the Company's operational and financial risk with reference to the Company's cash flow requirements, debt position and the liquidity of the Sark Fund.

Currently the Company has a small debt position whose purpose is to finance share buy back transactions. The debt position is repaid in full through redemptions of Sark shares, on a monthly basis. It remains at the discretion of the Company to continue its share buy back activity in the future.

Other than this debt position, the only financial commitments of the Company are its ongoing fees and expenses.

Having made enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the condensed interim financial statements have been prepared on a going concern basis.

Relations with Shareholders

While the Company reports formally to the shareholders twice a year, it also maintains a website which contains comprehensive information (www.bgholdingltd.com). This includes all historical communication, investment philosophy, risk management policies, Investment Manager's reports, statistical information and Corporate Governance guidelines. Additionally, shareholders are welcome to contact Directors of the Company, should they wish to have dialogue and/or provide any feedback. Finally, if required, the Company can also make available the Investment Manager to shareholders.

By order of the Board

Christopher Fish	Nicolas Wirz
Chairman	Director

25 August 2010

The Directors each confirm to the best of their knowledge that:

(a) the Interim Management Report and Financial Highlights include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces as required by the Disclosure and Transparency Rules of the UK Listing Authority and related party transactions;

(b) the interim financial statements for the period ended 30^{th} June 2010 have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’, and give a true and fair view of the assets, liabilities, financial position and profit of the Company.

By order of the Board

Christopher Fish	Nicolas Wirz
Chairman	Director

25 August 2010

A- Background and Highlights

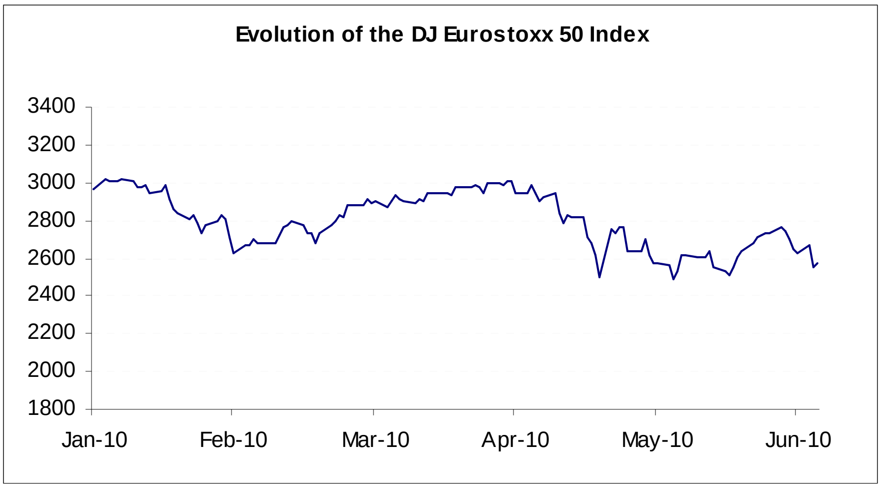
Background

Boussard & Gavaudan Holding Limited ("the Company") is a closed-ended investment company registered and incorporated under the laws of Guernsey on 3 October 2006. The Company's shares are listed and traded on the Eurolist Market operated by Euronext Amsterdam by NYSE Euronext, and are subject to Dutch securities regulations and to supervision by the relevant Dutch authorities. The Company is registered with the Dutch Authority for the Financial Markets as a collective investment scheme.

Since 28 July 2008, the Company's shares have also been 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. At the time of this dual listing, the Company 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 net asset value ("NAV") per Euro share at 30 June 2008. Shareholders are able to convert their existing holding of shares in the Company from one class into another class on a yearly basis, subject to satisfying certain requirements.

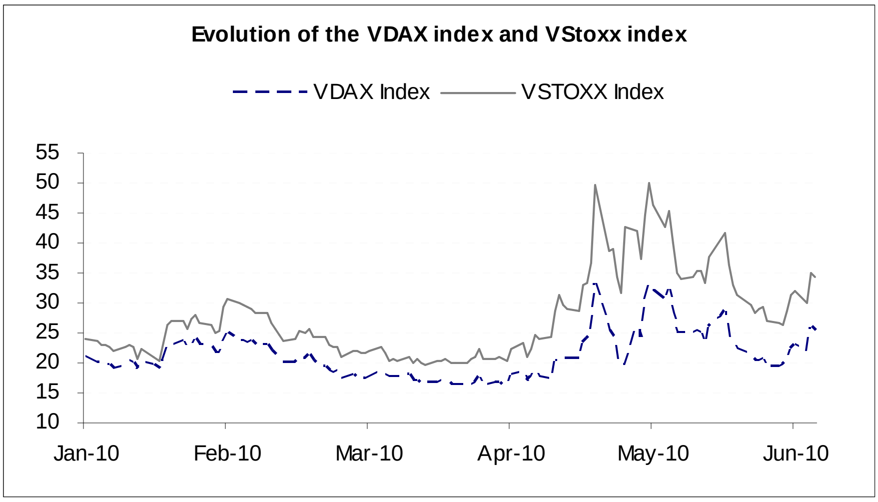
Through Sark Fund Limited ("the Fund"), its main investment, the Company is sensitive to equity and volatility prices as well as to credit spreads. The Company is exposed to other markets factors but to a lesser extent.

Over the period, European equity markets went down with the Dow Jones Eurostoxx 50 by -13.2%.



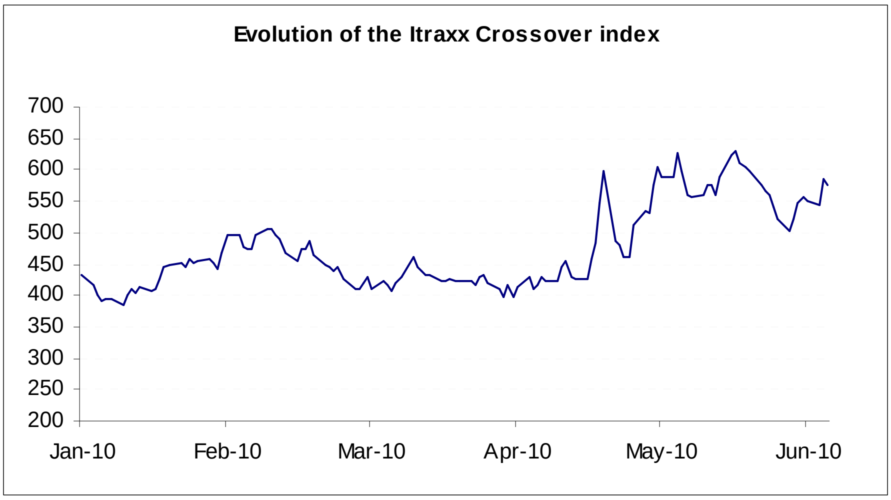
Graph 1 (source Bloomberg)

Volatilities on stock markets increased with the VDAX index ending at 25.4% from 20.8% and the VStoxx index at 34.3% from 24.1%.



Graph 2 (source Bloomberg)

Credit spreads widened with the Itraxx Crossover index finishing at 575bps from 432bps.



Graph 3 (source Bloomberg)

Highlights

As of 30 June 2010, the Company's net assets under management were approximately €673 million, down from €690 million at 31 December 2009. Despite the positive performance of the Company over the period, assets under management decreased due to the share buy back programme.

