

> **Building
Global
Businesses**

Interim Report 2009

investment
> **expertise**

track record of
> **success**

global
> **experience**

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About Us

Kubera Cross-Border Fund (the 'Fund') is a closed-end investment company listed 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 LLC, brings a strong track record of investing in or managing such businesses. Several of the Fund's investee companies also benefit from business activities in the growing Indian domestic market.

Chairman's Statement

Martin M Adams

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

Investment Update

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

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

Fund Update

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

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

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

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

Thank you for your continued support.

Martin M. Adams
Chairman

"The performance of the Fund's investee companies has, in aggregate, been encouraging despite the current financial crisis."

Martin M Adams
Chairman

Investment Manager's Report

Kubera Partners LLC

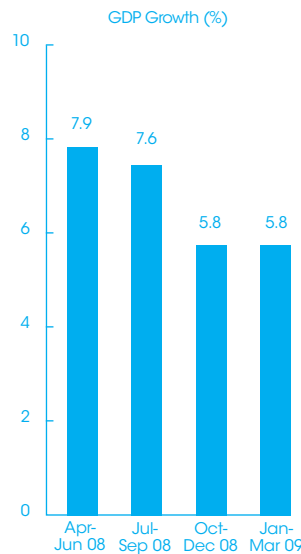
Fund Update

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

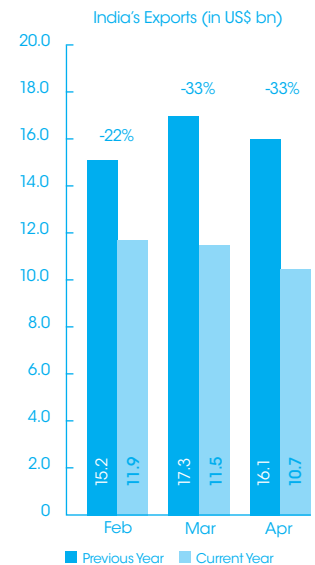
India Economic and Market Review¹

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

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



Source: India Central Statistical Organisation



Source: Directorate General of Commerce

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

Investment Manager's Report (continued)

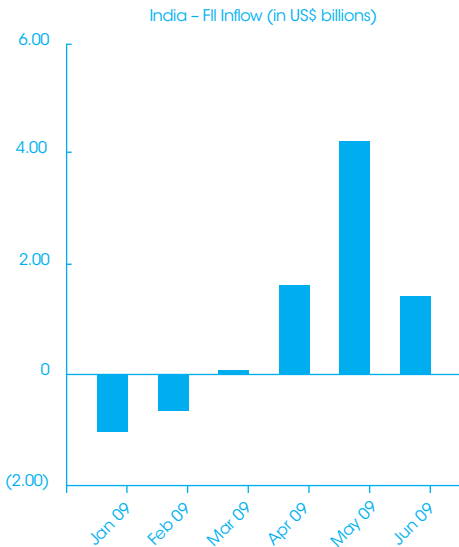
Kubera Partners LLC

India Economic and Market Review (continued)

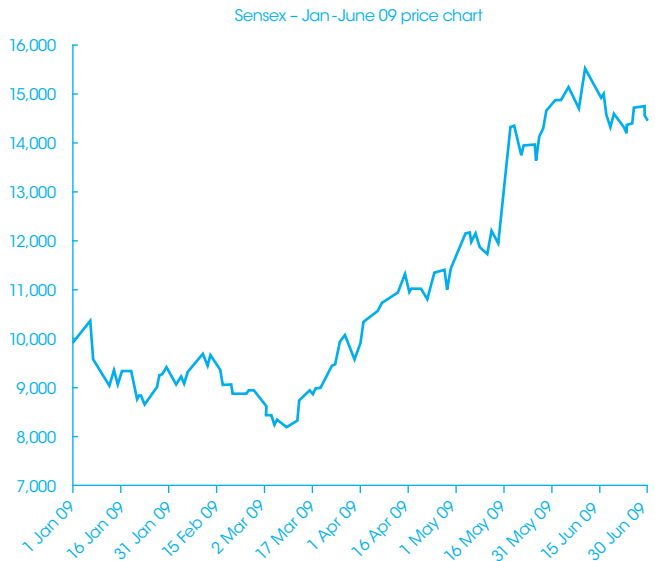
While domestic consumption has remained resilient, India's merchandise exports have declined sharply due to a fall in global demand. Merchandise exports fell by 33% year-on-year in April 2009 which was the seventh consecutive month of decline. Textiles, auto components and pharmaceuticals are amongst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

One of the defining trends over the last quarter has been the increase in inflow from foreign institutional investors. There was a net inflow of US\$ 7.3 billion as compared to a net outflow of US\$ 1.6 billion during the previous quarter. This was triggered by an increase in liquidity in global capital markets, a global rally in the equity markets, and India's national election resulting in a stable government. The rupee appreciated against the dollar and ended at Rs. 47.87 at the end of the quarter. We expect the currency to remain volatile within a reasonable range and are advising our portfolio companies to be prepared for such a scenario.

