

29 July 2011

Kubera Cross-Border Fund Limited

Interim Results for the six-month period ended 30 June 2011

Kubera Cross-Border Fund Limited (the “Fund”) (LSE/AIM: KUBC) has issued its un-audited interim results for the six month period 1 January 2011 to 30 June 2011.

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.

For more information contact:

Kubera Partners, LLC (Investment Manager of Kubera Cross-Border Fund Limited)
Ramanan Raghavendran, Managing Partner
Email: info@kuberapartners.com

Numis Securities Limited (Broker)
David Benda, Director
Tel.: +44 (0) 20 7260 1275
Email: d.benda@numiscorp.com

Grant Thornton Corporate Finance (Nominated Adviser)
Philip Secrett, Partner/ David Hignell, Manager
Tel.: +44 (0) 20 7383 5100
Email: philip.j.secrett@gtuk.com

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 2011.

Review

The Fund has made nine investments since launch and is fully invested. Eight of these investments are in companies that are domiciled in India. The investments in Infotech Enterprises and Venture Infotek were fully realised last year, generating net proceeds of US\$ 32.5 million. The Fund distributed US\$ 0.28 per share in October 2010 by way of a capital distribution.

In addition to the distribution of US\$ 0.28 per share, the value of the Fund's net assets increased from US\$ 110.7 million to US\$ 111.7 million during the six month period which ended on 30 June 2011. The Fund's net asset value per share ('NAV') increased by 1% from US\$1.01 to US\$ 1.02 between 31 December 2010 (audited) and 30 June 2011 (un-audited). In addition, the Fund's share price increased by 9.7% from US\$ 0.72 as at 31 December 2010 to US\$ 0.79 as at 30 June 2011. The discount of the Fund's share price to NAV narrowed from 29% as at 31 December 2010 to 23% as at 30 June 2011.

Investments

The Fund will not make any investments in companies not already held in the portfolio. A cash reserve is currently held to enable the Fund to make follow-on investments in existing portfolio companies in order to take advantage of opportunities that enhance and/ or protect the value of existing holdings.

The Manager continually evaluates the trade-off for the Fund between generating realisation proceeds (or an external valuation) in the short-term, versus higher returns projected to be generated from holding the asset for a longer period.

The Board, in conjunction with the Manager, also evaluates the Fund's cash requirements on a quarterly basis, including the reserve for follow-on investment opportunities. As and when excess cash is present on the balance sheet, then, in accordance with the announcement dated April 15, 2009, the Fund will distribute such excess cash to shareholders.

The Manager expects excess cash to be generated for distribution in due course from partial or complete realisations, the release of standard escrow holdbacks and refund of withholding taxes relating to past realisations and from the reduction in the reserve for follow-on investment.

Portfolio 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 NAV is calculated on this basis. The methodology underlying the Fund's investment valuations is consistent with previous periods.

Outlook

The Fund's portfolio companies, for the most part, are delivering strong 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

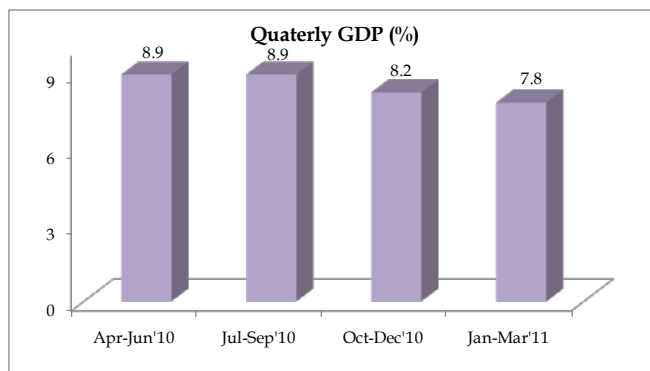
on www.londonstockexchange.co.uk under ticker KUBC and through the Fund's website at www.kuberacrossborderfund.com.

