CONSOLIDATED HALF YEARLY REPORT AND UNAUDITED INTERIM FINANCIAL STATEMENTS

Boussard & Gavaudan Holding Limited

For the six months ended 30 June 2011

Contents

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The Directors of Boussard & Gavaudan Limited (the "Company") present the half yearly report and interim condensed financial statements of the Group and Company for the six months ended 30 June 2011 (the "Period").

Principal Activities

The Company has invested most of its assets in Boussard & Gavaudan Fund Plc (the "Fund"), a Europe-focused multi-strategy hedge fund which aims primarily at arbitraging instruments with linear or non-linear pay-offs on equities and credit markets. The overall investment objective of the Fund is to provide investors with consistent absolute returns primarily through investing and trading in financial instruments of companies incorporated in or whose principal operations are in Europe.

Additionally, the Company may enter into private equity investments and approximately 4% of its assets under management are currently so invested. The "Group" refers to the Company as well as its consolidated subsidiaries.

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

Review of Recent Developments

In the first quarter of 2011, the Company finalised the acquisition of a majority stake in Compagnie des Minquiers. This investment is part of the private equity activity implemented by the Company. The Company's total investment in the transaction amounts to approximately € 18 million which represents less than 3% of its NAV.

In accordance with accounting standards, the Company has consolidated Compagnie des Minquiers. Consequently the Company is issuing for the first time consolidated half yearly report and interim condensed financial statements for the period ended 30 June 2011.

From 1 January to 30 June 2011:

- European equity markets went up, with the Dow Jones EuroStoxx 50 Index at +2.0%.

- Volatilities on stock markets decreased, with the VDAX Index ending at 16.5% from 19.1% and the VStoxx Index ending at 21.6% from 23.9

- Credit spreads reduced, with the Itraxx Crossover Index finishing at 395bps from 437bps.

The performance of the Company and Group is driven primarily by the financial results of the Fund and, to a much lesser extent, by the accretive effect of the share buy backs. Over the Period, the contribution of the private equity investments to the performance of the Company has been marginal.

During the Period the net asset value (the "NAV") of the Fund's Euro share class has posted a 2.5% return.

Over the five year period to the 30 June 2011, the NAV of the Fund's Euro A share posted an annualised return of 6.37% with an annualised volatility of 8.07%. This compares favourably with the Dow Jones Credit Suisse Convertible Arbitrage Hedge Fund Index (formerly branded "Credit Suisse/Tremont Hedge Fund / Convertible Bond Index") which posted an annualised return of 4.58% with an annualised volatility of 11.70%, with the Dow Jones Credit Suisse Multi-Strategy Hedge Fund Index (formerly branded "Credit Suisse/Tremont Hedge Fund / Multi Strategy Index") which posted an annualised return of 4.38% with an annualised volatility of 7.55%, with the HFRI RV Fixed Income-Convertible Bond Arbitrage Index (HFRICAI) which posted an annualised return of 6.16% with an annualised volatility of 12.78% and with the HFRI Fund Weighted Composite Index which posted an annualised return of 4.79% with an annualised volatility of 7.47% over the same period.

The Company's Euro Shares closed at the end of the Period at €12.65, up 13.45% over the Period, and the Sterling Shares saw a 15.25% increase, closing at £11.94. Whilst the NAV of the Euro Shares increased by 2.55% to €14.15 and the NAV of the Sterling Shares increased by 1.49% to £13.06, the discount to NAV at which they were trading reduced significantly, from 19.2% to 10.6% for the Euro Shares and from 19.5% to 8.6% for the Sterling Shares. The increase in the prices at which the Euro Shares and the Sterling Shares traded during the Period significantly outperformed the increases in their NAVs during the Period.

The Directors are satisfied with the Fund's and the Company's strategies and performance.

The Company continued to actively reduce the discount to their NAV at which the Company's shares traded by continuing its repurchases on Euronext Amsterdam of Euro Shares to hold in treasury. As a consequence, the Company's NAV decreased from €683 million at 31 December 2010 to €639 million at 30 June 2011, despite the Company's positive performance.

Results for the Period and State of Affairs at 30 June 2011

The Condensed Consolidated Interim Statement of Financial Position and the Condensed Consolidated Interim Statement of Comprehensive Income for the six months ended 30 June 2011 for both the Group and Company are set out in the enclosed financial statements.

Directors

The Directors of the Group at the date of this report were:

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

Save as disclosed in this consolidated half yearly report and condensed interim financial statements, the Group and Company is not aware of any potential conflicts of interest between any duty of any of the Directors owed to it and their respective private interests. Each Director is paid an annual fee of €30,000, other than the Chairman, who is entitled to receive €50,000 per annum and the Chairman of the Audit Committee, who also receives an additional fee of €7,500 per annum.

Directors' interests in shares

As of 30 June 2011, Christopher Fish had invested, directly or indirectly, in 8,631 Euro Shares of the Company, Sameer Sain had invested, directly or indirectly, in 10,000 Euro Shares of the Company and Nicolas Wirz had invested, directly or indirectly, in 16,168 Euro Shares of the Company.

Corporate Governance

Since the revision in April 2010 of the UKLA Listing Rules, the Group has been required to include a statement in its annual report as to whether it had complied throughout the accounting period with the Combined Code on Corporate Governance (the "Combined Code") published by the Financial Reporting Council. The Financial Reporting Council has published a revised code called the UK Corporate Governance Code (the "UK CG Code"), which replaced the Combined Code and applies to financial reporting periods beginning on or after 29 June 2010, so that the Group will therefore be required to report against the UK CG Code in its annual financial report for the year ended 31 December 2011

The Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have adopted the UK CG Code which sets out principles of good governance and a code of best practice for listed companies. There are no significant requirements of the CG Code that the Group does not comply with.

The Board meets formally at least four times a year and when necessary on an ad hoc basis and it has consulted the Investment Manager regularly. The Directors are satisfied that they have been kept fully informed of the investment performance, financial and operational controls, and other matters relevant to the business of the Group. The Directors have, where necessary to the furtherance of their duties, taken independent professional advice at the expense of the Group. The attendance record of the Directors during the Period is set out below:

	Quarterly Board Meeting	Ad hoc Board Meetings	Audit Committee
Number of Meetings	2	0	1
Meetings attended :			
Christopher Fish	2	0	1
Nicolas Wirz	2	0	1
Sameer Sain	1	0	0

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

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

Directors' Duties and Responsibilities

The Directors responsibilities are as follows:

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

Committees of the Board

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

Audit Committee

In accordance with C.3.1 of the UK CG Code and the UK Financial Services Authority's Disclosure and Transparency Rule DTR 7.1, an Audit Committee (the "Committee"), with defined terms of reference and duties, has been established and comprises the following as members: Nicolas Wirz (Chairman), Christopher Fish and Sameer Sain. The Committee meets at least twice a year when the Group's semi-annual and annual financial reports to Shareholders are to be considered by the Board and, where possible, the Committee's meetings precede the relevant Board meeting.

The Committee's responsibilities which were discharged during the Period include inter alia:

- monitoring and reviewing the integrity of the semi-annual and annual financial reports and the internal financial controls;
- making recommendations to the Board in relation to the appointment of the external auditors and approving their remuneration and the terms of their engagement;
- developing and implementing policies on the engagement of the external auditors to supply non-audit services;
- reviewing and monitoring the independence, objectivity and effectiveness of the external auditors;
- reviewing the arrangements in place within the Investment Manager whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Group;
- reviewing the terms of the Investment Management Agreement; and
- considering annually whether there is a need for the Group to have its own internal audit function.

The Group considers that the Committee's performance of its duties fulfils the requirements of C.3.1 of the Code and of DTR 7.1.

The Committee does not award any non-audit work. The full Board would have to approve any non-audit work. Ernst & Young LLP have been appointed as auditors and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting. The Audit Committee considered the experience and tenure of the audit partner and staff and the nature and level of services provided. The Committee receives confirmation from the auditors that they have complied with the relevant UK professional and regulatory requirements on independence.

Audit Committee (continued)

The Group's Audit Committee meets representatives of the Investment Manager, who report as to the proper conduct of the business in accordance with the regulatory environment in which both the Company and the Investment Manager operate. The Group's external auditors also attend this meeting at its request and report if the Group has not kept proper accounting records, or if they have not received all the information and explanations required for their audit.

Internal Controls

In accordance with the provisions of C.2.1 of the Code, the Audit Committee has conducted a review of the Group's system of internal controls and is satisfied that they are sufficient to withstand the risks to which the Group is subject.

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

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

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

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

Corporate Responsibility

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

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

The Board assesses its performance on an annual basis based on the guidelines set out by the Code.

Going Concern

The Board conducts a rigorous and proportionate assessment of the Group's operational and financial risks with reference to the Group's cash flow requirements, debt position and the liquidity of its investments.

Currently the Company has a small debt position, the purpose of which is to finance acquisitions of its own shares. The debt position is repaid in full using the proceeds from redemptions of Boussard & Gavaudan Fund shares on a monthly basis. It remains at the discretion of the Company to continue its share buy back activity in the future.

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

After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus the financial statements have been prepared on a going concern basis.

Relations with Shareholders

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

By order of the Board

Christopher Fish	Nicolas Wirz
Chairman	Director

30 August 2011

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

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

(b) the interim financial statements for the period ended 30th June 2011 have been prepared in accordance with IAS 34 'Interim Financial Reporting', and give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company.

By order of the Board

Christopher Fish	Nicolas Wirz
Chairman	Director

30 August 2011

Background and Highlights

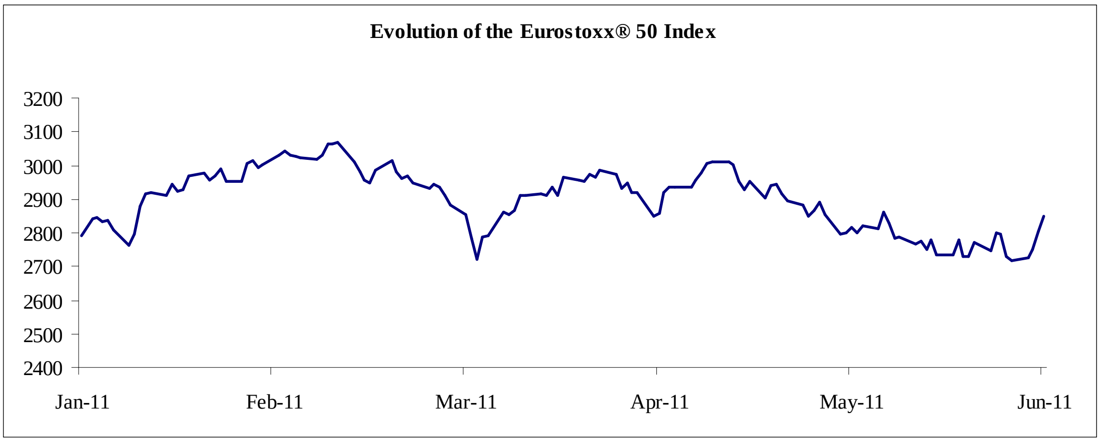
A.1 Background

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

On 28 July 2008, the Company'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, the Company created a class of shares denominated in Sterling (the "Sterling Shares") through the conversion of existing Euro shares into new Sterling shares at the prevailing net asset value ("NAV") per Euro share at 30 June 2008. Shareholders can convert their existing holding of shares in the Company from one class into another class on a yearly basis, subject to satisfying certain requirements.