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



Source: Securities and Exchange Board of India



Source: BSE India

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

Portfolio Review

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

Kubera Partners LLC
Investment Manager

Portfolio (As at 30 June 2009)

Company	Sector	Investment ¹ (US\$ million)	% stake held	% of NAV
Venture Infotek	Transaction processing	21.75	59.2%	18.69%
Synergies Castings	Auto components	21.31	61.9%	3.66%
Adayana	Education	20.05	30.6%	18.56%
Kejriwal Stationery	Stationery	20.00	27.5%	4.33%
Essel Shyam Communication	Media services	14.68	30.3%	12.84%
Ocimum Biosolutions	Life sciences	14.00	37.8%	12.03%
GSS America	IT infrastructure	10.23	7.5%	2.76%
Financial Services Co.	Financial services	1.50	10%	1.37%
Infotech Enterprises	Engineering services	0.95	0.5%	0.83%
Cash				23.74%
Total				100%²

¹ Includes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Fund.

² Portfolio investments and cash account for 99% of the NAV per share. The balance is attributable to convertible loan of US\$ 1.1m to Adayana and net other assets of US\$ 0.3m.

Venture Infotek



Note: Fiscal years end in March. FY 2010 is the current fiscal year ending March 2010.

Investment Summary

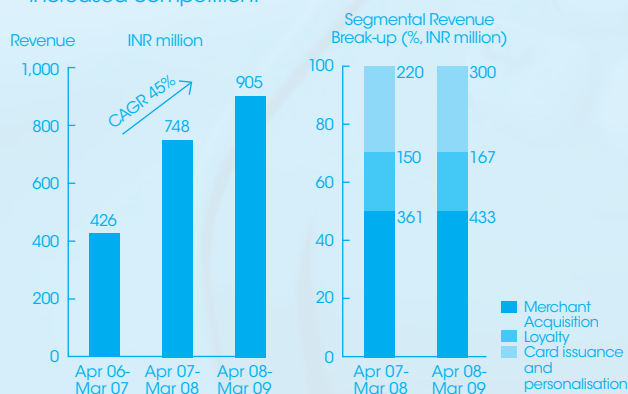
INVESTMENT DATE:	November 2007
PERCENTAGE OF FUND NAV:	18.69%
INVESTMENT AMOUNT ¹ :	US\$ 21.75m for 59.2% holding
TYPES OF SECURITY:	Preferred shares in holding company in Mauritius
SELECTED INVESTMENT RIGHTS:	Liquidity Preference – Yes Redemption Rights – Yes Board Seats – Three

Business description

Venture Infotek is India's leading transaction processing company, providing integrated card payment solutions to organisations across several industry verticals including banking, financial services, petroleum, retail and telecommunications.

Growth

- Venture Infotek's revenue rose more than 21% for FY 2009. The company's FY 2008 growth was higher because it included the acquisition of DEI, a card personalisation business. The business is expected to continue to grow this year.
- Macro drivers for the electronic payments market in India remain strong – with over 30% growth expectations – driven by higher penetration rates of credit cards, debit cards and Point of Sale ("PoS") terminals. The company continues to maintain its industry-leading market position despite increased competition.

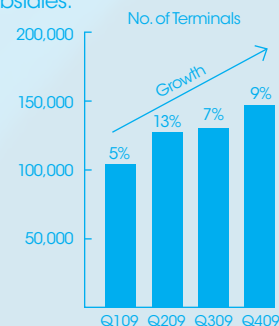


Key operating metrics

- Merchant Acquisition:** The number of PoS terminals under the company's management grew 9% over the last quarter. The merchant acquisition business continues to account for approximately 50% of the company's revenues.
- The card issuance and personalisation business accounts for approximately 30% of the company's revenue.** Venture Infotek expects continued growth in this segment driven by the recent win of a large order from the State Bank of India, India's largest public sector bank.
- Loyalty:** Growth in this business was slow because of a slowdown at a key oil and gas client, but the loyalty business has been gaining traction over the past few months and performance is expected to improve in the current year.

Recent developments

- There has been significant interest in the Indian electronic payments market because of the divestment of ICICI Bank's PoS terminal business which is the largest such asset in India. Several global and domestic players have bid for the asset. While the deal hasn't closed, market reports suggest that First Data Corp is the likely bid-winner and will acquire ICICI Bank's PoS terminal business at a valuation of around 4-5x current year revenue. The significant interest generated in the space is a positive development for Venture Infotek.
- Venture Infotek and Welcome Realtime have forged a partnership to launch the next generation of loyalty offerings in India. These solutions will allow cards payment businesses and retailers to deliver personalised offers and redemption alternatives at the PoS. This exclusive real-time targeted capability is expected to increase cards' and retailers' brand loyalty and billings, and is also expected to significantly lower the cost of customer acquisition and retention.
- Venture Infotek has launched 'Venture Grama' to enter the rural market to facilitate banking services for people in rural areas many of whom do not have bank accounts. It has won orders from the Bank of Rajasthan and the MannaDeshi Mahila Sahakari Bank. Venture Infotek will also help take forward government-sponsored schemes that are disbursed through subsidies.



