

21 April 2009

Kubera Cross-Border Fund Limited

Annual Results for the year ended 31 December 2009

Kubera Cross-Border Fund Limited (“KUBC” or the “Fund”) (LSE/AIM: KUBC) has issued its annual audited results for the year ended 31 December 2009.

Financial Highlights

- Net asset value of the Fund as at 31 December 2009 of US\$ 1.07 per share (US\$ 0.88 per share as at 31 December 2008)
- Consolidated net investment loss for the year of US\$4.4 million
- Consolidated unrealised gain on investments in securities for the year of US\$ 16.0 million
- Consolidated cash and cash equivalents as at 31 December 2009 of US\$ 23.2 million

Electronic and printed copies of the annual report will be sent to shareholders shortly. Copies of the report will be available, free of charge, from the offices of Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU, and will be available at the Fund’s website www.kuberacrossborderfund.com.

About Kubera Cross-Border Fund Limited

Kubera Cross-Border Fund Limited is a closed-end investment company incorporated in the Cayman Islands and 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 portfolio 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 announcement 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

Dear Shareholders:

On behalf of the Board of Directors, I am pleased to present the audited financial statements of Kubera Cross-Border Fund Limited ("KUBC" or the "the Fund"), for the year ended 31 December 2009.

NAV

The Fund has made nine investments since inception but as part of the discount control measures undertaken in April 2009 has ceased to make any new investments, other than follow-on investments in the existing portfolio, until the Independent Directors determine otherwise. Its audited Net Asset Value per share ('NAV') increased by 21% from US\$ 0.88 to US\$ 1.07 between 31 December 2008 and 31 December 2009. The increase in NAV reflects the improved operating performance of the portfolio companies, an enhanced valuation methodology that places greater emphasis on market-linked valuations, the rebound in global and Indian public equity market valuations, and the accretive benefits of the share buyback conducted in June 2009.

The most important task for a Board such as ours is to bring discipline and rigor to the valuation process, so as to give shareholders comfort around the robustness of Net Asset Values, particularly for unlisted investments. Here I would like to place on record the Board's appreciation for the work done by Michael Tyler, our colleague who is the chairman of the Audit Committee, and to the Manager's team in enhancing the valuation process for the Fund.

The Fund has now held its investments for a sufficient period that historical and forecast financials, as well as appropriate market comparables, can now be fully utilised in determining the investment valuations. The Fund's valuations have always been market-linked, but the approach has been further enhanced for the Fund's seven unlisted investments, assigning weights to trailing comparable multiples of revenues, EBIT and EBITDA; forward comparable multiples of revenues, EBIT and EBITDA; transaction multiples; and discounted cash flows. Illiquidity discounts have been applied where appropriate. It should also be noted that an independent valuation specialist has, on behalf of the Audit Committee, reviewed and approved the valuation methodology.

Discount

During the 2009 financial year, the Fund's share price increased by 11% from US\$ 0.54 to US\$ 0.60. While the discount to NAV increased from 38% to 44% during the calendar year, it should be noted that the Fund's share price fell as low as US\$ 0.33 in early 2009, and relative to that low point, the share price increased 82% by year end and the discount to NAV narrowed from 63% at the low point to 44% at year end.

Excluding the buyback volume from June 2009, average daily volume from 1 January 2009 up until 7 June was 329,000 shares; however from 10 June to 31 December this average fell to only 32,000 shares (according to Datastream). It would appear that reducing the cash balance via the two large buybacks has resulted in a stable shareholder group that has little desire to sell at current levels.

The Board believes that the discount to NAV should narrow as investment realisations materialise. The Board continues to adhere to the discount reduction policy outlined on 15

April 2009, and therefore realisations will be distributed to shareholders via a tender, buyback or dividend, subject to retaining sufficient monies to meet follow-on capital commitments and liabilities as they fall due.

Realisations

At the time of the original launch of KUBC, the Manager had indicated that typical investment holding periods would range between three and five years, based on prior experience. The global economic crisis has extended these timelines by at least 18 months. At this time, the average holding period of the KUBC investments is approximately two years. In the base case, therefore, investors should anticipate realisations starting in 2012.

However the Manager actively evaluates, on an ongoing basis, partial or complete realisations of investments. Since year end, the Fund has sold its interest in Infotech Enterprises, generating a gross IRR of 70% and a multiple of 2.2x, with proceeds to the Fund of US\$ 1.9 million. The Fund intends returning the net investment proceeds to shareholders, in the form of a buyback of shares at market prices. The Fund will work through its broker, Numis Securities, to repurchase shares.