Martin M. Adams
Chairman

INVESTMENT MANAGER'S REPORT

India Economic and Market Review¹

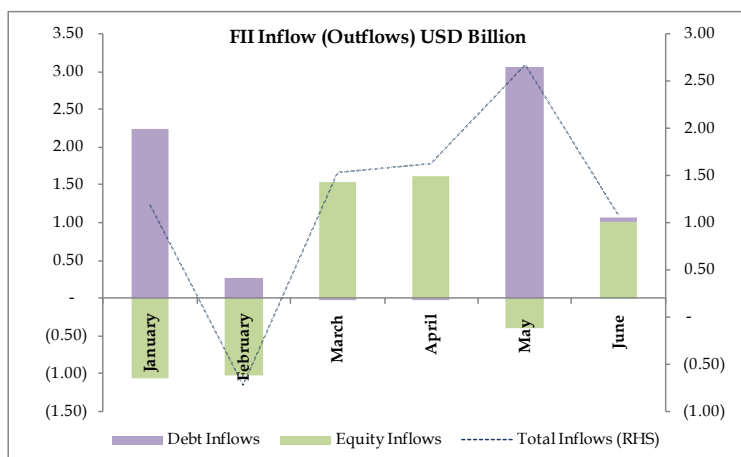
GDP growth decelerated to 7.8% in the fourth quarter of 2010-11 from 8.3% in the previous quarter and 9.4% in the corresponding quarter a year ago. For the year as a whole, GDP growth in 2010-11 was 8.5%. Manufacturing, construction & mining grew at 5.5%, 8.2% & 1.7% respectively during the quarter, whereas the agriculture sector grew at 7.5% as compared to 1.1% last year due to a good monsoon season. Most analysts have further revised their forecast downwards on the back of rising interest rates and now expect the GDP to grow by 7.5-8.0% in FY 2012.



Inflation still remains a major concern for the economy primarily due to the increase in global commodity prices. The overall wholesale price index based inflation was 9.06% in May rising faster than 8.66% in April. On 26 July 2011, the Reserve Bank of India increased its key rates by 50 basis points for the eleventh consecutive time since March 2010.

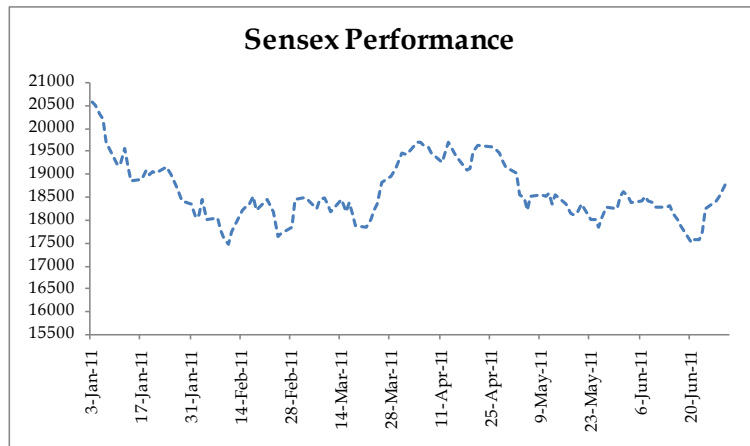
The country's merchandise exports rose 46.4% year-on-year in June to \$29.2 billion on the back of robust shipment of engineering goods, gems and jewellery, leather and marine products. Imports in June totaled \$36.9 billion, growing 42.4% from the year ago period and the trade deficit during the month stood at \$7.7 billion. During the first three months of the current fiscal year, exports rose 45.7% year-on-year to \$79 billion, while imports grew 36% and the trade deficit for the period stood at \$31.6 billion. Foreign direct investment inflows in the country during January to April 2011 declined by approximately 9% to US\$ 6.51 billion against US\$ 7.14 billion in the year-ago period.