¹ Includes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Fund.

Synergies Castings

Note: Fiscal years end in March. FY 2010 is the current fiscal year ending March 2010.

Investment Summary

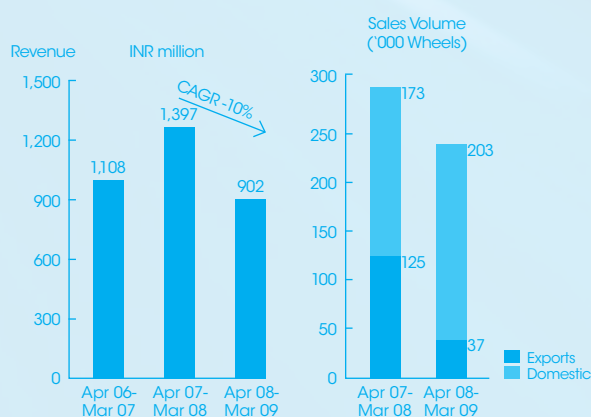
INVESTMENT DATE:	December 2007
PERCENTAGE OF FUND NAV:	3.66%
INVESTMENT AMOUNT ¹ :	US\$ 21.31m for 61.9% holding
TYPES OF SECURITY:	Preference shares in India operating company
SELECTED INVESTMENT RIGHTS:	Liquidity Preference – Yes Redemption Rights – No Board Seats – Two

Business description

Synergies Castings ('SCL') manufactures alloy and chrome-plated wheels for global and Indian Original Equipment Manufacturers (OEMs). The company has one of the few integrated chrome-plating facilities in the world, and the only one out of India with the capability to manufacture large diameter wheels.

Growth

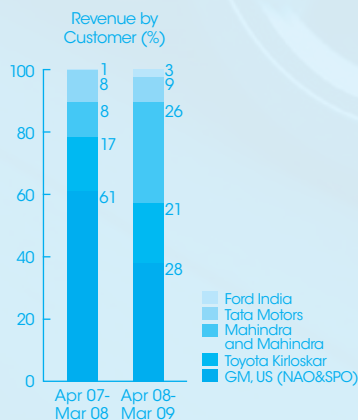
- SCL has been severely affected by the unprecedented downturn in the global auto industry in the past few months. After a record FY 2008, the company's revenue fell 39% in FY 2009.
- Profitability fell significantly due to lower capacity utilisation and raw material price volatility. However, SCL managed to remain cash flow positive.



- The Indian market has done relatively better and car sales in India are up 17.4% year-over-year for the three months ended 30 June 2009. SCL has improved its leadership position in the Indian market as at least one other large supplier has ceased operations.
- The company has continued to win orders from global and domestic OEMs and has a pipeline of several new models that are expected to be launched in the coming months.
- SCL faces severe credit issues with its current lenders.

Key operating metrics

- Exports to the US market have contracted sharply during the last two quarters but domestic volumes have continued to grow at 15% per annum.
- SCL has reduced its dependence on General Motors over the last year in favour of Indian OEMs.



¹ Includes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Fund.

Adayana

ADAYANA

Note: Fiscal years end in March. FY 2010 is the current fiscal year ending March 2010.

Investment Summary

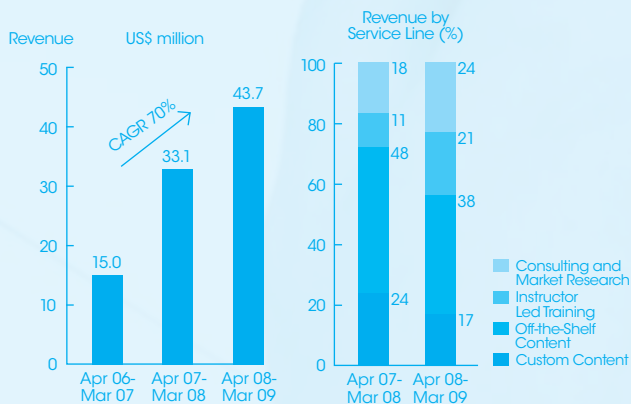
INVESTMENT DATE:	May 2007
PERCENTAGE OF FUND NAV:	18.56%
INVESTMENT AMOUNT ¹ :	US\$ 20.05m for 30.6% holding
TYPES OF SECURITY:	Participating Preferred and Convertible Preferred in operating company in the US
SELECTED INVESTMENT RIGHTS:	Liquidity Preference - Yes Redemption Rights - No Board Seats - Three

Business description

Adayana designs, produces, and delivers off-the-shelf and customised training and workforce solutions to its customers via both electronic means and instructor-led media in specific vertical markets including automotive services, defence, agriculture and life sciences.

