

CONDENSED HALF YEARLY REPORT AND UNAUDITED INTERIM
FINANCIAL STATEMENTS

Boussard & Gavaudan Holding Limited

For the six months ended 30 June 2014

	Page
BGHL Information	2
Directors' Report	3-5
Interim Management Report	6
Investment Manager's Report and Financial Highlights	7-14
Independent Review Report	15
 <u>FINANCIAL STATEMENTS</u>	
Condensed Interim Statement of Financial Position	16
Condensed Interim Statement of Comprehensive Income	17
Condensed Interim Statement of Changes in Equity	18
Condensed Interim Statement of Cash Flows	19
Notes to the Condensed Interim Financial Statements	20-33

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Boussard & Gavaudan Holding Limited

Directors' Report

For the six months ended 30 June 2014

The Directors present their half-yearly report and interim condensed financial statements for the six months ended 30 June 2014 (the "Period").

Principal Activities

From 1 January to 30 June 2014, Boussard & Gavaudan Holding Limited ("BGHL") had invested substantially all of its net assets in BG Fund, a feeder fund fully invested in BG Master Fund Plc. BG Master Fund Plc, an Irish Qualified Investor Fund, is a Europe-focused multi-strategy fund, which aims primarily at arbitraging instruments with non-linear pay-offs in special situations. BG Master Fund Plc implements diversified investment strategies, including volatility, equity and credit strategies. The overall investment objective of BG Master Fund Plc 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 BG Fund and as described in BGHL's offering memorandum and investment policy, BGHL enters into other investments, including private equity investments.

Boussard & Gavaudan Investment Management LLP ("BGIM" or the "Investment Manager") was appointed as manager (AIFM) by BGHL, BG Fund and BG Master Fund Plc on 21 July 2014. The Investment Manager has taken over the investment advisory business previously undertaken by Boussard & Gavaudan Asset Management, LP ("BGAM"). The Investment Manager is authorised by the FCA to perform the regulated activity of managing an Alternative Investment Fund.

As of 30 June 2014, BGHL was exposed to:

- BG Fund as to approximately 101.9% of its net asset value (from 106% as of 31 December 2013),
- Investments other than in BG Fund as to approximately 8.8% of its net asset value (from 7% as of 31 December 2013).

Investments other than in BG Fund and exposures above 100% in BG Fund are financed through a €60 million bank committed secured credit facility borrowed from Natixis S.A.

As of 30 June 2014, BGHL's net assets were approximately €627 million, up from €612 million as of 31 December 2013.

Review of Recent Developments

BGHL's performance

From 1 January to 30 June 2014, the performance of the Euro shares and the Sterling shares was as follows:

	30 June 2014	31 December 2013	Variation
Euro share price ¹	€14.21	€12.70	+11.89%
Euro share NAV	€17.50	€16.71	+4.73%
Discount to NAV	18.80%	24.0%	
	30 June 2014	31 December 2013	Variation
Sterling share price ²	£12.30	£10.56	+16.47%
Sterling share NAV	£15.71	£15.06	+4.32%
Discount to NAV	21.71%	29.9%	

During the period from 1 January 2014 to 30 June 2014, BGHL's Euro share price outperformed both the HFRX Global Hedge Fund Index (+1.77%) and the HFRX Equal Weighted Strategies Index (+1.90%).

The performance of BGHL is driven primarily by the financial results of BG Fund and, to a lesser extent, from the accretive effect of its share buy back programme.

¹ Amsterdam (AEX) market close for Euro share

² London (LSE) market close for Sterling share

Boussard & Gavaudan Holding Limited

Directors' Report

For the six months ended 30 June 2014

BGHL continued to seek to improve the liquidity of the shares in the market by repurchasing its own shares. It is our intention to maintain the share buy back programme as long as the discount to NAV remains at a high level.

BG Fund's performance

From 1 January to 30 June 2014, the NAV of BG Fund's Euro A share class posted a +2.31% return with an annualised volatility of 4.65%, while European equity markets went up, with the EURO STOXX 50® at +3.8%. Volatility on stock markets decreased, with the VDAX index ending flat at 13.2%, the VSTOXX® index at 15.3%, down from 17.3%, and credit spreads tightened, with the Itraxx Crossover (generic) finishing at 241bps from 286bps.

Over the five year period ended on 30 June 2014, the NAV of BG Fund's Euro A share posted an annualised return of 7.26% with an annualised volatility of 4.80%. This compares with the HFRI Fund Weighted Composite Index, which posted an annualised return of 6.49% with an annualised volatility of 5.58%.

Performance of Investment Manager and Continued Appointment

BGHL has appointed Boussard & Gavaudan Investment Management LLP ("BGIM LLP") as manager (AIFM) pursuant to an investment management agreement entered into on 21 July 2014. Prior to such appointment, BGHL had appointed Boussard & Gavaudan Asset Management, LP ("BGAM LP") as Investment Manager pursuant to an investment management agreement entered into on 13 October 2006.

BGIM LLP was incorporated on 5 November 2013 as a limited liability partnership or "LLP" in England and Wales for the purpose of complying with AIFMD regulations (because the previous investment manager, BGAM LP - a limited partnership - had no legal personality and would therefore not be eligible to act as an AIFM). On 11 July 2014 BGIM LLP received authorisation from the Financial Conduct Authority to perform the regulated activity of managing alternative investment funds.

BGIM LLP acts through its managing member, Boussard & Gavaudan Partners Limited ("BGPL"), and is owned by BGAM LP.

BGIM has therefore access to the same resources as the previous investment manager BGAM LP of which BGPL is the General Partner. The Investment Manager's fees and provisions for notice of termination are unchanged.

The Board has reviewed the performance of the previous Investment Manager and is satisfied that the appointment of the new 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 BGHL. Also, please refer to note 7 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 2014

The Statement of Financial Position and the Statement of Comprehensive Income for the six months ended 30 June 2014 are set out on pages 16 and 17 of financial statements.

Directors

The Directors at 30 June 2014 were:

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

Mr Christopher Fish was re-elected at the annual general meeting held in 2014 and Mr Andrew Henton and Mr Nicolas Wirz were re-elected at the annual general meeting held on 5 July 2012.

Save as disclosed in these financial statements, BGHL 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 €23,000 other than the Chairman, who is entitled to receive €41,500 per annum and the Chairman of the Audit Committee who receives an additional fee of €7,500 per annum.

Boussard & Gavaudan Holding Limited
Directors' Report
For the six months ended 30 June 2014

Directors' interests in shares

As of 30 June 2014, Christopher Fish had invested, directly or indirectly, in 8,631 ordinary Euro shares of BGHL. Nicolas Wirz had invested, directly or indirectly, in 16,168 ordinary Euro shares of BGHL

Share buy-backs

During the six month period ended 30 June 2014, BGHL bought back 808,866 Euro shares and no Sterling shares. As at 30 June 2014, 506,095 Euro shares were held in Treasury representing 1.40% of the total issued share capital.

On 23 July 2014 the shareholders renewed BGHL's authority to make market purchases of its shares. Under such authority BGHL is allowed to purchase up to 14.99% of the shares in issue (excluding treasury shares) at the time authority was granted.

By order of the Board

Christopher Fish
Chairman

Andrew Henton
Director

27 August 2014

Boussard & Gavaudan Holding Limited
Interim Management Report
For the six months ended 30 June 2014

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

- (a) the Investment Manager's Report and Financial Highlights include a fair review of the development and performance of the business and the position of BGHL together with a description of the principal risks and uncertainties that BGHL faces as required by the Disclosure and Transparency Rules of the UK Listing Authority;
- (b) the interim condensed financial statements for the period ended 30 June 2014 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; and
- (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 5 to the financial statements.

By order of the Board

Christopher Fish
Chairman

Andrew Henton
Director

27 August 2014

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2014

Background and Highlights

A.1 Background

Boussard & Gavaudan Holding Limited ("BGHL") is a closed-ended investment vehicle, registered and incorporated under the laws of Guernsey on 3 October 2006. BGHL'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. 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. 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 net asset value ("NAV") per Euro share at 30 June 2008. Shareholders can convert their existing holding of shares in BGHL from one class into another class on a yearly basis, subject to satisfying certain requirements.

