



Semi Annual Report 2012

# Contents

<b>Multiple year overview Himalayan Fund N.V.</b>	3
<b>Profile</b>	4
<b>Directors' Report</b>	6
<b>Financial statements</b>	8
Balance sheet	9
Profit & Loss account	10
Statement of Cash Flows	11
Notes	12
Notes to the Balance sheet	14
Notes to the Profit & Loss account	17
Portfolio Breakdown	19
<b>Other information</b>	21

# Himalayan Fund N.V.

open-end investment Fund (in Dutch: beleggingsmaatschappij met veranderlijk kapitaal)

<b>Registered office:</b>	c/o Inviqta Legmeerdijk 182 1187 NJ Amstelveen The Netherlands
<b>Board of Directors:</b>	Ian McEvatt, Chairman Dwight Makins Robert Meijer * Karin van der Ploeg *
<b>Administrator:</b>	CACEIS Netherlands N.V. De Ruyterkade 6-i 1013 AA Amsterdam The Netherlands
<b>Investment Advisor:</b>	Iceman Capital Advisors Ltd. PO Box 218 45 La Motte Street St. Helier Jersey JE4 8SD Channel Islands
<b>Custodian:</b>	Citibank 3rd Floor, Trent House G Block, Plot No 60 Bandra Kurla Complex Bandra (East) Mumbai - 400 051 India
<b>Listing Agent / Bank:</b>	ABN AMRO Bank N.V.
<b>Auditor:</b>	Deloitte Accountants B.V. Orlyplein 10 1040 HC Amsterdam
<i>For information or Prospectus:</i>	<i>Website: <a href="http://www.himalayanfund.nl">http://www.himalayanfund.nl</a> Email: <a href="mailto:himalayan@inviqta.nl">himalayan@inviqta.nl</a> Phone: +31 (0) 20 641 1161</i>

\* Dutch resident

# Multiple year overview Himalayan Fund N.V.

	<b>30-06-2012</b>	31-12-2011	31-12-2010	31-12-2009	31-12-2008
<b>Net Asset Value (USD x 1,000)</b>					
Net Asset Value according to balance sheet	<b>15,168</b>	15,896	22,445	20,100	12,922
Less: value priority shares	<b>14</b>	14	14	14	1
	<b>15,154</b>	15,882	22,431	20,086	12,921
	<b>2012</b>	2011	2010	2009	2008
<b>Profit and loss (USD x 1,000)</b>					
Income from investments	<b>164</b>	203	302	201	244
Capital gains/losses	<b>690</b>	-10,114	3,760	11,308	-23,478
Expenses	<b>-291</b>	-697	-733	-745	-835
Tax	<b>15</b>	26	-	-	-
Total investment result	<b>578</b>	-10,582	3,329	10,764	-24,069
Number of ordinary shares outstanding	<b>432,610</b>	469,432	392,187	410,804	502,049
<b>Per ordinary share</b>					
Net Asset Value share (USD)	<b>35.03</b>	33.83	57.19	48.89	25.74
Transaction price Euronext Amsterdam end of reporting period (USD)	<b>33.89</b>	33.84	56.69	47.29	24.69
Income from investments (USD)	<b>0.38</b>	0.43	0.77	0.49	0.49
Capital gains/losses (USD)	<b>1.59</b>	-21.53	9.59	27.54	-46.75
Expenses (USD)	<b>-0.67</b>	-1.49	-1.87	-1.81	-1.66
Tax	<b>0.04</b>	0.05	-	-	-
Total investment result (USD)	<b>1.34</b>	-22.54	8.49	26.22	-47.92

# Profile

## General

Himalayan Fund N.V. (the "Fund") is an open-end investment company (in Dutch: beleggingsmaatschappij met veranderlijk kapitaal) incorporated under Dutch Law with its statutory seat in Amsterdam, The Netherlands. The Fund has 4,450,005 Ordinary Shares and 49,995 Priority Shares in issue.

## Objective

The Fund's principal objective is to generate long-term capital appreciation for its shareholders by investing in the stock markets of the Indian sub-continent. The Fund currently invests only in the Indian stock markets; the discretion to invest a small proportion of the portfolio in contiguous markets is not currently exercised. The Fund is registered as a Foreign Investment Institution (FII) with the Securities and Exchange Board of India which enables it to hold its own investments directly with its custodian, Citibank NA in Mumbai.

