KUBERA CROSS-BORDER FUND LIMITED

Interim Report 2016

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Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the interim report and unaudited financial statements of Kubera Cross-Border Fund Limited (the "Fund"), for the six month period ended 30 June 2016.

NAV and Discount

The value of the Fund's net assets decreased from US$ 55.3 million to US$ 53.7 million during the six month period, which ended on 30 June 2016. The Fund's net asset value ("NAV") per share decreased marginally from US$ 0.50 to US$ 0.49 between 31 December 2015 (audited) and 30 June 2016 (un-audited). The decrease in NAV is primarily attributable to the depreciation of Indian Rupee vis-à-vis the US Dollar (which is the presentation currency of the Fund) and a decrease in the public equity market multiples of comparable traded securities used to determine valuations.

The Fund's share price was at US$ 0.14 as at 30 June 2016. The discount of the Fund's share price to NAV increased from 60 per cent as at 31 December 2015 to 72 per cent as at 30 June 2016.

Investments

Under the terms of the Investment Management Agreement ("IMA"), the Investment Manager has sole authority over the disposition and realisation of investments. Given the substantial co-investment made by members of the Investment Manager alongside shareholders in each of the Fund's investments, the Investment Manager's interests are aligned with shareholders. No fees under the IMA have been payable since 1 January 2016. The IMA will terminate on 26 December 2016, and the board is in discussions with the principals of the Manager regarding ongoing (unpaid) formal and informal assistance with the Fund's investments.

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 SFAS 157 that defines and establishes a framework for measuring fair value. The NAV is calculated on this basis. The methodology underlying the Fund's investment valuations is consistent with previous periods.

Closing Remarks

Many private equity investors in India have been experiencing difficulties in exiting private equity investments. The periodic buoyancy of Indian public markets has not been reflected in private equity exits, across vintages and stages of development. At this time, prior to the receipt of the proceeds of the Spark buyback, the Fund has cash on the balance sheet to support approximately two years' worth of operating expenses. The board is evaluating current expenses and the amount of cash to be retained to ensure sufficient runway.

The Investment Manager's report provides information on the progress regarding the implementation of the Group's realisation policy and performance of each of the Fund's investments. Further detailed information on investments, quarterly net asset values 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 Manager's Report

Quarterly portfolio summary

At close of business on 30 June 2016, the Fund's unaudited net asset value per share ("NAV") was US$ 0.49. The aggregate value of shareholder distributions to date and the NAV amount to US$ 0.82 per share. The currency of denomination of the Fund is US Dollars; the Fund does not hedge the currency risk relating to its investments denominated in Indian rupees.

The rupee traded within a range of 66 to 68 rupees to the dollar throughout the quarter, ending at 67.62 on 30 June 2016 compared to 66.33 rupees to the dollar at the end of the previous quarter. Since the inception of the Fund, the rupee has depreciated relative to the US dollar by over 40%. The Fund's performance in rupee terms, as of the 30 June 2016 NAV, amounts to a multiple of 1.10x of cost; in dollar terms as mentioned above it is 0.80x (inclusive of total distributions of $ 0.33/share).

In a meeting with major shareholders in May, several options for reducing the Fund's operating costs were discussed. It was agreed that these options would be revisited in due course after allowing the existing realization discussions to proceed further. Finally, we note that the Investment Management Agreement terminates in December, at which point the Fund will be self-managed by its board of directors.

Update on portfolio realization plans

Further details on portfolio operating performance is provided in the pages that follow. Here we provide more specific updates on realization plans, and intend on providing similar detail in future quarterly newsletters.

Portfolio

The Fund received an informal offer for the purchase of the entire portfolio for approximately 28 cents per share, from a reputable investment fund that specializes in such secondary purchases. After consulting with major shareholders, the board of directors declined this offer. The board is evaluating appointing an investment bank that focuses on secondary fund sales, and may choose to go down that path if individual company sales do not materialize.

PlanetCast

The Fund received an informal offer for the purchase of its stake in PlanetCast for approximately 19 cents per share, from the same investment fund that made the full portfolio offer referred to above. The Manager, after consulting with major shareholders, declined this offer. The Manager is working closely with the PlanetCast management team as also the other major shareholders to explore other options for a sale of the company that might result in greater proceeds to shareholders.

