UNAUDITED INTERIM REPORT

TETRAGON FINANCIAL GROUP LIMITED

(FORMERLY KNOWN AS TETRAGON CREDIT INCOME FUND LIMITED)

FOR THE PERIOD ENDED 30 JUNE 2007

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED INTERIM REPORT
FOR THE PERIOD ENDED 30 JUNE 2007

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TETRAGON FINANCIAL GROUP LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS	Patrick Dear Rupert Dorey* Reade Griffith (appointed 26 April 2007) David Jeffreys* Byron Knief* Lee Olesky* David Wishnow
REGISTERED OFFICE	Dorey Court Admiral Park St. Peter Port Guernsey Channel Islands
INVESTMENT MANAGER	Polygon Credit Management LP 399 Park Avenue New York, NY 10022 United States of America
ADMINISTRATOR, SECRETARY AND REGISTRAR	Kleinwort Benson (Channel Islands) Fund Services Limited P.O. Box 44 St. Peter Port Guernsey Channel Islands GY1 3BG
MEDIA RELATIONS	Finsbury Limited 45 Moorfields London EC2Y 9AE United Kingdom

* Non-executive directors

AUDITORS	KPMG Channel Islands Limited 20 New Street St. Peter Port Guernsey Channel Islands GY1 4AN
LEGAL ADVISERS (AS TO U.S. AND U.K. LAW)	Akin Gump Strauss Hauer & Feld One Ropemaker Street London EC2Y 9AW United Kingdom
LEGAL ADVISERS (AS TO U.S. LAW)	Cravath, Swaine & Moore LLP One Ropemaker Street London EC2Y 9HR United Kingdom
LEGAL ADVISERS (AS TO GUERNSEY LAW)	Ogier Ogier House St. Julian's Avenue St. Peter Port Guernsey Channel Islands GY1 1WA
LEGAL ADVISERS (AS TO DUTCH LAW)	De Brauw Blackstone Westbroek N.V. Tripolis Burgerweeshuispad 301 1076 HR Amsterdam The Netherlands

TETRAGON FINANCIAL GROUP LIMITED

INVESTMENT MANAGER'S REPORT
For the period ended 30 June 2007

In this Investment Manager's Report, unless otherwise stated we report on the consolidated business incorporating Tetragon Financial Group Limited, Tetragon Financial Group LP and Tetragon Financial Group Master Fund Limited.

H1 2007 results at a glance:

- **Overview:** The portfolio performed well in the first six months of 2007. During the period we significantly increased the size of our portfolio. At the same time the weighted-average internal rates of return (IRRs) in the portfolio increased as we continued to build a portfolio predominantly exposed to senior secured loans, financed through selective investments in collateralized debt obligation (CDO) vehicles.

