

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2012

April 26, 2012

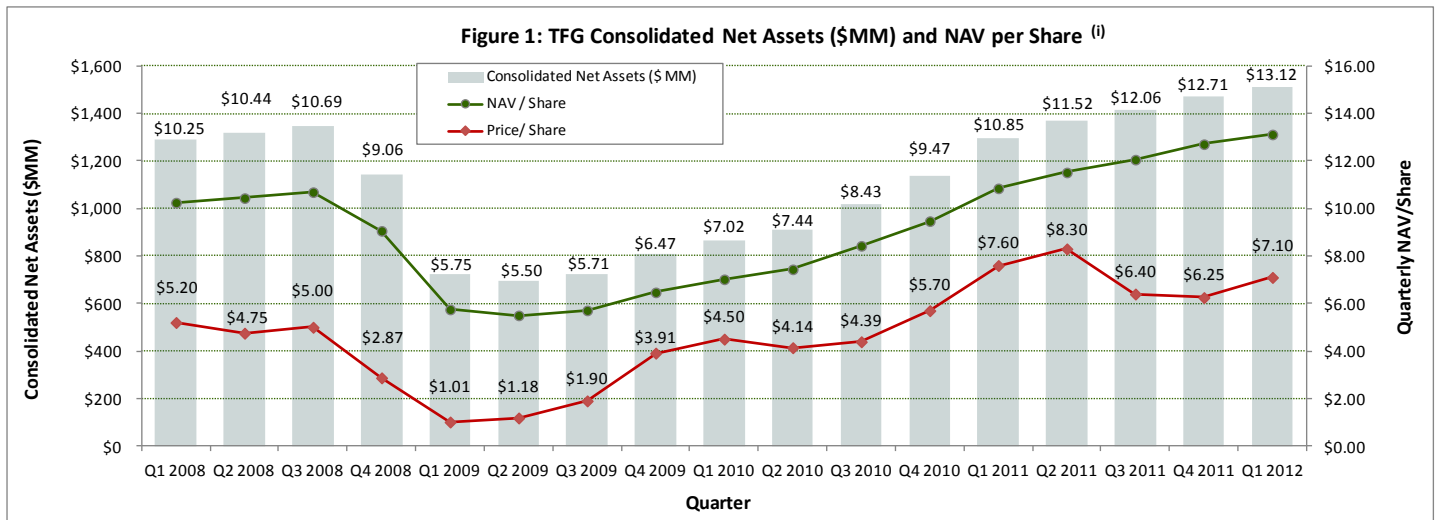
Tetragon Financial Group Limited (TFG) is a Guernsey closed-ended investment company traded on NYSE Euronext in Amsterdam under the ticker symbol "TFG." ⁽ⁱ⁾ In this report we provide an update on TFG's results of operations for the period ending March 31, 2012.

❖ Executive Summary:

TFG posted another strong quarter of results, although as expected the pace of growth has slowed compared to the dramatic recovery period of early 2011.

- ❖ **Earnings per Share:** TFG generated EPS of \$0.46 during Q1 2012 (Q4 2011: \$0.69).
- ❖ **Distributions:** TFG declared a Q1 2012 dividend of \$0.105 per share, unchanged from Q4 2011. The company also used over \$9.1 million to buy back shares below NAV during the quarter.
- ❖ **Net Asset Value ("NAV"):** Rose to \$1,510.1 million or \$13.12 per share at Q1 2012, the highest level to date, and an increase of 3.2%, on a per share basis, from Q4 2011.

Figure 1 below shows an historical summary of TFG's Net Assets, NAV per share and share price.



(i) Source: NAV per share based on TFG's financial statements as of the relevant quarter-end date; TFG's closing share price data as per Bloomberg as of the last trading day of each quarter. Please note that the NAV per share reported as of each quarter-end date excludes any shares held in treasury as of that date.

- **Net Income:** Consolidated net income of \$53.4 million for Q1 2012 (Q4 2011: consolidated net income of \$80.3 million).

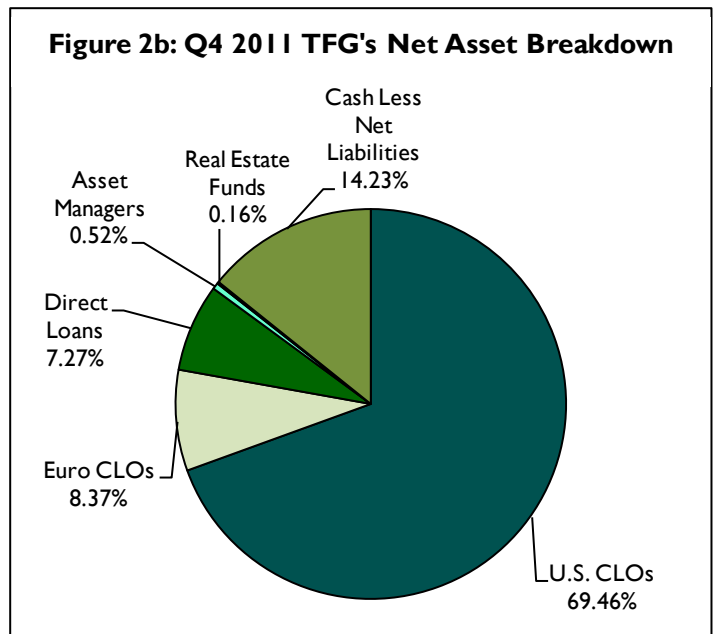
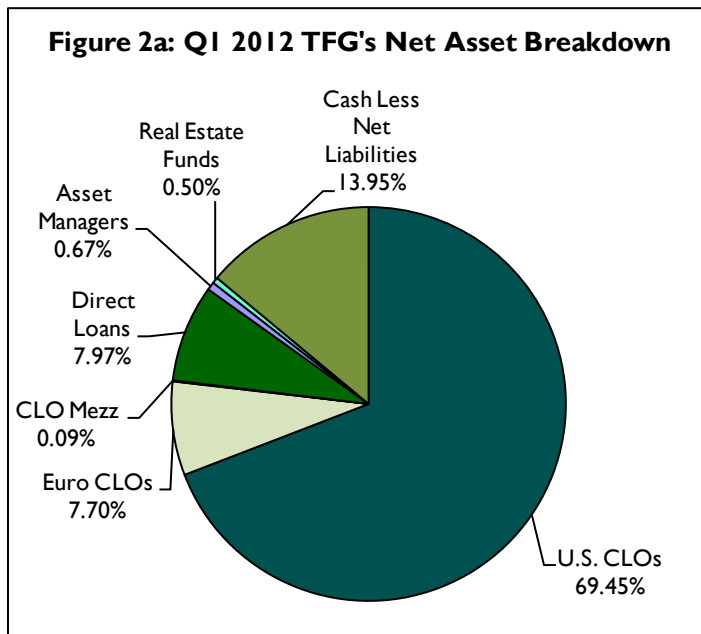
This Performance Report constitutes TFG's interim management statement as required pursuant to Section 5:25e of the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*, "FMSA"). Pursuant to Section 5:25e and 5:25m of the FMSA, this report is made public by means of a press 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).

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❖ Executive Summary (continued):

- ❖ **Asset Breakdown:** The figures below illustrate the split of net assets by asset class at the end of Q1 2012 (\$1,510,100,263) and Q4 2011 (\$1,474,355,249), respectively.



Investment Portfolio Performance Highlights

TFG's U.S. CLO and direct loan portfolios continued to perform strongly in Q1 2012, although the comparatively small European CLO portfolio continued to underperform.

- ❖ **Cash Flows:** TFG generated \$102.6 million of cash flows from its CLO equity investment portfolio in Q1 2012 (Q4 2011: \$113.2 million).
- ❖ **Collateral Performance:** TFG's average CLO portfolio statistics performed well during Q1 2012 with low default and CCC-asset holding levels. This was driven by continued improvements in the credit quality of TFG's U.S. CLOs, which offset the credit deterioration experienced by TFG's European CLOs.
- ❖ **CLO Returns:** Weighted-average IRRs on CLO equity investments remained broadly unchanged at 17.5% (Q4 2011: 17.6%) with U.S. average IRRs increasing to 19.7% while the average IRR of TFG's European CLOs declined to below 8.0%.

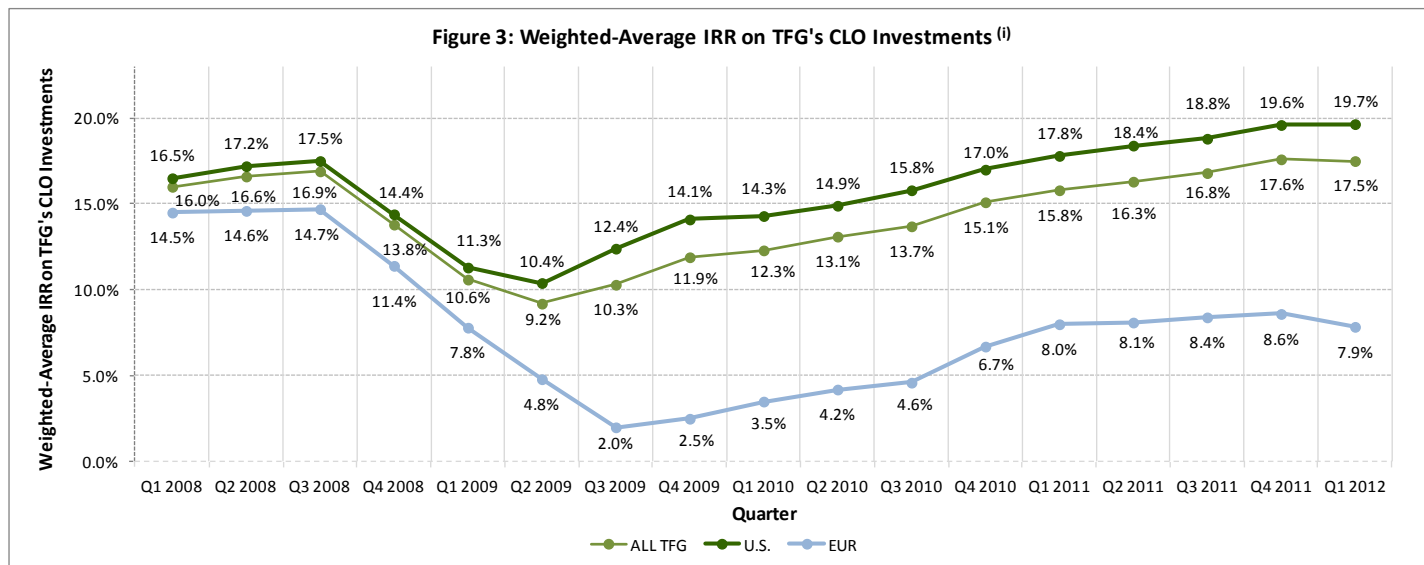
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❖ Executive Summary (continued):

Investment Portfolio Performance Highlights (continued):

Figure 3 below shows an historical summary of the weighted-average IRR on TFG's CLO equity investments.



(i) Source: TFG as of the outlined quarter-end date.

- **New CLO Equity Investments:** During Q1 2012 we continued to be active in the primary CLO market, investing \$42.3 million into two new CLO equity positions, including a \$19.4 million majority position in the equity tranche of a new issue CLO managed by LCM, LCM X. During the course of Q1 2012, we also sold a small U.S. CLO equity position, totaling approximately \$0.2 million, at a price which generated a 50.2% realized IRR (including interim cash flows).
- **New CLO Mezzanine Debt Investments:** As mentioned in previous reports, early in Q1 2012 we invested approximately \$1.1 million in a mezzanine debt tranche of a U.S. CLO already represented within TFG's CLO equity portfolio. The investment continues to perform as expected and is current on all interest payments.⁽²⁾
- **Direct Loans:** TFG held direct loans with a fair value of \$120.3 million at the end of Q1 2012, up from \$107.1 million as of the end of Q4 2011. The direct loan portfolio performed well during this period, experiencing no defaults and benefiting from market value gains.
- **Real Estate Investments:** During Q1 2012 TFG invested a further \$5.1 million into GreenOak-managed real estate.

