Kubera Cross-Border Fund

Annual Newsletter 2008 Review

Fund Performance (As at 31 Dec 2008)	
NAV Per Share (unaudited)	**US$ 0.90**
Total Net Assets	**US$ 137.38m**
Shares Outstanding	**152.9m**
Share Price as at 31 Dec 2008	**US$ 0.542**
Market Capitalisation	**US$ 82.87m**
Discount to NAV	**39.68%**

Fund Facts	
Bloomberg Code	**KUBC LN**
Reuters Code	**KUBCq.L**
ISIN	**KYG522771032**
Listing	**AIM/LSE**
Inception	**27 Dec 2006**
Domicile	**Cayman Islands**
Structure	**Closed-end; daily liquidity**
Manager Co-Invest	**9% pro rata**
Management Fee	**Fixed**
Performance Fee	**20% on realisations**
Nominated Adviser	**Grant Thornton**
Administrator	**Multiconsult**
Custodian	**HSBC**
Auditor	**KPMG**

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Investment Objective

Kubera Cross-Border Fund Limited (the "Company") makes private equity investments in cross-border companies, primarily in businesses that operate in the US-India corridor. The Company's Manager, Kubera Partners, LLC (the "Manager") brings a strong track record of investing in, and managing, such businesses. Several of the Company's investee companies also benefit from business activities in the growing Indian domestic market. At the end of 2008, the Company held nine investments across a range of sectors.

Fund Update

The Company was prudent with its cash throughout 2008 in response to the decline in equity markets, with a view towards being well positioned to invest in 2009 and later at improved valuations. In the fourth quarter, however, in response to distressed selling by certain of our shareholders, the stock price fell to a large discount to NAV. During the following weeks, the Board of Directors (the "Board") of the Company acted to take the following steps:

1. Significant return of cash via a buyback: The Company bought back 53.1 million shares on 12 December 2008 for a consideration of US$ 30 million.

2. Ceasing all new investments until further notice: The Company has ceased all new investment activity.

3. Fixing the Manager's fee: In light of the capital reduction, the Company fixed the Manager's fee to ensure stability during this period.

4. Supporting the portfolio: The Company has provided for adequate cash to ensure likely winners in the portfolio can be supported through this cycle, by providing capital support for attractive acquisitions, new growth opportunities, or temporary liquidity needs.

Valuations

The slowdown in the US economy has negatively affected two of the Company's investments in the manufacturing sector – stationery products and automotive components. The Company has therefore taken unrealised losses in these investments, which are reflected in the unaudited NAV per share for the quarter ending 31 December 2008. The effect of these losses on a NAV per share basis was largely mitigated by the accretive benefits of the buyback.

The Company'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 unaudited NAV per share is calculated on this basis.

2009 Outlook

While the Manager expects the global economic environment to remain choppy throughout 2009, and the Company's portfolio is not immune to macroeconomic shocks, we are pleased to observe that the majority of our portfolio continues to show growth, profitability and momentum.

Given this performance at a time of uncertainty and turmoil, we are optimistic about the ultimate outcome as we expect performance to get better as economies recover, and exit valuations to improve as markets recover.

KuberaCross-BorderFund

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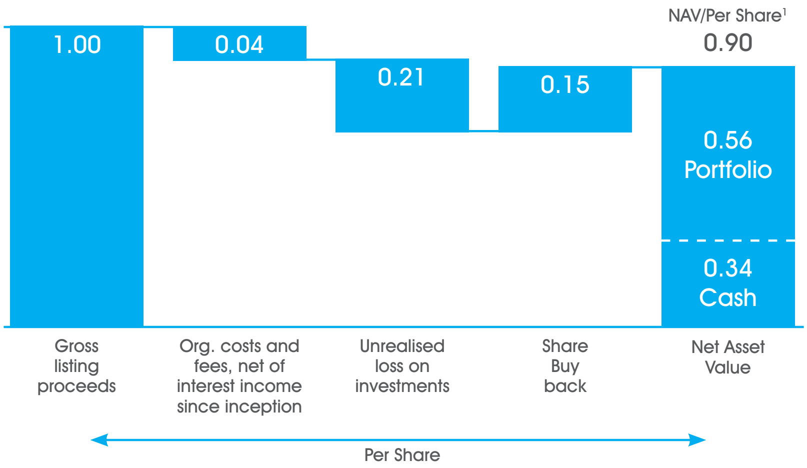
NAV Waterfall



