

Kubera Cross-Border Fund

Quarterly Newsletter Jan – Mar 2012

Fund Performance as at 30 Mar 2012

NAV	US\$ 0.92 (un-audited)
NAV plus shareholder distributions	US\$ 1.20
Change from prior qtr*	-1%
Change from prior year*	-12%
Change from 2 yrs ago*	3%
Total net assets	US\$ 101.4m
Shares outstanding	109.7m
Share price	US\$ 0.66
Market capitalization	US\$ 72.4m
Manager co-invest	9% pro rata of each investment US\$ 12.2m to date

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
Reporting/valuations	US GAAP

Contact Information

Advisors

Nominated Adviser	Grant Thornton
Administrator	Cim Fund Services
Custodian	HSBC
Auditor	KPMG

Manager

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Profile

Kubera Cross-Border Fund Limited (the 'Fund') makes private equity investments in businesses that primarily operate in the US-India corridor. Several of the Fund's portfolio companies also benefit from business activities in the growing Indian domestic market. The Fund is differentiated by its specialized investment focus that requires domain knowledge across multiple geographies, and the strong track record of the Fund's manager, Kubera Partners LLC (the 'Manager'), of investing in and managing cross-border businesses.

Portfolio

The Fund has made nine investments since launch and is fully invested. Eight of these investments are in companies that are domiciled in India. Two investments were realized in 2010. Portfolio details are provided below. These figures exclude the Manager's co-investment of 9% pro rata alongside every investment made by the Fund (amounting to US\$ 12.2m to date).

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

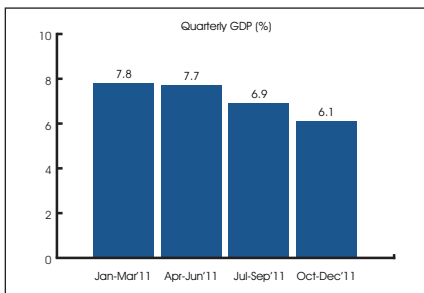
At close of business on 30 March 2012, the Fund's un-audited net asset value per share ("NAV") was US\$ 0.92. Shareholder distributions to date taken together with the NAV total US\$ 1.20. The denomination of the Fund is US Dollars; the Fund does not hedge its investments held in Indian Rupees.

Current Portfolio				
(\$ in millions) Company	Fund's Share ¹			
	Capital Invested	Cash Realized	Carrying Value	Total Value
Portfolio: Realized				
Venture Infotek ²	20.9	33.7	15.7	49.4
Infotech Enterprises	0.9	1.9	–	1.9
Total	21.8	35.6	15.7	51.3
Portfolio: Unrealized/Partly Realized				
Adayana ³	21.1	3.6	22.6	26.2
Synergies Castings ⁴	26.9	0.5	27.0	27.5
Essel Shyam Communication	13.4	0.3	22.4	22.7
Ocimum Biosolutions ⁵	15.0	0.0	2.0	2.0
GSS America	9.3	0.1	0.9	1.0
Kejriwal Stationary	18.2	0.0	2.1	2.1
Spark Capital	1.4	0.2	1.4	1.6
Total	105.3	4.7	78.4	83.0
Total Portfolio	127.1	40.3	94.1	134.3
Per Share Data				
Current Portfolio NAV			0.85	
Cash in hand			0.07	
Total Fund NAV			0.92	
Net Fund IRR⁶	1.0	0.28	0.92	1.20

Notes:

- Excludes co-investment by affiliates of the Investment Manager which amounts to 9% of every investment made by the Fund
- Includes loan of US\$ 1.1 million extended to the company in March 2009 and repaid in June 2009
- Includes loan of US\$ 3.1 million extended to the company in July 2009 and repaid in August 2010
- Includes loan of US\$ 2.8 million extended to the company in February 2010 and March 2011
- Includes loan of \$2.3 million extended to the company in December 2010
- Continuing shareholders who participated in the original fundraise at \$1.00 per share have a net IRR of 3.8%, based on the 30 March 2012 NAV of \$0.92 and cash distribution of \$0.28 in October 2010

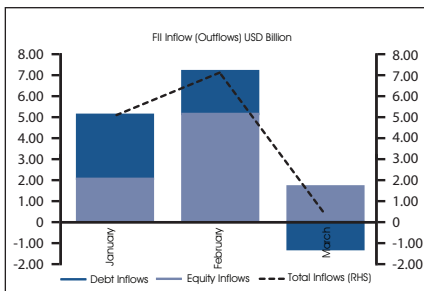
* % change from prior periods computed for NAV plus shareholder distributions to date.