We continue to seek to diversify the investment portfolio across asset classes and types, industries, geographies and investment duration.

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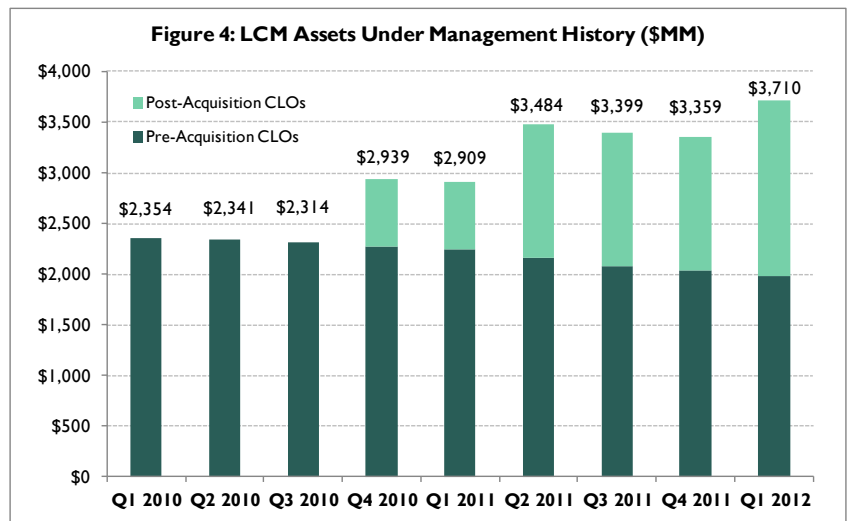
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❖ Executive Summary (continued):

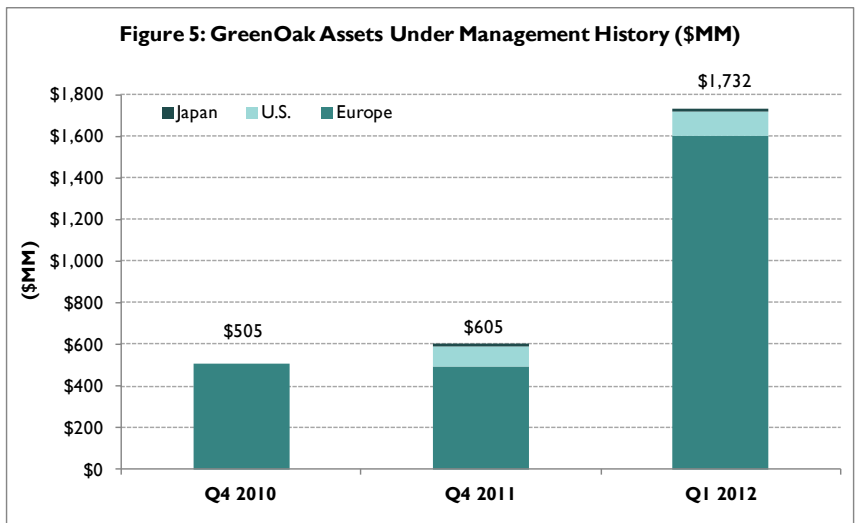
Asset Management Segment: Q1 2012 saw continued growth in both asset management businesses.

We believe that TFG owning or having stakes in asset management businesses may provide repeatable income streams and reduced fees paid to third-party managers.

LCM: LCM continued to perform well during Q1 2012, with all of LCM Cash Flow CLOs ⁽³⁾ that were still within their reinvestment periods ⁽⁴⁾ continuing to pay senior and subordinated management fees. With the addition of LCM X, LCM's total loan assets under management rose to over \$3.7 billion (Q4 2011: \$3.4 billion).



GreenOak: In Q1 2012 GreenOak achieved dramatic growth of its assets under management, with closings for its U.S. and Japanese funds and the winning of an investment mandate over a significant portfolio of European real estate related securities.



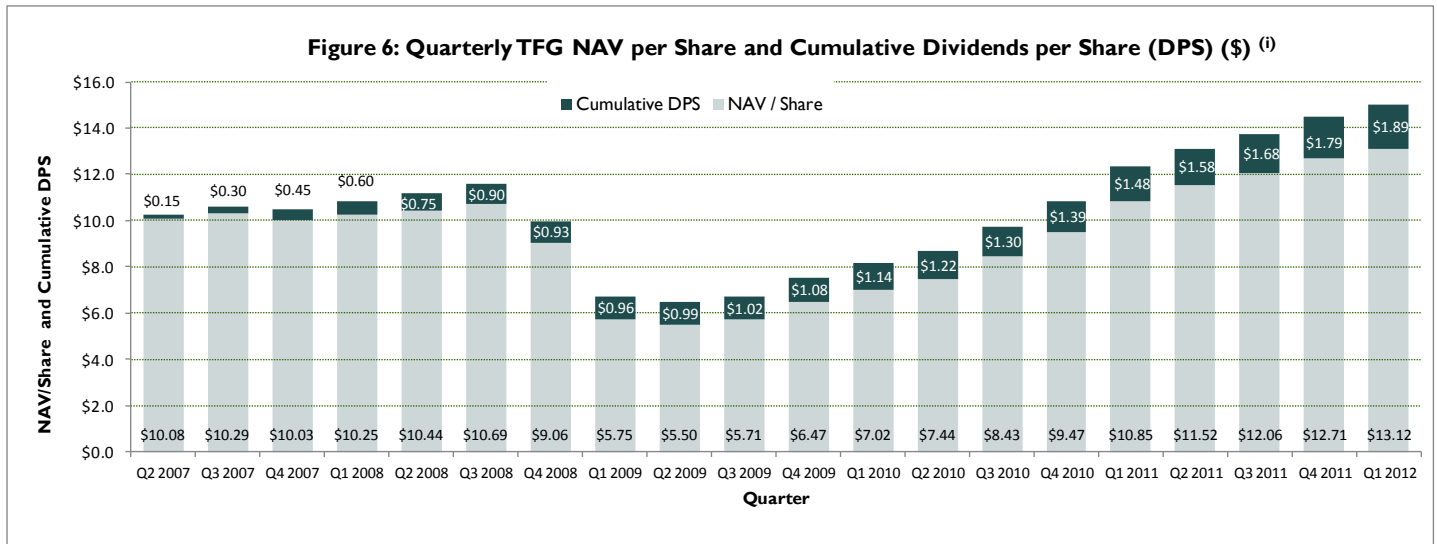
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❖ Corporate-Level Performance Details:

- **Capital Distributions:** TFG's Board approved a dividend of \$0.105 per share with respect to Q1 2012, unchanged from the prior quarter. As of March 31, 2012, inclusive of the dividend declared with respect to Q1 2012, the rolling 12-month dividend growth rate (year-on-year) was 20.6%. ⁽⁵⁾

Since its public listing, TFG has distributed or declared a cumulative amount of approximately \$1.89 per share via quarterly dividends. In addition, TFG's NAV per share, as reported each quarter, among other things, reflects value created for shareholders via the repurchase of shares below NAV. During Q1 2012, TFG repurchased a total of 1,357,627 shares at an aggregate cost of approximately \$9.1 million, at an average price of \$6.73 per share. Since the inception of the buy-back program in 2008, TFG has repurchased a total of 17,458,169 shares, at an aggregate cost of approximately \$91.1 million, at an average price of \$5.22 per share. Please refer to *Figure 6* and *Figure 7* for a summary of TFG's historical NAV per share, dividend distributions, and share buy-back program.



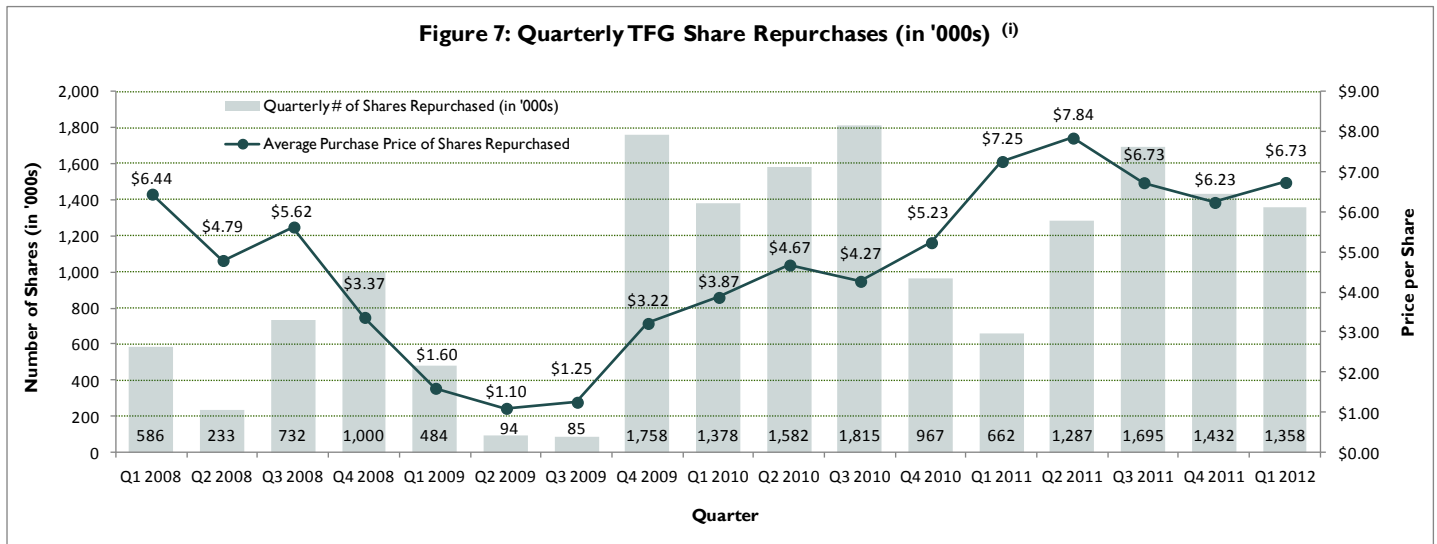
(i) Source: NAV per share and Cumulative DPS as per TFG's financial disclosures for each relevant quarter-end date. The cumulative DPS reflect dividends announced with respect to each relevant quarter. Please note that dividends announced with respect to each quarter are typically not distributed to shareholders until the beginning of the following quarter. Please note further that the NAV per share reported as of each quarter-end date excludes any shares held in treasury as of that date.

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❖ Corporate-Level Performance Details (continued):

▪ Capital Distributions (continued):



(i) The Average Purchase Price of Shares Repurchased is a weighted-average using the number of shares repurchased each quarter and including commissions.