1 Published un-audited NAV for Kubera Cross-Border Fund Limited as at 31 December 2008; excludes minority interest of affiliates of the Manager.

Current Portfolio

Company	Sector	Investment (US$ million)[1]	% Stake Held	Investment Rationale
Venture Infotek	Transaction Processing	19.8	>50%	Largest outsourced transaction processing services provider in India, riding the rapid growth in e-payments.
Synergies Castings	Auto Components	19.4	>50%	Domestic market leader in alloy wheels with high technical capability in growing global exports market.
Adayana	Education	18.3	>25%	Technology based training solutions company addressing skills shortage in U.S. and India with e-learning solutions.
Kejriwal Stationery	Stationery	18.2	>25%	Manufacturer and distributor of paper addressing the gap in U.S. school supplies and exploiting anti-dumping rules against China and Indonesia.
Essel Shyam	Media Services	13.4	>25%	Indian provider of end-to-end media broadcasting solutions, positioned to serve global customers.
Ocimum Biosolutions	Life Sciences	12.8	>25%	Genomics outsourcing company focused on fast-growing global bioinformatics and bio research services market with India as R&D hub.
GSS America	IT Infrastructure	9.3	6.8%	60% of revenues from remote IT Infrastructure Management Services, among the fastest growing offshore ITES segments.
Financial Services Co.	Financial Services	1.4	<25%	Full service investment bank differentiated by a strong South Indian presence.
Infotech Enterprises	Engineering Services	0.9	0.5%	Leading provider of geographic information systems and engineering design services globally.

1 Investment amount excludes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Company

Summary Portfolio Performance

Fiscal Year End 31 March

	Portfolio Median[3]	
Annual Revenue Growth Rate (FY 2008 – 09)[1]	36%	Portfolio maintaining robust growth rate
Annual EBITDA Growth Rate (FY 2008 – 09)[1]	37%	Despite slowdown, reasonable profit growth maintained
Discount to long-term industry multiples[2,3]	40%	Multiple expansion likely as markets recover

1 Unaudited and provisional estimates for fiscal year ending 31 March 2008.
2 Forward estimates for fiscal year ending 31 March 2009.
3 Forward estimates are company budget & Managers' estimate of financial performance – there is no assurance that these will be the actual achieved results.

Portfolio Review

Note: Fiscal Years end in March. FY 2009 is the current fiscal year ending March 2009 and estimates for this year are the Manager's estimates of financial performance – there is no assurance that these will be actual achieved results. Investment amount excludes co-investment by affiliates of the Manager, which amounts to 9% of every investment made by the Company.

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.

Investment Date	November 2007
Investment Amount	US$ 19.8 million
Fund Holding	>50%
Revenue Growth	31% revenue growth expected from FY 2008 to FY 2009

Investment Thesis

- Rapid growth in e-payments in India – Venture Infotek estimates Point of Sale terminal growth at 40%+ CAGR over next 5 years from a base of 400,000 terminals; industry estimates indicate card penetration and spending to grow by over 30% annually.
- Venture Infotek is the leading outsourced transaction processing services provider in India with long standing customer relationships.

Annual Update

- E-payments market in India has continued to grow; growth expected to be marginally lower in 2009.
- Venture Infotek has maintained its leading market position, and enhanced its sales organisation with senior hires.
- Strong financials with positive cash flow.