Growth

- Adayana expects modest growth during the current fiscal year due to the impact of the US economic downturn.
- At its current scale, Adayana is amongst the larger companies in an otherwise fragmented market. It is a differentiated player in its industry expertise and its breadth of services includes custom course work, extensive libraries and offshore delivery.

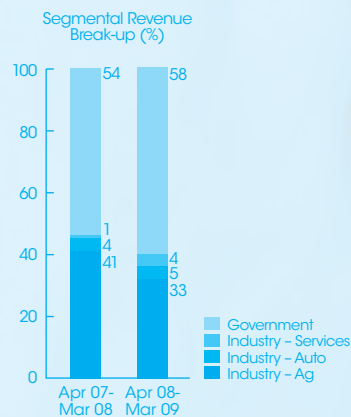


Key operating metrics

- The US government business accounts for the majority of revenue. Although the political change in the US has caused some decision making delays, Adayana expects this segment to continue to grow in FY 2010 to benefit from the US government's stimulus package.
- Agriculture is the largest contributor in the industry segment. While long-term demand trends remain robust, there has been a slowdown in decision making by clients during the last quarter.

Recent developments

- Adayana has been selected as one of the US's Top 20 Training Outsourcing Companies for the fourth year in a row by Training Industry, Inc. Adayana first appeared in the Top 20 Training Outsourcing list in 2006 and has since remained on the list. The company's inclusion in the top 20 is based, among other things, on: its commitment to the training outsourcing industry, its industry recognition and innovation, the talent of its corporate leadership and professional staff and its experience in managing multi-year training business process outsourcing engagements.
- Adayana named Abhishek Maheshwari and Tim Penny to the Board of Directors. Abhishek co-leads Kubera Partners' investment and portfolio activities in India. Tim Penny currently serves as President and CEO of Southern Minnesota Initiative Foundation (SMIF). Previous to SMIF, Tim represented Minnesota's First Congressional District in the US House of Representatives from 1982 to 1994 and was previously a member of the Minnesota State Senate from 1976 to 1982.



¹ Includes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Fund.

Kejriwal Stationery



Note: Fiscal years end in March. FY 2010 is the current fiscal year ending March 2010.

Investment Summary

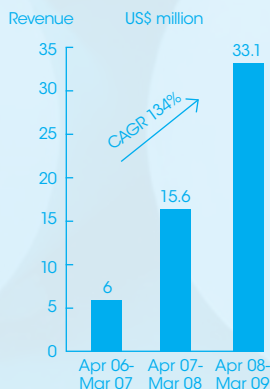
INVESTMENT DATE:	April 2007
PERCENTAGE OF FUND NAV:	4.33%
INVESTMENT AMOUNT ¹ :	US\$ 20m for 27.5% holding
TYPES OF SECURITY:	Preference shares in holding company in Singapore
SELECTED INVESTMENT RIGHTS:	Liquidity Preference – Yes Redemption Rights – Yes Board Seats – One

Business description

Kejriwal Stationery Holdings Limited ('KSHL') manufactures and distributes paper-based stationery products in the US and Indian markets using Indian manufacturing and global sourcing of paper.

Growth

- KSHL grew 120% in FY 2009, continuing its strong growth trajectory. However, most of this growth was because of lower margin-trading activity that the company undertook in anticipation of the slowdown in the core stationery business.
- Uncertainty in the US retail environment, volatility in paper prices, the presence of grey market suppliers and inventory build-up have had an adverse impact on profitability.



- The company has entered the Indian market with the current Back to School season. The domestic market for paper-based stationery products is approximately US\$ 6 billion, as per company estimates. The market is very fragmented and is expected to grow 10-15% annually.
- The company is also leveraging its experience in the global paper industry by adding wastepaper and newsprint trading to its portfolio of services.
- The company is in the process of obtaining FSC (Forest Stewardship Council) certification for its recycled paper products which would make it unique in its category in producing FSC-certified recycled paper products from India.

¹ Includes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Fund.

Essel Shyam



Note: Fiscal years end in March. FY 2010 is the current fiscal year ending March 2010.

Investment Summary

INVESTMENT DATE: **Nov 2008** (Binding documents signed in June 2008)

PERCENTAGE OF FUND NAV: **12.84%**

INVESTMENT AMOUNT¹: **US\$ 14.68m for 30.3% holding**

TYPES OF SECURITY: **Preference shares in India operating company**

SELECTED INVESTMENT RIGHTS: **Liquidity Preference – Yes
Redemption Rights – Yes
Board Seats – Two**

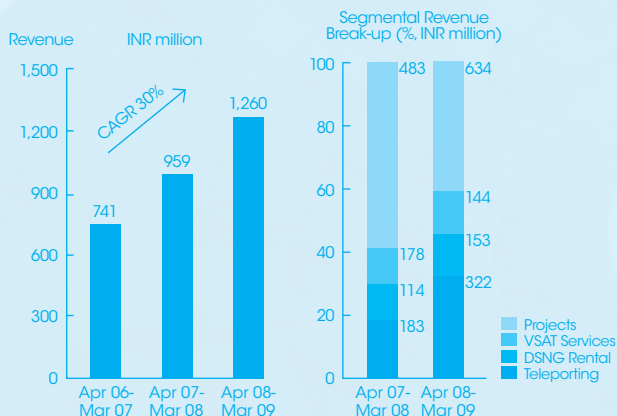
Business description

Essel Shyam Communication Limited ("ESCL") provides solutions for media broadcasting (teleporting, content management, play outs and mobile connectivity via DSNG² vans) and satellite communications industries.