Performance Fee

A performance fee of \$13.9 million was accrued in Q1 2012 in accordance with TFG's investment management agreement and based on a "Reference NAV" of Q4 2011. The hurdle rate for Q2 2012 incentive fee has been reset at 3.1160% (Q1 2012: 3.2304%) as per the process outlined in TFG's 2011 Audited Financial Statements and in accordance with TFG's investment management agreement.⁽⁶⁾

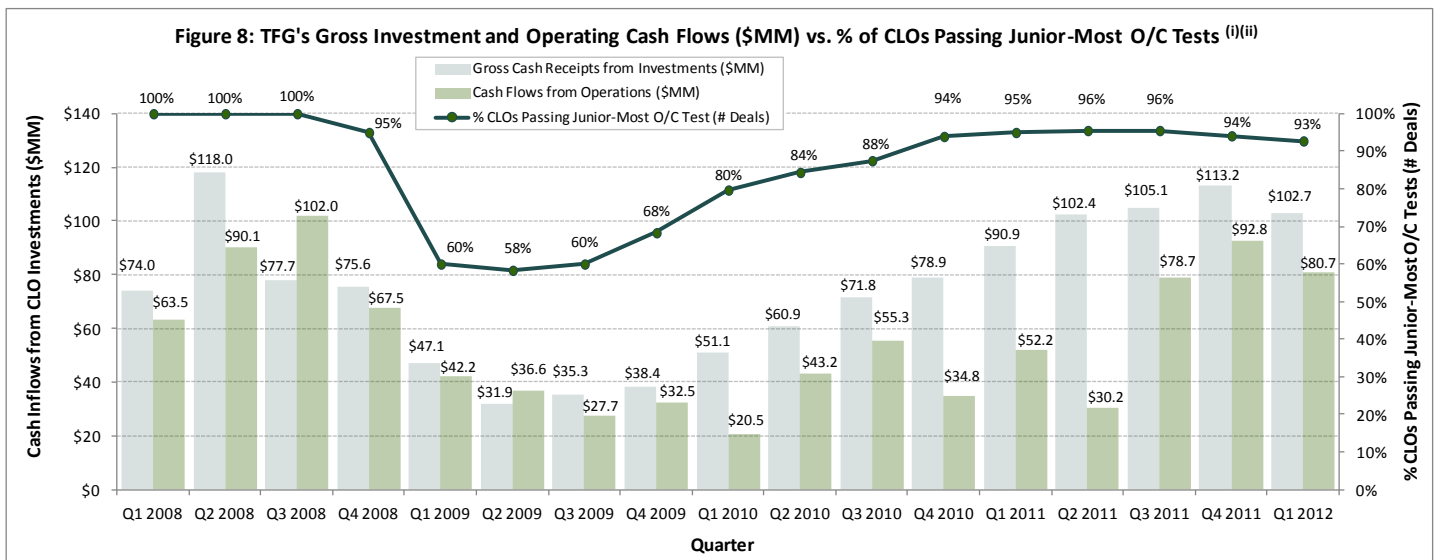
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❖ Investment Portfolio Performance Details:

- CLO Portfolio Size:** At the end of Q1 2012 the estimated total fair value of TFG's CLO equity investment portfolio was approximately \$1,160.3 million (\$1,044.1 million of U.S. and \$116.2 million of European investments), up from \$1,147.4 million as of the end of the prior quarter (\$1,024.0 million of U.S. and \$123.4 million of European investments). TFG's total indirect exposure to leveraged loans through its CLO equity investments was approximately \$18.8 billion as of the end of Q1 2012.⁽⁷⁾
- CLO Portfolio Composition:** 78 transactions as of the end of Q1 2012, up from 77 as of the end of the prior quarter, reflecting the closing of two new issue CLO equity investments and the sale of one position. The number of deals in the portfolio increased to 69 from 68 as of the end of the prior quarter. The number of external CLO managers remained unchanged from Q4 2011, at 27.⁽⁸⁾
- CLO Collateral Performance:** At the end of Q1 2012, approximately 97% of TFG's CLO investments were passing their junior-most O/C tests, weighted by fair value.⁽⁹⁾ Similarly, 64 or approximately 93% were passing when weighted by the number of deals. Both of the foregoing statistics were unchanged from the end of the prior quarter.

100% of TFG's U.S. CLOs were passing their junior-most O/C tests (note that U.S. CLOs represented approximately 90.0% of the total fair value of TFG's CLO equity investment portfolio as of March 31, 2012).⁽¹⁰⁾⁽¹¹⁾ In comparison, the market-wide average of U.S. CLOs estimated to be passing their junior O/C tests as of the end of Q1 2012 was approximately 96.0% (when measured on a percentage of deals basis).⁽¹²⁾ Please refer to *Figure 8* below for a summary of TFG's investments' historical junior O/C test performance.



- (i) The percentage of TFG's CLOs passing their junior-most O/C tests has been calculated as the ratio of the number of deals passing their junior O/C tests to the total number of CLO deals held by TFG as of the applicable quarter-end date.
- (ii) Gross Cash Receipts from Investments refer to the actual cash receipts collected during each quarter from TFG's CLO investments. Cash Flows from Operations refer to cash inflows from investments less expenses and net cash settlements on FX and credit hedges.

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❖ Investment Portfolio Performance Details (continued):

- **CLO Portfolio Credit Quality:** The weighted-average WARF across all of TFG's CLO equity investments stood at approximately 2,588 as of the end of Q1 2012. Each of these foregoing statistics represents a weighted-average summary of all of our 69 deals.⁽¹³⁾ Each individual deal's metrics will differ from these averages and vary across the portfolio.

ALL CLOs	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Caa1/CCC+ or Below Obligors:	6.2%	7.0%	7.0%	7.2%	7.6%	8.3%	9.6%	10.5%	11.1%	12.0%	12.6%	11.6%	11.4%
WARF:	2,588	2,624	2,614	2,642	2,664	2,671	2,658	2,706	2,762	2,809	2,813	2,800	2,758

US CLOs	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Caa1/CCC+ or Below Obligors:	4.8%	5.5%	5.5%	5.8%	6.5%	6.9%	7.9%	8.4%	9.4%	12.0%	12.8%	11.9%	12.1%
WARF:	2,504	2,533	2,522	2,542	2,591	2,622	2,610	2,648	2,719	2,799	2,824	2,831	2,810

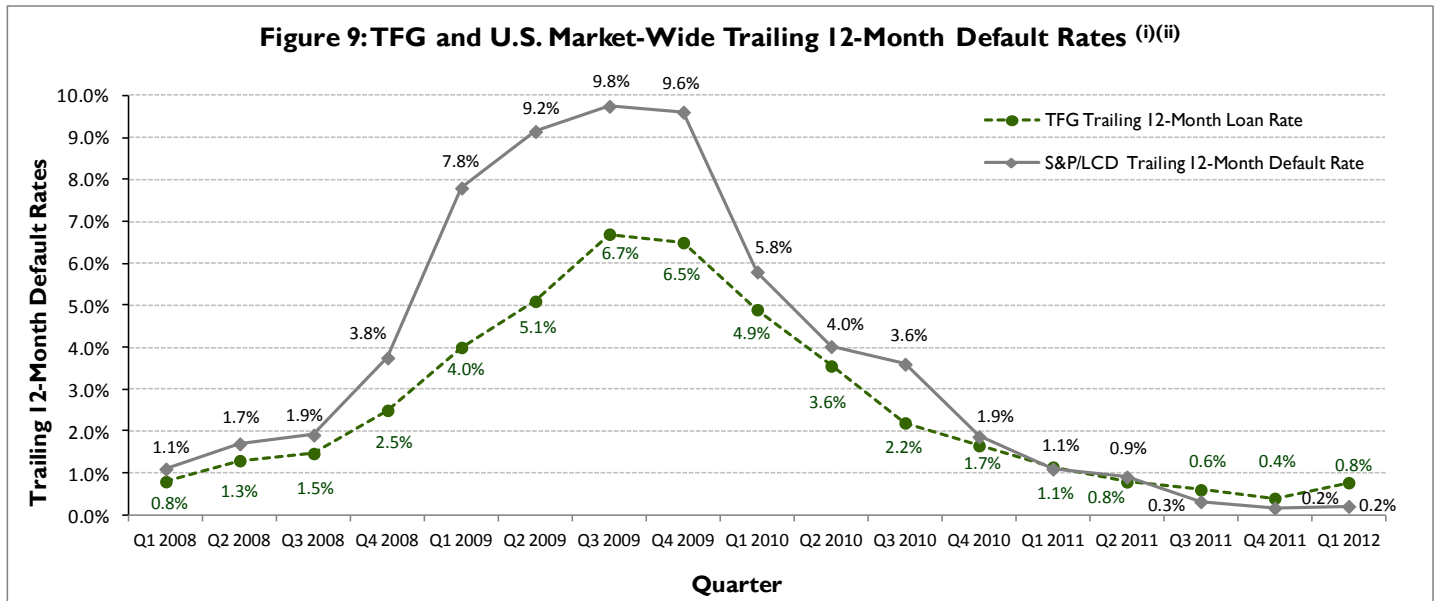
EUR CLOs	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Caa1/CCC+ or Below Obligors:	11.1%	12.3%	12.0%	12.3%	11.4%	13.1%	15.3%	17.4%	16.8%	15.6%	12.0%	10.8%	8.8%
WARF:	2,900	2,948	2,941	2,997	2,914	2,837	2,817	2,898	2,907	2,845	2,779	2,696	2,587

- **TFG and Market Default Rates:** TFG's lagging 12-month corporate loan default rate rose to 0.8% during Q1 2012.⁽¹⁴⁾ By geography, TFG's U.S. CLO equity and direct loan investments registered a lagging 12-month default rate of 0.5%, with European CLO equity investments at 2.3%. By comparison, the lagging 12-month U.S. institutional loan default rate rose to 0.21% by principal amount as of March 31, 2012, according to S&P/LCD, up from approximately 0.17% during the prior quarter.⁽¹⁵⁾ The lagging 12-month default rate for the S&P European Leveraged Loan Index (ELLI) stood 5.3% as of the end of March 31, 2012.⁽¹⁶⁾ Please refer to *Figure 9* on the following page for a historical summary of TFG's CLO equity and direct loan investments' default performance.

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❖ Investment Portfolio Performance Details (continued):



(i) Source: TFG as of the outlined quarter-end date. 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 in the S&P/LCD lagging 12-month U.S. institutional loan default rate discussed above. Furthermore, TFG's CLO equity and direct loan investment portfolio includes approximately 9.1% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's corporate default rate.

(ii) Source: S&P/LCD Quarterly Review as of the outlined quarter-end date.

- **Direct Loan Investments:** As of March 31, 2012, TFG owned liquid U.S. bank loans with an aggregate par amount of approximately \$122.2 million and total fair value of \$120.3 million. The underlying businesses performed well during the quarter, with the loan portfolio trading up to approximately 99% of par from an average price of 96% of par, and with no defaults registered in the portfolio. For the quarter, there were net realized gains of approximately \$0.1 million. In addition, the portfolio earned \$1.4 million of interest income and discount premium during the first quarter.
- **Real Estate Investments:** TFG has funded a small portion of its investment capital commitments to GreenOak's investment projects, totaling approximately \$7.5 million from inception through the end of Q1 2012 to finance investments in Japan, the U.S., and Europe.

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❖ Asset Management Platform Details:

- **LCM Developments:** LCM's operating results and financial performance remained strong throughout Q1 2012, with all LCM Cash Flow CLOs that were within their reinvestment periods ⁽¹⁷⁾ current on their senior and subordinated management fees as of March 31, 2012. Taking into account all LCM-managed vehicles, the gross income for Q1 2012 for LCM totaled \$4.4 million. Pre-tax profit for the entire LCM business, of which TFG owns 75%, was approximately \$2.0 million as of the same period (2011 quarterly average of \$2.1 million). TFG continues to leverage and benefit from the LCM team's expertise in the ongoing management of the company's direct loan investment portfolio.

LCM Asset Management Performance Snapshot

	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Gross Fee Income (\$MM)	\$4.4	\$4.3	\$4.4	\$3.9	\$3.8	\$3.4	\$3.0	\$2.9	\$3.3
Pre-tax Income (\$MM)	\$2.0	\$2.2	\$2.2	\$1.9	\$1.9	\$1.1	\$1.4	\$1.4	\$1.9

- **GORE Real Estate Developments:** GreenOak continued to execute on its business growth strategy, including the addition of significant new investment management and advisory engagements. The company had a second closing of its U.S. fund and the first closing of a Japanese fund in Q1 2012. GreenOak also added significant assets under management by winning a mandate to manage a large portfolio of European real estate related securities. Additionally, GreenOak brought on certain investment professionals which previously managed those assets.