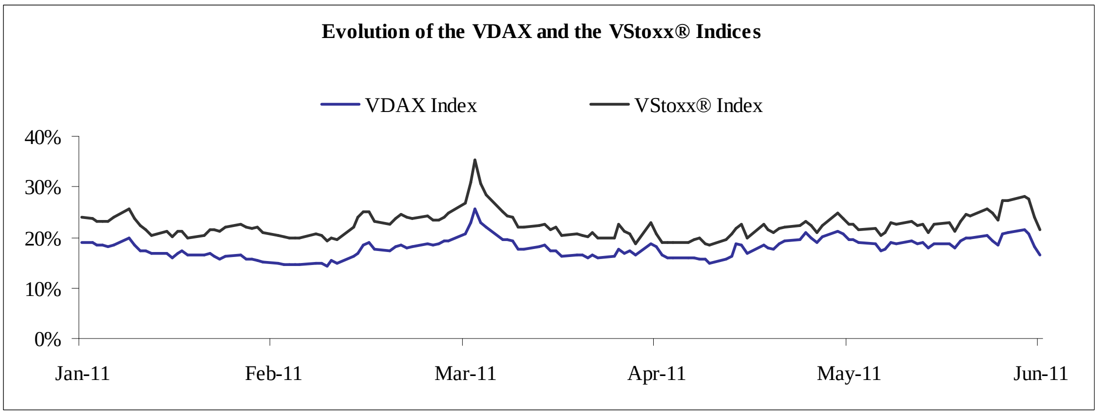
Through its investment in Boussard & Gavaudan Fund Plc managed by Boussard & Gavaudan Asset Management, which constitutes its main investment, the Company is sensitive to equity and volatility prices as well as to credit spreads. The Company is exposed to other market factors but to a lesser extent.

From 1 January to 30 June 2011 ("the Period"), European equity markets increased slightly with the Eurostoxx® 50 up 2.0%.



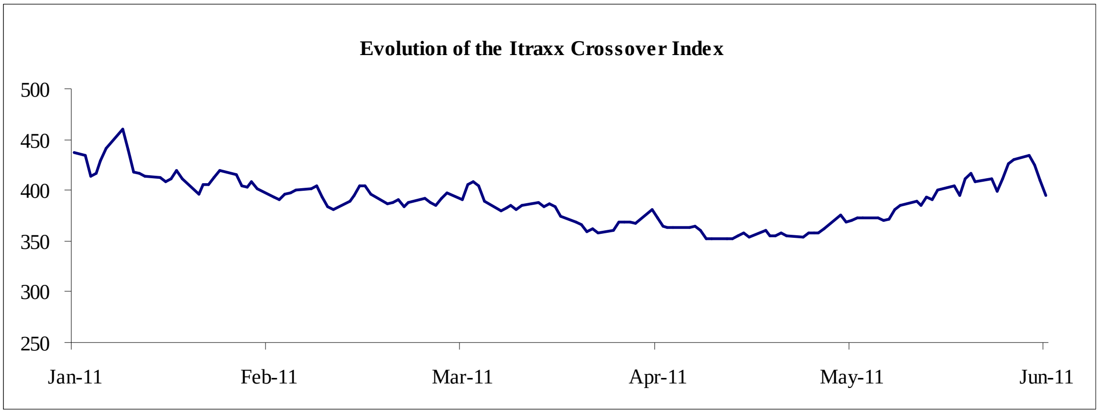
Graph 1 (source Bloomberg)

Volatility on stock markets decreased with the VDAX index ending at 16.5% from 19.1% and the VStoxx® index at 21.6% from 23.9%.



Graph 2 (source Bloomberg)

Credit spreads tightened with the Itraxx Crossover index finishing at 395bps from 437bps.



Graph 3 (source Bloomberg)

A.2 Highlights

As of 30 June 2011, the Company's net assets under management were approximately €639 million, down from €683 million at 31 December 2010.

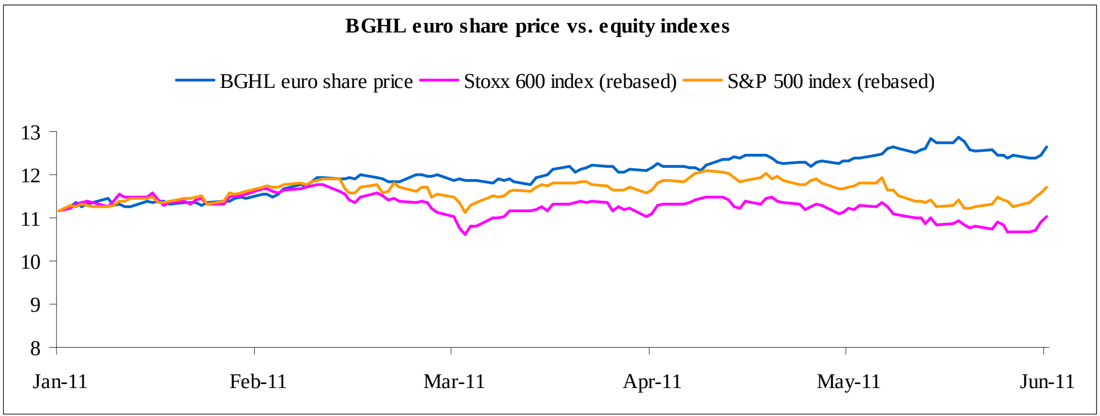
A.2.1 Performance

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

	30 June 2011	31 December 2010	Variation
Euro share price[1]	€12.65	€11.15	+13.5 %
Euro share NAV	€14.15	€13.80	+2.5%

	30 June 2011	31 December 2010	Variation
Sterling share price[2]	£11.94	£10.36	+15.3%
Sterling share NAV	£13.06	£12.87	+1.5%

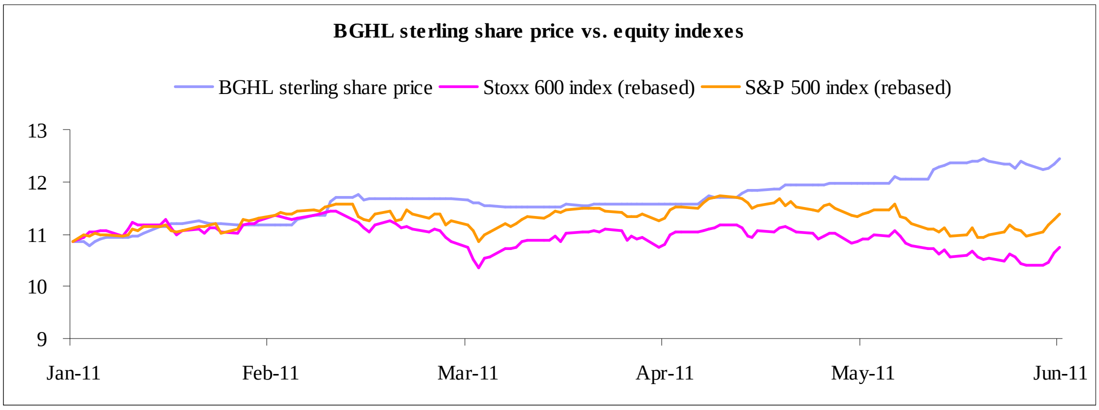
Euro and Sterling share prices outperformed global equity indexes such as the Stoxx® 600 and the S&P 500.



Graph 4 (source Bloomberg)

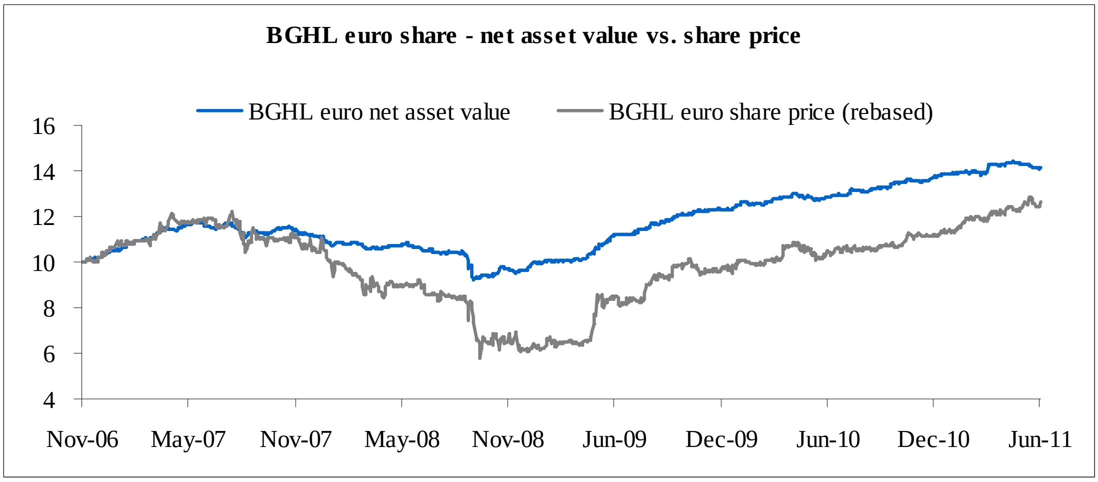
[1] Amsterdam (AEX) market close for euro share
[2] London (LSE) market close for sterling share

Euro and Sterling share prices outperformed global equity indexes such as the Stoxx® 600 and the S&P 500.

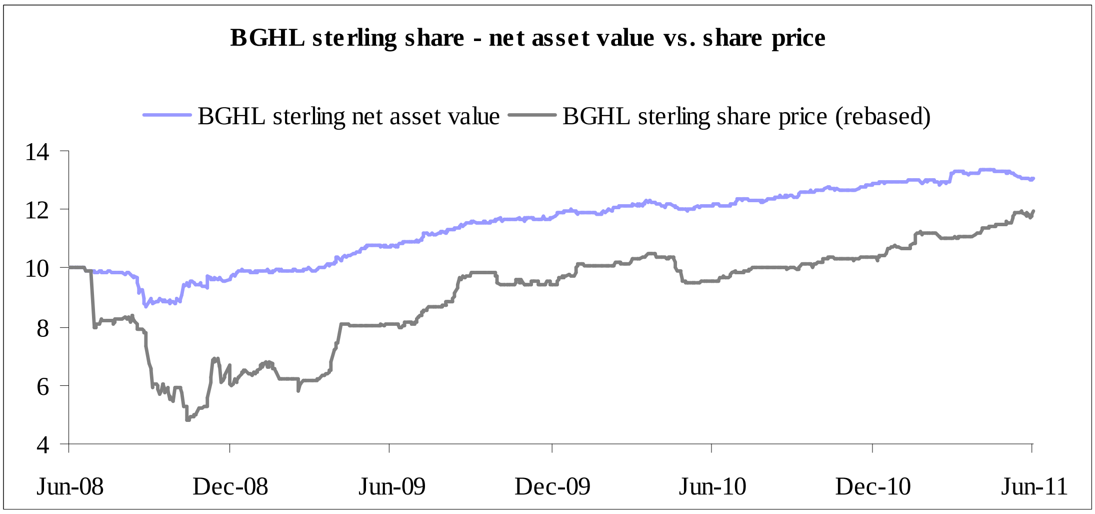


Graph 5 (source Bloomberg)

Euro shares and Sterling shares also outperformed their NAV during this Period reducing the discount to NAV.



Graph 6 (source BGAM estimates / Bloomberg)



Graph 7 (source BGAM estimates / Bloomberg)

A.2.2 Share buy back and discount to NAV

Share buy back programme

Since its listing, the Company 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 Period shows the Investment Manager's commitment to the Company's strategy and its efforts to reduce the discount to NAV.

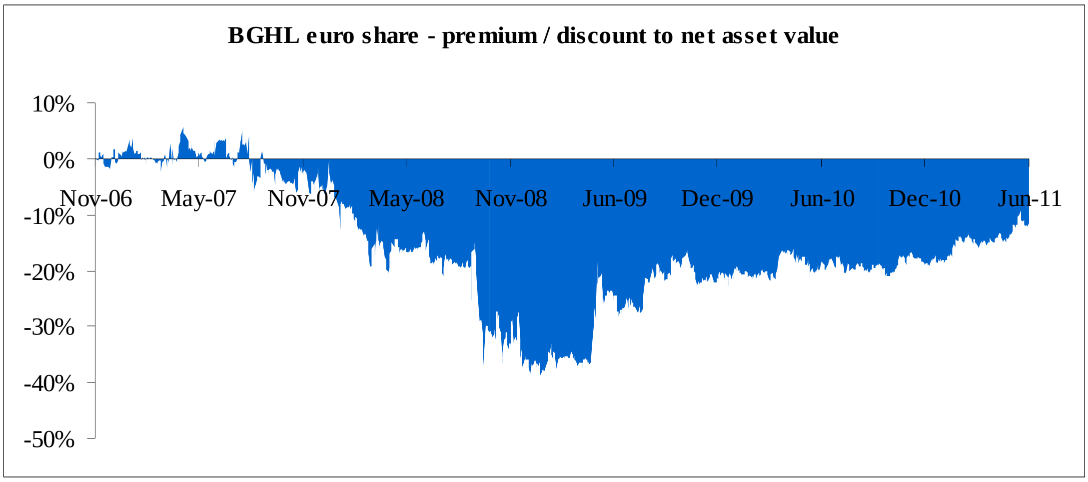
Liquidity enhancement agreement

To increase the liquidity of the Company's shares, the Company set up a liquidity contract with Exane BNP Paribas on 14 August 2008. Exane BNP Paribas handles the execution of the liquidity enhancement agreement of the Company in accordance with the Dutch accepted market practice. The Company intends to limit the amount allocated to the execution of this contract to 1.5% of its market capitalisation per year.

