

23 July 2010

Kubera Cross-Border Fund Limited

Interim Results for the six-month period ended 30 June 2010

Kubera Cross-Border Fund Limited (the "Fund") (LSE/AIM: KUBC) has issued its un-audited interim results for the six month period 1 January 2010 to 30 June 2010.

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 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

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 2010.

Net Asset Value ('NAV') and Discount

As of 30 June 2010, approximately 82% of the Fund's assets included investments in eight underlying portfolio companies that are diversified across several sectors. The Fund's NAV increased 12% from US\$ 1.07 to US\$ 1.18 from 31 December 2009(audited) to 30 June 2010(un-audited). The increase in NAV reflects the improved operating performance of the portfolio companies, and also the accretive benefits of the share buyback conducted in second quarter of 2010. The methodology underlying the Fund's investment valuations is consistent with previous periods and the requirements of US GAAP, and account for recent financial performance and appropriate market comparables.

During the first half of 2010, the Fund's share price increased by 28% from US\$ 0.60 to US\$ 0.765. The discount to NAV narrowed from 44% to 35%.

Realisations

In March 2010, the Fund 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 returned the net investment proceeds to shareholders in the form of a buyback of shares at market prices.

In June 2010, Superior Industries International, a leading US based wheel manufacturer acquired a minority interest in one of the Fund's portfolio companies, Synergies Castings Limited. While this primary transaction did not generate realisation proceeds for the Fund, it provided an externally validated valuation for the investment.

The Manager has also informed the Board that one of the Fund's portfolio companies has received offers from strategic investors for outright purchase, and it continues to carefully evaluate such proposals.

Summary

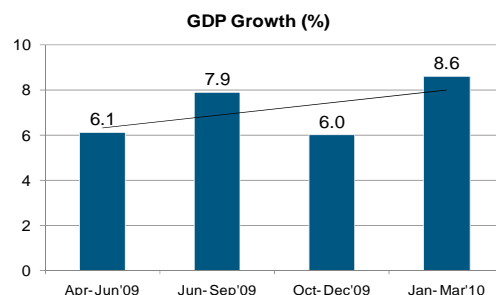
The Fund's portfolio companies, for the most part, are delivering strong operating performance. Additional information can be found in the Manager's Report in this document. Further detailed information on investments, quarterly net asset values and other material events relating to the Fund are available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

Martin M. Adams
Chairman

INVESTMENT MANAGER'S REPORT

India Economic and Market Review¹

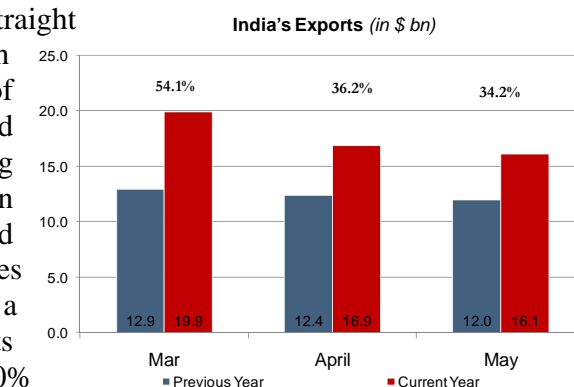
India's real GDP grew approximately 8.6% year-on-year in the fourth quarter of FY 2010. Industry and services sectors registered strong growth rates of 13.3% and 8.4% year-on-year respectively. Agriculture growth remained lackluster at 0.7% year-on-year. GDP growth for FY 2010 (fiscal year which ended on 31 March 2010) was 7.4% year-on-year, higher than the CSO estimates of 7.2%. Most analysts expect the GDP growth for FY 2011 to be over 8%.