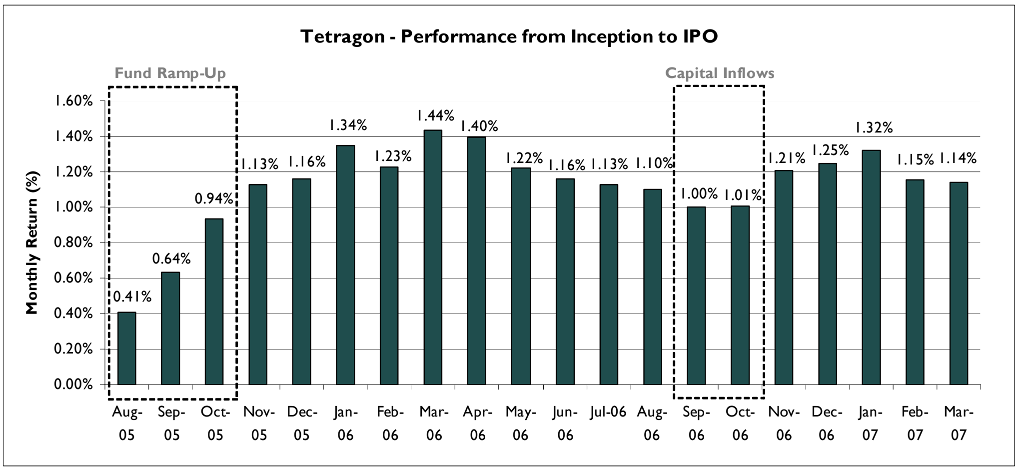
Financial results – Net Income

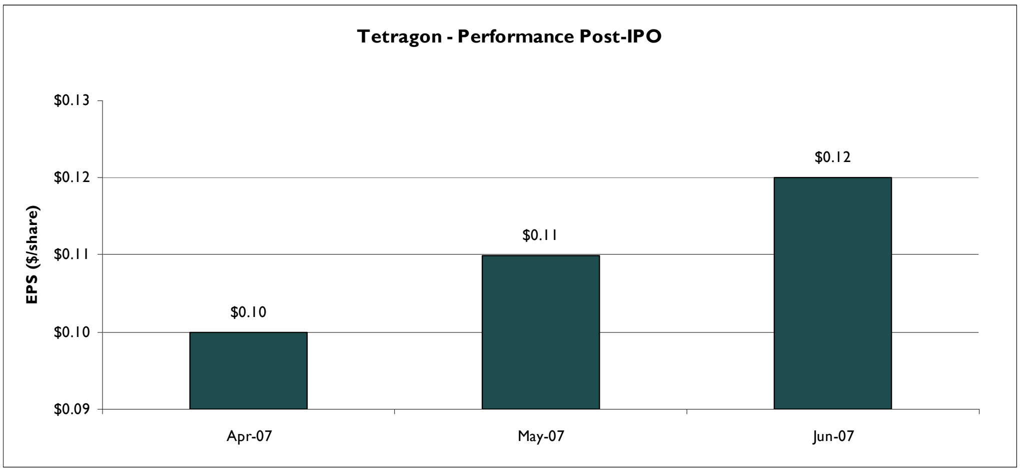
- **Net Income:** In the first six months of 2007, consolidated net income was $66.8 million, an increase of nearly seven times over the corresponding period in 2006 when $9.7 million was earned. Income growth was driven by our larger portfolio of deals, further boosted by higher IRRs on those deals.

- **Expenses:** Consolidated operating expenses, excluding incentive fees were ($17.8 million) in the first half of the year, or 19.2% of gross investment income. In the same period in 2006 consolidated expenses were ($3.9 million) which was 27.4% of gross investment income. This reduction as a percentage of investment income reflects the relative reduction in interest expense as the company has increased the portfolio size without a corresponding increase in borrowing.

- **Earnings per Share:** Since the global offering and its conversion to a closed ended entity on 26 April, Tetragon Financial Group Limited (TFG) has generated EPS of $0.24. On a monthly basis we have seen EPS grow to $0.12 in June from $0.10 in April (using an implied weighted average share number for April). Comparable EPS is not available for the same period in 2006 as TFG was operating as an open-ended company with multiple share classes.

- **Dividend:** On 30 July, 2007 the Board of TFG declared a dividend of $0.15 per share in respect of Q2 2007. An Optional Stock Dividend plan will be in operation, allowing shareholders to elect to receive this in the form of additional TFG shares.





Notes:

1. August 2005-June 2006 reflects illustrative performance using Class A share performance and adjusting to reflect Class C levels of management fee and incentive fee.
2. July 2006-March 2007 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) base 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.

Financial results – Net Assets

- **Net Assets:** Consolidated net assets have more than doubled to $1.26 billion up from $0.59 billion at the end of 2006. Significant new capital was raised in both Q1, when Tetragon was an open-ended hedge fund, and at the time of the Global Offering in April 2007. In addition, strong net income drove the net assets higher.

- **NAV per Share:** Current NAV per share for TFG is $10.08, up from $9.85 at the end of April 2007. Comparisons with the pre global offering NAV per share are not meaningful.

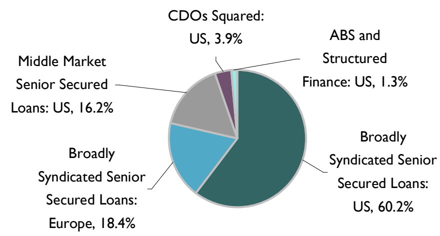
Portfolio Summary

- **New Deals:** During the first half of 2007 the investment portfolio grew to $1.4 billion from $0.79 billion as a further 22 transactions settled, bringing the total settled transactions to 65.

- **Portfolio composition:** The portfolio continued to be largely composed of CDO equity with underlying exposure to senior secured loans. As at the end of June, 94.8% of risk capital was invested in broadly syndicated and middle market secured loans across both the US and European markets. On a look-through basis this gave the portfolio exposure to approximately $15 billion of leveraged loans across 1,600 corporate obligors, up from $8.75 billion at the end of 2006. The balance of risk capital was invested in CDO^2 transactions (3.9%) and ABS and structured finance CDOs (1.3%).