ESCL also implements full channel build out projects.

Growth

- The company recorded revenue growth of over 35% for FY 2009. Growth was driven by strong performance in the teleporting business.
- The company expects to record modest growth during this fiscal year. Media businesses in India have been under stress lately due to a decline in the growth of advertising spending. This is likely to impact ESCL as customers delay capital expenditures.



- ESCL has strengthened its market position as the largest independent teleport operator and 5th largest VSAT (Very Small Aperture Terminal) player in India. It also has the largest DSNG fleet in the country.
- The company is well positioned financially with strong cash balances and is piloting several new service lines.

Key operating metrics

- Teleporting and Uplinking grew over 75%, driven by new channels and increased services to existing channel customers.
- VSAT services revenue declined over 20%, largely due to a fall in bandwidth prices.
- The projects segment has grown over 30% and accounts for about half of the revenue but has relatively lower margins.

Recent developments

- ESCL successfully completed its third international media system integration project for the DeshTV channel in Bangladesh.
- The company supplied India's first high definition (HD) DSNG vans to Sakshi TV- a 24-hour regional news channel.
- ESCL successfully won and executed the contract to cover the Indian Premier League ("IPL") held in South Africa in partnership with Globecast, a leading global provider of content management and worldwide transmission services.

¹ Includes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Fund. ² DSNG – digital satellite news gathering.

Ocimum



Note: Fiscal years end in March. FY 2010 is the current fiscal year ending March 2010.

Investment Summary

INVESTMENT DATE:	December 2008
PERCENTAGE OF FUND NAV:	12.03%
INVESTMENT AMOUNT ¹ :	US\$ 14m for 37.8% holding
TYPES OF SECURITY:	Preference shares in India operating company
SELECTED INVESTMENT RIGHTS:	Liquidity Preference – Yes Redemption Rights – Yes Board Seats – Two

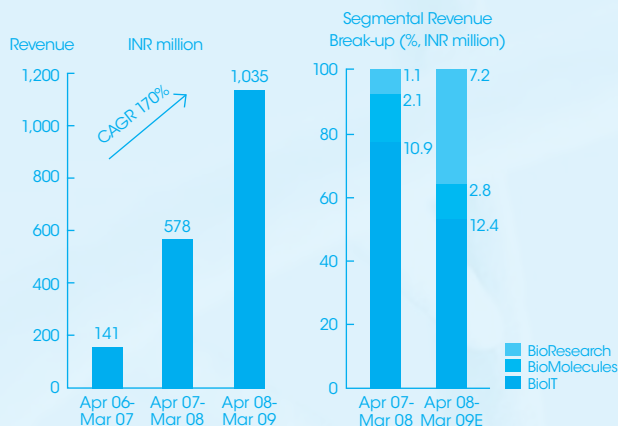
Business description

Ocimum offers genomics outsourcing services from offices in India, Netherlands, and the US. The company provides: information products and software solutions for the research community; basic reagents required in a genomics lab; and outsourced research services, including gene expression analysis, genotyping and hybridisation services.

The company's customers include some of the world's largest pharmaceutical and biotech companies.

Growth

- Ocimum grew more than 75% in revenue in FY 2009. This includes the full-year consolidation of the Gene Logic business in the US. We expect growth in the current year to be modest.



- The macro trends are favourable for Ocimum as global pharmaceutical and biotech companies appear to be increasing their focus on outsourcing to cut costs.
- Ocimum is well positioned as the only company that can offer high-end genomics services from India.

Key operating metrics:

- BioIT:** BioIT accounts for the majority of the company's revenue, and showed substantial growth in FY 2009. In the coming fiscal year though Ocimum expects to begin transitioning its business model from large one-time sales to subscription-based revenue. The company is also expanding its services to areas like experiment design and custom analysis.
- BioResearch:** Revenue has grown steadily quarter over quarter. The company has expanded its portfolio of services and platforms, and has increased its efficiency in service delivery. It provides the entire range of genomics services, including gene sequencing, genotyping, PCR (Polymerase Chain Reaction), Real Time-PCR and molecular diagnostics. Ocimum is targeting stimulus-driven government spending in some of these areas.
- BioMolecules:** This commoditised business with lower margins has remained flat year-over-year, and growth is not expected.