Venture Infotech

The company's hearings before the tax tribunal – which would be the next step in the journey to recover the proceeds deposited with the tax authority in India in 2010 – are continuing. An inconclusive hearing took place in July, and it is likely that a decision will be further delayed by several months. We are being guided in this effort by the entrepreneurs who have an equal amount of capital at risk, and who have led the effort throughout.

Spark

In light of the Fund's realization policy as also the sentiments expressed by major shareholders, the Manager has proceeded with a corporate buyback by Spark of 10.26% of its shares, generating $856,000 for shareholders. This is the only exit option available to us at this time, and these proceeds will be kept on the Fund's balance sheet until there is more clarity on the PlanetCast outcome, so as to concentrate distributable funds in one distribution. The Fund will also retain $37,000 in Spark at the current buyback valuation, and will look to exit this interest in 12 months. We note here that share buybacks in India are governed by Indian law, which prescribes the formula used for valuation as also the frequency of buybacks.

Investment holdings >5%

Note: Fiscal years end in March. FY2016 is the fiscal year ending March 2016 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
PLANETCAST MEDIA SERVICES LIMITED

Company Overview

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

Investment Summary

- **Investment amount**[1]: $13.4 million
- **Investment Date**: November 2008
- **KUBC Holding**: 27.6%
- **Current Value**: $27.31 million
- **NAV/Share**: $0.25
- **Type of security**: Preference and equity shares in India entity
- **Selected Investor Rights** **Liquidity Preference** Yes **Board Seats** Two

Company Positioning

- **Derivative play on media industry:** The media broadcasting industry in India is expected to witness high growth in the coming year with the launch of several new 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.

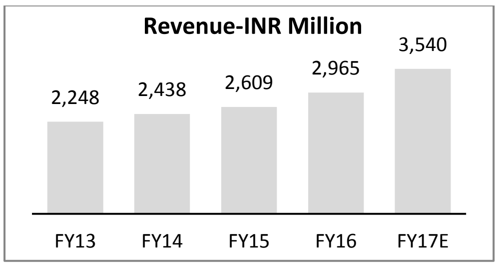
Current Situation

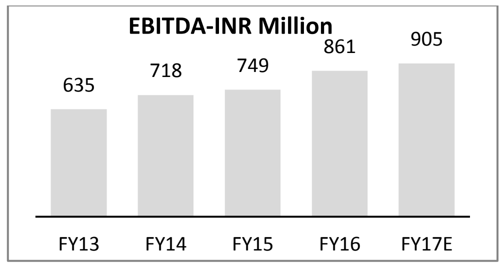
- The Company's IPO plans are now on hold, as a result of reluctance by the promoter groups to comply with the onerous disclosure requirements imposed by the regulator. We are discussing a variety of potential exit options with management and the promoters.
- Business performance continues to be strong, underpinning the demand for Playout and Teleport services (CAGR 33% FY2011-16) of the company.

[1] *Excludes manager's co-invest, which is ~9% of each investment; data as of Jun 30, 2016*

Financial Updates

- PMSL reported revenue of INR 798 million (growth of 6% YoY) and EBITDA of INR 224 million (growth of 31%) during the final quarter of FY2016. The core business segment of teleport services continues to demonstrate good growth, at 22% on a YoY basis.
- For the FY2016, PMSL recorded revenue of INR 2,965 million (YoY growth of 14%) and EBITDA of INR 861 million (YoY growth of 15%); EBITDA margins improved by 32 bps at 29%.
- The company's net debt position (cash surplus) stands at INR -167 million.
- The value of our investment declined by 1.1% during the quarter on account of currency depreciation and market performance of comparable companies.





Company Overview

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

Investment Summary

- **Investment amount**[2]: $26.9 million
- **Investment Date**: December 2007
- **KUBC Holding**: 58.3%
- **Current Value**: $19.21 million
- **NAV/Share**: $0.18
- **Type of security**: Equity and preference shares in India entity
- **Selected Investor Rights** **Liquidity Preference** Yes **Board Seats** Two

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 gets approximately 74% of its revenues from exports and the rest from the Indian market and has a strong order book both globally and in the domestic market
- **Capable management team:** SCL is founded by four first-generation entrepreneurs with significant industry experience who hold the key positions in the organization

