Xenon Alpha Plus1 Quarterly report for period 1 April – 30 June 08

Xenon Alpha Plus1 are redeemable preference shares carrying a return linked to the performance of the Alpha Plus Portfolio. The shares are issued by Deutsche Xenon Limited. The Alpha Plus Portfolio is designed to generate returns linked to the performance of two funds of hedge funds: The Ivy Rosewood Diversified Fund and Silver Creek Low Vol Strategies.

Performance review

Performance (to 30 June 2008)	Xenon Alpha Plus1	UBS Composite Bond Index	S&P/ASX 200 Accumulation Index	S&P 500 Accumulation Index in USD
One month	-1.00%	0.31%	-7.46%	-8.43%
Three months	-0.21%	0.41%	-1.79%	-2.73%
Six months	-6.00%	2.63%	-15.92%	-11.91%
Annualised return since inception on 25 November 2004[1]	10.66%	4.24%	12.93%	4.21%

(1) Represents the compound average growth rate since inception on 25 November 2004

Source: Deutsche Bank

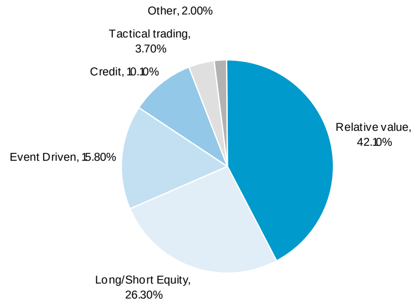
Percentage change in net asset value[1]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD[2]
2004												3.44%	3.44%
2005	-0.53%	2.06%	-0.46%	-3.28%	-1.55%	1.95%	1.70%	1.24%	3.78%	-2.14%	4.83%	4.76%	12.65%
2006	5.34%	0.96%	1.77%	2.66%	-2.24%	-0.05%	-0.94%	1.64%	-8.13%	2.13%	5.00%	9.16%	17.55%
2007	2.89%	1.68%	1.00%	2.54%	3.59%	0.83%	0.68%	-4.61%	1.18%	3.82%	-0.65%	-1.42%	11.82%
2008	-3.30%	2.80%	-5.25%	-1.66%	2.49%	-1.00%							-6.00%

(1) Represents the percentage change each month in the net asset value of Xenon Alpha Plus 1
(2) Represents the year to date percentage change in the net asset value of Xenon Alpha Plus1
Source: Deutsche Bank

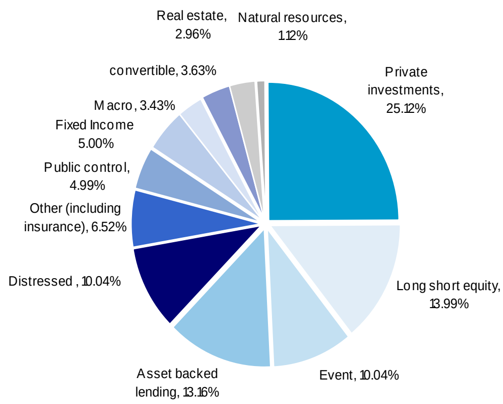
Ivy allocation by strategy as at 1 July 2008
Source: Ivy Asset Management

	% of fund
Relative value	42.1%
Long/short equity	26.3%
Event driven	15.8%
Credit	10.10%
Tactical trading	3.7%
Other	2.0%
Total	**100.0%**



Silver Creek allocation by strategy as at 30 June 2008
Source: Silver Creek

	% of fund
Private investments	25.12%
Long/short equity	13.99%
Event	10.04%
Asset backed lending	13.16%
Distressed	10.04%
Other (including insurance)	6.52%
Public control	4.99%
Fixed income	5.00%
Macro	3.43%
Convertible	3.63%
Real estate	2.96%
Natural resources	1.12%
Total	**100.0%**



Portfolio performance

In the second quarter of 2008, the Xenon Alpha Plus1 Portfolio decreased by 0.21%. Combined with its performance since inception, Xenon Alpha Plus1 has recorded an annualised return of 10.66%.

During the quarter the Silver Creek account contributed -1.67 percentage points to performance and the Ivy account contributed 1.46 percentage points to performance.

The total leverage employed per Xenon Alpha Plus1 was $4.28 per Share at quarter end.

Macro review

Global equity markets finished June with substantial losses as the turmoil in the financials' sector and rising inflationary concerns weighed heavily on investor sentiment worldwide. The bear market rally, which began in mid-March, continued into the first half of the second quarter before reversing course as a combination of renewed concerns about the magnitude of credit-related problems in the financial sector, a negative trend in earnings momentum and inflation fears from spiking commodity prices, particularly crude oil, drove markets down to new lows in June.

At June month end global markets finished in deeply negative territory as exemplified by the S&P 500's fall of 8.4%, making June 2008 the index's worst month since September 2002. Almost all of the Western European stock markets have experienced double digit declines in the first half of 2008, with Germany down 20.4%, France down 21% and the UK down 12.9%. Asian markets also fell, with the Asian Pacific markets (ex Japan) declining 14.5% during the first half of 2008. The poor overall performance of equities dominated more successful performance in other sectors.

Strategy review

Event Driven. The second quarter of 2008 provided a moderately favourable environment for event driven strategies. Managers employing a special situations approach took advantage of an increase in corporate activity and benefited from the wide dispersion in the equity markets.

Credit. Credit strategies delivered gains in June, led by managers with net short positions in the struggling financials'-related sectors and net long exposures in the energy and agricultural sectors. Overall, high yield bond markets advanced over the second quarter. However, the index performance masks continued high levels of volatility as a strong rally in the first half of the quarter met with a sharp sell off in June. More importantly to hedge funds, there was improvement in the bank debt and leveraged loan markets and the restructuring of several CLO deals was completed, further improving the demand-supply balances in the markets. These developments positively contributed to performance for some managers.

Equity. Global equities generally ended the quarter lower. A key feature of global equities in the second quarter was relative sector dispersion, which provided opportunity for short/long investing. Managers utilising hedged equity strategies had returns negatively impacted by losses across individual positions in the industrials, transportation, technology and healthcare sectors. Nevertheless, these losses were partially offset by short exposures in the financials and consumer discretionary sectors and general portfolio hedges.

Tactical Trading. Tactical trading strategies performed well in the second quarter, with Managers realising gains on short equity index positions and foreign currency trades. Almost all commodities were strong positive performers.

Relative Value. The market's recognition of deteriorating macroeconomic fundamentals, the return of stability to fixed income relative value trades, and high but stable equity volatility helped relative value managers deliver relatively good results in an environment where equity and credit markets reversed sharply during the quarter.

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Important notice. Whilst this publication relates to the quarter ending 30 June 2008, it may be published some time after that date. However, this publication does not reflect, or take into account, any events or circumstances occurring in the period between the relevant quarter end and the date of publication.

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