

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2010

April 29, 2010

Tetragon Financial Group Limited (TFG) is a Guernsey closed-ended investment company traded on Euronext Amsterdam by NYSE Euronext under the ticker symbol “TFG.”

In this quarterly update, unless otherwise stated, we report on the consolidated business incorporating TFG and Tetragon Financial Group Master Fund Limited.⁽¹⁾ References to “we” are to Polygon Credit Management LP, TFG’s investment manager.

Executive Summary:

❖ Financial and Performance Highlights at a Glance:

- **Strong Operating Results:** TFG produced a solid quarter of operating results during Q1 2010, with EPS of \$0.58 per share, (Q1 2009: \$(3.29) per share), consolidated net profits of \$72.5 million (Q1 2009: loss of \$414.3 million) and with consolidated net assets increasing to \$867.4 million or \$7.02 per share.
- **IRRs:** The weighted-average IRR of TFG’s CLO investments ended the quarter at 12.3%, up from 11.9% at the end of Q4 2009. This reflected, among other factors, declines in the amount of distressed, excess-CCC and defaulted assets in certain of our CLO investments, as well as improvements in the prices of such stressed assets.
- **Cash Receipts and Balances:** Strong cash generation of \$51.1 million (Q4 2009: \$38.4 million) underpinned the performance and cash reserves grew to \$172.6 million as of March 31, 2010, of which approximately \$63.7 million was earmarked to settle certain bank loan investment purchases and pay certain short term liabilities.
- **Accelerated Loss Reserve Fair Value Adjustment (“ALR”):**⁽²⁾ The ALR remained broadly unchanged compared to 2009 year-end. As of the end of Q1 2010, the ALR totaled \$339.5 million, compared to \$349.0 million at the end of Q4 2009.⁽³⁾
- **Q1 Dividends:** On April 27, 2010, the Board approved a dividend of \$0.06 per share, with respect to Q1 2010.

This Performance Report constitutes TFG’s interim management statement as required pursuant to Section 5:25e of the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*, “FMSA”). Pursuant to Section 5:25e and 5:25m of the FMSA, this report is made public by means of a press release and has been filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) and also made available to the public by way of publication on the TFG website (www.tetragoninv.com).

An investment in TFG involves substantial risks. Please refer to TFG’s website at www.tetragoninv.com for a description of the risks and uncertainties pertaining to an investment in TFG.

(1) TFG invests substantially all its capital through a master fund, Tetragon Financial Group Master Fund Limited (“TFGMF”), in which it holds 100% of the issued shares.

(2) The Accelerated Loss Reserve is transaction specific. The Accelerated Loss Reserve is a direct adjustment to the fair value of an investment to account for the potential impact of certain potential losses and the cumulative value of such adjustments is evidenced in TFG’s financial statements.

(3) Approximately \$9.5 million of the ALR was utilized during Q1 2010.

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Executive Summary (continued):

❖ **Financial and Performance Highlights at a Glance (continued):**

- Certain CLO IRR Modeling Assumption Changes: Certain modeling assumptions were recalibrated as of March 31, 2010 to, among other things, better align them with certain observable market data and developments. In aggregate, these assumption changes did not have a significant effect on the weighted-average IRR or estimated fair value of TFG's investments relative to the immediately preceding assumptions utilized.
- CLO Collateral Performance: TFG's performance was achieved in the context of improving credit conditions and rising secondary loan prices. TFG's average CLO portfolio performance continued to outperform market-wide default and CCC-asset holding averages.
- LCM Integration and New Investments: TFG's acquisition of LCM was completed early in Q1 2010, along with the purchase of certain CLO investments with a notional value of approximately \$39.0 million. The LCM team has been successfully integrated onto the TFG platform and LCM's credit skills have already been used to support the efficient utilization of TFG's unencumbered cash. In March 2010, TFG purchased approximately \$48.9 million in par amount of liquid U.S. bank loans.

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Certain CLO IRR Modeling Assumption Changes:

- ❖ The Investment Manager reviews, and adjusts as appropriate the CLO investment portfolio's IRR modeling assumptions to factor in historic, current and potential market developments on the performance of TFG's CLO investments. Following such a review as of March 31, 2010, certain IRR modeling assumptions were recalibrated as outlined below to, among other things, better align them with certain observable market data and developments.

Variable	Year	Recalibrated Assumptions	Prior Assumptions
CADR ⁽⁵⁾			
	2010	2.5x WARF-implied default rate (5.4%)	3.0x WARF-implied default rate (6.5%)
	2011	2.0x WARF-implied default rate (4.3%)	3.0x WARF-implied default rate (6.5%)
	2012-2014	1.5x WARF-implied default rate (3.2%)	1.0x WARF-implied default rate (2.2%)
	Thereafter	1.0x WARF-implied default rate (2.2%)	1.0x WARF-implied default rate (2.2%)
Recovery Rate ⁽⁶⁾			
	2010	55%	55%
	2011	55%	55%
	Thereafter	71%	71%
Prepayment Rate			
	2010	17.5% p.a. on loans; 0.0% on bonds	7.5% p.a. on loans; 0.0% on bonds
	2011	17.5% p.a. on loans; 0.0% on bonds	7.5% p.a. on loans; 0.0% on bonds
	Thereafter	20.0% p.a. on loans; 0.0% on bonds	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price			
	2010	95%	87%
	2011	95%	87%
	Thereafter	100%	100%

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Certain CLO IRR Modeling Assumption Changes (continued):