Through its investment in BG Fund (a sub-fund of BG Umbrella Fund plc) managed by Boussard & Gavaudan (Boussard & Gavaudan Asset Management, LP until 21 July 2014 and Boussard & Gavaudan Investment Management LLP thereafter), which constitutes its main investment, BGHL is sensitive to equity and volatility prices as well as to credit spreads. BGHL is exposed to other market factors but to a lesser extent.

From 1 January to 30 June 2014 (the "period"), the Eurostoxx 50® was up 3.8% and stock market volatility decreased: the VDAX was flat at 13.2% while the VStoxx® finished at 15.3%, down from 17.3%. The Crossover (generic) finished at 241bps, tightening by 45bps.

A.2 Highlights

As of 30 June 2014, BGHL's assets under management were approximately €627 million, up from €612 million at 31 December 2013.

A.2.1 Performance

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

	30 June 2014	31 December 2013	Variation
Euro share price ¹	€14.21	€12.70	+11.89%
Euro share NAV	€17.50	€16.71	+4.73%

	30 June 2014	31 December 2013	Variation
Sterling share price ²	£12.30	£10.56	+16.47%
Sterling share NAV	£15.71	£15.06	+4.32%

Euro and Sterling share prices outperformed the Eurostoxx 50® index which was up 3.8%.

A.2.2 Share buy back and discount to NAV

Share buy back programme

Since its listing, BGHL has set up a share buy back programme approved in general meeting by its shareholders. The volume of the share buy back programme during the year shows the Investment Manager's commitment to BGHL's strategy and its efforts to reduce the discount to NAV.

Liquidity enhancement agreement

To increase the liquidity of BGHL's shares, BGHL 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 BGHL in accordance with the Dutch accepted market practice. BGHL intends to limit the amount allocated to the execution of this contract to 2% of its market capitalisation per year.

¹ Amsterdam (AEX) market close for euro share

² London (LSE) market close for sterling share

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

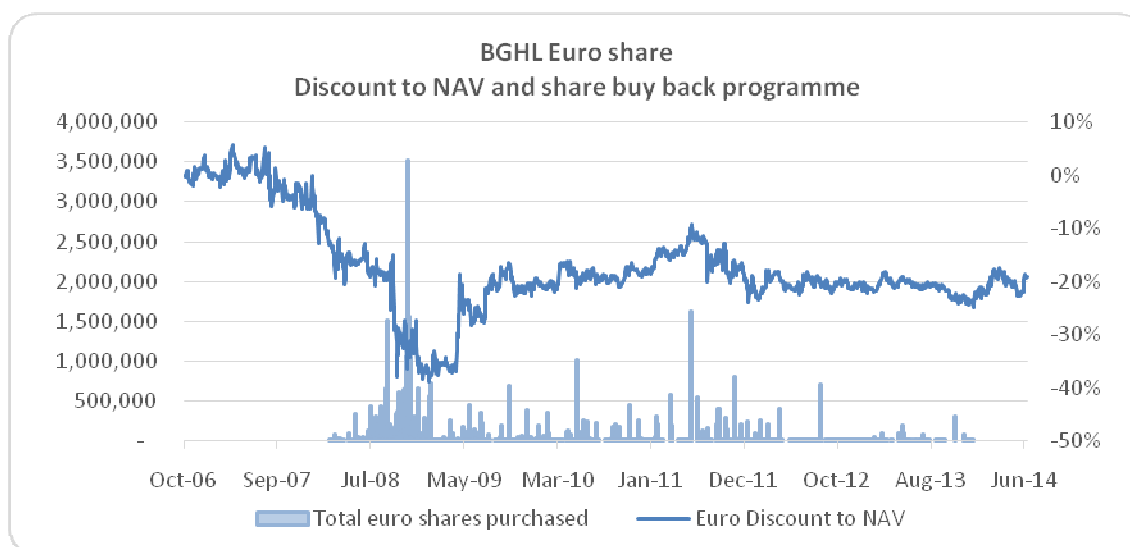
For the six months ended 30 June 2014

Liquidity enhancement agreement

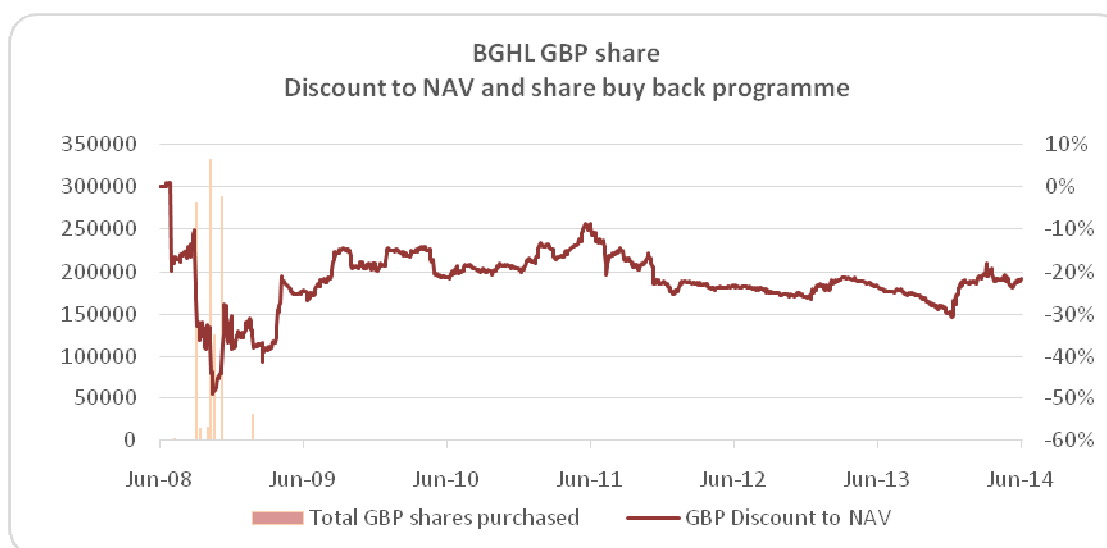
Share buy backs from both programmes are accretive to shareholders; they contribute to the outperformance of BGHL's net asset value with respect to that of BG Fund.

Discount to NAV	30 June 2014	31 December 2013
Euro share	-19.2%	-24.0%
Sterling share	-21.7%	-29.9%

Below is the discount to NAV and the share buy back programme since inception for the Euro Share and the Sterling Share



Graph 1 (source BGAM estimates / Bloomberg)



Graph 2 (source BGAM estimates / Bloomberg)

B- Review of the development of the business

From 1 January to 30 June 2014, BGHL had most of its total assets invested in BG Fund, a feeder fund fully invested in BG Master Fund Plc (the "Master Fund"). The Master Fund, an Irish Qualified Investor Fund, is a Europe-focused multi-strategy fund, which aims primarily at arbitraging instruments with non-linear pay-offs in special situations. The Master Fund implements diversified investment strategies, including volatility, equity and credit strategies.

In addition to its investment in BG Fund and as described in BGHL's investment policy, BGHL may enter into other investments including private equity investments.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2014

B- Review of the development of the business (continued)

As of 30 June 2014, BGHL was exposed to:

- BG Fund to approximately 101.9% of its net asset value (from 106% as of 31 December 2013)
- Investments other than in BG Fund to approximately 8.8% of its net asset value (from 7% as of 31 December 2013)

These investments are financed through BGHL's equity in addition to a €60 million credit facility borrowed with Natixis SA since 29 November 2013.

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

C- Risks

C.1 Investments other than in BG Fund

Rasaland

BGHL entered into RLI in June 2008 for \$10 million. RLI is a Maltese company structured as a private equity fund in terms of fees and organisation, dedicated to investing in land, hotels and high-end resort developments in Mexico. The value of RLI reported by its administrator has remained almost unchanged, slightly above cost, since BGHL made its investment. RLI's initial business was, soon after launch, affected by several adverse events which have changed the exit solution and the time schedule considered initially. RLI has mitigated the risk of running out of cash by selling a stake in one of its land projects to a large Mexican institutional Pension Fund. The Company also acquired the Four Seasons hotel in Mexico in May 2013 and is close to acquiring a second flagship operating hotel, which complements the land portfolio with cash generating assets. The listing of RLI's hotel subsidiary on Mexico's exchange is the more likely exit option currently envisaged by RLI. The listing of the subsidiary could be followed by the listing of RLI. The EUR/USD exposure is hedged by an FX forward which is rolled on a 3 month basis.