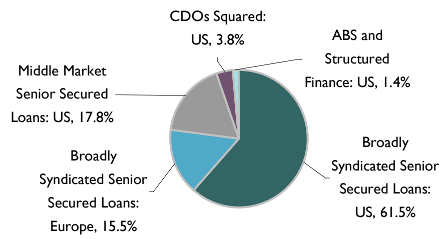
Capital Allocation by Asset Class (June 2007)	Risk Capital Allocation
Broadly Syndicated Senior Secured Loans: US	60.2%
Broadly Syndicated Senior Secured Loans: Europe	18.4%
Middle Market Senior Secured Loans: US	16.2%
CDOs Squared: US	3.9%
ABS and Structured Finance: US	1.3%
Total	**100%**

Asset Class Allocation



Capital Allocation by Asset Class (December 2006)	Risk Capital Allocation
Broadly Syndicated Senior Secured Loans: US	61.5%
Broadly Syndicated Senior Secured Loans: Europe	15.5%
Middle Market Senior Secured Loans: US	17.8%
CDOs Squared: US	3.8%
ABS and Structured Finance: US	1.4%
Total	**100%**

Asset Class Allocation



- **IRRs:** The weighted-average IRR on closed CDO transactions climbed from 16.1% at 31 December 2006 to 16.5% at the end of June 2007, reflecting the continued ability to source good investments.

- **Life-to-Date Actual vs. Accrued Collateral Gains/(Losses):** The benign credit environment continued during the period, allowing further loss reserves to be built up. Actual life-to-date collateral losses as of June 2007 remained well below accrued levels, with the portfolio registering a $0.4 million gain relative to $60.6 million of expected losses to date. As at 31 December, 2006 there were gains in the portfolio of $1.5 million relative to $22.7 million of expected losses.

Portfolio Summary (continued)

- **Leverage:** As at the end of June 2007 the ratio of investments at fair value (less accrued interest) to consolidated net assets was 1.08. This has fallen from 1.27 at December 2006 as the proceeds of the global offering were put to work. The current reduced leverage also reflects a desire to retain the ability to be able to take advantage of any opportunities offered up by the market.

Market Developments

- **Defaults:** The first half of 2007 witnessed an unprecedented seven month default-free streak in the leveraged loan market, as the S&P lagging 12-month default rate fell to 0.15% on a principal-weighted basis and 0.29% by number of loans at the end of June 2007. These levels are significantly below the historical per-annum average of 3.17% (since June 2003).

- **Credit Exposure**: Although defaults reached historical lows at the end of June 2007, we expect that risk premia will be built back into the credit markets as the present default environment moves toward average historical levels. The end of June 2007 brought the first signs of this anticipated spread widening as investors won increased spread concessions and structural improvements. We expect that TFG's portfolio is positioned to benefit from a spread widening environment, in which our transactions' pre-payment proceeds would be reinvested at higher spreads, while benefiting from active default-risk management and term financing locked-in at historically tight levels. Although the volume of loan prepayments due to corporate refinancing activity may decrease from current levels, M&A and restructuring activity is expected to continue at healthy levels and to generate meaningful rates of portfolio turnover.

- **Deal Pipeline - Leveraged Loans and CLOs**: Leveraged loan issuance was strong during the first half of 2007 with $390 billion of institutional and pro-rata loans brought to market, representing an increase of 55% over the same period in 2006. As of the end of the second quarter, however, the market began to exhibit clear signs of a supply-demand imbalance and growing investor concern with loan structures and credit quality levels. We expect that the record-breaking pace of loan market growth will slow during the second half of the year, as technical supply-demand forces are brought into equilibrium and new clearing levels and structures are negotiated by market participants.

  CLO issuance was also strong during the period with $125 billion issued year-to-date. It is expected, however, that the year-to date pace of CLO issuance will not continue through the end of the year as the market becomes more discriminating with respect to the underlying credit quality and structures as well as portfolio managers. As Tetragon only invests with what it perceives to be top-tier CLO managers, we are confident that we will be able to continue to construct an attractive pipeline of investments.

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF ASSETS AND LIABILITIES
as at 30 June 2007 (unaudited)

	Note	30 June 2007 US$	31 Dec 2006 US$
Assets			
Cash and cash equivalents		-	269
Investment in Master Fund	3	1,058,744,542	490,175,214
Total assets		1,058,744,542	490,175,483
Liabilities			
Accrued audit fees		-	12,600
Accrued directors' fees		-	14,701
Accrued custodian fees		-	8,463
Accrued incentive fee	4	3,647,536	5,600,924
Equalization credit	5	-	7,579,271
Total liabilities		3,647,536	13,215,959
Net assets		1,055,097,006	476,959,524
Equity			
Share capital	6	104,641	4,035
Share Premium	7	966,945,376	452,612,694
Capital Reserve in respect of share options	8	11,789,336	-
Earnings	11	76,257,653	24,342,795
		1,055,097,006	476,959,524
Shares outstanding		Number	Number
Class A	6	-	3,501,654
Class B	6	-	10,473
Class C	6	-	522,374
Participating shares	6	104,641,245	-
Net asset value per share			
Class A		-	US$117.84
Class B		-	US$122.53
Class C		-	US$120.67
Participating shares		US$10.08	-

The accompanying notes are an integral part of the financial statements.