- **Constant Annual Default Rate (“CADR”):** The CADR has been reduced to 2.5x the WARF-implied default rate or approximately 5.4% for 2010 and 2.0x the WARF-implied default rate or approximately 4.3% for 2011; the CADR has been increased to 1.5x the WARF-implied default rate or approximately 3.2% for 2012 to 2014, followed by 1.0x the WARF-implied default rate or approximately 2.2% (the original base-case WARF-implied default level) thereafter until maturity.⁽⁴⁾ We believe that these adjustments appropriately reflect current and potential loan market conditions. In particular, we believe that these changes are consistent with an expected near-term decline in defaults with heightened risks remaining in the mid-term as a result of both macro-economic uncertainty and the so-called “maturity cliff” between 2012 and 2014.
- **Recovery Rate:** We have not changed assumed recovery rates, which remain at approximately 55% until year-end 2011, followed by a return to 71% (the original base-case recovery rate) thereafter until maturity.⁽⁵⁾
- **Prepayment Rate:** We changed our loan prepayment assumptions to reflect the pick-up in loan prepayments during late 2009 and Q1 2010. The modeled loan prepayment rate has been increased to 17.5% p.a. during 2010 and 2011, followed by a return to 20% p.a. (the original base-case prepayment rate) thereafter until maturity. As in the prior set of assumptions, we have assumed a 0% prepayment rate on bonds throughout the life of each transaction. Furthermore, we have made no adjustments to our prepayment assumptions to specifically reflect the growing level of “amend and extend” amendments.
- **Reinvestment Price and Spread:** In order to better reflect recently observable reinvestment prices we have increased the assumed reinvestment price to 95% (from 87%), a level that generates an effective spread over LIBOR of approximately 433 bps on broadly U.S. syndicated loans, 447 bps on European loans, and 509 bps on middle market loans, until year-end 2011, followed by a return to par reinvestment price (the original base case reinvestment price) thereafter until maturity.
- **Effects of Assumptions Changes on Fair Value and IRRs:** The four assumptions changes outlined above did not have a significant effect on the weighted-average IRR or total estimated fair value of TFG’s investments as Q1 2010 relative to the immediately preceding assumptions utilized.

(4) The WARF-implied default rate is determined by weighting each transaction’s WARF-implied default rate by its fair value as of 03/31/2010.

(5) The base case weighted-average recovery rate represents the weighted average of expected recoveries for a transaction based on TFG’s assumed recoveries for each asset class and each transaction’s targeted asset mix, assuming 75% recovery for first-lien U.S. loans, 70% for first-lien European loans, 50% on U.S. second-lien and mezzanine loans, and 30% recovery on high yield bonds.

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Portfolio Detail

- ❖ **Portfolio Size:** As of the end of Q1 2010, the estimated total fair value of the investment portfolio totaled approximately \$755.7 million comprising of approximately \$710.0 million in CLO investments, \$45.7 million in direct loan investments. TFG's exposure to leveraged loans totaled approximately \$17.5 billion as of the end of Q1 2010.⁽⁶⁾
- ❖ **Portfolio Composition:** During Q1 2010 the portfolio grew to 68 CLO investments managed by 32 external CLO managers and certain bank loan investments owned directly by the Company.⁽⁷⁾
- ❖ **CLO Collateral Performance:** As of the end of Q1 2010, approximately 94% of TFG's investments were passing their most junior O/C test when evaluated on a percentage of fair value basis⁽⁸⁾ – an increase from approximately 85% at the end of Q4 2009. When measured on a percentage of transactions basis, 51 or approximately 80% of the Company's CLO investments by number of transactions were passing their most junior O/C test, an increase from approximately 68% at the end of Q4 2009. This compared favorably with the market-wide average as approximately 78% of U.S. CLOs were estimated to be passing their junior O/C tests as of the end of Q1 2010.⁽⁹⁾

As O/C tests are breached, CLO structures may divert excess interest cash flows away from the equity tranche holders, such as TFG, to pay down the CLO's debt thereby curing the O/C breach via deleveraging. Accordingly, the affected investments ceased to generate cash flows to TFG or are expected to cease generating cash flows on the next applicable payment date. Once enough debt has been repaid to cure the O/C test breach, distributions of excess interest cash to equity holders may resume to the extent not precluded by the investments' realized or unrealized losses. All of the bank loans owned directly by TFG were performing loans as of the end of the period.

- ❖ **TFG and Market Default Rate:** The lagging 12-month U.S. institutional loan default rate fell to 5.8% by principal amount as of March 31, 2010, according to S&P/LCD, down from approximately 9.61% during the prior quarter.⁽¹⁰⁾ TFG's lagging 12-month corporate loan default rate decreased to 4.9% during the first quarter.⁽¹¹⁾

	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
TFG Trailing 12-Month Default Rate:	4.9%	6.5%	6.7%	5.1%	4.0%	2.5%	1.5%	1.3%	0.8%

(6) Includes both look-through loan exposures through TFG's CLO investments and also loans owned directly by TFG.

(7) Excludes CDO-squared and ABS CDO transactions which were written off in October 2007. TFG continues to hold the economic rights to three of these written-off transactions.

(8) Based on the most recent trustee reports available for our investments as of March 31, 2010.

(9) Morgan Stanley CDO Market Tracker, April 1, 2010; based on a sample of 479 U.S. CLO transactions. Please note that TFG's investment portfolio includes approximately 7.4% CLOs with primary exposure to European senior secured loans and such CLOs are included in the calculation of the percentage of TFG's transactions in compliance with their junior O/C tests.

(10) S&P/LCD Quarterly Review, Q1 2010.

(11) The calculation of TFG's lagging 12-month corporate loan default rate does not include certain underlying investment collateral that was assigned a "Selective Default" rating by one or more of the applicable rating agencies. Such Selected Defaults are included the S&P/LCD lagging 12-month U.S. institutional loan default rate discussed above. Furthermore, TFG's investment portfolio includes approximately 7.4% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's corporate default rate.

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Portfolio Detail (continued)

- ❖ **CLO Portfolio Credit Quality:** As of March 31, 2010, the weighted-average percentage of corporate obligors rated Caa1/CCC+ or below in our 68 CLO investments was 11.1% compared to an approximate 7.8% weighted-average maximum level permitted under the terms of our investments.⁽¹²⁾ This compared favorably with median CCC asset holdings of U.S. CLOs estimated to be approximately 13.5% as of the March 31, 2010.⁽¹³⁾ TFG's weighted-average WARF stood at approximately 2,762. Each of these foregoing statistics represents a weighted-average summary of all of our 68 investments.⁽¹⁴⁾ Each individual investment's metrics will differ from this average and vary across the portfolio.

