

20 July 2009

Kubera Cross-Border Fund Limited

Interim Results for the period ended 30 June 2008

Kubera Cross-Border Fund Limited (the "Fund") (LSE/AIM: KUBC) has issued its un-audited interim results for the six month period 1 January 2009 to 30 June 2009.

Electronic and printed copies of the interim report will be sent to shareholders shortly. Copies of the report will be available, free of charge, from the offices of Grant Thornton Corporate Finance, 30 Finsbury Square, London EC2P 2YU, and will be available at the Company's website www.kuberacrossborderfund.com.

About Kubera Cross-Border Fund Limited

Kubera Cross-Border Fund Limited is a Cayman Islands incorporated closed-end investment company traded on the AIM market of the London Stock Exchange. The Fund makes private equity investments in cross-border companies, primarily in businesses that operate in the US-India corridor. The Fund's investment manager, Kubera Partners, brings a strong track record of investing in or managing such businesses. Several of the Fund's investee companies also benefit from business activities in the growing Indian domestic market. For further information on the Fund, please visit www.kuberacrossborderfund.com.

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Disclaimer:

This document may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Fund and its portfolio companies. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Fund or its portfolio companies' actual performance to be materially different from any future performance expressed or implied by such forward-looking statements. Such forward-looking statements are based on assumptions regarding the Fund and its portfolio companies present and future business strategies and the political and economic environment in which they operate. Reliance should not be placed on these forward-looking statements, which reflect the view of Kubera Partners, LLC as of the date of this release only.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the interim report of Kubera Cross-Border Fund Limited (the "Fund"), for the six month period ended 30 June 2009. The Fund, advised by Kubera Partners LLC, its investment manager ("the Manager"), invests in businesses that operate in a cross-border, principally India-U.S., environment.

Investment Update

As of 30 June 2009, approximately 75% of the Fund's assets included investments in nine underlying portfolio companies that are diversified across several sectors.

The independent directors met several of the investee companies during the first half of 2009 to gain an independent view of these investments and their prospects. The performance of the Fund's investee companies has, in aggregate, been encouraging despite the current financial crisis.

Fund Update

The Fund's unaudited Net Asset Value per share ('NAV') increased 10.2% from US\$ 0.88 to US\$ 0.97 from 31 December 2008 to 30 June 2009. This increase is mainly due to the buyback of shares by the Fund in June 2009 at a significant discount to NAV.

In early June 2009, the Fund repurchased 40.99 million shares, or 27% of the then outstanding share capital, for a consideration of US\$ 25 million. The Board, in conjunction with the Manager, reached this decision as a result of ongoing consultations with shareholders and its periodic detailed review of the cash requirements of the Fund. The amount of US\$ 25 million represented, in the opinion of the Board and the Manager, all of the Fund's free cash. The remaining cash is required to meet the Fund's potential commitments to existing portfolio companies and for the Fund's running expenses.

With this buyback, approximately 70% of the cash balance of the Fund has been returned to shareholders since the Fund's stock price began trading at a discount to NAV in the fourth quarter of 2008.

Information on investments, quarterly net asset values and other material events relating to the Fund have been periodically sent to the London Stock Exchange in the form of news releases and are available on www.londonstockexchange.co.uk under the ticker KUBC, as well as on the Fund's website at www.kuberacrossborderfund.com.

Thank you for your continued support.

Martin M. Adams
Chairman

INVESTMENT MANAGER'S REPORT

Fund Update

The Fund's NAV increased by 10.2% from US\$ 0.88 to US\$ 0.97 from 31 December 2008 to 30 June 2009. This is primarily due to a buyback consummated during the quarter. The Fund's NAV is determined using methodologies prescribed by US GAAP. Financial metrics and key growth drivers for each of the investee companies are provided later in this report.

India Economic and Market Review

(Sources: Indian Central Statistical Organisation, Directorate General of Commerce, BSE India, Securities and Exchange Board of India, Bloomberg.)