GFI Informatique

BGHL signed on 7 June 2013 a shareholders' agreement in order to act in concert with the two main shareholders of GFI Informatique. GFI Informatique is one of the leading IT services firms in France and Southern Europe, employing 10,000 people at the end of 2012.

In compliance with applicable regulations, the concert through Infofin Participations (an entity created for this purpose, hereafter "Infofin"), filed a mandatory public tender offer with the French Autorité des Marchés Financiers (AMF) for all of the outstanding shares and bonds giving access to GFI's share capital or voting rights not yet held by the concert.

Under the shareholders' agreement BGHL agreed to invest - after completion of the public offer - in bonds to be issued by Infofin and exchangeable into GFI shares. BGHL completed on 29 August 2013 its subscription of Infofin exchangeable bonds for an amount of €20,364,030.72. The Investment Manager of BGHL is not aware of any material adverse development and has not identified any significant event since August 2013. GFI has been performing in line with expectations.

In addition BGHL has a direct equity investment in GFI Informatique (FR0004038099) representing approximately €11.8 million as of 30 June 2014.

C.2 Investment in BG Fund

Strategies

The Master 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

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2014

C.2 Investment in BG Fund (Continued)

Equity strategies include:

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

Credit strategies include:

- credit long / short
- capital structure arbitrage

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

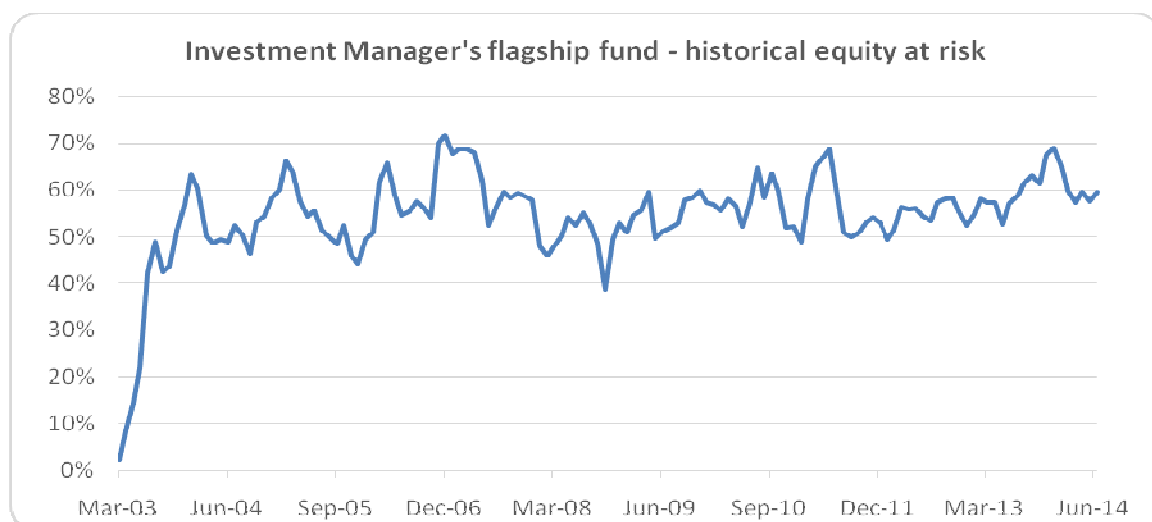
Risk and Capital allocation

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. 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 Master 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 conservative bias.

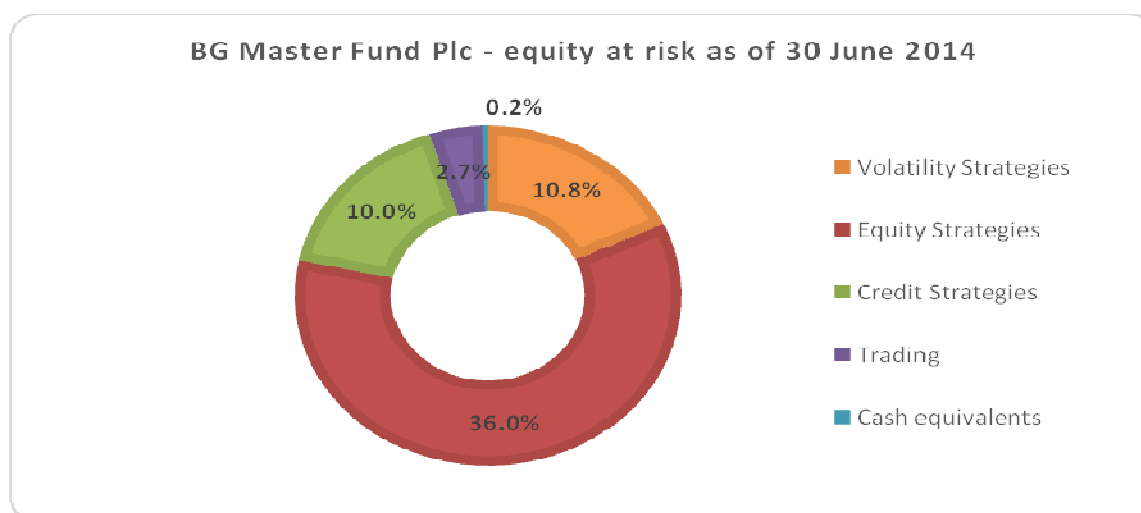
Haircuts condition the level of excess margin, which is the level of risk left to increase positions or enter into additional ones. An excess margin of 25%, which corresponds to a 75% level of equity at risk, means that the Master Fund can theoretically increase all of the positions in the portfolio by approximately 33% without having to raise further cash. The model provides an estimation of the Master 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 Master Fund. A large level of excess is maintained at any time. The excess margin corresponds to the remaining capacity that the Master Fund can deploy without having to raise additional cash. The Investment Manager intends to be very selective when deploying equity at risk.

The graphs below illustrate the evolution of the equity at risk of the flagship fund since inception (combination of data from Sark Fund, until 30 October 2010, and BG Master Fund Plc since 1 November 2010) and the allocation of the equity at risk across strategies.



Graph 3 (source BGAM estimates)

C.2 Investment in BG Fund (Continued)

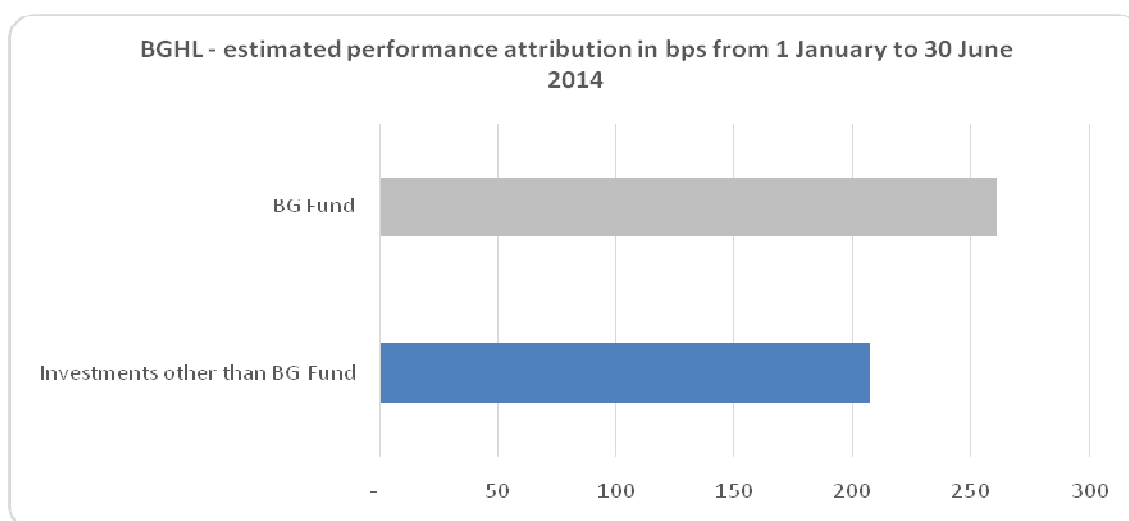


Graph 4 (source BGAM estimates)

At 30 June 2014, the equity at risk of the Master Fund stood at 60% of capacity versus 69% at 31 December 2013. The Master Fund has the largest allocation in equity strategies followed by volatility strategies and credit strategies. Trading remains minimal. Cash equivalents¹ use 0.2% of the equity at risk.

