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

Interim Management Statement

I. Principal Activities

Boussard & Gavaudan Holding Limited ("BGHL" or "the Company"), a closed-ended investment company incorporated under the laws of Guernsey, announces its interim management statement for the period from 1 January to 31 March 2010 ("the period"), in line with the requirements of the EU transparency Directive.

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

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

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

II. Highlights

	31-Dec-2009	**31-Mar-2010**
Assets under management*	€ 690 million	€ 699 million
Market capitalisation*	€ 550 million	€ 583 million
Shares outstanding	55,666,478	54,432,171

* Based on shares outstanding after conversion between share classes

	NAV per share		Share price**		Discount to NAV**	
	€ shares	**£ shares**	**€ shares**	**£ shares**	**€ shares**	**£ shares**
31-Dec-2009	€ 12.3770	£11.7479	€ 9.85	£9.465	-20.42%	-19.43%
31-Mar-2010	€ 12.8228	£12.1268	€ 10.68	£10.30	-16.71%	-15.06%
Performance	3.60%	3.23%	8.43%	8.82%		

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

III. Performance

The Company has almost 100% of its assets invested in the Sark Fund Limited and the remainder in two private equity investments. Below is an overview of the Sark Fund Limited and the private equity investments from 1 January to 31 March 2010.

1. Sark Fund Limited

From 1 January to 31 March 2010, European equities markets fell slightly with the Eurostoxx 50 at -1.1%. However, within the period, markets have been very volatile. From 1 January to 5 February 2010, the Eurostoxx 50 dropped by 11.2% before bouncing back strongly towards the end of the period. Volatilities on stock markets moved up from 1 January to 5 February 2010 with the VDAX index at 24.9% from 20.8% and the VSTOXX index at 30.6% from 24.0% before ending finally down over the period. The VDAX index finished at 16.9% and the VSTOXX index at 20.6% at 31 March 2010.

Over the period, the Sark Fund Limited (Euro share class) posted a 3.27% performance. All strategies posted a positive performance. The main drivers were volatility strategies followed by equity strategies and credit strategies. Trading also contributed positively to the performance of the Fund.

1.1. Volatility strategies

Convertible Bond Arbitrage
This sub-strategy was the biggest contributor to the performance of the Fund during this period. On the back of a strong rebound in investors' interest in financials tier one and subordinated bonds, Fortis CASHES performed extremely well. The investment manager remained strongly convinced by this trade which continued to compare very favorably to tier one bonds issued by BNP Paribas given the extra yield and its arguably senior position in the capital structure of BNP Paribas.

To a lesser extent, high yield / credit sensitive / low delta convertibles also contributed positively on the back of incremental buying by CB investors chasing higher yielding papers, particularly as the investment grade space offered limited value. The remainder of the gains came from the Fund's long volatility plays convertibles, which continued to benefit from sustained interest from both outright and arbitrage investors.

Total European issuance in Q1 2010 amounted to more than US$ 7bn; this compares to c. US$ 1.7bn in Q1 2009 and around US$ 30bn for the whole of 2009. The investment manager participated selectively in those deals as it felt the current market environment required more caution and selectivity, and as some deals were not priced attractively on an arbitrage basis and were clearly directed to outright accounts.

Whilst the investment manager had a lot of dry powder to seize new opportunities, it was its perception that outright interest going forward would not be comparable in any way with the extremely strong demand witnessed in 2009 on the back of large inflows for directional convertibles investment, and it therefore decided to take some profits and to reduce some of the Fund's positions.

Mandatory Convertible Bond Arbitrage
Second largest contributor to the performance of the Fund was this sub-strategy. The bulk of the gains came from the UBS/BBVA mandatory convertible which performed well and traded closer to fair value but still remained very attractive. The rest of the book also held up well which, the investment managers reckons, was further evidence that prime brokerage conditions improved globally, making such trades more attractive to arbitrageurs. The investment manager took advantage of this situation to take some profits on some of the Fund's positions.