The first quarter of 2009 saw the economy grow 5.8% year over year. Strong growth in agriculture (2.7%), construction (6.8%), real estate and financial services (9.5%) offset a decline in the manufacturing industry (-1.4%). GDP growth for the fiscal year which ended on 31 March 2009 was 6.7%. Most analysts expect the growth rate for the year ending 31 March 2010 to be between 6.0% and 7.0% but official government estimates are more optimistic. The key risks to growth remain the global economic slowdown as well as, to a certain extent, the possibility of poor monsoons in India.

In response to the global economic crisis and a significant drop in inflationary indices, the Indian government has continued monetary easing over the past few months. Inflation moved from a high of over 12% last August to -1.61% in early June. Currently there appears to be no real fear of deflation as the negative inflation number is primarily a result of the higher base effect and the drop in oil prices and other commodity prices over this period. The Reserve Bank of India ('RBI') had reduced the repo rate and the reverse repo rate by 150 bps each, to 5% and 3.5% respectively, in the previous quarter. The banks have started adjusting their lending rates downwards and this should help boost demand. Sectors sensitive to interest rates, like the automobile industry, continue to see growth in demand. Monetary easing is expected to continue and that should augur well for investment-driven demand in the near future. It should also help some of the Fund's investee companies.

While domestic consumption has remained resilient, India's merchandise exports have declined sharply due to a fall in global demand. Merchandise exports fell by 33% year-on-year in April 2009 which was the seventh consecutive month of decline. Textiles, auto components and pharmaceuticals are amongst the worst hit industries. Services businesses have been relatively less affected but their growth too has slowed considerably after several years of double digit increases. For the fiscal year ending March 2009, merchandise exports grew by 3.4%, largely due to strong growth in the first half of the year. The Indian government is expected to provide incentives that might provide some relief going forward. The Fund's services outsourcing businesses are expected to benefit over the medium term because a slowdown leads to clients outsourcing non-core functions. However due to the economic uncertainty, clients are facing decision-making paralysis and that will be challenging in the near term. Fortunately, many of the Fund's services outsourcing businesses have recurring revenues which will limit the downside risk.

One of the defining trends over the last quarter has been the increase in inflow from foreign institutional investors. There was a net inflow of US\$ 7.3 billion as compared to a net outflow of

US\$ 1.6 billion during the previous quarter. This was triggered by an increase in liquidity in global capital markets, a global rally in the equity markets, and India's national election resulting in a stable government. The rupee appreciated against the dollar and ended at Rs. 47.87 at the end of the quarter. We expect the currency to remain volatile within a reasonable range and are advising our portfolio companies to be prepared for such a scenario.

As mentioned in the quarterly newsletter of Q1 2009, the elections were a major event in India. The Indian stock market rallied following the election results. While most analysts expected a weak coalition government to come to power, the Indian voters elected a Congress-led coalition, with more seats for the Congress party compared with the last elections. The party is headed by Prime Minister Manmohan Singh who is perceived as an economic reformist. Political stability and the investor-friendly policies of this government are expected to be beneficial for the business climate in India, and by extension, for the Fund's India domiciled investments (eight of the nine investee companies are domiciled in India).

The BSE Sensex (comprising of 30 stocks) gained 49% over the June quarter, and ended at 14,494 points which included a single day gain of ~2,000 points after the announcement of the election results. During the same period the mid-cap index outperformed the broad index, and was up 70%. At current prices, the Indian stock market is priced at a forward P/E of 15-17 down from a peak of 23 at the beginning of 2008 and a low of 8-10 earlier this year.

Portfolio Review

The Manager remains deeply engaged with the Fund's portfolio companies on a range of strategic issues. Details on the Fund's investee companies' performances follow.