TFG Investment Weighted-Average Summary	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Caa1/CCC+ or Below Obligor:	11.1%	12.0%	12.6%	11.6%	11.4%	7.6%	4.9%	4.4%	3.4%
WARF:	2,762	2,809	2,813	2,800	2,758	2,577	2,490	2,472	2,443

Market Detail:

- ❖ **Secondary loan market rally continues:** During Q1 2010, the S&P/LSTA Leveraged Loan Index rose 4.6%, reaching an all-time high, as distressed S&P/LSTA Leveraged Loan Index credits registered the biggest gains with CCC-rated loans gaining 11.36% during the quarter.⁽¹⁵⁾ The share of performing S&P/LSTA Index loans trading at 70 or lower also fell to 8.2% as compared with a peak of 63% in December 2008.⁽¹⁶⁾ Secondary loan market dynamics were shaped by significant demand from institutional investors, such as CLOs and prime funds, which outstripped loan supply given significant repayment volumes, totaling \$29.0 billion in Q1 2010 or a 21.7% annualized rate.⁽¹⁷⁾
- ❖ **Fundamentals and credit quality stabilize:** Reflecting both top-line growth as well as the effects of earlier cost-rationalization measures, the year-over-year EBITDA of S&P/LSTA Index issuers who file publicly increased by 15.4% on average in the fourth quarter of 2009, the biggest increase since the first quarter of 2008.⁽¹⁸⁾ Additional signs of fundamental improvement were evident in the significant deceleration of the pace of downgrades to Caa1/CCC+ or below as the three-month rolling CCC downgrade percentage fell to 0.4%, a two-year low according to S&P/LCD.⁽¹⁹⁾

(12) Excess Caa/CCC+ or below rated assets above the transaction specific permitted maximum holding levels are generally haircut in our transactions at market value in U.S. CLOs and recovery rate in European CLOs for purposes of the O/C or interest reinvestment test ratios.

(13) Morgan Stanley CDO Market Tracker, April 1, 2010; based on the lower of Moody's and S&P rating.

(14) Weighted by the original USD cost of each investment.

(15) S&P/LCD Quarterly Review, Q1 2010.

(16) S&P/LCD Quarterly Review, Q1 2010.

(17) S&P/LCD Quarterly Review, Q1 2010.

(18) S&P/LCD Quarterly Review, Q1 2010.

(19) S&P/LCD Quarterly Review, Q1 2010.

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Market Detail (continued):

- ❖ **Fundamentals and credit quality stabilize (continued):** Furthermore, recovery levels as measured by loan prices of existing defaults also improved with the average price of defaulted S&P/LSTA Index issuers trading at \$67 as of the end of Q1 2010, a two-year high, and a level above the long-term average of \$64.⁽²⁰⁾ Market participants anticipate that recoveries will continue to improve as default rates decline and capital markets liquidity continues to expand facilitating better access to exit financing and higher enterprise valuations. Rating agency forecasts of defaults for 2010 corroborate these positive market expectations.
- ❖ **Covenant amendments slow while extension activity remains robust:** Q1 2010 witnessed a decline in the volume of covenant amendments as compared with Q4 2009 in the context of improving fundamental and capital market conditions and in light of the volume of such amendments executed in prior quarters. Consistent with this trend, covenant-relief amendment economics were reduced during the quarter as fees fell to an average of 31 bps, from 42 bps during Q4 2009.⁽²¹⁾ Extension activity, however, remained robust as a record \$25.1 billion of maturities were pushed off. In total \$38.0 billion of institutional U.S. loan maturities were extended, refinanced and/or repaid during Q1 2010, focusing primarily on near-term maturities.⁽²²⁾ As in late 2009, high yield bond-for-loan take outs financed a significant portion of loan repayments financing \$13.1 billion of such take-outs during Q1 2010.⁽²³⁾
- ❖ **New issue loan and high yield bond volumes increase:** U.S. new issue loan volumes rose to \$42.9 billion, up from \$26.3 billion in Q4 2009 and from only \$15.8 billion in Q1 2009.⁽²⁴⁾ New issuance was dominated by institutional loans, which totaled \$31.0 billion during the quarter, up from \$18.0 billion in Q4 2009.⁽²⁵⁾ Similarly, European loan new issuance volumes increased to €9.0 billion during Q1 2010, up from €2.8 billion in Q4 2009, with institutional volume reaching €4.1 billion.⁽²⁶⁾

(20) S&P/LCD Quarterly Review, Q1 2010.

(21) S&P/LCD Quarterly Review, Q1 2010.

(22) S&P/LCD Quarterly Review, Q1 2010.

(23) S&P/LCD Quarterly Review, Q1 2010.

(24) S&P/LCD Quarterly Review, Q1 2010.

(25) LCD News, "1Q review: Recovery continues on improving credit, strong liquidity," March 30, 2010.

(26) S&P/LCD Quarterly Review, Q1 2010.

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Market Detail (continued):