## Open-end status

The Fund is classified as an open-end investment company in The Netherlands and its Ordinary Shares are traded weekly through the Euronext Fund Service of NYSE Euronext Amsterdam. Liquidity is assured by the Fund buying and selling its own shares in the market at a Transaction Price based on Net Asset Value and holding re-purchased shares in treasury pending re-sale.

## Investment advisor

The Investment Advisor is Iceman Capital Advisors Ltd. (Iceman), appointed by shareholders in the annual general meeting on June 7<sup>th</sup>, 2006 under an investment advisory agreement of the same date. Iceman is regulated by the Jersey Financial Services Commission.

## Registered office

The Fund has appointed Inviqta, a partnership of lawyers established in Amstelveen, The Netherlands, to provide domiciliation and company secretarial services.

## Administrator

Caceis Netherlands N.V. (Caceis NL) established in Amsterdam, The Netherlands, has been appointed by the Fund as the Administrator of Himalayan Fund N.V. Caceis NL is an integral part of an international fund administration network operating under the Caceis name.

## Corporate Governance

The Board of Directors has adopted a Code of Governance (Principles on Fund Governance) practice which is available for downloading from the official website. The Fund does not actively use its voting rights at shareholder meetings of companies in which it has invested.

## Taxation

In order to qualify as a Fiscal Investment Institution in The Netherlands, the Fund is obliged to distribute all of its fiscal income and will then be subject to 0% rate of Dutch corporate income tax on its profits. It is the intention that the Fund is managed in such a way as to maintain this status.

The Fund is registered as a Foreign Investment Institution with the Securities and Exchange Board of India: this enables the Fund to enjoy the benefits of the tax treaty between India and The Netherlands, so that the proceeds of investment in India can be received free of tax.

For the benefit of UK investors, the Fund has registered with Her Majesty's Revenue and Customs (HMRC) as a Reporting Fund with effect from financial year 2011. Subject to regular reporting requirements, investment in the Fund by UK tax payers will enjoy equivalent treatment to domestic mutual funds for UK tax purposes. It's the Fund's intention to maintain compliance with the requirements of Reporting Fund status.

When the Fund has held investments in Bangladesh and Sri Lanka in the past, dividends received have been subject to withholding tax which has been carried as an expense in the profit and loss account. No capital gains tax is levied in Sri Lanka; the Fund has been able to claim exemption from capital gains tax in Bangladesh due to its tax exempt status in The Netherlands.

# Directors' Report

## The Fund

The Net Asset Value (NAV) per share of your Fund was US\$35.03 on June 30<sup>th</sup> 2012, 3.6% higher than the closing NAV on December 31<sup>st</sup>, 2011. Over the same period, the Fund's performance benchmark, the S&P CNX Nifty index in US\$ terms, rose by 8.7%. Thus, your Fund underperformed its benchmark by 5.1%. For comparison purposes, the Transaction Price for the Fund's shares was US\$34.49 on January 6<sup>th</sup>, the first Execution Day of 2012 and on June 29<sup>th</sup>, the last Execution Day of the period under review, the Transaction Price was US\$34.01, a decline of 1.4%. Over the comparable period, the benchmark index gained 4.7%.

## The Market

In the first half of 2012, the MSCI World Index grew by 4.2%, a return comparable to the same period in 2011. The components of the return, however, tell the tale of the markets in the first half of this year. The US market gained 8.3% as optimism that the self-sustaining characteristics of the private sector would overcome a policy standoff typical of an election year. Companies, especially those with significant overseas operations or sales, have built up large cash reserves ready to finance growth in a sustained recovery. Eurozone markets, on the other hand, retreated by 2.2%, as growth slowed widely and company earnings retreated. Policy paralysis in the face of the worsening Euro crisis added to volatility and negative sentiment. Emerging markets overall grew by 3.6%, with Asia contributing 3%.

Against this external picture, Indian markets were generally strong in the first half but for foreign investors returns were cut by a sharp devaluation of the Rupee. A rising current account deficit and a lack of policy action on the fiscal deficit undermined confidence in the currency. The major contributors to the Indian trade deficit were high energy prices and high imports of gold. As the year progressed, the softening global economy has undermined demand forecasts for energy, so the prices have retreated but the effect for India has been muted by devaluation. The government increased duty on gold imports and the volume dried up in April. Further, as the external economy continues to weaken, merchandise exports are declining but imports have also been falling, so the currency may have bottomed. All of this has happened without any sign of a balance of payments crisis as happened in 1991 and this is worth a comment.

