KUBERA CROSS-BORDER FUND LIMITED

Interim Report 2017

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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 2017.

NAV and Discount

The value of the Fund's net assets increased from US$ 41.37 million to US$ 43.32 million during the six-month period, which ended on 30 June 2017. The Fund's net asset value ("NAV") per share increased marginally from US$ 0.38 to US$ 0.39 between 31 December 2016 (audited) and 30 June 2017 (un-audited).

The Fund's share price closed at US$ 0.27 on 30 June 2017. The discount of the Fund's share price to NAV decreased from 50 per cent as at 31 December 2016 to 31 per cent as at 30 June 2017.

Investment Management

As mentioned in earlier reports, following the expiration of the Investment Management Agreement on 22 December 2016, the Fund is now self-managed by the Board.

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.

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

At close of business on 30 June 2017, Kubera Cross-Border Fund Limited (the "Company" or the "Fund")'s unaudited net asset value per share ("NAV") was US$ 0.39 compared with US$ 0.38 at 31 December 2016.

The denomination of the Fund is in US dollars ("US$"); the Fund does not hedge the currency risk relating to its investments denominated in Indian rupees ("INR"). During the period the INR appreciated by 5% against the US$, ending at 64.73 on 30 June 2017 compared to 67.95 INR to the US$ at 31 December 2016. Since the inception of the Fund, the INR has depreciated relative to the US$ by 61%.

Further details on portfolio operating performance are provided in the pages that follow. Here we provide more specific updates on realization plans:

PlanetCast

On 20 March 2017, the Fund announced that a leading global private equity firm has agreed to purchase the entire equity interest of Kubera Cross-Border Fund (Mauritius) Limited ("Kubera Mauritius") in PlanetCast for a consideration net of transaction costs estimated at INR 1,475 million, equivalent to US$ 22.78 million at 30 June 2017 (excluding the former Investment Manager's co-investment). We are awaiting Indian governmental approvals for the transaction. The sale and purchase is subject to a long stop date of 13 September 2017.

NeoPath Limited

NeoPath is in the process of claiming a refund of withholding tax based on its position that the capital gain realized on the sale of the underlying business is exempt from tax in India under the relevant provisions of the India-Mauritius tax treaty. There is no update from the prior quarter.

Synergies Castings

On 11 August 2017, the Fund announced that Kubera Mauritius reached an agreement with Jamy LLC, a private buyer, for the disposal of its entire equity and debt interests in Synergies Casting in four tranches over an 18-month period, for an aggregate consideration of US$ 14.58 million for the Fund's interest only. The total sale consideration including the 8.89% co-investment by the former Investment Manager is US$ 16.00 million. There are incentives in place for a faster completion such that if the transaction is completed within 12 months, the aggregate consideration will reduce by up to US$ 1.82 million. The first tranche of US$ 2.55 million was received on 10 August 2017.

Should the buyer default on any of the tranche payments, the Company, through its subsidiary, will continue to hold its remaining pro rata equity and debt interest and various shareholder rights, and the buyer will be subject to a US$ 1.00 million penalty, of which US$ 0.91 million is attributable to the Fund.

Spark

In July 2017, Kubera Mauritius reached an agreement to sell its stub ownership of 0.45% in Spark for a consideration of INR 2.30 million (excluding former Investment Manager's co-investment), equivalent to approximately US$ 36,900 at 30 June 2017. Completion of the transaction is expected in the next three months.

Investment holdings >5%

Note: Fiscal years end in March. FY2018 is the fiscal year ending March 2018 and estimates for this year are the portfolio company's board approved budgets or Kubera Partners' estimates – there is no assurance that these will be actual achieved results.

Planetcast Media Services Limited

Company Overview

Planetcast Media Services Limited ("PMSL" or "Planetcast") 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$ 0.21
- **Type of security**: Preference and equity shares in India entity
- **Selected Investor Rights** **Liquidity Preference** Yes **Board Seats** Two
- **Current Value**: US$ 22.64 million which is the Realisation value discounted to reflect the time value of money, lack of liquidity and credit risks.
- **Realisation**: Realisation proceeds net of transaction costs of INR 1,475 million (excluding the former Investment Manager's co-investment), equivalent to US$ 22.78 million at 30 June 2017, are expected to be received by the long stop date of 13 September 2017.