The Manager has also informed the Board that during the first quarter of 2010, four of the Fund's investee companies have received third party interest in either providing financing that will provide an externally validated valuation, or (in one case) an outright purchase of the investee company. The Manager will continue to carefully evaluate the trade-off for the Fund between generating realisation proceeds (or an external valuation) in the short-term, i.e. 2010 or 2011, versus higher returns projected to be generated from holding the asset for a longer period.

Cash Balance

At year end, the Fund retained US\$ 23 million of cash on its balance sheet. At the time of the second buyback in June 2009, the Board analysed, with the Manager's assistance, the minimum level of cash required to manage the Fund to ultimate success, keeping in mind the need for follow-on capital for the portfolio (which may be required several years into the future), as well as sufficient monies to support ongoing operations on behalf of the Fund. The Board remains comfortable, at this time, that there is sufficient capital on the Fund's balance sheet to manage the Fund to success.

Summary

The Fund's portfolio companies, for the most part, are delivering strong performance and have recovered well from the financial crisis. The recovery is not complete by any means but the trends are promising.

Additional information can be found in the Manager's Report in this document. Further detailed information on investments, quarterly net asset values and other material events relating to the Fund are available through news releases made to the London Stock Exchange available on www.londonstockexchange.co.uk under ticker KUBC and through the Fund's website at www.kuberacrossborderfund.com.

Martin M. Adams
Chairman

INVESTMENT MANAGER'S REPORT

India Economic and Market Review

2009 saw the Indian economy recover strongly with GDP growth of 6.45% year over year. The impact of global slowdown on the economy was largely muted due to strong domestic demand, supportive government initiatives and monetary policies.

In response to the global economic crisis and a significant drop in inflation numbers earlier in the year, the Indian government had responded with significant monetary easing. This, coupled with increased government spending has helped boost domestic demand. Interest rate sensitive sectors such as the automobile industry are continuing to see growth in demand. However with food price inflation of close to 17% and Wholesale Price Index of approximately 4.8% there was some monetary tightening. We expect the growth to continue in spite of a moderate interest rate increase since the banking system remains flush with liquidity.

An encouraging trend in 2009 has been the continued inflows from foreign institutional investors. The net FDI inflows for 2009 crossed US\$ 17.3 billion in September and this has been the catalyst for the rally in the equity markets. We expect the political stability and investor friendly policies to be beneficial for the business climate in India and by extension for all our investments.

The Bombay Stock Exchange Sensex (comprising of 30 stocks) ended the year at 17,485 points, up from below 10,000 points in end of 2008, and the highest level since May 2008. During the same period the mid-cap index was up 93.5%. At current prices, the Indian stock market is priced at a forward P/E of 16-17 down from a peak of 23 in the beginning of 2008 and a low of 8-10 earlier in 2009. We expect that the market will remain attractive for global investors, and attention will only increase as the global liquidity situation further improves.

Portfolio

As at 31 December 2009, the Fund has nine investments (with one being fully realised after year end). The Fund's portfolio companies were not immune to the challenges of the global financial crisis, but have shown strong signs of recovery in most cases.

(\$ in millions)	Total			Fund's Share					
	Capital Invested	Cash Realized	Carrying Value	Capital Invested	Cash Realized	Carrying Value	Total Value	Gross IRR	Gross Multiple
Venture Infotek	22.9	1.2	29.4	20.9	1.1	26.8	27.9	14.8%	1.3x
Adayana ¹	23.2	-	23.6	21.1	-	21.5	21.5	0.8%	1.0x
Essel Shyam	14.7	-	17.7	13.4	-	16.2	16.2	18.2%	1.2x
Synergies Castings	21.3	-	15.6	19.4	-	14.2	14.2	-14.8%	0.7x
Ocimum Biosolutions	14.0	-	6.6	12.8	-	6.0	6.0	-30.9%	0.5x
GSS America	10.2	0.05	6.3	9.3	0.05	5.7	5.8	-21.7%	0.6x
Kejriwal Stationary	20.0	-	2.9	18.2	-	2.7	2.7	-50.2%	0.1x
Infotech Enterprises	1.0	0.01	1.7	0.9	0.01	1.6	1.6	61.0%	1.7x
Spark Capital	1.5	-	1.5	1.4	-	1.4	1.4	0.8%	1.0x
Total Portfolio	128.8	1.3	105.3	117.4	1.2	96.1	97.3	-8.7%	0.83x
Fund IRR (per share data)²				1.0		1.07	1.07	2.3%	1.07x

Notes:

1 - Includes loan of US\$ 3.1 million extended to the company in July 2009

2 - Continuing shareholders who participated in the original fundraise at \$1.00 per share have an unrealized IRR of 2.3%, based on the 31 December 2009 NAV of \$1.07, at a gross level ignoring potential incentive and other fees

Valuations

The Fund's financial statements are prepared under US GAAP. All investments are recorded at estimated fair value, in accordance with SFAS 157 that defines and establishes a framework for measuring fair value. The audited NAV per share is calculated on this basis. Upon the recommendations of the Audit Committee of the Fund solely comprising of the independent directors, the Fund further refined its valuation methodology, as detailed in the Chairman's Statement.