D- Results

BG Fund and investments other than BG Fund contributed positively to the performance of BGHL.



Graph 5 (source BGAM estimates)

D.1 Results in investments other than in BG Fund

Over the period, GFI Informatique contributed positively to the performance BGHL. The company's share price rallied +45.6% and the convertible bonds ("CB") valuation richened on the back of good results and revived interest for the sector. The announcement of the Steria / Sopra merger and potential interest from Atos for Steria drove a re-rating of the French IT services sector.

The contribution of Rasaland was nil.

¹ Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2014

D.2 Results in BG Fund

The performance of BG Fund (Euro Class B), the main investment of BGHL, was as follows:

NAV per share	30 June 2014	31 December 2013	Variation
Euro Class B ¹	€130.78	€126.26	+3.6%

The performance is essentially driven by the investments in the Master Fund.

Credit strategies were the main contribution to the performance followed by volatility strategies. Equity strategies cost to the Master Fund. The contribution of the trading was slightly negative.

Volatility Strategies

Convertible Bond Arbitrage

In 2013, long-only funds returned on average 9%. Of those 9%, 7% were due to stock increases, 2% were explained by implied volatility effects (representing 5 volatility points). Credit and carry accounted for 1%, while interest rate shifts and bankruptcy were responsible for a 1% loss. If implied volatility is key for hedge funds, it is only one technical factor among others for long-only managers. The main driver for long-only performance in 2014 should, like last year, be share prices.

Nevertheless, market conditions could well be less favourable this year. The Investment Manager has a negative view on CBs in the short term. Even if long-only investors are still cash rich and even if fixed income funds could be interested in the convertible asset class, the Investment Manager believes valuations to be too stretched.

There were 43 new issues in the European CB market amounting to €12bn this period. Corporates opportunistically issued new convertible bonds with low coupons and high premiums. The main buyers were again long-only funds. It is worth noting that zero coupon structures were issued for the first time in a long while in the European CB market due to the demand of long-only investors.

Most new issues tended to richen quickly as appetite from long-only investors remained strong and pushed valuations to their highest levels from April onwards. Then valuations pulled down to some extent, long-only funds facing some redemptions. Outflows were limited but they may expose a pause or even a new trend. At the end of June it is worth noting that new issues did not perform well in the grey market. Long-only investors' appetites were diminished by the significant amount of issuance during the month and their rich valuations. Adjusted to take account of share price fluctuations, valuations declined for the second month in a row: the Investment Manager estimated an average 4 points implied volatility drop, equivalent to a 2% decrease in bond prices. Nevertheless, valuations remained expensive.

In this context, it was difficult for the Investment Manager to implement any rational investments based on volatility or on volatility versus credit. However, the Investment Manager could identify some situations linked to "soft call" triggers which were attractive from his standpoint. Overall, the book was limited to a few special situations' positions which contributed positively to the performance of the Master Fund.

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds contributed slightly negatively to the performance of the Master Fund. Unlike CBs, the Investment Manager thought mandatory convertibles were still attractively valued. The Investment Manager focused his energy on increasing exposures where long-only funds did not drive valuations. Here, funding costs and capital requirements were still key valuation drivers.

There was one issue during this period: the company Dufry issued a 1-year fixed ratio mandatory for CHF275m in June in which the Investment Manager invested.

Gamma Trading

Gamma trading contributed slightly negatively to the performance of the Master Fund. During the period, implied volatility decreased from an already low level but still remained below realised volatility.

As equity strategies continued to pay a significant amount of theta to protect the Master Fund, the gamma book was kept to a minimum. The Investment Manager continued to monitor the situation in order to raise the Master Fund's gamma exposure, should the downside risk increase.

¹ Euro Class B bears no management and performance fees. Management and performance fees are charged at BGHL level.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2014

D.2 Results in BG Fund (Continued)

Equity Strategies

Equity strategies contributed negatively to the performance of the Master Fund.

January started on a positive note thanks to special situations and value with catalyst trades which performed well despite a challenging environment. Equity moves were macro- rather than micro-driven. But thanks to the extensive use of option to express the Investment Manager's views, the book was well protected, keeping exposure only on the strongest convictions.

Then, the equity portfolio started to suffer. On some of the investments largely expressed through options, delta exposures mechanically reduced as options moved further out of the money; the Investment Manager selectively decided to increase some of these delta exposures at attractive levels. Starting in March, a sizeable rotation and inversion of trends occurred. Profit-taking on the best performers of the past few months (telecoms and cyclicals) and repositioning on defensive stocks had a great impact on share prices as liquidity in the market was not enough to absorb those flows. The Master Fund's main conviction investments suffered.

During this period, capital market was active, especially at the beginning of the year. That said, secondary market performance following the placements was mixed and the activity fell substantially after a number of placements failed to meet satisfactory demand levels. Investors became more cautious on blocks. The Investment Manager still believes this activity will be significant for the rest of the year, but more than ever, the Investment Manager needs to scrutinise pricing and liquidity. The Investment Manager will be extremely selective in the decisions to participate in those placements.

On the mergers and acquisitions side, the Investment Manager saw an acceleration of the transactions; after the telecom sector over the past few months, the pharma sector has come in focus. The Investment manager believes that the current environment can bring opportunities, both from special situations, with corporates willing to make acquisitions to use their strong balance sheets and to benefit from the access to cheap financing, and from more fundamental investments, as the market normalises from recent turmoil.

The Investment Manager continues to focus the portfolio on the highest convictions and on hard catalysts. He will continue to monitor liquidity very closely in the market and use options extensively to mitigate concentration risk.

Credit Strategies

Capital Structure Arbitrage

At the beginning of the period, equities slightly outperformed credit. While trying to keep a well balanced portfolio between long equity/long CDS and long put/short CDS trades the Investment Manager seized this opportunity to ramp up long credit trades. In particular he focused on names with short term strong catalysts and on the existing positions. As a consequence, the strategy exposure was increased by more than 30%.

Then, starting in February and until the end of the period, credit strongly outperformed equity in a macroeconomic environment supported by central banks. The Investment Manager took the opportunity of this mismatch between credit and equity to increase some of the long equity/short credit high conviction trades while trading around other positions.

The trade on ArcelorMittal cost to the Master Fund. Concerns about the Chinese economy, global macro outlook and the price of iron ore affected the stock. The Investment Manager had a strong conviction on the stock and increased the trade size on the loss. On the positive side, the Investment Manager traded actively around the positions and succeeded in locking profits, thus enabling the strategy to finish the period almost flat.

As credit vs. equity relationships remain mostly macro driven, the Investment Manager continues to have a balanced portfolio, trying to identify attractive opportunities with strong catalysts, and taking advantage of the volatility of the trades to trade around the portfolio.

Credit Long / Short

Credit long/short strategies were the key positive contributors during the period with European credit markets very well orientated.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2014

D.2 Results in BG Fund (Continued)

Credit Strategies (continued)

Despite credit spreads ending 2013 close to their lows, the credit market opened in January with a continuation of the trends observed in H2 2013. These trends were:

- further compression between high yield ("HY") and investment grade ("IG") assets,
- further compression between core and peripheral names in both credit and rates products.

Throughout the period, the European credit market benefited from strong "technicals" (low rates and volatility, relatively limited supply vs. redemptions, positive fund inflows) and from the European Central Bank's accommodative measures. This was particularly true for financial credits as a robust and viable European financial system seems to be paramount for the ECB, as illustrated by the announced T-LTRO program.

Over the period, the strategy remained focused on special situations. In particular, investments in the communications as well as in the financial sector have outperformed.

On top of that, the primary market was active in both high-yield and financials, offering some trading opportunities. Despite limited new issue premium, primary issuance overall outperformed secondary markets as investors favoured new issues in order to deploy cash. It is worth noting that April saw the largest ever HY multi-tranche bond being issued by Numericable/Altice for their proposed acquisition of SFR. The €12bn deal, which came at a decent discount, was welcomed by investors and was close to 10x oversubscribed. The European HY market has been developing strongly in the past few years, gaining momentum against a shrinking loan market and driven by the deleveraging of the financial sector.

The Investment Manager took advantage of this supportive environment to further hedge and focus the credit portfolio on special situations towards the end of the period.

Trading

Trading contributed negatively to the performance of the Master Fund during this period.

E - Review of important events since the year end

There were no important events since the year end.