- ❖ **U.S. CLO O/C ratios improve while European CLOs O/C recovery in early stages:** U.S. CLO O/C ratios continued to strengthen during Q1 2010 as a result of improving credit fundamentals and asset prices. As of the end of Q1 2010, approximately 78% of U.S. CLOs were passing their junior O/C tests ⁽²⁷⁾ as compared with only 62% passing such tests as of the end of 2009. ⁽²⁸⁾ Furthermore, the median junior O/C cushion increased to 1.49% as of Q1 2010 versus 0.80% as of the end of the prior quarter. European CLO O/C performance also began to show signs of improvement at the end of Q1 2010. As of March 31, 2010, the percentage of European CLO transactions in compliance with their junior O/C tests increased to 45%, ⁽²⁹⁾ up slightly from 43% as of the end of 2009. ⁽³⁰⁾ This delayed recovery in European CLO O/C cushions is not unexpected as it reflects, among other factors, lengthier restructurings, as well as tighter Caa1/CCC+ baskets and excess haircuts applied at rating agency recovery levels, as opposed to market values, which limits European deals' ability to immediately benefit from loan price increases, leaving them more dependent on fundamental changes such as upgrades, default recoveries, and/or asset sales, which tend to be lengthier in process.
- ❖ **Secondary CLO debt prices continue to strengthen:** General secondary CLO debt and equity prices strengthened during Q1 2010, supported by improving fundamentals and increasing risk appetite. AAA and equity tranches enjoyed particular favor early this year, with senior AAA tranches offering attractive relative value vs. comparable asset classes and with the equity tranches offering upside potential in the event of a stronger than anticipated economic recovery. As in prior quarters, significant price dispersion within equally-rated CLO securities continued to persist, we believe reflecting structural, documentation and manager differences.
- ❖ **CLO new issuance market signals recovery:** Global CLO issuance totaled approximately \$19.6 billion during Q1 2010, with the majority of this volume dominated by European balance sheet and Small and Medium Enterprise ("SME") CLOs as in prior quarters. ⁽³¹⁾ March also saw the pricing of the first arbitrage cash flow CLO of 2010 – the \$525.0 million COA Tempus CLO. ⁽³²⁾ Although the transaction was primarily a refinancing of an existing loan portfolio it nonetheless may point to an achievable path to new deal creation by utilizing a less-leveraged, simpler capital structure and a shorter reinvestment period, among other features. We believe the transaction also may serve as a constructive test of new rating agency methodologies for assigning CLO tranche ratings, mitigating market uncertainty surrounding the revised rating process. While this transaction's liability pricing and structural leverage result in equity returns which we believe continue to be too low to re-ignite an active arbitrage CLO market given current loan spreads and prices, its successful execution may signal a gradual market recovery.

(27) Morgan Stanley CDO Market Tracker, April 1, 2010; based on a sample of 479 U.S. CLO transactions.

(28) Morgan Stanley CDO Market Tracker, January 8, 2010; based on a sample of 480 U.S. CLO transactions.

(29) Morgan Stanley CDO Market Tracker, April 1, 2010; based on a sample of 198 European CLO transactions.

(30) Morgan Stanley CDO Market Tracker, January 8, 2010; based on a sample of 198 European CLO transactions.

(31) Morgan Stanley CDO Market Tracker, April 1, 2010.

(32) S&P/LCD News, "With COA Tempus CLO, does Fraser Sullivan set path for new vehicles?," March 31, 2010.

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Market Detail (continued):

- ❖ **CLO new issuance market signals recovery (continued):** Finally, existing CLOs, many of which suffered significant liability downgrades in prior years, may also benefit from improving credit and structural performance as the rating agencies review the transactions' current ratings. Moody's recently announced that its regular ratings review process has resulted in a number of transactions being placed on "upgrade watch" and that it expects to relax its 30% default stress sometime in the future. ⁽³³⁾

Outlook Summary:

- ❖ **Outlook:** We remain cautiously optimistic and expect that the remainder of 2010 will be characterized by a gradual improvement in loan market conditions, reflected in lower credit losses, and the continuing restoration of the structural strength and cash-flow generation capacity of TFG's CLO investments. Nonetheless, we acknowledge that this view is conditional upon the sustainability of the global macroeconomic recovery following the termination of active government stimulus programs, continued expansion of capital markets activity, and ability of consumers and corporations to adjust to potentially rising interest rates, all of which are subject to significant uncertainty and downside risks.

On the asset management front, we believe that loan manager consolidation will persist although current valuations appear high. We expect to continue to explore strategic opportunities in asset management as we seek to grow our asset management platform as well as investment opportunities in assets and asset classes, in each case, within and beyond the leveraged loan market. Finally and importantly, we intend to continue to serve our aim of returning capital to TFG shareholders (including through dividends, share repurchases and other means).

(33) Moody's CLO Interest, April 2010. In response to the recent credit crisis Moody's previously increased its default probability assumptions for corporate credits in the collateral pools of synthetic CDOs and CLOs by a factor of 30% across all rating categories.

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Certain Corporate Governance and Company Information

The Memorandum and Articles of Incorporation of each of TFG and Tetragon Financial Group Master Fund Limited (the “Master Fund”) have been amended to reflect, among other things, certain changes to the Companies (Guernsey) Law, 2008, as amended. The amended Memorandum and Articles of Incorporation are available on the TFG website at <http://www.tetragoninv.com/tfg/about/orgstructure>.

Mr. Lee Olesky will be stepping down as a member of the board of directors of each of TFG and the Master Fund effective as of April 30, 2010. Mr. Olesky advised TFG: “I have greatly enjoyed my service on the Board of TFG since its inception in 2005 and depart knowing the company has a very positive future. I am sorry that my other professional commitments will not allow me the time to devote my further attention to the company, but wish TFG great success.” Mr. Rupert Dorey, on behalf of the board of each of TFG and the Master Fund, has stated: “Although we are sorry to see Mr. Olesky depart, we greatly appreciate his efforts and valuable contribution to the company over the past five years. We wish him well.”

Mr. Olesky will be replaced by Mr. Greville Ward also effective as of April 30, 2010. Mr. Ward will be an Independent Director and will serve on the Audit Committee of TFG and the Master Fund. A brief description of Mr. Ward’s biography is available on the TFG website at: <http://www.tetragoninv.com/tfg/about/management>.

A performance fee of \$22.3 million was accrued in Q1 2010 in accordance with TFG’s investment management agreement and based on a “Reference NAV” of Q4 2009. The hurdle rate for Q2 2010 incentive fee has been reset at 2.9394% (Q1: 2.9022%) as per the process outlined in TFG’s 2009 Audited Financial Statements and in accordance with TFG’s investment management agreement. ⁽³⁴⁾

Capital Distributions

The dividend of \$0.06 per share with respect to Q1 2010 will be payable on May 26, 2010. Please refer to the website (www.tetragoninv.com) for additional information regarding the dividend, including the Optional Stock Dividend Plan.