Conclusion

We are pleased to observe that the majority of our portfolio continues to show growth, profitability and momentum. Given this performance, we are optimistic about the ultimate outcome.

Kubera Partners LLC
Investment Manager

INVESTING POLICY

KUBC aims to achieve high returns through capital investments in cross-border businesses, whilst adhering to the following investment policies and guidelines.

Target Companies

Investee companies will have strong management teams and at least USD 10 million in annual revenues (post-acquisition if the investment is intended to facilitate future acquisitions). The investee company will have a proven performance track record or demonstrate the potential for good short to medium-term growth.

Geographic Focus

Investments are primarily in companies or assets located in India and in the US. Investments can also be appropriated to target US companies that use low cost domiciles other than India such as China or the Philippines, and also companies that serve other attractive developed markets. The geographic mix of investments may vary over time if suitable opportunities arise and are deemed appropriate for this Company.

Type of Investments

Investments will be funded by way of cash. Ordinary shares of the Company will not be used as consideration for any investments.

Number of Investments

The Investment Manager expects to actively manage a concentrated portfolio of approximately six to 12 investments when fully invested, in order to reduce the risk profile of the Company whilst aiming for high returns.

Investment Size

The size of each investment will range between USD 20 million and USD 70 million, although initial investments may be smaller if follow-on investments are anticipated. Initial investments will not exceed 20% of the Company's Net Asset Value (NAV) (calculated at the time of the investment). Generally, the Company expects to take a minimum stake of 10% in each investee company.

Control of Investee Companies

The Company aims to secure a control position in an investee company, solely or as part of an investment consortium. In cases where the Company holds a minority interest, the Investment Manager will seek to secure minority protection rights. The Investment Manager will expect to be on the Board of all investee companies.

Borrowings

The Company may borrow up to 20% of NAV of the Company (calculated at the time of borrowing) for investment or short-term funding purposes. The Company may also use overdraft and other short-term borrowings to facilitate short-term working capital needs such as expenses or fees payable by the Company.

Realisation of Investments

The Company aims to realise investments when deemed appropriate by the Investment Manager in line with the investment objectives. Investments are expected to be held for two to five years on average although the Investment Manager has the discretion to hold investments with strong growth prospects beyond this time horizon.

Investment Timeline

At least half of the placing proceeds are expected to be invested within 12 months following admission to the Alternative Investment Market of the London Stock Exchange. The Company intends to be fully invested within 18 months from the date of admission, subject to funds reserved for potential follow-on investments and future management fees.

Uninvested Funds

Any cash pending investment, reinvestment or distribution will be placed in bank deposits, bonds or treasury securities of the USA and its agencies and capital-guaranteed schemes offered by major global financial institutions.

KUBERA CROSS-BORDER FUND LIMITED

Consolidated statement of assets and liabilities

31 December 2009

(stated in United States Dollars)

	<i>Note</i>	2009	2008
ASSETS			
Investments in securities (other than warrants), at fair value	<i>2(b)</i>	101,940,509	85,406,708
Unquoted warrants, at fair value	<i>2(c)</i>	39,371	579,352
Loans to portfolio companies	<i>10</i>	3,343,200	1,126,620
Cash and cash equivalents	<i>2(g),5</i>	23,176,529	54,942,189
Interest and dividend receivable		307,231	132,292
Prepaid expenses		139,814	143,683
Total assets		128,946,654	142,330,844
Liabilities			
Accounts payable		89,742	124,133
Tax liability (net)	<i>2(i),7</i>	235	1,462
Total liabilities		89,977	125,595
Net assets		128,856,677	142,205,249
Analysis of net assets			
Capital and reserves			
Share capital	<i>6</i>	1,119,044	1,529,027
Share premium	<i>6</i>	149,737,069	174,327,086
Revenue reserves		(31,342,587)	(41,468,864)
		119,513,526	134,387,249
Non controlling interest	<i>8</i>	9,343,151	7,818,000
		9,343,151	7,818,000
Total shareholders' interests		128,856,677	142,205,249

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

KUBERA CROSS-BORDER FUND LIMITED

Consolidated schedule of investments

31 December 2009

(stated in United States Dollars)