F - Principal Risks and Uncertainties

BG Fund, the main investment of BGHL, is fully invested in the Master Fund. The equity at risk of the Master Fund is expected to be deployed carefully on attractive investment opportunities that may arise.

BGHL is leveraged thanks to a €60 million committed term loan facility contracted with Natixis SA. The loan is secured by a first priority security interest. The amount of leverage is modest hence the Investment Manager does not perceive a significant refinancing or default risk.

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 condensed set of financial statements in the Half-Yearly Report for the six months ended 30 June 2014 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 related notes 1 to 14. 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 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 group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Half-Yearly 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 Report based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half-Yearly Report for the six months ended 30 June 2014 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 Conduct Authority.

Ernst & Young LLP
Guernsey
Date: 28 August 2014

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Financial Position
30 June 2014 (Unaudited)

		UNAUDITED As at 30 June 2014	AUDITED As at 31 December 2013
	Note	Euro	Euro
Assets			
Non-current assets			
Investments at fair value through profit or loss	3	699,048,418	666,173,293
Current assets			
Forward foreign exchange derivative contracts	3	180,929	1,631
Due from brokers		698,427	7,430,874
Deposit for purchase of shares in BG Fund		-	23,354,000
Total assets		699,927,774	696,959,798
Equity and liabilities			
Current liabilities			
Short term loan	9	63,200,000	60,500,000
Due to brokers		216,275	3,667,978
Performance fees payable	6	7,093,873	18,494,325
Management fees payable	6	2,368,104	2,236,028
Other liabilities		73,228	106,077
Interest payable		120,514	117,688
Total liabilities		73,071,994	85,122,096
Equity			
Share capital	7	511,878,712	511,878,793
Treasury shares	8	(4,935,001)	(3,679,042)
Retained earnings		119,912,069	103,637,951
Total equity		626,855,780	611,837,702
Total equity and liabilities		699,927,774	696,959,798
Net asset value per share:			
Class A EURO shares outstanding 34,902,845 (2013: 35,711,711)		€ 17.4955	€16.7137
Class A GBP shares outstanding 825,946 (2013: 825,946)		£15.7110	£15.0644

The financial statements were approved by the Board of Directors on 27 August 2014 and signed on behalf by:

Christopher Fish
Chairman

Andrew Henton
Director

The accompanying notes on pages 20 to 33 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 2014 (Unaudited)

		UNAUDITED For Six months ended 30 June 2014 Euro	UNAUDITED For Six months ended 30 June 2013 Euro
	Note		
Income			
Net realised gain on investments at fair value through profit or loss		6,618,779	1,953,251
Change in unrealised gain on investments at fair value through profit or loss		31,602,346	23,154,614
Net gain on investments at fair value through profit or loss		38,221,125	25,107,865
Realised and unrealised gain/ (loss) on forward foreign exchange derivative contracts		574,452	(1,069,452)
Other realised and unrealised foreign currency (loss)/gain		(2,199)	3,468
		38,793,378	24,041,881
Total income		38,793,378	24,041,881
Performance fees	6	7,093,873	4,716,377
Management fees	6	4,708,165	4,249,312
Interest expense		659,118	13,111
Administrative fees	5	59,934	55,924
Directors fees	4	54,073	59,000
Professional fees		3,606	6,500
Audit fees		23,292	24,407
Insurance fees		11,413	24,200
Other expenses		100,589	68,858
Total expenses		12,714,063	9,217,689
Net profit		26,079,315	14,824,192
Net profit and comprehensive income		26,079,315	14,824,192
Basic and diluted earnings per share			
Class A EURO €24,831,456/35,328,936 shares (2013: €15,223,952 Profit / 36,547,265 shares)		€ 0.7029	€ 0.4166
Class A GBP £1,017,001 /825,946 shares (2013: £519,270 Profit / 1,205,925 shares)		£ 1.2313	£ 0.4306

All activities are of a continuing nature.

The accompanying notes on pages 20 to 33 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 2014 (Unaudited)

2014	Share Capital Euro	Distributable Reserve Euro	Treasury Shares Euro	Retained Earnings Euro	Total Equity Euro
Balance as at 1 January 2014	511,878,793	-	(3,679,042)	103,637,951	611,837,702
Net gain attributable to ordinary shares	-	-	-	26,079,315	26,079,315
Treasury Shares acquired	-	-	(11,061,237)	-	(11,061,237)
Treasury Shares cancelled	(81)	(9,805,197)	9,805,278	-	-
Transferred from retained earnings	-	9,805,197	-	(9,805,197)	-
Balance as at 30 June 2014	<u>511,878,712</u>	<u>-</u>	<u>(4,935,001)</u>	<u>119,912,069</u>	<u>626,855,780</u>
For the six months ended 30 June 2013					
2013	Share Capital Euro	Distributable Reserve Euro	Treasury Shares Euro	Retained Earnings Euro	Total Equity Euro
Balance as at 1 January 2013	511,878,964	1,059,137	(3,749,613)	55,610,418	564,798,906
Net gain attributable to ordinary shares	-	-	-	14,824,192	14,824,192
Treasury Shares acquired	-	-	(12,363,838)	-	(12,363,838)
Treasury Shares cancelled	(103)	(13,505,238)	13,505,341	-	-
Balance as at 30 June 2013	<u>511,878,861</u>	<u>(12,446,101)</u>	<u>(2,608,110)</u>	<u>70,434,610</u>	<u>567,259,260</u>

The accompanying notes on pages 20 to 33 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 2014 (Unaudited)

	UNAUDITED For Six months ended 30 June 2014 Euro	UNAUDITED For Six months ended 30 June 2013 Euro
Cash flows from operating activities		
Net profit	26,079,315	14,824,192
<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	(31,602,344)	(23,154,614)
Realised gain on financial instruments at fair value through profit and loss	(6,618,781)	(1,953,251)
Realised and unrealised foreign currency loss/(gain) on forward derivatives contracts	(574,452)	1,069,452
Decrease/(increase) in due from brokers	6,732,447	(711,468)
Increase in interest and dividends payable	2,826	-
Decrease in due to brokers	(3,451,703)	(103,378)
Decrease in performance fee payable	(11,400,452)	(4,166,017)
Increase/(decrease) in management fee payable	132,076	(2,729)
Decrease in other liabilities	(32,849)	(827)
Decrease in deposit for purchase of equity investment	23,354,000	-
Net cash used in operating activities	<u>2,620,083</u>	<u>(14,198,640)</u>
Cash flows from investing activities		
Purchase of investments at fair value through profit or loss	(23,354,002)	-
Sales of investments at fair value	28,700,003	28,032,000
Net cash provided by investing activities	<u>5,346,001</u>	<u>28,032,000</u>
Cash flows from financing activities		
Treasury shares acquired	(11,061,237)	(12,363,838)
Net cash flow used in foreign exchange forward derivative contracts	395,153	(969,522)
Repayment of other short term loan	(70,550,000)	(12,800,000)
Proceeds from other short term loan	73,250,000	12,300,000
Net cash used in financing activities	<u>(7,966,084)</u>	<u>(13,833,360)</u>
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents		
Beginning of the period	-	-
End of the period	-	-
Cash and cash equivalents at 30 June 2014	<u>-</u>	<u>-</u>
Supplementary information		
Interest paid	656,292	13,402

The accompanying notes on pages 20 to 33 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 2014

1. General information

BGHL information

Boussard & Gavaudan Holding Limited ("BGHL") is a closed-ended investment company registered and incorporated on 3 October 2006, under the laws of Guernsey. Since 3 November 2006, BGHL's shares have been listed and traded on the Eurolist Market operated by Euronext Amsterdam by NYSE Euronext. Prior to the listing of BGHL, there was no public market for the shares. 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.

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 net asset value ("NAV") per Euro share at 30 June 2008. From this date, shareholders have been able to convert their existing holding of shares in BGHL from one class into another class first on a quarterly and now on an annual basis, provided that the procedure published on BGHL's website has been complied with.

BGHL appointed Boussard & Gavaudan Investment Management LLP ("BGIM LLP") as investment manager (AIFM) pursuant to an investment management agreement dated 21 July 2014. Prior to such appointment BGHL had appointed Boussard & Gavaudan Asset Management, LP ("BGAM LP") as investment manager pursuant to an investment management agreement entered into on 13 October 2006.

The Investment Manager's fees and notice of termination are unchanged.