The above has been signed on behalf of the Board of Directors by Rupert Dorey and David Jeffreys on 30 July 2007.

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF OPERATIONS

For the period ended 30 June 2007 (unaudited)

	Note	Period ended 30 June 2007 US$	Period ended 30 June 2006 US$
Direct investment income			
Interest income		1,366	1,915
Direct investment income		1,366	1,915
Investment income allocated from the Master Fund			
Interest income		73,528,353	5,399,619
Investment income allocated from the Master Fund		73,528,353	5,399,619
Total investment income		73,529,719	5,401,534
Direct expenses			
Management fees	8	(4,046,952)	-
Incentive fee	4	(9,743,470)	(815,545)
Custodian fees		(38,878)	(10,500)
Audit fees		(7,093)	(6,299)
Directors' fees		(19,552)	(27,000)
Other operating expenses		(7,201)	(1,922)
Direct expenses		(13,863,146)	(861,266)
Operating expenses allocated from the Master Fund			
Management fees	8	(2,674,281)	(452,543)
Administration fees		(226,178)	(89,131)
Custodian fees		(1,783)	-
Legal and professional fees		(43,799)	(19,233)
Audit fees		(78,752)	(19,368)
Directors' fees		(48,890)	(10,546)
Other operating expenses		(23,986)	(11,434)
Interest expense		(6,882,026)	(868,695)
Operating expenses allocated from the Master Fund		(9,979,695)	(1,470,950)
Total operating expenses		(23,842,841)	(2,332,216)
Net investment income		49,686,878	3,069,318

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF OPERATIONS (continued)
For the period ended 30 June 2007 (unaudited)

	Note	Period ended 30 June 2007	Period ended 30 June 2006
Net realized and unrealized gain / (loss) from investments and foreign currencies allocated from the Master Fund		**US$**	**US$**
Net realized gain / (loss) from:			
Investments		654,789	-
Foreign currency transactions		(5,388,085)	(393,282)
Credit default swaps		(648,554)	(37,842)
		(5,381,850)	(431,124)
Net increase / (decrease) in unrealized appreciation / (depreciation) on:			
Investments		828,695	-
Forward foreign exchange contracts		912,794	(319,504)
Credit default swaps		493,977	(11,840)
Translation of assets and liabilities in foreign currencies		5,374,364	866,100
		7,609,830	534,756
Net realized and unrealized gain / (loss) from investments and foreign currencies allocated from the Master Fund		2,227,980	103,632
Net increase in net assets resulting from operations		51,914,858	3,172,950
Earnings per Share			
Basic	10	US$0.24	-
Diluted	10	US$0.24	-
Weighted average Shares outstanding		**Number**	**Number**
Basic	10	104,641,245	-
Diluted	10	104,641,245	-

The accompanying notes are an integral part of the financial statements.

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF CHANGES IN NET ASSETS
For the period ended 30 June 2007 (unaudited)

	Period ended 30 June 2007	Period ended 30 June 2006 US$
Total investment income	73,529,719	5,401,534
Total operating expenses	(23,842,841)	(2,332,216)
Net realized gain / (loss) from investments and foreign currencies allocated from the Master Fund	(5,381,850)	(431,124)
Net unrealized gain / (loss) from investments and foreign currencies allocated from the Master Fund	7,609,830	534,756
Net increase in net assets resulting from operations	51,914,858	3,172,950
Issue of redeemable preference shares during the period	331,904,271	45,166,456
Issue of shares through global offering	300,000,000	-
Redemptions of redeemable preference shares	(90,204,825)	-
Global offering costs	(15,476,822)	-
Increase in net assets resulting from net share transactions	526,222,624	45,166,456
Total increase / (decrease) in net assets	578,137,482	48,339,406
Net assets at start of period / year	476,959,524	30,758,161
Net assets at end of period / year	1,055,097,006	79,097,567

The accompanying notes are an integral part of the financial statements.

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF CASH FLOWS
For the period ended 30 June 2007 (unaudited)

	Period ended 30 June 2007 US$	Period ended 30 June 2006 US$
Operating and investing activities		
Net increase in net assets resulting from operations	51,914,858	3,172,950
Adjustments for:		
Net unrealized appreciation on investments in Master Fund	(50,299,816)	(4,032,301)
Operating cash flows before movements in working capital	1,615,042	(859,351)
Decrease in accrued expenses	(1,989,152)	(6,450,104)
Cash flows from operations	(374,110)	(7,309,455)
Net purchase of investments	(518,269,512)	(45,386,807)
Cash outflows from operating and investing activities	(518,643,622)	(52,696,262)
Financing activities		
Issue of redeemable preference shares during the period	331,904,271	45,166,456
Issue of shares through global offering	300,000,000	-
Redemptions of redeemable preference shares	(90,204,825)	-
(Decrease) / Increase in equalization credit payable	(7,579,271)	7,548,973
Global offering costs	(15,476,822)	-
Cash inflows from financing activities	518,643,353	52,715,429
Net (decrease) / increase in cash and cash equivalents	(269)	19,167
Cash and cash equivalents at beginning of period	269	-
Cash and cash equivalents at end of period	-	19,167

Note 1 General Information

Tetragon Financial Group Limited (the "Company") was registered in Guernsey on 23 June 2005 as a company limited by shares under the provisions of the Companies Law, with registered number 43321. All voting shares of the Company are held by Polygon Credit Holdings II Limited (the "Voting Shareholder").