	Industry	Instrument	Number of shares	Cost	Fair value	% of Net Assets	Number of shares	Cost	Fair value	% of Net assets
Investments in securities (other than warrants)										
Venture Infotek Limited (refer Note 1)	Transaction processing	Preferred shares	134,112,451	21,745,286	29,432,631	22.84%	-	-	-	-
New Wave Holdings Limited (refer Note 1)	Investment company	Preferred shares	-	-	-	-	1,916,883	21,745,286	21,745,286	15.29%
Adayana, Inc.	Education	Series A (2007) convertible participating preferred stock	3,750,000	15,000,000	13,330,575	10.35%	3,750,000	15,000,000	15,000,000	10.55%
		Series B (2007) convertible preferred stock	1,250,000	5,000,000	6,951,677	5.39%	1,250,000	5,000,000	6,085,935	4.28%
		Common stock	16,667	50,001	-	0.00%	16,667	50,001	50,001	0.04%
				20,050,001	20,282,252	15.74%		20,050,001	21,135,936	14.87%
Essel Shyam Communication Limited	Media services	Compulsorily convertible preference shares	5,555,056	12,208,914	14,683,941	11.40%	5,555,056	12,208,914	12,208,914	8.59%

		Equity shares	1,125,315	2,473,220	2,974,598	2.31%	1,125,315	2,473,220	2,473,220	1.74%
				14,682,134	17,658,539	13.71%		14,682,134	14,682,134	10.33%
Ocimum Biosolutions (India) Limited	Life sciences	Preference shares	3,818,162	14,000,000	6,567,785	5.10%	3,818,162	14,000,000	14,000,000	9.84%
		Equity shares	1,000	3,667	1,720	0.00%	1,000	3,667	3,667	0.00%
				14,003,667	6,569,505	5.10%		14,003,667	14,003,667	9.84%
Kejriwal Stationery Holdings Limited	Stationery products	Convertible redeemable preference shares	455,172	20,000,000	2,915,453	2.26%	455,172	20,000,000	5,043,877	3.55%
GSS America Infotech Limited	IT infrastructure	Equity shares	1,000,000	10,225,274	6,282,644	4.88%	1,000,000	10,225,274	2,492,314	1.75%
Synergies Castings Limited	Automotive components	Compulsorily convertible cumulative preference shares	5,333,334	10,000,000	7,375,162	5.72%	5,333,334	10,000,000	2,013,613	1.42%
		Equity shares	5,936,298	11,308,670	8,208,966	6.37%	5,936,298	11,308,670	2,241,264	1.58%
				21,308,670	15,584,128	12.09%		21,308,670	4,254,877	3.00%
Spark Capital Advisors (India) Private Limited	Financial services	Convertible preference shares	55,000	1,497,849	1,497,849	1.16%	55,000	1,497,849	1,497,849	1.05%
		Equity shares	79	2,151	2,151	0.00%	79	2,151	2,151	0.00%
				1,500,000	1,500,000	1.16%		1,500,000	1,500,000	1.05%
Infotech Enterprises Limited	Engineering services	Equity shares	260,000	951,168	1,715,357	1.33%	260,000	951,168	548,617	0.39%

Total investments in securities (other than warrants)			124,466,200	101,940,509	79.1%		124,466,200	85,406,708	60.07%	
Investments in securities (Unquoted warrants)										
Adayana, Inc.	Education	Convertible to common stock	83,580	16,800	-	0.00%	533,034	11,380	52,450	0.04%
Essel Shyam Communication Limited	Media services	Convertible to compulsorily convertible preference shares	1,316,749	-	34,864	0.03%	1,316,749	-	384,062	0.27%
Spark Capital Advisors (India) Private Limited	Financial services	Convertible to convertible preference shares	61,199	-	4,507	0.00%	61,199	-	142,840	0.10%
Total unquoted warrants			16,800	39,371	0.03%		11,380	579,352	0.41%	

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

KUBERA CROSS-BORDER FUND LIMITED

Consolidated statement of operations

for the year ended 31 December 2009

(stated in United States Dollars)

	<i>Notes</i>	Year ended 31 December 2009	Year ended 31 December 2008
Investment income			
Interest	<i>11</i>	539,423	520,896
Dividends		40,093	53,419
Other income		9,469	12,227
		588,985	586,542
Expenses			
Investment management fee	<i>3, 9</i>	3,896,420	3,999,938
Professional fees		246,957	257,379
Insurance		144,070	133,826
Director fees	<i>4</i>	133,929	126,859
Administration fees		24,027	39,560
Licence fees		19,273	13,312
Custodian fees		28,288	80,732
Other expenses		482,131	516,374
		4,975,095	5,167,980
Net investment loss before tax		(4,386,110)	(4,581,438)
Taxation	<i>2(i),7</i>	1,818	1,462
Net investment loss after tax		(4,387,928)	(4,582,900)
Realised and unrealised gain /(loss) on investment transactions			
Unrealised gain / (loss) on investments in securities		15,965,689	(38,491,520)
Unrealised loss on investments in money market instruments		-	(5,645,422)
Realised gain on investments in money market instruments		-	7,490,296
		15,965,689	(36,646,646)
Net increase in net assets resulting from operations		11,577,761	(41,229,546)
Non-controlling interest		1,451,484	(3,388,095)
Equity holding of parent		10,126,277	(37,841,451)
		11,577,761	(41,229,546)