Slow reform of Foreign Direct Investment (FDI) regulations and a controversial tax issue have undermined investor sentiment. FDI inflows have slowed dramatically, making the job of the Reserve Bank in managing the foreign reserves and the balance of payments more difficult. Portfolio inflows have been sustained and stand at nearly \$10 billion so far but the shortfall in FDI is unwelcome given the current account situation. The RBI has made two key moves in response. First it eased conditions for large corporates to replace expensive domestic borrowings with lower rate foreign commercial borrowings and a substantial volume of transactions resulted. Companies were willing to bet that cheaper external credit repatriated at a depreciated exchange rate could be repaid at a better rate at maturity. Second, it improved access to high-yielding domestic rupee deposits by non-resident Indians (NRIs) and sharply boosted inflows. The consequence of these two moves has been to cushion the reduction in foreign reserves due to the current account deficit and forestall the risk of a currency crisis.

Indian GDP growth has slowed from the 8-9% range down to the 5-7% range and although some of this has been due to external factors domestic policy paralysis is also responsible. A fractious coalition government, facing an election in two years and rising demands for transparency in the administration has frozen decision-making to a frustrating degree. The RBI stands ready to provide monetary stimulation but will not risk the inflationary impact in the absence of some fiscal consolidation, in particular a reduction in the subsidy burden on energy and fertilizer prices and the cost of food welfare programmes. In addition, civil servant fears of being engulfed by anti-corruption action is obstructing approvals of development projects and slowing down public sector and private sector investment activity. Thus the Indian consumer has been the predominant growth driver this year, with rural demand making an exceptional contribution after two years of strong growth in the agricultural sector.

Former Finance Minister Mukherjee has been elected President of India. He has been replaced by P. Chidambaram, a former incumbent identified with periods of strong growth in the economy and notable reforms. This changeover has ignited

expectations of policy and reform action to improve investor sentiment and mobilize development projects to stimulate a return to higher growth rates. Prime Minister Singh has warned ministers that they must act decisively, to avoid a credit rating cut which would make their job more difficult. He has asked an expert panel to make recommendations on anti tax avoidance regulations by early September. In the midst of all this movement action is also expected on key reforms such as FDI restrictions in sectors like multi-brand retail and aviation. A weak monsoon this year may affect consumer demand, so boosting investment demand through a revival of government action is essential to accelerating GDP growth.

Our portfolio performance was weak in the first half, characterised by some exceptional stock price movements. Indraprastha Gas, a city gas distributor in the New Delhi area was hit by a dramatic tariff order which saw its share price cut by half. The order has since been quashed in the High Court but the stock was under a cloud for the remainder of the period. Bharti Airtel is another stock which has spent much of the period under a regulatory cloud. A Supreme Court decision to cancel 122 licenses for 2G spectrum because of a scandal surrounding their issue seemed to clear the horizon but even the market leader's stock underperformed significantly. Infosys and Jain Irrigation suffered from weak performance and a lack of earnings visibility. These four stocks were the major contributors to the underperformance in the first half. On the positive side, our re-entry into the Auto sector saw ancillary companies Exide, Castrol, Bosch and Balkrishna make excellent contributions. In other sectors, Larsen & Toubro, HDFC Bank, Corporation Bank and Titan Industries also made strong contributions.

The Indian markets still trade at attractive levels of valuation in an historic context. The domestic policy environment may see some improvement this quarter, which would undoubtedly stimulate the market. On the external front, there is no evidence that the Eurozone is in any hurry to solve its existential crisis but mid-summer data from the US is looking encouraging. Meanwhile, China seems to be moving towards domestic stimulus.

## **Administration**

The Fund's Annual Meeting of Shareholders was held on June 7<sup>th</sup> in Amsterdam; the Annual Report for 2011 was adopted by unanimous vote and the Directors were discharged from their responsibilities for the year.