Kubera Partners LLC
Investment Manager

KUBERA CROSS-BORDER FUND LIMITED

Consolidated Statement of Assets and Liabilities

June 30, 2009

(stated in United States Dollars)

	Note	30 Jun 2009 (un-audited)	30 Jun 2008 (un-audited)
ASSETS			
Non-current assets			
Investments in securities, at fair value (cost: US\$124,466,201; 2008: US\$108,832,898)	2(b)	86,961,547	103,250,739
Investments in Unquoted warrants, at fair value (cost: US\$ 11,380; 2008: US\$ 0)	2(c)	404,434	-
Investments in money market instruments, at fair value (cost: US\$ 0; 2008: US\$ 94,765,784)		-	101,062,033
Short term loan receivable		1,126,620	1,138,000
Cash and cash equivalents	5	27,623,230	104,278
Other assets	6	285,766	53,138
		<hr/>	<hr/>
		116,401,597	205,608,188
Current liabilities			
Accounts payable	7	24,661	106,837
Tax liability	2(i)	-	-
		24,661	106,837
		<hr/>	<hr/>
Net assets		116,376,936	205,501,351
ANALYSIS OF NET ASSETS			
Capital and reserves			
Share capital	8	1,119,043	2,060,000
Share premium	8	149,612,070	203,940,000
Revenue reserves			(9,741,425)
		(42,307,316)	
		<hr/>	<hr/>
		108,423,797	196,258,575
Minority interest	9	7,953,139	9,242,776
		7,953,139	9,242,776
		<hr/>	<hr/>
Total shareholders' interests		116,376,936	205,501,351

The accompanying notes form an integral part of these consolidated financial statements.

KUBERA CROSS-BORDER FUND LIMITED

Consolidated Schedule of Investments

June 30, 2009

30 June 2009

(un-audited)

30 June 2008

(un-audited)

(stated in United States Dollars)

	Industry	Instrument	Number of shares	Cost	% of Net assets	Number of shares	Cost	% of Net assets
Investments in securities								
New Wave Holdings Limited	Transaction processing	Preferred	1,916,883	21,745,286	18.69%	1,916,883	21,745,286	10.58%
		Equity	100	1	0.00%	-	-	0.00%
				21,745,287	18.69%		21,745,286	10.58%
Adayana, Inc.	Education	Series A convertible participating preferred	3,750,000	15,000,000	12.89%	3,750,000	15,000,000	7.30%
		Series B convertible preferred	1,250,000	5,000,000	5.58%	1,250,000	5,000,000	2.43%
		Common	16,667	50,001	0.04%	16,667	50,001	0.02%
				20,050,001	18.51%		20,050,001	9.75%
Essel Shyam Communication Limited	Media services	Compulsorily convertible preference	5,555,056	12,208,914	10.49%	-	-	0.00%
		Equity	1,125,315	2,473,220	2.13%	-	-	0.00%
				14,682,134	12.62%		-	0.00%
Ocimum Biosolutions (India) Limited	Life sciences	Preference	3,818,162	14,000,000	12.03%	3,818,162	14,000,000	6.81%
		Equity	1,000	3,667	0.00%	1,000	3,667	0.00%
				14,003,667	12.03%		14,003,667	6.81%
Kejriwal Stationery Holdings Limited	Stationery products	Convertible redeemable preference	455,172	20,000,000	4.33%	455,172	20,000,000	9.73%

GSS America Infotech Limited	IT infrastructure	Equity	1,000,000	10,225,274	2.76%	1,000,000	10,225,274	2.26%
Synergies Castings Limited	Automotive components	Compulsorily convertible cumulative preference Equity	5,333,334	10,000,000	1.73%	5,333,334	10,000,000	4.87%
			5,936,298	11,308,670	1.93%	5,936,298	11,308,670	5.50%
				21,308,670	3.66%		21,308,670	10.37%
Financial Services Co.	Financial services	Convertible preference	55,000	1,497,849	1.29%	55,000	1,497,849	0.73%
		Equity	79	2,151	0.00%	79	2,151	0.00%
				1,500,000	1.29%		1,500,000	0.73%
Infotech Enterprises Limited	Engineering services	Equity	260,000	951,168	0.83%	-	-	-
Total investments in securities				124,466,201	74.72%		108,832,898	50.23%
Investments in Unquoted warrants								
Adayana, Inc.	Education	Convertible to common	533,034	11,380	0.04%	-	-	-
Essel Shyam Communication Limited	Media services	Convertible to compulsorily convertible preference	1,316,749	-	0.22%	-	-	-
Financial Services Co.	Financial services	Convertible to convertible preference	61,199	-	0.08%	-	-	-
Total investments in unquoted warrants				11,380	0.34%		-	-
Investments in money market instruments								
Money market instruments				-	-	-	94,765,784	49.18%
Total investments in money market				-	-		94,765,784	49.18%

The accompanying notes form an integral part of these consolidated financial statements.