(34) The hurdle rate is reset each quarter using 3M USD LIBOR plus a spread of 2.647858% in accordance with TFG’s investment management agreement. Please see the TFG website, www.tetragoninv.com, for more details.

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Quarterly Investor Call

We will host a conference call for investors on May 3, 2010 at 15:00 BST/16:00 CET/10:00 EDT to discuss Q1 2010 results and to provide a company update.

The conference call may be accessed by dialing +44 (0) 20 7162 0025 and +1 334 323 6201 (a passcode is not required). Participants may also register for the conference call in advance by going to: <https://eventregl.conferencing.com/webportal3/reg.html?Acc=084793&Conf=168433> or by going to the TFG website, www.tetragoninv.com.

A replay of the call will be available for 30 days by dialing +44 (0)20 7031 4064 and +1 954 334 0342, access code 846047 and as an MP3 recording on the TFG website.

For further information, please contact:

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Expected Upcoming Events	Date
April 2010 Monthly Report	May 19, 2010 (approx)
Q1 dividend payment date	May 26, 2010
May 2010 Monthly Report	June 17, 2010 (approx)

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Financial Highlights

	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Net income (\$MM)	\$72.5	\$94.7	\$31.2	(\$26.7)	(\$414.3)	(\$187.1)	\$48.8	\$45.8	\$45.9
EPS (\$)	\$0.58	\$0.76	\$0.25	(\$0.21)	(\$3.29)	(\$1.48)	\$0.39	\$0.36	\$0.36
Cash receipts (\$MM)	\$51.1	\$38.4	\$35.3	\$31.9	\$47.1	\$75.3	\$77.7	\$118.0	\$74.0
Cash receipts per share (\$)	\$0.41	\$0.31	\$0.28	\$0.25	\$0.37	\$0.60	\$0.62	\$0.94	\$0.59
Net cash balance (\$MM)	\$172.6	\$174.4	\$149.7	\$123.8	\$94.3	\$59.9	\$13.4	(\$69.4)	(\$152.9)
Net assets (\$MM)	\$867	\$807	\$721	\$693	\$723	\$1,142	\$1,348	\$1,319	\$1,289
Number of shares outstanding (million)	123.6	124.8	126.2	125.9	125.7	126.0	126.2	126.3	125.7
NAV per share (\$)	\$7.02	\$6.47	\$5.71	\$5.50	\$5.75	\$9.06	\$10.69	\$10.44	\$10.25
DPS (\$)	\$0.06	\$0.06	\$0.03	\$0.03	\$0.03	\$0.03	\$0.15	\$0.15	\$0.15
Weighted average IRR on completed transactions (%)	12.3%	11.9%	10.3%	9.2%	10.6%	13.8%	16.9%	16.6%	16.0%
Number of investments ⁽¹⁾	68	61	61	61	61	61	61	61	61
ALR Fair Value Adjustment (\$MM)	(\$339.5)	(\$349.0)	(\$333.8)	(\$254.1)	(\$315.0)	(\$141.0)	\$0.0	\$0.0	\$0.0

⁽¹⁾ Excludes CDO-squared and ABS CDO transactions written off in October 2007. TFG continues to hold the economic rights to 3 of these written-off transactions.

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TFG Quarterly Statement of Operations				
Statement of Operations	Q1 2010 (\$MM)	Q4 2009 (\$MM)	Q3 2009 (\$MM)	Q2 2009 (\$MM)
Interest income	43.2	41.1	33.1	44.9
CLO management fee income	3.3	-	-	-
Other income	0.3	0.3	0.3	0.2
Investment income	46.8	41.4	33.4	45.1
Management and performance fees	(25.4)	(32.7)	(2.6)	(2.7)
Admin/ custody and other fees	(1.9)	(0.8)	(0.5)	(0.5)
Total operating expenses	(27.3)	(33.5)	(3.1)	(3.2)
Net investment income	19.5	7.9	30.3	41.9
Realised and unrealised gains/(losses) from hedging and FX	(0.0)	(5.0)	(2.1)	(2.1)
Net change in in unrealised appreciation/(depreciation) in investments	54.5	91.8	3.0	(66.5)
Net realised and unrealised gains/(losses) from investments and FX	54.5	86.8	0.9	(68.6)
Income taxes	(1.3)	-	-	-
Noncontrolling interest	(0.2)	-	-	-
Net increase/(decrease) in net assets from operations	72.5	94.7	31.2	(26.7)

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2010

TETRAGON FINANCIAL GROUP	
Balance Sheet as at 31 March 2010	
	TFG Total (\$MM)
Assets	
Investments in securities, at fair value	755.7
Intangible assets - CLO management contracts	0.3
Cash and cash equivalents	172.6
Amounts due from brokers	1.8
Unrealised gain on forward contracts	2.4
Other receivables	1.3
Total Assets	934.1
Liabilities	
Amounts payable for purchase of investments	41.4
Amounts payable to feeder fund	0.4
Income taxes payables	1.3
Other payables and accrued expenses	23.4
Total Liabilities	66.5
Net assets before noncontrolling interest	867.6
Noncontrolling Interest	0.2
Net Assets	867.4

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG) PORTFOLIO COMPOSITION PORTFOLIO HELD BY TETRAGON FINANCIAL GROUP MASTER FUND LIMITED (UNLESS OTHERWISE STATED) AS OF MARCH 31, 2010

Report Date	TFG Share Price (\$)	TFG group Market Cap (\$MM) ⁽¹⁾	TFG group Net Assets (\$MM)	No. of Closed CLO Transactions
31 March 2010	\$4.50	\$586.2	\$867.4	68 ⁽²⁾

Capital Allocation by Asset Class	Risk Capital Allocation	Investment - Fair Value (\$MM) ⁽³⁾⁽⁴⁾	Asset Class Allocation
Broadly Syndicated Senior Secured Loans: US	74.2%	\$561.0	
Broadly Syndicated Senior Secured Loans: Europe	7.4%	\$55.6	
Middle Market Senior Secured Loans: US	18.4%	\$139.0	
CDOs Squared: US	0.0%	\$0.0	
ABS and Structured Finance: US	0.0%	\$0.0	
Total	100.0%	\$755.7	