Company Positioning

- **Derivative play on media industry:** The media broadcasting industry in India is expected to experience high growth in the coming year with the launch of several new channels and digitization of existing channels. As the largest outsourced provider of teleporting and other services, PMSL is well positioned to benefit from this growth.
- **Unique offering:** PMSL has a unique portfolio of offerings – teleporting, DSNG and system integration capabilities - for the media broadcast industry and has deep and long term customer relationships.
- **Strong performance record**: The company has been profitable since inception and has grown at over 18% CAGR for the last five years.
- **Strong management team:** PMSL has a strong and loyal team including the two founding directors, with 70 employees having been with the firm for over 5 years.

Financial Updates

- PMSL reported revenue of INR 885 million (YoY growth of 11%) and EBITDA of INR 272 million (YoY growth of 22%) during the final quarter of FY2017. The core business segment of teleport services continues to demonstrate good growth, at 13% on a YoY basis.
- For the FY2017, PMSL recorded revenue of INR 3,495 million (YoY growth of 18%) and EBITDA of INR 1,068 million (YoY growth of 22%); EBITDA margins improved by 95 bps at 31%.
- At the end of FY2017, the company's net cash surplus was INR 371 million.

[1] (excludes former Investment Manager's co-investment which is ~9% of each investment; data as of 30 June 2017)

Synergies Castings Limited

Company Overview

Synergies Castings Limited ("SCL" or "Synergies Castings") 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 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**: 49.47%
- **NAV/Share**: US$ 0.13
- **Type of security**: Equity and preference shares in India entity
- **Selected Investor Rights** **Liquidity Preference** Yes **Board Seats** Two
- **Current Value**: US$ 13.96 million which is the Realisation value discounted to reflect the time value of money, lack of liquidity and credit risks.
- **Realisation:** Aggregate consideration of US$ 14.58 million (excluding former Investment Manager's co-investment). There are incentives in place for a faster completion such that if the transaction is completed within 12 months, the aggregate consideration will reduce by up to US$ 1.82 million. The first tranche of US$ 2.55 million was received on 10 August 2017.

Company Positioning

- **Targeting an attractive niche:** SCL is one of the few integrated chrome-plating facilities worldwide with an ability to produce large diameter wheels. It has a dominant market position in India.
- **Design and engineering capabilities:** SCL has a world class manufacturing facility that has been validated by most large OEMs; excellent, and award-winning, design and engineering capabilities.
- **Good mix of domestic and global OEM business:** SCL currently earns approximately 74% of its revenues from exports and the rest from the Indian market.
- **Capable management team:** SCL was founded by four first-generation entrepreneurs with significant industry experience who hold the key positions in the organization.
- The international & domestic order book continues to remain strong, partly as a result of a large increase in volume demand from General Motors for chrome alloy wheels.
- Business performance continues to remain strong with plants operating at capacity utilization level of 127% and continued improvement is expected in the coming quarters with the addition of new capacity. The company continues to face working capital constraints.

Financial Updates

- The operating performance of Synergies Casting improved in FY2017:
    - **YoY Sales**: Sales for FY2017 was INR 3,757 million - up by 19%, as domestic revenue doubled to INR 1,232 million.
    - **YoY EBITDA**: EBITDA for FY2017 was INR 529 million, up by 12%.
    - **YoY Net Profit**: net profit of INR 69 million as compared to a profit of INR 104 million during the last financial year.
- During the last quarter of FY2017, Synergies Casting recorded revenue of INR 1,247 million (YoY growth of 45%) and EBITDA of INR 169 million (YoY growth of 33%).
- The company's net debt position is INR 1,609 million.

[2] (excludes former Investment Manager's co-investment which is ~9% of each investment; data as of 30 June 2017)

NeoPath Limited

Company Overview

NeoPath Limited 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. The Company's 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$ 4.50 million 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$ 5.17 million attributable to the Fund. The timing of the finalization and receipt of the tax refund remains uncertain.