Source: India Central Statistical Organisation

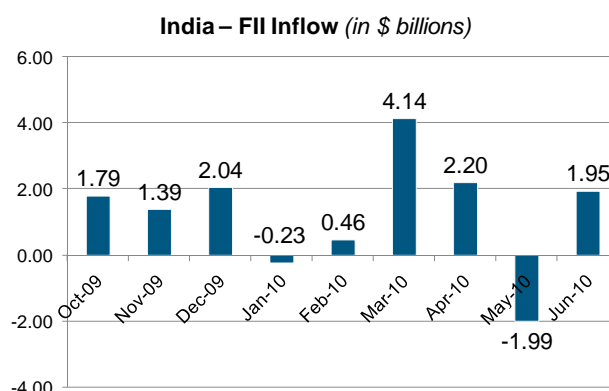
With strong growth throughout early 2010, the Reserve Bank of India, India's central bank, shifted its focus to stemming price pressures and has begun to cautiously tighten monetary policy. Although still high, inflation has begun to ease; in April, the wholesale price index rose 9.6% year-on-year, down from a recent peak of 10.1% in February. Further rate rises are likely in the months ahead; the central bank wants to reduce wholesale price inflation to 5.5% by March 2011. However, hikes will be tempered by the abundance of the upcoming monsoon (last year's drought having triggered the current bout of inflation) and by global economic uncertainty.

India's merchandise export grew for the seventh straight month, increasing by more than 34% year-on-year in May 2010. This was driven by increased exports of iron ore, engineering goods, gems & jewelry and chemicals. While the exports have registered strong growth over the last few months, the current European debt crisis and appreciation in Indian currency could potentially lead to a slowdown once again. The services businesses have also grown strongly after a considerable slowdown last year. The services exports for the March 2010 quarter was up approximately 40% year-on-year at US\$ 14 billion as against US\$10.3 billion for the previous year.



Source: Directorate General of Commerce

There was a net inflow of US\$ 2.16 billion during the March to June 2010 quarter as compared to a net inflow of US\$ 4.37 billion during the previous quarter. The rupee appreciated against the dollar and ended at Rs. 46.45 at the end of the March to June 2010 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.



Source: Securities and Exchange Board of India

¹ Sources: Indian Central Statistical Organisation, Directorate General of Commerce, BSE India, Securities and Exchange Board of India, Bloomberg.

The BSE Sensex (comprising of 30 stocks) gained 0.6% over the June quarter, and ended at 17,700 points. During the same period the mid-cap index outperformed the broad index, and was up 5%. At current prices, the Indian stock market is priced at a forward P/E of 15-17x.



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.

(\$ 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	36.3	20.9	1.1	33.1	34.2	21.0%	1.6x
Adayana ¹	23.2	0.3	23.6	21.1	0.3	21.5	21.8	1.6%	1.0x
Synergies Castings ²	23.8	-	23.9	21.7	-	21.8	21.8	0.2%	1.0x
Essel Shyam Communication	14.7	-	18.7	13.4	-	17.1	17.1	16.1%	1.3x
Ocimum Biosolutions	14.0	-	8.0	12.8	-	7.3	7.3	-19.7%	0.6x
GSS America	10.2	0.1	7.2	9.3	0.0	6.6	6.6	-13.0%	0.7x
Kejriwal Stationary	20.0	-	2.3	18.2	-	2.1	2.1	-48.8%	0.1x
Spark Capital	1.5	-	1.5	1.4	-	1.4	1.4	0.0%	1.0x
Portfolio Unrealized/ Partly Realized	130.3	1.6	121.5	118.8	1.5	110.8	112.2	-2.1%	0.9x
Infotech Enterprises	1.0	2.1	2.1	0.9	1.9	0.0	1.9	70.0%	2.2x
Portfolio Realized	1.0	2.1	2.1	0.9	1.9	0.0	1.9	70.0%	2.2x
Total Portfolio	131.3	3.7	123.6	119.7	3.4	110.8	114.1	-1.8%	0.96x
Fund IRR (per share data)³				1.0	-	1.18	1.18	4.8%	1.18x

Notes:

1 - Includes loan of US\$ 3.0 million extended to the company in July 2009

2 - Includes loan of US\$ 2.3 million extended to the company in February 2010

3 - Continuing shareholders who participated in the original fundraise at \$1.00 per share have an unrealized IRR of 4.8%, based on the 30 June 2010 NAV of \$1.18, at a gross level ignoring potential incentive and other fees

Kubera Partners LLC
Investment Manager

KUBERA CROSS-BORDER FUND LIMITED

Consolidated statement of assets and liabilities

as at 30 June 2010

(stated in United States Dollars)

