Regulatory Story

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Kubera Cross-Border Fund Limited - KUBC

Interim Results for the period ended 30 June 2018
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This announcement contains inside information

7 September 2018

Kubera Cross-Border Fund Limited

Interim Results for the six-month period ended 30 June 2018

Kubera Cross-Border Fund Limited ("KUBC" or the "Fund") (LSE/AIM: KUBC) has today published its un-audited interim results for the six-month period ended 30 June 2018.

Electronic copies of the interim results will be available at the Company's website www.kuberacrossborderfund.com.

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Chairman's Statement

On behalf of the Board of Directors (the "Board"), I am pleased to present the interim report and unaudited financial statements of Kubera Cross-Border Fund Limited (the "Company" or the "Fund") and its subsidiaries (collectively, the "Group") for the six-month period ended 30 June 2018.

NAV and Discount

The value of the Fund's net assets decreased from US$ 41.11 million to US$ 39.46 million during the six-month period, which ended on 30 June 2018. The Fund's net asset value ("NAV") per share decreased marginally from US$ 0.37 to US$ 0.36 between 31 December 2017 (audited) and 30 June 2018 (un-audited). This was largely driven by the depreciation -of the Indian rupee relative to the US dollar.

The Fund's share price closed at US$ 0.29 on 30 June 2018. The discount of the Fund's share price to NAV decreased from 25 per cent as at 31 December 2017 to 19 per cent as at 30 June 2018.

Portfolio Valuations

The Fund's interim financial statements are prepared in accordance with US GAAP. The valuations of investments are reviewed and approved by the Board on a quarterly basis. All investments are recorded at estimated fair value, in accordance with ASC 820 that defines and establishes a framework for measuring fair value. The methodology underlying the Fund's investment valuations is consistent with previous periods.

Distributions to Shareholders

Consistent with the Fund's investment objective and policy to seek the realisation of its portfolio of investments in the ordinary course of business and to return the net proceeds of all such realisations to shareholders, the Board intends to effect distributions of all cash not required to meet estimated operating costs and liabilities from the Fund's share premium account in the same manner as previous distributions.

The Fund has received the first two tranches of proceeds under the Synergies Castings Limited buyout agreement and currently holds cash in excess of that required to meet its operating expenses. The Fund hopes to receive further proceeds from the sale of shares in Planetcast Media Services Limited by the end of September. As such, in October 2018, the Board intend to announce a further distribution to shareholders of a minimum of 5 cents per share, equivalent to US$5.49 million.

Corporate Governance

To comply with AIM rule 26, the Company has agreed to formally adopt the QCA Corporate Governance Code (the "Code") which is considered appropriate for the size of the Company. The website will be updated as required by rule 26.

Closing Remarks

The Investment Report provides information on progress regarding the implementation of the Fund's realisation policy and performance of each of the Fund's investments. Further detailed information on investments, quarterly NAVs 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 Report

Investment Objective

The Fund is a private equity fund focused on investing in businesses that primarily operate in the US-India corridor. As per shareholder resolutions passed in early 2013, the Fund is in realisation mode, with no new investments other than follow-ons.

Portfolio

The Fund made nine investments in 2007 and 2008, and was rendered fully invested by the end of 2008. Eight investments were in companies that are domiciled in India. Portfolio details for the remaining investments (excluding investments written down to nil) are provided below. The Fund's financial information excludes the former Manager's co-investment of 9% which has been made pro rata alongside every investment by the Fund.

All proceeds generated from the realisation of investments are distributed by the Fund, subject to retaining a reserve to meet operating costs and liabilities and 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 level of cash held is reviewed regularly by the Fund's Board.

The current portfolio (excluding investments written own to nil) as at 30 June 2018 is shown below:

Investment Company	Fund's share in US$ millions	Fund's share in US$ per share
Planetcast Media Services Limited	21.12	0.18
Synergies Castings Limited	8.39	0.08
NeoPath Limited	4.01	0.05
	33.52	0.31
Net working capital	5.92	0.05
Total Fund	**39.44**	**0.36**

Notes:

The above figures exclude the former Manager's co-invest, which is ~9% of each investment.