Geographic Allocation by Asset Class	USA	Europe	Asia Pacific	Total	Geographic Allocation
Broadly Syndicated Senior Secured Loans	91.0%	9.0%	0.0%	100.0%	
Middle Market Senior Secured Loans	100.0%	0.0%	0.0%	100.0%	
CDOs Squared	0.0%	0.0%	0.0%	0.0%	
ABS and Structured Finance	0.0%	0.0%	0.0%	0.0%	
Total	92.6%	7.4%	0.0%	100.0%	

Top 15 Underlying Bank Loan Credits	Bank Loan Exposure ⁽⁵⁾	Top 10 Bank Loan Industry Exposures ⁽⁵⁾
Community Health	0.96%	
TXU Corp	0.84%	
HCA Inc	0.84%	
Univision Communications	0.84%	
Georgia Pacific Corp	0.78%	
First Data Corp	0.71%	
Charter Communications	0.70%	
Aramark Corp	0.69%	
Cablevision Systems Corp	0.67%	
Calpine Corp	0.64%	
SunGard Data Systems Inc	0.63%	
Celanese US Holdings LLC	0.60%	
Mylan Laboratories	0.60%	
Sabre Holdings Corp	0.59%	
Health Management Associates	0.58%	

EUR-USD FX: 1.35

⁽¹⁾ Calculated using TFG shares outstanding and month end exchange price.

⁽²⁾ Excludes CDO-squared and ABS CDO transactions which were written off in October 2007. TFG continues to hold the economic rights to 3 of these written-off transactions.

⁽³⁾ Excludes TFG's investment in LCM Asset Management LLC.

⁽⁴⁾ Equivalent to Investment in Securities at Fair Value in the US GAAP Financial Statements.

⁽⁵⁾ Includes par amount of loans held directly by TFG and also loan exposures via TFG's investments in CLOs. With respect to CLO investments, calculated as a percentage of total corporate loan assets that TFG has exposure to based on its equity-based pro-rata share of each CLO's total portfolio. All calculations are net of any single name CDS hedges held against that credit.

An investment in TFG involves substantial risks. Please refer to the Company's website at www.tetragoninv.com for a description of the risks and uncertainties pertaining to an investment in TFG.

This release does not contain or constitute an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction. The securities of TFG have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act"), as amended, and may not be offered or sold in the United States or to US persons unless they are registered under applicable law or exempt from registration. TFG does not intend to register any portion of its securities in the United States or to conduct a public offer of securities in the United States. In addition, TFG has not been and will not be registered under the US Investment Company Act of 1940, and investors will not be entitled to the benefits of such Act. TFG is registered in the public register of the Netherlands Authority for the Financial Markets under Section 1:107 of the Financial Markets Supervision Act ("FMSA") as a collective investment scheme from a designated country. This release constitutes regulated information ("gereguleerde informatie") within the meaning of Section 1:1 of the FMSA.

TETRAGON

BOARD OF DIRECTORS

Paddy Dear
Rupert Dorey*

Reade Griffith
David Jeffreys*

Byron Knief*
Lee Olesky*

Alex Jackson

**Independent Director*

SHAREHOLDER INFORMATION

Registered Office of TFG and the Master Fund

Tetragon Financial Group Limited
Tetragon Financial Group Master Fund Limited
Tudor House
Le Bordage
St. Peter Port, Guernsey
Channel Islands GY1 3PF

Investment Manager

Polygon Credit Management LP
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New York, NY 10022
United States of America

General Partner of Investment Manager

Polygon Credit Management GP LLC
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Channel Islands GY1 4AN

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New York, NY 10286
United States of America

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Channel Islands GY1 IWA

Legal Advisor (as to Dutch law)

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Tripolis
Burgerweeshuispad 301
1076 HR Amsterdam, The Netherlands

Stock Listing

Euronext Amsterdam by NYSE Euronext

Administrator and Registrar

State Street Fund Services (Guernsey) Limited
Tudor House
Le Bordage
St. Peter Port, Guernsey
Channel Islands GY1 3PF

UNAUDITED CONSOLIDATED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP LIMITED

**FOR THE QUARTER ENDED 31 MARCH 2010 AND FOR THE QUARTER
ENDED 31 MARCH 2009**

TETRAGON FINANCIAL GROUP LIMITED
UNAUDITED CONSOLIDATED QUARTERLY REPORT
FOR THE QUARTER ENDED 31 MARCH 2010 AND FOR THE QUARTER
ENDED 31 MARCH 2009

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TETRAGON FINANCIAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
as at 31 March 2010 (unaudited)

	31 Mar 2010 US\$	31 Dec 2009 US\$
Assets		
Investment in Master Fund	889,702,376	836,628,677
Amounts receivable from Master Fund	414,317	212,635
Total assets	890,116,693	836,841,312
Liabilities		
Accrued incentive fee	22,266,024	29,781,872
Amounts payable on Treasury Shares	414,317	212,635
Total liabilities	22,680,341	29,994,507
Net assets	867,436,352	806,846,805
Equity		
Share capital	123,614	124,769
Share premium	1,172,877,770	1,177,331,614
Capital Reserve in respect of share options	11,789,336	11,789,336
Earnings	(317,354,368)	(382,398,914)
	867,436,352	806,846,805
Shares outstanding		
	Number	Number
Shares	123,613,566	124,768,684
Net asset value per share		
Shares	US\$7.02	US\$6.47

TETRAGON FINANCIAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
For the quarter ended 31 March 2010 and for the quarter
ended 31 March 2009 (unaudited)