	<i>Note</i>	2010 (unaudited)	2009 (unaudited)
Assets			
Investments in securities (other than warrants), at fair value	<i>2(c)</i>	115,614,049	86,961,547
Unquoted warrants, at fair value	<i>2(d)</i>	6,285	404,434
Loans to portfolio companies	<i>10</i>	5,843,200	1,126,620
Cash and cash equivalents	<i>2(g),5</i>	19,014,903	27,623,230
Interest and dividend receivable		350,498	218,117
Prepaid expenses		73,461	67,649
Total assets		140,902,396	116,401,597
Liabilities			
Accounts payable		49,514	24,680
Tax liability (net)	<i>2(i),7</i>	-	-
Total liabilities		49,514	24,680
Net assets		140,852,882	116,376,917
Analysis of net assets			
Capital and reserves			
Share capital	<i>6</i>	1,098,044	1,119,044
Share premium	<i>6</i>	148,151,569	149,737,069
Revenue reserves		(19,192,180)	(42,432,335)
		130,057,433	108,423,778
Non controlling interest	<i>8</i>	10,795,449	7,953,139
		10,795,449	7,953,139
Total shareholders' interests		140,852,882	116,376,917

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

KUBERA CROSS-BORDER FUND LIMITED

Consolidated schedule of investments

as at 30 June 2010

(stated in United States Dollars)			30 June 2010 (unaudited)				30 June 2009 (unaudited)			
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	Transaction processing	Preferred shares	134,112,451	21,745,287	36,333,009	25.79%	134,112,451	21,745,287	21,745,287	18.69%
				<u>21,745,287</u>	<u>36,333,009</u>	<u>25.79%</u>		<u>21,745,287</u>	<u>21,745,287</u>	<u>18.69%</u>
Adayana, Inc.	Education	Series A (2007) convertible participating preferred stock	3,750,000	15,000,000	12,855,780	9.13%	3,750,000	15,000,000	15,000,000	12.89%
		Series B (2007) convertible preferred stock	1,250,000	5,000,000	7,413,040	5.26%	1,250,000	5,000,000	6,498,000	5.58%
		Common stock	16,667	50,001	-	-	16,667	50,001	50,001	0.04%
				<u>20,050,001</u>	<u>20,268,820</u>	<u>14.39%</u>		<u>20,050,001</u>	<u>21,548,001</u>	<u>18.51%</u>
Essel Shyam Communication Limited	Media services	Compulsorily convertible preference shares	5,555,056	12,208,914	15,557,867	11.05%	5,555,056	12,208,914	12,208,914	10.49%
		Equity shares	1,125,315	2,473,220	3,151,633	2.24%	1,125,315	2,473,220	2,473,220	2.13%
				<u>14,682,134</u>	<u>18,709,500</u>	<u>13.29%</u>		<u>14,682,134</u>	<u>14,682,134</u>	<u>12.62%</u>

Ocimum Biosolutions (India) Limited	Life sciences	Preference shares	3,818,162	14,000,000	7,995,158	5.68%	3,818,162	14,000,000	14,000,000	12.03%
		Equity shares	1,000	3,667	2,094	0.00%	1,000	3,667	3,667	0.00%
				14,003,667	7,997,252	5.68%		14,003,667	14,003,667	12.03%
Kejriwal Stationery Holdings Limited	Stationery products	Convertible redeemable preference shares	455,172	20,000,000	2,269,672	1.61%	455,172	20,000,000	5,043,877	4.33%
GSS America Infotech Limited	IT infrastructure	Equity shares	1,000,000	10,225,274	7,227,126	5.13%	1,000,000	10,225,274	3,214,286	2.76%
Synergies Castings Limited	Automotive components	Compulsorily convertible preference shares	5,333,334	10,000,000	9,157,907	6.50%	5,333,334	10,000,000	2,013,613	1.73%
		Equity shares	7,076,298	11,333,507	12,150,763	8.63%	5,936,298	11,308,670	2,241,264	1.93%
				21,333,507	21,308,670	15.13%		21,308,670	4,254,877	3.66%
Spark Capital Advisors (India) Private Limited	Financial services	Convertible preference shares	55,000	1,497,849	1,497,849	1.06%	55,000	1,497,849	1,497,849	1.29%
		Equity shares	79	2,151	2,151	0.00%	79	2,151	2,151	0.00%
				1,500,000	1,500,000	1.06%		1,500,000	1,500,000	1.29%
Infotech Enterprises Limited	Engineering services	Equity shares	-	-	-	-	260,000	951,168	969,418	0.83%
Total investments in securities (other than warrants)				123,539,870	115,614,049	82.08%	124,466,201	86,961,547	74.72%	