The start of 2011 was characterised by profit taking and the outflow of overseas money from Indian equity markets. Subsequent months saw a reverse in this pattern and witnessed an overall inflow from foreign institutional investors ('FIIs') on account of global liquidity and attractive market valuations. As at the end of June 2011, FIIs were net buyers in Indian equity markets and have invested approximately US\$ 1.74 billion.



¹ Sources: Reserve Bank of India, BSE India, Securities and Exchange Board of India, Bloomberg & others.

The BSE Sensex (comprising of 30 stocks) was very volatile during the March to June 2011 period and rose by 2.17% over the quarter, ending at 18,845 points. During the same period the mid-cap index (NIFTY Midcap) underperformed the broad index significantly, and was up by a meager 0.75%. At current prices the Indian Stock Market is trading at a trailing P/E ratio of 16.67x and a forward P/E ratio of between 14x and 15x.



Portfolio Review

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

Kubera Partners LLC
Investment Manager

KUBERA CROSS-BORDER FUND LIMITED

Consolidated statement of assets and liabilities

as at 30 June 2011

(stated in United States Dollars)

	<i>Note</i>	30 June 2011 (unaudited)	30 June 2010 (unaudited)
Assets			
Investments in securities (other than warrants), at fair value	<i>2(c)</i>	100,603,025	115,614,049
Unquoted warrants, at fair value	<i>2(d)</i>	6,280	6,285
Loans to portfolio companies	<i>10</i>	5,650,000	5,843,200
Cash and cash equivalents	<i>2(g),5</i>	14,569,623	19,014,903
Interest and dividend receivable		425,264	350,498
Prepaid expenses and other assets		190,448	73,461
Total assets		121,444,640	140,902,396
Liabilities			
Accounts payable		247,450	49,514
Tax liability (net)	<i>2(i),7</i>	-	-
Total liabilities		247,450	49,514
Net assets		121,197,190	140,852,882
Analysis of net assets			
Capital and reserves			
Share capital	<i>6</i>	1,097,344	1,098,044
Share premium	<i>6</i>	117,373,109	148,151,569
Accumulated deficit		(6,717,954)	(19,192,180)
		111,752,499	130,057,433
Non controlling interest	<i>8</i>	9,444,691	10,795,449
		9,444,691	10,795,449
Total shareholders' interests		121,197,190	140,852,882

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 2011

(Stated in United States Dollars)				30 June 2011 (unaudited)				30 June 2010 (unaudited)			
Name of the Entity	Industry	Country	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)											
NeoPath Limited (Previously known as Venture Infotek Limited)	Investment holding company	Mauritius	Equity shares	134,112,451	-	17,990,256	14.84%				
			Preferred shares		-	-	-	134,112,451	21,745,286	36,333,009	25.80%
					-	17,990,256	14.84%		21,745,286	36,333,009	25.80%
Adayana, Inc.	Education	United States of America	Series A (2007) convertible participating preferred stock	3,750,000	15,000,000	20,740,997	17.11%	3,750,000	15,000,000	12,855,780	9.13%
			Series B (2007) convertible preferred stock	1,250,000	5,000,000	8,170,456	6.74%	1,250,000	5,000,000	7,413,040	5.26%
			Common stock	16,667	50,001	25,516	0.02%	16,667	50,001	-	0.00%
					20,050,001	28,936,968	23.88%		20,050,001	20,268,820	14.39%
Essel Shyam Communication Limited	Media services	India	Compulsorily convertible preference shares	5,555,056	12,208,914	17,908,102	14.78%	5,555,056	12,208,914	15,557,867	11.05%
			Equity shares	1,125,315	2,473,220	3,627,732	2.99%	1,125,315	2,473,220	3,151,633	2.24%
					14,682,134	21,535,835	17.77%		14,682,134	18,709,500	13.29%
Ocimum Biosolutions (India) Limited	Life sciences	India	Compulsorily convertible preference shares	3,818,162	14,000,000	3,110,991	2.57%	3,818,162	14,000,000	7,995,158	5.68%
			Equity shares	1,000	3,667	-	0.00%	1,000	3,667	2,094	0.00%
					14,003,667	3,110,991			14,003,667	7,997,252	5.68%
Greenearth Education Limited (Previously known as Kejriwal Stationery Holdings Limited)	Stationery products	India	Convertible redeemable preference shares	455,172	20,000,000	2,269,672	1.87%	455,172	20,000,000	2,269,672	1.61%
					20,000,000	2,269,672	1.87%		20,000,000	2,269,672	1.61%
GSS Infotech Limited (Previously known as GSS America Infotech Limited)	IT infrastructure	India	Equity shares	1,000,000	10,225,274	3,542,179	2.92%	1,000,000	10,225,274	7,227,126	5.13%
					10,225,274	3,542,179	2.92%		10,225,274	7,227,126	5.13%
Synergies Castings Limited	Automotive components	India	Compulsorily convertible cumulative preference shares	5,333,334	10,000,000	9,168,602	7.57%	5,333,334	10,000,000	9,157,907	6.50%
			Equity shares	7,076,298	11,333,556	12,164,954	10.04%	7,076,298	11,333,507	12,150,763	8.63%