GreenOak's investment team is actively building a pipeline of interesting opportunities in the United States, Japan and Europe, which we expect to continue to materialize over the next several quarters.

We continue to seek to grow and expand our asset management businesses and capabilities as we further our efforts to transition the company to a broadly diversified financial services firm that benefits from diverse income streams. We continue to review potential market opportunities in this regard.

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❖ Loan and CLO Market Developments:

- **U.S. leveraged loan defaults pick-up but remain below the historical average:** The U.S. lagged 12-month loan default rate rose to 0.21% by principal amount as of March 31, 2012, up slightly from 0.17% as of Q4 2011.⁽¹⁸⁾ The early April 2012 default of *Hawker Beechcraft* caused this rate to rise to 0.51% by principal amount, a level which nonetheless remains well-below the historical average.⁽¹⁹⁾
- **U.S. prepayment rate accelerates, European repayments slow:** During Q1 2012, the U.S. S&P/LSTA Leveraged Loan Index quarterly repayment rate rose to 7.6% from 4.1% during Q4 2011, fueled by re-financing activity.⁽²⁰⁾ The S&P European Leveraged Loan Index quarterly repayment rate, on the other hand, declined to €2.9 billion during Q1 2012, down from €7.8 billion in Q4 2011.⁽²¹⁾
- **“Maturity wall” reduction continues:** During Q1 2012, U.S. S&P/LSTA Index issuers repaid or extended approximately \$39.0 billion of loan maturities due by the end of 2015, up from \$14.4 billion in Q4 2011.⁽²²⁾ This reduction was dominated by amend-to-extends and high yield bond take-outs.⁽²³⁾
- **Loan prices rise amid strong market conditions:** U.S. secondary loan prices rose during Q1 2012 resulting in a 3.76% U.S. S&P/LSTA Leveraged Loan Index return.⁽²⁴⁾ The S&P European Leveraged Loan Index (“ELLI”) index also gained, returning 4.36% (excluding currency effects), as investor sentiment improved and as low new issuance volumes and repayments led to a pick-up in demand.⁽²⁵⁾
- **U.S. loan issuance up on the quarter, European volumes subdued:** Institutional U.S. loan issuance more than doubled to approximately \$68.0 billion during Q1 2012, up from \$25.5 billion in Q4 2011.⁽²⁶⁾ European primary institutional loan issuance also rose modestly quarter-over-quarter, with €3.1 billion of leveraged loans issued in Q1 2012, compared with €2.6 billion in Q4 2012.⁽²⁷⁾
- **U.S. CLO O/C ratios improve while European weakness continues:** During Q1 2012, O/C ratios of U.S. CLOs strengthened on average. According to Morgan Stanley, the median junior O/C test cushion for U.S. CLOs increased to 4.09% as of March 31, 2012⁽²⁸⁾ up from 3.88% as of the end of the prior quarter.⁽²⁹⁾ The median junior O/C test cushion for European CLOs, however, decreased to 0.95% as of the end of Q1 2012,⁽³⁰⁾ down from 1.76% as of the end of Q4 2011.⁽³¹⁾
- **CLO debt prices post quarter-on-quarter gains:** Average secondary U.S. CLO debt prices rose across the capital structure at the end of Q1 2012 versus the prior quarter, with particularly significant price gains registered by mezzanine tranches, originally rated A to BB.⁽³²⁾
- **Primary arbitrage CLO issuance momentum builds:** U.S. arbitrage CLO issuance rose during Q1 2012 as 16 transactions totaling approximately \$6.4 billion were priced, up from 10 deals totaling \$4.3 billion issued during Q4 2011.⁽³³⁾ Furthermore, as noted by multiple research desks, the relative steepness of the current new issue U.S. CLO credit curve versus comparable asset classes leaves potential for both further spread tightening and credit curve flattening in new issue CLO spreads, which may be expected to support CLO issuance volumes by enhancing arbitrage levels.
- **U.S. CLO equity distributions remain robust:** U.S. CLO equity tranches saw continued strong distributions, supported by a low default environment, LIBOR floors, and the ability of managers to build excess spread and par via below-par reinvestments, among other factors.

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❖ Fair Value Determination for TFG's CLO Equity Investments:

- In accordance with the TFG's valuation policies as set forth on the company's website, the values of TFG's CLO equity investments are determined using a third-party cash flow modeling tool. The model contains certain assumption inputs that are reviewed and adjusted as appropriate to factor in how historic, current and potential market developments (examined through, for example, forward-looking observable data) might potentially impact the performance of TFG's CLO equity investments. Since this involves modeling, among other things, forward projections over multiple years, this is not an exercise in recalibrating future assumptions to the latest quarter's historical data.
- Subject to the foregoing, when determining the U.S. GAAP-compliant fair value of TFG's portfolio, the company seeks to derive a value at which market participants could transact in an orderly market and also seeks to benchmark the model inputs and resulting outputs to observable market data when available and appropriate. Please refer to the Annual Report for a more detailed description of the cash flow projection and discounting process.

❖ Forward-looking CLO Equity Cash Flow Modeling Assumptions Unchanged vs. Q4 2011:

- The Investment Manager reviews, and adjusts in consultation with TFG's audit committee, as appropriate, the CLO equity investment portfolio's modeling assumptions as described above. At the end of Q1 2012, these key assumptions were unchanged from the previous quarter.
- The key average assumption variables have been summarized in the table below. The modeling assumptions disclosed below are a weighted average (by U.S. dollar amount) of the individual deal assumptions, aggregated by geography (i.e., U.S. and European). Each individual deal's assumptions may differ from this geographical average and vary across the portfolio.

U.S. CLOs – Unchanged

Variable	Year	Current Assumptions
CADR		
	2012-2013	1.0x WARF-implied default rate (2.2%)
	2014	1.5x WARF-implied default rate (3.3%)
	2015-2016	1.5x WARF-implied default rate (3.3%)
	Thereafter	1.0x WARF-implied default rate (2.2%)
Recovery Rate		
	Until deal maturity	72%
Prepayment Rate		
	Until deal maturity	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price		
	2012	98%
	Thereafter	100%

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❖ Forward-looking CLO Equity Cash Flow Modeling Assumptions Unchanged vs. Q4 2011 (continued):

European CLOs - Unchanged

Variable	Year	Current Assumptions
CADR		
	2012-2014	1.5x WARF-implied default rate (3.1%)
	Thereafter	1.0x WARF-implied default rate (2.1%)
Recovery Rate		
	Until deal maturity	68%
Prepayment Rate		
	Until deal maturity	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price		
	Until deal maturity	100%

❖ Application of Discount Rate to Projected CLO Equity Cash Flows and ALR:

- In determining the applicable rates to use to discount projected cash flows, an analysis of observable risk premium data is undertaken. During Q1 2012 certain observable data and research, covering both CLO equity and debt tranches (including originally BB and BBB-rated debt tranches), suggested that risk premia on U.S. CLO equity declined. For example, according to Citibank research, the spread on originally BB-rated tranches declined from approximately 11.5% at the end of 2011 to 10.0% at the end of Q1 2012. We believe that TFG's discount rates for U.S. CLOs of 20.0% for strong deals, and 25.0% for the others, continued to represent an appropriate spread over mezzanine tranches.
- Per Citibank, European originally BB-rated tranche yields also moved tighter to less than 21.0% from 23.5% at 2011 year-end. Given the ongoing uncertainty surrounding Europe, TFG maintained its discount rate for all European deals at 30.0%.
- As a general rule, where the discount rate being applied to the future cash flows is greater than the IRR on a particular deal, the fair value for that deal will be lower than its amortized cost. The difference between these two figures, on an aggregate basis across the CLO equity portfolio has been characterized as the "ALR Fair Value Adjustment" or "ALR". Through the process described above, as of the end of Q1 2012, the total ALR stands at \$120.7 million, consisting of \$16.5 million for U.S. deals and \$104.2 million for European deals, as compared to \$128.7 million at the end of Q4 2011 (\$20.4 million for U.S. deals and \$108.3 million for European deals).
- The average carrying value of TFG's U.S. CLO equity investments, which accounted for approximately 90.0% of the CLO equity investment portfolio by fair value, was approximately \$0.77 on the dollar at end of Q1 2012, down from \$0.78 on the dollar at the end of Q4 2011.

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❖ **Application of Discount Rate to Projected CLO Equity Cash Flows and ALR (continued):**

- The average carrying value of the European deals fell from €0.44 per Euro as of the end of Q4 2011 to €0.40 per Euro as of the end of Q1 2012. It is important to note, however, that significant dispersion of carrying values exists across transactions within each geographic grouping, particularly in the case of Europe, with a range of carrying values of €0.04 to €0.67 per Euro.
- As discussed in the Annual Report, the applicable discount rate for the new vintage deals (issued after 2010) is determined with reference to each deal's specific IRR, which, in the absence of other observable data points, is deemed to be the most appropriate indication of the current risk premium on these structures. At the end of Q1 2012, the weighted average discount rate (and IRR) on these deals was 13.2%. Such deals represented approximately 9.4% of the CLO equity portfolio by fair value. We will continue to monitor observable data on these newer vintage transactions to determine whether the IRR remains the appropriate discount rate.

❖ **Hedging Activity:**

As of March 31, 2012, TFG had no direct credit hedges in place, but employed certain foreign exchange rate and "tail risk" interest rate hedges to seek to mitigate its exposure to Euro-USD foreign exchange risk and a potential significant increase in U.S. inflation and/or nominal interest rates, respectively. We review our hedging strategy on an on-going basis as we seek to address identified risks to the extent practicable and in a cost-effective manner.

❖ **Further Notice**

Please be advised that the Investment Manager is now registered as an investment adviser under U.S. Investment Advisers Act of 1940.

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG) **PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2012**

❖ **Summary and Outlook:**

Q1 2012 saw TFG post another strong quarter of results with each segment of the business performing well. Although the pace of NAV growth slowed during Q1 2012 compared with the growth seen during 2011, this was not unexpected as some of the conditions which had driven prior performance in the CLO portfolio began to normalize. Strong cash flows from the CLO portfolio also continued to underpin capital distributions to shareholders through the dividend and ongoing share buyback program.

LCM and GreenOak continued to add assets during the quarter. LCM's assets under management increased to over \$3.7 billion whilst GreenOak, the other component of our asset management platform, further strengthened its business and added approximately \$1.1 billion in assets under management during Q1 2012.

Going forward, the improved tone of the capital markets as well as continued positive trends in the U.S. leveraged loan and CLO markets, support our constructive view on the performance outlook for our existing U.S. CLO and direct loan portfolios, despite lingering global macroeconomic downside risks. We expect that our European CLO equity portfolio, however, may continue to face headwinds resulting from the region's poor growth prospects and residual fiscal issues. As stated previously TFG will continue to seek to take steps to diversify its investment portfolio across asset classes, types and geographies.

In addition to providing TFG with attractive new investment opportunities, the positive U.S. loan market may be beneficial for our asset management platform, as LCM seeks to raise fresh third party capital via CLO issuance during the remainder of 2012. So long as the CLO market is conducive to new deals, we believe that LCM may be able to bring to market further transactions, as it seeks to replace deals that are currently amortizing and increase its fee-generating assets under management. The growth of TFG's asset management platform remains a central goal for us, as we believe that it will strengthen and diversify TFG's income streams, creating value for the company's shareholders. We believe that TFG is well-positioned to capitalize on future opportunities in this space and to gain from potential synergies across the investment and asset management businesses.

