

Kubera Cross-Border Fund

Quarterly Newsletter July – Sept 2011

Fund Performance as at 30 Sept 2011

NAV	US\$ 0.94 (un-audited)
NAV plus shareholder distributions	US\$ 1.22
Change from prior qtr*	-6%
Change from prior year*	-7%
Change from 2 yrs ago*	26%
Total net assets	US\$ 103.6m
Shares outstanding	109.7m
Share price	US\$ 0.71
Market capitalization	US\$ 77.9m
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	Multiconsult
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 last year. 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.

During the quarter, the Fund invested US\$ 5 million (including the manager's co-invest of 9%), amounting to US\$0.05 per share, as follow-on equity capital into Synergies Castings Limited, at the same valuation as the original cost basis. The investment was utilized by company to resolve legacy debt issues and strengthen its balance sheet.

The Board, in conjunction with the Manager, also evaluates the Fund's cash requirements on a quarterly basis, including the reserve for follow-on investment opportunities. As and when excess cash is present on the balance sheet, then, in accordance with the announcement dated 15 April 2009, the Fund will distribute such excess cash to shareholders.

At close of business on 30 September 2011, the Fund's un-audited net asset value per share ("NAV") was US\$ 0.94. Shareholder distributions to date taken together with the NAV total US\$ 1.22.

Current Portfolio

(\$ in millions) Company	Fund's Share			
	Capital Invested	Cash Realized	Carrying Value	Total Value
Portfolio: Realized				
Venture Infotek ¹	20.9	33.7	15.8	49.5
Infotech Enterprises	0.9	1.9	–	1.9
Total	21.8	35.6	15.8	51.4
Portfolio: Unrealized/Partly Realized				
Adayana ²	21.1	3.6	24.7	28.3
Synergies Castings ³	26.9	0.4	26.9	27.3
Essel Shyam Communication	13.4	0.1	17.4	17.6
Ocimum Biosolutions ⁴	15.0	0.0	3.5	3.5
GSS America	9.3	0.1	2.4	2.5
Kejriwal Stationary	18.2	0.0	2.1	2.1
Spark Capital	1.4	0.1	1.6	1.7
Total	105.3	4.3	78.6	83.0
Total Portfolio	127.1	39.9	94.4	134.4

Per Share Data				
Current Portfolio NAV			0.86	
Cash in hand			0.08	
Total Fund NAV			0.94	
Net Fund IRR⁵	1.0	0.28	0.94	1.22

Notes:

1 Includes loan of US\$ 1.1 million extended to the company in March 2009 and repaid in June 2009

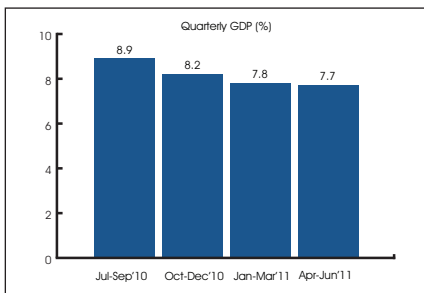
2 Includes loan of US\$ 3.1 million extended to the company in July 2009 and repaid in August 2010

3 Includes loan of US\$ 2.9 million extended to the company in February 2010 and March 2011

4 Includes loan of \$2.3 million extended to the company in December 2010

5 Continuing shareholders who participated in the original fundraise at \$1.00 per share have a net IRR of 4.5%, based on the 30 September 2011 NAV of \$0.94 and cash distribution of \$0.28 in October 2010.

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



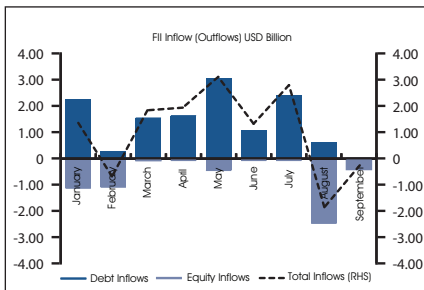
India Economic and Market Review¹

GDP growth fell marginally to 7.7% in the first quarter of FY12 (financial year ending March 2012) vis-à-vis 7.8% in the previous quarter. It decelerated significantly from 8.8% in the corresponding quarter a year ago.

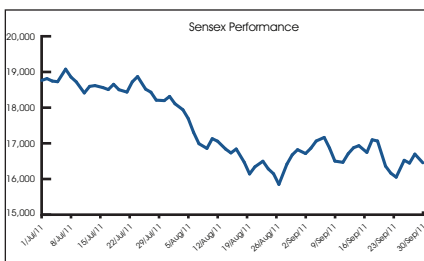
Core inflation (non-food manufacturing) for between April and August 2011 stood at 7.4% as compared to 5.6% in the same period of 2010, indicating that demand-side factors too are impacting inflation. Food inflation (primary and manufacturing), however, fell to 8.5% during this period of 2011, compared to 14.5% in 2010. Overall inflation in the fiscal year to date (April to August 2011) remained persistently high at 9.6%.

Despite slowdown in economic activity in the Western markets and the euro zone, India's export continued its upward trend, posting a 44.2% year-on-year growth at US\$ 24.3 billion in August, whereas imports grew by 41.8% to US\$ 38.4 billion during the month, translating into a trade deficit of US\$ 14 billion. Between April and August 2011, exports grew by 54.2% to US\$ 134.5 billion. Imports expanded by 40.4% to US\$ 189.4 billion. The trade gap stood at US\$ 54.9 billion for April-August 2011 against US\$ 47.70 billion in the same months in the previous year.