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 year ended 31 December 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	-	-	-	-
Repurchased during the year	(530,973)	(29,612,914)	-	(30,143,887)
Net decrease in net assets resulting from operations	-	-	(37,841,451)	(37,841,451)
At 31 December 2008	1,529,027	174,327,086	(41,468,864)	134,387,249
At 1 January 2009	1,529,027	174,327,086	(41,468,864)	134,387,249
Issued during the year	-	-	-	-
Repurchased during the year (refer Note 6)	(409,983)	(24,590,017)	-	(25,000,000)
Net increase in net assets resulting from operations	-	-	10,126,277	10,126,277
At 31 December 2009	1,119,044	149,737,069	(31,342,587)	119,513,526

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

KUBERA CROSS-BORDER FUND LIMITED

Consolidated statement of cash flows

for the year ended 31 December 2009

(stated in United States Dollars)

	Year ended 31 December 2009	Year ended 31 December 2008
Operating activities		
Net increase / (decrease) in net assets resulting from operations	11,577,761	(41,229,546)
Adjustments to reconcile net increase / (decrease) in net assets resulting from operations to net cash generated by / (used in) operating activities:		
Movement in unrealised (gain) / loss on investments in securities (including warrants)	(15,965,689)	38,491,520
Realised (gain) / loss on investments in money market instruments	-	(7,490,296)
Movement in unrealised loss on investments in money market instruments	-	5,645,422
Purchase of securities (including warrants)	(5,420)	(39,759,957)
Proceeds on disposal of money market instruments	-	117,650,128
Change in operating assets and liabilities:		
Increase in loans to portfolio companies	(2,216,580)	(1,126,620)
Increase in other assets	(193,783)	(272,233)
Increase in current liabilities	(34,390)	(427)
(Decrease) / increase in tax liability	(1,227)	1,462
	(6,839,328)	71,909,453
Financing activities		
Shares repurchased during the year	(25,000,000)	(30,143,887)
Capital contribution by non-controlling interest shareholders'	73,668	2,798,018
	(24,926,332)	(27,345,869)
Net change in cash and cash equivalents during the year	(31,765,660)	44,563,584
Cash and cash equivalents at beginning of year	54,942,189	10,378,605
Cash and cash equivalents at end of year	23,176,529	54,942,189

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

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements

31 December 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 Alternative Investment Market (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.

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

With effect from 31 March 2009, New Wave Holdings Limited, a company incorporated in Mauritius, in which the Fund held 54% ownership as on 31 December 2008, became a 99.15% subsidiary of the Fund. The Fund’s investment in New Wave Holdings Limited is shown in the balance sheet at fair value as of 31 December 2008. The primary business of New Wave Holdings 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 significant accounting policies are as follows:

a. Basis of preparation

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP). US GAAP 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, the results of operations during the reporting period and the reported amounts of increases and decreases in net assets from operations during the reporting period. Significant estimates and assumptions are used for, but not limited to, accounting for the fair values of investments in portfolio companies. Management believes that the estimates made in the preparation of the consolidated financial statements are prudent and reasonable. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, these effects are disclosed in the notes to the consolidated financial statements.

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (*Continued*)

31 December 2009

Stated in United States Dollars

2. Significant accounting policies (*Continued*)

a. Basis of preparation (*Continued*)

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. 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, Kubera Cross-Border Fund (Mauritius) Limited and New Wave Holdings Limited (together referred to as the 'Group'). All material inter-company balances and transactions have been eliminated.

c. Valuation, security transactions and income

Substantially all securities are held in custody by the Hong Kong & Shanghai Banking Corporation Limited. Security transactions are recorded on the trade date basis. Interest is recorded on period proportionate basis and dividends are accounted when right to receive dividend is established. 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 Financial Accounting Standard Board (FASB) issued Statement of Financial Accounting Standards No.157, Fair Value Measurement (" FASB ASC 820 (SFAS 157)"). FASB ASC 820 (SFAS 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).

FASB ASC 820 (SFAS 157) establishes a hierarchical 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:

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (*Continued*)

31 December 2009

Stated in United States Dollars

2. Significant accounting policies (*Continued*)

c. Valuation, security transactions and income (*Continued*)

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 FASB ASC 820 (SFAS 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 fair value estimates 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 principle-to-principle markets, financial publications, or recognised pricing services, or a good faith estimate of fair value is made in accordance with US GAAP.