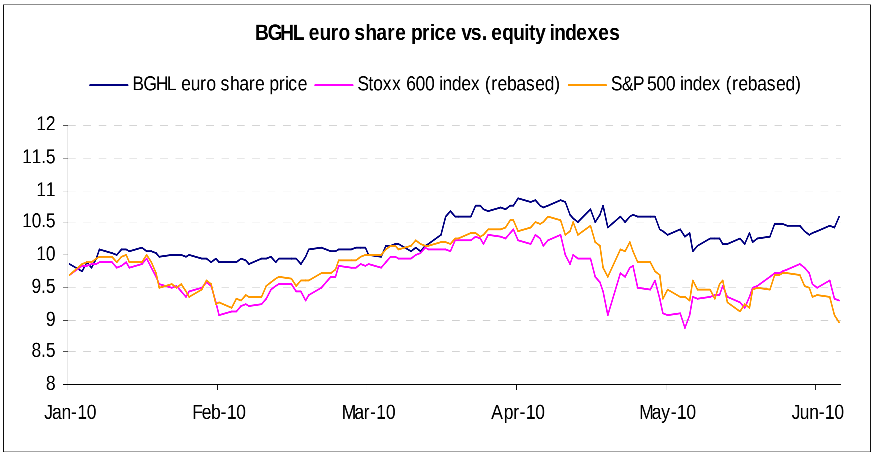
Performance

During the period, the performance of the Euro and Sterling shares was as follows:

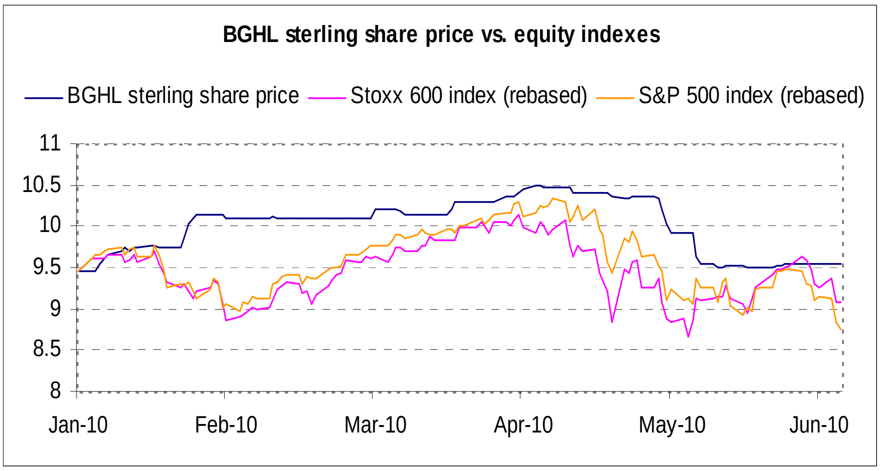
	30 June 2010	31 December 2009	Variation
Euro share price[1]	€10.60	€9.85	+7.6%
Nav Euro share	€12.91	€12.38	+4.3%

	30 June 2010	31 December 2009	Variation
Sterling share price[2]	£9.55	£9.47	+0.8%
Nav Sterling share	£12.13	£11.75	+3.3%

Euro and Sterling share prices behaved well and posted a positive performance, outperforming equity indexes such as the Stoxx 600 and the S&P 500.



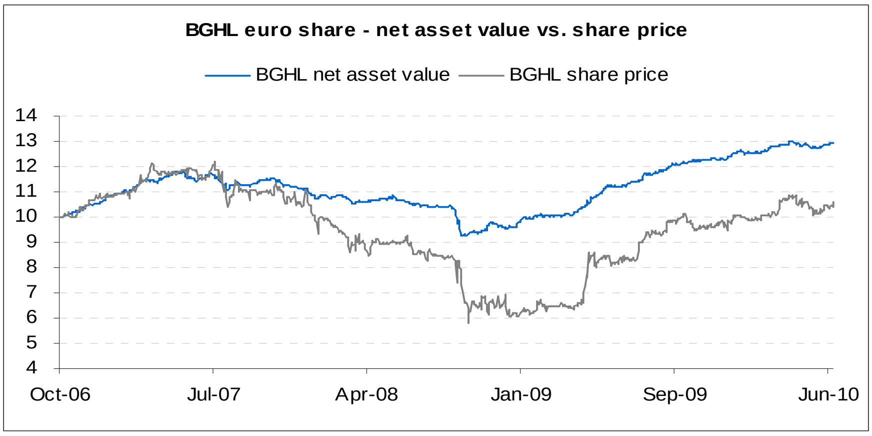
Graph 4 (source Bloomberg)



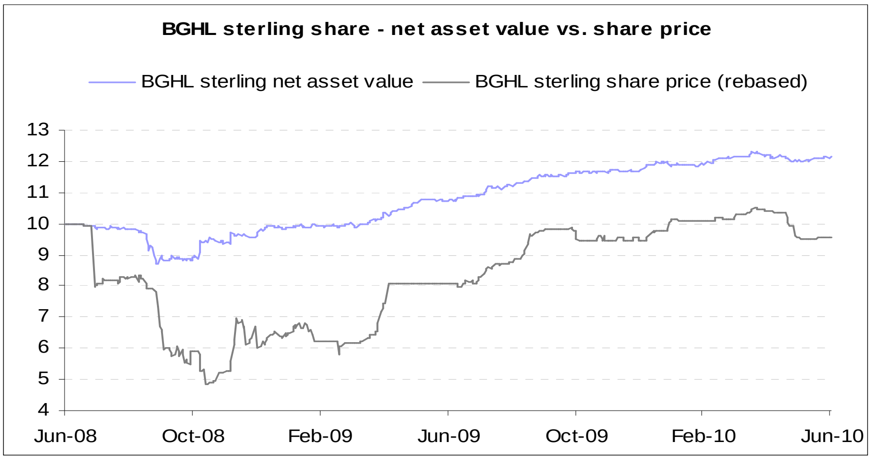
Graph 5 (source BGAM estimates / Bloomberg)

[1] Amsterdam (AEX) market close for euro share
[2] London (LSE) market close for sterling share

Euro and Sterling share prices underperformed their NAV during this period reflecting a more constricted market environment over the period.



Graph 6 (source Bloomberg)



Graph 7 (source BGAM estimates / Bloomberg)

Share buy back and discount to NAV.

Share buy back programme

Since its listing on Euronext, the Company has set up a share buy back programme, voted for by its shareholders. The volume of the share buy back programme during the period shows the Investment Manager's commitment to the Company's strategy and its efforts to reduce the discount to NAV.

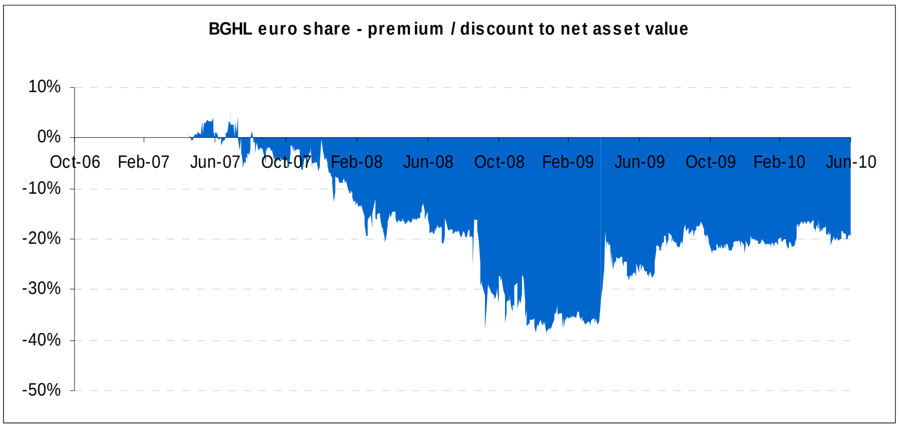
Liquidity enhancement agreement

To increase the liquidity of the Company's shares, the Company set up a liquidity contract with Exane BNP Paribas on 14 August 2008. Exane BNP Paribas handles the execution of the liquidity enhancement agreement of the Company in accordance with the Dutch accepted market practice. The Company intends to limit the amount allocated to the execution of this contract to 1% of its market capitalisation per year.