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TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2012

❖ Quarterly Investor Call

We will host a conference call for investors on May 2, 2012 at 15:00 BST/10:00 EDT to discuss Q1 2012 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 via the following link <https://eventregl.conferencing.com/webportal3/reg.html?Acc=247751&Conf=183416>.

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 915874 and as an MP3 recording on the TFG website.

For further information, please contact:

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Expected Upcoming Events	Date
Q1 2012 Ex-Dividend Date	April 26, 2012
Q1 2012 Dividend Record Date	April 30, 2012
Quarterly Investor Call	May 2, 2012
April 2012 Monthly Report	May 21, 2012 (approx)
Q1 2012 Dividend Payment Date	May 22, 2012

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TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2012

TETRAGON FINANCIAL GROUP							
Financial Highlights							
	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Quarterly Average
Net income (\$MM)	\$53.4	\$80.3	\$67.3	\$88.1	\$174.7	\$132.0	\$99.3
EPS (\$)	\$0.46	\$0.69	\$0.57	\$0.74	\$1.46	\$1.09	\$0.83
CLO Cash receipts (\$MM) ⁽¹⁾	\$102.7	\$113.2	\$105.1	\$102.4	\$90.9	\$78.9	\$98.9
CLO Cash receipts per share (\$)	\$0.89	\$0.97	\$0.89	\$0.86	\$0.76	\$0.66	\$0.84
Net cash balance (\$MM)	\$224.8	\$211.5	\$155.6	\$67.7	\$147.0	\$140.6	\$157.9
Net assets (\$MM)	\$1,510.1	\$1,474.4	\$1,413.6	\$1,368.3	\$1,298.0	\$1,137.5	\$1,367.0
Number of shares outstanding (million) ⁽²⁾	115.1	116.0	117.2	118.8	119.6	120.1	117.8
NAV per share (\$)	\$13.12	\$12.71	\$12.06	\$11.52	\$10.85	\$9.47	\$11.62
NAV per share movement (% from prior quarter)	3.2%	5.4%	4.7%	6.2%	14.6%	12.3%	7.7%
DPS (\$)	\$0.105	\$0.105	\$0.10	\$0.10	\$0.09	\$0.09	\$0.10
Weighted average IRR on completed transactions (%)	17.5%	17.6%	16.8%	16.3%	15.8%	15.1%	16.5%
Number of CLO investments ⁽³⁾	78	77	75	75	74	70	75
ALR Fair Value Adjustment (\$MM)	(\$120.7)	(\$128.7)	(\$118.0)	(\$133.8)	(\$155.7)	(\$258.0)	(\$152.5)

⁽¹⁾ Gross cash receipts from CLO portfolio.

⁽²⁾ Excludes shares held in treasury.

⁽³⁾ 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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TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2012

TETRAGON FINANCIAL GROUP				
Quarterly Statement of Operations as at 31 March 2012				
Statement of Operations	Q1 2012 (\$MM)	Q4 2011 (\$MM)	Q3 2011 (\$MM)	Q2 2011 (\$MM)
Interest income	57.5	55.1	53.6	52.0
CLO management fee income	4.4	4.3	4.4	3.9
Other income	1.3	2.9	0.8	1.5
Investment income	63.2	62.3	58.8	57.4
Management and performance fees	(19.5)	(28.6)	(24.3)	(31.2)
Admin/ custody and other fees	(4.8)	(7.6)	(9.0)	(4.1)
Total operating expenses	(24.3)	(36.2)	(33.3)	(35.3)
Net investment income	38.9	26.1	25.5	22.1
Net change in unrealised appreciation in investments	16.2	58.5	50.5	65.0
Realised gain on investments	0.1	0.3	-	-
Realised and unrealised gains/(losses) from hedging and fx	(0.7)	(3.3)	(7.1)	2.4
Net realised and unrealised gains from investments and fx	15.6	55.5	43.4	67.4
Income taxes	(0.6)	(0.7)	(1.1)	(1.0)
Noncontrolling interest	(0.5)	(0.6)	(0.5)	(0.4)
Net increase in net assets from operations	53.4	80.3	67.3	88.1

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TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2012

TETRAGON FINANCIAL GROUP	
Balance Sheet as at 31 March 2012	
	Mar-12
	\$MM
Assets	
Investments in securities, at fair value	1,299.4
Intangible assets - CLO management contracts	0.1
Cash and cash equivalents	224.8
Amounts due from brokers	12.6
Derivative financial assets - interest rate swaptions	7.0
Other receivables	2.7
Total Assets	1,546.6
Liabilities	
Amounts payable for purchase of investments	7.7
Other payables and accruals	18.2
Amounts payable on Treasury Shares	0.5
Amounts payable on Share Options	2.4
Income and deferred tax payable	1.8
Derivative financial assets - forward contracts	5.3
Total Liabilities	35.9
Net Assets Before Noncontrolling Interest	1,510.7
Noncontrolling interest	0.6
Total Equity Attributable to TFG	1,510.1

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2012

TETRAGON FINANCIAL GROUP	
Statement of Cash Flows for the period ended 31 March 2012	
	Mar-12 \$MM (YTD)
Operating Activities	
Operating cash flows before movements in working capital after dividends paid to Guernsey feeder	83.2
Change in payables/receivables	(2.5)
Cash flows from operating activities	80.7
Investment Activities	
<u>Proceeds on sales of investments</u>	
- Proceeds on sale of CLOs	0.2
<u>Purchase of investments</u>	
- Purchase of CLO Equity	(42.3)
- Purchase of CLO Mezz	(1.1)
- Purchase of bank loans	(17.5)
- Investments in Real Estate	(5.1)
- Investments in Asset Managers	(2.4)
Maturity and prepayment of investments	14.8
Cash flows from operating and investing activities	27.3
Amounts due from broker	3.3
Net Purchase of shares	(5.5)
Dividends paid to shareholders	(12.1)
Cash flows from financing activities	(14.3)
Net increase in cash and cash equivalents	13.0
Cash and cash equivalents at beginning of period	211.5
Effect of exchange rate fluctuations on cash and cash equivalents	0.3
Cash and cash equivalents at end of period	224.8

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2012

CLO EQUITY PORTFOLIO DETAILS AS OF MARCH 31, 2012

Transaction	Deal Type	Original Invest. Cost (\$MM USD) ⁽¹⁾	Deal Closing Date	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps) ⁽²⁾	Original Cost of Funds (bps) ⁽³⁾	Current Cost of Funds (bps) ⁽⁴⁾	Current Most O/C Cushion ⁽⁵⁾	Jr-Most O/C Cushion at Close ⁽⁶⁾	Annualized (Loss) Gain of Cushion ⁽⁷⁾	IRR ⁽⁸⁾	ITD Cash Received as % of Cost ⁽⁹⁾
Transaction 1	EUR CLO	37.5	2007	2024	2014	315	55	58	(3.28%)	3.86%	(1.53%)	-	29.6%
Transaction 2	EUR CLO	29.7	2006	2023	2013	350	52	53	0.75%	3.60%	(0.54%)	10.1%	52.2%
Transaction 3	EUR CLO	22.2	2006	2022	2012	368	58	62	3.25%	5.14%	(0.31%)	12.4%	94.1%
Transaction 4	EUR CLO	33.0	2007	2023	2013	361	48	47	3.51%	5.76%	(0.45%)	13.8%	63.4%
Transaction 5	EUR CLO	36.9	2007	2022	2014	349	60	60	2.47%	5.74%	(0.71%)	7.8%	41.5%
Transaction 6	EUR CLO	33.3	2006	2022	2012	345	51	61	(1.04%)	4.70%	(0.99%)	6.2%	49.7%
Transaction 7	EUR CLO	38.5	2007	2023	2013	348	46	48	(1.60%)	3.64%	(1.07%)	4.6%	31.9%
Transaction 8	EUR CLO	26.9	2005	2021	2011	337	53	55	(1.67%)	4.98%	(1.02%)	10.7%	87.1%
Transaction 9	EUR CLO	41.3	2007	2023	2013	350	50	45	0.72%	6.27%	(1.13%)	6.7%	32.8%
Transaction 10	EUR CLO	27.0	2006	2022	2012	334	50	52	(1.33%)	4.54%	(1.05%)	8.0%	32.7%
EUR CLO Subtotal:		326.3				345	52	54	0.10%	4.84%	(0.91%)		48.5%
Transaction 11	US CLO	20.5	2006	2018	2012	370	45	45	5.32%	4.55%	0.14%	20.6%	132.0%
Transaction 12	US CLO	22.8	2006	2019	2013	355	46	46	5.63%	4.45%	0.22%	20.5%	125.9%
Transaction 13	US CLO	15.2	2006	2018	2012	356	47	47	5.89%	4.82%	0.19%	20.2%	136.7%
Transaction 14	US CLO	26.0	2007	2021	2014	367	49	50	3.93%	5.63%	(0.34%)	17.5%	101.0%
Transaction 15	US CLO	28.1	2007	2021	2014	412	52	48	3.21%	4.21%	(0.21%)	27.7%	147.1%
Transaction 16	US CLO	23.5	2006	2020	2013	394	46	45	3.08%	4.44%	(0.24%)	20.4%	131.3%
Transaction 17	US CLO	26.0	2007	2021	2014	349	40	40	4.54%	4.24%	0.06%	22.4%	127.1%
Transaction 18	US CLO	16.7	2005	2017	2011	341	45	45	5.67%	4.77%	0.14%	19.3%	149.4%
Transaction 19	US CLO	1.2	2005	2017	2011	341	45	45	5.67%	4.77%	0.14%	23.1%	143.7%
Transaction 20	US CLO	26.6	2006	2020	2012	420	52	52	3.59%	5.28%	(0.31%)	21.4%	147.8%
Transaction 21	US CLO	20.7	2006	2020	2012	398	53	52	3.08%	4.76%	(0.30%)	19.2%	121.1%
Transaction 22	US CLO	37.4	2007	2021	2014	423	53	53	3.20%	5.00%	(0.36%)	20.3%	112.7%
Transaction 23	US CLO	19.9	2007	2021	2013	367	66	66	3.24%	4.98%	(0.37%)	20.0%	120.5%
Transaction 24	US CLO	16.9	2006	2018	2012	357	46	47	4.88%	4.17%	0.13%	16.7%	102.8%
Transaction 25	US CLO	20.9	2006	2018	2013	373	46	46	5.79%	4.13%	0.32%	21.5%	128.5%
Transaction 26	US CLO	27.9	2007	2019	2013	373	43	44	3.74%	4.05%	(0.06%)	18.0%	101.0%
Transaction 27	US CLO	23.9	2007	2021	2014	508	51	51	9.93%	6.11%	0.74%	31.8%	169.0%
Transaction 28	US CLO	7.6	2007	2021	2014	508	51	51	9.93%	6.11%	0.74%	41.2%	85.8%
Transaction 29	US CLO	19.1	2005	2018	2011	441	66	81	4.43%	4.82%	(0.06%)	18.9%	137.2%
Transaction 30	US CLO	12.4	2006	2018	2012	469	67	68	1.35%	5.16%	(0.67%)	17.5%	110.7%
Transaction 31	US CLO	9.3	2005	2017	2012	330	52	50	3.24%	5.02%	(0.26%)	16.0%	143.2%
Transaction 32	US CLO	24.0	2007	2021	2014	323	59	59	4.30%	5.57%	(0.28%)	19.0%	105.9%
Transaction 33	US CLO	16.2	2006	2020	2012	346	56	72	4.28%	6.99%	(0.45%)	14.4%	114.9%
Transaction 34	US CLO	22.2	2006	2020	2012	356	50	50	4.60%	6.66%	(0.39%)	17.8%	114.2%
Transaction 35	US CLO	23.6	2006	2018	2012	430	52	52	1.96%	5.00%	(0.53%)	20.6%	139.4%
Transaction 36	US CLO	28.4	2007	2021	2013	426	46	56	2.14%	5.18%	(0.61%)	19.4%	110.3%
Transaction 37	US CLO	9.3	2005	2017	2011	321	50	52	4.04%	4.34%	(0.05%)	15.8%	127.5%
Transaction 38	US CLO	23.7	2007	2021	2013	333	42	42	4.33%	5.07%	(0.15%)	26.5%	158.4%
Transaction 39	US CLO	7.8	2005	2017	2011	365	70	84	3.35%	3.15%	0.03%	9.3%	76.7%
Transaction 40	US CLO	13.0	2006	2020	2011	414	39	39	N/A	N/A	N/A	22.2%	140.8%
Transaction 41	US CLO	22.5	2006	2020	2013	360	48	49	4.49%	4.71%	(0.04%)	21.0%	131.0%