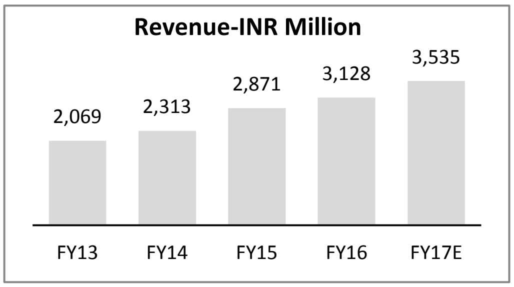
Current Situation

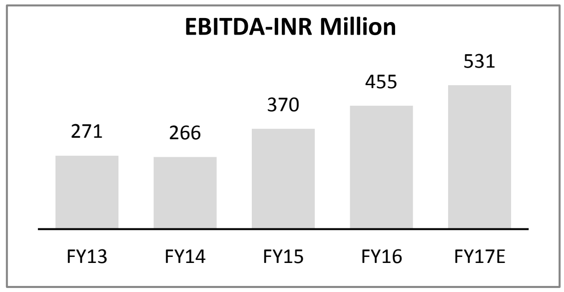
- The international & domestic order book continues to remain strong, as a result of a large increase in volume demand from General Motors for chrome alloy wheels.
- The company is exploring raising additional equity capital to fund a further capacity expansion, with a view towards positioning the company to examine exit options in 2017.

[2] *Excludes manager's co-invest, which is 9% of each investment; data as of Jun 30, 2016*

Financial Updates

- The operating performance of the company improved in FY2016:
  - **YoY Sales**: Sales for FY2016 was INR 3,128 million - up by 9%, as exports as well as domestic registered stable growth of 13%.
  - **YoY EBITDA**: EBITDA for FY2016 was INR 854 million, up by 32% on account of 469 bps improvement in EBITDA margins.
  - **YoY Net Profit**: net profit of INR 109 million as compared to a profit of INR 60 million during the last financial year.
- During the last quarter of FY2016, the company recorded revenue of INR 862 million (YoY growth of 11%) and EBITDA of INR 127 million (YoY 14% decline).
- The company's net debt position is INR 1,609 million.





Company Overview

Venture Infotek ("VI")[3] is India's leading card transaction processing company, operating in three major business segments: Merchant Acquisition, Credit Card Issuance and Loyalty Cards.

Investment Summary

- **Investment amount**[4]: $21.1 million
- **Investment Date**: December 2007
- **KUBC Holding**: 42.8%
- **Type of security**: Equity shares in India entity
- **Current Value**: $4.61 million
- **NAV/Share**: $0.04

Valuation Methodology

The pending tax receipts are being discounted to present value.

Business Updates

- Pending tax cash receipts from government of India.
- We have presented facts of the case to the tax Authority of Advance Rulings (AAR) during hearing held in early May.
- Given the merits of the case, we continue to expect a successful outcome for the company and for the Fund. We note, however, that if the case is rejected at the AAR hearing - and recent hearings have not been in favour of the appellant -- the options to recover the tax receipts are very limited.

Financial Updates

- Kubera exited from the business in 2010, and distributed $0.33 per share from realized cash flows.
- The value of our investment during the quarter decreased by 0.9%.

[3] *The company is now known as "Neopath Limited"*
[4] *Excludes manager's co-invest, which is ~9% of each investment; data as of Jun 30, 2016*

Investment holdings <5%

Cumulative Investment Summary for holdings < 5%

- **Investment amount**[5]: $16.04 million
- **Current Value**: $0.89 million
- **NAV/Share**: $0.01

Ocimum Biosolutions

Company Overview

Ocimum Biosolutions offers genomics outsourcing services and is a leading genomics outsourcing company based out of India.

Updates

SPARK CAPITAL

Company Overview

Spark is a full service investment bank with a strong presence in Southern India.

Updates

- Spark Capital has launched a buyback offer to purchase 10.26% of its outstanding equity capital and Kubera has tendered its shares in this offer.
- During the FY2016 period, the company generated INR 500 million in revenues and EBITDA of INR 17 million.