The registered office of the Company is Dorey Court, Admiral Park, St. Peter Port, Guernsey, Channel Islands.

On 30 March 2007 the Company changed its name from Tetragon Credit Income Fund Limited to Tetragon Financial Group Limited.

Following the global offering, the Company listed on the Euronext Amsterdam Stock Exchange on 19 April 2007, with the shares settling on 26 April 2007. In all cases the post global offering structure is assumed to commence on settlement date.

The Company acts as a feeder fund in a "master feeder structure" investing substantially all of its assets in Tetragon Financial Group Master Fund Limited (the "Master Fund").

The investment objective of the Company is to generate distributable income and capital appreciation primarily through investments (directly or indirectly) in the "equity" or residual tranches of a broad range of CDO (Collaterized Debt Obligations) products and other securitization vehicles.

Note 2 Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("USGAAP").

The Company's investment in the Master Fund is valued at fair value, which is the Company's proportionate interest in the net assets of the Master Fund. The performance of the Company is directly affected by the performance of the Master Fund. The Company's Statement of Operations includes its pro-rata share of each type of gain, loss, income and expense of the Master Fund's Statement of Operations. Attached are the audited financial statements of the Master Fund, which are an integral part of these financial statements. As at 30 June 2007, the Company had 83% (2006: 81%) ownership interest in the Master Fund.

Basis of Presentation (continued)

For financial statement reporting purposes, Tetragon Financial Group Fund Limited is an investment company and follows the American Institute of Certified Public Accountants Audit and Accounting Guide for Investment Companies (the "Guide").

The accounting policies have been consistently applied by the Company during the period ended 30 June 2007 and are consistent with those used in the previous period. The financial statements are presented in United States Dollars.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes, including the valuation of investments. The Company's management believes that the estimates utilized in preparing the consolidated financial statements are reasonable and prudent; however, actual results could differ materially from these estimates.

Valuation of Investments

The value of the investment in the Master Fund is based on the accounting net asset value per share obtained from the Master Fund's administrator.

Expenses

Expenses, including management fees, incentive fees, administration fees and prime broker fees, are recognized in the statement of operations on an accrual basis.

Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged GBP600 per annum.

The Company adopted FIN 48 as issued by the Financial Accounting Standards Board ("FASB"). FIN 48 requires companies to recognize the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. The tax benefit recognized is the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The adoption of FIN 48 did not have an impact on the Fund's financial statements as there were no cases that required examination.

Capital expenses

The preliminary expenses of the Company directly attributable to the global offering are charged to the share premium account.

Share options granted to the Investment Manager are treated as a capital expense on the basis that they are granted by the Company as a fee for the Investment Manager's work in successfully arranging the global offering and the associated of new capital for the Company. The fair value of such options is charged to the share premium account. The share premium account is credited with the fair value of such options at the time that such options are vested.

Note 3 Investment in Master Fund

The Master Fund at the year end held investments in securities, at fair value, cash and cash equivalents, forward contracts, credit default swaps, repurchase / swap agreements and other receivables and payables. As at 30 June 2007 the Company had an investment of US$1,058,744,542 (2006: US$490,175,214) in the Master Fund with a cost of US$974,880,453 (2006: US$456,610,941).

Note 4 Incentive fee

Following the global offering, the Company pays the Investment Manager an incentive fee for each Calculation Period (a period of three months ending on 31 March, 30 June, 30 September and 31 December in each year) equal to 25% of the increase in the Net Asset Value of the Company during the Calculation Period (before deduction of any dividend paid during such Calculation Period) above the Reference Net Asset Value (as defined below) plus a Hurdle.

The Hurdle for current calculation periods ending prior to 25 April 2008 will equal (i) the Reference NAV multiplied by (ii) the Hurdle Rate, where the Hurdle Rate is equal to 8% per annum multiplied by the actual number of days in the calculation period divided by 365. For calculation periods ending after 26 April 2008 the Hurdle Rate will be determined by 3-month USD LIBOR determined as of 11:00 a.m. London time on the first London business day of the then current Calculation Period, plus the Hurdle Spread of 2.647858%.