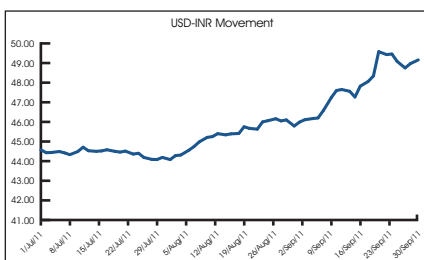
Oil imports were valued at US\$ 10.3 billion in August, translating into a growth of 48.7% compared to the corresponding month in the last fiscal year, while non-oil imports rose to US\$ 28 billion, an expansion of 39.4%. Between April and August 2011, oil imports stood at US\$ 52.3 billion and non-oil imports amounted to US\$ 137 billion.



2011 saw profit bookings from Foreign Institutional Investors ('FI') in Indian markets. For the year to date, overseas funds invested US\$ 7.69 billion in Indian markets (US\$ 1.16 billion in Indian equities market & US\$ 6.53 billion in Indian Debt Markets).



Amid concerns of turmoil in the euro zone and fears of recession in the US and elsewhere, the BSE Sensex (comprising of 30 stocks) was very volatile between June and September 2011 and declined by 13% over the quarter, ending at 16,454 points. During the same period the mid-cap index (NIFTY Midcap) underperformed the broad index significantly, and was down by 13%. At current prices Indian stock market is trading at trailing P/E ratio of 14x and forward P/E ratio of approximately 12x- 13x.



The Indian Rupee was very volatile during the quarter. It depreciated significantly to end at 49.49 per US dollar, declining ~11% 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 2012E Sales (US\$m)	FY 2007-12 Sales CAGR	Quarterly Update
		30 Sep 2011	30 Jun 2011					
 SYNERGIES CASTINGS LIMITED	#1 Indian alloy wheel vendor	0.25 ²	0.20	0.05	58.3%	42	11%	<p>The company expects a strong growth in FY12 on back of its recent capacity expansion and a robust order book.</p> <p>During the quarter, we invested US\$ 5 million (including the manager's co-invest of 9%), amounting to US\$0.05 per share, at the same valuation as our original cost basis. The investment was utilized by company to resolve legacy debt issues and strengthen its balance sheet.</p>
 ADAYANA	E-learning & training solutions provider	0.23	0.24	-0.01	31.1%	48.5	26%	<p>The overall business spending on training in the US remains volatile. While the company expects to record modest revenue growth in FY12, the profitability is expected to improve due to effective cost reduction initiatives.</p> <p>We revised forecasts for the current fiscal year for Adayana, given the headwinds in the government sector, which constitutes a significant portion of the company's revenues. Consequently, during the quarter, we wrote down our investment by US\$0.01 per share.</p>
 ESSEL SHYAM	#1 independent Indian media broadcasting solutions provider	0.16	0.18	-0.02	27.6%	35.5	17%	<p>After a robust FY11, the company expects to continue on its growth trajectory in FY12 with the ongoing capacity addition and a strong customer pipeline.</p> <p>During the quarter, our investment value declined by US\$0.02 per share, on account of adverse currency movement.</p>
 Ocimum Biosolutions	#1 genomics outsourcing company outside India	0.03 ³	0.05	-0.02	33.4%	13.4	35%	<p>Growth in FY12 is expected to be anemic due to a slowdown in pharma spending in the US. The company's US subsidiary continues to struggle.</p> <p>During the quarter, our investment value declined by US\$0.02 per share, on account of decrease in relative public equity market valuations.</p>
 gss	Provider of IT infrastructure management and enterprise application integration services	0.02	0.03	-0.01	6.4%	122	30% ⁴	<p>During the quarter, our investment declined by US\$0.01 per share on account of lower stock price and adverse currency movement.</p>
 KEJRIWAL STATIONERY	Manufacturer & distributor of stationery products	0.02	0.02	0.00	25.1%	NM ⁵	NM ⁵	<p>The company continues to struggle. Sales are pre-dominantly driven by pass-through trading business.</p>
 SPARK CAPITAL enhancing value	#1 South Indian investment bank	0.01	0.02	-0.01	9.1%	7	26%	<p>The Indian deal activity has been robust over the past quarter and the bank will benefit across its investment banking and brokerage businesses</p> <p>During the quarter, our investment declined by US\$0.01 per share on account of adverse currency movement.</p>
Total portfolio		0.72	0.74	-0.02				
Cash from portfolio realization pending receipt⁶		0.14	0.15	-0.01				<p>We anticipate the first escrow release from the sale of Venture Infotek in end Q4 of 2011 or early Q1 of 2012. The net amount available for distribution to shareholders is expected to be approximately US\$0.02 per share.</p> <p>During the quarter, our investment declined by US\$0.01 per share on account of adverse currency movement.</p>
Cash in hand		0.08	0.13	-0.05				
TOTAL NAV		0.94	1.02	-0.08				

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\$ 2.9 million or US\$ 0.026 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, to be gradually released over the three years

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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 Fund') and its operations. It is not meant to be a complete review of all matters concerning the Fund. This document is not intended as an offer or solicitation for the subscription, purchase or sale of securities in the Fund.

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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No warranty is given, in whole or in part, regarding the performance of the Fund. There is no guarantee that investment objectives of the Fund will be achieved. Potential investors should be aware that past performance may not necessarily be repeated in the future. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

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.