

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR Q1 2008

April 22, 2008

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, Tetragon Financial Group LP and Tetragon Financial Group Master Fund Limited.⁽¹⁾ References to "we" are to Polygon Credit Management LP, TFG's investment manager.

Q1 2008 results at a glance:

- ❖ **Overview:** The portfolio performed well during Q1 2008 as income and cash flow generation continued to be strong and earnings per share remained stable throughout the quarter.

Financial Results:

- ❖ **Net Income:** Consolidated net income was \$45.9 million in Q1 2008.
- ❖ **Cash Receipts:** The investment portfolio performed solidly in the first quarter as our investments generated approximately \$74 million in cash receipts.
- ❖ **Earnings per Share:** EPS for Q1 2008 was \$0.36.
- ❖ **Net Assets and NAV per Share:** Consolidated net assets grew by approximately \$25 million quarter on quarter, ending the period at \$1.29 billion. At the end of Q1 2008, NAV per share stood at \$10.25.
- ❖ **Dividend:** On April 21, 2008 the Board of Tetragon Financial Group Limited declared a dividend of \$0.15 per share in respect of Q1 2008, which will be payable on May 19, 2008. Please refer to the website (www.tetragoninv.com) for additional details regarding the dividend, including the Optional Stock Dividend Plan.
- ❖ **IRRs:** Despite the fall of 3M LIBOR, the weighted-average IRR on TFG's CLO investments was down only slightly at 16.0% as of the end of March 2008, compared with 16.6% at the end of the prior quarter. During that period, 3M LIBOR fell by approximately 200 bps, beginning the year at 4.7% and ending Q1 2008 at 2.7%.
- ❖ **Life-to-Date Net Loss Reserves:**⁽²⁾ Excess loss reserves increased, with approximately \$116 million of excess loss reserves having been factored into our IRR calculations as of March 31, 2008. At the end of the 2007, excess loss reserves were \$106 million.

(1) TFG invests substantially all its capital through a master fund, Tetragon Financial Group Master Fund Limited ("TFGMF"), in which it holds a 94% share. Tetragon Financial Group LP (TFGLP), a U.S. "feeder fund", holds the remaining 6.0% interest in TFGMF. TFG and TFGLP receive a pro-rata allocation of the performance of TFGMF.

(2) The life-to-date net loss reserve is transaction-specific. It is calculated by subtracting the actual collateral loss for each transaction from the expected collateral loss, where the expected loss is a function of expected collateral size, TFG's loss assumptions and the length of time the investment has been held.

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PORTFOLIO AND MARKET COMMENTARY FOR Q1 2008

- ❖ **Leverage:** Overall corporate leverage was slightly reduced. As of the end of Q1 2008, net borrowings (total borrowings less cash and amounts due from brokers) were approximately \$153 million, down from approximately \$186 million at the end of 2007.
- ❖ **Incentive Fee:** The Q1 2008 Incentive Fee paid to the Investment Manager was \$2.4 million after recouping the Q4 2007 loss of \$0.11 per share. Furthermore and also in accordance with the investment management agreement and as described in TFG's Audited Financial Statements, beginning in Q2 2008 the fixed 8% "Hurdle Rate" used to calculate the Incentive Fee has been replaced by a LIBOR based calculation. The Hurdle Rate for Q2 2008 is 5.3316% based on 3M USD LIBOR determined as of 11:00 a.m. London time on April 1, 2008 and a "Hurdle Spread" of 2.647858%.

Portfolio Summary:

- ❖ **Portfolio Size:** As of the end of Q1 2008, the investment portfolio totaled \$1.4 billion, with exposure to approximately \$17 billion of leveraged loans. No new investments were made during the quarter.
- ❖ **Portfolio Composition:** The portfolio consists of 61 collateralized loan obligation investments managed by 32 CLO managers.⁽³⁾

Market Summary:

- ❖ **Market Default Rate:** Institutional loan defaults increased in Q1 2008 after a benign 2007. According to S&P, 13 institutional loans defaulted during the quarter⁽⁴⁾ increasing the lagging 12-month default rate by principal amount to 1.1%. TFG's lagging 12-month corporate loan default rate by comparison ended the quarter at 0.8%, 28% below the market rate.
- ❖ **CLO Issuance:** Global CLO issuance for Q1 2008 amounted to approximately \$16 billion, down from approximately \$63 billion during the first quarter of 2007.⁽⁵⁾ The new issue market was most active in March, as approximately \$13 billion of leveraged loan and middle market CLO transactions were issued during the month.⁽⁵⁾

TFG Outlook:

- ❖ Loan market technicals remained weak during the first quarter. We believe that this allowed our CLO managers to increase the credit quality of our loan portfolios without sacrificing par or incurring significant trading losses, as they were able to swap weaker credits for stronger ones trading at similar levels. Wider loan spreads and the ability of our managers to purchase what they feel are "money-good" loans at below-par prices may also enable our investments to outperform during an increasing default environment. As

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

(4) Source: S&P: "1Q08: Loan returns, volume dive as defaults soar, spreads spike" March 2008.

(5) Source: Morgan Stanley: "CDO Market Update" April 9, 2008

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PORTFOLIO AND MARKET COMMENTARY FOR Q1 2008 (CONTINUED)

the cost of funding for our loan exposures, through our CLO investments, is fixed for the life of each transaction, widening loan spreads or below-par purchases can serve as a cushion against future losses. We think that this aspect of our portfolio may differentiate us from other loan market participants as loan defaults increase.

- ❖ We believe that we have invested with superior portfolio managers based on their track records and expertise and that such managers will enable our CLO investments to outperform the loan market default rate over the life of each transaction.
- ❖ Our capital is presently fully invested which we believe allows us to be discriminating investors. Currently, we are seeking to accumulate cash and/or pay down the Company's outstanding financing. Notwithstanding the Company's reduced leverage, returns may be relatively unaffected or even improve if loan spreads remain stable or widen further. We believe that this strategy of accumulating cash and/or paying down outstanding financing is a prudent one, especially as we continue to seek appropriate investments. We will continue to monitor both the primary and secondary market for potential investments as we weigh the benefits of repaying our existing financing, holding additional cash and investing in new opportunities.

Quarterly Investor Call

We will host a conference call for investors on Wednesday, April 23, 2008 at 15:30 BST/16:30 CEST/10:30 EST to discuss Q1 2008 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://eventreg1.conferencing.com/webportal3/reg.html?Acc=492230&Conf=154815> or by going to the TFG website, www.tetragoninv.com.

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Expected Upcoming Events	Date
Quarterly Investor Conference Call	April 23, 2008
Q1 Ex-Dividend Date	April 23, 2008
Q1 Dividend Record Date	April 25, 2008
Merril Lynch Specialty Finance Conference (London)	May 6, 2008
Deadline for Cash/Stock Dividend Elections	May 8, 2008
April 2008 Monthly Performance Report	12-14 days after month-end
UBS Financial Services Conference (NY)	May 14, 2008
Q1 Dividend Payment Date	May 19, 2008

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PERFORMANCE REPORT FOR Q1 2008 (CONTINUED)

TETRAGON FINANCIAL GROUP				
Performance Metrics and Drivers				
Performance Metrics	Q2 2007	Q3 2007	Q4 2007	Q1 2008
EPS (\$)	\$0.33	\$0.37	(\$0.11)	\$0.36
DPS (\$)	\$0.15	\$0.15	\$0.15	\$0.15
Operating cost - income ratio	29.6%	30.6%	19.2% ⁽¹⁾	26.3%
Performance Drivers	Q2 2007	Q3 2007	Q4 2007	Q1 2008
Number of investments	65	67	61 ⁽²⁾	61 ⁽²⁾
Weighted Average IRR on completed transactions	16.5%	16.4%	16.6%	16.0%
Leverage at end of period	1.08	1.13	1.11	1.09
Net assets (\$M)	\$1,265	\$1,294	\$1,264	\$1,289
Number of shares outstanding (million)	125.5	125.8	126.1	125.7
Net excess life-to-date loss accruals (\$M) ⁽³⁾	(61)	(89)	(106)	(116)

⁽¹⁾ Operating cost-income ratio for Q4 excludes the writedown in the calculation

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

⁽³⁾ Net excess life-to-date loss accrual is deal specific. It subtracts the actual collateral loss from the expected loss, where the expected loss is a function of expected collateral size, TFG's loss assumption and length of time the investment has been held.