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2012

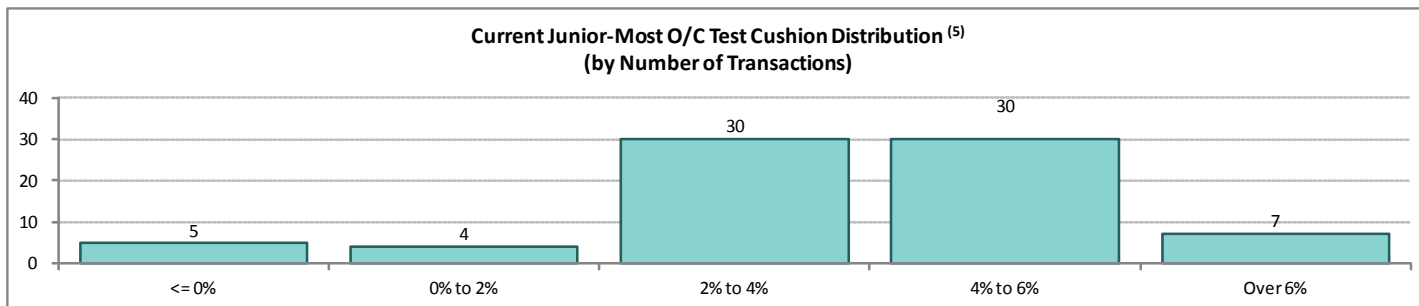
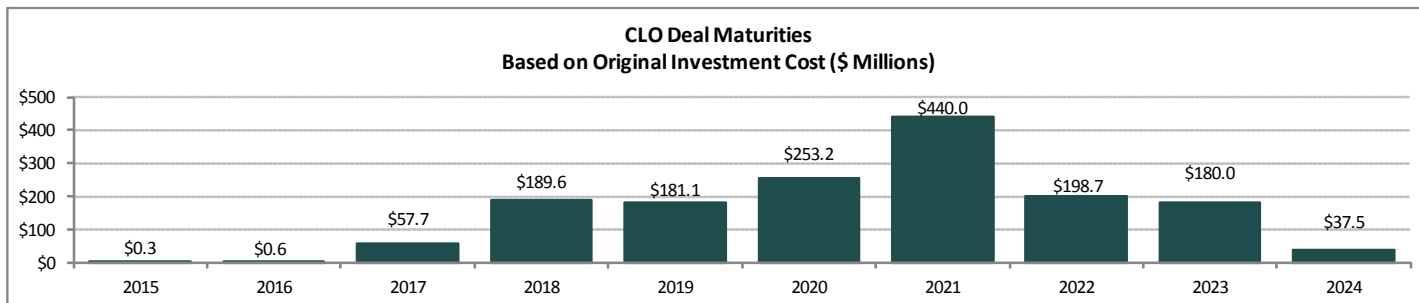
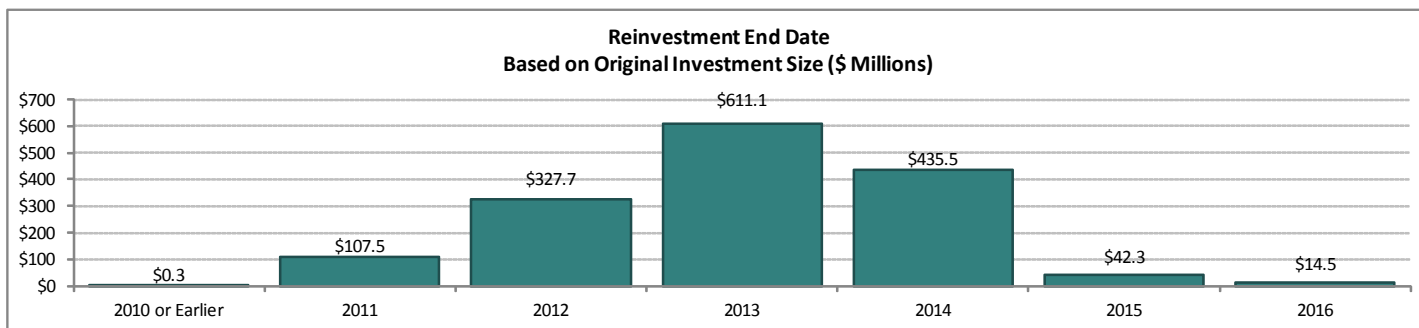
CLO EQUITY PORTFOLIO DETAILS (CONTINUED) AS OF MARCH 31, 2012

Transaction	Deal Type	Original Invest. Cost (\$MM USD) ⁽¹⁾	Deal Closing Date	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps) ⁽²⁾	Original Cost of Funds (bps) ⁽³⁾	Current Cost of Funds (bps) ⁽⁴⁾	Current Jr-Most O/C Cushion ⁽⁵⁾	Jr-Most O/C Cushion at Close ⁽⁶⁾	Annualized (Loss) Gain of Cushion ⁽⁷⁾	IRR ⁽⁸⁾	ITD Cash Received as % of Cost ⁽⁹⁾
Transaction 42	US CLO	22.4	2007	2021	2014	370	47	48	4.63%	3.92%	0.14%	19.7%	109.1%
Transaction 44	US CLO	22.3	2006	2018	2012	312	54	59	2.10%	4.16%	(0.35%)	12.0%	97.5%
Transaction 45	US CLO	23.0	2006	2018	2012	315	46	46	2.67%	4.46%	(0.34%)	10.6%	75.2%
Transaction 46	US CLO	21.3	2007	2019	2013	336	51	51	3.03%	4.33%	(0.27%)	9.6%	59.2%
Transaction 47	US CLO	28.3	2006	2021	2013	337	47	43	3.52%	4.34%	(0.16%)	20.7%	131.4%
Transaction 48	US CLO	23.0	2006	2019	2013	353	46	46	2.98%	5.71%	(0.51%)	16.5%	92.8%
Transaction 49	US CLO	12.6	2005	2017	2011	331	40	39	3.16%	3.94%	(0.12%)	13.1%	92.3%
Transaction 50	US CLO	12.3	2006	2018	2012	340	40	39	3.00%	4.25%	(0.22%)	13.4%	88.1%
Transaction 51	US CLO	18.0	2007	2020	2013	374	53	53	4.10%	4.47%	(0.08%)	20.6%	116.6%
Transaction 52	US CLO	0.3	2003	2015	2008	274	93	271	11.44%	3.20%	0.94%	278.6%	681.4%
Transaction 53	US CLO	0.6	2004	2016	2011	301	61	71	10.12%	4.00%	0.84%	37.7%	251.4%
Transaction 54	US CLO	0.5	2005	2017	2012	336	56	56	4.98%	3.69%	0.19%	59.7%	598.1%
Transaction 55	US CLO	0.3	2005	2017	2011	328	39	40	4.65%	3.59%	0.16%	61.7%	560.5%
Transaction 56	US CLO	23.0	2007	2019	2014	363	42	42	4.66%	4.53%	0.03%	22.3%	128.1%
Transaction 57	US CLO	0.6	2007	2019	2014	363	42	42	4.66%	4.53%	0.03%	47.5%	568.3%
Transaction 58	US CLO	21.8	2007	2019	2014	373	49	49	3.62%	4.04%	(0.09%)	24.6%	130.8%
Transaction 59	US CLO	0.4	2007	2019	2014	373	49	49	3.62%	4.04%	(0.09%)	51.4%	777.9%
Transaction 60	US CLO	18.8	2010	2021	2014	413	198	198	4.50%	4.50%	-0.01%	10.1%	15.6%
Transaction 61	US CLO	29.1	2007	2021	2014	330	45	45	3.06%	4.04%	(0.20%)	16.6%	86.9%
Transaction 62	US CLO	25.3	2007	2020	2013	370	42	42	4.27%	5.20%	(0.19%)	21.0%	124.1%
Transaction 63	US CLO	27.3	2007	2021	2013	360	53	53	2.81%	4.78%	(0.42%)	17.2%	102.1%
Transaction 64	US CLO	15.4	2007	2021	2013	414	38	38	N/A	N/A	N/A	20.7%	88.3%
Transaction 65	US CLO	26.9	2006	2021	2013	357	47	48	2.66%	4.96%	(0.44%)	13.4%	76.5%
Transaction 66	US CLO	21.3	2006	2020	2013	339	49	49	3.69%	4.05%	(0.07%)	21.1%	132.2%
Transaction 67	US CLO	27.3	2007	2022	2014	336	46	45	4.46%	4.38%	0.02%	19.3%	106.8%
Transaction 68	US CLO	19.3	2006	2020	2013	436	48	48	6.26%	4.41%	0.35%	27.0%	159.1%
Transaction 69	US CLO	28.2	2007	2019	2013	414	44	44	7.23%	5.61%	0.33%	25.6%	142.2%
Transaction 70	US CLO	24.6	2006	2020	2013	309	52	52	6.14%	6.21%	(0.01%)	18.4%	107.8%
Transaction 71	US CLO	1.7	2006	2018	2012	340	40	39	3.00%	4.25%	(0.22%)	27.2%	39.1%
Transaction 72	US CLO	4.8	2007	2019	2014	363	42	42	4.66%	4.53%	0.03%	18.5%	32.0%
Transaction 73	US CLO	1.9	2007	2019	2014	363	42	42	4.66%	4.53%	0.03%	18.5%	32.0%
Transaction 74	US CLO	5.5	2007	2019	2014	373	49	49	3.62%	4.04%	(0.09%)	20.4%	33.4%
Transaction 75	US CLO	32.7	2011	2022	2014	405	168	168	4.32%	4.05%	0.39%	15.1%	13.5%
Transaction 76	US CLO	1.9	2006	2018	2012	315	46	46	2.67%	2.43%	0.05%	43.5%	15.6%
Transaction 77	US CLO	14.5	2011	2023	2016	395	212	212	5.09%	5.04%	0.24%	12.6%	0.0%
Transaction 78	US CLO	22.9	2012	2023	2015	467	217	217	4.69%	4.00%	6.39%	13.7%	0.0%
Transaction 79	US CLO	19.4	2012	2022	2015	457	215	215	4.00%	4.00%	-	13.1%	0.0%
US CLO Subtotal:		1,212.6				378	62	63	4.06%	4.64%	0.02%		108.1%
Total CLO Portfolio:		1,538.9				371	60	61	3.22%	4.68%	(0.18%)		95.5%

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TETRAGON FINANCIAL GROUP LIMITED (TFG) PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2012

CLO EQUITY PORTFOLIO DETAILS (CONTINUED) AS OF MARCH 31, 2012



Notes

- (1) The USD investment cost fixes the USD-EUR exchange rate of European CLOs at the same rate to avoid the impact of skewed weightings and FX volatility.
- (2) Par weighted average spread over LIBOR or EURIBOR (as appropriate) of the underlying loan assets in each CLO's portfolio.
- (3) Notional weighted average spread over LIBOR or EURIBOR (as appropriate) of the debt tranches issued by each CLO, as of the closing date of each transaction.
- (4) Notional weighted average spread over LIBOR or EURIBOR (as appropriate) of the debt tranches issued by each CLO, as of the most recent trustee report date.
- (5) The current junior-most O/C cushion is the excess (or deficit) of the junior-most O/C test ratio over the test requirement, as of the latest trustee report available as of the report date.
- (6) The junior-most O/C cushion at close is the excess (or deficit) of the junior-most O/C test ratio over the test requirement that was expected on each deal's closing date. Please note that two of TFG's investments are so called "par structures" which don't include a junior O/C test. They have been marked by an "N/A" in the relevant junior-most O/C test columns.
- (7) Calculated by annualizing the change from the expected closing date junior-most O/C cushion to the current junior-most O/C cushion.
- (8) Calculated from TFG's investment date. Includes both historical cash flows received to-date and prospective cash flows expected to be received, based on TFG's base case modeling assumptions.
- (9) Inception to report date cash flow received on each transaction as a percentage of its original cost.