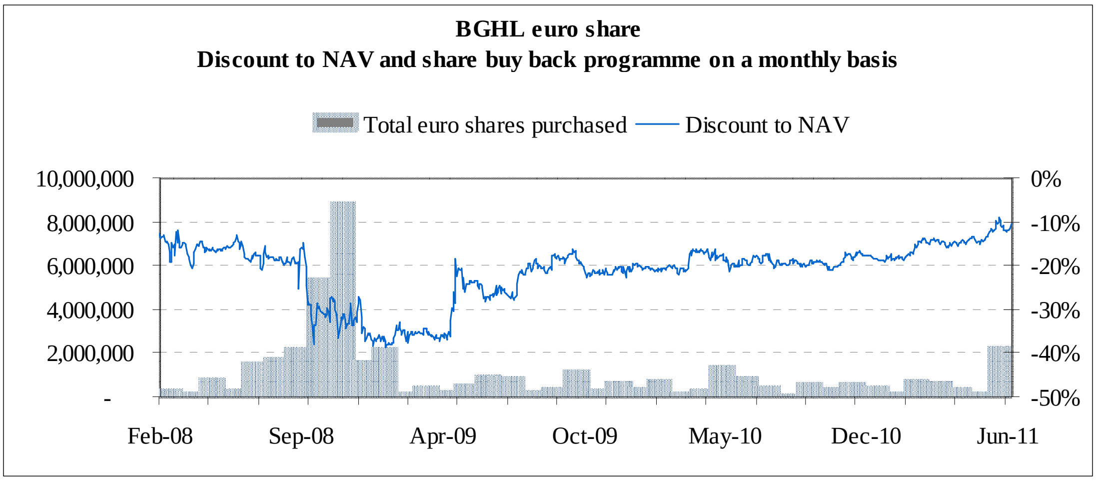
Share buy backs from both programmes are accretive to shareholders; they contribute to the outperformance of the Company's net asset value with respect to that of BG Fund.

Discount to NAV	30 June 2011	31 December 2010
Euro share	-10.6%	-19.2%
Sterling share	-8.6%	-19.5%

Euro Share (discount and share buy back)

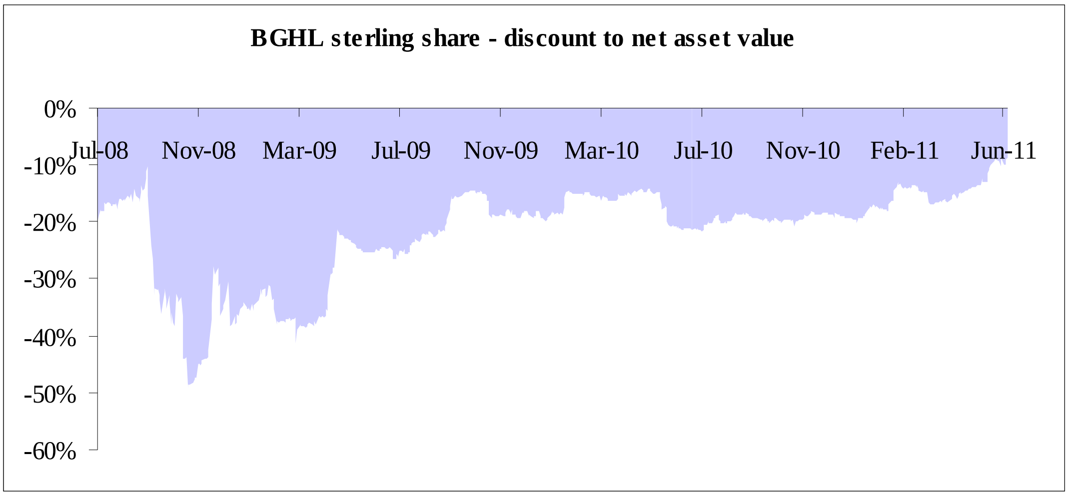


Graph 8 (source BGAM estimates / Bloomberg)

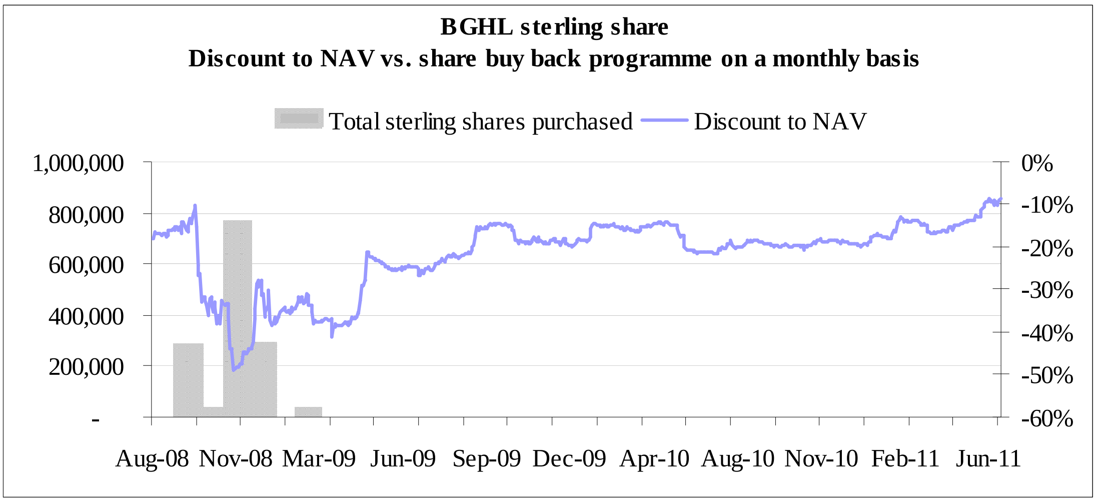


Graph 9 (source BGAM estimates)

Sterling Share (discount and share buy back)



Graph 10 (source BGAM estimates / Bloomberg)



Graph 11 (source BGAM estimates)

B- Review of the development of the business

From 1 January to 30 June 2011, the Company had most of its total assets invested in **Boussard & Gavaudan Fund Plc** ("BG Fund" or "the Fund"). BG 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. BG Fund implements diversified investment strategies, including volatility, equity and credit strategies.

In addition to its investment in BG Fund, and as described in the Company's offering memorandum, the Company may enter into **private equity investments.** These investments are currently financed through the Company's equity.

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

C- Risks

C.1 Investments other than BG Fund Plc

As at 30 June 2011, the Company had the following three investments in the portfolio which represent in aggregate approximately 4% of the asset under management.

C.1 Investments other than BG Fund Plc (continued)

Rasaland

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

DSO Interactive

On 9 December 2009 and 19 February 2010, BGHL acquired a minority stake in DSO Interactive for a total consideration of €1.7 million (6.2% of the share capital and 5.3% on a fully diluted basis). DSO Interactive is a private company incorporated in France and headquartered in Paris, where it employs over 120 people. DSO Interactive provides bad debt collection services to consumer creditors such as telecom operators, banks and specialised credit institutions.

Compagnie des Minquiers - Cofigeo

On 3 March 2011, Compagnie des Minquiers SAS, a 83.3%-owned subsidiary of BGHL (held jointly with the executive committee members of the Cofigeo group) acquired 100% of the shares of MPF (renamed Financière des Minquiers), a holding company, holding 26,523 shares in Cofigeo negotiated on the regulated market NYSE Euronext in Paris representing approximately 36% of capital and 41% of voting rights. On 29 March 2011, in compliance with French securities law, Compagnie des Minquers filed a mandatory tender offer for all the remaining shares of Cofigeo at a price of €530. On 20 June 2011, following the completion of the "offre publique de retrait" on Cofigeo, Compagnie des Minquiers SAS announced that it held 100% of the capital of Cofigeo.

With sales of 138 million and approximately 650 employees, Cofigeo is a leading player in France in the canned food industry. The group sells prepared meals and sauces under the brands Zapetti (formerly Buitoni) and Raynal & Roquelaure as well as under private labels. It ranks #2 in France with a market share of approximately 25%. BGHL's total investment in the transaction amounts to approximately €18 million, which represents less than 3% of its NAV.

C.2 Investment in BG Fund Plc

The Company was approximately 98% invested in BG Fund from 1 January to 30 June 2011.

Strategies

BG 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

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, BG Fund has a fourth "trading strategy" with smaller risk allocations dedicated to short-term directional trading.

Risk and Capital allocation

Prime brokers, when providing financing and leverage to hedge funds, take a risk that they assess using their own methodologies. Risk measurement is achieved by the use of haircuts. Haircuts reflect the level of risk attributed by a prime broker to a position. The higher the level, the higher the risk is. According to this model, an amount of equity, considered at risk, is allocated through the use of haircuts to each position. Each prime broker calculates its risk exposure to the sole portion of BG 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.

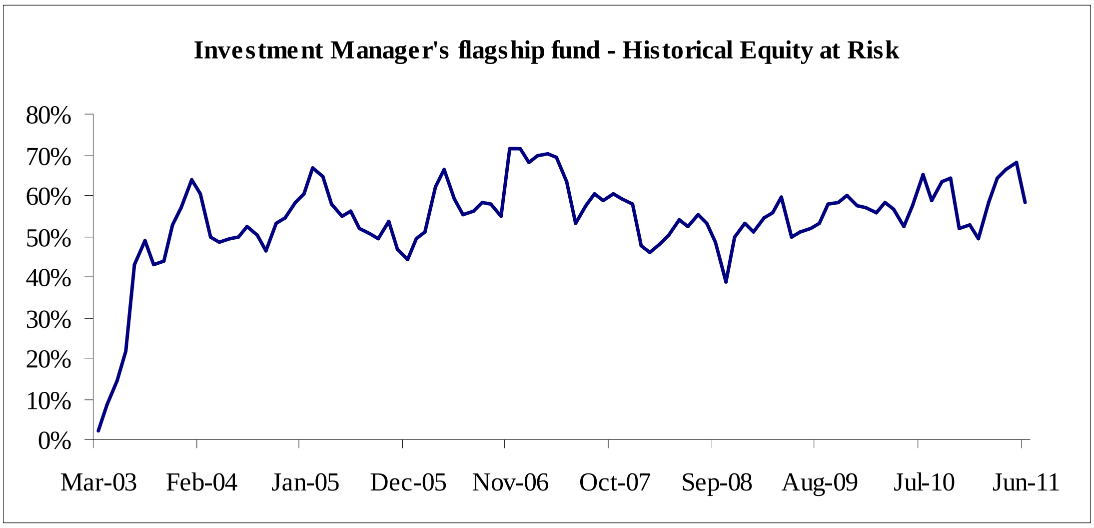
Haircuts condition the level of excess margin or unencumbered cash which is the level of risk left to increase positions or enter into additional ones. An excess margin of 25%, which corresponds to a 75% level of equity at risk, means that BG Fund can theoretically increase all of the positions in the portfolio by approximately 33% without having to raise further cash. The model provides an estimation of BG Fund's potential for additional leverage across all its prime brokers. Excess margin is a key indicator, used by the Investment Manager to monitor the solvency of the Fund. A large level of excess is maintained at any time.

The "excess margin" corresponds to the remaining capacity BG Fund can deploy without having to raise additional cash. The Investment Manager intends to be very selective when deploying equity at risk.