KUBERA CROSS-BORDER FUND LIMITED

Consolidated Statement of Operations

For the six month period ended June 30, 2009

(stated in United States Dollars)

	Note	Six months to 30 Jun 2009 (un-audited)	Six months to 30 Jun 2008 (un-audited)
Investment income			
Interest		251,676	64,172
Dividends		-	-
Other income		8,866	8,975
		260,542	73,147
Expenses			
Organisational costs	2(d)	-	-
Investment management fee	3, 10	1,948,210	2,044,492
Re-imburement of expenses		88,712	181,594
Professional fees		75,783	53,852
Insurance		70,778	129,120
Director fees	4	57,240	66,296
Administration fees		19,500	17,500
Licence fees		17,237	4,626
Foreign exchange loss		-	280
Other expenses		66,316	104,111
		2,343,776	2,601,871
Net investment loss		(2,083,234)	(2,528,724)
Taxation	2(i)	-	-
Net investment loss after tax		(2,083,234)	(2,528,724)
Realised and unrealised gain/(loss) on investment transactions			
Movement in unrealised gain / (loss) on investments in securities		1,379,920	(5,582,159)
Movement in unrealised gain on investments in money market		-	650,827
Realised gain on investments in money market		-	857,997
		1,379,920	(4,073,335)
Net decrease in net assets resulting from operations		(703,314)	(6,602,059)
Minority interest		135,138	(488,047)
Equity holding of parent		(838,452)	(6,114,012)
		(703,314)	(6,602,059)

The accompanying notes form an integral part of these consolidated financial statements.

KUBERA CROSS-BORDER FUND LIMITED

Consolidated Statement of Changes in Net Assets

For the six month period ended June 30, 2009

(stated in United States Dollars)

	Share Capital	Share Premium	Revenue Reserves	Total
At 1 January 2008	2,060,000	203,940,000	(3,627,413)	202,372,587
Issued during the period	-	-	-	-
Net decrease in net assets resulting from operations	-	-	(6,114,012)	(6,114,012)
At 30 June 2008	2,060,000	203,940,000	(9,741,425)	196,258,575
At 1 January 2009	1,529,027	174,327,086	(41,468,864)	134,387,249
Issued during the year	-	-	-	-
Repurchased during the period	(409,984)	(24,715,016)	-	(25,125,000)
Net decrease in net assets resulting from operations	-	-	(838,452)	(838,452)
At 30 June 2009	1,119,043	149,612,070	(42,307,316)	108,423,797

The accompanying notes form an integral part of these consolidated financial statements.

KUBERA CROSS-BORDER FUND LIMITED

Consolidated Statement of Cash Flows

For the six month period ended June 30, 2009

(stated in United States Dollars)

	Six months to 30 Jun 2009 (un-audited)	Six months to 30 Jun 2008 (un-audited)
Operating activities		
Net decrease in net assets resulting from operations	(703,314)	(6,602,059)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities		
Movement in unrealised loss on investments in securities	(1,379,920)	5,582,159
Realised gain on investments in money market	-	-
Movement in unrealised gain on investments in money market	-	(650,827)
Purchase of investments	(1)	(24,115,275)
Purchase of money market instruments	-	-
Proceeds on disposal of money market instruments	-	15,394,048
Change in operating assets and liabilities:		
Increase in short term loan receivable	-	(1,138,000)
Increase in other assets	(9,791)	-
Decrease in accounts payable	(99,472)	(17,723)
Increase in accounts receivable	-	(49,396)
Increase in tax liability	(1,462)	-
	(2,193,959)	(11,597,073)
Financing activities		
Proceeds from issue of shares	-	-
Shares repurchased during the period	(25,125,000)	-
Movement in minority interest	-	1,322,746
	(25,125,000)	1,322,746
Net change in cash and cash equivalents during the period	(27,318,959)	(10,274,327)
Cash and cash equivalents at beginning of period	54,942,189	10,378,605
Cash and cash equivalents at end of period	27,623,230	104,278

The accompanying notes form an integral part of these consolidated financial statements.