					<u>21,333,556</u>	<u>21,333,556</u>	<u>17.60%</u>		<u>21,333,507</u>	<u>21,308,670</u>	<u>15.13%</u>
Spark Capital Advisors (India) Private Limited	Financial services	India	Convertible preference shares	-	-	-	-	55,000	1,497,849	1,497,849	1.06%
			Equity shares	55,079	1,500,000	1,883,568	1.55%	79	2,151	2,151	0.00%
					<u>1,500,000</u>	<u>1,883,568</u>	<u>1.55%</u>		<u>1,500,000</u>	<u>1,500,000</u>	<u>1.06%</u>
Total investments in securities (other than warrants)					<u>101,794,632</u>	<u>100,603,025</u>	<u>83.01%</u>		<u>123,539,869</u>	<u>115,614,049</u>	<u>82.09%</u>
Investments in securities (Unquoted warrants)											
Adayana, Inc.	Education	United States of America	Convertible to common stock	83,580	16,800	6,280	0.01%	83,580	16,800	6,285	0.00%
Essel Shyam Communication Limited	Media services	India	Convertible to compulsorily convertible preference shares	-	-	-	0.00%	1,316,749	-	-	0.00%
Spark Capital Advisors (India) Private Limited	Financial services	India	Convertible to convertible preference shares	-	-	-	0.00%	61,199	-	-	0.00%
Total unquoted warrants					<u>16,800</u>	<u>6,280</u>	<u>0.01%</u>		<u>16,800</u>	<u>6,285</u>	<u>0.00%</u>

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 2011

(stated in United States Dollars)

	<i>Notes</i>	Six months ended 30 June 2011 (unaudited)	Six months ended 30 June 2010 (unaudited)
Investment income			
Interest	<i>11</i>	433,455	402,655
Dividends		49,760	-
Other income		-	26,682
		483,215	429,337
Expenses			
Investment management fee	<i>3,9</i>	1,558,568	1,948,210
Carried interest		-	215,045
Professional fees		83,278	78,729
Insurance		48,730	70,978
Director fees	<i>4</i>	71,494	75,701
Administration fees		18,250	16,062
Licence fees		19,479	9,838
Custodian fees		10,090	11,749
Other expenses		72,369	123,232
		1,882,258	2,549,544
Net investment loss before tax		(1,399,043)	(2,120,207)
Taxation	<i>2(i),7</i>	-	-
Net investment loss after tax		(1,399,043)	(2,120,207)
Realised and unrealised gain / (loss) on investment transactions			
Net unrealised gain / (loss) on investments in securities		2,670,211	14,566,785
Realised gain / (loss) on investments in securities		-	1,099,162
		2,670,211	15,665,947
Net increase in net assets resulting from operations		1,271,168	13,545,740
Non-controlling interest		270,713	1,395,333
Equity holding of parent		1,000,455	12,150,407
		1,271,168	13,545,740