Investments in securities (Unquoted warrants)										
Adayana, Inc.	Education	Convertible to common stock	83,580	16,800	6,285	0.00%	533,034	11,380	50,948	0.04%
Essel Shyam Communication Limited	Media services	Convertible to compulsorily convertible preference shares	1,316,749	-	-	-	1,316,749	-	254,581	0.22%
Spark Capital Advisors (India) Private Limited	Financial services	Convertible to convertible preference shares	61,199	-	-	-	61,199	-	98,905	0.08%
Total unquoted warrants				16,800	6,285	0.00%		11,380	404,434	0.34%
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 30 June 2010

(stated in United States Dollars)

	<i>Notes</i>	Six months ended 30 June 2010 (unaudited)	Six months ended 30 June 2009 (unaudited)
Investment income			
Interest	<i>11</i>	402,655	251,676
Dividends		-	-
Other income		26,682	8,866
		429,337	260,542
Expenses			
Investment management fee	<i>3,9</i>	1,948,210	1,948,210
Carried interest		215,045	-
Professional fees		78,729	75,783
Insurance		70,978	70,778
Director fees	<i>4</i>	75,701	57,240
Administration fees		16,062	19,500
Licence fees		9,838	17,237
Custodian fees		11,749	14,551
Other expenses		123,232	265,496
		2,549,544	2,468,795
Net investment loss before tax		(2,120,207)	(2,208,253)
Taxation	<i>2(i),7</i>	-	-
Net investment loss after tax		(2,120,207)	(2,208,253)
Realised and unrealised gain / (loss) on investment transactions			
Unrealised gain / (loss) on investments in securities		14,566,785	1,379,920
Realised gain / (loss) on investments in securities		1,099,162	-
		15,665,947	1,379,920
Net increase in net assets resulting from operations		13,545,740	(828,333)
Non-controlling interest		1,395,333	135,138
Equity holding of parent		12,150,407	(963,471)
		13,545,740	(828,333)

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 30 June 2010

(stated in United States Dollars)

	Share Capital	Share Premium	Revenue Reserves	Total
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	-	-	(963,471)	(963,471)
At 30 June 2009	1,119,044	149,737,069	(42,432,335)	108,423,778
At 1 January 2010	1,119,044	149,737,069	(31,342,587)	119,513,526
Issued during the period	-	-	-	-
Repurchased during the period (refer Note 6)	(21,000)	(1,585,500)	-	(1,606,500)
Net increase in net assets resulting from operations	-	-	12,150,407	12,150,407
At 30 June 2010	1,098,044	148,151,569	(19,192,180)	130,057,433

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 30 June 2010

(stated in United States Dollars)

	Six months ended 30 June 2010	Six months ended 30 June 2009
Operating activities		
Net increase / (decrease) in net assets resulting from operations	13,545,740	(828,333)
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)	(14,566,785)	(1,379,920)
Realised (gain) / loss on investments in securities	(1,099,162)	-
Sale / (purchase) of securities (including warrants)	2,025,493	(1)
Change in operating assets and liabilities:		
Increase in loans to portfolio companies	(2,500,000)	-
Decrease / (Increase) in other assets	23,086	(9,791)
Decrease in accounts payable	(40,228)	(99,453)
(Decrease) in tax liability	(235)	(1,462)
	(2,612,090)	(2,318,959)
Financing activities		
Shares repurchased during the period	(1,606,500)	(25,000,000)
Capital contribution by non-controlling interest	56,964	-
	(1,549,536)	(25,000,000)
Net change in cash and cash equivalents during the period	(4,161,626)	(27,318,959)
Cash and cash equivalents at beginning of the period	23,176,529	54,942,189
Cash and cash equivalents at end of year	19,014,903	27,623,230

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

KUBERA CROSS-BORDER FUND LIMITED

Notes to the consolidated financial statements

For the six month period ended 30 June 2010

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.

The Fund holds 99.15% ownership in New Wave Holdings Limited, a company incorporated in Mauritius. 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.

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

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:

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.