The “Reference NAV” is the greater of (i) NAV at the end of the Calculation Period immediately preceding the current Calculation Period and (ii) the NAV as of the end of the Calculation Period immediately preceding the Calculation Period referred to in clause (i). For the purposes of determining Reference NAV at the end of a Calculation Period, NAV shall be adjusted by the amount of accrued dividends and incentive fees to be paid with respect to that Calculation Period.

Note 4 Incentive fee (continued)

The Incentive Fee in respect of each Calculation Period is calculated by reference to the Net Asset Value before deduction of any accrued Incentive Fee. The Incentive Fee is normally payable in arrears within 14 calendar days of the end of the Calculation Period. If the Investment Management Agreement is terminated other than at the end of a Calculation Period, the date of termination will be deemed to be the end of the Calculation Period.

The Incentive Fee for the period ended 30 June 2007 was US$9,743,470 (30 June 2006: US$815,545). As at 30 June 2007 US$3,647,536 was outstanding (31 December 2006: US$5,600,924).

Note 5 Equalization credit

Prior to the global offering, Equalization Credits were generated on share purchases when the net asset value per share was greater than the High Watermark. Immediately following the end of each fiscal year, and at the time of the global offering, the remaining Equalization Credits were applied to purchase additional shares for the respective shareholder. After the closing of the global offering, Equalization is no longer generated on share purchases or issuance. As of 30 June 2007, the Equalization Credit payable was US$nil (31 December 2006: US$7,579,271).

Note 6 Share Capital

During the period the shareholders of the Company passed a resolution amending its articles of association to modify, among other things, its capital structure. Prior to this resolution the Company had an authorized share capital is US$50,000 divided into 10 Founder Shares, par value US$0.001 per share and 49,999,990 unclassified shares, par value US$0.001 per share. Unclassified shares were available for issue either as Class A, Class B, Class C or Nominal Shares.

10 Founder Shares in issue were issued at par and were beneficially owned by the Principal Manager. The issued Class A, Class B and Class C shares were equal to the net assets of the Company, when it was an open ended investment company.

Authorized

After the change in the capital structure the Company has an authorized share capital of $1,000,000 divided into 10 Voting Shares, having a par value of $0.001 each and 999,999,990 non-voting shares (which are the "Shares" referred to herein), having a par value of $0.001 each. Shares are issuable either as certificated shares or uncertificated shares, and in both cases as registered shares. Shares are only transferable pursuant to regulations that the Directors may adopt in their discretion.

Voting Shares

The 10 Voting Shares in issue were issued at par and are owned by Polygon Credit Holdings II Limited (the "Voting Shareholder"), which is a non-U.S. affiliate of the Investment Manager.

The Voting Shares are the only shares of the Company entitled to vote for the election of Directors and on all other matters put to a vote of Shareholders, subject to the limited rights of the Shares described below. The Voting Shares are not entitled to receive dividends.

Shares

The Shares are not entitled to vote on any matter. The Shares carry a right to any dividends or other distributions declared by the Company.

The Directors, upon the recommendation of the Investment Manager and with prior approval of a resolution of Voting Shares, may allot, issue or otherwise dispose of Shares to such persons, at such times, for such consideration and on such terms and conditions as they deem necessary or desirable. There are no pre-emption rights attaching to any Shares. The Directors, upon the recommendation of the Investment Manager, may grant options over the Shares. The Company may repurchase Shares and hold Shares as Treasury Shares.

	Voting Shares No.
At start or period	-
Issued	10
Redeemed	-
Shares in issue at 30 June 2007	10

	Class A No.	Class B No.	Class C No.	Participating Shares
Shares in issue at 31 December 2005	298,485.068	2,500.000	-	-
Issued	3,203,168.560	7,973.349	522,374.326	-
Redeemed	-	-	-	
Shares in issue at 31 December 2006	3,501,653.628	10,473.349	522,374.326	-
Issued	1,905,763.232	21,872.856	628,582.164	30,000,000
Redeemed	(551,737.267)	-	-	-
Converted	(4,855,679.593)	(32,346.205)	(1,150,956.490)	74,641,245
Shares in issue at 30 June 2007	-	-	-	104,641,245

Note 7 Share Premium

	30 June 2007 US$	31 Dec 2006 US$
Balance at start of period/year	452,612,694	30,242,843
Premium arising from net issue of Shares	529,809,503	422,369,852
Expenses of issue of Shares	(15,476,822)	-
Balance at end of period/year	966,945,376	452,612,694

Note 8 Related party transactions

On 26 April the Company entered into an irrevocable Exchange Agreement with Tetragon Financial Group L.P (the "U.S. Feeder"). The Exchange Agreement provides that at the request of a holder of Partnership interests of the U.S. Feeder, the Company will acquire the Partner's associated holding of Master Fund Units in exchange for non-voting shares of the Company. A U.S. Feeder Partner may request to make an exchange at any time on or after the 26 April 2007. Exchanges are subject to no conditions other than delivery of appropriate requested documentation.