Planetcast Media Services Limited

Company Overview

Planetcast Media Services Limited ("PMSL") provides solutions for the media broadcasting (teleporting, content management, playouts and mobile connectivity via DSNG vans) and satellite communications industries. PMSL also implements TV channel build outs.

Investment Summary

- **Investment amount**[1]: US$ 13.21 million
- **Investment Date**: November 2008
- **KUBC Holding**: 27.65%
- **NAV/Share**: US$ 0.19
- **Type of security**: Preference and equity shares in India entity
- **Realisation**:

  Kubera Cross-Border Fund (Mauritius) Limited ('Kubera Mauritius') entered into a share purchase agreement with a leading global private equity firm on 20 March 2017 to sell its investment in PMSL for a consideration net of transaction costs of INR 1,618 million (INR 1,475 million, excluding the former Manager's co-investment). This is equivalent to US$ 23.65 million as at 30 June 2018. The realisation proceeds net of transaction costs are expected to be received by 30 September 2018, subject to Kubera Mauritius receiving the required regulatory and ministerial approvals.

  The value of the investment is US$ 23.17 million (US$ 21.12 million excluding the former Manager's co-investment) which is the realisation value of US$ 23.65 million discounted to reflect the time value of money, lack of liquidity and credit risks.

[1] (excludes former Manager's co-investment which is ~9% of each investment)

Synergies Castings Limited

Company Overview

Synergies Castings Limited ("SCL") manufactures alloy and chrome plated wheels for OEMs. SCL has one of the few integrated chrome plating facilities in the world, and the only one in India with the capability to manufacture large diameter wheels

Investment Summary

- **Investment amount**[2]: US$ 26.45 million
- **Investment Date**: December 2007
- **KUBC Holding**: 42.81%
- **NAV/Share**: US$ 0.08
- **Type of security**: Equity and preference shares in India entity
- **Realisation:**

On 11 August 2017, Kubera Mauritius entered into a share purchase and loan assignment agreement with Jamy LLC, a private buyer, for the disposal of its entire equity and debt interests in SCL for an aggregate consideration band of US$ 14.00 million - $ 16.00 million depending on the timing of the payments from the buyer. Kubera Mauritius has considered the lower amount of US$ 14.00 million (US$ 12.76 million excluding former Manager's co-investment) in order to determine the fair valuation of the investment.

The consideration is paid to Kubera Mauritius in four tranches over an 18-month period. The first tranche of US$ 2.80 million was received on 10 August 2017 which includes US$ 1.80 million towards the first tranche sale and US$ 1.00 million as advance sale consideration. All the events and formalities with respect to the sale and transfer of the first tranche of shares were completed prior to 31 December 2017. As at 30 June 2018, US$ 2.93 million of the second tranche of US$ 3.60 million had been received. A further US$ 0.30 million was received on 14 August 2018.

The value of the investment excluding cash received at 30 June 2018 was US$ 9.21 million (US$ 8.39 million excluding the former Manager's co-investment) which is the remaining realisation value discounted to reflect the time value of money, lack of liquidity and credit risks.

[2] (excludes former Manager's co-investment which is ~9% of each investment)

NeoPath Limited

Company Overview

NeoPath Limited ("Neopath") is a holding company which is expected, in due course, to receive a withholding tax refund following the sale of a credit card transactions processing business in India in 2010. Kubera Mauritius' 46.95% interest in NeoPath is ultimately held through a wholly owned subsidiary, New Wave Holdings Limited.

Investment Summary

- **NAV/Share**: US$ 0.04
- **Current Value**: US$ 4.40 million (US$ 4.01 million, excluding the former Manager's co-investment) which is the realisation value discounted to reflect the time value of money, lack of liquidity and credit risks.
- **Realisation**: The pending estimated tax receipt of US$ 5.12 million attributable to the Fund. The timing of the finalization and receipt of the tax refund remains uncertain.