The Fund's website provides access to all regulatory and statutory information on the Fund, the address is:

[www.himalayanfund.nl](http://www.himalayanfund.nl)

Also, a fund blog is now available at:

<http://himalayanfund.blogspot.com/>

This provides regular comment which may be of interest to shareholders including a link to the Weekly Market Commentary. Please note that the blog's content is opinion only and does not necessarily represent Fund policy or strategy.

## **Conclusion**

The Directors would like to thank our loyal shareholders for their continuing commitment to the Fund in these most difficult market conditions. We are taking action to generate new sources of distribution, to keep costs as low as possible and to adapt the portfolio to evolving market conditions.

Amsterdam, August 20, 2012

Board of Directors

Ian McEvatt, Chairman

Dwight Makins

Robert Meijer

Karin van der Ploeg



Financial statements  
Himalayan Fund N.V.  
Semi Annual Report 2012

# Balance sheet

(before profit appropriation)

	30-06-2012		31-12-2011
	USD	Notes	USD
<b>Investments</b>			
Securities	15,181,715	4	15,188,036
<b>Short term receivables</b>			
Receivable on security transactions	-	5.1	337,678
Receivables from subscription	-		-
Dividend receivable	74,531	5.2	-
Other receivables	<u>-</u>	5.3	<u>120,000</u>
	74,531		457,678
<b>Other assets</b>			
Cash at banks	67,032	6	719,982
<b>Current liabilities (due within one year)</b>			
Payable on security transactions	-	7.1	345,474
Due to redemptions	-	7.2	5,212
Other liabilities, accruals and deferred income	<u>155,010</u>	7.3	<u>118,950</u>
<b>Total current liabilities</b>	155,010		469,636
<b>Total of receivables and other assets less current liabilities</b>	<u>-13,447</u>		<u>708,024</u>
<b>Total assets less current liabilities</b>	<u>15,168,268</u>		<u>15,896,060</u>
<b>Shareholders' equity</b>			
Issued capital	19,718	8.1	20,322
Share premium	27,383,794	8.2	28,689,326
General reserve	-12,813,588	8.3	-2,231,440
Undistributed result current year	<u>578,344</u>	8.4	<u>-10,582,148</u>
<b>Total shareholders' equity</b>	<u>15,168,268</u>		<u>15,896,060</u>
<b>Net Asset Value per share</b>	35.03		33.83

# Profit & Loss account

	01-01-2012 30-06-2012 USD	Notes	01-01-2011 30-06-2011 USD
<b>Income from investments</b>			
Dividends	159,460	9.1	44,165
Interest income	-	9.2	0
Other income	<u>4,392</u>	9.3	<u>8,648</u>
	<b>163,852</b>		<b>52,813</b>
<b>Capital gains/losses</b>			
Unrealised price gains/losses on investments	1,020,133	4	-3,951,737
Unrealised currency gains/losses on investments	-444,841	4	29,147
Realised price gains/losses on investments	300,566	4	1,901,961
Realised currency gains/losses on investments	-165,215	4	-40,505
Other exchange differences	<u>-20,366</u>		<u>-19,702</u>
	<b>690,277</b>		<b>-2,080,836</b>
<b>Expenses</b>			
Investment advisory fees	129,767	10.1	144,192
Other expenses	<u>161,598</u>	10.2	<u>228,821</u>
	<b>291,365</b>		<b>373,013</b>
<b>Tax</b>	<b>15,580</b>		<b>-</b>
<b>Total investment result</b>	<b><u>578,344</u></b>		<b><u>-2,401,036</u></b>
<b>Total investment result per ordinary share</b>	<b>1.34</b>		<b>-6.93</b>

# Statement of Cash Flows

	01-01-2012 30-06-2012 USD	notes	01-01-2011 30-06-2011 USD
<b>Cash flow from investing activities</b>			
Income from investments	163,852	9	52,813
Expenses	-291,365	10	-373,013
Tax	<u>15,580</u>		<u>-</u>
Result of operations	-111,933		-320,200
Purchases of investments	-499,580	4	-1,307,347
Sales of investments	<u>1,216,544</u>	4	<u>3,488,237</u>
	716,964		2,180,890
Change in short term receivables	383,147	6	-18,903
Change in current liabilities	<u>-314,626</u>	7	<u>9,258</u>
	<u>68,521</u>		<u>-9,645</u>
<i>Cash flow from investing activities</i>	<b>673,552</b>		1,851,045
<b>Cash flow from financing activities</b>			
Received on shares issued	86,355	8	67,633
Paid on shares purchased	<u>-1,392,491</u>	8	<u>-2,439,899</u>
<i>Cash flow from financing activities</i>	-1,306,136		-2,372,266
Other exchange differences	<u>-20,366</u>		<u>-19,702</u>
<b>Change in cash and cash equivalents</b>	-652,950		-540,923
Cash and cash equivalents as at 1 January	<u>719,982</u>		<u>775,892</u>
<b>Cash and cash equivalents as at 30 June</b>	<u>67,032</u>		<u>234,969</u>