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (*Continued*)

31 December 2009

Stated in United States Dollars

2. Significant accounting policies (*Continued*)

c. Valuation, security transactions and income (*Continued*)

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 forward market comparable multiples, trailing market comparable multiples, transaction multiples, and discounted cash flow models. Inputs include trading values on public exchanges for comparable securities, historic, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. A discount of up to 10% is taken for holdings in securities where there is a risk associated with a lack of liquidity or marketability. A revaluation of these securities is accepted by the Fund only upon majority approval of the independent directors of the Fund.

The following table summarises the valuation of the Fund's investments by the above SFAS No. 157 fair value hierarchy levels as of 31 December 2009

	Total	Level I	Level II	Level III
Investments in securities	101,940,509	7,998,001	-	93,942,508
Unquoted warrants	39,371	-	-	39,371
Total	101,979,880	7,998,001	-	93,981,879

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

Balance at 1 January 2009	82,945,129
Purchases	5,420
Transfers in (out of) Level III	-
Total unrealised gains	11,031,330
Balance at 31 December 2009	93,981,879

Changes in unrealised gains included in earnings relating to investments held at 31 December 2009	11,008,619
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KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (*Continued*)

31 December 2009

Stated in United States Dollars

2. Significant accounting policies (*Continued*)

c. Valuation, security transactions and income (*Continued*)

The following table summarises the valuation of the Fund's investments by the above SFAS No. 157 fair value hierarchy levels as of 31 December 2008:

	Total	Level I	Level II	Level III
Investments in securities	85,406,708	548,617	2,492,314	82,365,777
Unquoted warrants	579,352	-	-	579,352
Total	85,986,060	548,617	2,492,314	82,945,129

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

Balance at 1 January 2008	84,717,623
Purchases	28,583,515
Transfers in (out of) Level III	-
Total unrealised (losses)	(30,356,009)
Balance at 31 December 2008	82,945,129

Changes in unrealised losses included in earnings relating to investments held at 31 December 2008	(30,356,009)
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Total realised and unrealised gains and losses, if any, recorded for the Level III investments are reported in net realised gain / (loss) on investments and movement in unrealised gain / (loss) on investments in the consolidated statement of operations.

d. Unquoted warrants

Unquoted warrants have been recorded at fair value. Changes in fair value are 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 31 December 2009 is estimated, using the Black-Scholes model, taking into account the terms and conditions upon which the warrants were granted.

e. Loans

Loans are reported at their outstanding principal balances.

f. 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 / (loss) is included in the consolidated statement of operations.

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (*Continued*)

31 December 2009

Stated in United States Dollars

2. Significant accounting policies (*Continued*)

c. *Foreign currency translation (Continued)*

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.

g. *Cash and cash equivalents*

Cash and cash equivalents represent amounts held with the Fund's and its subsidiaries' bank accounts and deposits held with banks having original maturity for a period of less than or equal to three months.

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*

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Fund and its subsidiaries. Deferred tax assets and liabilities are recognised for future tax consequences attributable to temporary differences between the consolidated financial statements carrying amount of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the consolidated statement of operations in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realisation is not more likely than not.

j. *Expenses*

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

k. *Fair value of financial instruments*

The Fund's investments are accounted as described in Note 2 (b). The Fund's financial instruments include other current assets, accounts payable and accrued expenses, which are realisable or to be settled within a short period of time. The carrying amounts of these financial instruments approximate their fair values.

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (*Continued*)

31 December 2009

Stated in United States Dollars

3. Management fees and carried interest

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.

On 8 December 2008, the Board of Directors of the Fund fixed the management fees for the twenty four month period beginning 1 January 2009 and ending on 31 December 2010 at a fixed quarterly payment of US\$ 974,105. For the year ended 31 December 2009, investment management fees totaled US\$ 3,896,420 (31 December 2008: US\$ 3,999,938).

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). Eligible carried interest proceeds may not be less than zero.

For the year ended 31 December 2009, no carried interest was payable.

4. Directors' 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. Mr. Mahadeva and Mr. Raghavendran have waived their Director's fees so long as they are interested in the Investment Manager.

The Fund does not remunerate its directors by way of share options and other long term incentives or by way of contribution to a pension scheme.