KUBERA CROSS-BORDER FUND LIMITED

Notes to the Consolidated Financial Statements

June 30, 2009

(stated in United States dollars)

1. Organisation and principal activity

Kubera Cross-Border Fund Limited (the “Fund”) was incorporated in the Cayman Islands on 23 November 2006 as an exempted company with limited liability.

The Fund is a closed-end investment company trading on AIM, a market operated by the London Stock Exchange plc. The Fund makes private equity investments in cross-border companies, primarily in businesses that operate in the US-India corridor. On a selective basis the Fund may invest in companies operating in other corridors between developed and emerging markets. Several of the Fund’s investee companies also benefit from business activities in the growing Indian domestic market.

The Fund is managed by Kubera Partners, LLC (the “Investment Manager”). The Investment Manager is responsible for the day-to-day management of the Fund’s investment portfolio in accordance with the Fund’s investment objective and policies.

The Fund is a Limited Partner in Kubera Cross-Border Fund LP (the “Partnership”) an exempted limited partnership formed on 28 November 2006, in accordance with the laws of the Cayman Islands. The primary business of the Partnership is to invest in, purchase and sell, investments for the purpose of carrying out an investment strategy that is consistent with the strategy described in the Admission Document and Offering Memorandum of the Fund.

The Partnership holds 100% ownership of a company incorporated in Mauritius, Kubera Cross-Border Fund (Mauritius) Limited. The primary business of Kubera Cross-Border Fund (Mauritius) Limited is to carry on business as an investment holding company.

Kubera Cross-Border Fund (GP) Limited, a company incorporated under the laws of the Cayman Islands and a wholly owned subsidiary of the Fund serves as the General Partner of the Partnership.

2. Significant accounting policies

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies are as follows:

(a) Basis of preparation

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

The measurement and presentation currency of the consolidated financial statements is the United States dollar rather than the local currency of the Cayman Islands reflecting the fact that subscriptions to and redemptions from the Fund are made in United States dollars and the Fund's operations are primarily conducted in United States dollars.

(b) Valuation, security transactions and income

Substantially all securities are held in custody by the Hong Kong & Shanghai Banking Corporation. Security transactions are recorded on the trade date basis. Interest is recorded on the accrual basis and dividends are recorded on the ex-dividend date. The Fund uses the weighted average cost method to determine the realised gain or loss on sale of investments.

Investments are recorded at estimated fair value (as discussed herein).

In September 2006, the FASB issued Statement of Financial Accounting Standards No.157, Fair Value Measurement ("FAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Fair value of an investment is the amount that would be received to sell the investment in an orderly transaction between market participants at the measurement date (i.e. the exit price).

SFAS No. 157 establishes a hierarchal disclosure framework which prioritises and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I are publicly traded equity securities and are valued at the last sales price on a national securities exchange on the valuation date. As required by FAS No. 157, the Fund does not adjust the quoted price for these investments even in situations, if any, where the Fund holds a large position and a sale could reasonably impact the quoted price.

Level II - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, are valued at prices for similar assets or liabilities in markets that are not active, or determined through the use of models or other valuation methodologies. Investments which are generally included in this category are publicly traded equity securities with restrictions and derivative contracts.

Level III - Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. Fair value for these investments is determined using valuation methodologies that consider a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value require significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally are privately held debt and equity securities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Investment Manager's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

In October 2008, the FASB issued FASB Staff Position No. 157-3, (“FSP No. 157-3”), “Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active”. FSP No. 157-3 clarified the application of FAS 157 in cases where the market for a financial instrument is not active and provides an example to illustrate key considerations in determining fair value in those circumstances. FSP No. 157-3 was effective upon issuance and did not have a material impact on the consolidated financial statements of the Fund.