TETRAGON FINANCIAL GROUP				
Consolidated Performance (US\$MM)				
Statement of Operations	Q2 2007	Q3 2007	Q4 2007	Q1 2008
	(\$MM)	(\$MM)	(\$MM)	(\$MM)
Interest Income from Investments	48.4	58.5	56.7	55.9
Interest Income from Cash	3.4	3.2	2.9	2.1
Investment Income	51.8	61.7	59.6	58.0
Management Fees	(4.7)	(4.8)	(4.7)	(4.8)
Admin/ Custody and Other Fees	(0.3)	(0.7)	(1.0)	(0.6)
Interest Expense	(4.7)	(6.3)	(6.5)	(5.2)
Total Operating Expenses Excluding Performance Fee	(9.7)	(11.8)	(12.2)	(10.6)
Net Investment Income	42.1	49.9	47.4	47.4
Realised and Unrealised Gains/(Losses) From Hedging	2.0	3.9	5.1	9.5
Net Increase/(Decrease) in Unrealised Appreciation/(Depreciation) in Investments	1.0	(0.9)	3.6	(9.0)
Net Realised Gain/(Loss) on Investments	0.0	0.0	(69.9)	0.4
Net Realised and Unrealised Gains/(Losses) from Investments and FX	3.0	3.0	(61.2)	0.9
Net Increase/(Decrease) in Net Assets From Operation Before Performance Fees	45.1	52.9	(13.8)	48.3
Performance Fees	(5.9)	(6.8)	-	(2.4)
Net Increase/(Decrease) in Net Assets from Operations	39.2	46.1	(13.8)	45.9

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TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR Q1 2008 (CONTINUED)

Share Holding at March 31, 2008	Number of shares (millions)	% Holding of Tetragon Financial Group Master Fund
Tetragon Financial Group Limited ("TFG") - listed shares	118.25	94.0%
Tetragon Financial Group LP ("TFGLP") - conversion rights	7.49	6.0%
TOTAL SHARES AND CONVERSION RIGHTS	125.74	100.0%

TETRAGON FINANCIAL GROUP				
Unaudited Balance sheet as at 31 March 2008 (\$)				
	TFG Master Fund	TFG	TFGLP	TFG Total
Assets				
Investments in securities, at fair value	1,446.7			1,446.7
Cash and cash equivalents	182.4			182.4
Amounts due from brokers	57.1			57.1
Derivative Financial Assets - Credit Default Swaps	9.3			9.3
Other receivables	1.0			1.0
Total Assets	1,696.5			1,696.5
Liabilities				
Payables under repurchase and swap agreements	390.8			390.8
Unrealised loss on forward contracts	7.5			7.5
Amounts payable to feeder fund	0.1			0.1
Bank Overdraft	1.6			1.6
Interest payable	4.3			4.3
Other payables and accrued expenses (Note 1)	0.4	2.2	0.2	2.8
Total Liabilities	404.7	2.2	0.2	407.1
Net Assets	1,291.8	(2.2)	(0.2)	1,289.4

(1) For the purposes of consolidating the results for all of the TFG entities, we have shown the incentive allocation due to the General Partner of TFGLP as an expense. For US GAAP purposes this will be shown as an allocation of capital in the Statement of changes in net assets for TFGLP's stand alone accounts.