The Company has appointed Polygon Credit Management LP, a Delaware limited partnership (the "Investment Manager"), to manage the Company's investment programmes. The investment activities of the Investment Manager are subject to the overall supervision, control and policies of the Directors.

For the period to 25 April 2007 the management fee was charged directly to the Company. The Principal Manager was entitled to receive management fees equal to (i) two percent (2%) per annum of the Net Asset Value per Class A and Class B Share and (ii) one and one-half percent (1.5%) per annum of the Net Asset Value per Class C Share, in each case calculated on a Share-by-Share basis and payable monthly in advance prior to the deduction of any accrued incentive fees applicable to such Class. After the closing of the closing of the global offering on 25 April 2007, the Investment Manager is entitled to receive management fees equal to 1.5% per annum of the Net Asset Value of the Company. The management fee is charged to the Master Fund and allocated pro rata between the Company and Tetragon Financial Group LP (the "U.S. Feeder"), based on the Company's and the U.S. Feeders ownership of the Master Fund.

From 1 January 2006 to 25 April 2007 expenses which relate wholly and specifically to the individual Feeders were charged to the Feeder to which they relate. These include custodian, directors', audit, and other legal and regulatory fees. After the closing of the global offering, all fees and expenses of the

Note 8 Related party transactions (continued)

Company, except for the incentive fees for the Investment Manager, are paid by the Master Fund and allocated pro rata between the Company and the U.S. Feeder, based on the Company's and the U.S.

Feeder's percentage ownership of the Master Fund, including management fees and administration fees of each of the Company and the U.S. Feeder. An incentive fee is paid to the Investment Manager as disclosed in Note 4.

The Company invests substantially all of its assets in Tetragon Financial Group Master Fund Limited, a Guernsey based closed-ended investment company which the same Investment Manager as the Company.

The remuneration for Directors shall be determined by resolution of the Voting Shareholder. Initially, the Directors' annual fee shall be $50,000, in compensation for service on the Boards of Directors of both the Company and the Master Fund. The Master Fund will pay the Directors' fees. The Polygon Directors have waived their entitlement to a fee. The Directors are entitled to be repaid by the Company all travel, hotel and other expenses reasonably incurred by them in the discharge of their duties. None of the Directors has a contract with the Company or the Master Fund providing for benefits upon termination of employment.

Polygon Credit Holdings II Limited (the "Voting Shareholder") is an affiliate of Polygon and the Investment Manager and holds all of the Voting Shares. As a result of its ownership and the degree of control that it exercises, the Voting Shareholder will be able to control the appointment and removal of the Company's Directors. Affiliates of Polygon also control the Investment Manager and, accordingly, control the Company's business and affairs.

In recognition of the work performed by the Investment Manager in successfully arranging the global offering and the associated raising of new capital for the Company, the Company granted to Polygon Credit Management L.P. options to purchase 12,545,330 of the Company's non-voting shares at an exercise price per share equal to the Offer Price (US$10). The Investment Management Options are fully vested and immediately exercisable on the date of admission to the Euronext Stock Exchange and will remain exercisable until the 10th anniversary of that date. The aggregate fair value of the options granted at the time of the global offering was US$11,789,336. The per share fair value of stock options granted during 2007 was US$0.94 on the date of grant using the Binomial-pricing model with the following average assumptions: expected dividend yield 8%, risk-free interest rate of 5.306%, an expected life of five years and a volatility of 17.5%.

Note 9 Dividends

	30 June 2007 **US$**
Proposed interim dividend for the period ended 30 June 2007 of US$0.15 per share	15,696,187

The interim dividend was proposed by directors on 30 July 2007 and has not been included as a liability in these financial statements.

Note 10 Earnings per share

	30 June 2007 **US$**
The calculation of the basic and diluted earnings per share is based on the following data:	
Earnings for the purposes of basic earnings per share being net profit attributable to shareholders for the period from the closing of the global offering on 25 April 2007	25,045,944
Weighted average number of Shares for the purposes of basic earnings per share	104,641,245
Effect of dilutive potential Shares:	
Share options	-
Weighted average number of Shares for the purposes of diluted earnings per share	104,641,245

Note 11 Earnings

	30 June 2007 US$	31 Dec 2006 US$
Balance at start of period/year	24,342,795	538,459
Net increase in net assets resulting from operations for the period	51,914,858	23,804,336
Balance at end of period/year	76,257,653	24,342,795

Note 12 Change of Name

On 30 March 2007 the Fund changed its name from Tetragon Credit Income Fund Limited to Tetragon Financial Group Fund Limited.