BGIM LLP was incorporated on 5 November 2013 as a limited liability partnership or "LLP" in England and Wales for the purpose of complying with AIFMD regulations (because the previous investment manager, BGAM LP - a limited partnership - has no legal personality and would therefore not be eligible to act as an AIFM). On 11 July 2014 BGIM LLP received authorisation from United Kingdom's Financial Conduct Authority to perform the regulated activity of managing alternative investment funds.

BGIM LLP acts through its managing member, Boussard & Gavaudan Partners Limited ("BGPL"), and is owned by BGAM LP. BGIM has therefore access to the same resources as the previous investment manager BGAM LP of which BGPL is the General Partner.

Investment policy

BGHL has invested 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 BG Fund (a sub-fund of BG Umbrella Fund plc), which in turn, invests in BG Master Fund Plc ("the Master Fund"), and by utilising its borrowing powers to makes leveraged investments into private equity situations. The gross investment exposure of BGHL at any time may represent a maximum of 200 percent of Net Asset Value at the time of investment.

BGHL invests in a separate class of Euro denominated shares of BG Fund which is not subject to management fees and performance fees at BG Fund level, as the Investment Manager receives management fees and performance fees in respect of its role as Investment Manager of BGHL. Therefore, BGHL benefits from exposure to the multiple strategies offered by BG Fund but with no multiple layering of fees.

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.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2014

1. General information (continued)

The Investment Manager may also use BGHL'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 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 BG Fund, investments other than the investment in BG Fund as described above are intended to allow BGHL to achieve its target annualised return. BGHL's investments in assets other than BG Fund 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 BG Fund due to risk profiles or liquidity profiles inconsistent with those of BG Fund.

Gearing

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

BGHL has power under its Articles of Incorporation to borrow up to an amount equal to 100 percent of its Net Asset Value 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 Shares and (ii) leveraging investments made by BGHL, including its investment in BG Fund 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 BG Fund and it is anticipated that a significant proportion of BGHL's net assets will remain invested in BG Fund.

Over time, no less than 80 percent of the Net Asset Value and no more than 110 percent of the Net Asset Value will be invested in Manager Funds.

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 the Direct Investment may not exceed an amount equal to 50 percent of the Net Asset Value at the time of making any such investment. At 30 June 2014 it represents €12,020,835. It represents the assets other than indirect private equity investment.

Indirect Private Equity Investments

The aggregate value of Indirect Private Equity Investments may not exceed an amount equal to 25 percent of the Net Asset Value 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 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 BGHL's investments in hedge funds (other than Manager Funds) when aggregated may not exceed an amount equal to 25 percent of the Net Asset Value at the time of making any such investment.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2014

1. General information (continued)

Diversification

BGHL's investment policy is diversified by exposure to the investment strategies of BG Fund through BGHL's investment in BG Fund and through the other leveraged investments made by the Investment Manager as described above.

Other matters

Kleinwort Benson (Channel Islands) Fund Services Limited (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 2014 and 2013 neither of BGHL and BG Fund had any employees or owned any facilities.

2. Accounting policies

Basis of preparation

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

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

The interim 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 2013, which are prepared in accordance with International Financial Reporting Standards.

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 2013. The new and revised IFRS and interpretations becoming effective in the period have had no impact on the accounting policies of BGHL.

Standards effective after 1 January 2014 that have been early adopted by BGHL in 2013

In 2013 BGHL early adopted IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' as well as the amendments 'Investment Entities (Amendments to IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28)' which are effective 1 January 2014. BGHL considered at the time of preparing and publishing the 2013 half-yearly and yearly reports the requirements of §28 of IAS 34 and the anticipated imminent endorsement of the amendments to IFRS 10, 11 and 12 by the European Union. The directors also paid heed to the need to ensure transparency for the shareholders and for the market as a whole and strove to ensure that the financial information provided was fair, balanced and understandable to the reader.

IFRS 10 'Consolidated Financial Statements': The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 12 'Disclosure of Interests in Other Entities': The standard requires entities to disclose significant judgments and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some other interests in other entities. Entities will also be required to provide more disclosures around certain 'structured entities'. The amendments also introduce new disclosure requirements related to investment entities. Adoption has resulted in additional disclosures given in note 2 under "Change in accounting policy and transition".

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2014

2. Accounting policies (Continued)

Standards effective after 1 January 2014 that have been early adopted by BGHL in 2013 (Continued)

IAS 27 (revised 2011), 'Separate Financial Statements': The objective of the standard is to prescribe the accounting and disclosure requirements when an entity prepares separate financial statements. Adoption of the standard had no impact on BGHL.

IFRS 11 'Joint Arrangements' and IAS 28 (revised 2011), 'Investments in Associates and Joint Ventures' have been adopted, however, these had no impact on BGHL.

On adoption, in 2013 BGHL determined that it meets the definition of an investment entity (refer to page 25). As a result, BGHL changed its accounting policy in 2013 with respect to its investment in its subsidiary. The subsidiary, which was previously consolidated, was accounted for at fair value through profit or loss up to date of its disposal in 2013. This change in accounting policy was applied retrospectively in 2013 in accordance with the transition provisions of IFRS 10 and the Amendments to IFRS 10.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2014 and not early adopted by BGHL

IFRS 9, 'Financial Instruments', effective for annual periods beginning on or after 1 January 2018, 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. The standard is not expected to have a significant impact on BGHL's financial position or performance, as it is expected that BGHL will continue to classify its financial assets and financial liabilities (both long and short) as being at fair value through profit or loss.

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

BGHL applies judgement when selecting the method of valuation of its investments in BG Fund (please refer to Note 3 for description of the method used).

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 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 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. 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.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2014

2. Accounting policies (Continued)

Investments at fair value through profit and 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 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 Sub-Administrator. Listed securities are valued by using quoted prices, whereas non-listed equities are valued by using the NAV determined by independent administrator. Valuation methodology for different investments is discussed in note 3.

Changes in the fair value of investments are recorded in the Statement of Comprehensive Income.

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

Recognition/derecognition

Purchases and sales of investments are recognised on the trade date - the date on which BGHL commits to purchase or sell the investment. Investments 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.

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 Master Fund, operates and generates taxable income.

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 £600 (2013: £600). As a result, no provision for income taxes has been made in the financial statements.

BGHL invests in foreign countries which may levy withholding tax at source and may indicate that capital gains taxes may be applicable to non residents, such as BGHL. These capital gains taxes may not be deducted by BGHL's brokers on a "withholding" basis.

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, borrowed debt securities are recognised in the Statement of Comprehensive Income within interest income and interest expense using the effective interest method.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2014

2. Accounting policies (Continued)

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 BG Fund and other investments
- (c) The performance of investments made through BG Fund and other investments is measured and evaluated on a fair value basis.

BGHL's exit strategy with respect to its investment in BG Fund is that BGHL may redeem its shares in BG Fund on a monthly basis and does not have any special or preferential rights in BG Fund. Redemptions and subscriptions in BG Fund are used to ensure that the exposure of BGHL to BG Fund is consistent with the offering memorandum. Share buy backs are financed by redemptions in BG Fund which permit the repayment of the money borrowed under the short term bridge facility. The timing and ability in redeeming BG Fund's shares may expose BGHL if the bridge facility agreement is recalled by BG Fund. Other investments can be disposed off to meet the redemptions requirements and adjust the overall exposure as prescribed within the offering memorandum.

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 Statement of Financial Position date.

Share issue cost

Share issue costs have been borne by the Investment Manager.

Short term loan

Short term loans are carried at amortised cost. Interest paid on loans is recognised in the Statement of Comprehensive Income within interest expense using the effective interest method.

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.