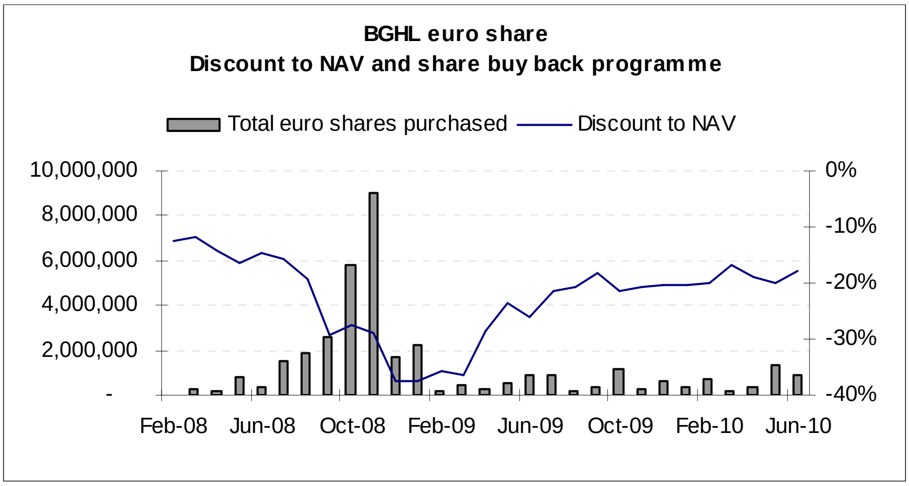
Share buy backs from both programmes are accretive to shareholders; they contribute to the outperformance of the Company's net asset value with respect to that of the Fund.

Discount to NAV	**30 June 2010**	**31 December 2009**
Euro share	-17.9%	-20.4%
Sterling share	-21.3%	-19.4%

Euro Share (discount and share buy back)

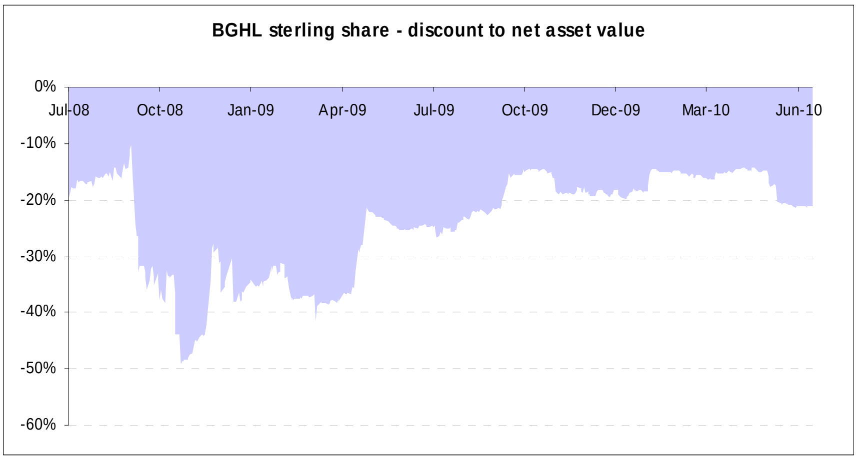


Graph 8 (source BGAM estimates / Bloomberg)

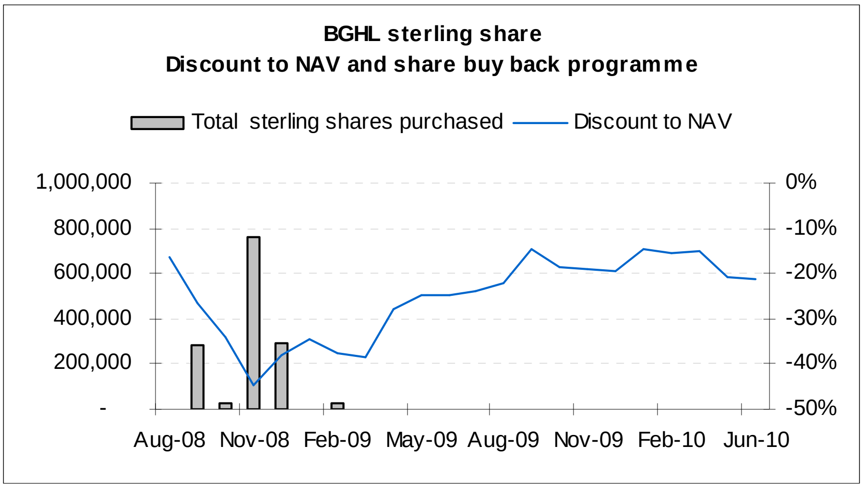


Graph 9 (source BGAM estimates)

Sterling Share (discount and share buy back)



Graph 10 (source BGAM estimates / Bloomberg)



Graph 11 (source BGAM estimates)

B- Review of the development of the business

The Company had almost 99% of its total assets invested in the Sark Fund Limited, a Europe-focused multi-strategy fund, which aims primarily at arbitraging instruments with non-linear pay-offs in special situations. The Fund implements diversified investment strategies, including volatility, equity and credit strategies.

In addition to its investment in the Fund, and as described in the offering memorandum, the Company may enter into private equity investments. Since the credit banking facility was terminated in early 2009, these investments have been financed through the Company's equity.

Part of the cash allocated to the liquidity enhancement programme, which has still not been used to buy back the shares of the Company, is invested by the liquidity provider in "BNP Paribas Cash Invest", a pure money market fund distributed by a subsidiary of the BNP Paribas SA Group.

C- Risks and Results

Below is the private equity investment's overview during the period, followed by the Sark Fund Limited investments.

Investments other than Sark Fund Limited

As at 30 June 2010, the Company had the following two investments in the portfolio which both represent in aggregate approximately 1% of the assets under management.

Rasaland

The Company entered into Rasaland in June 2008 for $10 million. Rasaland is a Maltese company structured as a private equity fund in terms of fees and organisation and dedicated to invest in land, land development and high-end resort developments in Mexico. The EUR/USD exposure is hedged by an FX forward which is rolled on a 3 month basis.

DSO Interactive

On 9 December 2009 and 19 February 2010, the Company acquired a minority stake in DSO Interactive for a total consideration of €1.7 million (6.18% of the share capital and 5.33% on a fully diluted basis). DSO Interactive is a private company incorporated in France and headquartered in Paris, where it employs over 122 people. DSO Interactive provides bad debt collection services to consumer creditors such as telecom operators, banks and specialised credit institutions.

At the end of June 2010, in accordance with IFRS rules, both investments, which represent slightly more than 1% of the net asset value of the Company, were marked at acquisition prices representing their fair value at reporting date.

Over the period, the contribution of private equity investment to the performance of the Fund has been marginal.

Investment in Sark Fund Limited

Strategies

The Fund has three main strategies which can be split into the following sub-strategies.

Volatility strategies include:
- mandatory convertible bond arbitrage ("mandatories")
- convertible bond arbitrage (including credit convertible bonds)
- gamma trading
- warrant arbitrage

Equity strategies include:
- Long / short trading
- Special situations
- Merger arbitrage

Credit strategies include:
- Capital structure arbitrage
- Credit long / short

In addition, the Fund has a fourth "Trading strategy" with smaller risk allocations dedicated to short-term directional trading.

Risk and Capital allocation

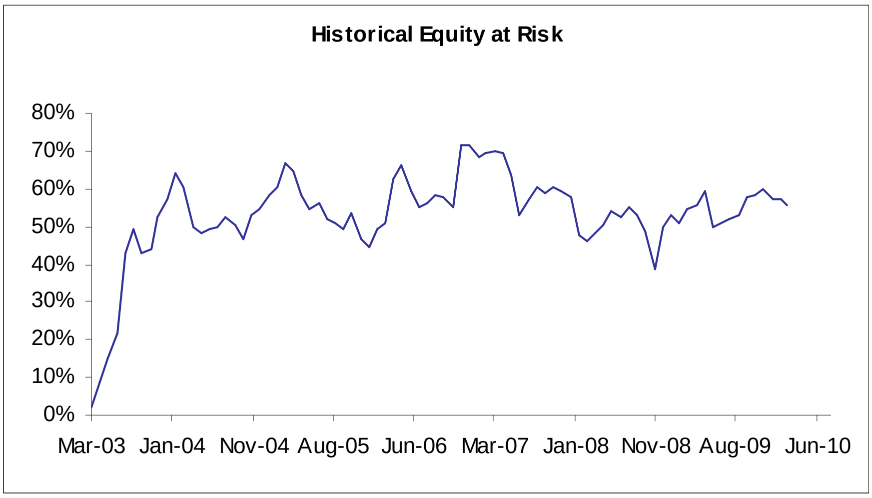
Prime brokers, when providing financing and leverage to hedge funds, take a risk that they assess using their own methodologies. Risk measurement is achieved by the use of haircuts. Haircuts reflect the level of risk attributed by a prime broker to a position. The higher the level, the higher the risk is. According to this model, 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 in custody.