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PORTFOLIO COMPOSITION

PORTFOLIO HELD BY TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

(UNLESS OTHERWISE STATED)

AS OF MARCH 31, 2012

Report Date	TFG Share Price (\$)	TFG group Net Market Cap (\$MM) ⁽¹⁾	TFG group Net Assets (\$MM)	No. of Closed CLO Equity Transactions		
31 March 2012	\$7.10	\$817.5	\$1,510.1	78 ⁽²⁾		
Capital Allocation by Asset Class		Risk Capital Allocation	Investment Fair Value (\$MM) ^(2,3,4)	Asset Class Allocation		
Broadly Syndicated Senior Secured Loans: US		76.5%	\$979.9			
Broadly Syndicated Senior Secured Loans: Europe		9.1%	\$116.2			
Middle Market Senior Secured Loans: US		14.4%	\$184.5			
Total		100.0%	\$1,280.6			
Geographic Allocation by Asset Class		USA	Europe	Asia Pacific	Total	Geographic Allocation
Broadly Syndicated Senior Secured Loans		89.4%	10.6%	0.0%	100.0%	
Middle Market Senior Secured Loans		100.0%	0.0%	0.0%	100.0%	
Total		90.9%	9.1%	0.0%	100.0%	
Top 15 Underlying Bank Loan Credits		Bank Loan Exposure ⁽⁵⁾	Top 10 Bank Loan Industry Exposures ⁽⁵⁾			
Univision Communications	0.95%					
First Data Corp	0.87%					
HCA Inc	0.83%					
Community Health	0.79%					
UPC Broadband	0.76%					
Charter Communications	0.72%					
Federal-Mogul	0.70%					
Las Vegas Sands	0.70%					
Aramark Corp	0.69%					
Sabre Holdings Corp	0.69%					
Cablevision Systems Corp	0.66%					
Huntsman ICI	0.60%					
Reynolds Group	0.58%					
TXU Corp	0.57%					
SunGard Data Systems Inc	0.52%					
EUR-USD FX: 1.33						
⁽¹⁾ Calculated using TFG shares outstanding (net of 8.93 million shares held in treasury and 8.52 million shares held by a subsidiary) 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. Excludes TFG's investments in CLO mezzanine tranches.						
⁽³⁾ Excludes TFG's investments in LCM Asset Management LLC, GreenOak Real Estate LP and GreenOak related funds or investments, and CLO mezzanine tranches.						
⁽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 CLO equity tranche investments. With respect to CLO equity tranche 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*

Greville Ward*

**Independent Director*

SHAREHOLDER INFORMATION

Registered Office of TFG and the Master Fund

Tetragon Financial Group Limited

Tetragon Financial Group Master Fund Limited

1st Floor Dorey Court

Admiral Park

St. Peter Port, Guernsey

Channel Islands GYI 6HJ

Investment Manager

Tetragon Financial Management LP

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New York, NY 10022

United States of America

General Partner of Investment Manager

Tetragon Financial Management GP LLC

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New York, NY 10022

United States of America

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St. Peter Port, Guernsey

Channel Islands GYI 4AN

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Computershare

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New York, NY 10286

United States of America

Issuing Agent, Dutch Paying and Transfer Agent

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1012 VT Amsterdam, The Netherlands

Legal Advisor (as to U.S. law)

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One Ropemaker Street

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United Kingdom

Legal Advisor (as to Guernsey law)

Ogier

Ogier House

St. Julian's Avenue

St. Peter Port, Guernsey

Channel Islands GYI IWA

Legal Advisor (as to Dutch law)

De Brauw Blackstone Westbroek N.V.

Claude Debussylaan 80

1082 MD Amsterdam, The Netherlands

Stock Listing

NYSE Euronext in Amsterdam

Administrator and Registrar

State Street Guernsey Limited

1st Floor Dorey Court

Admiral Park

St. Peter Port, Guernsey

Channel Islands GYI 6HJ

TETRAGON

ENDNOTES

- (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. In this report, unless otherwise stated, we report on the consolidated business incorporating TFG and TFGMF. References to “we” are to Tetragon Financial Management LP, TFG’s investment manager.
- (2) TFG’s Portfolio-wide CLO equity statistics, such as the average default rate or CCC-asset holding levels, are calculated without including TFG’s investments in CLO mezzanine debt tranches.
- (3) The LCM I, LCM II, LCM III, LCM IV, LCM V, LCM VI, LCM VIII, LCM IX, and LCM X CLOs are referred to as the “LCM Cash Flow CLOs.” The LCM VII CLO was a market value CLO previously managed by LCM, which was liquidated commencing in 2008, and is not included in the mentioned statistics. In addition, these statistics do not include the performance of certain transactions that were developed and previously managed by a third-party prior to being assigned to LCM, some of which continue to be managed by LCM.
- (4) All of LCM Cash Flow CLOs were current on their senior and subordinated management fees except for LCM I, which is currently significantly beyond its reinvestment period and has experienced significant de-leveraging.
- (5) The rolling 12-month dividend growth rate is calculated by dividing the sum of the dividends per share distributed or declared over the last 12 months by the dividends per share distributed or declared over the prior 12 months, less one.
- (6) 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.
- (7) Includes only look-through loan exposures through TFG’s CLO equity investments.
- (8) 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.
- (9) Based on the most recent trustee reports available for both our U.S. and European CLO investments as of March 31, 2012.
- (10) As of March 31, 2012, European CLOs represented approximately 10.0% of TFG’s CLO equity investment portfolio; approximately 68% of the fair value of TFG’s European CLOs and 50%, when measured as a percentage of the total number of European deals, were passing their junior-most O/C tests.
- (11) 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.
- (12) Morgan Stanley CLO Market Tracker, April 4, 2012; based on a sample of 473 U.S. CLO transactions.
- (13) Weighted by the original USD cost of each investment.
- (14) 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 CLO equity and direct loan investment portfolio includes approximately 9.1% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG’s corporate default rate.
- (15) S&P/LCD News, “With no loan defaults in March, rate holds near all-time low,” April 2, 2012.
- (16) S&P/LCD News, “(EUR) S&P ELLI: Default rate rises to 5.3% in March,” April 11, 2012. The ELLI default rate is calculated by defining “default” as (a) an event of default, such as a D public rating, a D credit estimate, a missed interest or principal payment, or a bankruptcy filing; or (b) the beginning stages of formal restructuring, such as the start of negotiations between the company and lenders, or hiring of financial advisors.
- (17) All of LCM Cash Flow CLOs were current on their senior and subordinated management fees except for LCM I, which is currently significantly beyond its reinvestment period and has experienced significant de-leveraging.
- (18) S&P/LCD News, “With no loan defaults in March, rate holds near all-time low,” April 2, 2012.
- (19) S&P/LCD News, “Hawker missed interest payment bumps loan default rate to 0.77%,” April 2, 2012. Hawker Beechcraft did not make the scheduled interest payment on its secured credit facility when due on March 30, 2012 and was downgraded to D from CC by S&P on April 2, 2012.
- (20) S&P/LSTA Leveraged Lending Review 4Q 2011.
- (21) S&P/LCD News, “(EUR) S&P ELLI steams ahead in 1Q12,” April 10, 2012.
- (22) S&P/LCD Quarterly Review, First Quarter 2012.
- (23) S&P/LCD Quarterly Review, First Quarter 2012.
- (24) S&P/LCD News, “Leveraged loans return 0.77% in March; YTD return is 3.76%,” April 2, 2012.
- (25) S&P/LCD News, “(EUR) S&P ELLI steams ahead in 1Q12,” April 10, 2012.
- (26) S&P/LCD Quarterly Review, First Quarter 2012.
- (27) S&P/LCD Quarterly Review, First Quarter 2012.
- (28) Morgan Stanley CLO Market Tracker, April 4, 2012; based on a sample of 473 U.S. CLO transactions.
- (29) Morgan Stanley CLO Market Tracker, January 9, 2012; based on a sample of 461 U.S. CLO transactions.
- (30) Morgan Stanley CLO Market Tracker, April 4, 2012; based on a sample of 195 European CLO transactions.
- (31) Morgan Stanley CLO Market Tracker, January 9, 2012; based on a sample of 195 European CLO transactions.
- (32) Morgan Stanley CLO Market Tracker, April 4, 2012.
- (30) Morgan Stanley CLO Market Tracker, April 4, 2012.

UNAUDITED CONSOLIDATED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP LIMITED

**FOR THE QUARTER ENDED 31 MARCH 2012 AND FOR THE QUARTER
ENDED 31 MARCH 2011**

TETRAGON FINANCIAL GROUP LIMITED
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TETRAGON FINANCIAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
As at 31 March 2012 (unaudited)

	31 Mar 2012	31 Dec 2011
	US\$	US\$
Assets		
Investment in Master Fund	1,526,410,573	1,499,159,218
Amounts receivable from Master Fund	530,016	460,009
Total assets	<u>1,526,940,589</u>	<u>1,499,619,227</u>
Liabilities		
Accrued incentive fee	13,894,216	23,224,939
Amounts payable on Share options	2,416,094	1,579,030
Amounts payable on Treasury Shares	530,016	460,009
Total liabilities	<u>16,840,326</u>	<u>25,263,978</u>
Net assets	<u>1,510,100,263</u>	<u>1,474,355,249</u>
Equity		
Share capital	115,135	115,968
Share premium	1,123,009,773	1,128,567,096
Capital reserve in respect of share options	11,789,336	11,789,336
Earnings	375,186,019	333,882,849
	<u>1,510,100,263</u>	<u>1,474,355,249</u>
Shares outstanding	Number	Number
Shares	115,134,635	115,967,737
Net Asset Value per Share	US\$ 13.12	US\$ 12.71

TETRAGON FINANCIAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
For the quarter ended 31 March 2012 and for the quarter
ended 31 March 2011 (unaudited)

	Quarter Ended 31 Mar 2012 US\$	Quarter Ended 31 Mar 2011 US\$
Investment income allocated from the Master Fund		
Interest income	57,448,409	48,411,429
CLO management fee income	4,433,626	3,828,173
Other income	1,284,960	1,424,213
Investment income allocated from the Master Fund	<u>63,166,995</u>	<u>53,663,815</u>
Direct expenses		
Incentive fee	(13,894,215)	(55,504,288)
Total direct expenses	<u>(13,894,215)</u>	<u>(55,504,288)</u>
Operating expenses allocated from the Master Fund		
Management fees	(5,572,032)	(4,438,680)
Employee costs	(2,065,600)	(1,473,165)
Legal and professional fees	(1,904,965)	(3,077,181)
Administration and custodian fees	(256,099)	(248,756)
Market data fees	(76,733)	(36,854)
Directors' fees	(75,000)	(75,000)
Audit fees	(55,006)	(60,350)
Other operating and administrative expenses	(384,044)	(648,694)
Total operating expenses allocated from the Master Fund	<u>(10,389,479)</u>	<u>(10,058,680)</u>
Total operating expenses	<u>(24,283,694)</u>	<u>(65,562,968)</u>
Net investment income	<u>38,883,301</u>	<u>(11,899,153)</u>
Net decrease in unrealized depreciation on:		
Share options	(837,064)	(2,156,449)
Net decrease in unrealized depreciation arising from direct operations	<u>(834,064)</u>	<u>(2,156,449)</u>