Current Situation

- Following the sale of the business in 2010, the Company 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$ 5.17 million is attributable to the Fund, 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 tax 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 Fund's investment in NeoPath as at 30 June 2017. The timing of the finalization and receipt of the tax refund remains uncertain.

Minor Portfolio Holdings: Investments holdings < 5%

- **Ocimum Biosolutions**: Given the various legacy issues associated with the original acquisition that Kubera Mauritius funded, we are contemplating legal remedies.
- **Spark Capital**: Kubera Mauritius largely exited from the business in 2016 through a share buy-back by the company. Kubera Mauritius continued to hold a 0.45% stake in Spark Capital as at 30 June 2017, which was valued at a discounted value of US$ 36,800 (excluding the former Investment Manager's co-investment). In July 2017, Kubera Mauritius reached an agreement to sell its stub ownership of 0.45% in Spark for a consideration of INR 2.30 million (excluding former Investment Manager's co-investment), equivalent to approximately US$ 36,900 at 30 June 2017. Completion of the transaction is expected in the next three months.

Consolidated statement of assets and liabilities

as at 30 June 2017

(Stated in US$)

	Notes	**30 June 2017 (unaudited)**	30 June 2016 (unaudited)
Assets			
Investments in securities, at fair value	*2(e)*	**45,158,240**	57,068,751
Cash and cash equivalents	*5*	**2,218,275**	1,769,698
Prepaid expenses		**27,098**	62,849
Total assets		**47,403,613**	58,901,298
Liabilities			
Accounts payable		**111,257**	142,990
Total liabilities		**111,257**	142,990
Net assets		**47,292,356**	58,758,308
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		**(69,667,849)**	(59,294,267)
		43,315,888	53,689,470
Non-controlling interest	*8*	**3,976,468**	5,068,838
		3,976,468	5,068,838
Total shareholders' interests		**47,292,356**	58,758,308

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

Consolidated schedule of investments

as at 30 June 2017
(Stated in US$)

Name of the entity	Industry	Country	Instrument	30 June 2017 (unaudited) Number of shares	Cost	Fair Value	% of net assets	30 June 2016 (unaudited) Number of shares	Cost	Fair Value	% of net assets
NeoPath Limited	Holding company	Mauritius	Equity shares and Preferred shares	**27,928,224**	**-**	**4,942,861**	**10.45%**	27,928,224	-	5,057,227	8.61%
PlanetCast Media Services Limited	Media services	India	Compulsorily convertible preference shares and Equity shares	**6,680,371**	**14,682,134**	**24,848,004**	**52.54%**	6,680,371	14,682,134	29,962,164	50.99%
Synergies Castings Limited	Automotive components	India	Compulsorily convertible cumulative preference shares, Equity shares and loans	**15,876,948**	**29,388,556**	**15,326,911**	**32.41%**	15,876,948	29,388,556	21,073,445	35.87%
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%**	3,874,241	15,503,667	975,865	1.66%
Total investments in securities and loans to portfolio companies					**58,129,057**	**45,158,240**	**95.49%**		59,574,357	57,068,751	97.13%

Consolidated statement of operations

for the six-month period ended 30 June 2017
(Stated in US$)

	Notes	**Six months ended 30 June 2017 (unaudited)**	Six months ended 30 June 2016 (unaudited)
Investment income			
Interest		**3,418**	1,560
Foreign exchange loss		**(1,138)**	(1,862)
		2,280	(302)
Expenses			
Administration fees	*4*	**71,282**	81,460
Audit fees		**17,894**	31,226
Directors' fees	*4*	**33,220**	36,988
Insurance		**8,556**	43,548
Professional fees	*4*	**147,395**	99,539
Other expenses		**71,571**	90,425
		349,918	383,186
Net investment loss before tax		**(347,638)**	(383,488)
Taxation	*7*	-	-
Net investment loss after tax		**(347,638)**	(383,488)
Realized and unrealized (loss)/gain on investment transactions			
Net unrealized gain/(loss) on investments in securities	*2(e)*	**2,497,876**	(1,383,382)
		2,497,876	(1,383,382)
Net increase/(decrease) in net assets resulting from operations		**2,150,238**	(1,766,870)
Non-controlling interest		**209,036**	(1,637,282)
Equity holding of parent		**1,941,202**	(129,588)
		2,150,238	(1,766,870)