Fund's valuation policy

Securities listed on a stock exchange or traded on any other regulated market are valued at the last closing price on such exchange or market or, if no such price is available, at the mean of the bid and asked price on such day. If there is no such price or such market price is not representative of the fair market value of any such security, then the security is valued based on quotations readily available from principal-to-principal markets, financial publications, or recognised pricing services, or a good faith estimate of fair value is made in accordance with US GAAP.

If a security is listed on several stock exchanges or markets, the last closing price on the stock exchange or market which constitutes the main market for such security is used.

A discount from values of actively traded securities is taken for holdings of securities when there is a formal restriction that limits sale of the securities. Discounts for restricted equity securities from their market price range from 0% to 30%. When determining a discount to actively traded restricted securities, factors taken into consideration include the investee company’s trading characteristics, the Fund’s ability to sell its position when the restriction expires, and the term of the restriction. The adjustment of the discount depends on the duration of the restriction.

In the event that a listed security has no such price or the market price is not representative of the fair market value, the security has limited marketability, or the security is unlisted, its fair value is determined by the Investment Manager, taking into account the financial conditions, operating results, value of additional equity or equity-related offerings of the issuer, comparable company transactions, performance multiples, or other valuation methodology that the Investment Manager in good faith considers appropriate. A revaluation of these securities is accepted by the Fund only upon majority approval of the independent directors of the Fund.

The consolidated financial statements include investments valued at US\$ 83,182,278 representing 71.13% of net assets whose fair values have been estimated by the Fund based on the recommendations of the Investment Manager, in the absence of readily ascertainable market values. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the difference could be material. Additionally, current widespread economic uncertainty and indeterminate financial markets could have a material impact on the actual value that would be realised if such investments were sold in an orderly disposition between willing parties.

The following table summarises the valuation of the Fund's investments by the above SFAS No. 157 fair value hierarchy levels as of 30 June 2009:

	Total	Level I	Level II	Level III
Investments in securities	86,961,547	4,183,703	-	82,777,844
Investment in Unquoted warrants	404,434			404,434
Total	87,365,981	4,183,703	-	83,182,278

The changes in the investments classified as Level III are as follows:

Balance at 1 January 2009	82,945,129
Purchases	1
Transfers in (out) of Level III	-
Total unrealised gains / (losses)	237,148
Balance, 30 June 2009	83,182,278

Changes in unrealised gains / (losses) included in earnings relating to investments still held at 30 June 2009

237,148

Total realised and unrealised gains and losses, if any, recorded for the Level III investments is reported in net realised gain / (loss) on investments and movement in unrealised gain / (loss) on investments in the consolidated statement of operations.

(c) Investment in Unquoted warrants

Investments in Unquoted warrants have been recorded at fair value. Change in fair value is reported in net change in unrealised gain / (loss) on investments in securities, in the consolidated statement of operations.

Unquoted warrants are derivative instruments which do not have an active quoted market price. The fair value of the warrants at 30 June 2009 is estimated, using the Black-Scholes model, taking into account the terms and conditions upon which the warrants were granted.

(d) Organisational costs

Organisational costs of the Fund are expensed as incurred.

(e) Foreign currency translation

The Fund's accounting records are maintained in U.S. dollars as follows: (1) the foreign currency market value of investments and other assets and liabilities denominated in foreign currency are translated at the prevailing exchange rate at the end of the period; and (2) purchases and sales, income and expenses are translated at the prevailing exchange rate on the respective date of such transactions. The resulting net foreign currency gain or loss is included in the consolidated statement of operations.

The Fund does not generally isolate that portion of the results of operations arising as a result of changes in the foreign currency exchange rates from the fluctuations arising from changes in the market prices of securities. Accordingly, such foreign currency gain/(loss) is included in net realised and unrealised gain/(loss) on investments.

(f) Basis of consolidation

The consolidated financial statements include the accounts of the Fund and its wholly owned subsidiary, Kubera Cross-Border Fund (GP) Limited and its majority owned subsidiaries, Kubera Cross-Border Fund LP and Kubera Cross-Border Fund (Mauritius) Limited. All material inter-company balances and transactions have been eliminated.

(g) Cash and cash equivalents

Cash and cash equivalents represent amounts held with the Fund's and subsidiaries' bank accounts.