# Notes

## 1 General

Himalayan Fund N.V. ('the Fund') is an open-end investment company (in Dutch: beleggingsmaatschappij met veranderlijk kapitaal) incorporated under Dutch law and has its statutory seat in Amsterdam. The Fund is listed both on NYSE Euronext Amsterdam and on The London Stock Exchange.

This semi annual report is prepared in accordance with Part 9 Book 2 of the Dutch Civil Code and the Act on the Financial Supervision (AFS) ("Wet op het financieel toezicht"). Since December 1991 the Fund is licensed to undertake investment activities according to the Act on the Financial Supervision.

## 2. Principles of valuation

### 2.1 Investments

The investments are valued based on the following principles:

- listed securities are valued at the most recent stockmarket price as at the end of the accounting period which can be considered fair value;
- non or low marketable securities are, according to the judgement of the Investment Advisor, valued at the best effort estimated price, taking into account the standards which the Investment Advisor thinks fit for the valuation of such investments.

Expenses related to the purchase of investments are included in the cost of investments.

Sales charges, if any, are deducted from gross proceeds and will be expressed in the capital gains/losses.

### 2.2 Foreign currency translation

Assets and liabilities in foreign currencies are translated into US dollars at the rate of exchange as at the balance sheet date. All exchange differences are taken to the profit and loss account. Income and expenses in foreign currencies are translated at the exchange rate as per transaction date.

---

Rates of exchange as at 30 June 2012, equivalent of 1 US dollar:

---

Euro	0.78799	Srilanka Rupee	133.90001
Indian Rupee	55.83499	Bangladesh Taka	81.81498

---

### 2.3 Other assets and liabilities

Other assets and liabilities are stated at nominal value. If required, provisions have been taken for irrecoverable receivables.

### 2.4 Income recognition principles

The result is determined by deducting expenses from the proceeds of dividend, interest and other income in the period under review. The realized revaluations of investments are determined by deducting the purchase price from the sale proceeds.

The unrealized revaluations of investments are determined by deducting the purchase price or the balance sheet value at the start of the period under review from the balance sheet value at the end of the period under review.

Brokerage fees payable on the acquisition of investments, if any, are considered to be part of the investments costs, and as a result, are not taken to the profit and loss account.

### 2.5 Cash flow statement

The Cash Flow statement has been prepared according to the indirect method.

## 3. Risk Management

Investing in emerging and developing markets carries risks that are greater than those associated with investment in securities in developed markets. In particular, prospective investors should consider the following:

### 3.1 Currency Fluctuations

The Fund invests primarily in securities denominated in local currencies whereas the Ordinary Shares are quoted in US dollars. The US dollar price at which the Ordinary Shares are valued is therefore subject to fluctuations in the US dollar/ local currency exchange rate.

### *3.2 Counterparty Risk*

The Fund deals principally in listed stocks traded on the BSE and the NSE in India.

All transactions are book-entry and settlement is fully automated. In the event of non-delivery by either side, the transaction fails. In this case recovery can be achieved by delivery against payment or the transaction abandoned.

### *3.3 Concentration Risk*

The investment restrictions for the Fund in section IX INVESTMENT POLICIES of the Prospectus, limit the possibility for concentration of risk by stock and sector. Investors should note that the portfolio will be concentrated in the Indian sub-continent.

### *3.4 Market Volatility*

Securities exchanges in emerging markets are smaller and subject to greater volatility than those in developed markets. The Indian market has in the past experienced significant volatility and there is no assurance that such volatility will not occur in the future.

