

BOUSSARD & GAVAUDAN HOLDING LIMITED

Boussard & Gavaudan Holding Limited
a closed-ended investment company incorporated with limited liability under the laws
of Guernsey with registration number 45582

Interim Management Statement

I. Principal Activities

Boussard & Gavaudan Holding Limited ("BGHL" or "the Company"), a closed-ended investment company incorporated under the laws of Guernsey, announces its first interim management statement for the period from 1 January to 31 March 2009, ("the period") in line with the requirements of the EU transparency Directive.

The Company is registered with the Dutch Authority for Financial Markets and listed on Euronext Amsterdam and on the London Stock Exchange ("LSE").

BGHL has invested substantially all of its assets in the Sark Fund Limited ("the Fund"), a Europe-focused multi-strategy hedge fund which aims primarily at arbitraging instruments with linear or non-linear pay-offs on equities and credit markets. The overall investment objective of the Fund is to provide investors with consistent absolute returns primarily through investing and trading in financial instruments of companies incorporated in or whose principal operations are in Europe. Additionally, BGHL may enter into illiquid side pocket investments.

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

II. Highlights

	31-Dec-08	31-Mar-09
Assets under management*	€ 622 million	€ 620 million
Market capitalisation*	€ 390 million	€ 393 million
Shares outstanding	63,838,155	60,939,539

* Based on shares outstanding after conversion between share classes

	NAV per share		Share price**		Discount to NAV**	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
31-Dec-08	€ 9.7345	£9.7161	€ 6.10	£6.01	-37.34%	-38.14%
31-Mar-09	€ 10.1627	£9.9657	€ 6.45	£6.15	-36.53%	-38.29%
Performance	4.40%	2.57%	5.74%	2.33%		

** Amsterdam (AEX) market close for the Euros shares and London (LSE) market close for the Sterling shares

III. Performance

The Company has almost 100% of its assets invested in the Sark Fund Limited and two private equity investments.

Below is an overview of the Sark Fund Limited and these private equity investments from 1 January to 31 March 2009.

1. Sark Fund Limited

During the period, European equities markets were very tense as economic data continued to deteriorate sharply. The Eurostoxx 50 went down 15.4%. Volatilities on stock markets remained stable at high levels: the VDAX index ended at 38.0% from 37.8% and the VSTOXX index at 42.4% from 43.9%. Credit spreads tightened with the iTraxx Crossover at 945bps (-84 bps).

Over the period, the Sark Fund Limited posted a 2.55% performance. All strategies, except for credit strategies, posted a positive performance; the main driver being volatility strategies.

1.1. Volatility strategies

Convertible Bond Arbitrage

The convertible bond arbitrage sub-strategy posted a slightly negative return over the quarter coming mostly from the position in the Fortis CASHES, which were under strong selling pressure after Fortis' shareholders voted down the deal with BNP Paribas and the Belgian Government¹. Excluding this position, the sub-strategy posted a positive contribution for the Fund, driven by the high delta/long volatility investments which performed very well relative to their equity hedges.

Mandatory Convertible Bond Arbitrage

The mandatory convertible bond arbitrage sub-strategy was the main driver to the Fund's performance in Q1. All the Fund's positions (but one) posted significant positive returns as those bonds recovered from the very low levels seen at the end of last year. This was driven by a combination of outright demand from equity accounts (as those bonds generally offer a better risk/reward profile than the underlying equities), improvement of prime brokerage terms and increased appetite from arbitragists, and convergence towards fair value for the bonds coming closer to maturity (such as e.g. the Bayer mandatory due 1 June 2009).

¹ The deal was eventually voted on 28 & 29 April 2009 during the EGM of Fortis SA/NV and closed on 12 May 2009.

Gamma trading

The gamma trading sub-strategy posted a negative return during the period. The Investment Manager entered Q1 with levels of implied volatility still extremely high compared to historical standards and just shy of the post Lehman bankruptcy peaks. This was a result of the high level of uncertainty and continued demand for hedging instruments by market participants who entered long downside positions. As such, volatility performed very poorly on the downside as long gamma positioning in the market resulted in an orderly sell-off and continued pressure on implied volatilities

Against this backdrop, volatility exposure was kept to a minimum on the long side and focused on playing short term catalysts via very short dated options. The risky assets rally that started early March provided some good volatility trading opportunities on the upside but the pressure on implied volatilities quickly resumed. The Investment Manager believes there will be opportunities ahead to increase the volatility exposure as complacency about the crisis returns to the market.

1.2. Equity strategies

Given challenging market conditions, the Investment Manager remained very cautious during the period and decided to focus on shorter term trades with hard catalysts on liquid names. These trades (such as risk arbitrage trades, dividends trades, earnings release trades) performed well. On the negative side, the long standing positions cost to the Fund's performance.

No major position has been initiated during the period; the Investment Manager intends to remain focused on selective and liquid investments.

1.3. Credit strategies

Over the period, credit strategies contributed negatively to the Fund's performance. This stemmed mainly from an adverse development in one of the main investments, which is in the process of being restructured. On the positive side, the Fund benefited from the re-rating of some stressed investments in cable and in senior financial paper.

1.4. Trading

Trading posted a positive return for the period spread across the board.

2. Private equity investments

On top of its investment in the Sark Fund Limited, BGHL may enter into private equity investments. BGHL has the following investments in the portfolio.

2.1 Castle Holding Company Ltd

This investment, entered into in May 2007, is in the unlisted securities resulting from the public offer made by Apollo on Countrywide Plc, the largest network of UK real estate agents. The investment in Castle Holding Company Ltd has been marked to zero as a result of the collapse of the UK real estate market and highly leveraged capital structure.

2.2 Rasaland

The Company entered into a second private equity investment in Rasaland on 27 June 2008 for \$10 million.

As at 31 March 2009, both investments represent in aggregate approximately 1% of the Company's assets under management.

IV. Outlook

In the present market environment, forecasting is more difficult than ever, therefore financial prospects for the coming months will be linked to the level of opportunities created across the Fund's strategies in the European corporate environment.

Market conditions are still challenging. Even though market opportunities are starting to be identified, the Fund's equity at risk is expected to be deployed in a very cautious way as this trend may go on for the next year. The Investment Manager continues to be fully committed to the strategies of the Company.

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The Company is established as a closed-ended investment company domiciled in Guernsey. The Company has received the necessary approval of the Guernsey Financial Services Commission and the States of Guernsey Policy Council. The Company is registered with the Dutch Authority for the Financial Markets as a collective investment scheme pursuant to article 2:73 in conjunction with 2:66 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

This announcement is for information purposes only and is not an offer to invest. All investments are subject to risk. Past performance is no guarantee of future returns. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision. The value of investments may fluctuate. Results achieved in the past are no guarantee of future results.

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Neither the Company nor Sark Fund Limited have been, and neither will be, registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition the securities referenced in this announcement have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"). Consequently any such securities may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, US persons except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the issuer of such securities to register under the Investment Company Act. No public offering of any securities will be made in the United States.