The Investment Manager replicates the methodology applied by prime brokers through a model, named "equity-at-risk". This model, applied to the entire portfolio, is a proxy for the calculations of the prime brokers with a slightly conservative bias.

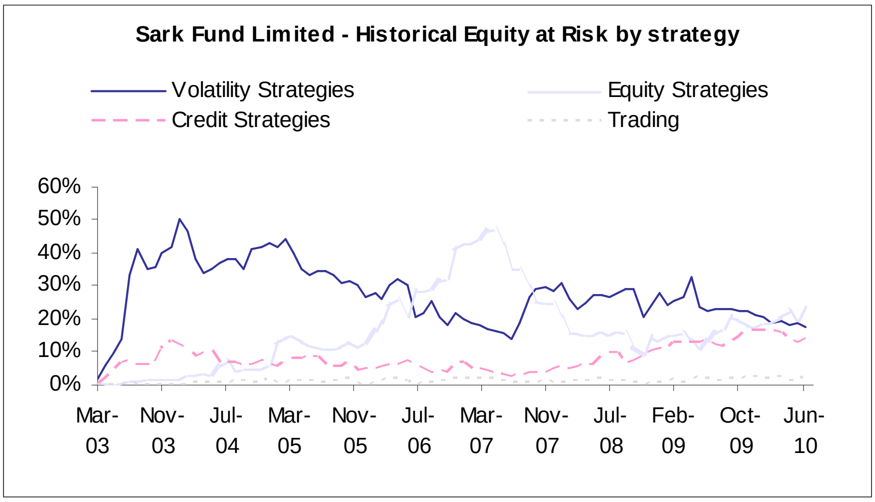
Haircuts condition the level of excess margin or unencumbered cash which is the level of risk left to increase positions or enter into additional ones. An excess margin of 25%, which corresponds to a 75% level of equity-at-risk, means that the Fund can theoretically increase all of the positions in the portfolio by approximately 25% without having to raise further cash. The model provides an estimation of the Fund's potential for additional leverage across all its prime brokers. Excess margin is a key indicator, used by the Investment Manager to monitor the solvency of the Fund. A large level of excess is maintained at any time. The equity-at-risk has been stable over the period and stood at 58% at 30 June 2010.

The Fund, which allocates its capital according to the equity-at-risk, has a fairly well-balanced allocation across the three main strategies.

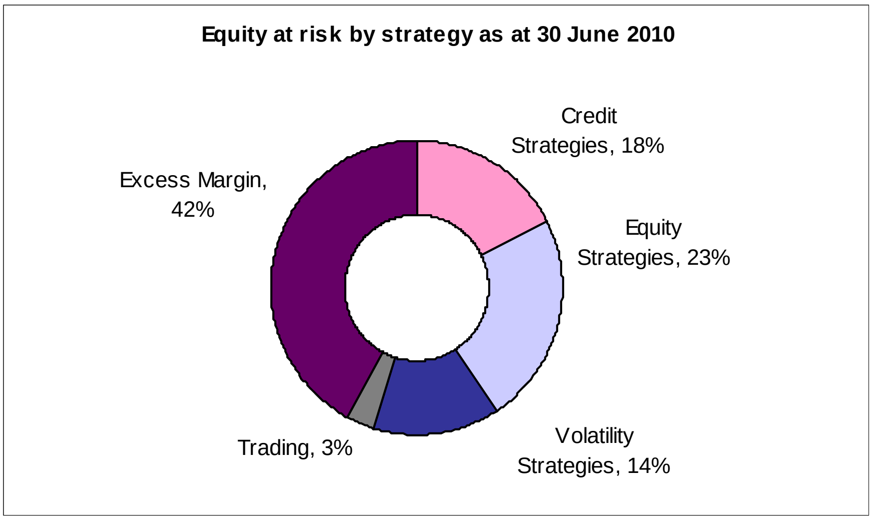
The graphs below illustrate the evolution of the equity-at-risk of the Fund since inception and the allocation of the equity-at-risk of the Fund across strategies.



Graph 12 (source BGAM estimates)



Graph 13 (source BGAM Estimates)



Graph 14 (source BGAM estimates)

<u>Results</u>

From 1 January to 30 June 2010, the performance of the Fund was +3.2% for the Euro Class A shares and +3.3% for the US Dollar Class shares. The Euro Class B shares, for which management and performance fees are charged at BGHL level only, had a performance of +4.8% for the same period.

All strategies contributed positively to the performance of the Fund, volatility strategies being the main driver, followed fairly evenly by equity strategies, credit strategies and trading.

Volatility strategies

Convertible Bond Arbitrage
This sub-strategy was a significant contributor to the Fund's performance over the period. It was mainly driven by the Fund's low delta and credit sensitive positions, including the legacy position in Jazztel for which the Investment Manager completed the debt restructuring in the course of 2009. Otherwise the Company is performing extremely well and is expected to be just below a leverage level of 1 by the end of 2010. The other credit sensitive convertible positions did well over the period, despite the global (albeit limited) weakening of credit markets in Europe, thanks to the concentration of the Fund's positions on short maturities and as convertible bond investors looked for higher yielding paper, particularly as the investment grade space offered limited value. The remainder of the gains came from the high delta convertibles, which continued to benefit from sustained interest from both outright and arbitrage investors, and which realised significant gamma over the period.

On the negative side, the Fortis Cashes were hit on the back of rising investor fears with regard to the sovereign exposure of financials and the resulting debacle in the tier 1 space. However, with a 'yield-to-perpetuity' of around 9.5% as of the end of the period, compared with around 5.7 – 5.9% for liquid, long-dated Tier 1 bonds issued by BNP Paribas, the Fortis Cashes have remained very attractive with an outstanding risk/reward profile, and started to recover by the end of the second quarter from their May trough.

Whilst the Fund has had a lot of dry powder to seize new opportunities, it was the Investment Manager's perception that outright interest going forward would not be comparable with the extremely strong demand witnessed in 2009 on the back of large inflows for directional convertibles investments and it therefore decided to take some profits and to reduce some of the Fund's positions. The Investment Manager also decided to favour high delta convertibles (80%-85% delta). To better hedge the credit risk of these positions CDS have been bought allowing it to trade all the gamma on the downside.

With a significant part of the long-only pocket in Europe coming from opportunistic investors who entered the asset class at the end of 2008 / early 2009 and who are more likely than others to exit and re-allocate their funds towards other strategies, sell-offs such as the one witnessed in May might be repeated before the end of the year, driving the European convertibles market further down, which might in turn result in attractive opportunities for arbitrage investors. The Investment Manager has identified a few situations which the Investment Manager could increase or initiate in a market decline.

The European convertibles primary market continued to be active during this period but in a less lively fashion than the previous year. Total issuance in H1 amounted to €6.8bn compared with €22.7bn for the full year 2009. The Investment Manager therefore remained very selective and participated in very few deals as most of them were designed and priced for outright accounts on less attractive credit names.

Mandatory Convertible Bond Arbitrage
The mandatory convertible bond arbitrage sub-strategy was the main driver of the Fund's performance, with almost all of the positions contributing positively.

The UBS / BBVA mandatory exchangeable was the best performer of this sub-strategy as the bond significantly outperformed the underlying options market and benefited from the dividend pass-through, as BBVA announced a slightly higher dividend than expected by the market. The Investment Manager believes this position is still very attractive. The Fortis mandatory was also a positive contributor as the bond traded closer to fair value; the Investment Manager therefore took the opportunity to take some profits. The rest of the performance broke down evenly.

The Investment Manager noticed during the spring that there was renewed interest from arbitrageurs ready to add risk to their portfolio on the back of improved prime brokerage conditions and attractive valuations. This trend rapidly vanished with the acceleration of the sovereign risk crisis. Although mandatory convertible bonds suffered from the market turmoil in May, this was not commensurate with the fall in convertibles valuations. The Investment Manager believed the selling pressure came mostly from market makers, thus in limited size, and was not fuelled by final investors.