Kubera Partners LLC
Investment Manager

[5] *Excludes manager's co-invest, which is ~9% of each investment; data as of Jun 30, 2016*

Consolidated statement of assets and liabilities

as at 30 June 2016

(Stated in United States Dollars)

	Notes	**30 June 2016 (unaudited)**	30 June 2015 (unaudited)
Assets			
Investments in securities, at fair value	*2(e)*	**57,068,751**	57,009,910
Cash and cash equivalents	*5*	**1,769,698**	2,794,552
Prepaid expenses		**62,849**	34,035
Total assets		**58,901,298**	59,838,497
Liabilities			
Accounts payable		**142,990**	23,069
Total liabilities		**142,990**	23,069
Net assets		**58,758,308**	**59,815,428**
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		**(59,294,267)**	(58,213,265)
		53,689,470	54,770,472
Non-controlling interest	*8*	**5,068,838**	5,044,956
		5,068,838	5,044,956
Total shareholders' interests		**58,758,308**	59,815,428

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

Consolidated schedule of investments

as at 30 June 2016
(Stated in United States Dollars)

Name of the entity	Industry	Country	Instrument	30 June 2016 (unaudited) Number of shares	Cost	Fair Value	% of net assets	30 June 2015 (unaudited) Number of shares	Cost	Fair Value	% of net assets
NeoPath Limited (Previously known as Venture Infotek Limited)	Investment holding company	Mauritius	Equity shares and Preferred shares	**27,928,224**	**-**	**5,057,227**	**8.61%**	27,928,224	-	5,160,839	8.63%
Essel Shyam Communication Limited	Media services	India	Compulsorily convertible preference shares and Equity shares	**6,680,371**	**14,682,134**	**29,962,164**	**50.99%**	6,680,375	14,682,134	28,431,056	47.53%
Synergies Castings Limited	Automotive components	India	Compulsorily convertible cumulative preference shares, Equity shares and loans	**15,876,948**	**29,388,556**	**21,073,445**	**35.87%**	15,876,948	29,388,556	21,918,015	36.64%
Others	Life sciences, Financial services, IT infrastructure	India	Compulsorily convertible preference shares, Equity shares and loans	**3,874,241**	**15,503,667**	**975,865**	**1.66%**	3,874,241	17,600,233	1,500,000	2.51%
Total investments in securities and loans to portfolio companies					**59,574,357**	**57,068,751**	**97.13%**		61,670,923	57,009,910	95.31%

Consolidated statement of operations

for the six month period ended 30 June 2016
(Stated in United States Dollars)

	Notes	**Six months ended 30 June 2016 (unaudited)**	Six months ended 30 June 2015 (unaudited)
Investment income			
Interest		**1,560**	5,406
Foreign exchange loss		**(1,862)**	(3,203)
		(302)	2,203
Expenses			
Investment management fee	*3*	**-**	801,258
Professional fees		**94,596**	115,566
Insurance		**43,548**	43,427
Directors' fees	*4*	**39,363**	42,187
Administration fees		**66,125**	65,750
License fees		**2,350**	6,186
Custodian fees		**5,000**	9,265
Other expenses		**132,204**	41,283
		383,186	1,124,922
Net investment loss before tax		**(383,488)**	(1,122,719)
Taxation	*7*	-	-
Net investment loss after tax		(383,488)	(1,122,719)
Realized and unrealized (loss)/gain on investment transactions			
Realized loss on investment in securities		**-**	(7,097,636)
Net unrealized gain on investments in securities	*2(e)*	**(1,383,382)**	5,984,482
		(1,383,382)	(1,113,154)
Net decrease in net assets resulting from operations		**(1,766,870)**	(3,243,554)
Non-controlling interest		**(1,637,282)**	391,038
Equity holding of parent		**(129,588)**	2,852,516
		(1,766,870)	(2,235,873)

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

Consolidated statement of changes in net assets

as at 30 June 2016

(Stated in United States Dollars)

	Share capital	Additional paid-in capital	Accumulated deficit	Non-controlling interest	Total
As at 1 January 2015	1,097,344	111,886,393	(56,080,442)	5,148,006	62,051,301
Net decrease in net assets resulting from operations	-	-	(2,132,823)	(103,050)	(2,235,873)
As at 30 June 2015	**1,097,344**	**111,886,393**	**(58,213,265)**	**5,044,956**	**59,815,428**
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**

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 2016
(Stated in United States Dollars)

	Six months ended 30 June 2016	Six months ended 30 June 2015
Cash flow from operating activities		
Net (decrease)/increase in net assets resulting from operations	**(1,766,870)**	(2,235,873)
Adjustments to reconcile net (decrease)/increase in net assets resulting from operations to net cash used in operating activities:		
Net unrealized gain on investments in securities	**1,383,382**	(5,984,482)
Realized loss on investment in securities	**-**	7,097,636
Proceeds from sale of investment in securities	**-**	191,165
Change in operating assets and liabilities:		
(Increase)/decrease in other assets	**(31,647)**	85,808
Increase/(decrease) in current liabilities	**35,899**	(190,504)
	(379,236)	(1,036,250)
Net change in cash and cash equivalents during the period	**(379,236)**	(863,726)
Cash and cash equivalents at beginning of period	**2,148,934**	5,328,435
Cash and cash equivalents at end of period	**1,769,698**	4,464,709

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

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 managed by Kubera Partners, LLC (the "Investment Manager"), a Delaware limited liability company. The Investment Manager is responsible for the day-to-day management of the Fund's investment portfolio in accordance with the Fund's investment objective and policies and has full discretionary investment management authority.