Current Situation

- Kubera Mauritius exited from the business in 2010 and distributed US$ 0.33 per share to investors from realized cash flows.
- The acquirer of the business deducted withholding tax of US$ 15.96 million of which US$ 5.12 million is attributable to Kubera Mauritius, which was deposited with the tax authority in India. NeoPath is in the process of claiming a refund of the withholding tax based on its position that the capital gain realized on the sale is exempt from tax in India under the relevant provisions of the India-Mauritius double taxation treaty. Consequently, based on the opinion of tax counsel, the entire amount of US$ 15.96 million is considered to be fully recoverable by Neopath. The present value of the estimated tax refund has been included in the fair value estimate of the Kubera Mauritius' investment in NeoPath as at 30 June 2018. The timing of the finalization and receipt of the tax refund remains uncertain; NeoPath has now directly approached the tax authority for a resolution of the case.

Minor Portfolio Holdings: Investments holdings < 5%

- **Ocimum Biosolutions**: There is no change in status from the prior periods.

Consolidated Statement of Assets and Liabilities

as at 30 June 2018

(Stated in US$)

	Notes	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Assets			
Investments in securities, at fair value	2(e)	**36,780,337**	45,158,240
Cash and cash equivalents	5	**7,430,555**	2,218,275
Prepaid expenses		**40,177**	27,098
Total assets		**44,251,069**	47,403,613
Liabilities			
Accounts payable	2(e)	**1,141,812**	111,257
Total liabilities		**1,141,812**	111,257
Net assets		**43,109,257**	47,292,356
Analysis of net assets			
Capital and reserves			
Share capital	6	**1,097,344**	1,097,344
Additional paid-in capital	6	**111,886,393**	111,886,393
Accumulated deficit		**(73,519,204)**	(69,667,849)
		39,464,533	43,315,888
Non-controlling interest	8	**3,644,724**	3,976,468
		3,644,724	3,976,468
Total shareholders' interests		**43,109,257**	47,292,356

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

Consolidated Schedule of Investments

as at 30 June 2018
(Stated in US$)

Name of the entity	Industry	Country	Instrument	30 June 2018 (unaudited) Number of shares	Cost	Fair Value	% of net assets	30 June 2017 (unaudited) Number of shares	Cost	Fair Value	% of net assets
NeoPath Limited	Holding company	Mauritius	Equity shares and Preferred shares	**27,928,224**	**-**	**4,403,689**	**10.21%**	27,928,224	-	4,942,861	10.45%
PlanetCast Media Services Limited	Media services	India	Compulsorily convertible preference shares and Equity shares	**6,680,371**	**14,682,134**	**23,171,620**	**53.75%**	6,680,371	14,682,134	24,848,004	52.54%
Synergies Castings Limited	Automotive components	India	Compulsorily convertible cumulative preference shares, Equity shares and loans	**11,119,589**	**20,424,547**	**9,205,028**	**21.35%**	15,876,948	29,388,556	15,326,911	32.41%
Others	Life sciences, Financial services, IT infrastructure	India	Compulsorily convertible preference shares, Equity shares and loans	-	-	-	-	3,820,241	14,058,367	40,464	0.09%
Total investments in securities and loans to portfolio companies					**35,106,681**	**36,780,337**	**85.31%**		**58,129,057**	**45,158,240**	**95.49%**

Consolidated Statement of Operations

for the six-month period ended 30 June 2018
(Stated in US$)