Recent developments

- Ocimum Biosolutions developed a microarray based test (for research use only) for the latest version of the H1N1 flu. The microarray was developed on Ocimum's custom OciChip™ array platform three years ago when the first cases of avian flu broke out. This has been updated with the latest sequence information and the probes have been redesigned.
- Ocimum was once again named as one of the Top 20 Biotech Companies in India by BioSpectrum magazine. Ocimum was ranked 17th.

¹ Includes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Fund.

GSS America



Note: Fiscal years end in March. FY 2010 is the current fiscal year ending March 2010.

Investment Summary

INVESTMENT DATE:	January 2008
PERCENTAGE OF FUND NAV:	2.76%
INVESTMENT AMOUNT ¹ :	US\$ 10.23m for 7.5% holding
TYPES OF SECURITY:	Equity Shares
SELECTED INVESTMENT RIGHTS:	Liquidity Preference - No Redemption Rights - No Board Seats - None

Business description

GSS America provides IT infrastructure management and enterprise application integration services to Fortune 500 clients. The company is listed on the NSE and the BSE in India.

Growth

INR million	Apr 07 - Mar 08	Apr 08 - Mar 09
Revenue	2,987	4,084
Growth	82%	37%
EBITDA	744	670
Margin	25%	16%

- Infrastructure Management Services is amongst the fastest growing segments within IT services.
- GSS America has grown at over 35% annual growth rate. The company reported EBITDA margins of 16% for FY 2009.

Recent developments

- **Stock Buyback:** To boost its low stock price, GSS America, in January 2009, announced a buyback program of up to INR 200m at a price not exceeding INR 250 per share. It has so far bought back 0.56 million shares.
- **Acquisition:** The company announced that it is in the process of evaluating the acquisition of a US\$ 24 million US-based company in the IT infrastructure space. The acquisition target is a provider of 'Virtual Enterprise' solutions and will complement GSS America's current capability set.

¹ Includes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Fund.

Financial Services Co.

Note: Fiscal years end in March. FY 2010 is the current fiscal year ending March 2010.

Investment Summary

INVESTMENT DATE:	April 2008
PERCENTAGE OF FUND NAV:	1.37%
INVESTMENT AMOUNT ¹ :	US\$ 1.5m for 10% holding
TYPES OF SECURITY:	Preference shares in India operating company
SELECTED INVESTMENT RIGHTS:	Liquidity Preference – Yes Redemption Rights – Yes Board Seats – One

Business description

Financial Services Co. is a full service investment bank with strong presence in Southern India.

Growth

INR million	Apr 07 - Mar 08	Apr 08 - Mar 09
Revenue	168	272
Growth	63%	96%

- The company has continued to grow steadily over the past year even though growth is lower than expected because of the drop in investment banking activity in India and globally. FY 2010 expectations are far more modest given a decline in brokerage volumes and advisory activity.

¹ Includes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Fund.

Infotech Enterprises

Note: Fiscal years end in March. FY 2010 is the current fiscal year ending March 2010.

Investment Summary

INVESTMENT DATE:	September 2008
PERCENTAGE OF FUND NAV:	0.83%
INVESTMENT AMOUNT ¹ :	US\$ 0.95m for 0.5% holding
TYPES OF SECURITY:	Equity Shares
SELECTED INVESTMENT RIGHTS:	Liquidity Preference – No Redemption Rights – No Board Seats – None

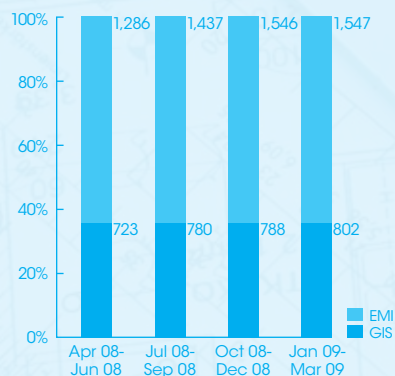
Business description

Infotech Enterprises is a leading provider of geographic information systems ('GIS') and engineering design services to the aerospace, rail, auto, telecom and other industries in the US, Europe and India.

Growth

INR million	Apr 07 - Mar 08	Apr 08 - Mar 09
Revenue	6,741	8,910
Growth	24%	33%
EBITDA	1,219	1,786
Margin	18%	20%

Segmental Revenue Break-up



- The GIS and engineering services markets are expected to continue growing at double digit rates over the next several years.
- Infotech is one of the leading providers of GIS and engineering design services in India.
- Infotech has seen limited effects from the global slowdown and management expects it to maintain approximately 18%-19% EBITDA margins.

Key operating metrics

- The Engineering Manufacturing and Industrial Product (EMI) segment was flat quarter on quarter while the GIS segment recorded growth of 2% quarter on quarter.
- Top 10 customers accounted for 55% of FY 2009 revenues.
- The company's bottom line for the quarter was negatively affected by a mark-to-market loss on a foreign exchange contract of INR 309.6 million. The company currently has outstanding foreign exchange contracts worth US\$ 50.5 million @ INR/US\$ exchange rate of 40.7, of which US\$ 37 million are scheduled to conclude in FY 2010 and the rest in FY 2011. This will somewhat bring down the company's performance for the next few quarters.