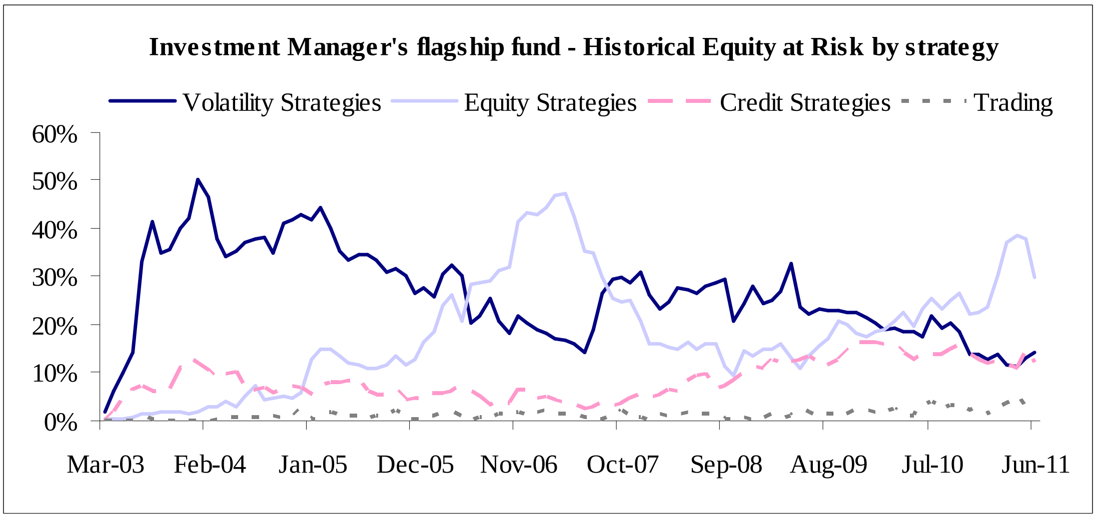
BG Fund, which allocates its capital according to the equity at risk, is currently mainly invested in equity strategies, followed evenly by volatility strategies and credit strategies. The allocation to trading remains small.

At 30 June 2011, the equity at risk of BG Fund stood at 58% of the capacity versus 52% at 31 December 2010.

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

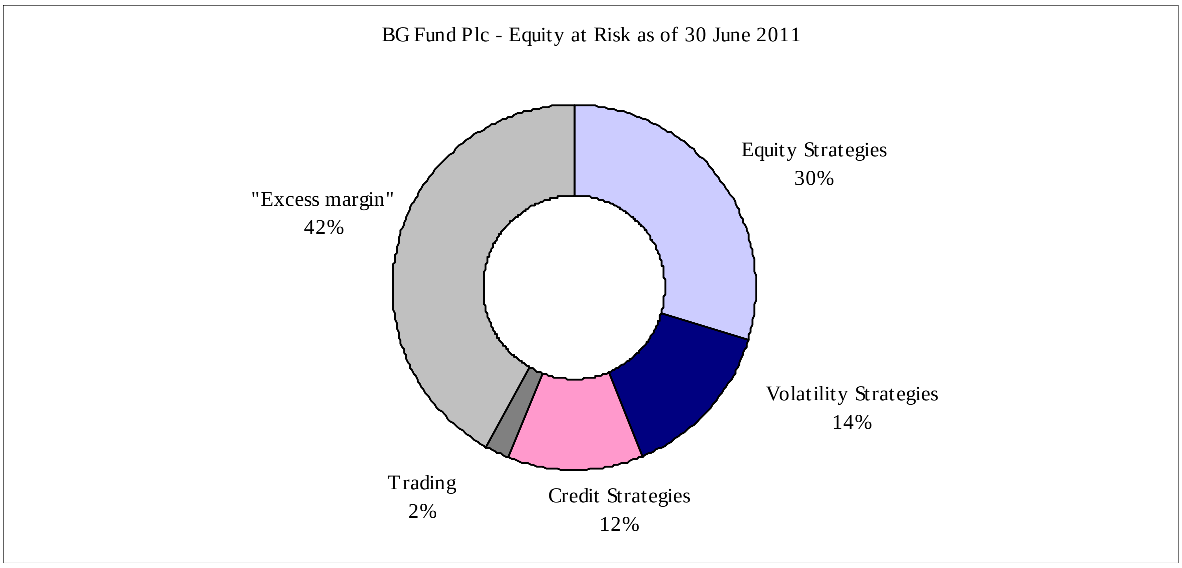


Graph 12 (source BGAM estimates)



Graph 13 (source BGAM estimates)

The equity at risk of BG Fund as at 30 June 2011 was as follows:



Graph 14 (source BGAM estimates)

D. Results

D.1 Results in private equity investments from 1 January to 30 June 2011

At the end of June 2011, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, all three investments were marked at acquisition prices which approximate their fair value at reporting. Over the Period, the contribution of private equity investments to the performance of the Fund has been marginal.

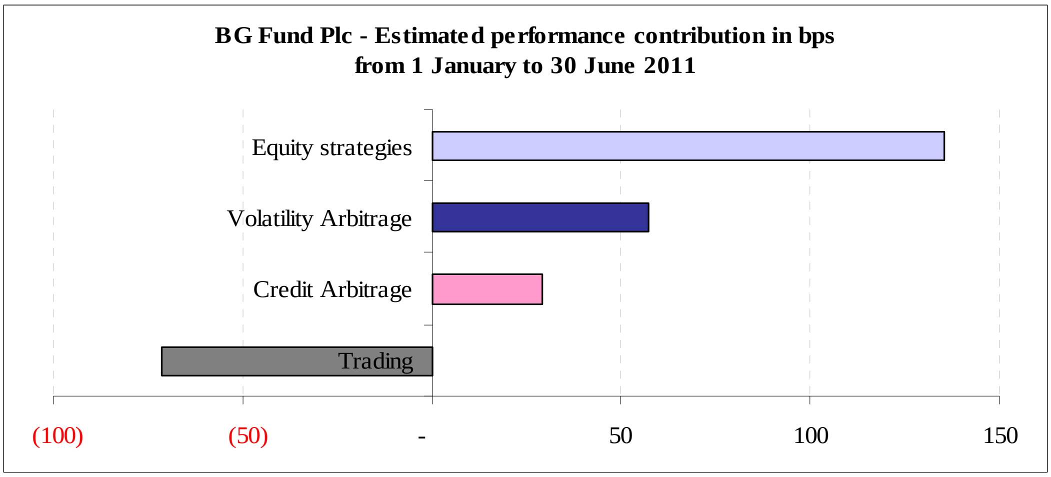
D.2 Results in BG Fund from 1 January to 30 June 2011

The performance of BG Fund, the main investment of the Company, was as follows:

NAV per share	30 June 2011	31 December 2010	Variation
Euro Class A	€103.26	€101.70	+1.5%
US Dollar Class	$103.05	$101.74	+1.3%
Euro Class B[1]	€105.13	€102.38	+2.7%

All strategies, except trading, contributed positively to the performance of the Fund.

For the Period, the contribution of each strategy to the performance of the Euro Class A shares, which is the most representative of BG Fund, was as follows:



Graph 15 (source BGAM estimates)

[1] Euro Class B bears no management and performance fees which explains this over performance. Management and performance fees are charged at BGHL level.

D.2 Results in BG Fund from 1 January to 30 June 2011 (continued)

Volatility strategies
Within volatility strategies, convertible bond arbitrage performed well followed by mandatory convertible arbitrage. Gamma trading contributed slightly negatively to the performance of the Fund.

Convertible bond arbitrage
Convertible bonds (excl. mandatories) performed well in the first semester of 2011. This sub-strategy represented around one third of the whole Fund's gains over the Period, with a strong contribution of the position in Fortis CASHES. From January to April, in a context of sharp sector rotation in global assets and a reversal in the main trends seen at the end of last year, the Investment Manager benefited from renewed investor appetite for financials and in particular for the Fortis CASHES. The bonds significantly outperformed European subordinated financial bonds and both iTraxx Fin Senior and Sub indices. They also benefited from rising interest rates (the bond, which trades below par, is a perpetual floater paying 3-month Euribor + 200bps). In May and June, the position gave up part of its earlier gains, suffering from a reverse in market sentiment and supply / offer imbalances. The Investment Manager marginally increased the position on the back of such cheapening. Despite the performance of this position over the Period, the Investment Manager believes the Fortis CASHES remain extremely attractive. Additionally in H2 of this year, the Investment Manager expects an acceleration in the current developments surrounding the instruments available to financials for their funding, including through the issuance of convertible bonds with a loss-absorption feature in the form of Contingent Conversion upon breach of a pre-determined core Tier One ratio ('CoCo'). Such structures are currently widely discussed and debated within the investor community, which the Investment Manager believes is also progressively leading to a reassessment of existing instruments in the context of Basel III and the future 'CoCo' market (incl. the Fortis CASHES).

Performance within the rest of the convertible bond book was lacklustre overall. At the beginning of the Period, the Investment Manager had taken profits and significantly reduced some positions as the very strong performance of those bonds in 2010 had left a significant portion of the European convertibles markets at unsustainable levels from an arbitrage standpoint. The remaining positions were on high delta names which the Investment Manager also credit hedged. The credit hedges were slightly oversized from the inception of the trades in order to be able to fully re-balance the gamma on those positions on the downside, even if their delta came down. This turned out to be profitable as towards the end of the Period whilst the European convertible bond market was softer across the board with high delta names being aggressively offered in particular, the Investment Manager's high delta positions were flat thanks to the CDS hedges and the gamma which the Investment Manager realised. In addition to this, the Investment Manager preemptively took the investment decision to reduce some of these high delta positions as valuations were unattractive from an arbitrage standpoint towards the end of the Period.

Mandatory convertible bond arbitrage
Mandatory convertible bond arbitrage also contributed positively to the performance of the Fund during the period thanks to the UBS BBVA mandatory exchangeable in particular. For the first 4 months of the year, the mandatory remained well bid indeed on the back of a rising share price (approximately +15% over the Period - this might have sparked some interest from both convertibles directional accounts and equity accounts which used the mandatory to hedge their short equity exposure), a decrease in BBVA's historic volatility, and a continued erosion of UBS's CDS spread (UBS's credit risk applies on the coupons and the parity since the BBVA shares are not pledged for the benefit of bondholders). In addition, the Fund benefited from the dividend protection (full adjustment of strikes and conversion ratios due to the BBVA share dividend option). With a bit more than 1 year to maturity, and the mandatory strikes approx. 180% and 250% above the current share price, i.e. several standard deviations away, the risk profile of the mandatory is very good and its discount to fair value provides the Fund with a stable and highly visible source of performance for the rest of 2011.

On the negative side, the Fund was impacted at the beginning of the Period by the declining underlying volatility on the Fresenius mandatory. This gave the Investment Manager the opportunity to increase the position at attractive levels in April. Following this, the Fresenius mandatory bounced back and converged slowly towards its fair value as the averaging Period starts mid July 2011 and the bonds are due for redemption mid August 2011.

There was no new mandatory convertible bond issue in Europe over the Period.

D.2 Results in BG Fund from 1 January to 30 June 2011 (continued)

Gamma trading
The Period has been tough to read for this sub-strategy which contributed marginally negatively to the performance. The Investment Manager began the year with minimal long volatility exposure which it progressively ramped up given the perceived tension in the market coming from both the macroeconomic and the geopolitical angle. Entering into February, volatilities remained at historically low levels overall, still at a premium from the low realised levels. In this situation, the Investment Manager decided to limit the Fund's long gamma exposure. Next, the market unexpectedly experienced a spike in volatilities and a skew due to panic stemming from the Japanese nuclear crisis mid March. As a result, the Investment Manager increased the long gamma exposure. Unfortunately this high volatility regime was short-lived and the market was quick to climb back to pre-quake levels, with even lower implied volatilities. The Investment Manager took advantage of this low level of implied volatility starting April to increase further the long gamma/long volatility position to provide relatively cheap protection to the Fund as it thought uncertainties flagged were not reflected in the market. Nevertheless, equities did not move significantly except in the second part of June whereby European equity markets corrected by roughly 5% as sovereign debt worries resurfaced. Implied volatilities spiked but in very few prints and low activity, displaying elevated risk aversion from volatility market makers. Anticipating this high volatility regime would be short-lived, the Investment Manager switched mid-term volatility exposure to very short-term volatility exposure in order to increase the long gamma exposure and protection. At the end of the Period, the Investment Manager remains vigilant and well protected with long gamma exposure.