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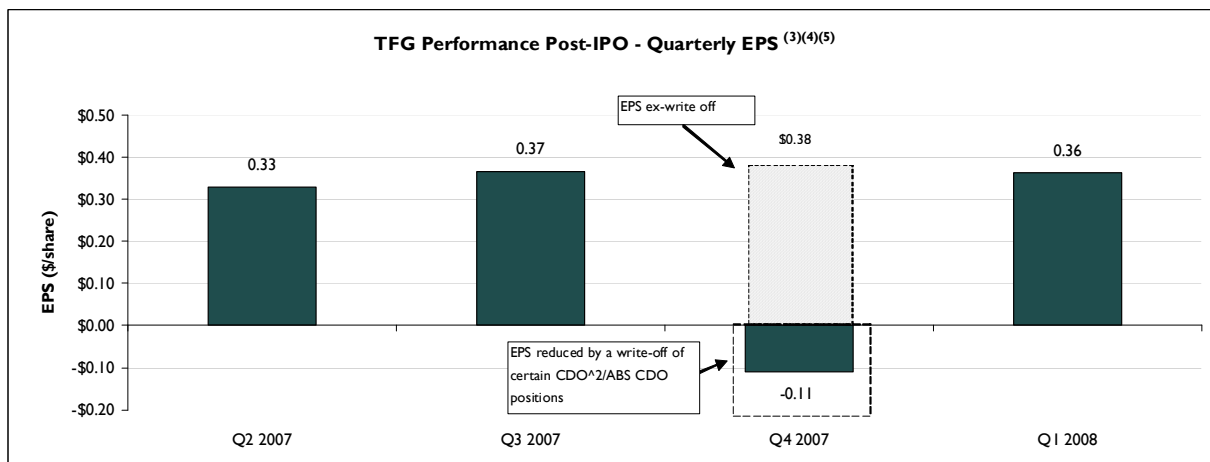
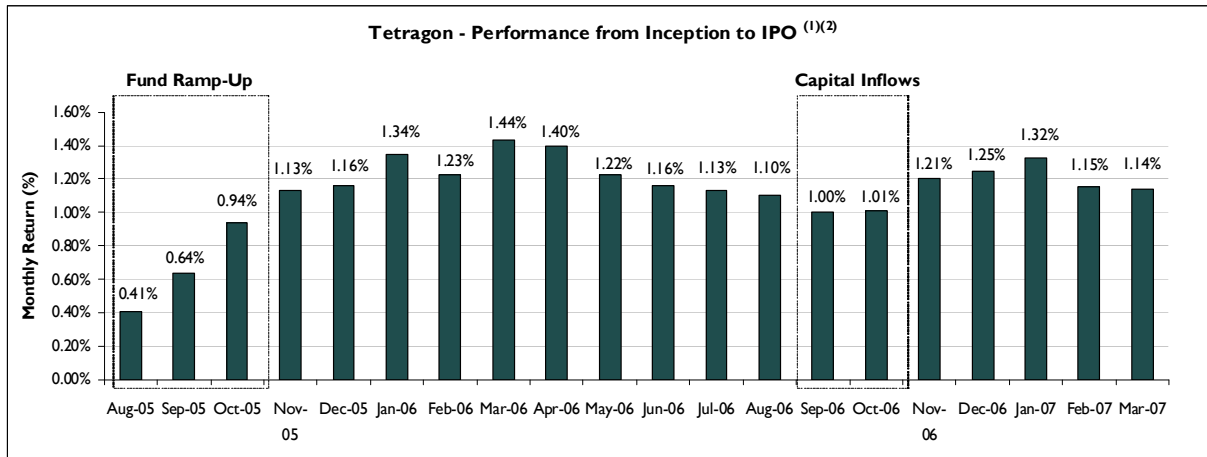
TETRAGON FINANCIAL GROUP LIMITED (TFG)

PORTFOLIO COMPOSITION PORTFOLIO HELD BY TETRAGON FINANCIAL GROUP MASTER FUND LIMITED (UNLESS OTHERWISE STATED) AS OF MARCH 31, 2008