TETRAGON FINANCIAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
For the quarter ended 31 March 2012 and for the quarter
ended 31 March 2011 (unaudited)

	Quarter Ended 31 Mar 2012 US\$	Quarter Ended 31 Mar 2011 US\$
Net realized and unrealized gain from investments and foreign currency allocated from the Master Fund		
Net realized gain from:		
Investments	125,333	614,334
Foreign currency transactions	8,077,477	6,049,307
	8,202,810	6,663,641
 Net increase / (decrease) in unrealized (depreciation) / appreciation on:		
Investments	16,982,784	186,712,243
Forward foreign exchange contracts	(12,015,137)	(12,625,328)
Interest rate swaptions	(217,230)	-
Translation of assets and liabilities in foreign currencies	3,491,292	9,425,233
	8,241,709	183,512,148
 Net realized and unrealized gain from investments and foreign currencies allocated from the Master Fund	 16,444,519	 190,175,789
 Net increase in net assets resulting from operations before tax	 54,490,756	 176,120,187
 Income and deferred tax expense	(627,851)	(979,624)
 Net income	 53,862,905	 175,140,563
 Less net income attributable to noncontrolling interest	(480,248)	(454,896)
 Net increase in net assets resulting from operations	 53,382,657	 174,685,667
 Earnings per Share		
Basic	US\$ 0.46	US\$ 1.46
Diluted	US\$ 0.46	US\$ 1.46
 Weighted average Shares outstanding		
Basic	115,294,162	119,904,154
Diluted	115,294,162	119,904,154

TETRAGON FINANCIAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the quarter ended 31 March 2012 and for the quarter
ended 31 March 2011 (unaudited)

	Quarter ended 31 Mar 2012 US\$	Quarter ended 31 Mar 2011 US\$
Total investment income	63,166,995	53,663,815
Total operating expenses	(24,283,694)	(65,562,968)
Net unrealized depreciation on share options	(837,064)	(2,156,449)
Net realized gain from investments and foreign currency allocated from the Master Fund	8,202,810	6,663,641
Net unrealized gain from investments and foreign currency allocated from the Master Fund	8,241,709	183,512,148
Income and deferred tax expense	(627,851)	(979,624)
Income attributable to noncontrolling interest	(480,248)	(454,896)
Net increase in net assets resulting from operations	<u>53,382,657</u>	<u>174,685,667</u>
Dividends paid to shareholders	(12,079,488)	(10,792,151)
Issue of Shares	3,582,506	1,358,588
Purchase of Treasury Shares	(9,140,661)	(4,799,313)
Decrease in net assets resulting from net Share transactions	<u>(5,558,155)</u>	<u>(3,440,725)</u>
Total increase in net assets	35,745,014	160,452,791
Net assets at start of period	1,474,355,249	1,137,546,494
Net assets at end of period	<u>1,510,100,263</u>	<u>1,297,999,285</u>

TETRAGON FINANCIAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the quarter ended 31 March 2012 and for the quarter
ended 31 March 2011 (unaudited)

	Quarter ended 31 Mar 2012 US\$	Quarter ended 31 Mar 2011 US\$
Operating activities		
Net income	53,382,658	174,685,667
Adjustments for:		
Net unrealized depreciation on Share options	837,064	2,156,449
Net unrealized appreciation on investments in Master Fund	(27,251,356)	(176,581,009)
Operating cash flows before movements in working capital	<u>26,968,366</u>	<u>261,107</u>
Increase in receivables	(70,007)	(531,586)
(Decrease)/ increase in payables	(9,330,722)	14,503,355
Net cash provided by operating activities	<u>17,567,637</u>	<u>14,232,876</u>
Financing activities		
Issue of Shares	3,582,506	1,358,588
Purchase of Treasury Shares	(9,070,655)	(4,799,313)
Dividends paid to shareholders	(12,079,488)	(10,792,151)
Net cash used in financing activities	<u>(17,567,637)</u>	<u>(14,232,876)</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	<u>-</u>	<u>-</u>

UNAUDITED CONSOLIDATED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

**FOR THE QUARTER ENDED 31 MARCH 2012 AND FOR THE QUARTER
ENDED 31 MARCH 2011**

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
UNAUDITED CONSOLIDATED QUARTERLY REPORT
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TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
As at 31 March 2012 (unaudited)

	31 Mar 2012	31 Dec 2011
	US\$	US\$
Assets		
Investments at fair value	1,299,390,375	1,264,444,768
Intangible assets – CLO management contracts	84,122	109,357
Cash and cash equivalents	224,842,728	211,513,043
Amounts due from brokers	12,549,458	15,847,630
Derivative financial assets - forward contracts	-	6,693,494
Derivative financial assets – interest rate swaptions	6,990,656	7,207,886
Other receivables	2,728,495	2,753,856
Total assets	<u>1,546,585,834</u>	<u>1,508,570,034</u>
Liabilities		
Amounts payable for purchase of investments	7,667,500	-
Amounts payable to Feeder	530,016	460,009
Derivative financial liabilities - forward contracts	5,321,643	-
Other payables and accrued expenses	4,192,937	6,999,100
Income tax payable	1,351,523	1,112,347
Deferred tax liability	478,070	686,036
Total liabilities	<u>19,541,689</u>	<u>9,257,492</u>
Net assets	<u>1,527,044,145</u>	<u>1,499,312,542</u>
Equity		
Share capital	115,135	115,968
Share premium	1,082,232,858	1,087,790,180
Earnings	444,062,580	411,253,070
Total equity attributable to Master Fund	<u>1,526,410,573</u>	<u>1,499,159,218</u>
Noncontrolling interest	633,572	153,324
Total shareholders equity	<u>1,527,044,145</u>	<u>1,499,312,542</u>
Shares outstanding	Number	Number
Shares	115,134,635	115,967,737
Net asset value per Share*	US\$ 13.26	US\$ 12.93

*calculated by dividing Total equity attributable to Master Fund by Shares outstanding

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
For the quarter ended 31 March 2012 and for the quarter
ended 31 March 2011 (unaudited)

	Quarter ended 31 Mar 2012 US\$	Quarter ended 31 Mar 2011 US\$
Interest income	57,448,409	48,411,429
CLO management fee income	4,433,626	3,828,173
Other income	1,284,960	1,424,213
Investment income	63,166,995	53,663,815
Management fees	(5,572,032)	(4,438,680)
Employee costs	(2,065,600)	(1,473,165)
Legal and professional fees	(1,904,965)	(3,077,181)
Administration and custodian fees	(256,099)	(248,756)
Market data fees	(76,733)	(36,854)
Directors' fees	(75,000)	(75,000)
Audit fees	(55,006)	(60,350)
Other operating and administrative expenses	(384,044)	(648,694)
Operating expenses	(10,389,479)	(10,058,680)
Net investment income	52,777,516	43,605,135
Net realized and unrealized gain from investments and foreign currency		
Net realized gain from:		
Investments	125,333	614,334
Foreign currency transactions	8,077,477	6,049,307
	8,202,810	6,663,641
Net increase / (decrease) in unrealized appreciation / (depreciation) on:		
Investments	16,982,784	186,712,243
Forward foreign exchange contracts	(12,015,137)	(12,625,328)
Interest rate swaptions	(217,230)	-
Translation of assets and liabilities in foreign currencies	3,491,292	9,425,233
	8,241,709	183,512,148
Net realized and unrealized gain from investments and foreign currency	16,444,519	190,175,789

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
For the quarter ended 31 March 2012 and for the quarter
ended 31 March 2011 (unaudited)

	Quarter ended 31 Mar 2012 US\$	Quarter ended 31 Mar 2011 US\$
Net increase in net assets resulting from operations before tax	69,222,035	233,780,924
Income and deferred tax expense	(627,851)	(979,624)
Net income	68,594,184	232,801,300
Less net income attributable to noncontrolling interest	(480,248)	(454,896)
Net increase in net assets resulting from operations	68,113,936	232,346,404

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the quarter ended 31 March 2012 and for the quarter
ended 31 March 2011 (unaudited)

	Quarter ended 31 Mar 2012 US\$	Quarter ended 31 Mar 2011 US\$
From operations -		
Net investment income	52,777,516	43,605,135
Net realized gain from investments and foreign currency	8,202,810	6,663,641
Net unrealized appreciation on investments and translation of assets and liabilities in foreign currencies	8,241,709	183,512,148
Income and deferred tax expense	(627,851)	(979,624)
Income attributable to noncontrolling interests	(480,248)	(454,896)
Net increase in net assets resulting from operations	<u>68,113,936</u>	<u>232,346,404</u>
Dividend paid to Feeder	(23,224,938)	(41,532,519)
Dividends paid to other shareholders	(12,079,488)	(10,792,151)
Total distributions	<u>(35,304,426)</u>	<u>(52,324,670)</u>
Issue of Shares	3,582,506	1,358,588
Purchase of Treasury Shares	(9,140,661)	(4,799,313)
Decrease in net assets resulting from Capital transactions	<u>(5,558,155)</u>	<u>(3,440,725)</u>
Total increase in net assets	27,251,355	176,581,009
Net assets at start of period	1,499,312,542	1,181,906,023
Net assets before noncontrolling interest	<u>1,526,563,897</u>	<u>1,358,487,032</u>
Net increase in noncontrolling interest	480,248	454,659
Net assets at end of period after noncontrolling interest	<u>1,527,044,145</u>	<u>1,358,941,691</u>

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the quarter ended 31 March 2012 and for the quarter
ended 31 March 2011 (unaudited)

	Quarter ended 31 Mar 2012 US\$	Quarter ended 31 Mar 2011 US\$
Operating activities		
Net income	68,594,184	232,801,300
Adjustments for:		
Realized gain on investments	(125,333)	(614,334)
Cash received on investments in excess of interest income	46,424,794	44,104,142
Amortization on intangible assets	25,236	25,236
Unrealized gains	(8,241,709)	(183,512,148)
Deferred tax	(207,966)	203,040
Operating cash flows before movements in working capital	106,469,206	93,007,236
Decrease/(increase) in receivables	25,361	(432,335)
(Decrease)/increase in payables	(2,566,987)	1,150,596
Cash flows from operations	103,927,580	93,725,497
Proceeds from sale/prepayment/maturity of investments	14,914,233	33,690,135
Purchase of investments	(68,342,896)	(53,430,298)
Net cash provided by operating activities	50,498,917	73,985,334
Financing activities		
Amounts due from brokers	3,298,172	(11,805,043)
Proceeds from issue of Shares	3,582,506	1,358,588
Purchase of Treasury Shares	(9,070,654)	(4,799,313)
Dividends paid to shareholders	(12,079,488)	(10,792,151)
Dividends paid to Feeder	(23,224,938)	(41,532,519)
Net cash used in financing activities	(37,494,402)	(67,570,438)
Net increase in cash and cash equivalents	13,004,515	6,414,896
Cash and cash equivalents at beginning of period	211,513,043	140,625,333
Effect of exchange rate fluctuations on cash and cash equivalents	325,170	(4,877)
Cash and cash equivalents at end of period	224,842,728	147,035,352