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 2011

(stated in United States Dollars)

	Share Capital	Share Premium	Deficit	Accumulated Total
At 1 January 2010	1,119,044	149,737,069	(31,342,587)	119,513,526
Issued during the year	-	-	-	-
Repurchased during the year	(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
At 1 January 2011	1,097,344	117,373,109	(7,718,409)	110,752,044
Issued during the period	-	-	-	-
Repurchased during the period	-	-	-	-
Net increase in net assets resulting from operations	-	-	1,000,455	1,000,455
At 30 June 2011	1,097,344	117,373,109	(6,717,954)	111,752,499

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 2011

(stated in United States Dollars)

	Six months ended 30 June 2011	Six months ended 30 June 2010
Operating activities		
Net increase / (decrease) in net assets resulting from operations	1,271,168	13,545,740
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)	(2,670,211)	(14,566,785)
Realised (gain) / loss on investments in securities	-	(1,099,162)
Sale / (purchase) of securities (including warrants)	-	2,025,493
Change in operating assets and liabilities:		
Increase in loans to portfolio companies	(650,000)	(2,500,000)
Decrease / (Increase) in other assets	(394,173)	23,085
Increase / (Decrease) in accounts payable	(220,270)	(40,228)
Increase / (Decrease) in tax liability	-	(235)
	(2,663,486)	(2,612,090)
Financing activities		
Shares repurchased during the period	-	(1,606,500)
Capital contribution by non-controlling interest	32,849	56,964
	32,849	(1,549,536)
Net change in cash and cash equivalents during the period	(2,630,637)	(4,161,626)
Cash and cash equivalents at beginning of the period	17,200,260	23,176,529
Cash and cash equivalents at end of year	14,569,623	19,014,903

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 2011

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.

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.

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

Kubera Mauritius holds 100% 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.

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 management 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.

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).

Investments are recorded at estimated fair value as at the balance sheet date. The Fund follows ASC 820 "Fair Value Measurements and Disclosures" which 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).

ASC 820 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:

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 ASC 820, 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.

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.

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 based on the above ASC 820 fair value hierarchy levels as of 30 June 2011.

	Total	Level I	Level II	Level III
Investments in securities	100,603,025	3,542,179	-	97,060,846
Investment in warrants	6,280	-	-	6,280
Total	100,609,305	3,542,179	-	97,067,126

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

Balance at 1 January 2011	93,523,379
Purchases during the six month period ended 30 June 2011	-
Sale proceeds received during six month period ended 30 June 2011	-
Transfers in (out of) Level III	-
Realised gains for six month period ended 30 June 2011	-
Unrealised gains for six month period ended 30 June 2011	5,980,411
Unrealised losses for six month period ended 30 June 2011	(2,436,664)
Balance at 30 June 2011	97,067,126
Unrealised gains included in earnings relating to investments held at 30 June 2011	5,980,411

The following table summarises the valuation of the Fund's investments based on the above ASC 820 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
Investment in warrants	6,285	-	-	6,285
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 during six month period ended 30 June 2010	24,837
Sale proceeds received during six month period ended 30 June 2010	-
Transfers in (out of) Level III	-
Realised gains for six month period ended 30 June 2010	-
Unrealised gains for six month period ended 30 June 2010	14,386,492
Balance at 30 June 2010	108,393,208
Unrealised gains included in earnings relating to investments held at 30 June 2010	14,386,492

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

Gains and losses from investments, including those that result from foreign currency changes, are recorded in the consolidated statement of operations under net realised gains and losses on investments and net change in unrealised gains and losses on investments.

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 2011 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.

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. Income taxes

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(c) and 2(d). 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.

l. Carried interest

Under the terms of the Partnership Agreement, Kubera Cross-Border Incentives SPC – Carried Interest SP, the Special Limited Partner of the Partnership 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.

3. Management fees and carried interest

Management fees

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 twelve month period beginning 1 January 2011 and ending on 31 December 2011, the Board agreed to fix the quarterly payment equal to 80% of the quarterly payment as mentioned above.