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

Consolidated statement of changes in net assets

as at 30 June 2017

(Stated in US$)

	Share capital	Additional paid-in capital	Accumulated deficit	Non-controlling interest	Total
As at 1 January 2016	1,097,344	111,886,393	(57,656,985)	5,198,426	60,525,178
Net decrease in net assets resulting from operations	-	-	(1,637,282)	(129,588)	(1,766,870)
As at 30 June 2016	**1,097,344**	**111,886,393**	**(59,294,267)**	**5,068,838**	**58,758,308**
As at 1 January 2017	1,097,344	111,886,393	(71,609,051)	3,767,432	45,142,118
Net increase 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**

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 2017
(Stated in US$)

	Six months ended 30 June 2017	Six months ended 30 June 2016
Cash flow from operating activities		
Net increase/(decrease) in net assets resulting from operations	**2,150,238**	(1,766,870)
Adjustments to reconcile net change in net assets resulting from operations to net cash used in operating activities:		
Net unrealized gain/(loss) on investments in securities	**(2,497,876)**	1,383,382
Change in operating assets and liabilities:		
Increase in other assets	**(11,182)**	(31,647)
(Decrease)/increase in current liabilities	**(152,789)**	35,899
	(511,609)	(379,236)
Net change in cash and cash equivalents during the period	**(511,609)**	(379,236)
Cash and cash equivalents at beginning of period	**2,729,884**	2,148,934
Cash and cash equivalents at end of period	**2,218,275**	1,769,698

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 2017

(Stated in US$)

1. Organization 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 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 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 and Offering Memorandum 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 Investment 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 its 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 of Directors 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.

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 2017.

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

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

Balance at 1 January 2017	42,660,364
Unrealized gain for six-month period ended 30 June 2017	2,497,876
Balance at 30 June 2017	45,158,240

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	57,068,751	-	-	57,068,751
Total	**57,068,751**	**-**	**-**	**57,068,751**

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$ 2,874,960 (2016: US$ 2,767,207).

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 2017, no carried interest is paid / payable (30 June 2016: Nil).

4. Other operating expenses

Administration fees

	30 June 2017	30 June 2016
Isle of Man administration fees	**47,500**	47,500
Mauritius administration fees	**9,782**	18,625
Cayman Islands administration fees	**14,000**	15,335
Total	**71,282**	81,460

Directors' fees and expenses

	30 June 2017	30 June 2016
Martin Michael Adams	17,263	19,204
Robert Michael Tyler	15,957	17,784
	33,220	36,988

Mr. Raghavendran has waived any entitlement to director's fees.

Professional fees

	30 June 2017	30 June 2016
Broker fees	**18,695**	18,236
Consultancy fees	**33,438**	31,231
Legal fees	**59,736**	7,137
LSE listing fees	**2,330**	5,688
Nomad fees	**15,696**	18,236
Tax advisory fees	**17,500**	19,011
Total	**147,395**	99,539

5. Cash and cash equivalents

	30 June 2017	30 June 2016
Demand deposits	**1,118,275**	512,698
Time deposits	**1,100,000**	1,257,000
	2,218,275	1,769,698

6. Share capital and additional paid-in capital

	30 June 2017	30 June 2016
Authorized share capital: 1,000,000,000 ordinary shares of US$ 0.01 each	**10,000,000**	10,000,000

	Number of Shares	**Share Capital**	**Additional paid-in capital**	**Total**
As at 30 June 2017	**109,734,323**	**1,097,344**	**111,886,393**	**112,983,737**
As at 30 June 2016	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 2017, 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 2017	30 June 2016
Share capital	**7,648,511**	7,648,511
Accumulated share of loss	**(3,672,043)**	(2,579,673)
Total	**3,976,468**	5,068,838

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 Investment Manager, in the consolidated affiliates.

9. Transactions with related parties

A. The following table lists the related parties of the Group:

Name	**Nature of relationship**
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. As a result, the Group may be exposed to significant liquidity risk.

f) Political, economic and social risk

Political, economic and social factors, mainly changes in Indian laws or regulations and the status of India's relations with other countries may adversely affect the value of the Group's investments.