<u>Equity strategies</u>
Equity strategies were the main contributor to the Fund's performance.

Over the Period there was a high dispersion across the board in a challenging macroeconomic and geopolitical environment. The equity market was effectively nervous with tensions arising from the situation in the Middle East, the Japanese earthquake followed by the tsunami and persisting peripheral European sovereign risk (Portugal and Greece in particular). These worrying exogenous factors contrast with good macroeconomic numbers and the positive corporate news flow in the first half of the semester which both turned out to be more mixed towards the end of the Period.

In this environment, the Investment Manager decided to keep the portfolio as lean as possible, protected by generalised use of options and concentrated on high convictions where it saw short-term catalysts. A few mergers and acquisitions were announced, raising the scope for a more active "special situations" part of the business, which the Investment Manager had been hoping for from the end of last year. It therefore decided to interpret this perceived change in the market as a signal to build up the Fund's strong conviction event-driven positions further, whilst reducing the long/short short-term trades. In the meantime, the Investment Manager remained cautious given the macroeconomic environment and continued to use equity options to protect the portfolio. This has efficiently protected the Fund.

The market environment became tougher to read in April and May with no real trends and corporate activity softening. A few mergers & acquisitions deals were announced in Europe with a bit of disappointment due to the low premiums. In addition to this, deteriorating newsflow came from Europe and the US; the main focus being around Greece's need for a further aid package and growing worries about the US growth outlook, with the resurgence of a double dip scenario. In June the Investment Manager witnessed a significant de-risking from market players. The market was driven down 5% by major stress coming from uncertainty surrounding the Greek debt restructuring package, the debt ceiling in the US and poor macroeconomic data. However, June ended on a more positive note as the Greek Parliament voted for the austerity budget and the US Chicago PMI released better than expected data helping the market to regain almost all its loss in the last 2 days of the month. In this context, there was absolutely no risk appetite in the market. Risk arbitrage spreads widened and special situations trades were hammered. The risk was taken off the market with a clear lack of tolerance for any loss from market participants. In this tough environment, the Investment Manager reduced risk on the lower conviction trades to preserve capital and to be well-positioned to deploy more risk on the higher convictions. The portfolio remains concentrated.

During the Period, equity strategies performance has been driven by hard catalysts trades. The Investment Manager finally succeeded in coming to an agreement with Cinven in March on the Camaïeu situation, adding profits to the Fund while significantly decreasing the size of the Fund's illiquid positions. The Fund also benefited from a few risk arbitrage trades which evolved positively whilst trades with softer catalysts did not perform as well.

D.2 Results in BG Fund from 1 January to 30 June 2011 (continued)

Credit strategies
Credit strategies contributed positively to the performance of the Fund over the Period.

Credit markets performed rather well until April despite geopolitical tensions in North Africa and the Middle East, sovereign solvency concerns in Europe, inflation fears in emerging markets and macroeconomic worries in the US. However in May cracks started to appear in the shield from these exogenous shocks. European sovereign issues came back to the forefront. In a straight reversal of the pattern from previous months, corporate bond € iBoxx indices widened with cash underperforming CDS, Europe underperforming the US, and peripherals and financials leading the move wider. In practice, the market seemed to be already very long, increasingly worried, and yet reluctant to actually sell risk. The widening of Spain and Italy to German Government bonds was potentially more important than the Greek situation to the Investment Manager's mind and Spain was the point at which markets would start to consider sovereign woes to be systemic. Yet for the Investment Manager, the sovereigns were simply part of a deeper malaise, which made it convinced that the correction had a little further to run. In the Investment Manager's view, the market was facing record primary new issue supply and was hence vulnerable to negative surprises. It also thought markets would continue to trade heavily with cash underperforming CDS, which would have an adverse effect on the Fund's positions. This happened in June up until the last two trading sessions of the month, after the Greek Parliament had adopted a new austerity package. Nevertheless, the fact that the Greek government managed to vote through a plan for austerity does not mean that it will be able to implement it successfully.

In this context, credit strategies contributed positively to the performance of the Fund driven by the long/short portfolio and in particular by high yield and bank subordinated debt investments. Risk/reward for credit, as an asset class, remained overall rather uncompelling over the Period. So, in the long / short portfolio the Investment Manager decided to focus on cash-flow generating companies and defensive credits on the long side, whilst buying CDS on what it viewed were "de-rating options" on expensive/tight spreads not only in the investment grade, but also in the high yield universe. Towards the end of the Period, the Investment Manager decided to reduce the Fund's high yield exposure to two core positions, as it feared that the uncertainty around the peripheral sovereign issues would accelerate a flight-to-quality in core Europe, and potentially redemptions in European high yield.

In the capital structure arbitrage space, the Investment Manager found it very difficult to identify interesting trades with strong and immediate catalysts. This sub-strategy contributed slightly positively to the Fund's performance.

One noticeable issue to highlight this semester was the Credit Suisse tier 2 host buffer capital notes (BCNs). These new $2bn of tier 2 30NC5 (30-year bond callable after 5 years) bonds will be converted into Credit Suisse ordinary shares if the group's reported Basel III common equity tier 1 ratio falls below 7%. A new acronym has appeared: BCNs or Buffer Capital Notes, which followed the Lloyds' ECNs and Rabobank's SCNs. The Investment Manager believes it is likely to see interesting and innovative new structures around the theme of buffer capital emerge in the coming months that will be attractive to investors, especially as they are likely to come from the strongest European banks first. It thinks this will also prove to be beneficial to the existing stock of bonds, and especially the UT2 and T1 sectors.

Trading
Trading posted a negative return for the Period. This was mostly driven in the beginning of the Period by the squeeze on financials which induced a large sector rotation that penalised most trades which had worked well at the end of last year. The Investment Manager got stopped out on these trades and cut the short financials bias. It has reduced the Fund's stress tests risks with the gamma strategy and feels that it is now a better hedge.

E - Review of important events since the Period end

In a challenging macroeconomic environment and stressed markets in Europe, the Investment Manager remains particularly cautious but continues to be fully committed to the strategies of the Company. Financial prospects will be linked to the level of opportunities created across the Company's strategies in the European corporate environment.

In July, the Euro share NAV decreased by 0.80% and the GBP share NAV by 0.93%. From 1 to 15 August 2011, the Euro share NAV and the GBP share NAV were slightly up (respectively estimated at +0.31% and +0.24%).

F - Principal Risks and Uncertainties

The equity at risk of BG Fund, which is the main investment of the Company, is expected to be deployed in a very cautious way as the market environment remains uncertain described under note 4 of the financial statements As the Company's liabilities are very low, the liquidity risk is limited. Investments other than BG Fund are being financed through the Company's equity rather than using credit as there is currently no banking facility in place.

G - Related Party Transactions

There have been no related party transactions during the period except for transactions described under notes 11-13 of the financial statements.

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

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the Consolidated Condensed Interim Statement of Financial Position, Company Condensed Interim Statement of Financial Position, Consolidated Condensed Interim Statement of Comprehensive Income, Company Condensed Interim Statement of Comprehensive Income, Consolidated Condensed Interim Statement of Changes in Equity, Company Condensed Interim Statement of Changes in Equity, Consolidated Condensed Interim Statement of Cash Flows, Company Condensed Interim Statement of Cash Flows and related notes 1 to 19. 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 financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services 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 financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial 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 financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Guernsey
Date: 30 August 2011

Boussard & Gavaudan Holding Limited
Consolidated Condensed Interim Statement of Financial Position
30 June 2011 (Unaudited)

	Note	UNAUDITED As at 30 June 2011 Euro	AUDITED As at 31 December 2010 Euro
Assets			
Non-current Assets			
Investments at fair value through profit or loss	3	658,286,042	709,459,635
Investment property		1,116,318	-
Property, plant and equipment		22,852,631	-
Intangible assets		1,667,693	-
Other financial assets		49,668	-
Current Assets			
Inventory		26,005,019	-
Other assets	5	25,728,956	1,467,702
Cash and cash equivalents		3,478,369	-
Total assets		**739,184,696**	**710,927,337**
Equity and Liabilities			
Non-current Liabilities			
Borrowings and long-term financial liabilities	7	15,861,454	-
Long-term provisions		2,080,631	-
Deferred tax		2,299,928	-
Other liabilities		133,162	-
Current Liabilities			
Short term loan	9	22,500,000	6,000,000
Current portion of long-term borrowings and financial liabilities		50,978	-
Forward foreign exchange derivatives contracts		681,112	438,047
Other liabilities	6	48,376,331	21,317,136
Bank overdraft		7,576	-
Total liabilities		**91,991,172**	**27,755,183**
Equity			
Share capital	14	4,514	4,934
Distributable reserve		104,347,019	150,726,170
Share premium		511,875,139	511,875,139
Treasury shares	15	(26,431,828)	(20,863,074)
Retained earnings		54,866,190	41,428,985
Equity excluding non-controlling interest		644,661,034	683,172,154
Non-controlling interest		2,532,490	-
Total equity including non-controlling interest		**647,193,524**	**683,172,154**
Total Equity and Liabilities		**739,184,696**	**710,927,337**
Net asset value per share:			
EURO shares outstanding 43,207,374 (2010: 47,411,855)		€ 14.3245	€13.7990
GBP shares outstanding 1,932,543 (2010: 1,932,543)		£13.2214	£12.8717

The condensed interim financial statements were approved by the Board of Directors on 30 August 2011 and signed on its behalf by:

Christopher Fish
Chairman

Nicolas Wirz
Director

The accompanying notes on pages 30 to 44 form an integral part of these condensed interim financial statements.

Boussard & Gavaudan Holding Limited
Company Condensed Interim Statement of Financial Position
30 June 2011 (Unaudited)

	Note	UNAUDITED As at 30 June 2011 Euro	AUDITED As at 31 December 2010 Euro
Assets			
Non-current Assets			
Investments at fair value through profit or loss	3	676,471,395	709,459,635
Current Assets			
Other assets	5	2,360,532	1,467,702
Total assets		**678,831,927**	**710,927,337**
Equity and Liabilities			
Current Liabilities			
Short term loan	9	22,500,000	6,000,000
Forward foreign exchange derivatives contracts	2	681,112	438,047
Other liabilities	6	16,326,328	21,317,136
Total liabilities		**39,507,440**	**27,755,183**
Equity			
Share capital	14	4,514	4,934
Distributable reserve		104,347,019	150,726,170
Share premium		511,875,139	511,875,139
Treasury shares	15	(26,431,828)	(20,863,074)
Retained earnings		49,529,643	41,428,985
Total Equity		**639,324,487**	**683,172,154**
Total Equity and Liabilites		**678,831,927**	**710,927,337**
Net asset value per share:			
EURO shares outstanding 43,207,374 (2010: 47,411,855)		€ 14.1502	€ 13.7990
GBP shares outstanding 1,932,543 (2010: 1,932,543)		£13.0638	£12.8717

The condensed interim financial statements were approved by the Board of Directors on 30 August 2011 and signed on its behalf by:

Christopher Fish
Chairman

Nicolas Wirz
Director

The accompanying notes on pages 30 to 44 form an integral part of these condensed interim financial statements.