The Fund is a Limited Partner in Kubera Cross-Border Fund LP (the "Partnership"), an exempted limited partnership formed on 28 November 2006, in accordance with the laws of the Cayman Islands. The primary business of the Partnership is to invest in, 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, a company incorporated under the laws of the Cayman Islands and a wholly owned subsidiary of the Fund, 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. The primary business of Kubera Mauritius is to carry on business as an investment holding company.

Kubera Mauritius holds 100% ownership in New Wave Holdings Limited, a company incorporated in Mauritius. The primary business of New Wave Holdings Limited is to carry on business as an investment holding company.

FIM Capital Limited (the "Administrator") is the administrator of the Fund.

2. Significant accounting policies

The accompanying consolidated financial statements are prepared in conformity with U.S. 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 rather than the local currency of Cayman Islands reflecting the fact that subscriptions to and redemptions from the Fund are made in United States dollars and the Fund's operations are primarily conducted in United States dollars.

c. Basis of consolidation

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

d. Investment transactions and related investment income and expenses

Investments in listed securities are held in the custody of Kotak Mahindra Bank Limited. Investment transactions are accounted for on a trade date basis.

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.

For listed securities dividend income is recognized on the ex-dividend date and for unlisted securities dividend income is recognized when the right to receive dividend is established and is presented net of withholding taxes. 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 Group 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 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

Listed equity securities

Investments in equity securities that are freely tradable and are listed on a national securities exchange are valued at their last sales price as of the valuation date. These investments are classified as Level I in the fair value hierarchy and include common stocks and preferred stock.

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 Group’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 Group performs ongoing reviews based on an assessment of trends in the performance of each underlying investment from the inception date through the most recent valuation date. These assessments typically incorporate the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets and changes in financial ratios or cash flows.

Valuation process

The Group 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 Group designates the Investment Manager to oversee the entire valuation process of the Group’s investments.

The Investment Manager 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 determined by the Investment Manager are required to be supported by market data, third-party pricing sources; industry accepted pricing models, or other methods the Investment Manager 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 2016.

	Total	**Level I**	**Level II**	**Level III**
Investments in securities	57,592,886	-	-	57,592,886
Total	**57,592,886**	**-**	**-**	**57,592,886**

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

Balance at 1 January 2016	58,452,133
Unrealized loss for six month period ended 30 June 2016	(859,247)
Balance at 30 June 2016	57,592,886
Unrealized losses included in earnings relating to investments held at 30 June 2016	(859,247)

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 2015.

	Total	Level I	Level II	Level III
Investments in securities	57,009,910	-	-	57,009,910
Total	**57,009,910**	**-**	**-**	**57,009,910**

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

Balance at 1 January 2015	57,997,388
Unrealized gain for six month period ended 30 June 2015	(987,478)
Balance at 30 June 2015	**57,009,910**
Unrealized gains included in earnings relating to investments held at 30 June 2015	(987,478)

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 statement of operations. Investment in securities includes loans given to subsidiaries of portfolio companies as financial support for working capital requirement of $2,767,207 (2015: $2,767,207).

f. ***Foreign currency translation***

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

The Group 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. ***Buy back***

The Fund repurchases its shares by allocating the excess of repurchase price over par value against additional paid-in capital.

h. ***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.

i. ***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.

j. Income taxes

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Group. Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the consolidated financial statements carrying amount of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using prevailing tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statement of operations in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realization is not more likely than not.

k. 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.

l. 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.

m. Investment management fees

Under the terms of the Investment Management Agreement, the Investment Manager has sole authority over the disposition and realisation of investments. With effect from 1 January 2016, the Fund does not pay the Investment Manager an investment management fee, in line with the resolutions approved at the shareholder Extraordinary General Meeting held in early 2013. The Investment Manager's appointment will conclude on 26 December 2016, following which the Fund will be self-managed by the Board of Directors.