Synergies Castings ("SCL") manufactures alloy and chrome plated wheels for 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.

Investment Date	December 2007
Investment Amount	US$ 19.4 million
Fund Holding	>50%
Revenue Growth	35% revenue decline expected from FY 2008 to FY 2009

Investment Thesis

- Market for alloy wheels is growing as global wheel market shifts from steel to alloy; increasing alloy wheel penetration in India from a very small base.
- SCL targets an attractive niche of large diameter high end alloy wheels globally, has world class design and engineering capabilities, strong OEM relationships and commands ~75% market share in the domestic Indian market.
- Strong management team.

Annual Update

- The unprecedented 30%+ downturn in global auto sales as well as the large exposure to General Motors has led to a very difficult FY 2009 for SCL after a record FY 2008, with reduced sales and greatly reduced profitability.
- SCL has managed to remain EBITDA breakeven despite these extraordinary circumstances and continues to win long-term contracts from automotive OEMs.
- The Indian market has held up, and SCL has maintained its leadership position in that market.
- SCL faces severe credit issues with its current lenders that need to be addressed.

Portfolio Review

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ADAYANA

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.

Investment Date	May 2007
Investment Amount	US$ 18.3 million
Fund Holding	>25%
Revenue Growth	56% revenue growth expected from FY 2008 to FY 2009[1]

Investment Thesis

- Skill shortage in many industries in the U.S. driving need for training; rising demand for skilled manpower in other emerging markets.
- E-learning rapidly gaining ground as a method of training in the corporate world.
- Adayana is differentiated by vertical expertise coupled with breadth of services, including custom course work, extensive libraries, and offshore delivery.

Annual Update

- Adayana has seen relatively limited impact of the US slowdown. There have been modest delays in closing some sales but the pipeline remains strong.
- Adayana has strengthened its position in the government vertical through the acquisition of Vertex Solutions during 2008.
- The Indian market also presents several opportunities in 'workforce training'. Adayana has built up its team in India and is aggressively pursuing this business.

1 Includes revenues from the acquisition of Vertex Solutions, Inc. effective 31 March 2008, and of Gradepoint, Inc. effective 30 November 2008.

KEJRIWAL STATIONERY

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.

Investment Date	April 2007
Investment Amount	US$ 18.2 million
Fund Holding	>25%
Revenue Growth	60% revenue growth expected from FY 2008 to FY 2009

Investment Thesis

- Large addressable market of over US$ 1.2 billion in U.S. paper-based stationery alone; shift of production to offshore vendors.
- Promoters have decades of experience in paper related industries in procurement and low cost manufacturing.
- Also benefits from the promulgation of onerous anti-dumping duties against vendors from China, Indonesia and India.

Annual Update

- FY 2009 revenues much lower than expected due to weak US market and grey market suppliers' circumvention of anti-dumping duties; significant cash loss.
- KSHL's K-Green line of recycled products received favourably by retailers.
- The domestic market opportunity is promising; KSHL has secured a licensing arrangement with a global entertainment leader and is launching its own product range.

Portfolio Review

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Essel Shyam Communication Limited ("ESCL") provides solutions for media broadcasting (teleporting, content management, play outs and mobile connectivity via DSNG vans) and satellite communications industries. ESCL also implements full channel build out projects.

Investment Date	November 2008 (Binding documents signed in June 2008)
Investment Amount	US$ 13.4 million
Fund Holding	>25%
Revenue Growth	36% revenue growth expected from FY 2008 to FY 2009

Investment Thesis
- The media industry is expected to experience strong growth in India over the next 3 to 5 years, driven by growth in ad spending.
- ESCL is the market leader for several of its services in the domestic Indian market.
- ESCL also has the opportunity to grow globally with its current client base.