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 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.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2014

3. Fair value of financial instruments

The following table analyses BGHL's net assets between the three levels of the fair value hierarchy as of 30 June 2014:

Description	Level 1 €	Level 2 €	Level 3 €	Total Fair Value €	Total Cost €
Financial assets at fair value through profit & loss					
BG Fund	-	643,788,187	-	643,788,187	508,181,294
Private equity investments	-	-	43,239,396	43,239,396	26,714,426
Listed equity investments	11,845,789	-	-	11,845,789	5,372,499
Money market fund	175,046	-	-	175,046	171,944
	12,020,835	643,788,187	43,239,396	699,048,418	540,440,163
Derivatives					
Forward foreign exchange contracts	-	180,929	-	180,929	
Total	12,020,835	643,969,116	43,239,396	699,229,347	540,440,163

The following table analyses BGHL's net assets between the three levels of the fair value hierarchy as of 31 December 2013:

Description	Level 1 €	Level 2 €	Level 3 €	Total Fair Value €	Total Cost €
Financial assets at fair value through profit & loss					
BG Fund	-	625,911,772	-	625,911,772	506,908,514
Private equity investments	-	-	31,949,079	31,949,079	26,714,426
Listed equity investments	8,137,542	-	-	8,137,542	5,372,499
Money market fund	174,900	-	-	174,900	171,944
	8,312,442	625,911,772	31,949,079	666,173,293	539,167,383
Derivatives					
Forward foreign exchange contracts	-	1,631	-	1,631	
Total	8,312,442	625,913,403	31,949,079	666,174,924	539,167,383

The above tables analyse BGHL's investment into the three levels of fair value hierarchy in accordance with IFRS 13 as described below:

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 quotes from inactive exchanges.

Level 3 – valuations based on significant unobservable inputs (including BGHL's own assumptions in determining the fair value of investments).

Level 2 investments – BG Fund

BGHL's investment in BG Fund 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 BG Fund as Level 2 because there is not a continuous active market in BG Fund's shares. The market is active only once a month when investors can transact in BG Fund shares at the published price which is calculated by the administrator of BG Fund based on its NAV.

In 2012 and the half-year financial statements for 2013 the investment in BG Fund was classified as Level 3 in the fair value hierarchy. BGHL re-evaluated this classification as at 31 December 2013 and concluded that classification as Level 2, for the reasons described above, was more appropriate.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2014

3. Fair value of financial instruments (continued)

Level 2 investments – BG Fund (continued)

BGHL's policy is to report transfers between levels of the fair value hierarchy at the beginning of the period to which they relate. Accordingly the reclassification BG Fund from Level 3 to Level 2 is deemed to have occurred on 1 January 2012. This has been excluded from the movements note for Level 3 investments below, as the transfer is deemed to have occurred as of 1 January 2012.

The underlying investments of BG Fund, which are principally held by BG Master Fund, are predominantly classified as Level 1 and Level 2 in the fair value hierarchy. Level 3 investments of BG Master Fund which make 4.66% (2013:5.10%) of its net asset value at the period end are fair valued by the Investment Manager's portfolio management team using a variety of techniques including discounted cash flows and public/private company comparables. 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. Each level 3 valuation is documented. This documentation is updated and reviewed monthly by the Investment Manager's Valuations Committee. Since BGHL does not have access to the detail of the underlying valuations nor the sensitivities and strategies of BG Umbrella Fund Plc, BG Fund and BG Master Fund Plc, nor does BGHL have the ability to direct, nor responsibility for implementation of BG Master Fund Plc's investment objective and policy by its directors and investment manager, BGHL does not consider that it is appropriate to seek to disclose quantitative information relating to the underlying investments held by BG Master Fund Plc in its financial statements.

The changes in the holding of BG Fund comprised of subscription of € 23,354,000 and a redemption of € 28,700,000.

Change in unconsolidated subsidiary from the prior year

BGHL's holding of voting shares of in BG Umbrella Fund Plc at period end 30 June 2014 is 48%. At 31 December 2013 BGHL's holding in voting shares of BG Umbrella Fund Plc was 58%, which gradually dropped to 48% at 30 June 2014. As a result, BGHL lost control over BG Umbrella Fund Plc. BG Umbrella Fund Plc is structured as an umbrella investment scheme and is a public company with limited liability, incorporated in Ireland. BG Fund and BG Erisa Fund, the two sub-funds of BG Umbrella Fund Plc have segregated assets and liabilities. Together, the sub-funds of BG Umbrella Fund currently own a total of 100% of the shares issued by the Master Fund. Investment in BG Umbrella Fund Plc is measured at fair value through profit and loss.

Total net subscriptions/ (redemptions) made by BGHL into BG Umbrella Fund Plc during the period ended 30 June 2014 were (€5,346,000), (year ended 31 December 2013: €60,000,000). As at 30 June 2014 and 31 December 2013 there were no capital commitment obligations and no amounts due to BG Umbrella Fund Plc for unsettled purchases. BGHL invests into BG Umbrella Fund Plc by subscribing redeemable participating shares in BG Fund, a sub-fund of BG Umbrella Fund Plc. BG Umbrella Fund Plc allows redemptions of these shares on a monthly basis with a 60-day notification period. Movements in the fair value of BG Umbrella Fund Plc's investments may expose BGHL to a loss.

The Directors do not consider that the BG Fund meets the definition of a "structured fund" due to the fact that BGHL has voting rights in the BG Fund.

Level 3 investments – Private Equity

Financial assets	2014	2013
	€	€
Balance as of 31 December 2013 / 2012	31,949,079	29,176,164
Purchases	-	20,364,030
Sales	-	(29,634,749)
Realised gain	-	13,108,319
Unrealised gain	11,290,317	(1,064,685)
Balance as of 30 June	43,239,396	31,949,079

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2014

3. Fair value of financial instruments (continued)

Level 3 investments – Private Equity (continued)

The above table presents the movements in Level 3 investments. A sensitivity analysis for level 3 securities has not been presented due to the fact that these securities have no other unobservable inputs available to calculate the valuation sensitivity impact.

The change in unrealised level 3 securities held at period end included in net realised and unrealised gains on financial assets and liabilities at fair value through profit or loss was EUR 11,290,317 (2013: EUR 3,999,264). There were no transfers between levels for the period ended 30 June 2014. However, in 2013 the investment in BG Fund was reclassified from level 3 to level 2.

Other assets and liabilities approximate their carrying amounts largely due to short term maturities of these instruments.

Rasaland Investors Plc

Rasaland Investors Plc (“RLI”) is a Maltese company dedicated to investing in land, land development and high-end resort developments in Mexico. The company is structured as a private equity fund.

RLI is administered by Francis J. Vassallo & Associates, a Maltese company. The administrator relies on Cushman Wakefield to calculate the market value of the assets, essentially land prices, and on the lawyers, Baker & Mackenzie for the verification of the ownership of assets. In accordance with BGHL’s valuation policy, this investment structured as a Private Equity fund is valued according to the NAV per share calculated by the administrator.

The NAV per share valuation as at close of business 31 December 2013 received from RLI’s administrator and set at \$1.0823 is the most recent valuation available. This independent valuation is a key element factored by BGIM’s valuation committee when establishing the fair value of Rasaland. Given the illiquid nature of the investment, the status of the Mexican real estate market and the political environment, BGIM’s valuation committee has decided to maintain the investment at cost (\$1.00) for as long as the NAV per share calculated by RLI’s administrator remains between \$1.00 and \$1.25.

Infofin Participation Bond

BGHL owns bonds issued by Infofin Participations Sàrl secured by, and exchangeable into GFI shares. In the absence of observable inputs, the bond is carried at its fair value, which is currently the parity of the bond (i.e. its conversion value). No liquidity or other adjustments were applied to this conversion value. As of 30 June 2014, a 10% increase (respectively decrease) in the price of the bond’s underlying share would result in a gain of €3,593,669 (respectively loss of €-3,593,669) on the bond position.

4. Related Party transactions

There have been related party transactions as set out below over the period and as disclosed in note 7. Each Director is paid an annual fee of €23,000 (2013: €23,000) for an annual total of €46,000 (2013: €57,500); the Chairman is entitled to receive €41,500 (2013: €41,500) per annum and the Chairman of the audit committee receives an additional fee of €7,500 (2013: €7,500) per annum.

5. Administration fees

Kleinwort Benson (Channel Islands) Fund Services Limited, the Administrator, is entitled to an annual fee. In addition, the Administrator outsources the accounting to SS&C GlobeOp Financial Services LLC for an annual service fee payable monthly.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2014

6. Management fees and Performance fees

BGHL has appointed Boussard & Gavaudan Asset Management, LP (“BGAM LP”) as investment manager pursuant to an investment management agreement entered into on 13 October 2006 and amended on 17 July 2009. On 21 July 2014 BGHL appointed BGIM LLP as investment manager (AIFM) in replace of BGAM, LP on the same terms, as explained in the note 1 (*general information*) above.

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, such notice not to expire before the third anniversary of admission of BGHL’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.