	Quarter Ended 31 Mar 2010 US\$	Quarter Ended 31 Mar 2009 US\$
Investment income allocated from the Master Fund		
Interest income	43,219,062	48,218,379
CLO management fee income	3,302,848	-
Other income	276,465	-
Investment income allocated from the Master Fund	<u>46,798,375</u>	<u>48,218,379</u>
Total investment income	<u>46,798,375</u>	<u>48,218,379</u>
Direct expenses		
Incentive fee	(22,266,024)	-
Total direct expenses	<u>(22,266,024)</u>	<u>-</u>
Operating expenses allocated from the Master Fund		
Management fees	(3,175,405)	(4,256,694)
Administration fees	(184,069)	(193,711)
Custodian fees	(21,748)	(6,749)
Legal and Professional fees	(93,569)	(15,265)
Audit fees	(60,350)	(69,082)
Directors' fees	(50,000)	(50,000)
Transfer agent fees	(21,731)	(35,613)
Other operating expenses	(1,466,542)	(202,029)
Interest expense	-	(592,021)
Operating expenses allocated from the Master Fund	<u>(5,073,414)</u>	<u>(5,421,164)</u>
Total operating expenses	<u>(27,339,438)</u>	<u>(5,421,164)</u>
Net investment income	<u>19,458,937</u>	<u>42,797,215</u>

TETRAGON FINANCIAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
For the quarter ended 31 March 2010 and for the quarter
ended 31 March 2009 (unaudited)

	Quarter Ended 31 Mar 2010 US\$	Quarter Ended 31 Mar 2009 US\$
Net realized and unrealized gain / (loss) from investments and foreign currencies allocated from the Master Fund		
Net realized gain from:		
Foreign currency transactions	1,285,568	2,793,162
	<u>1,285,568</u>	<u>2,793,162</u>
Net increase / (decrease) in unrealized (depreciation) / appreciation on:		
Investments	54,496,070	(457,143,294)
Forward foreign exchange contracts	810,852	12,135,019
Foreign exchange options	-	2,614,488
Translation of assets and liabilities in foreign currencies	(2,131,585)	(17,467,516)
	<u>53,175,337</u>	<u>(459,861,303)</u>
Net realized and unrealized gain / (loss) from investments and foreign currencies allocated from the Master Fund	54,460,905	(457,068,141)
Net increase / (decrease) in net assets resulting from operations before income tax	<u>73,919,842</u>	<u>(414,270,926)</u>
Income tax	(1,262,937)	-
Net income	<u>72,656,905</u>	<u>(414,270,926)</u>
Less net income attributable to noncontrolling interest	(170,011)	-
Net increase / (decrease) in net assets resulting from operations	<u>72,486,894</u>	<u>(414,270,926)</u>

TETRAGON FINANCIAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the quarter ended 31 March 2010 and for the quarter
ended 31 March 2009 (unaudited)

	Quarter ended 31 Mar 2010 US\$	Quarter ended 31 Mar 2009 US\$
Total investment income	46,798,375	48,218,379
Total operating expenses	(27,339,438)	(5,421,164)
Net realized gain from investments and foreign currencies allocated from the Master Fund	1,285,568	2,793,162
Net unrealized gain / (loss) from investments and foreign currencies allocated from the Master Fund	53,175,337	(459,861,303)
Income tax	(1,262,937)	-
Income attributable to non controlling interest	(170,011)	-
Net increase / (decrease) in net assets resulting from operations	<u>72,486,894</u>	<u>(414,270,926)</u>
Dividends paid to shareholders	(7,442,348)	(3,770,137)
Issue of Shares	874,050	233,716
Treasury Shares	(5,329,049)	(774,141)
Decrease in net assets resulting from net Share transactions	<u>(4,454,999)</u>	<u>(540,425)</u>
Total increase / (decrease) in net assets	60,589,547	(418,581,488)
Net assets at start of period	806,846,805	1,141,950,194
Net assets at end of period	<u>867,436,352</u>	<u>723,368,706</u>

TETRAGON FINANCIAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the quarter ended 31 March 2010 and for the quarter
ended 31 March 2009 (unaudited)

	Quarter ended 31 Mar 2010 US\$	Quarter ended 31 Mar 2009 US\$
Operating and investing activities		
Net increase / (decrease) in net assets resulting from operations	72,486,894	(414,270,926)
Adjustments for:		
Net unrealized (appreciation) / depreciation on investments in Master Fund	(53,073,699)	418,581,488
Operating cash flows before movements in working capital	19,413,195	4,310,562
(Increase) / decrease in receivables	(201,682)	65,059
Decrease in payables	(7,314,166)	(65,059)
Cash flows from operations	11,897,347	4,310,562
Cash inflows from operating and investing activities	11,897,347	4,310,562
Financing activities		
Issue of Shares during the period	874,050	233,716
Treasury Shares	(5,329,049)	(774,141)
Dividends paid to shareholders	(7,442,348)	(3,770,137)
Cash outflows from financing activities	(11,897,347)	(4,310,562)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

UNAUDITED CONSOLIDATED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

**FOR THE QUARTER ENDED 31 MARCH 2010 AND FOR THE QUARTER
ENDED 31 MARCH 2009**

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
UNAUDITED CONSOLIDATED QUARTERLY REPORT
FOR THE QUARTER ENDED 31 MARCH 2010 AND FOR THE QUARTER
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TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
As at 31 March 2010 (unaudited)

	31 Mar 2010	31 Dec 2009
	US\$	US\$
Assets		
Investments in securities, at fair value	755,662,084	655,234,320
Intangible assets – CLO management contracts	302,834	-
Cash and cash equivalents	172,624,102	174,352,827
Amounts due from brokers	1,879,058	5,870,597
Derivative financial assets - forward contracts	2,406,453	1,595,601
Other receivables	1,331,292	186,393
Total assets	<u>934,205,823</u>	<u>837,239,738</u>
Liabilities		
Amounts payable for purchase of investments	41,448,750	-
Amounts payable to feeder fund	414,317	212,635
Other payables and accrued expenses	1,131,722	398,426
Income taxes payable	1,262,938	-
Total liabilities	<u>44,257,727</u>	<u>611,061</u>
Net assets	<u>889,948,096</u>	<u>836,628,677</u>
Equity		
Share capital	123,614	124,769
Share premium	1,132,100,854	1,136,554,698
Earnings	(242,522,092)	(300,050,790)
Total equity attributable to TFG Master Fund Ltd	<u>889,702,376</u>	<u>836,628,677</u>
Noncontrolling interest	245,720	-
Total shareholders equity	<u>889,948,096</u>	<u>836,628,677</u>
Shares outstanding		
Shares	Number 123,613,566	Number 124,768,684
Net asset value per share		
Shares	US\$7.20	US\$6.71