For the six month period ended 30 June 2011, investment management fees totaled US\$ 1,558,568 (30 June 2010: US\$ 1,948,210).

Carried interest

For the six month period ended 30 June 2011, carried interest totaled Nil (30 June 2010: US\$ 215,045).

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 June 2011	30 June 2010
Cash at bank	6,555,200	13,007,145
Time deposits	8,014,423	6,007,758
	14,569,623	19,014,903

6. Share capital and additional paid-in capital

	30 June 2011	30 June 2010
Authorised share capital: 1,000,000,000 ordinary shares of \$0.01 each	10,000,000	10,000,000

	Number of Shares	Share Capital	Additional paid-in capital	Total
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
As at 1 January 2011	109,734,233	1,097,344	117,373,109	118,470,453
Issued during the period	-	-	-	-
Repurchased during the period	-	-	-	-
As at 30 June 2011	109,734,233	1,097,344	117,373,109	118,470,453

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.

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.

As at 30 June 2011, New Wave Holdings Limited had accumulated tax losses of US\$ 20,391 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\$ 12,197

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

ASC 740, "Accounting for Income Taxes" clarifies when and how to recognise tax benefits in the financial statements with a two-step approach of recognition and measurement. It 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. There are no uncertain tax positions and related interest and penalties as of 30 June 2011.

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 2011, 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 2011	30 June 2010
Share capital	8,062,427	11,327,096
Accumulated profit / (loss) share	1,382,264	(531,647)
Total	9,444,691	10,795,449

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. 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 Incentives SPC – Carried Interest SP	Special Limited Partner of the Partnership

B. During the period transactions with related parties are as disclosed below:

	30 June 2011	30 June 2010
Investment management fees paid to Investment Manager	1,558,568	1,948,210
Carried interest to Kubera Cross-Border Incentives SPC – Carried Interest SP	-	215,045
Reimbursement of expenses to Kubera Partners LLC	-	-
Director fee, audit committee member fee and reimbursement of expenses to Martin Michael Adams	20,035	27,812
Director fee, audit committee member fee and reimbursement of expenses to Robert Michael Tyler	16,158	21,906
Director fee and audit committee member fee to Pravin Ratilal Gandhi	16,028	16,744
Director fee and reimbursement of expenses to Michel Casselman	16,028	15,224

10. Loans receivables

Loans receivable as at 30 June 2011 are given below:

Borrower name	Sector	Cost	Fair Value	Date of loan	Carrying rate of interest (% p.a.)	Original date of maturity
Synergies Castings USA Inc.	Automotive Components	650,000	650,000	30 March 2011	7.0	Repayment of \$25,000 starting from Oct 2011 till Nov 2013
Ocimum Biosolutions Inc	Life sciences	2,500,000	2,500,000	6 December 2010	20.0	6 December 2012
Synergies Castings USA Inc.	Automotive Components	2,500,000	2,500,000	3 February 2010	12.5	3 February 2012
Total		<u>5,650,000</u>	<u>5,650,000</u>			

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		<u>5,843,200</u>	<u>5,843,200</u>			

11. Interest income

Interest income consists of the following:

	Period ended 30 June 2011	Period ended 30 June 2010
Bank interest	4860	4,254
Interest on loans	428,594	398,401
Total	<u>433,454</u>	402,655

12. Concentration of risks

The Group'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 Group 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 Group and reference should be made to the Group'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 Group's investments and their markets to be less liquid and prices more volatile. The Group is exposed to market risk on all of its investments.

b) *Industry risk*

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

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

e) *Liquidity risk*

The Group is exposed to liquidity risk as a majority of the Group'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 Group's investments and the Group's ability to dispose of them where necessary to meet liquidity requirements. As a result, the Group 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 Group's investments.

13. Previous year comparatives

Prior year comparatives have been regrouped and reclassified wherever necessary to confirm with the current year's presentation.