	Notes	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
Investment income			
Interest		**11,074**	3,418
Foreign exchange loss		**(566)**	(1,138)
Other Income		**31,727**	-
		42,235	2,280
Expenses			
Administration fees		**55,500**	71,282
Audit fees		**19,423**	17,894
Directors' fees	*4*	**35,369**	33,220
Insurance		**5,772**	8,556
Professional fees		**141,799**	147,395
License fees		**4,400**	-
Custodian fees		**15,664**	-
Other expenses		**23,752**	71,571
		301,679	349,918
Net investment loss before tax		**(259,444)**	(347,638)
Taxation	*7*	**-**	-
Net investment loss after tax		**(259,444)**	(347,638)
Realized and unrealized (loss)/gain on investment transactions			
Net realized loss on investment in securities	*2(e)*	**(2,437,538)**	-
Net unrealized gain on investments in securities	*2(e)*	**912,846**	2,497,876
		(1,524,692)	2,497,876
Net (decrease)/increase in net assets resulting from operations		**(1,784,136)**	2,150,238
Non-controlling interest		**(138,330)**	209,036
Equity holding of parent		**(1,645,806)**	1,941,202
		(1,784,136)	2,150,238

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

Consolidated Statement of Changes in Net Assets

as at 30 June 2018

(Stated in US$)

	Share capital	Additional paid-in capital	Accumulated deficit	Non-controlling interest	Total
As at 1 January 2017	1,097,344	111,886,393	(71,609,051)	3,767,432	45,142,118
Net decrease in net assets resulting from operations	-	-	1,941,202	209,036	2,150,238
As at 30 June 2017	**1,097,344**	**111,886,393**	**(69,667,849)**	**3,976,468**	**47,292,356**
As at 1 January 2018	1,097,344	111,886,393	(57,656,985)	5,198,426	60,525,178
Net decrease in net assets resulting from operations	-	-	(1,645,806)	(138,329)	(1,784,136)
As at 30 June 2018	**1,097,344**	**111,886,393**	**(59,302,791)**	**5,060,097**	**58,741,042**

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 2018
(Stated in US$)

	Six months ended 30 June 2018	Six months ended 30 June 2017
Cash flow from operating activities		
Net (decrease)/increase in net assets resulting from operations	**(1,784,136)**	2,150,238
Adjustments to reconcile net change in net assets resulting from operations to net cash used in operating activities:		
Net unrealized gain on investments in securities	**(912,846)**	(2,497,876)
Realized loss on investment in securities	**2,437,538**	-
Proceeds from sale of investment in securities	**2,925,000**	
Change in operating assets and liabilities:		
Increase in other assets	**(17,601)**	(11,182)
Increase/(decrease) in current liabilities	**52,990**	(152,789)
	2,700,945	(511,609)
Net change in cash and cash equivalents during the period	**2,700,945**	(511,609)
Cash and cash equivalents at beginning of period	**4,729,610**	2,729,884
Cash and cash equivalents at end of period	**7,430,555**	2,218,275

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 2018

(Stated in US$)

1. Organization and principal activity

The Kubera Cross-Border Fund Limited (the "Company" or the "Fund") and its subsidiaries (collectively, the "Group") 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, part of 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 is a Limited Partner in Kubera Cross-Border Fund LP (the "Partnership"), an exempted limited partnership formed on 28 November 2006 under the laws of Cayman Islands. The primary business of the Partnership is to purchase and sell investments for the purpose of carrying out an investment strategy that is consistent with the strategy described in the Admission Document of the Fund.

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

Kubera Partners LLC (the "former Manager"), a Delaware limited liability company, managed the investment portfolio of the Fund and had full discretionary investment management authority until the expiry of the Investment Management Agreement on 22 December 2016. Following the expiration of the Investment Management Agreement, the Fund has been self-managed by the Board of Directors (the "Board").

FIM Capital Limited, (the "Administrator") is the administrator and also performs certain accounting services on behalf of the Fund, the General Partner and the Partnership.