India Economic and Market Review¹

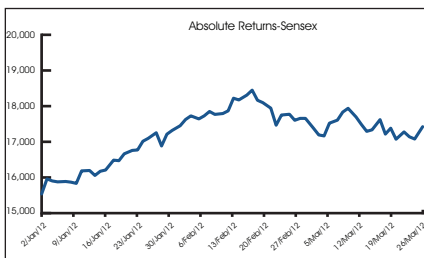
Indian GDP growth decreased to 6.1% in the quarter ending December 2011 vis à vis 6.9% in the previous quarter; the growth was significantly lower than the 8.2% which was recorded in the corresponding quarter of 2010. Economic growth slowed largely due to lower levels of investment and the impact of the Eurozone crisis.

Inflation, based on the wholesale price index, dropped to 6.89% in March 2012, compared to 6.95% in the previous month. In the non-manufactured product segment, the inflation rate moderated to 4.7% in March from 5.7% in February.



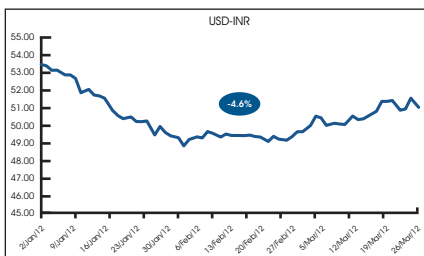
Foreign direct investment ('FDI') inflows during the period from April 2011 to January 2012 increased by 53% to US\$ 26.2 billion vis-à-vis US\$ 17.1 billion in the same period of 2010-11. During the entire period, the services sector (financial & non-financial), attracted the highest level of FDI investment, worth US\$ 4.8 billion. Telecommunications attracted the second highest level of FDI with US\$ 2 billion, followed by computer software & hardware (US\$ 0.7 billion), housing & real estate (US\$ 0.6 billion), construction (US\$ 2.2 billion), drugs and pharmaceuticals (US\$ 3.2 billion), power (US\$ 1.6 billion) and automobile (US\$ 0.6 billion).

Foreign institutional investors ('FIIs') have been selling across markets and withdrawing money from India and other emerging markets. However, for the period January 2012 to March 2012, overseas funds invested a total of US\$ 12.64 billion in Indian markets which is split between US\$ 8.85 billion in Indian equities market and US\$ 3.80 billion in Indian debt markets.



Despite slowdown in economic activity in the western markets and the Euro zone, India's exports rose during February 2012 at an annual rate of 4.28% to \$24.6 billion, while imports rose 20.7% to \$39.8 billion, translating into a trade deficit of \$15.2 billion. Oil imports for the month grew 39.4% to \$12.7 billion.

The BSE Sensex (which comprises 30 stocks) was volatile between January and March 2012 and increased by 12.2% during the quarter, ending at 17,404 points on the back of renewed interest and heavy buying from FIIs. During the same period the mid-cap index (NIFTY Midcap) outperformed the broad index significantly, and was up by 30.4%. At current prices the Indian stock market is trading at a trailing P/E ratio of 15x and a forward P/E ratio of approximately 12x - 13x.



Europe's debt crisis continues to be a global concern resulting in volatility in global asset and global currency markets. This European overhang coupled with rising crude oil prices has created instability on Indian economy over the last year.





However, due to moderate increase in liquidity in global markets along with FII inflows into emerging economies, the Indian Rupee ended at 50.88 per US dollar, surging approximately 5% during the quarter.