¹ Includes co-investment by affiliates of the Manager, which amounts to 2% of every investment made by the Fund.

Consolidated Statement of Assets and Liabilities

as at 30 June 2009

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

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

Consolidated Schedule of Investments

as at 30 June 2009

(Stated in United States Dollars)	Industry	Instrument
Investments in securities		
New Wave Holdings Limited	Transaction processing	Preferred Equity
Adayana, Inc.	Education	Series A convertible participating preferred Series B convertible preferred Common
Essel Shyam Communication Limited	Media services	Compulsorily convertible preference Equity
Ocimum Biosolutions (India) Limited	Life sciences	Preference Equity
Kejriwal Stationery Holdings Limited	Stationery products	Convertible redeemable preference
GSS America Infotech Limited	IT infrastructure	Equity
Synergies Castings Limited	Automotive components	Compulsorily convertible cumulative preference Equity
Financial Services Co.	Financial services	Convertible preference Equity
Infotech Enterprises Limited	Engineering services	Equity
Total investments in securities		
Investments in unquoted warrants		
Adayana, Inc.	Education	Convertible to common
Essel Shyam Communication Limited	Media services	Convertible to compulsorily convertible preference
Financial Services Co.	Financial services	Convertible to convertible preference
Total investments in unquoted warrants		
Investments in money market instruments		
Money market instruments		
Total investments in money market		

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

30 June 2009 (un-audited)				30 June 2008 (un-audited)			
Number of shares	Cost	Fair value	% of net assets	Number of shares	Cost	Fair value	% of net assets
1,916,883	21,745,286	21,745,286	18.69%	1,916,883	21,745,286	21,745,286	10.58%
100	1	1	0.00%	-	-	-	0.00%
	21,745,287	21,745,287	18.69%		21,745,286	21,745,286	10.58%
3,750,000	15,000,000	15,000,000	12.89%	3,750,000	15,000,000	15,000,000	7.30%
1,250,000	5,000,000	6,498,000	5.58%	1,250,000	5,000,000	5,000,000	2.43%
16,667	50,001	50,001	0.04%	16,667	50,001	50,001	0.02%
	20,050,001	21,548,001	18.51%		20,050,001	20,050,001	9.75%
5,555,056	12,208,914	12,208,914	10.49%	-	-	-	0.00%
1,125,315	2,473,220	2,473,220	2.13%	-	-	-	0.00%
	14,682,134	14,682,134	12.62%		-	-	0.00%
3,818,162	14,000,000	14,000,000	12.03%	3,818,162	14,000,000	14,000,000	6.81%
1,000	3,667	3,667	0.00%	1,000	3,667	3,667	0.00%
	14,003,667	14,003,667	12.03%		14,003,667	14,003,667	6.81%
455,172	20,000,000	5,043,877	4.33%	455,172	20,000,000	20,000,000	9.73%
1,000,000	10,225,274	3,214,286	2.76%	1,000,000	10,225,274	4,643,115	2.26%
5,333,334	10,000,000	2,013,613	1.73%	5,333,334	10,000,000	10,000,000	4.87%
5,936,298	11,308,670	2,241,264	1.93%	5,936,298	11,308,670	11,308,670	5.50%
	21,308,670	4,254,877	3.66%		21,308,670	21,308,670	10.37%
55,000	1,497,849	1,497,849	1.29%	55,000	1,497,849	1,497,849	0.73%
79	2,151	2,151	0.00%	79	2,151	2,151	0.00%
	1,500,000	1,500,000	1.29%		1,500,000	1,500,000	0.73%
260,000	951,168	969,418	0.83%	-	-	-	-
	124,466,201	86,961,547	74.72%		108,832,898	103,250,739	50.23%
533,034	11,380	50,948	0.04%	-	-	-	-
1,316,749	-	254,581	0.22%	-	-	-	-
61,199	-	98,905	0.08%	-	-	-	-
	11,380	404,434	0.34%		-	-	-
-	-	-	-	-	94,765,784	101,062,033	49.18%
	-	-	-		94,765,784	101,062,033	49.18%

Consolidated Statement of Operations

for the six month period ended 30 June 2009

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

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

Consolidated Statement of Changes in Net Assets

for the six month period ended 30 June 2009

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

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

Consolidated Statement of Cash Flows

for the six month period ended 30 June 2009

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

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

Notes to the Consolidated Financial Statements

for the six month period ended 30 June 2009

1. Organisation and principal activity

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

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

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

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

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

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

2. Significant accounting policies

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

(a) Basis of preparation

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

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

Notes to the Consolidated Financial Statements (continued)

for the six month period ended 30 June 2009

2. Significant accounting policies (continued)

(b) Valuation, security transactions and income

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

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

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

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

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

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

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

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

Level III – Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. Fair value for these investments is determined using valuation methodologies that consider a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value require significant management judgment.

Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally are privately held debt and equity securities.

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

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

Fund's valuation policy

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

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

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

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

The consolidated financial statements include investments valued at US\$ 83,182,277 representing 71% of net assets whose fair values have been estimated by the Fund based on the recommendations of the Investment Manager, in the absence of readily ascertainable market values. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the difference could be material. Additionally, current widespread economic uncertainty and indeterminate financial markets could have a material impact on the actual value that would be realised if such investments were sold in an orderly disposition between willing parties.

Notes to the Consolidated Financial Statements (continued)

for the six month period ended 30 June 2009

2. Significant accounting policies (continued)

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

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

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

Balance at 1 January 2009	US\$ 82,945,129
Purchases	US\$ 1
Transfers in (out) of Level III	-
Total unrealised gains/(losses)	US\$ 237,147
Balance, 30 June 2009	US\$ 83,182,277
Changes in unrealised gains/(losses) included in earnings relating to investments still held at 30 June 2009	US\$ 237,147

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

(c) Investments in unquoted warrants

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

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

(d) Organisational costs

Organisational costs of the Fund are expensed as incurred.

(e) Foreign currency translation

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

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

(f) Basis of consolidation

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

(g) Cash and cash equivalents

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

(h) Related parties

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

(i) Taxation

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

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

	30 June 2009	30 June 2008
Tax liability of Mauritius subsidiary	-	-

Notes to the Consolidated Financial Statements (continued)

for the six month period ended 30 June 2009

2. Significant accounting policies (continued)

(j) Comprehensive income

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

(k) Expenses

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

3. Management and performance fees

Management fees

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

On 8 December 2008, the Board of Directors of the Fund fixed the management fees for the years 2009 and 2010 at a fixed quarterly payment equal to the management fee for the calendar quarter ending 31 December 2008. For the six month period ended 30 June 2009, investment management fees totalled 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%, 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%, of the eligible carried interest proceeds (being the net realised gains of the Partnership to the date of such distribution reduced by the net unrealised losses). Unrealised losses or unrealised gains shall include the unrealised loss or unrealised gain on Ordinary Shares purchased by the Fund (whether by way of on or off market purchase or general tender after), at the time of such distribution. Such unrealised loss or gain will amount to the difference between the cumulative Adjusted Net Asset Value per Share of the purchased Ordinary Shares at the date of such distribution, and the amount used to purchase such Ordinary Shares. Adjusted Net Asset Value per Share means the Adjusted Net Asset Value divided by the number of Ordinary Shares in issue from time to time. Eligible carried interest proceeds may not be less than zero.

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

4. Director's fees and expenses

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

5. Cash and cash equivalents				
			30 June 2009	30 June 2008
Cash at bank			US\$ 27,623,230	US\$ 104,278
6. Other assets				
			30 June 2009	30 June 2008
Accrued interest on short-term loan			US\$ 218,117	US\$ 44,572
Prepaid expenses			US\$ 67,649	US\$ 8,566
Total			US\$ 285,766	US\$ 53,138
7. Accounts payable				
			30 June 2009	30 June 2008
Accrued expenses			US\$ 24,661	US\$ 106,837
8. Share capital and share premium				
			30 June 2009	30 June 2008
Authorised share capital: 1,000,000,000 ordinary shares of US\$ 0.01 each			US\$ 10,000,000	US\$ 10,000,000
Issued and fully paid:				
	Number of shares	Share Capital	Share premium	Total
At 1 January 2008	-	US\$ 2,060,000	US\$ 203,940,000	US\$ 206,000,000
Repurchased during the period	-	-	-	-
At 30 June 2008	-	US\$ 2,060,000	US\$ 203,940,000	US\$ 206,000,000
At 1 January 2009	152,902,655	US\$ 1,529,027	US\$ 174,327,086	US\$ 175,856,113
Repurchased during the period	(40,998,332)	US\$ (409,984)	US\$ (24,715,016)	US\$ (25,125,000)
At 30 June 2009	111,904,323	US\$ 1,119,043	US\$ 149,612,070	US\$ 150,731,113

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

Notes to the Consolidated Financial Statements (continued)

for the six month period ended 30 June 2009

9. Minority interest

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

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

10. Material transactions with related parties

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

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

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

11. Investments and associated risks

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

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

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

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

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

12. Financial highlights

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

Note: Financial highlights have been computed for the Group, and include the Minority Interest.

13. New accounting pronouncements

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

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

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

14. Subsequent events

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

Corporate Information

Board of Directors

Martin Michael Adams, Chairman
Robert Michael Tyler
Pravin Ratilal Gandhi
Michel Casselman
Kumar Mahadeva
Ramanan Raghavendran

Audit Committee

Robert Michael Tyler, Chairman
Martin Michael Adams
Pravin Ratilal Gandhi

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