2. Significant accounting policies

The accompanying consolidated financial statements are prepared in conformity with US generally accepted accounting principles ("US GAAP"). The significant accounting policies adopted by the Fund are as follows:

a. Use of estimates

US GAAP requires 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 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 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 financial statements.

b. Functional currency

The measurement and presentation currency of the financial statements is the United States dollar ("US$").

c. Basis of consolidation

The consolidated financial statements include the accounts of the Fund and its wholly owned subsidiary, the General Partner and its majority owned entities, the Partnership, Kubera Mauritius and New Wave Holdings Limited (together referred to as the "Group"). All inter-company balances and transactions have been eliminated.

d. Investment transactions and related investment income and expenses

Realized gains and losses and movements in unrealized gains and losses are recognized in the statement of operations and determined on weighted average cost method basis. Movements in fair value are recorded in the statement of operations at each valuation date.

Interest income and expense are recognized on an accruals basis except for securities in default for which interest is recognized on a cash basis.

e. Fair value

Definition and hierarchy

Investments are recorded at estimated fair value as at the reporting date. The Group 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 is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a hierarchical disclosure framework which prioritizes 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 as determined by the Board are classified and disclosed in one of the following categories:

Level I - Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level II - Observable inputs other than quoted prices included in Level I that are not observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.

Level III - Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Group's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

In determining fair value, the Board applies various valuation approaches. Inputs that are used in determining fair value of an instrument may include price information; quotations received from market makers, brokers, dealers and/or counterparties (when available and considered reliable); credit data; volatility statistics and other factors. Inputs, including price information, may be provided by independent pricing services or derived from market data. Inputs can be either observable or unobservable.

The valuations of those investments subject to sales and purchase agreements are based on the net sales proceeds contracted to be received discounted to reflect the time value of money, lack of liquidity and credit risks.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level III. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Valuation

Private company

Investment in a private company consists of a direct ownership of common and/or preferred stock of a privately held company. The transaction price, excluding transaction costs, is typically the Board's best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment's principal market under current market conditions.

The Board, with assistance from the Administrator and advisers, performs ongoing valuation reviews based on an assessment of trends in the performance of each underlying investment from the inception date through the most recent valuation date.

Valuation process

The Board, with assistance from the Administrator and advisers, establishes valuation processes and procedures to ensure that the valuation techniques for investments that are categorized within Level III of the fair value hierarchy are fair, consistent, and verifiable.

The Board, with assistance from the Administrator and advisers, is responsible for reviewing the Group's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies.

Valuations are required to be supported by market data, third-party pricing sources; industry accepted pricing models, or other methods the Board deems to be appropriate, including the use of internal proprietary pricing models.

The following table summarizes the valuation of the Group's investments based on ASC 820 fair value hierarchy levels as of 30 June 2018.

	Total	**Level I**	**Level II**	**Level III**
Investments in securities	36,780,337	-	-	36,780,337
Total	**36,780,337**	**-**	**-**	**36,780,337**

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

Balance at 1 January 2018	41,230,029
Proceeds from sale	(2,925,000)
Realized loss for the period	(2,437,538)
Change in net unrealized loss	912,846
Balance at 30 June 2018	36,780,337

Proceeds of sale of US$ 2,925,000 included consideration of US$ 2,376,564 for Synergies Castings Limited ("SCL") shares which were originally acquired at a cost of US$ 4,814,102 resulting in realized loss of US$ 2,437,538.

In addition, US$ 1,000,000 advance was received in 2017 as part of the sale consideration for first tranche of shares of SCL which will be set off against the final tranche consideration and is included in the US$ 1,141,812 accounts payable balance.

The following table summarizes the valuation of the Group's investments based on the above ASC 820 fair value hierarchy levels as of 30 June 2016.