Report Date	TFG Share Price (\$)	TFG group Market Cap (\$MM) ⁽¹⁾	TFG group Net Assets (\$MM)	No. of Closed CLO Transactions ⁽²⁾	
31 March 2008	\$5.20	\$658.5	\$1,289.4	61	
Capital Allocation by Asset Class					
Asset Class	Risk Capital Allocation	Investment - Amortized Cost (\$MM) ⁽³⁾	Investment - Amortized Cost B/Fwd (\$MM) ⁽⁴⁾	Overall Leverage ⁽⁵⁾	Asset Class Allocation
Broadly Syndicated Senior Secured Loans: US	61.1%	\$883.4	\$862.8		
Broadly Syndicated Senior Secured Loans: Europe	23.5%	\$340.5	\$324.7		
Middle Market Senior Secured Loans: US	15.4%	\$222.8	\$216.3		
CDOs Squared: US	0.0%	\$0.0	\$0.0		
ABS and Structured Finance: US	0.0%	\$0.0	\$0.0		
Total	100%	\$1,446.7	\$1,403.8	1.09	
Geographic Allocation by Asset Class					
Asset Class	USA	Europe	Asia Pacific	Total	Geographic Allocation
Broadly Syndicated Senior Secured Loans	72%	28%	0%	100%	
Middle Market Senior Secured Loans	100%	0%	0%	100%	
CDOs Squared	0%	0%	0%	0%	
ABS and Structured Finance	0%	0%	0%	0%	
Total	80%	20%	0%	100%	
Top 15 Underlying Bank Loan Credits		Bank Loan Exposure ⁽⁶⁾	Top 10 Bank Loan Industry Exposures		
Univision Communications	0.82%				
HCA Inc	0.76%				
Georgia Pacific Corp	0.76%				
Community Health	0.75%				
TXU Corp	0.70%				
Idearc	0.67%				
Ineos Group Plc	0.57%				
Aramark Corp	0.54%				
OshKosh Truck	0.52%				
Freescale Semiconductor Inc	0.50%				
Cablevision Systems Corp	0.49%				
Tribune Co	0.48%				
Hexion Specialty Chemicals	0.47%				
Nielsen Company	0.47%				
Metro-Goldwyn-Mayer Inc	0.46%				
EUR-USD FX:		1.58			
⁽¹⁾ Includes exchange rights held by Tetragon Financial Group LP investors as if they had been converted to TFG shares and valued at the closing share price.					
⁽²⁾ Excludes CDO-squared and ABS CDO transactions which were written off in October 2007. TFG continues to hold the economic rights to these written-off transactions.					
⁽³⁾ Equivalent to Investment in Securities at Fair Value in the US GAAP Financial Statements.					
⁽⁴⁾ Investments at Amortized Cost less interest accrued since last payment date. Internal Rate of Return (IRR) x Amortized Cost B/Fwd determines CDO income.					
⁽⁵⁾ Equals CDO Amortized Cost B/Fwd / Book Value.					
⁽⁶⁾ Calculated as a percentage of total Loan Assets that Tetragon has exposure to net of any single name CDS hedges held against that credit. The value of both the Loan Credit and the Total Loan exposure are calculated at cost of purchase.					

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TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE SUMMARY AS OF MARCH 31, 2008



Notes:

- (1) August 2005 - June 2006 performance reflects illustrative performance using Class A share performance and adjusting to reflect Class C levels of management and incentive fees.
- (2) July 2006 - March 2007 performance reflects actual per share performance for Class C Shares (1.5% management fee, 25% incentive fee over a hurdle rate of 8%).
- (3) April 2007 reflects Earnings per Share (EPS) based on average shares in issue in the month, after translating pre-IPO shares into post-IPO equivalents.
- (4) May 2007 onwards reflects EPS based on post-IPO shares only.
- (5) Pre-IPO TFG was a non-distributive open-ended unlisted entity, where investors subscribed for and redeemed shares at NAV. Under these conditions it is common practice to measure performance as a percentage return to NAV. Post-IPO, in line with market practice, earnings per share (EPS) is a more appropriate measure of performance.

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 as a collective investment scheme from a designated country.

UNAUDITED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

**FOR THE PERIOD ENDED 31 MARCH 2008 AND FOR THE PERIOD
ENDED 31 MARCH 2007**

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
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TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
STATEMENTS OF ASSETS AND LIABILITIES
as at 31 MARCH 2008 (unaudited)