During the period, the investment manager also witnessed a clear improvement in secondary market liquidity, with tighter markets, larger trade sizes and more contributors.

There were no new mandatory convertibles issues from 1 January to 31 March 2010 but the primary pipeline might increase on the back of (i) renewed M&A, or (ii) unwinding of corporates cross shareholdings in Europe.

Gamma trading
This sub-strategy posted a negative return.

The first quarter of 2010 saw European volatilities trend generally lower despite the spot correction observed in the second half of January. The stress related to sovereign risk temporarily pumped both implied and realized volatilities to mid-twenties levels in the index space (SX5E) and mid-thirties levels in the single stocks space, but this escalation was short lived. The most volatile sectors were financial and cyclical stocks as well as commodity related stocks. Finally, the March spot rally pushed volatilities back down to levels not observed since pre subprime crisis of late 2007.

Overall gamma trading performed relatively well given the unfavourable volatility market environment. The investment manager was diligent and kept a minimal long gamma exposure. The investment manager additionally put on a few selective positions around the single stock earning season reporting which limited the negative performance of the volatility books.

1.2. Equity strategies

During the period, the investment manager remained focused on short-term and liquid trades with catalysts. The investment manager progressively deployed further capital on some large and liquid names towards the end of the period as it saw some interesting opportunities arising with stocks more fundamentally driven, less volatile and using little capital, such as in the telecommunications sector, for instance.

This focus was profitable to the Fund and risk arbitrage, special situations and selective long / short trades performed well.

The investment manager thought that 2010 could be a year of corporate activity. In addition, the market seemed to become more driven by fundamentals with improved liquidity across the board. This should create investment opportunities which the investment manager would be ready to take in order to deploy further capital in equity strategies.

1.3. Credit strategies

In the last weeks of 2009, the investment manager was astonished by the pace of spread tightening. Indeed, potential concern on the sovereign credit space might put this performance to an end. From the start of February, growing concern in Europe over the state of public debt in southern countries, the increase in the discount rate by the Federal Reserve and macro economic numbers that tamed expectations on the strength of the economic recovery created, among other things, a wave of liquidations from dealers as well as institutional investors. In particular, the investment manager saw large commercial banks reducing their country exposure aggressively ahead of annual shareholder meetings.

That said, the earnings season for crossover and high yield issuers started with corporates generally reporting slightly better than expected results (apart from the building materials sector), and a marked effort by many to generate cash out of working capital and reduce their indebtedness further. Therefore, there were no intrinsic reasons to turn very bearish on corporate credit as an asset class per se. Threats laid in the well-flagged end of QE and the risk of a double-dip scenario … but most of all, in the investment manager's opinion, in the fact that market sentiment was still very positive and in the positioning of market participants, who were still very long.

Over the period, the investment manager therefore preferred to remain on the cautious side and did not diverge from its stance of being theta neutral and having the Fund's core investments hedged by longer duration single-name and index shorts (away from restructuring strategies). The investment manager also decided not to deploy significant amounts of capital in long/short strategies and to focus on relative value strategies, mostly in the equity vs. credit area.

1.4. Trading

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

2. Private equity investments

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

2.1 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 and is dedicated to invest in land, land development and high-end resort developments in Mexico. The EUR/USD exposure is hedged by an FX forward which is rolled on a 3 month basis.

2.2 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 (6.18% of the share capital and 5.33% on a fully diluted basis). DSO Interactive is a private company incorporated in France and headquartered in Paris, where it employs over 122 people. DSO Interactive provides bad debt collection services to consumer creditors such as telecom operators, banks and specialised credit institutions.

At the end of March 2010, in accordance with IFRS rules, both investments, which represented slightly more than 1% of the net asset value of BGHL, were marked at cost.

IV. Outlook

Financial prospects for the coming months will be linked to the level of opportunities created across the Fund's strategies in the European corporate environment.

The Fund's equity at risk is expected to be deployed in a very cautious way. The Investment Manager continues to be fully committed to the strategies of the Company.

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

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