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 30 June 2010:

	Total	Level I	Level II	Level III
Investments in securities	115,614,049	7,227,126	-	108,386,923
Unquoted warrants	6285	-	-	6285
Total	115,620,334	7,227,126	-	108,393,208

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

Balance at 1 January 2010	93,981,879
Purchases	24,837
Transfers in (out of) Level III	-
Total unrealised gains	14,386,492
Balance at 30 June 2010	108,393,208

Changes in unrealised gains included in earnings relating to investments held at 30 June 2010	14,386,492
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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 30 June 2009:

	Total	Level I	Level II	Level III
Investments in securities	86,961,547	4,183,704	-	82,777,843
Unquoted warrants	404,434	-	-	404,434
Total	87,365,981	4,183,704	-	83,182,277

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	237,147
Balance at 30 June 2009	83,182,277

Changes in unrealised gains included in earnings relating to investments held at 30 June, 2009.	237,147
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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 30 June 2010 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.

2. Significant accounting policies (*Continued*)

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.

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 six month period ended 30 June 2010, investment management fees totaled US\$ 1,948,210 (30 June 2009: 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). Eligible carried interest proceeds may not be less than zero.

During the six month period ended 30 June 2010, the Fund announced sale of its entire investment in Infotech Enterprises for approximately US\$ 1,900,000 representing a gross multiple of 2.2x and a gross cash-on-cash IRR of 70%. Pursuant to its announcement dated 15 April 2009, the Fund returned the net investment proceeds to shareholders in the form of a buyback of shares at market prices. In accordance with the terms of the Partnership Agreement, carried interest of US\$ 215,045 was paid to an affiliate of the Investment Manager.

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.

5. Cash and cash equivalents

	30 Jun 2010	30 June 2009
Cash at bank	13,007,145	18,623,230
Time deposits	6,007,758	9,000,000
	19,014,903	27,623,230

6. Share capital and share premium

	30 Jun 2010	30 June 2009
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 2009	152,902,655	1,529,027	174,327,086	175,856,113
Repurchased during the period	(40,998,332)	(409,983)	(24,590,017)	(25,000,000)
As at 30 June 2009	111,904,323	1,119,044	149,737,069	150,856,113
As at 1 January 2010	111,904,323	1,119,044	149,737,069	150,856,113
Repurchased during the period	(2,100,000)	(21,000)	(1,585,500)	(1,606,500)
As at 30 June 2010	109,804,323	1,098,044	148,151,569	149,249,613

During the six month period ended 30 June 2010, the Fund repurchased 2,100,000 ordinary shares of US\$ 0.01 each at US\$ 0.765 per share for an aggregate consideration of US\$ 1,606,500. These repurchased shares will be 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.

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.

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 period ended 30 June 2010. As a consequence, no tax-related interest has been recognised in the six month period ended 30 June 2010.

The Fund monitors proposed and issued tax law, regulations and cases to determine the potential impact to uncertain income tax positions. As at 30 June 2010, 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

	30 June 2010	30 June 2009
Share capital	11,327,096	11,196,464
Accumulated loss share	(531,647)	(3,243,325)
	10,795,449	7,953,139

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 & Shareholder & Director of Investment Manager
Ramanan Raghavendran	Director & Shareholder & Director of Investment Manager
Michel Casselman	Director
Martin Michael Adams	Independent Director
Robert Michael Tyler	Independent Director
Pravin Ratilal Gandhi	Independent Director
Kubera Partners LLC	Investment Manager

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

	30 June 2010	30 June 2009
Investment management fees paid to Investment Manager	1,948,210	1,948,210
Reimbursement of expenses to Investment Manager	-	75,232
Director fee and reimbursement of expenses to Martin Michael Adams	27,812	32,115
Director fee and reimbursement of expenses to Robert Michael Tyler	21,906	21,581
Director fee and reimbursement of expenses to Pravin Ratilal Gandhi	16,744	17,024
Director fee and reimbursement of expenses to Michel Casselman	15,224	-

10. Loans to portfolio companies

Loans receivable as at 30 June 2010 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
Synergies Castings USA Inc.	Automotive Components	2,500,000	2,500,000	3 February 2010	12.5	3 February 2012
Total		5,843,200	5,843,200			

Loans receivable as at 30 June 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	1,126,620	1,126,620	28 March 2008	15	28 March 2009

11. Interest income

Interest income consists of the following:

	Period ended 30 June 2010	Period ended 30 June 2009
Bank interest	4254	106,629
Interest on loans to portfolio companies	398,401	145,047
Total	402,655	251,676

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*

12. Concentration of risks (Continued)

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.

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 Fund's investments.

13. Subsequent events

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