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements *(Continued)*

31 December 2009

Stated in United States Dollars

5. Cash and cash equivalents

	2009	2008
Cash at bank	4,168,691	34,942,189
Time deposits	19,007,837	20,000,000
	23,176,530	54,942,189

6. Share capital and share premium

	2009	2008
Authorised share capital: 1,000,000,000 ordinary shares of \$0.01 each	10,000,000	10,000,000

	Number of Shares	Share Capital	Share Premium	Total
As at 1 January 2008	206,000,000	2,060,000	203,940,000	206,000,000
Repurchased during the year	(53,097,345)	(530,973)	(29,612,914)	(30,143,887)
As at 31 December 2008	152,902,655	1,529,027	174,327,086	175,856,113
As at 1 January 2009	152,902,655	1,529,027	174,327,086	175,856,113
Repurchased during the year	(40,998,332)	(409,983)	(24,590,017)	(25,000,000)
As at 31 December 2009	111,904,323	1,119,044	149,737,069	150,856,113

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

7. Income taxes

Under the laws of the Cayman Islands, the Fund, Kubera Cross-Border Fund (GP) Limited and Kubera Cross-Border Fund LP, 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.

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (*Continued*)

31 December 2009

Stated in United States Dollars

7. Income taxes (*Continued*)

Under current laws and regulations in Mauritius, the Fund's majority owned subsidiaries, Kubera Cross-Border Fund (Mauritius) Limited and New Wave Holdings Limited, are liable to pay income tax on their net income at a rate of 15%. They are however entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of their foreign source income tax thus reducing their maximum effective tax rate to 3%. Both subsidiaries have received a tax residence certificate from the Mauritian authorities certifying that they are residents of Mauritius, which is renewable on an annual basis subject to meeting certain conditions and which make them eligible to obtain benefits under the Double Tax Avoidance Treaty between Mauritius and India.

	Year ended 31 December 2009	Year ended 31 December 2008
<i>Tax reconciliation</i>		
Net increase / (decrease) in net assets resulting from operations	11,577,760	(41,229,546)
Chargeable income	9,274,600	575,635
Less: Foreign exchange gain	(1,388)	-
Less: Movement in unrealised gain on investment in securities / warrants	(9,700,140)	(526,902)
Add: Movement in unrealised loss on investment in warrants	487,531	-
Net chargeable income	60,603	48,733
Tax @ 15%	9,090	7,310
Deemed foreign tax credit (80%)	7,272	5,848
Tax charge	1,818	1,462

As at 31 December 2009, New Wave Holdings Limited had accumulated tax losses of US\$ 20,577 and therefore no provision for income tax liability arises for the period. The accumulated tax losses can be used and set off against future taxable profits as follows:

Up to the year ending 31 March 2014 – US\$ 12,383

Up to the year ending 31 March 2015 – US\$ 8,194

The components of deferred tax balances are as follows:

	2009	2008
Deferred tax assets		
Business losses – New Wave Holdings Limited	617	Nil
Less: Valuation allowance	617	Nil
Total deferred tax assets	Nil	Nil

The Fund has established a valuation allowance against the deferred tax asset related to business loss. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Accordingly, based on projections of future taxable income of the periods in which the deferred tax assets would be realisable, management is of the view that it is more likely than not, that the Fund will not realise the benefits of the deferred tax assets. Accordingly, the Fund has created a valuation allowance against the entire amount of deferred tax assets as of 31 December 2009.

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (*Continued*)

31 December 2009

Stated in United States Dollars

7. Income taxes (*Continued*)

In July 2006, the FASB issued Interpretation (FIN) No. 48, Uncertainty in Income Taxes. FIN 48 applies to all tax positions within the scope of FASB ASC 740 (SFAS No. 109), Accounting for Income Taxes, and clarifies when and how to recognise tax benefits in the consolidated financial statements with a two-step approach of recognition and measurement. FIN 48 also requires the enterprise to make explicit disclosures about uncertainties in their income tax positions, including a detailed roll-forward of tax benefits taken that do not qualify for financial statement recognition.

The Fund adopted FIN 48 as of January 1, 2009. In connection with the adoption of FIN 48, the Board of Directors' identified no material uncertain income tax positions relevant to the jurisdictions where the Fund is required to file income tax returns. As such, there was no impact to members' equity. The Board of Directors' have concluded that there are no significant uncertain tax positions relevant to the jurisdictions where it is also required to file income tax returns requiring recognition in the financial statements for the year ended 31 December 2009. As a consequence, no tax-related interest has been recognised in 2009.

The Fund monitors proposed and issued tax law, regulations and cases to determine the potential impact to uncertain income tax positions. As at 31 December 2009, there are no potential subsequent events that would have a material impact on unrecognised income tax benefits within the next twelve months.

8. Non-controlling interest

	2009	2008
Share capital	11,270,132	11,196,463
Accumulated loss share	(1,926,981)	(3,378,463)
	9,343,151	7,818,000

Non-controlling 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.