Over the period, even though prime brokerage conditions continued to ease, the Investment Manager remained rigorous and selected trades with returns on equity based on conservative funding costs and haircuts which it assumed should remain sustainable.

There was no mandatory convertible bond issue over the period. However, the European primary pipeline may increase on the back of renewed M&A, and financials and corporates still need to deleverage, therefore they may turn to the mandatories market to source equity-like funds.

Gamma trading
Despite the market continuing to react negatively to the news flow on sovereign credit, short-term realised volatility did not materially outperform the implied levels, and earnings surprises were not very common at the beginning of the period. The Investment Manager positioned the book not to suffer too much from the absence of perceived or realised volatility in the market with one of the lowest gamma positions for the portfolio towards the end of March. However, entering into April, the Investment Manager believed that the sovereign uncertainty and contagion risks would result in a longer period of stress and volatility. It progressively increased the gamma profile to be well positioned to benefit from market volatility. Both rising implied volatilities and volatile spot markets made long gamma strategies profitable in May. The most volatile sectors were the financials, consumer cyclicals and commodities which were hit hard on the back of concerns about sovereign risk contagion and a slowdown in the economic recovery. At the end of the period, the Investment Manager continued to pay a substantial amount of theta as it expected the market to remain volatile.

Equity strategies

Equity strategies posted a positive contribution to the performance of the Fund split across the board.

During the period, equity markets were particularly volatile. In this constricted market environment, the Fund was active but no major position was initiated. The Investment

Manager continued to be very selective with investments, the focus being on liquid trades with short maturities and hard catalysts.

At the start of the period, the market became increasingly driven by fundamentals with improved liquidity, therefore offering more attractive investment opportunities. This enabled the Investment Manager to deploy further capital on some long / short equity trades focused on large and liquid names. But swiftly in May, increasing fears on the sovereign risk and economic recovery worries pushed the Investment Manager to be more cautious. As a result, it decided to significantly increase the use of options to benefit from rising stocks' volatility around catalysts on the one hand and to reduce the risk of the book on the other. To achieve this goal, it either cut some positions or transformed others into options to cap the risk and keep some upside in case the situation calmed down.

Towards the end of the period, the market stabilised somewhat. Having reduced the risk over the previous months, the Investment Manager decided to redeploy capital selectively on a few strong conviction and special situation trades which performed well.

Until the end of the year, the Investment Manager will continue to be rigorous in deploying equity and will concentrate on a limited number of high conviction trades with strict control on liquidity.

Credit strategies

Credit strategies returned a positive contribution to the performance of the Fund, mostly driven by the credit long/short portfolio.

The first six months of the year were eventful, with the fallout from the Greek debt crisis having significant long-run implications for European markets. First and foremost, Greece is just the tip of the iceberg of problem countries in Europe. Indeed, the Greek fiscal issues brought to light other periphery European Monetary Union countries that struggle with structural debts and deficits compounded by minimal long-term growth prospects. The questions in May and June were the following: will the rest of the peripheral countries - Portugal, Italy, Ireland, and Spain - follow a similar fate in due course because of their respective internal fiscal imbalances? Also how contagious would this phenomenon be for so-called core-Europe? Thirdly, what would the “Greek crisis” imply for European banks, overall debt levels, and future growth trajectories? German banks alone are estimated to have about $500 billion of debt exposure to the peripheral countries. The publication of the stress tests in July alleviated these fears at least temporarily.

That said, the Q1 earnings season for crossover and high yield issuers started with corporates generally reporting slightly better than expected results, and a marked effort by many to generate cash out of working capital and reduce their indebtedness further. There were no intrinsic reasons to turn very bearish on this part of the asset class. However, after the announcement of the Greece bailout, global markets resumed their downswing in a very volatile environment. This occurred despite excellent earnings and an improving economic environment in the US. The Investment Manager was convinced that credit was definitively not a screaming “buy” from the beginning of the year until the end of the semester. Investors were likely to continue reducing their exposure to the asset class as a whole, as its risk/return profile was still not particularly compelling despite investment grade and high yield spreads being back to Q3 2009 levels. Uncertainty over financial reform in the US and in Europe, selling of Euro assets, and hedging of European sovereign tail risk continued to weigh on European corporate bonds with more or less discrimination.

As a consequence, the Investment Manager remained on the cautious side over the period, and focused on relative value strategies, mostly in the equity versus the credit area. It did not diverge from its stance of being theta neutral and having the Fund's core investments hedged by longer duration single-name and index shorts (away from restructuring strategies).

Trading

Trading posted a small negative return this period spread across the board.

D- Review of important events since the period end

The Investment Manager continues to be fully committed to the strategies of the Company. Financial prospects will be linked to the level of opportunities created across the Company's strategies in the European corporate environment.

E- Principal Risks and Uncertainties for the next six months

The equity-at-risk of the Fund, which is the main investment of the Company, is expected to be deployed in a very cautious way as the market environment remains uncertain. As the Company's liabilities are very low, the liquidity risk is limited. Investments other than the Fund are being financed through the Company's equity rather than using credit as there is currently no banking facility in place.

F- Related Party Transactions

There have been no related party transactions during the period except for transactions described under note 4 of the financial statements.

Emmanuel Gavaudan, Director of BGPL
as General Partner of BGAM, the Investment Manager

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises 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 the related notes 1 to 13. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard 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 Interim financial 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 Services Authority and legislation and rules pertaining to Amsterdam Euronext Listings.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this Interim financial report has 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 condensed set of financial statements in the half yearly interim financial reports based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of interim financial statements in the half yearly financial report for the six months ended 30 June 2010 is 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 Services Authority and legislation and rules pertaining to Amsterdam Euronext Listings.

Ernst & Young LLP
Guernsey, Channel Islands
25 August 2010

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Financial Position
30 June 2010 (Unaudited)

	Note	UNAUDITED As at 30 June 2010 Euro	AUDITED As at 31 December 2009 Euro
Assets			
Non- current Assets			
Investments at fair value through profit or loss (Cost 2010 € 627,162,001 (2009: €676,122,772))	3	690,311,946	717,835,226
Current Assets			
Foreign exchange forward derivatives contracts		564,934	169,351
Due from brokers		264,186	312,142
Total assets		**691,141,066**	**718,316,719**
Equity and Liabilities			
Current Liabilities			
Other Short Term Loan	10	5,750,000	5,500,000
Due to brokers		2,742,162	288,482
Performance fee payable	6	7,267,291	19,370,343
Management fee payable	6	2,620,177	2,672,436
Interest payable		4,991	5,062
Administrative fees payable		-	23,937
Audit fees payable		-	23,671
Total liabilities		**18,384,621**	**27,883,931**
Equity			
Share Capital	7	5,187	5,567
Share Premium		693,906,918	739,210,513
Treasury Shares	8	(25,276,622)	(31,477,788)
Retained Earnings		4,120,962	(17,305,504)
Total Equity		**672,756,445**	**690,432,788**
Total Equity and Liabilities		**691,141,066**	**718,316,719**
Net asset value per share:			
Class A EURO shares outstanding 2010: 50,304,068 (2009: 53,978,004)		€ 12.9124	€ 12.3770
Class A GBP shares outstanding 2010: 1,568,514 (2009: 1,688,474)		£ 12.1306	£ 11.7479

The condensed interim financial statements on pages 24 to 39 were approved by the Board of Directors on 25 August 2010 and signed on behalf of the Board by:

Christopher Fish
Chairman

Nicolas Wirz
Director

The accompanying notes on pages 28 to 39 form an integral part of these condensed interim financial statements.