Annual Update
- Media businesses in India are in the early stage of expansion and the long term trends remain intact despite the slowdown.
- ESCL has maintained its leading market position and continues to win orders; strong order pipeline at 2x current revenue base.
- Well positioned financially with positive cash flow, low debt, strong cash balances and fiscally prudent management.

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.

Investment Date	December 2007
Investment Amount	US$ 12.8 + 2.7 million (committed)
Fund Holding	>25%
Revenue Growth	66% revenue growth expected from FY 2008 to FY 2009[1]

Investment Thesis
- The bioinformatics and bioresearch markets are expected to grow at double digit rates due to increased use of genomics in target discovery and acceptance of outsourcing and off shoring of biology services.
- Opportunity to create a premier global genomics outsourcing business; India is a cost competitive destination.
- Ocimum has a strong board and good scientific talent.

Annual Update
- While FY 2009 will show strong results, Ocimum has a conservative view of growth in FY 2010 given the downturn. However profitability is expected to continue to improve.
- Low debt, positive cash flow and plans in place for further cost reductions.

1 Includes revenues from the acquisition of certain assets of Gene Logic, effective 13 December 2007.

Portfolio Review

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GSS America

GSS America provides IT infrastructure management and enterprise application integration services.

Investment Date	January 2008
Investment Amount	US$ 9.3 million
Fund Holding	6.8%
Revenue Growth	55% revenue growth expected from FY 2008 to FY 2009

Investment Thesis

- Enterprise application integration and infrastructure management are amongst the fastest growing segments within IT services.
- GSS America is growing at a 40%+ per annum growth rate with 15-20%+ EBITDA margin, although Q3 2008 growth and profitability has been weaker.

Annual Update

- Mid cap stocks have been severely hit in the current downturn and GSS America is no exception; stock trading at 2x FY 2009 P/E.
- GSS America has over US$ 35 million in cash on the balance sheet and is cash flow positive. It has also recently announced its intent to buy back its shares.

Financial Services Co.

Financial Services Co. is a full service investment bank with strong presence in Southern India. It is also promoting a co-investment fund to invest alongside private equity sponsors in deals sourced by its investment banking franchise.

Investment Date	April 2008
Investment Amount	US$ 1.4 million
Fund Holding	<25%
Revenue Growth	32% revenue growth expected from FY 2008 to FY 2009

Investment Thesis

- The company will provide Kubera with a network in South India and an ability to source cross-border deals at attractive terms.
- Anchor investment in the co-investment fund offers Kubera exposure to growth capital transactions in rapidly expanding southern Indian businesses.

Annual Update

- The co-investment fund has been terminated due to market conditions.
- The company's revenue growth has been affected due to drop in deal flow in India and globally, but profitability has remained steady.

Portfolio Review

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Infotech
Creating Business Impact

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.

Investment Date	September 2008
Investment Amount	US$ 0.9 million
Fund Holding	0.5%
Revenue Growth	34% revenue growth expected from FY 2008 to FY 2009

Investment Thesis

- The GIS and engineering services market is expected to continue its growth over the next 4 to 5 years.
- Infotech is one of the leading providers of GIS and engineering design services from India.

Annual Update

- Infotech has seen limited effects from the global slowdown and management expects to maintain ~25% growth rate and ~18%-19% EBITDA margins.
- With US$ 60 million of cash and no debt, Infotech is well positioned to take advantage of inorganic growth opportunities.

DISCLAIMER

This document, and the material contained therein, has been prepared for the purpose of providing general information about, and an overview of, Kubera Cross-Border Fund Limited ("the Company") and its operations. It is not meant to be a complete review of all matters concerning the Company. This document is not intended as an offer or solicitation for the subscription, purchase or sale of securities in the Company.

The material in this document is not intended to provide, and should not be relied on, for accounting, legal or tax advice or investment recommendations or decisions. Potential investors are advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in the Company and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances.

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Forward-looking Statements
This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and its portfolio companies. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company 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 based on assumptions regarding the Company 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 the release of this document only.