Boussard & Gavaudan Holding Limited
Consolidated Condensed Interim Statement of Comprehensive Income
For the six months ended 30 June 2011 (Unaudited)

	Note	UNAUDITED For Six months ended 30 June 2011 Euro	UNAUDITED For Six months ended 30 June 2010 Euro
Income			
Net realised gain on financial instruments at fair value through profit or loss		3,836,095	12,144,470
Change in unrealised gain on financial instruments at fair value through profit or loss		14,820,876	21,437,491
Net gain on financial assets at fair value through profit or loss		18,656,971	33,581,961
Realised and unrealised foreign currency (loss)/gain on forward derivatives contracts		(911,778)	647,779
Other realised and unrealised foreign currency (loss)		(1,225)	(213)
		17,743,968	34,229,527
Interest income		193,179	1,470
Total income		**17,937,147**	**34,230,997**
Operating income and expense from wholly owned subsidiary			
Revenue		43,657,754	-
Rental income from investment property		152,580	-
Operating expenses	8	(41,283,606)	-
Negative goodwill on acquisition	4	4,844,669	
		7,371,397	**-**
Trading Expense			
Interest expense		343,114	22,894
Company expenses			
Performance fees	13	4,263,980	7,267,291
Management fees	13	5,139,687	5,221,783
Administrative fees	12	68,052	45,627
Directors fees	11	55,000	62,500
Professional fees		18,125	5,043
Audit fees		24,002	5,104
Other expenses		75,376	174,289
Total expenses		**9,987,336**	**12,804,531**
Net income before tax		**15,321,208**	**21,426,466**
Income tax expense		(812,313)	-
Net profit / Total Comprehensive Income		**14,508,895**	**21,426,466**
Attributable to:			
Owners of the Company		13,437,205	21,426,466
Non-controlling interest		1,071,690	-
		14,508,895	**21,426,466**
Basic and diluted earnings per share			
EURO €14,902,243 / 45,908,412 shares (2010: €19,003,461 Profit / 52,549,163 shares)		€ 0.3404	€0.3616
GBP £605,503 / 1,932,543 shares (2010: £569,787 Profit / 1,551,246 shares)		£0.3204	£0.3673

All activities are of a continuing nature.

The accompanying notes on pages 30 to 44 form an integral part of these condensed interim financial statements.

	Note	UNAUDITED For Six months ended 30 June 2011 Euro	UNAUDITED For Six months ended 30 June 2010 Euro
Income			
Net realised gain on financial instruments at fair value through profit or loss		3,836,095	12,144,470
Change in unrealised gain on financial instruments at fair value through profit or loss		14,820,876	21,437,491
Net gain on financial assets at fair value through profit or loss		18,656,971	33,581,961
Realised and unrealised foreign currency (loss)/gain on forward derivatives contracts		(911,778)	647,779
Other realised and unrealised foreign currency (loss)		(1,225)	(213)
		17,743,968	34,229,527
Interest income		99,775	1,470
Total income		17,843,743	34,230,997
Trading Expense			
Interest expense		98,863	22,894
Company expenses			
Performance fees	13	4,263,980	7,267,291
Management fees	13	5,139,687	5,221,783
Administrative fees	12	68,052	45,627
Directors fees	11	55,000	62,500
Professional fees		18,125	5,043
Audit fees		24,002	5,104
Other expenses		75,376	174,289
Total expenses		9,743,085	12,804,531
Net profit / Total Comprehensive Income		8,100,658	21,426,466
Basic and diluted earnings per share			
EURO €9,106,266 / 45,908,412 shares(2010: €19,003,461 Profit / 52,549,163 shares)		€ 0.1984	€ 0.3616
GBP £371,186 / 1,932,543 shares,(2010: £569,787 Profit / 1,551,246 shares)		£0.1921	£ 0.3673

All activities are of a continuing nature.

The accompanying notes on pages 30 to 44 form an integral part of these condensed interim financial statements.

Boussard & Gavaudan Holding Limited
Consolidated Condensed Interim Statement of Changes in Equity
For the six months ended 30 June 2011 (Unaudited)

	Note	Share Capital	Share Premium	Distributable Reserve	Treasury Shares	Retained Earnings	Total Equity excluding non-controlling interest	Non-controlling interest	Total Equity
		Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Balance as at 1 January 2011		4,934	511,875,139	150,726,170	(20,863,074)	41,428,985	683,172,154	-	683,172,154
Acquisition of subsidiaries	4						-	1,460,800	1,460,800
Net profit attributable to ordinary shares						13,437,205	13,437,205	1,071,690	14,508,895
Treasury Shares acquired	15	-	-	-	(51,948,325)	-	(51,948,325)	-	(51,948,325)
Treasury Shares cancelled	15	(420)	-	(46,379,151)	46,379,571	-	-	-	-
Balance as at 30 June 2011		4,514	511,875,139	104,347,019	(26,431,828)	54,866,190	644,661,034	2,532,490	647,193,524

For the six months ended 30 June 2010 (Unaudited)

	Note	Share Capital	Share Premium	Distributable Reserve	Treasury Shares	Retained Earnings	Total Equity excluding non-controlling interest	Non-controlling interest	Total Equity
		Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Balance as at 1 January 2010		5,567	739,210,513	-	(31,477,788)	(17,305,504)	690,432,788	-	690,432,788
Net profit attributable to ordinary shares		-	-	-	-	21,426,466	21,426,466	-	21,426,466
Treasury Shares acquired	15	-	-	-	(39,102,809)	-	(39,102,809)	-	(39,102,809)
Treasury Shares cancelled	15	(380)	(45,303,595)	-	45,303,975	-	-	-	-
Balance as at 30 June 2010		5,187	693,906,918	-	(25,276,622)	4,120,962	672,756,445	-	672,756,445

The accompanying notes on pages 30 to 44 form an integral part of these condensed interim financial statements.

Boussard & Gavaudan Holding Limited
Company Condensed Interim Statement of Changes in Equity
For the six months ended 30 June 2011 (Unaudited)

	Note	Share Capital	Share Premium	Distributable Reserve	Treasury Shares	Retained Gains	Total Equity
		Euro	Euro	Euro	Euro	Euro	Euro
Balance as at 1 January 2011		4,934	511,875,139	150,726,170	(20,863,074)	41,428,985	683,172,154
Net profit attributable to ordinary shares						8,100,658	8,100,658
Treasury Shares acquired	15	-	-	-	(51,948,325)	-	(51,948,325)
Treasury Shares cancelled	15	(420)	-	(46,379,151)	46,379,571	-	-
Balance as at 30 June 2011		4,514	511,875,139	104,347,019	(26,431,828)	49,529,643	639,324,487

For the six months ended 30 June 2010 (Unaudited)

	Note	Share Capital	Share Premium	Distributable Reserve	Treasury Shares	Retained Gains	Total Equity
		Euro	Euro	Euro	Euro	Euro	Euro
Balance as at 1 January 2010		5,567	739,210,513	-	(31,477,788)	(17,305,504)	690,432,788
Net profit attributable to ordinary shares		-	-	-	-	21,426,466	21,426,466
Treasury Shares acquired	15	-	-	-	(39,102,809)	-	(39,102,809)
Treasury Shares cancelled	15	(380)	(45,303,595)	-	45,303,975	-	-
Balance as at 30 June 2010		5,187	693,906,918	-	(25,276,622)	4,120,962	672,756,445

The accompanying notes on pages 30 to 44 form an integral part of these condensed interim financial statements.

Boussard & Gavaudan Holding Limited
Consolidated Condensed Interim Statement of Cash Flows
For the six months ended 30 June 2011 (Unaudited)

	Note	UNAUDITED For Six months ended 30 June 2011 Euro	UNAUDITED For Six months ended 30 June 2010 Euro
Net cash used in operating activities	10	(9,915,295)	(22,483,133)
Cash flows from investing activities			
Purchase of investments at fair value through profit or loss	3	(2,440,104)	(497,340)
Sales of investments at fair value	3	72,270,667	61,602,580
Purchase of net property, plant and equipment and intangible assets		(1,769,661)	-
Disposal of net property, plant and equipment and intangible assets		36,500	-
Purchase of subsidiary	4	(25,723,150)	-
Net cash provided by investing activities		42,374,252	61,105,240
Cash flows from financing activities			
Treasury shares acquired	15	(52,089,978)	(39,102,809)
Purchase of subsidiary shares by non-controlling interest		1,582,800	-
Net cash flow from foreign exchange forward derivative contracts		(668,711)	252,197
Repayment of other short term loan	9	(45,500,000)	(33,150,000)
Proceeds from other short term loan	9	62,000,000	33,400,000
Repayment of long term borrowings		(15,996,105)	-
Proceeds from long term borrowings		21,850,172	-
Net financial interest paid		(166,342)	(21,495)
Net cash used in financing activities		(28,988,164)	(38,622,107)
Net movement in cash and cash equivalents		3,470,793	-
Cash and cash equivalents			
Beginning of the period		-	-
End of the period		3,470,793	-
Cash and cash equivalents at 30 June 2011		3,470,793	-
Cash and cash equivalents			
Short term bank balances		3,478,369	-
Bank overdraft		(7,576)	-
Cash and cash equivalents at 30 June 2011		3,470,793	-

The accompanying notes on pages 30 to 44 form an integral part of these condensed interim financial statements.

Boussard & Gavaudan Holding Limited
Company Condensed Interim Statement of Cash Flows
For the six months ended 30 June 2011 (Unaudited)

	Note	UNAUDITED For Six months ended 30 June 2011 Euro	UNAUDITED For Six months ended 30 June 2010 Euro
Net cash used in operating activities	10	(15,512,679)	(22,483,133)
Cash flows from investing activities			
Purchase of investments at fair value through profit or loss	3	(20,625,457)	(497,340)
Sales of investments at fair value	3	72,270,667	61,602,580
Net cash provided by investing activities		51,645,210	61,105,240
Cash flows from financing activities			
Treasury shares acquired	15	(51,948,325)	(39,102,809)
Net cash flow from foreign exchange forward derivative contracts		(668,711)	252,197
Repayment of other short term loan	9	(45,500,000)	(33,150,000)
Proceeds from other short term loan	9	62,000,000	33,400,000
Net financial interest paid		(15,495)	(21,495)
Net cash used in financing activities		(36,132,531)	(38,622,107)
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 2011		-	-

The accompanying notes on pages 30 to 44 form an integral part of these condensed interim financial statements.

1. General information

Company information

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

On 28 July 2008, the Company’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. Upon admission to the Official List of the UK Listing Authority the Company 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, the Company has 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 the Company from one class into another class first on a quarterly and now on an annual basis, provide that the procedure published on the company’s website has been compiled with.

Investment policy

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

The Company will seek to achieve its investment objective by investing the proceeds of any fund raising, net of any amounts retained to be used for working capital requirements, into Boussard & Gavaudan Fund Plc (“the “Fund” or BG Fund”), and by utilising its borrowing powers to make leveraged investments into private equity situations. The gross investment exposure of the Company at any time may represent a maximum of 200 percent of Net Asset Value at the time of investment.

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

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

The Investment Manager may also use the Company’s borrowing facilities to enable it to make private equity investments at its discretion within the limits set out under the heading "Asset allocation" below. The Investment Manager’s ability to use borrowings for such purposes is subject to the limit on leverage set out under the heading "Gearing" below. Such investments may include the acquisition of minority or majority interests in unlisted companies or listed companies ("Direct Investments"). The Investment Manager may also make private equity investments 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 the Fund, investments other than the investment in the Fund as described above are intended to allow the Company to achieve its target annualised return. The Company’s investments in assets other than the 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 the Fund due to risk profiles or liquidity profiles inconsistent with those of the Fund.

1. General information (continued)

Gearing

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

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

It is intended that leverage will be used by the Company for the purposes of (i) managing day to day cash flow, i.e. for meeting expenses of the Company and for funding repurchases of Shares and (ii) leveraging investments made by the Company, including its investment in the Fund or in other hedge funds managed by the Investment Manager (hereafter, “Manager Funds”), provided that the Company complies with the exposure limitations set out under the heading “Asset allocation” below.

Asset allocation

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

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

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

Direct Investments
The aggregate value of Direct Investments may not exceed an amount equal to 50 per cent. of the Net Asset Value at the time of making any such investment.

Indirect Private Equity Investments
The aggregate value of Indirect Private Equity Investments may not exceed an amount equal to 25 per cent. of the Net Asset Value at the time of making any such investment. In addition, the Company will not make any single private equity investment representing in excess of an amount equal to 10 per cent. of its Net Asset Value as at the time that investment is made. Private equity investments made in linked transactions will be aggregated for the purposes of this calculation.