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Comprehensive Income
For the six months ended 30 June 2010 (Unaudited)

	Note	UNAUDITED For Six months ended 30 June 2010 Euro	UNAUDITED For Six months ended 30 June 2009 Euro
Income			
Net realised gain/(loss) on financial instruments at fair value through profit or loss		12,144,470	(956,062)
Change in unrealised gain on financial instruments at fair value through profit or loss		21,437,491	83,044,138
Realised and unrealised foreign currency gain on forward derivatives contracts		647,779	3,167,316
Net gain on financial instruments at fair value through profit or loss		34,229,740	85,255,392
Interest income		1,470	13,971
Total income		34,231,210	85,269,363
Finance Costs			
Realised and unrealised foreign currency loss on bank loan		-	355,738
Other realised and unrealised foreign currency loss		213	5,316
Interest expense		22,894	80,480
Company Expenses			
Performance fees	6	7,267,291	2,721,378
Management fees	6	5,221,783	4,757,309
Administrative fees	5	45,627	43,097
Directors fees		62,500	62,500
Professional fees		5,043	(33,534)
Audit fees		5,104	(13,589)
Other expenses		174,289	190,950
Total expenses		12,804,744	8,169,645
Net profit		21,426,466	77,099,718
Basic and diluted earnings per share			
Class A EURO€19,003,461 / 52,549,163 shares (2009: €72,043,410 Profit /58,725,481 shares)		€ 0.3616	€ 1.2268
Class A GBP£569,787 / 1,551,246 shares (2009:£2,043,622 Profit / 2,385,346 shares)		£0.3673	£0.8567

All activities are of a continuing nature.

The accompanying notes on pages 28 to 39 form an integral part of these condensed interim financial statements

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Changes in Equity
For the six months ended 30 June 2010 (Unaudited)

	Share Capital	Share Premium	Treasury Shares	Retained Gains	Total Equity
	Euro	Euro	Euro	Euro	Euro
Balance as at 1 January 2010	5,567	739,210,513	(31,477,788)	(17,305,504)	690,432,788
Net profit attributable to ordinary shares	-	-	-	21,426,466	21,426,466
Treasury shares acquired	-	-	(39,102,809)	-	(39,102,809)
Shares cancelled	(380)	(45,303,595)	45,303,975	-	-
Balance as at 30 June 2010	5,187	693,906,918	(25,276,622)	4,120,962	672,756,445

For the six months ended 30 June 2009 (Unaudited)

	Share Capital	Share Premium	Treasury Shares	Retained Losses	Total Equity
	Euro	Euro	Euro	Euro	Euro
Balance as at 1 January 2009	6,380	785,523,014	(11,714,342)	(151,450,070)	622,364,982
Net profit attributable to ordinary shares	-	-	-	77,099,718	77,099,718
Treasury shares acquired	-	-	(32,241,962)	-	(32,241,962)
Shares cancelled	(456)	(23,272,017)	23,272,473	-	-
Balance as at 30 June 2009	5,924	762,250,997	(20,683,831)	(74,350,352)	667,222,738

The accompanying notes on pages 28 to 39 form an integral part of these condensed interim financial statements

Condensed Interim Statement of Cash Flows
For the six months ended 30 June 2010 (Unaudited)

	UNAUDITED For Six months ended 30 June 2010 Euro	UNAUDITED For Six months ended 30 June 2009 Euro
Cash flows from operating activities		
Net profit	21,426,466	77,099,718
Adjustments to reconcile net profit to net cash used in operating activities:		
Unrealised gain on financial instruments at fair value through profit or loss	(21,437,491)	(83,044,138)
Realised (gain)/loss on financial instruments at fair value through profit or loss	(12,144,470)	956,062
Realised and unrealised foreign currency gain on forward derivatives contracts	(647,779)	(3,167,316)
Decrease in due from brokers	47,956	45,614
Increase/(decrease) in due to brokers	2,453,680	(191,720)
(Decrease)/increase in performance fee payable	(12,103,052)	2,721,378
(Decrease)/increase in management fee payable	(52,259)	2,092,240
Decrease in interest payable	(71)	(7,606)
(Decrease)/increase in administrative fee payable	(23,937)	9,646
Decrease in audit fees payable	(23,671)	(46,329)
Decrease in legal fees payable	-	(133,997)
Realised foreign currency loss on bank loan	-	512,011
Unrealised foreign currency gain on bank loan	-	(160,532)
Net cash used in operating activities	(22,504,628)	(3,314,969)
Cash flows from investing activities		
Purchase of investments at fair value	(497,340)	-
Sales of investments at fair value	61,602,580	57,612,027
Net cash provided by investing activities	61,105,240	57,612,027
Cash flows from financing activities		
Treasury shares acquired	(39,102,809)	(32,241,962)
Net payments on foreign exchange forward derivative contracts	252,197	(2,827,626)
Proceeds from other short term loan	250,000	6,050,000
Proceeds from bank loan	-	17,956,875
Repayment of bank loan	-	(43,234,345)
Net cash used in financing activities	(38,600,612)	(54,297,058)
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents		
Beginning of the period	-	-
Cash and cash equivalents at end of the period	-	-
Supplementary information		
Interest received	1,470	13,971
Interest paid	22,965	88,086

The accompanying notes on pages 28 to 39 form an integral part of these condensed interim financial statements

1. General information

Company information

Boussard & Gavaudan Holding Limited (the "Company") is a closed-ended investment company registered and incorporated on 3 October 2006, under the laws of Guernsey. Since 3 November 2006 the Company's shares have been listed and traded on the Eurolist Market operated by Euronext Amsterdam by NYSE Euronext. Prior to the listing of the Company, there had not been a public market for the shares. Upon listing and trading of the shares on Euronext Amsterdam and, as a result thereof, the Company is subject to Dutch securities regulations and to supervision by the relevant Dutch authorities. The Company is registered with the Dutch Authority for the Financial Markets as a collective investment scheme.

Since 28 July 2008, the Company's shares have also been 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. Upon admission to the Official List of the UK Listing Authority and, as a result, the Company is subject to the Financial Services Authority's Rules.

At the time of this dual listing, the Company 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 net asset value ("NAV") per Euro share at 30 June 2008.

From 30 June 2008 until June 2010, shareholders have been able to convert their existing holding of shares in the Company from one class into another class on a quarterly basis, subject to satisfying certain requirements.

In June 2010, the company decided to replace the quarterly conversion facility with an annual conversion facility.

The directors of the Company (the "Directors") are empowered by the articles of incorporation of the Company to determine the frequency of the conversion facility. In light of the administrative costs of operating the facility and the small number of shareholders who use the facility each quarter, the Directors have concluded that it is more appropriate to offer the conversion opportunity to shareholders on an annual basis going forward.

Following the June conversion, the next conversion date will be 30 November 2010.

Shareholders will be able to convert from one class to another on the last business day in November each year, and the results are expected to be released at the end of December when the final NAV for November becomes available.

Investment policy

The Company will invest its assets in order to deliver an exposure to multiple alternative investment strategies. Boussard & Gavaudan Asset Management, LP (the "Investment Manager") is responsible for the day-to-day management of the Company's investments.

The Company will seek to achieve its investment objective by investing the proceeds of any fundraising, net of any amounts retained to be used for working capital requirements, into Sark Fund Limited (the "Fund"), which is a feeder fund of Sark Master Fund; and by utilising its borrowing powers to make leveraged investments into private equity situations. The gross investment exposure of the Company at any time may represent a maximum of 200 percent of Net Asset Value at the time of investment.

1. General information (continued)

The Company will invest in a separate class of Euro denominated shares of the Fund which will not be subject to management fees and performance fees at the Fund level, as the Investment Manager will receive management fees and performance fees in respect of its role as Investment Manager of the Company. Therefore, the Company will benefit from exposure to the multiple strategies offered by the Fund with no multiple layering of fees.

Over time, a proportion of the net assets of the Company 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 leverage set out under the heading "Gearing" below, provided that, where such hedge funds are managed by the Investment Manager, the Company 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 also use the Company's borrowing facilities to enable it to make private equity investments at its discretion within the limits set out under the heading "Asset allocation" below. The Investment Manager's ability to use borrowings for such purposes 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 by 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 the Fund, non-Sark Fund investments as described above are intended to allow the Company to achieve its target annualised return. The Company's investments in non-Sark Fund assets 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 the Sark Master Fund due to risk profiles or liquidity profiles inconsistent with those of the Fund and the Sark Master Fund.