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

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Portfolio Update

Company	Description	NAV Per Share ¹ (US\$)		Change	% Stake	FY	FY	Quarterly Update
		30 Mar 2012 (un-audited)	30 Dec 2012 (audited)			2012E Sales (US\$m)	2007-12 Sales CAGR	
 SYNERGIES CASTINGS LIMITED	#1 Indian alloy wheel vendor	0.24 ²	0.24	0.00	58.3%	40.5	13%	<ul style="list-style-type: none"> The Company recorded a strong revenue growth in FY12 on back of its increased capacity and order book. The margins for the Company in FY12 were adversely impacted due to metal price volatility and disruption of power supply. However, management is working towards addressing these issues and expects the profit margins to improve in FY13. The NAV per share remained unchanged.
 ADAYANA Accelerate Success	E-learning & training solutions provider	0.21	0.23	-0.02	31.1%	42	22.5%	<ul style="list-style-type: none"> The macro environment for Adayana remains volatile with the US Government cutbacks (particularly the department of defense) and the slowdown in the US. The Company is highly levered, but is likely to get some breathing room with its recently concluded debt restructuring plan with its lenders. Adayana has undertaken several initiatives to restructure its business and reduce costs. These are likely to result in improved profitability for FY13. While the US government order book is weak, given the recent shutdown, the industry business continues to do well. The Company has also won a couple of large strategic contracts with key customers, which have started contributing to revenues from this quarter onwards. The Company has revised its financial estimates for current & forward year; hence NAV per share reduced by US\$0.02.
 ESSEL SHYAM	#1 independent Indian media broadcasting solutions provider	0.20	0.19	0.01	27.6%	33.35	18%	<ul style="list-style-type: none"> ESCL had a strong FY12 driven by the high run rate in the core media services business. The Company saw an overall improvement in margins in all its business segments during the quarter. We expect the Company to continue on its growth trajectory in FY13, with strong growth and high profitability. NAV per share increased by US\$0.01 during the quarter on the back of improved financial performance.
 Ocimum Biosolutions	#1 genomics outsourcing company out of India	0.02 ³	0.02	0.00	33.4%	3.7	7%	<ul style="list-style-type: none"> Ocimum has had a tough FY12. Its US subsidiary (the Genelogic business) has filed for chapter 11 bankruptcy – the Company is working with its bankers and lenders to find buyers for the business. While there are some points of light in the India business, which continues to grow, albeit a small base, we had significantly written down our equity value as of 31 December 2011. The value of our investment remained unchanged during the quarter.

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		30 Mar 2012 (un-audited)	30 Dec 2012 (audited)					
	Provider of IT infrastructure management and enterprise application integration services	0.01	0.01	0.00	6.4%	122	30% ⁴	<ul style="list-style-type: none"> GSS's financial performance remains volatile; while it has grown sequentially, the last quarter saw a year on year decline in revenues due to certain delays in the pipeline and order losses, which also impacted Company's operating margins significantly. During the quarter, while the stock price appreciated by approximately 24% (off a lower base), the NAV per share remain unchanged.
 KEJRIWAL STATIONERY	Manufacturer & distributor of stationery products	0.02	0.02	0.00	25.1%	NM ⁵	NM ⁵	<ul style="list-style-type: none"> The Company continues to struggle. It is looking at reviving US sales by targeting the US market through tie ups with distributors, leveraging the Company's eco-friendly re-positioning strategy. The Company is in the process of negotiating a debt restructuring package with its lenders. The debt is held by its wholly owned Indian subsidiary. The promoter is also pursuing opportunities to partner with local /international companies looking at entering the Indian market.
	#1 South Indian investment bank	0.01	0.01	0.00	9.1%	5.45	24%	<ul style="list-style-type: none"> The investment banking practice of the Company has scaled up significantly in FY12 and is expected to drive the next phase of growth in terms of larger transactions, greater coverage and public market opportunities.
Total portfolio		0.71	0.72	-0.01				
Cash from portfolio realization pending receipt ⁶		0.14	0.14	0.00				<ul style="list-style-type: none"> Venture Infotek expects to collect the first escrow release in early Q2 2012. The net amount available for distribution to KUBC shareholders is expected to be approximately US\$0.02 per share.
Cash in hand		0.07	0.07					
TOTAL NAV		0.92	0.93					

¹ Excludes co-investment by affiliates of the Investment Manager which amounts to 9% of every investment made by the Fund

² Includes loan of US\$ 2.8 million or US\$ 0.025 per share granted to the company in February 2010 and March 2011

³ Includes loan of US\$ 2.3 million or US\$ 0.02 per share granted to the company in December 2010

⁴ FY12E revenue figure sourced from broker reports. CAGR shown is for the period FY07 to FY12

⁵ Revenue growth driven almost entirely by trading and therefore not a meaningful indicator of value

⁶ Gross amount of standard escrow holdbacks and withholding taxes from realization of investment in Venture Infotek in August 2010

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DISCLAIMER

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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 Fund and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances.

The securities of the Fund have not been and will not be registered under any securities laws of the United States of America nor any of its territories or possessions or areas subject to its jurisdiction and, absent an exemption, may not be offered for sale or sold to nationals or residents thereof.

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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 Fund and its portfolio companies. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Fund or its portfolio companies' actual performance to be materially different from any future performance expressed or implied by such forward-looking statements. Such forward-looking statements based on assumptions regarding the Fund and its portfolio companies present and future business strategies and the political and economic environment in which they operate. Reliance should not be placed on these forward-looking statements, which reflect the view of Kubera Partners, LLC as of the date of the release of this document only.