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

Diversification

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

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

As of 30 June 2011 none of the Company and the Fund currently had any employees or owned any facilities.

2. Accounting policies

2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and with legislation and rules pertaining to Amsterdam Euronext and London Stock Exchange listed companies, as well as in accordance with The Companies (Guernsey) Law, 2008, as amended.

2.2 Basis of preparation

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

The interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2010, which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The IFRSs adopted by the Group in the preparation of these financial statements are those that were effective for accounting periods ending on or before 30 June 2011.

At the date of approval of these financial statements, the following new standards and amendments, which have not been applied, but that may impact the financial statements, were in issue but not yet effective:

New Standards:

IFRS 9: *Financial Instruments* for accounting periods commencing on or after 1 January 2013. The International Accounting Standards Board (IASB) has issued proposals to adjust the mandatory effective date from 1 January 2013 to 1 January 2015. IFRS 9 deals with classification and measurement of financial assets and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets: amortised cost and fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows. All other financial assets are measured at fair value with changes recognised in profit or loss. For an investment in an equity instrument that is not held for trading, an entity may on initial recognition elect to present all fair value changes from the investment in other comprehensive income. It is likely that IFRS 9 will be adopted for the first time for the year ending 31 December 2015 and will be applied retrospectively, subject to certain transitional provisions. The Group is currently in the process of evaluating the potential effect of this standard.

IFRS 13: *Fair Value Measurement* for annual accounting periods beginning on or after 1 January 2013. IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The guidance includes enhanced disclosure requirements that could result in significantly more work for reporting entities. These requirements are similar to those in IFRS 7, 'Financial instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones. IFRS 13 will be adopted for the first time for the year ending 31 December 2013 and will be applied retrospectively, subject to certain transitional provisions. The Group is currently in the process of evaluating the potential effect of this standard.

IFRS 10: *Consolidated Financial Statements* for annual accounting periods beginning on or after 1 January 2013. IFRS 10 introduces new guidance on control and consolidation. It combines the concepts of power and exposure to variable returns to determine whether control exists. Control exists under IFRS 10 when the investor has power, exposure to variable returns and the ability to use that power to affect its returns from the investee. Additionally *Exposure Draft 10* proposes to eliminate the requirement to consolidate an investment which the company controls for any company defined as an investment company under the standard.

2. Accounting policies (continued)

2.2 Basis of preparation (continued)

Revised and amended Standards:

IAS 24: *Related Party Transactions (Revised)* for accounting periods commencing on or after 1 January 2011. The definition of related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. However, the standard is not expected to have a significant impact on the financial statements. This standard will be adopted retrospectively for the first time for the year ending 31 December 2011.

2.3 Accounting for business combinations

The Group has applied the acquisition method for the business combination disclosed in note 4.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see 2.6 below). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

2.4 Basis of consolidation

2.4.1 Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and any entities controlled by the Company (the "Group") as at the balance sheet date for each accounting period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

On acquisition the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit or loss in the period of acquisition.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.4.2 Goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

2. Accounting policies (continued)

2.4.2 Goodwill (continued)

Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

The valuation of business combinations has not been finalised in the interim condensed financial statements as at 30 June 2011. The identifications and fair value measurements of all acquired assets are currently being analysed, in particular with regard to the Group's property complexes. The carrying amounts are thus used provisionally to recognize business combinations in the interim financial statements as at 30 June 2011 (with the exception of the Raynal and Roquelore goodwill, which has not been recognized as a clearly identified asset); the ongoing expert appraisals should enable it to be adjusted in the financial statements for the year ending 31 December 2011.

The negative goodwill of €4,844,669 recognized in the accounts at 30 June 2011 has been recognized in profit or loss.

2.5 Property, plant and equipment and Investment property

Property, plant and equipment and investment property is measured using the depreciated cost method. This corresponds to the cost at initial recognition of the asset less any accumulated depreciation and impairment losses or, if necessary, at a revalued amount in accordance with legal requirements.

The revaluation surplus is not modified, barring a new valuation or subsequent derecognition of the revalued assets.

Depreciation is based on economic depreciable amounts calculated using the straight-line method or the diminishing balance method, depending on the nature of the assets concerned. This corresponds to a breakdown of the asset's cost at initial recognition less its residual value over its useful life.

Average depreciable lives used for the main types of capital assets are as follows:

- Industrial buildings	30 years
- Refurbishments	15 years
- Technical facilities	5 to 10 years
- Other capital assets	4 to 10 years

Leasing is restated in accordance with IAS 17, except for acquisitions of movable assets under leasing contracts for private cars and equipment costing under €15,000, which are capitalized when the repurchase option is exercised at the value of the option.

2.6 Impairment of assets

Assets are impaired only if there is any objective evidence that the result of one or more events that have occurred after initial recognition of the asset have had an impact on the estimated value-in-use of the asset. Value in use is calculated using the discounted future cash flows method for a group of assets represented by the cash-generating unit. The way the group is structured has naturally led it to recognize each of its subsidiaries as a cash-generating unit.

With regard to assets with an indefinite life, this is tested at least once a year, even if there is no evidence of an impairment loss. Impairment tests performed by Configeo before acquisition for the year ended 31 December 2010 did not result in any impairment.

2.7 Inventories

Inventories are measured at cost price. A provision for impairment is recognized for the difference between the gross value and the probable realisable value if the latter is lower.

2.9 Financial liabilities

Financial liabilities include borrowings, other financing and bank overdrafts and operating liabilities, they are measured at amortised cost.

2. Accounting policies (continued)

2.9 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.

2.10 Taxation

2.10.1 Company

The Company has been granted exemption under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 from Guernsey Income Tax, and is charged the annual fee of £600 (2010: £600).

2.10.2 Group

Deferred income taxes are determined using the variable deferment method based on known tax conditions at the end of the reporting period. They reflect timing differences between expenses recognized in the consolidated income statement and those recognized to calculate the corporate income tax of the Group. Most of this deferred tax arises from the cancellation in the consolidated financial statements of certain regulated provisions of a purely fiscal nature, cancellation of the provision for the personnel profit-sharing plan, of the provision for severance benefits, the restatement of lease financing, and tax deficits and long-term capital losses that will in all likelihood be offset against future profits. In accordance with IAS 12, deferred income taxes are not discounted to present value.

2.11 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.

2.12 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.

2.13 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.

2.14 Operating segments

The Board is of the view that the Group is engaged in single segment of business, being investments in financial instruments.

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

The majority of the Group's investments are in the Fund which is domiciled in the Republic of Ireland. The Company is domiciled in Guernsey.

3. Investments in financial instruments through profit or loss

Group	**Unaudited As at 30 June 2011**	**Audited As at 31 December 2010**
	Euro	**Euro**
Investments in BG Fund Cost €616,790,607 (2010: € 682,054,502)	648,430,761	698,306,497
Investments in Private equity deals Cost €9,035,236 (2010: € 9,911,013)	9,570,685	11,014,935
Investment in money market fund Cost €281,132 (2010: € 135,928)	284,596	138,203
Total	658,286,042	709,459,635

Group	**Unaudited As at 30 June 2011**	**Audited As at 31 December 2010**
	Euro	**Euro**
Investments		
Beginning cost	692,101,443	676,122,772
Additions	2,440,104	689,528,451
Disposals	(72,270,667)	(786,057,915)
Realised gain	3,836,095	112,508,135
Ending Cost	626,106,975	692,101,443
Unrealised gains on investments at fair value through profit and loss	32,179,067	17,358,192
Investments at fair value through profit or loss:	658,286,042	709,459,635

Company	**Unaudited As at 30 June 2011**	**Audited As at 31 December 2010**
	Euro	**Euro**
Investments in BG Fund Cost €616,790,607 (2010: € 682,054,502)	648,430,761	698,306,497
Investments in Private equity deals Cost €27,220,589 (2010: € 9,911,013)	27,756,038	11,014,935
Investment in money market fund Cost €281,132 (2010: € 135,928)	284,596	138,203
Total	676,471,395	709,459,635

Company	**Unaudited As at 30 June 2011**	**Audited As at 31 December 2010**
	Euro	**Euro**
Investments		
Beginning cost	692,101,443	676,122,772
Additions	20,625,457	689,528,451
Disposals	(72,270,667)	(786,057,915)
Realised gain	3,836,095	112,508,135
Ending Cost	644,292,328	692,101,443
Unrealised gains on investments at fair value through profit and loss	32,179,067	17,358,192
Investments at fair value through profit or loss:	676,471,395	709,459,635

4. Acquisition of subsidiaries

During the period 1 January 2011 to 30 June 2011 the Company acquired an 83.28% holding in the company Compagnie Des Miniquiers ("CDM"). The Company purchased a total of 7,274,141 shares at a price of €1 each. Substantially all of the purchase price was used for seed capital and finance for CDM to acquire Financière des Minquiers ("FDM"). Through this acquisition CDM took control of the whole Cofigeo group and made a mandatory offer of purchase for the remaining non-controlling interest. Details for the acquisition of 100% of Cofigeo are below.

4. Acquisition of subsidiaries (continued)

Cofigeo	**Fair value at acquisition on 25 February 2011 €'000**
Non-current assets	
Property, plant and equipment	22,368
Intangibles	2,165
Investment property	1,094
Other financial assets	42
	25,669
Current assets	
Inventory	24,577
Trade and other receivables	24,685
Cash and cash equivalents	13,392
	62,654
Non-current liabilities	
Loans payable	(7,395)
Provisions	(2,026)
Deferred tax	(2,749)
Other	(144)
	(12,314)
Current liabilities	
Loans payable	(2,529)
Trade and other payables	(28,919)
	(31,448)
Net asset value at 31 December 2010	**44,561**
Trading result 1 January 2011 – 25 February 2011	796
Adjustment for negative goodwill in Cofigeo recognized prior to acqusistion	(466)
	44,891
Negative goodwill on acquisition	(4,845)
Fair Value of assets acquired on 25 February 2011	**40,046**
Less cash received on acquisition	(14,323)
Consideration transferred comprising cash	**25,723**

The identifications and fair value measurements of all acquired assets are currently being analysed, in particular with regard to the Group's property complexes. The carrying amounts are thus used provisionally to recognize business combinations in the interim financial statements as at 30 June 2011.

Compagnie Des Minquiers ("CDM") a subsidiary of the Group acquired a controlling interest in Cofigeo on 25 February 2011.

5. Other assets

Group	**Unaudited As at 30 June 2011 Euro**	**Audited As at 31 December 2010 Euro**
Trade notes and accounts receivable	19,328,639	-
Due from brokers	2,319,282	1,467,702
Interest receivable	41,250	-
Other current assets	4,039,785	-
	25,728,956	**1,467,702**

5. Other assets (continued)

Company	Unaudited As at 30 June 2011	Audited As at 31 December 2010
	Euro	Euro
Due from brokers	2,319,282	1,467,702
Interest receivable	41,250	-
	2,360,532	**1,467,702**

6. Other liabilities

Group	Unaudited As at 30 June 2011	Audited As at 31 December 2010
	Euro	Euro
Trade notes and accounts payable	24,551,263	-
Due to brokers	6,891,137	282,265
Performance fees payable	4,263,980	18,413,773
Management fee payable	5,139,687	2,595,727
Other liabilities	7,530,264	25,371
	48,376,331	**21,317,136**

Company	Unaudited As at 30 June 2011	Audited As at 31 December 2010
	Euro	Euro
Due to brokers	6,891,137	282,265
Performance fees payable	4,263,980	18,413,773
Management fee payable	5,139,687	2,595,727
Other liabilities	31,524	25,371
	16,326,328	**21,317,136**

7. Borrowings and long-term financial liabilities

7.1 Share purchase warrants

CDM's executive officers own 1,220,000 share warrants each worth €0.10.
The exercise price of the share purchase warrants will be equal to the nominal value of the Company's shares. These share purchase warrants entitle their owners to subscribe for a variable number of shares according to the rate of return of the investment when redeemed.