9. Material transactions with related parties

A. The following table lists the related parties of the Group:

Name	Nature of relationship
Wijayaraj Anandakumar Mahadeva	Director
Ramanan Raghavendran	Director
Michel Casselman	Director
Martin Michael Adams	Independent Director
Robert Michael Tyler	Independent Director
Pravin Ratilal Gandhi	Independent Director
Kubera Partners LLC	Investment Manager

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (Continued)

31 December 2009

Stated in United States Dollars

9. Material transactions with related parties (Continued)

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

	2009	2008
Investment management fees paid to Investment Manager	3,896,420	3,999,938
Reimbursement of expenses to Investment Manager	224,686	414,063
Director fee and reimbursement of expenses to Martin Michael Adams	43,321	47,432
Director fee and reimbursement of expenses to Robert Michael Tyler	43,880	41,125
Director fee and reimbursement of expenses to Pravin Ratilal Gandhi	35,234	38,261
Director fee and reimbursement of expenses to Michel Casselman	20,549	-

10. Loans to portfolio companies

Loans receivable as at 31 December 2009 are given below:

Borrower name	Sector	Cost	Fair Value	Date of loan	Carrying rate of interest (% p.a.)	Original date of maturity
Adayana, Inc.	Education	1,000,000	1,000,000	14 July 2009	17.5	14 July 2010
Adayana, Inc.	Education	2,343,200	2,343,200	14 July 2009	17.5	14 July 2011
Total		3,343,200	3,343,200			

Loans receivable as at 31 December 2008 are given below:

Borrower name	Sector	Cost	Fair Value	Date of loan	Carrying rate of interest (% p.a.)	Original date of maturity
Adayana, Inc.	Education	1,126,620	1,126,620	28 March 2008	15	28 March 2009

11. Interest income

Interest income consists of the following:

	Year ended 31 December 2009	Year ended 31 December 2008
Bank interest	117,193	388,603
Interest on loans to portfolio companies	422,230	132,293
Total	539,423	520,896

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (*Continued*)

31 December 2009

Stated in United States Dollars

12. Concentration of 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.

a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market variables such as interest, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the particular security or factors that affect all securities in the markets. Investments are typically made with a specific focus on India and thus are concentrated in that region. Political or economic conditions and the possible imposition of adverse governmental laws or currency exchange restrictions in that region could cause the Fund's investments and their markets to be less liquid and prices more volatile. The Fund is exposed to market risk on all of its investments.

b) Industry risk

The Fund's investments may have concentration in a particular industry or sector and performance of that particular industry or sector may have a significant impact on the Fund. The Fund's investments may also be subject to the risk associated with investing in private equity securities. Investments in private equity securities may be illiquid and subject to various restrictions on resale and there can be no assurance that the Fund will be able to realise the value of such investments in a timely manner.

c) Credit risk

Credit risk is the risk that an issuer/counterparty will be unable or unwilling to meet its commitments to the Fund. Financial assets that are potentially subject to significant credit risk consist of cash and cash equivalents, investments in convertible loans and receivables. The maximum credit risk exposure of these items is their carrying value.

d) Currency risk

The Fund has assets denominated in currencies other than the US\$, the functional currency. The Fund is therefore exposed to currency risk as the value of assets denominated in other currencies will fluctuate due to changes in exchange rates.

The Fund's cash and cash equivalents are held in US Dollars.

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements (*Continued*)

31 December 2009

Stated in United States Dollars

12. Concentration of risks (*Continued*)

e) *Liquidity risk*

The Fund is exposed to liquidity risk as a majority of the Fund's investments are largely illiquid. Illiquid investments include any securities or instruments which are not actively traded on any major securities market or for which no established secondary market exists where the investments can be readily converted into cash. Reduced liquidity resulting from the absence of an established secondary market may have an adverse effect on the prices of the Fund's investments and the Fund's ability to dispose of them where necessary to meet liquidity requirements. As a result, the Fund may be exposed to significant liquidity risk.

f) *Political, economic and social risk*

Political, economic and social factors, mainly changes in Indian laws or regulations and the status of India's relations with other countries may adversely affect the value of the Company's investments.

13. Financial highlights

The financial highlights presented below consist of the Fund's operating expenses and net operating loss ratios for the year ended 31 December 2009, and the internal rate of return ("IRR") since the Fund's admission to trading on AIM, net of all expenses, including carried interest to the Investment Manager:

	2009	2008
Net operating loss	(3.24%)	(10.20%)
Operating expenses before carried interest	3.67%	2.77%
Carried interest	-	-
Operating expenses after carried interest	3.67%	2.77%
Cumulative IRR since inception through the year end	(5.75%)	(10.52%)

The net operating loss and operating expenses ratios are computed as a percentage of the Fund's average net asset value during the period. Both ratios are presented on an annualised basis. The IRR is computed based on the Fund's actual dates of the cash inflows (capital contributions), outflows (cash and stock distributions) and the ending net asset value at the end of the period/year (residual value) as of each measurement date.

14. Subsequent events

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