Gearing

As described above, the Company intends to make use of its borrowing facilities to allow it to have an investment exposure of up to 200% of Net Asset Value at the point of investment.

The Company has power under its Articles of Incorporation to borrow up to an amount equal to 100% of its Net Asset Value as at the time of borrowing.

It is intended that leverage will be used by the Company for the purposes of (i) managing day to day cash flow, i.e. for meeting expenses of the Company and for funding repurchases of Shares and (ii) leveraging investments made by the Company.

The Company may make use of borrowing facilities in order to leverage its investments, including its investment in the Fund or in other hedge funds managed by the Investment Manager (hereafter, "Manager Funds"), provided that the Company complies with the exposure limitations set out under the heading "Asset allocation" below.

1. General information (continued)

Asset allocation

Investments in Manager Funds
Substantially all of the net assets of the Company are currently invested in the Sark Fund and it is anticipated that a significant proportion of the Company's net assets will remain invested in the Sark Fund.

Over time, no less than 90% of the Net Asset Value and no more than 110% of the Net Asset Value will be invested in Manager Funds, with at least 80% of the Net Asset Value invested in the Fund.

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:

Direct Investments
The aggregate value of Direct Investments may not exceed an amount equal to 50% of the Net Asset Value 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% of the Net Asset Value at the time of making any such investment. In addition, the Company will not make any single private equity investment representing in excess of an amount equal to 10% of its Net Asset Value as at the time that investment is made. Private equity investments made in linked transactions will be aggregated for the purposes of this calculation.

Hedge fund investments (other than Manager Funds)
The Directors have also determined that the Company's investments in hedge funds (other than Manager Funds) when aggregated may not exceed an amount equal to 25% of the Net Asset Value at the time of making any such investment.

Diversification

The Company's investment policy will be diversified by exposure to the investment strategies of Sark Master Fund through the Company's investment in Sark Fund and through the other leveraged investments made by the Investment Manager as described above.

Close Fund Services (the "Administrator") arranges for the monthly publication of the NAV of the Company as at the end of the previous month and the Investment Manager provides daily estimates.

As of 30 June 2010, the Company, the Fund and the Sark Master Fund had no current employees, nor did any of them own any facilities.

2. Accounting policies

Statement of compliance

The same accounting policies, presentations and methods of compliance are followed in these condensed interim financial statements as were followed in the preparation of the company's annual financial statements for the year ended 31 December 2009.

2 Accounting policies (continued)

Statement of compliance (continued)

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 30 June 2010, and have not been applied in preparing these interim financial statements.

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11.
IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations.
IFRIC 17 Distribution of Non-cash Assets to Owners
This interpretation provides guidance on accounting for arrangements whereby an entity distributes noncash assets to shareholders either as a distribution of reserves or as dividends.

'In May 2010 the IASB published 'Improvements to IFRSs' (2010 Improvements). The 2010 Improvements made changes to a number of IFRSs including IAS 34. Amendments to IAS 34 aim to improve interim financial reporting by clarifying the disclosures required, providing examples of events and transactions that are required to be disclosed (if significant). This amendment also includes disclosures related to recent improvements in IFRS 7 Financial Instruments: Disclosures.
The 2010 Improvements are effective for periods beginning on or after 1 January 2011. Earlier application is permitted but has not been applied in these interim financial statements.'

Basis of Preparation

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

The interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2009, which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Management believes that the estimates utilised in preparing its financial statements, particularly with reference to the valuation of unquoted investments based on capitalised earnings methods and the related earnings multiples applied, are reasonable and prudent. However, actual results could differ from these estimates.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency is Euro, which reflects the Company's primary activity of investing in Euro denominated securities. The Company has adopted the Euro as its presentation currency.

2. Accounting policies (continued)

Functional and presentation currency (continued)
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. Translation differences on non-monetary items held at fair value through profit or loss are reported as part of the fair value gain or loss.

Investments at fair value through profit or loss
Financial assets excluding derivatives 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 the Company's investment strategy and information about the investment is provided to the board of Directors on that basis.

Investment transactions are accounted for on a trade date basis. Investments are initially recognised at fair value excluding attributable purchase costs. Investments are subsequently carried at fair value determined by the Valuation Agent, GlobeOp Financial Services Limited, at the un-audited NAV of the Sark Fund on a monthly basis except for the year end NAV which is based on the audited NAV.

Changes in the fair value of investments are recorded in the statement of comprehensive income.

Recognition/derecognition

Purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Taxation

The Company has been granted exemption under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, from Guernsey Income Tax, and is charged the annual fee of £600. As a result, no provision for income tax has been made in the financial statements.

Income and expenses

Other 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 cash, and interest expense, arising on overdrafts and borrowed debt loans, are recognised in the statement of comprehensive income within interest income and interest expense using the effective interest method.

2. Accounting policies (continued)

Basic 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.

Net Asset Value per share is calculated by dividing the net assets at the Statement of Financial Position date by the number of shares outstanding at the Reporting date.

Share issue cost

Share issue costs have been borne by the Investment Manager.

Loans

Loans are carried at amortised cost. Interest paid on loans are recognised in the statement of comprehensive income within interest expense using the effective interest method.

Treasury shares

When the Company 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 the Company's own equity instruments.

Forward currency contracts

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 derivative financial instruments and are classified as held for trading. They 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 are calculated as the difference between the contract rate and the forward price, and are recognised in the statement of comprehensive income.

Operating segments

The Board is of the view that the Company is engaged in a single segment of business, that being investment in financial instruments.

The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company’s performance and to allocate resources is the total return on the Company’s net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

There are no differences in segmentation or in the measurement of segment profit or loss from the 31 December 2009 annual consolidated financial statements.

The majority of the Company’s investments are in the Fund which is domiciled in the Cayman Islands. The Company is domiciled in Guernsey.

3. Investments in financial instruments through profit or loss

	Unaudited As at 30 June 2010 Euro	Audited As at 31 December 2009 Euro
Investments in Sark Fund Limited Cost €618,990,837 (2009: € 667,853,983)	680,345,014	708,929,113
Investments in Private equity deals Cost €8,035,236 (2009: € 7,537,896)	9,829,132	8,166,332
Investment in money market fund Cost €135,928 (2009: € 730,893)	137,800	739,781
Total	690,311,946	717,835,226

	Unaudited As at 30 June 2010 Euro	Audited As at 31 December 2009 Euro
Investments		
Beginning cost	676,122,772	789,324,249
Additions	497,340	1,187,500
Disposal	(61,602,581)	(101,762,027)
Realised gain/(loss)	12,144,470	(12,626,950)
Ending Cost	627,162,001	676,122,772
Unrealised gain on investments at fair value through profit or loss	63,149,945	41,712,454
Investments at fair value through profit or loss	690,311,946	717,835,226

4. Related Party transactions

There have been related party transactions as set out below over the period and as disclosed in notes 5 and 6.

The Directors are paid an annual fee of €30,000; the Chairman is entitled to receive €50,000 per annum and the Chairman of the audit committee receives on additional fee of €7,500 per annum.

5. Administration fees

Close Fund Services Limited, the Administrator, is entitled to a fee of £85,000 per annum. In addition, the Administrator outsources the accounting to GlobeOp Financial Services LLC for an annual service fee equal to €20,000 payable monthly.

6. Management fees and Performance fees

The Company has appointed Boussard & Gavaudan Asset Management, LP as investment manager pursuant to an investment management agreement entered into on 13 October 2006.

Under the Investment Management Agreement, the Investment Manager has been given responsibility for the day-to-day discretionary management of the Company’s assets in accordance with the Company’s investment objective and policy, subject to the overall supervision of the Directors.

6. Management fees and Performance fees (continued)
The Investment Management Agreement is terminable by either party giving to the other not less than twelve months' notice in writing, such notice not to expire before the third anniversary of admission of the Company's existing Shares to Euronext Amsterdam, 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.

In the event that the Investment Management Agreement is terminated before the third anniversary of admission of the Company's existing Shares to Euronext Amsterdam other than, inter alia, as a result of the material breach or insolvency of the Investment Manager, the Company would, nonetheless, be obliged to pay the Investment Manager any management fee or performance fee that would otherwise be payable in respect of the period to such third anniversary. This has been agreed on the basis of the Investment Manager's bearing all the costs and expenses of establishing the Company.