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

For the quarter ended 31 March 2010 and for the quarter
ended 31 March 2009 (unaudited)

	Quarter ended 31 Mar 2010	Quarter ended 31 Mar 2009
	US\$	US\$
Interest income	43,219,062	47,723,551
CLO management fee income	3,302,848	-
Other income	276,465	494,828
Investment income	<u>46,798,375</u>	<u>48,218,379</u>
Management fees	(3,175,405)	(4,256,694)
Administration fees	(184,069)	(193,711)
Custodian fees	(21,748)	(6,749)
Legal and professional fees	(93,569)	(15,265)
Audit fees	(60,350)	(69,082)
Directors' fees	(50,000)	(50,000)
Transfer agent fees	(21,731)	(35,613)
Other operating expenses	(1,466,542)	(202,029)
Interest expense	-	(592,021)
Operating expenses	<u>(5,073,414)</u>	<u>(5,421,164)</u>
Net investment income	<u>41,724,961</u>	<u>42,797,215</u>

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
For the quarter ended 31 March 2010 and for the quarter
ended 31 March 2009 (unaudited)

	Quarter ended 31 Mar 2010 US\$	Quarter ended 31 Mar 2009 US\$
Realized and unrealized gain / (loss) from investments and foreign currency		
Net realized gain from:		
Foreign currency transactions	1,285,568	2,793,162
	<u>1,285,568</u>	<u>2,793,162</u>
Net increase / (decrease) in unrealized appreciation / (depreciation) on:		
Investments	54,496,070	(457,143,294)
Forward foreign exchange contracts	810,852	12,135,019
Foreign exchange options	-	2,614,488
Translation of assets and liabilities in foreign currencies	(2,131,585)	(17,467,516)
	<u>53,175,337</u>	<u>(459,861,303)</u>
Net realized and unrealized gain / (loss) from investments and foreign currencies	<u>54,460,905</u>	<u>(457,068,141)</u>
Net increase / (decrease) in net assets resulting from operations before income tax	<u>96,185,866</u>	<u>(414,270,926)</u>
Income tax	(1,262,937)	-
Net income	<u>94,922,929</u>	<u>(414,270,926)</u>
Less net income attributable to noncontrolling interest	(170,011)	-
Net increase/ (decrease) in net assets resulting from operations	<u>94,752,918</u>	<u>(414,270,926)</u>

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the quarter ended 31 March 2010 and for the quarter
ended 31 March 2009 (unaudited)

	Quarter ended 31 Mar 2010 US\$	Quarter ended 31 Mar 2009 US\$
Investment income	46,798,375	48,218,379
Operating expenses	(5,073,414)	(5,421,164)
Net realized gain from investments and foreign currency	1,285,568	2,793,162
Net unrealized appreciation / (depreciation) on investments and translation of assets and liabilities in foreign currencies	53,175,337	(459,861,303)
Income taxes	(1,262,937)	-
Income attributable to noncontrolling interests	(170,011)	-
Net increase / (decrease) in net assets resulting from operations	<u>94,752,918</u>	<u>(414,270,926)</u>
Dividends paid to shareholders	(7,442,348)	(3,770,137)
Dividend paid to feeder fund	(29,781,872)	-
	<u>(37,224,220)</u>	<u>(3,770,137)</u>
Issue of Shares	874,050	233,716
Treasury Shares	(5,329,049)	(774,141)
Decrease in net assets resulting from net Share transactions	<u>(4,454,999)</u>	<u>(540,425)</u>
Total increase / (decrease) in net assets	53,073,699	(418,581,488)
Net assets at start of period	836,628,677	1,141,950,194
Net assets before noncontrolling interest	<u>889,702,376</u>	<u>723,368,706</u>
Noncontrolling interest	245,720	-
Net assets at end of period	<u><u>889,948,096</u></u>	<u><u>723,368,706</u></u>

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the quarter ended 31 March 2010 and for the quarter
ended 31 March 2009 (unaudited)

	Quarter ended 31 Mar 2010 US\$	Quarter ended 31 Mar 2009 US\$
Operating and investing activities		
Net increase / (decrease) in net assets resulting from operations	94,752,918	(414,270,926)
Adjustments for:		
Non cash interest income on investments	7,476,195	5,936,996
Noncontrolling interest	170,011	-
Unrealized (gain)/loss	(53,175,337)	459,861,303
Operating cash flows before movements in working capital	49,223,787	51,527,375
Increase in receivables	(1,144,899)	(3,537,164)
Increase / (decrease) in payables	2,197,916	(5,789,767)
Cash flows from operations	50,276,804	42,200,444
Purchase of investments	(14,298,569)	-
Cash inflows from operating and investing activities	35,978,235	42,200,444
Financing activities		
Amounts due from brokers	3,991,539	109,503,484
Proceeds from issue of shares	874,050	233,716
Treasury shares	(5,329,049)	(774,141)
Dividends paid to shareholders	(7,442,348)	(3,770,137)
Dividends paid to Feeder Fund	(29,781,872)	-
Receipts from repurchase and swap agreements	-	(117,557,492)
Cash outflows from financing activities	(37,687,680)	(12,364,570)
Net (decrease) / increase in cash and cash equivalents	(1,709,445)	29,835,874
Cash and cash equivalents at beginning of period	174,352,827	63,042,822
Effect of exchange rate fluctuations on cash and cash equivalents	(19,280)	1,416,849
Cash and cash equivalents at end of period	172,624,102	94,295,545