If the Investment Management Agreement is terminated before 31 December in any year, 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 Net Asset Value. 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 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”).

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 is 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 is 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 is 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 includes in full, any increase in the Net Asset Value per Share of that class attributable to any repurchase by BGHL of that class of Shares.

On 17 July 2009, BGHL and the Investment Manager agreed to apply a different method to calculate the performance fee payable by BGHL to the Investment Manager other than the method set out in the Management Agreement. The objective was to avoid a potential inequitable treatment of shareholders which would have resulted from overpayment of performance fee on a per share basis.

Under the original method the performance fee could become payable based on the full year performance in relation to shares that were no longer in existence at year end, leading to the remaining shares in issue paying too much performance fees on a per share basis. This situation could arise because the number of shares in issue varies over time, either because of (i) conversions between the two share classes, or (ii) buy back of shares by BGHL.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2014

6. Management fees and Performance fees (continued)

Under the revised method the performance fee is calculated on each share based on the performance attributable to that share until such time as that share no longer exists. At the time of adoption, the Board together with its advisers concluded that the new method was fair and reasonable and the Financial Services Authority was duly notified.

Any benefit to BGHL in terms of a decrease in the performance fee payable under the new methodology is unrestricted. Any benefit to the Investment Manager in terms of an increase in the performance fee payable under the new methodology is restricted to no more than 5 percent of BGHL's net asset value.

For the period ended 30 June 2014 the Management fees were €4,708,165 (for the six months ended June 30 2013: €4,249,312), and at 30 June 2014 €2,368,104 (31 December 2013: €2,236,028) was payable.

For the period ended 30 June 2014, the Performance fees were €7,093,873 (for the six months ended June 30 2013: €4,716,377), and at 30 June 2014 €7,093,873 (31 December 2013: €18,494,325) was payable.

7. Share Capital

Allotted, issued and fully paid

As on 30 June 2014	Shares	Euro
Class A EURO of €0.0001	34,902,845	3,490
Class A GBP of €0.0001	825,946	83
As on 31 December 2013	Shares	Euro
Class A EURO of €0.0001	35,711,711	3,571
Class A GBP of €0.0001	825,946	83

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

	Class A EURO	Class A GBP
Opening Balance	35,711,711	825,946
Share Buy-backs (note 8)	(808,866)	-
Closing balance of Shares	34,902,845	825,946

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 (Guernsey) Laws 2008, as amended 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.

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 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.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2014

8. Treasury shares

The acquisition of treasury shares started on 27 February 2008. As of 30 June 2014 BGHL holds 1.40% (2013: 1.15%) of its issued share capital in treasury shares which represents 506,095 shares (2013:424,975).

As per Guernsey Companies Law and the listing rules of NYSE EuroNext and the UK Listing Authority, BGHL is not permitted to hold more than 10% of its issued share capital in treasury.

BGHL'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
30 June 2014 - Unaudited	€ 3,540.8940	35,408,940	€ 82.5946	825,946
31 December 2013 - Audited	€3,613.6686	36,136,686	€82.5946	825,946

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

	Nominal Euro	Shares Euro	Nominal GBP	Shares GBP
30 June 2014 - Unaudited	€ 3,490.2845	34,902,845	€ 82.5946	825,946
31 December 2013 - Audited	€3,571.1711	35,711,711	€82.5946	825,946

BGHL 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
For the six months ended 30 June 2014 -Unaudited	808,866	€ 11,061,237	€ 13.6750	-	-	-
For the six months ended 30 June 2013 -Unaudited	1,035,321	€ 12,363,838	€ 11.9420	-	-	-

BGHL has cancelled the following shares during the period

	Number of EUR shares	EUR amount	Average Price	Number of GBP shares	GBP amount	Average Price
For the six months ended 30 June 2014 -Unaudited	727,746	€ 9,805,278	€ 13.4735	-	-	-
For the six months ended 30 June 2013 -Unaudited	1,134,820	€ 13,505,341	€ 11.9009	-	-	-

9. Other short term financing

Notes

BGHL's share buy-back programme is financed by redemptions of BG Fund shares. BG Fund has a monthly liquidity, which means that redemptions are payable at most once in every calendar month. BGHL does not know in advance the amounts and frequency of share buy-backs for any given month, as explained in note 8. As a result, every month BGHL needs short-term financing, which it meets by issuing variable funding notes to BG Fund.

In compliance with its investment policy, BG Fund 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. Although the stated maturity of the notes 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 BG Fund shares redemptions.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2014

9. Other short term financing (continued)

The terms of the notes 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, BG Fund may at any time, on a 90 calendar days notice, require BGHL to repay all notes at par.

On 30 June 2014, the total amount due under the notes was €3,203,181 (2013: €500,538); outstanding principal: €3,200,000 (2013: €500,000); interest accrued: €3,181 (2012: €538).

Bank Facility

On 22 November 2013, BGHL entered into a committed revolving loan facility agreement with Natixis in a maximum principal amount of €60 million with a one year maturity.

At 30 June 2014, the Loan Facility was fully utilised and its proceeds used to invest in BG Fund.

Under the terms of the agreement, BGHL has the option to early terminate the loan facility with Natixis before the expiry of the one year maturity. It also has the option to request that the Facility be extended for a further one year and for a reduced maximum amount of €30 million.

The loan facility is secured by a first priority security interest granted by BGHL in favour of Natixis over certain of the shares in BG Fund held by BGHL. On 22 November 2013, in order to secure its obligations under the Natixis credit facility, BGHL granted to Natixis a first priority security interest over its rights to 3,338,187 Euro Class B shares of BG Fund which were valued € 436,580,130. (€130.78) as of 30 June 2014.

In circumstances where, inter alia, the portion of interest payments relating to the spread made over the life of the loan facility were in an aggregate amount of less than €900,000, BGHL would be obliged to pay a prepayment fee representing the difference between such aggregate interest spread payments and €900,000. On 30 June 2014, the remaining off balance sheet commitment of BGHL was €258,000 (2013:782,850).

The Investment Manager believes that the fair value of this option is negligible since:

- option on this minimum amount of fee can be exercised only by BGHL,
- BGHL would exercise this option if and only if it could borrow at a margin significantly lower than the margin applied by the lender, as the Loan is fully drawn, it is anticipated that this option will have no value left after one year.

As of 30 June 2014, amounts of €60,000,000 (accrued interest €117,333) were due to Natixis under the Facility.

	Unaudited for the period ended 30 June 2014	Audited for the year ended 31 December 2013
	€	€
Opening balance	(60,500,000)	(1,500,000)
Repayments	70,550,000	18,950,000
Drawdown	(73,250,000)	(77,950,000)
Closing balance as per the statement of financial position	(63,200,000)	(60,500,000)
Accrued interest	(120,514)	(117,688)
Other short term loan at fair value	(63,320,514)	(60,617,688)

10. 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.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2014

10. Segment information (continued)

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

	For the period ended 30 June 2014 Unaudited	For the period ended 30 June 2013 Unaudited
	€	€
Ireland	23,209,691	23,354,964
France	14,970,864	1,648,184
United Kingdom	574,451	(1,069,453)
Rest of the world	38,372	108,186
Total	38,793,378	24,041,881

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

	For the period ended 30 June 2014 Unaudited	For the period ended 30 June 2013 Unaudited
	€	€
Equity securities	26,971,378	24,677,026
Debt instruments	11,249,747	-
Derivative financial instruments	574,452	(1,069,453)
Foreign exchange gains on financial instruments not at fair value through profit or loss	(2,199)	434,308
Total	38,793,378	24,041,881

11. Total Expense Ratio

Total expense ratios for period ended 2014 are as below.

Period	Assets Under Management Year Average	Manager Fees	Admin & Depositary Fees	Other Fees	Total Fee
30 June 2014 Unaudited	626,043,601	1.89%	0.01%	0.03%	1.93%
30 June 2013 Unaudited	565,261,839	1.59%	0.01%	0.03%	1.63%

12. 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 2013 to 30 June 2013. Comparative information for the condensed interim statement of financial position has been presented for the year ended 31 December 2013.

13. Post balance sheet events

There were no material post balance sheet events after the period end – except the appointment of BGIM LLP as investment manager (AIFM) on 21 July 2014 as further explained in note 1 (*general information*).

14. Approval of financial statements

The financial statements were approved by BGHL on 27 August 2014 at which date these financial statements were considered final.