Carried interest

Under the terms of the Partnership Agreement, Kubera Cross-Border Incentives SPC – Carried Interest SP, the Special Limited Partner of the Partnership and an affiliate of the Investment Manager, is entitled to receive a carried interest from the Partnership equivalent to 20 per cent, of the aggregate return over investment received by the Partnership following the full or partial cash realization of an investment.

Aggregate return, for the purposes of calculating the carried interest, is defined as the net realized gains reduced by the net unrealized losses of the Partnership to the date of such distribution. Realized and unrealized gains or losses on each investment are determined on the most recent announced NAV immediately prior to the date of such distribution.

The payment of carried interest is conditional upon the fact that the last announced adjusted NAV of the Fund prior to the date of distribution should be equal to or greater than the Par Value. The adjusted NAV is arrived at by adding back the value of any income or capital distributions made by the Fund to its shareholders.

In addition, the carried interest payment is adjusted such that, the aggregate cumulative amount of carried interest paid at the date of such distribution will equal 20 per cent, of the eligible carried interest proceeds.

Eligible carried interest proceeds may not be less than zero.

n. 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.

o. 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. Investment management fees and carried interest

Investment management fees

During the six month period ended 30 June 2016, the Fund paid US$ nil (30 June 2015: US$ 801,258) as investment management fee.

Carried interest

During the six month period ended 30 June 2016, no carried interest is paid / payable (30 June 2015: Nil).

4. Directors’ fees and expenses

The Fund pays each of its directors an annual fee of £20,000 and the Chairman is paid an annual fee of £25,000, plus reimbursement for out-of-pocket expenses incurred in the performance of their duties. Mr. Raghavendran has waived his director’s fees as long as he is interested in the Investment Manager.

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 2016	30 June 2015
Cash at bank	**512,698**	2,794,552
Time deposits	**1,257,000**	-
	1,769,698	2,794,552

6. Share capital and additional paid-in capital

	30 June 2016	30 June 2015
Authorized share capital: 1,000,000,000 ordinary shares of $0.01 each	**10,000,000**	10,000,000

	Number of Shares	**Share Capital**	**Additional paid-in capital**	**Total**
As at 30 June 2016	**109,734,323**	**1,097,344**	**111,886,393**	**112,983,737**
As at 30 June 2015	109,734,323	1,097,344	111,886,393	112,983,737

7. Income taxes

Under the laws of the Cayman Islands, the Fund, Kubera Cross-Border Fund (GP) Limited and Kubera Cross-Border Fund LP, are not required to pay any tax on profits, income, gains or appreciations and, 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 subsidiaries, 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 subsidiaries, 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 subsidiaries.

Under laws and regulations in Mauritius, the Fund's wholly owned subsidiaries, Kubera Cross-Border Fund (Mauritius) Limited 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.

ASC 740, "Accounting for Income Taxes" clarifies when and how to recognize tax benefits in the financial statements with a two-step approach of recognition and measurement. It also requires the enterprise to make explicit disclosures about uncertainties in their income tax positions, including a detailed roll-forward of tax benefits taken that do not qualify for financial statement recognition. There are no uncertain tax positions and related interest and penalties as of 30 June 2016.

The Fund monitors proposed and issued tax law, regulations and cases to determine the potential impact to uncertain income tax positions. As at 30 June 2016, 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 2016	**30 June 2015**
Share capital	**7,648,511**	7,648,511
Accumulated share of loss	**(2,533,331)**	(2,603,555)
Total	**5,115,180**	5,044,956

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 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	Non-independent Director
Martin Michael Adams	Independent Director
Robert Michael Tyler	Independent Director
Kubera Partners LLC	Investment Manager
Kubera Cross-Border Incentives SPC – Carried Interest SP	Special Limited Partner of the Partnership

B. During the period transactions with related parties are as disclosed below:

	30-Jun-16	**30-Jun-15**
Investment management fees paid to Investment Manager	-	801,258
Director fee and reimbursement of expenses paid to Martin Michael Adams	19,204	28,160
Director fee and reimbursement of expenses paid to Robert Michael Tyler	17,784	19,140

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 Dollar, 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 Dollars.

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.

10. Previous year comparatives

Prior year comparatives have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

Company Information

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Martin Michael Adams, Chairman
Robert Michael Tyler
Ramanan Raghavendran

Audit Committee
Robert Michael Tyler, Chairman
Martin Michael Adams

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