	31 March 2008 US\$	31 December 2007 US\$
Assets		
Investments in securities, at fair value (cost US\$1,416,516,946 (2007: US\$1,416,516,946))	1,446,689,056	1,446,544,122
Cash and cash equivalents	182,434,254	209,237,922
Amounts due from brokers	57,127,518	36,860,768
Unrealized gain on forward contracts	-	317,732
Derivative financial assets- credit default swaps	9,302,823	11,267,718
Other receivables	993,025	935,562
Total assets	<u>1,696,546,676</u>	<u>1,705,163,824</u>
Liabilities		
Payables under repurchase and swap agreements	390,729,808	419,005,128
Unrealized loss on forward contracts	7,545,137	2,317,971
Derivative financial liabilities - credit default swaps	-	1,481,131
Bank overdraft	1,632,829	13,092,191
Amounts payable to feeder fund	100,951	416,429
Interest payable	4,303,156	3,878,818
Other payables and accrued expenses	413,394	534,200
Total liabilities	<u>404,725,275</u>	<u>440,725,868</u>
Net assets	<u>1,291,821,401</u>	<u>1,264,437,956</u>
Equity		
Share capital	125,744	126,054
Share Premium	1,139,655,075	1,141,737,834
Earnings	152,040,582	122,574,068
	<u>1,291,821,401</u>	<u>1,264,437,956</u>
Shares outstanding	Number	Number
Shares	125,743,991	126,053,607
Net asset value per share		
Shares	US\$10.27	US\$10.03

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

STATEMENTS OF OPERATIONS

**For the period ended 31 MARCH 2008 and for the period
ended 31 MARCH 2007 (unaudited)**

	Quarter Ended 31 March 2008 US\$	Quarter Ended 31 March 2007 US\$
Interest income	58,046,228	40,926,531
Investment income	58,046,228	40,926,531
Management fees	(4,768,752)	-
Administration fees	(166,643)	(129,372)
Legal and professional fees	(185,184)	(20,369)
Audit fees	(69,081)	(37,500)
Directors' fees	(50,000)	(14,700)
Transfer agent fees	(39,618)	-
Other operating expenses	(166,889)	(11,194)
Interest expense	(5,210,759)	(3,970,242)
Operating expenses	(10,656,926)	(4,183,377)
Net investment income	47,389,302	36,743,154
Realized and unrealized gain/(loss) from investments and foreign currency		
Net realized gain / (loss) from:		
Investments	322,349	825,000
Foreign currency transactions	(9,899,726)	(2,176,259)
Credit default swaps	8,385,609	(53,969)
	(1,191,768)	(1,405,228)
Net increase/(decrease) in unrealized appreciation/(depreciation) on:		
Investments	(9,012,383)	-
Forward foreign exchange contracts	(5,544,898)	503,476
Credit default swaps	(483,764)	(1,240,423)
Translation of assets and liabilities in foreign currencies	17,143,412	1,941,994
	2,102,367	1,205,047
Net realized and unrealized gain/ (loss) from investments and foreign currencies	910,599	(200,181)
Net increase in net assets resulting from operations	48,299,901	36,542,973

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

STATEMENTS OF CHANGES IN NET ASSETS

For the period ended 31 MARCH 2008 and for the period
ended 31 MARCH 2007 (unaudited)

	3 Months ended 31 March 2008 US\$	3 Months ended 31 March 2007 US\$
Investment income	58,046,228	40,926,531
Operating expenses	(10,656,926)	(4,183,377)
Net realized gain / (loss) from investments and foreign currency	(1,191,768)	(1,405,228)
Net unrealized appreciation / (depreciation) on investments and translation of assets and liabilities in foreign currencies	2,102,367	1,205,047
Net increase in net assets resulting from operations	<u>48,299,901</u>	<u>36,542,973</u>
Dividends paid to shareholders	(18,833,387)	-
Issue of shares	1,690,454	407,625,000
Redemption of shares	-	(55,316,108)
Treasury shares	(3,773,523)	-
Increase in net assets resulting from net share transactions	<u>(2,083,069)</u>	<u>352,308,892</u>
Total increase in net assets	27,383,445	388,851,865
Net assets at start of period	1,264,437,956	606,123,240
Net assets at end of period	<u>1,291,821,401</u>	<u>994,975,105</u>

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

STATEMENTS OF CASH FLOWS

For the period ended 31 MARCH 2008 and for the period
ended 31 MARCH 2007 (unaudited)