(h) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(i) Taxation

Under the laws of the Cayman Islands, the Fund, Kubera Cross-Border Fund (GP) Limited and Kubera Cross-Border Fund L.P., are not required to pay any tax on profits, income, gains or appreciations and, in addition, no tax is to be levied on profits, income, gains, or appreciations or which is in the nature of estate duty or inheritance tax on the shares, debentures or other obligations of the Fund and its Cayman-based subsidiaries, or by way of withholding in whole or part of a payment of dividend or other distribution of income or capital by the Fund and its Cayman-based subsidiaries, to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund and its Cayman-based subsidiaries.

However, the Fund's majority owned subsidiary, Kubera Cross-Border Fund (Mauritius) Limited is subject to income taxes in Mauritius on its net income at a rate of 15%, though it receives a tax credit of 80% on its foreign source income. Thus the maximum effective tax rate is 3%. Capital gains are exempted from taxation in Mauritius.

	30 June 2009	30 June 2008
Tax liability of Mauritius subsidiary	-	-
<i>(j) Comprehensive income</i>		

The Fund has no other comprehensive income other than disclosed in the consolidated statement of operations. Therefore, a separate consolidated statement of comprehensive income has not been prepared.

(k) Expenses

The Fund bears its own expenses on an accrual basis including, but not limited to, the following: organisational costs, brokerage, custody, legal, accounting, audit and other operating and administrative expenses.

3. Management and performance fees

Management fees

The Investment Manager is entitled to receive an aggregate investment management fee of 2 per cent per annum of the Fund's net asset value, to be paid quarterly in advance based on the published net asset value of the Fund of the previous quarter, except as provided below.

On 8 December 2008, the Board of Directors of the Fund fixed the management fees for the years 2009 and 2010 at a fixed quarterly payment equal to the management fee for the calendar quarter ending 31 December 2008. For the six month period ended 30 June 2009, investment management fees totaled US\$ 1,948,210.

Carried Interest

Under the terms of the Partnership Agreement, an affiliate of the Investment Manager is entitled to receive a carried interest from the Partnership equivalent to 20 per cent, of the aggregate return over investment received by the Partnership following the full or partial cash realisation of an investment.

The payment of the carried interest is conditional upon the last announced net asset value of the Fund prior to the date of a distribution as adjusted by adding back the value of any income or capital distributions made by the Fund to its shareholders, being equal to or greater than the Par Value. In addition, the carried interest payment will be adjusted, up or down, by such amount as is required to achieve the position that, following such distribution, the aggregate cumulative amount of carried interest paid at the date of such distribution will equal 20 per cent, of the eligible carried interest proceeds (being the net realised gains of the Partnership to the date of such distribution reduced by the net unrealised losses). Unrealised losses or unrealised gains shall include the unrealised loss or unrealised gain on Ordinary Shares purchased by the Fund (whether by way of on or off market purchase or general tender offer), at the time of such distribution. Such unrealised loss or gain will amount to the difference between the cumulative Adjusted Net Asset Value per Share of the purchased Ordinary Shares at the date of such distribution, and the amount used to purchase such Ordinary Shares. Adjusted Net Asset Value per Share means the Adjusted Net Asset Value divided by the number of Ordinary Shares in issue from time to time. Eligible carried interest proceeds may not be less than zero.

For the six month period ended 30 June 2009, no carried interest was payable.

4. Director's fees and expenses

The Fund pays each of its directors an annual fee of £20,000 and the Chairman is paid an annual fee of £25,000, plus reimbursement for out-of-pocket expenses incurred in the performance of their duties. The members of the Audit Committee are paid an annual fee of £2,000 and the Chairman of the Committee is paid an annual fee of £5,000. Each of Messrs. Mahadeva and Raghavendran has waived his Director's fees for so long as he is interested in the Investment Manager.