7.2 Convertible bonds

By a decision dated 3 March 2011 Compagnie Des Minquiers (“CDM”), a subsidiary of the Company, issued 8,677,860 bonds with a face amount of €1 each, fully subscribed. The characteristics of the bonds are as follows:

- total amount of the loan: €8,677,860;
- face amount of each bond: €1;
- issue price of each bond: €1;
- date of maturity of the bonds: 3 March 2021;
- interest rate: 10% per annum, capitalized every year.

By a decision dated 28 March 2011 CDM issued 2,777,552 bonds with a face amount of €1 each, fully subscribed. The characteristics of the bonds are as follows:

- total amount of the loan: €2,777,552;
- face amount of each bond: €1;
- issue price of each bond: €1;
- date of maturity of the bonds: 26 March 2021;
- interest rate: 10% per annum, capitalized every year.

BGHL has subscribed to a total of 10,911,212 bonds from the above issue for a total of €10,911,212. This amount has been eliminated on consolidation.

7. Borrowings and long-term financial liabilities (continued)

7.3 Bank loan,

Financiere Des Minquiers, a subsidiary of the Group, took out a bank loan of €21.5 million on 29 March 2011. An advance repayment of €6.5 m was made on 30 June 2011, the balance (€15m) is repayable in equal instalments on 31 July of every year until 31 July 2018. The interest rate is the 3-month EURIBOR or interpolated with a variable margin payable quarterly.

The loan issue costs have been spread over the initial term of the loan, namely 7 years.

8. Operating expenses from wholly owned subsidiary

Group	Unaudited As at 30 June 2011
	Euro
Purchases consumed	24,214,919
Changes in inventory of goods in process and finished products	(2,135,233)
Payroll expenses	9,080,105
External charges	9,077,136
Taxes	711,624
Depreciation allowances	872,796
Estimated expenses	(599,621)
Other operating income and expenses	61,880
	41,283,606

9. Other short term financing

The Company's share buy-back programme is financed by redemptions of BG Fund shares. BG Fund has a monthly liquidity with 60 days notice, which means that redemptions are payable at most once in every calendar month. The Company does not know in advance the amounts and frequency of share buy-backs for any given month. As a result, every month the Company needs a short-term financing, which it meets by issuing variable funding notes.

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

The terms of the notes are at arm's length and have been approved by the Board of the Company. The Company 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 the Company to redeem all notes at par.

As of 30 June 2011, the total amount due under the notes was €22,529,857 (outstanding principal: €22,500,000; interest accrued: €29,857).

	For the period ended 30 June 2011	For the year ended 31 December 2010
	Euro	Euro
Beginning principal outstanding	(6,000,000)	(5,500,000)
Repayments	45,500,000	56,800,000
Drawdown	(62,000,000)	(57,300,000)
Realised gain	-	-
Ending principal outstanding	(22,500,000)	(6,000,000)
Accrued Interest (see note 6)	(29,857)	(5,014)
Other short term loan at fair value	(22,529,857)	(6,005,014)

10. Net cash used in operating activities

Group	**Unaudited As at 30 June 2011**	**Unaudited As at 30 June 2010**
	Euro	**Euro**
Net profit	14,508,895	21,426,466
Adjustments to reconcile net profit to net cash used in operating activities:		
Unrealised gain on financial instruments at fair value through profit and loss	(14,820,876)	(21,437,491)
Realised gain on financial instruments at fair value through profit and loss	(3,836,095)	(12,144,470)
Realized and unrealized foreign currency loss/(gain) on forward derivatives contracts	911,778	(647,779)
Increase in net allowances for amortization and provisions	(3,775,076)	-
Increase in other calculated income and expenses	(53,083)	-
Income tax expense	(448,541)	-
Net interest cost	149,935	21,424
(Increase)/decrease in due from brokers	(851,581)	47,956
Increase in due to brokers	6,608,872	2,453,680
Decrease in performance fee payable	(14,149,793)	(12,103,052)
Increase/(decrease) in management fee payable	2,543,960	(52,259)
Increase/(decrease) in administrative fee payable	1,667	(23,937)
Decrease in audit fees payable	(5,816)	(23,671)
Decrease in legal fees payable	(14,541)	-
Decrease in trade notes and accounts receivable	2,212,632	-
Increase in trade notes and accounts payable	3,447,418	-
Change in other net current assets / liabilities	1,199,497	-
Decrease in inventory	(1,428,298)	-
Tax paid	(2,116,249)	-
Net cash used in operating activities	(9,915,295)	(22,483,133)

Company	**Unaudited As at 30 June 2011**	**UNaudited As at 30 June 2010**
Net profit	8,100,658	21,426,466
Adjustments to reconcile net profit to net cash used in operating activities:		
Unrealised gain on financial instruments at fair value through profit and loss	(14,820,876)	(21,437,491)
Realised gain on financial instruments at fair value through profit and loss	(3,836,095)	(12,144,470)
Realized and unrealized foreign currency (loss)/gain on forward derivatives contracts	911,778	(647,779)
Net interest cost	(912)	21,424
(Increase)/decrease in due from brokers	(851,581)	47,956
Increase in due to brokers	6,608,872	2,453,680
Decrease in performance fee payable	(14,149,793)	(12,103,052)
Increase/(decrease) in management fee payable	2,543,960	(52,259)
Increase/(decrease) in administrative fee payable	1,667	(23,937)
Decrease in audit fees payable	(5,816)	(23,671)
Decrease in legal fees payable	(14,541)	-
Net cash used in operating activities	(15,512,679)	(22,483,133)

11. Related Party transactions

There have been related party transactions as set out below over the period and as disclosed in notes 12 and 13. The Directors are paid an annual fee of €30,000; the Chairman is entitled to receive €50,000 per annum and the Chairman of the audit committee entitled to receive on additional fee of €7,500 per annum.

12. Administration fees

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

13. Management fees and Performance fees

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

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

The Investment Management Agreement is terminable by either party giving to the other not less than twelve months' notice in writing, such notice not to expire before the third anniversary of admission of the Company's existing Shares to Euronext Amsterdam, except in certain circumstances where, inter alia, the Investment Manager ceases to have all necessary regulatory permissions, becomes insolvent or is in material breach of the Investment Management Agreement, in which case the Investment Management Agreement may be terminated forthwith.

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

This has been agreed on the basis of the Investment Manager bearing all the costs and expenses of establishing the Company.

If the Investment Management Agreement is terminated before 31 December in any year, the performance fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant Calculation Period.

The Investment Manager receives a management fee, accrued monthly and payable quarterly, calculated at the annual rate of 1.5 per cent of the Net Asset Value. The Investment Manager is also entitled to receive a performance fee.

The Performance Fee will be calculated in respect of each Calculation Period. The Performance Fee shall be deemed to accrue on a monthly basis as at each Valuation Day. For each Calculation Period, the Performance Fee will be equal to 20 per cent. 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 will be calculated by reference to the Net Asset Value per Share before deduction for any accrued Performance Fee. The Performance Fee attributable to each class of Shares shall be paid solely from the relevant Pool underlying each class of Shares such that no class of Share shall bear any part of the Performance Fee attributable to any other class of Shares. The effect of hedging the currency exposure of a class of Shares on the relevant Pool will be included when the Performance Fee is calculated. For the purposes of calculating the Performance Fee and for the avoidance of doubt, the Net Asset Value per Share of a class will include in full any increase in the Net Asset Value per Share of that class attributable to any repurchase by the Company of that class of Shares.

13. Management fees and Performance fees (continued)

On 17 July 2009, the Company and the Investment Manager agreed to apply a different method to calculate the performance fee payable by the Company 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 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 the Company.

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 the Company 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 per cent. of the Company’s net asset value.

For the period ended 30 June 2011 the Management fees were €5,139,687 (for the six months ended 30 June 2010: €5,221,783), at 30 June 2011 €5,139,687 (31 December 2010: €2,595,727) was payable.

For the period ended 30 June 2011, the Performance fees were €4,263,980 (for the six months ended 30 June 2010: €7,267,291), at 30 June 2011 €4,263,980 (31 December 2010: €18,413,773) was payable.

14. Share Capital

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

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

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

Allotted, issued and fully paid

As on 30 June 2011	**Shares**	**Euro**
Class A EURO of € 0.0001	43,207,374	4,321
Class A GBP of € 0.0001	1,932,543	193
As on 31 December 2010	**Shares**	**Euro**
Class A EURO of € 0.0001	47,411,855	4,741
Class A GBP of € 0.0001	1,932,543	193

14. Share Capital (continued)

Voting
The shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company and each holder of shares being present in person or by proxy or corporate representtive 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 the Company may be issued with such preferred, deferred or other special rights or restrictions whether as to dividend, voting, return of capital or otherwise as the Company at any time by ordinary resolution may determine and subject to and in default of such determination as the Board may determine. Subject to the provisions of the Companies (Guernsey) Law 2008, 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, the Company may from time to time purchase or enter into a contract under which it will or may purchase any of its own shares.

The making and timing of any buy back will be at the absolute discretion of the Directors. If at any time the share capital is divided into further classes of shares the rights attached to any class (unless otherwise provided by the terms of issue) may whether or not the Company is being wound up be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.

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

15. Treasury shares

The acquisition of treasury shares started on 27 February 2008. The Company holds 4.67% (2010: 3.91%) of its issued share capital in treasury shares which represents 2,210,312 shares on 30 June 2011.

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

Situation

Company's allotted, issued and fully paid share capital

Prior to the effect of the treasury shares held at €0.0001 each

	Nominal Euro	Shares Euro	Nominal GBP	Shares GBP
30 June 2011	€ 4,541.7687	45,417,687	€ 193.2543	1,932,543
31 December 2010	€ 4,941.7687	49,417,687	€ 193.2543	1,932,543

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

	Nominal Euro	Shares Euro	Nominal GBP	Shares GBP
30 June 2011	€ 4,320.7374	43,207,374	€ 193.2543	1,932,543
31 December 2010	€ 4,741.1855	47,411,855	€ 193.2543	1,932,543

Activity

The Company has bought back the following shares during the period

	Number of EUR shares	EUR amount	Average Price	Number of GBP shares	GBP amount	Average Price
For the six months ended 30 June 2011	4,204,481	€ 51,948,325	€ 12.3555	-	-	-
For the six months ended 30 June 2010	3,802,580	€ 39,102,809	€ 10.283	-	-	-

The Company has cancelled the following shares during the period

	Number of EUR shares	EUR amount	Average Price	Number of GBP shares	GBP amount	Average Price
For the six months ended 30 June 2011	4,000,000	€ 46,379,571	€ 11.5949	-	-	-
For the six months ended 30 June 2010	4,642,425	€ 45,303,975	€ 9.7587	-	-	-

16. Segment information

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

The following table analyses operating income per investment type.

Group	**Unaudited As at 30 June 2011**	**Unaudited As at 30 June 2010**
Equity securities	18,656,971	33,581,960
Debt instruments	-	-
Derivative financial instruments	(911,778)	647,780
Foreign exchange gains on financial instruments not at fair value through profit or loss and interest income	191,954	1,257
Other trading revenue and related expenses	7,371,375	-
Total	25, 308,522	34,230,997

Company	**Unaudited As at 30 June 2011**	**Unaudited As at 30 June 2010**
Equity securities	18,656,971	33,581,960
Debt instruments	-	-
Derivative financial instruments	(911,778)	647,780
Foreign exchange gains on financial instruments not at fair value through profit or loss	98,550	1,257
Total	17,843,743	34,230,997

17. Comparatives

Comparative information for the Condensed Interim Statement of Comprehensive Income, Condensed Interim Statrement of Changs in Equity and Condensed Interim statement of Cash Flows has been provided for the six months from 1 January 2010 to 30 June 2010. Comparative information for the Condensed Interim Statement of Financial Position has been provided for the year from 1 January 2010 to 31 December 2010. Certain comparative figures have been reclassified in order to conform to the presentation.

Due to the fact that this is the first accounting period for which a consolidation is required, comparative information for the consolidated sections of the accounts will be the same as that disclosed for the Company comparative information.

18. Post balance sheet events

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

19. Approval of financial statements

The financial statements were approved by the Group and Company on 30 August 2011 at which date these financial statements were considered final.