If the Investment Management Agreement is terminated before 31 December in any year, the performance fee in respect of the then current Calculation Period will be 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% of the Net Asset Value. The Investment Manager is also entitled to receive a performance fee.

The Performance Fee will be calculated in respect of each Calculation Period. The Performance Fee shall be deemed to accrue on a monthly basis as at each Valuation Day. For each Calculation Period, the Performance Fee will be equal to 20% of the appreciation in the Net Asset Value per share during that Calculation Period above the net asset value per Share of the relevant class (the "Base Net Asset Value per Share"), multiplied by the weighted average number of Shares of the relevant class in issue (excluding shares held in Treasury) over the Calculation Period. The Base Net Asset Value per Share is the highest Net Asset Value per Share achieved as at the end of any previous Calculation Period (if any).

The Performance Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value per Share before deduction for any accrued Performance Fee. The Performance Fee attributable to each class of Shares shall be paid solely from the relevant pool underlying each class of Shares such that no class of Share shall bear any part of the Performance Fee attributable to any other class of Shares. The effect of hedging the currency exposure of a class of Shares on the relevant pool will be included when the Performance Fee is calculated.

For the purposes of calculating the Performance Fee and for the avoidance of doubt, the Net Asset Value per Share of a class will include in full any increase in the Net Asset Value per Share of that class attributable to any repurchase by the Company of that class of Shares.

During the six month period ended 30 June 2010 the Management fees were €5,221,783
(Six months ended 30 June 2009: €4,757,309), at 30 June 2010 €2,620,177 (31 December 2009: €2,672,436) was payable.

During the six month period ended 30 June 2010, the Performance fees were €7,267,291(30 June 2009: €2,721,378), at 30 June 2010 €7,267,291 (31 December 2009: €19,370,343) was payable.

7. Share Capital

Authorised Shares

On incorporation, the authorised share capital of the Company was represented by 100,000,000 shares of €0.0001 par value. At that time, two shares were subscribed by CO1 Limited and CO2 Limited of 7 New Street, St Peter Port, Guernsey, the subscribers to the Memorandum of Association. On 13 October 2006 the holders of the two subscriber shares in the Company, CO1 Limited and CO2 Limited, passed a written special resolution approving the cancellation of the entire amount standing to the credit of the share premium account immediately after the initial public offering of the Company's existing shares, conditionally upon the issue of such shares and the payment in full thereof. An application was made to the Royal Court of Guernsey to confirm the reduction of the share premium account.

This cancellation was confirmed by the Royal Court on 10 November 2006, enabling the Company to effect purchases of its own shares and/or C shares.

On 1 November 2006, 43,999,998 Class A shares were issued fully paid for cash at a price of €10 each. By a resolution of shareholders passed on 30 April 2007, the authorised share capital of the Company was increased from €10,000 to €1,010,000 by the creation of 5,000,000,000 shares of €0.0001 each and 5,000,000,000 C shares of €0.0001 each.

Allotted, issued and fully paid
(Unaudited)

As on 30 June 2010	**Shares**	**Euro**
Class A EURO of €0.0001	50,304,068	5,030
Class A GBP of €0.0001	1,568,514	157
		5,187

(Audited)

As on 31 December 2009	**Shares**	**Euro**
Class A EURO of €0.0001	53,978,004	5,398
Class A GBP of €0.0001	1,688,474	169
		5,567

Voting

The shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company and each holder of shares being present in person or by attorney 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 attorney 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 the Company may be issued with such preferred, deferred or other special rights or restrictions whether as to dividend, voting, return of capital or otherwise as the Company 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 (Guernsey) Law, 2008, the terms and rights attaching to any class of shares, the Articles and any guidelines established from time to time by the Directors, the Company may from time to time purchase or enter into a contract under which it will or may purchase any of its own shares.

7. Share Capital (continued)

The making and timing of any buy back will be at the absolute discretion of the Directors. 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 the Company 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 by the holders of the shares of that class.

On a winding-up, the shareholders shall be entitled to the surplus assets remaining after payment of all the creditors of the Company.

8. Treasury shares

The acquisition of treasury shares started on 27 February 2008. The Company held 4.65% (31 December 2009: 5.71%) of its issued share capital in treasury shares on 30 June 2010.

The Company shall not hold more than 10% of its issued share capital in treasury.

Situation

Company's allotted, issued and fully paid share capital
Prior to the effect of the treasury shares held at €0.0001 each

	Nominal Euro	Shares Euro	Nominal GBP	Shares GBP
(Unaudited)				
30 June 2010	€5,283.4055	52,834,055	€156.8514	1,568,514
(Audited)				
31 December 2009	€5,734.7836	57,347,836	€168.8474	1,688,474

After the effect of the treasury shares acquired at €0.0001 each

	Nominal Euro	Shares Euro	Nominal GBP	Shares GBP
(Unaudited)				
30 June 2010	€5,030.4068	50,304,068	€156.8514	1,568,514
(Audited)				
31 December 2009	€5,397.8004	53,978,004	€168.8474	1,688,474

Activity

The Company has bought back the following shares during the period

	Number of EUR shares	EUR amount	Average Price	Number of GBP shares	GBP amount	Average Price
(Unaudited)						
For the six months ended 30 June 2010	3,802,580	€ 39,102,809	€ 10.283	-	-	-
For the six months ended 30 June 2009	4,605,913	€ 32,034,739	€ 6.9551	30,000	£184,685	£6.1562

8. Treasury shares (continued)

The Company has cancelled the following shares during the period

	Number of EUR shares	EUR amount	Average Price	Number of GBP shares	GBP amount	Average Price
(Unaudited)						
For the six months ended 30 June 2010	4,642,425	€ 45,303,975	€ 9.7587	-	-	-
For the six months ended 30 June 2009	3,287,377	€ 20,496,076	€ 6.2348	442,750	£2,365,827	£5.3435

9. Other short term loan

The share buy back programme is financed by redemptions of Sark Fund shares which are payable only once in each calendar month. As a result, the share buy back programme creates a need for intra-month bridge financing. From 28 January 2009, Sark Fund has agreed to make an intra-month interest bearing advance to the Company under a facility agreement. All amounts outstanding under the facility must be repaid in full by the end of each calendar month, subject to cash settlement delays. The facility has a maximum amount of €30 million. The facility has a tacitly renewable one year stated term. Sark Fund Limited may at any time terminate the facility on a 90 calendar days notice. As of 30 June 2010 €5,754,991 was due to Sark under the loan facility agreement.

The terms of the Agreement are at arm's length and have been approved by the Board of the Company and the Board of Sark Fund Ltd. The Company borrows from Sark at a 1.5 percent spread over the 1 month Euribor. The Company (as well as Sark Fund) has a real and sufficient corporate benefit and is paying an adequate consideration.

	Unaudited As at 30 June 2010	Audited As at 31 December 2009
Other short term loan	**Euro**	**Euro**
Beginning cost	(5,500,000)	-
Repayments	33,150,000	48,950,000
Drawdown	(33,400,000)	(54,450,000)
Ending Cost	(5,750,000)	(5,500,000)
Accrued Interest	(4,991)	-
Other short term loan at fair value	(5,754,991)	(5,500,000)

10. Segment information

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

10. Segment information (continued)

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

	Unaudited As at 30 June 2010 Euro	Unaudited As at 30 June 2009 Euro
Equity securities	33,581,960	82,088,076
Debt instruments	-	(355,739)
Derivative financial instruments	647,780	3,167,316
Foreign exchange gains on financial instruments not at fair value through profit or loss	1,257	8,656
Total	34,230,997	84,908,309

11. Comparatives

Comparative information has been provided for the six months from 1 January 2009 to 30 June 2009. Certain comparative figures have been reclassified in order to conform to the presentation.

12. Post balance sheet events

There were no material post balance sheet events subsequent to period end.

13. Approval of financial statements

The interim financial statements were approved by the Company on xx xx 2010 at which date these financial statements were considered final.