5. Cash and cash equivalents

	30 June 2009	30 June 2008
Cash at bank	27,623,230	104,278

6. Other assets

	30 June 2009	30 June 2008
Accrued interest on short term loan	218,117	44,572
Prepaid expenses	67,649	8,566
Total	285,766	53,138

7. Accounts payable

	30 June 2009	30 June 2008
Accrued expenses	24,661	106,837

8. Share capital and share premium

	30 June 2009	30 June 2008		
Authorised share capital:				
1,000,000,000 ordinary shares of US\$ 0.01 each	10,000,000	10,000,000		
Issued and fully paid:				
	Number of shares	Share Capital	Share premium	Total
At 1 January 2008	-	2,060,000	203,940,000	206,000,000
Repurchased during the period	-	-	-	-
At 30 June 2008	-	2,060,000	203,940,000	206,000,000
At 1 January 2009	152,902,655	1,529,027	174,327,086	175,856,113
Repurchased during the period	(40,998,332)	(409,984)	(24,715,016)	(25,125,000)
At 30 June 2009	111,904,323	1,119,043	149,612,070	150,731,113

In June 2009, the Fund repurchased 898,274 and 40,100,058 ordinary shares of US\$ 0.01 each at US\$ 0.60 and US\$ 0.61 per share respectively, for an aggregate consideration of US\$ 25,125,000. These repurchased shares were cancelled.

9. Minority interest

	30 June 2009	30 June 2008
Share capital	11,196,464	9,721,191
Accumulated profit share	(3,243,325)	(478,415)
	<u>7,953,139</u>	<u>9,242,776</u>

Minority Interest is primarily composed of the partnership interests of Kubera Cross-Border Incentives SPC - Co-Investment Segregated Portfolio, a Cayman Islands company and an affiliate of the Investment Manager, in the consolidated affiliates.

10. Material transactions with related parties

During the period there were no material transactions with related parties except as disclosed below.

	30 June 2009	30 June 2008
Investment management fees paid to Investment Manager	1,948,210	2,044,492

The Fund has borne part of expenses relating to deals made on behalf of its subsidiaries. These will not be reclaimed back.

11. Investments and associated risks

The Fund's investment activities expose it to various types of risks, which are associated with the financial instruments and markets in which it invests. The financial instruments expose the Fund in varying degrees to elements of liquidity, market and credit risk. The following summary is not intended to be a comprehensive summary of all risks inherent in investing in the Fund and reference should be made to the Fund's admission document for a more detailed discussion of risks.

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to finance the Fund's operations and to mitigate the effects of fluctuations in cash flows.

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Fund's receivables from investment securities.

Cash and cash equivalents are placed with banks and financial institutions which are regulated. The carrying amount of financial assets represents the maximum credit exposure.

12. Financial highlights

	30 June 2009	30 June 2008
Net asset value per ordinary share at beginning of period	0.88	0.98
Income from investment operations		
Net investment loss	(0.02)	(0.01)
Net realised and unrealised gain on investment activities	0.18	(0.02)
Net asset value per ordinary share at end of period	<u>1.04</u>	<u>0.95</u>

13. New accounting pronouncements

In July 2006, the FASB released FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 ("FIN 48"). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's consolidated financial statements to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority based on technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the year of determination.

On December 30, 2008, the Financial Accounting Standards Board ("FASB") issued FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises ("FSP 48-3"), which deferred the effective date of the adoption of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement no. 109 ("FIN 48"). Under FSP 48-3, in the absence of early adoption, FIN 48 will become effective for the Fund at December 31, 2009. The Fund has elected to take advantage of this deferral and will continue to accrue for liabilities relating to uncertain tax positions only when such liabilities are probable and reasonably estimable. Based on its continued analysis, the Fund has determined that the adoption of FIN 48 will not have a material impact to the Fund's consolidated financial statements. However, the Fund's conclusions regarding FIN 48 may be subject to review and adjustment at a later date based on ongoing analyses of tax laws, regulations and interpretations thereof and other factors.

In March 2008, FASB issued Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities ("FAS 161"). FAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. FAS 161 is effective for financial statements issued for fiscal years beginning after November 15, 2008. Management is currently evaluating the impact the adoption of FAS 161 will have on the Fund's consolidated financial statement disclosures.

14. Subsequent events

There were no material subsequent events after the balance sheet date.