	3 Months ended 31 March 2008 US\$	3 Months ended 31 March 2007 US\$
Operating and investing activities		
Net increase in net assets resulting from operations	48,299,901	36,542,973
Adjustments for:		
Realized gain on investments	(322,349)	(825,000)
Non cash interest income on investments	17,335,537	(17,637,901)
Unrealized (gains) / losses	(2,102,367)	(1,205,047)
Operating cash flows before movements in working capital	63,210,722	16,875,025
(Increase) in receivables	(20,324,213)	(847,708)
Increase in payables	303,532	35,283,815
Cash flows from operations	43,190,041	51,311,132
Proceeds from repayments on investments	-	58,125,736
Purchase of investments	-	(459,751,775)
Cash flows from operating and investing activities	43,190,041	(350,314,907)
Financing activities		
Proceeds from issue of shares	1,690,454	407,625,000
Payments on redemption of shares	-	(55,316,108)
Treasury shares	(3,773,523)	-
Dividends paid to shareholders	(18,833,387)	-
Receipts from repurchase and swap agreements	(37,635,646)	54,230,565
Bank overdraft	(11,459,362)	-
Cash flows from financing activities	(70,011,464)	406,539,457
Net (decrease)/increase in cash and cash equivalents	(26,821,423)	56,224,550
Cash and cash equivalents at beginning of period	209,237,922	117,859,435
Effect of exchange rate fluctuations on cash and cash equivalents	17,755	(47,881)
Cash and cash equivalents at end of period	182,434,254	174,036,104

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**FOR THE PERIOD ENDED 31 MARCH 2008 AND FOR THE PERIOD
ENDED 31 MARCH 2007**

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TETRAGON FINANCIAL GROUP LIMITED
STATEMENTS OF ASSETS AND LIABILITIES
as at 31 March 2008 (unaudited)

	31 March 2008 US\$	31 December 2007 US\$
Assets		
Investment in Master Fund	1,214,831,555	1,188,220,992
Amounts receivable from Master Fund	100,951	416,429
Total assets	<u>1,214,932,506</u>	<u>1,188,637,421</u>
Liabilities		
Accrued incentive fee	2,235,377	-
Amounts payable on treasury shares	100,951	416,429
Total liabilities	<u>2,336,328</u>	<u>416,429</u>
Net assets	<u>1,212,596,178</u>	<u>1,188,220,992</u>
Equity		
Share capital	118,250	118,455
Share Premium	1,103,440,255	1,104,465,395
Capital Reserve in respect of share options	11,789,336	11,789,336
Earnings	97,248,337	71,847,806
	<u>1,212,596,178</u>	<u>1,188,220,992</u>
Shares outstanding		
Participating shares	Number 118,249,913	Number 118,455,430
Net asset value per share		
Participating shares	US\$10.25	US\$10.03

TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF OPERATIONS

**For the period ended 31 March 2008 and for the period
ended 31 March 2007 (unaudited)**

	Quarter Ended 31 March 2008 US\$	Quarter Ended 31 March 2007 US\$
Direct investment income		
Interest income	-	289
Direct investment income	-	289
Investment income allocated from the Master Fund		
Interest income	54,479,827	32,152,571
Investment income allocated from the Master Fund	54,479,827	32,152,571
Total investment income	54,479,827	32,152,860
Direct expenses		
Management fees	-	(3,001,346)
Incentive fee	(2,235,377)	(4,712,136)
Custodian fees	-	(28,045)
Legal and professional fees	-	(3,149)
Directors' fees	-	(14,704)
Other operating expenses	-	(7,202)
Direct expenses	(2,235,377)	(7,766,582)
Operating expenses allocated from the Master Fund		
Management fees	(4,477,102)	-
Administration fees	(156,451)	-
Custodian fees	-	(109,530)
Audit fees	(64,856)	(17,245)
Directors' fees	(46,942)	(31,749)
Transfer agent fees	(37,195)	(12,445)
Other operating expenses	(342,276)	(9,477)
Interest expense	(4,880,342)	(3,361,325)
Operating expenses allocated from the Master Fund	(10,005,164)	(3,541,771)
Total operating expenses	(12,240,541)	(11,308,353)
Net investment income	42,239,286	20,844,507

TETRAGON FINANCIAL GROUP LIMITED
STATEMENTS OF OPERATIONS (continued)
For the period ended 31 March 2008 and for the period
ended 31 March 2007 (unaudited)