Note 13 Approval of financial statements

The Directors approved the financial statements on 30 July 2007.

TETRAGON FINANCIAL GROUP LIMITED

FINANCIAL HIGHLIGHTS

For the period ended 30 June 2007 (unaudited)

The following represents selected per share operating performance of the Company, ratios to average net assets and total return information for the period ended 30 June 2007.

30 June 2007	**Shares***	**Clas A ** **	**Class B****	**Class C****
	US$	**US$**	**US$**	**US$**
Per share operating performance				
Net asset value at start of year / initial issue date	9.84	117.84	122.53	120.67
Net investment income (excl performance fee)	0.25	5.08	6.53	5.81
Performance fee	(0.04)	-	-	-
Net realized and unrealized gain / (loss) from investments and foreign currencies	0.03	(0.20)	(0.22)	(0.22)
Net asset value at the end of the period	10.08	122.72	128.85	126.26
Total return before performance fee	2.83%	5.12%	5.15%	5.46%
Performance fee	(0.36%)	(0.98%)	-	(0.83%)
Total return after performance fee	2.47%	4.14%	5.15%	4.64%
Ratios and supplemental data				
Ratio to average net assets:				
Direct operating expenses (see Note 8)	-	(0.64%)	(0.64%)	(0.48%)
Operating expenses allocated from the Master Fund (see Note 8)	(0.56%)	(0.66%)	(0.58%)	(0.55%)
Total operating expenses	(0.56%)	(1.30%)	(1.22%)	(1.03%)
Performance fee	(0.35%)	(0.97%)	-	(0.64%)
Net investment income	2.14%	4.26%	4.52%	3.73%

An individual shareholder's per share operating performance and ratios may vary from the above based on the timing of capital transactions.

* This share class came into existence as a result of the public offering. The performance shown is for the period from 26 April 2007 to 30 June 2007.

** Class A, Class B and Class C shares were converted into Shares at the date of the global offering. The performance shown is for the period from 1 January 2007 to 25 April 2007.

TETRAGON FINANCIAL GROUP LIMITED

FINANCIAL HIGHLIGHTS (continued)
For the year ended 31 December 2006 (unaudited)

The following represents selected per share operating performance of the Fund, ratios to average net assets and total return information for the year ended 31 December 2006.

31 December 2006	**Class A**	**Class B**	**Class C***
	US$	**US$**	**US$**
Per share operating performance			
Net asset value at start of year / initial issue date	102.18	103.08	113.02
Net investment income	15.75	19.54	7.69
Net realized and unrealized gain / (loss) from investments and foreign currencies	(0.09)	(0.09)	(0.04)
Net asset value at the end of the period	117.84	122.53	120.67
Total return before performance fee	19.17%	18.87%	7.74%
Performance fee	(3.84%)	-	(0.97%)
Total return after performance fee	15.33%	18.87%	6.77%
Ratios and supplemental data			
Ratio to average net assets:			
Direct operating expenses (see Note 8)	(1.82%)	(1.28%)	(0.77%)
Operating expenses allocated from the Master Fund (see Note 8)	(3.32%)	(3.32%)	(1.58%)
Total operating expenses	(5.14%)	(4.60%)	(2.35%)
Performance fee	(3.11%)	-	(0.94%)
Net investment income	12.48%	16.11%	6.60%

An individual shareholder's per share operating performance and ratios may vary from the above based on the timing of capital transactions.

* The Class C Shares of the Fund were issued on 1 July 2006. The ratios and returns have not been annualized.

TETRAGON FINANCIAL GROUP LIMITED

SCHEDULE OF INVESTMENTS
as at 30 June 2007 (unaudited)

Security Description	Nominal /Shares	Cost US$	Fair Value US$	% of Net Assets
Investment Funds - Guernsey				
Tetragon Financial Group Master Fund Limited – redeemable preference shares	104,641,245	974,880,453	1,058,744,542	100.35%
Total Investments			1,058,744,542	100.35%
Other Assets and Liabilities			(3,647,536)	(0.35%)
Net Assets			1,055,097,006	100.00%

TETRAGON FINANCIAL GROUP LIMITED

SCHEDULE OF INVESTMENTS (continued)
as at 31 December 2006

Security Description	Nominal /Shares	Cost US$	Fair Value US$	% of Net Assets
Investment Funds - Guernsey				
Tetragon Credit Income Master Fund Limited – redeemable preference shares	3,957,433	456,610,941	490,175,214	102.77%
Total Investments			490,175,214	102.77%
Cash and cash equivalents			269	0.00%
Other Assets and Liabilities			(13,215,959)	(2.77%)
Net Assets			476,959,524	100.00%