	Total	Level I	Level II	Level III
Investments in securities	45,158,240	-	-	45,158,240
Total	**45,158,240**	**-**	**-**	**45,158,240**

Total realized and unrealized gains and losses, if any, recorded for the Level III investment is reported in net realized gain (loss) on investments in securities and net change in unrealized gain (loss) on investments in securities respectively, in the Consolidated statement of operations. Investment in securities includes loans provided to subsidiaries of portfolio companies as financial support for working capital requirements of US$ 1.54 million (2017: US$ 2.87 million).

f. Foreign currency translation

Assets and liabilities denominated in a currency other than the US$ are translated into US$ at the exchange rate as at the reporting date. Purchases and sales of investments and income and expenses denominated in currencies other than US$ are translated at the exchange rate on the respective dates of such transactions.

The Board 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 realized and unrealized gain (loss) on investments.

g. Cash and cash equivalents

Cash and cash equivalents includes highly liquid investments, such as money market funds, that are readily convertible to known amounts of cash within 90 days from the date of purchase. All cash balances are held at major banking institutions.

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. Fair value of financial instruments other than investment in securities

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

j. ***Comprehensive income***

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

k. ***Recent accounting announcements***

There are no recent accounting pronouncements that will have a material impact on the Group's financial condition or results of operations.

l. ***Net asset value per share***

The net asset value per share is computed by dividing the net assets attributable to the shareholders by the number of shares at the end of the reporting period.

3. Carried interest

During the six-month period ended 30 June 2018, no carried interest is paid / payable (30 June 2017: Nil).

4. Directors' fees and expenses

The Fund pays Robert Michael Tyler an annual fee of GBP 25,000 and Martin Michael Adams is paid an annual fee of GBP 27,000, plus reimbursement for out-of-pocket expenses incurred in the performance of their duties. Mr. Raghavendran has waived his Director's fees as he has interest in the former Manager. The fees paid to the directors for the period amounted to US$ 35,369 (six months ended 30 June 2017: US$ 33,220).

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 2018	30 June 2017
Demand deposits	**6,330,555**	**1,118,275**
Time deposits	**1,100,000**	**1,100,000**
	7,430,555	**2,218,275**

6. Share capital and additional paid-in capital

	Number of Shares	Share Capital	Additional paid-in capital	Total
As at 30 June 2018	**109,734,323**	**1,097,344**	**111,886,393**	**112,983,737**
As at 30 June 2017	109,734,323	1,097,344	111,886,393	112,983,737

7. Income taxes

Under the laws of the Cayman Islands, the Fund, the General Partner and the Partnership are not required to pay any tax on profits, income and gains or appreciations. 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 entities, 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 entities, 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 entities.

Under laws and regulations in Mauritius, the Fund's majority owned subsidiaries, Kubera Mauritius 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.

No Mauritian capital gains tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by Kubera Mauritius and New Wave Holdings Limited to its shareholders will be exempt in Mauritius from any withholding tax.

With the assistance of the Administrator and advisers, the Board monitors proposed and issued tax law, regulations and cases to determine the potential impact to uncertain income tax positions. As at 30 June 2018, there are no potential subsequent events that would have a material impact on unrecognized income tax benefits within the next six months.

8. Non-controlling interest

	30 June 2018	30 June 2017
Share capital	**7,648,511**	7,648,511
Accumulated share of loss	**(4,003,787)**	(3,672,043)
Total	**3,644,724**	3,976,468

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 former 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
Ramanan Raghavendran	Independent Director
Martin Michael Adams	Independent Director
Robert Michael Tyler	Independent Director
Kubera Cross-Border Incentives SPC - Carried Interest SP	Special Limited Partner of the Partnership

B. Directors' fees and expenses paid during the period are disclosed in note 4.

10. Financial instruments and associated 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 Fund and reference should be made to the Fund's admission document for a more detailed discussion of risks.

a) Market risk

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

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

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.

11. Subsequent events

Kubera Mauritius' long stop date for the disposal of the entire equity stake held in PMSL was extended from 31 July 2018 to 30 September 2018.

As at 30 June 2018, US$ 2.93 million of the SCL second tranche of US$ 3.60 million had been received. A further US$ 0.30 million was received on 14 August 2018.

There were no other significant subsequent events.

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