	Quarter Ended 31 March 2008 US\$	Quarter Ended 31 March 2007 US\$
Net realized and unrealized gain / (loss) from investments and foreign currencies allocated from the Master Fund		
Net realized gain / (loss) from:		
Investments	302,635	698,469
Foreign currency transactions	(9,294,274)	(1,842,485)
Credit default swaps	7,872,758	(45,692)
	<u>(1,118,881)</u>	<u>(1,189,708)</u>
Net increase / (decrease) in unrealized appreciation / (depreciation) on:		
Investments	(8,461,200)	-
Forward foreign exchange contracts	(5,205,781)	426,258
Credit default swaps	(454,178)	(1,050,179)
Translation of assets and liabilities in foreign currencies	16,094,945	1,644,150
	<u>1,973,786</u>	<u>1,020,228</u>
Net realized and unrealized gain / (loss) from investments and foreign currencies allocated from the Master Fund	854,905	(169,479)
Net increase in net assets resulting from operations	<u>43,094,191</u>	<u>20,675,028</u>
Earnings per Share		
Basic	0.36	-
Diluted	0.36	-
Weighted average Shares outstanding	Number	Number
Basic	118,176,422	-
Diluted	118,176,422	-

TETRAGON FINANCIAL GROUP LIMITED
STATEMENTS OF CHANGES IN NET ASSETS
For the period ended 31 March 2008 and for the period
ended 31 March 2007 (unaudited)

	3 Months ended 31 March 2008 US\$	3 Months ended 31 March 2007 US\$
Total investment income	54,479,828	32,152,860
Total operating expenses	(12,240,542)	(11,308,353)
Net realized (loss) from investments and foreign currencies allocated from the Master Fund	(1,118,881)	(1,189,708)
Net unrealized gain from investments and foreign currencies allocated from the Master Fund	1,973,786	1,020,228
Net increase in net assets resulting from operations	<u>43,094,191</u>	<u>20,675,028</u>
Dividends paid to shareholders	(17,693,660)	-
Issue of redeemable preference shares	-	331,904,271
Issue of participating shares *	2,748,179	-
Redemptions of redeemable preference shares	-	(46,746,194)
Treasury shares	(3,773,524)	-
(Decrease) / Increase in net assets resulting from net share transactions	<u>(1,025,345)</u>	<u>285,158,167</u>
Total increase in net assets	24,375,186	305,833,195
Net assets at start of period	1,188,220,992	476,959,524
Net assets at end of period	<u>1,212,596,178</u>	<u>782,792,719</u>

*Issue of participating shares include Shares issued under the Exchange Agreement and the Dividend Reinvestment Plan.

TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF CASH FLOWS

**For the period ended 31 March 2008 and for the period
ended 31 March 2007 (unaudited)**

	3 Months ended 31 March 2008 US\$	3 Months ended 31 March 2007 US\$
Operating and investing activities		
Net increase in net assets resulting from operations	43,094,191	20,675,028
Adjustments for:		
Net unrealized appreciation on investments in Master Fund	(27,635,908)	(28,441,321)
Net unrealized loss on investments	(1,973,786)	(1,020,228)
Net realized appreciation on investments in Master Fund	(302,635)	1,189,708
Operating cash flows before movements in working capital	<u>13,181,862</u>	<u>(7,596,814)</u>
Decrease in receivables	315,478	-
Increase/(Decrease) in accrued expenses	1,919,899	(7,350,683)
Cash flows from operations	<u>15,417,239</u>	<u>(14,947,497)</u>
Net sale/(purchase) of investments	<u>3,301,766</u>	<u>(270,209,568)</u>
Cash flows from operating and investing activities	<u>18,719,005</u>	<u>(285,157,065)</u>
Financing activities		
Proceeds from issue of redeemable preference shares	2,748,179	331,904,271
Payments on redemptions of redeemable preference shares	-	(45,517,375)
Treasury shares	(3,773,524)	-
(Increase) in equalization credit payable	-	(1,228,729)
Dividends paid to shareholders	(17,693,660)	-
Cash flows from financing activities	<u>(18,719,005)</u>	<u>285,158,167</u>
Net increase in cash and cash equivalents	-	1,102
Cash and cash equivalents at beginning of period	-	269
Cash and cash equivalents at end of period	<u>-</u>	<u>1,371</u>