### *3.5 Market Liquidity*

A substantial proportion of market capitalization and trading value in emerging markets can be represented by a relatively small number of issuers. Also, there is a lower level of regulation and monitoring of the activities of investors, brokers and other market participants than in most developed markets. Disclosure requirements may be less stringent and there may be less public information available about corporate activity. As a result, liquidity may be impaired at times of high volatility. The Indian markets have withstood high volatility in the recent past and recovered momentum because of excellent corporate results. This has shown that the liquidity in the shares of the top companies is strong, as further emphasized by demand for those shares through Depository Receipts in overseas markets. Furthermore, standards of governance and transparency are improving dramatically under the impetus of the regulatory bodies. Other contiguous markets are not necessarily the same and the Fund only invests in them with the utmost care.

### *3.6 Fund Liquidity*

The Fund's rules allow weekly purchases and sales of Ordinary Shares but in order to allow orderly management of the portfolio in the interest of continuing shareholders, the value of purchases may be limited to 5% of the net asset value of the Fund on any one Execution Day.

### *3.7 Political Economy*

The Fund's portfolio may be adversely affected by changes in exchange rates and controls, interest rates, government policies, inflation, taxation, social and religious instability and regional geo-political developments.

### *3.8 Legal and Regulatory Compliance*

The Fund is responsible for ensuring that no action taken by it or by any contracted service provider might cause a breach of any legal or regulatory requirement. The Fund and all of its service providers maintain adequate control procedures to guard against any such occurrence and these procedures are subject to regular review. Should such a breach occur inadvertently, control procedures should detect it and institute corrective action without delay.

### *3.9 Financial Crisis*

Almost uniquely amongst financial markets, the Indian financial sector was insulated against any consequences of the recent financial crisis by the tight control exercised by the RBI. Bank balance sheets were free of toxic assets and capital ratios were maintained. Ratios of non-performing assets remained within historic norms.

### *3.10 Credit risk*

The principal credit risk is counterparty default (i.e., failure by the counterparty to perform as specified in the contract) due to financial impairment or for other reasons. Credit risk is generally higher when a nonexchange-traded or foreign exchange-traded financial instrument is involved. Credit risk is reduced by dealing with reputable counterparties. The Fund manages credit risk by monitoring its aggregate exposure to counterparties.

# Notes to the Balance sheet

	<b>30-06-2012</b>	31-12-2011
	<b>USD</b>	USD
<b>4. Investments</b>		
<i>4.1 Statement of changes in securities</i>		
Position as at 1 January	<b>15,188,036</b>	21,851,061
Purchases	<b>499,580</b>	8,528,034
Sales	<b>-1,216,544</b>	-5,332,752
Unrealised price gains/losses on investments	<b>1,020,133</b>	-10,207,805
Unrealised currency gains/losses on investments	<b>-444,841</b>	-2,212,764
Realised price gains/losses on investments	<b>300,566</b>	2,679,637
Realised currency gains/losses on investments	<b>-165,215</b>	-117,375
	<b>15,181,715</b>	15,188,036

Historical cost	<b>14,288,139</b>	14,869,752
-----------------	-------------------	------------

The portfolio comprises of shares, mainly listed.

The total unlisted shares held directly by the Fund amounted to USD 154,484 (31 December 2011 : USD 163,074).

The portfolio breakdown as at 30 June 2012 is specified on pages 19 to 20 of this report.

## *4.2 Transaction costs*

The transaction costs for the purchase of investments are capitalized within the historical cost price and for sales the transaction costs are discounted from the sales price. Transaction costs in 2012 are : USD 6,004 (2011: USD 19,770).

## **5. Receivables**

### *5.1 Receivable on security transactions*

These include transactions still unsettled as at the balance sheet date.

### *5.2 Dividend receivable*

These include dividend accruals which become payable after balance sheet date.

### *5.3 Other receivables*

These include other transactions still unsettled as at the balance sheet date.

## **6. Cash at banks**

This includes immediately due demand deposits at banks.

## **7. Current liabilities (due within one year)**

### *7.1 Payable on security transactions*

These include transactions still unsettled as at the balance sheet date.

### *7.2 Due to redemptions*

These include the debts in respect of the redemptions of shares Himalayan still unsettled as at the balance sheet date.

### *7.3 Other liabilities, accruals and deferred income*

Payable investment advisory fee	<b>56,526</b>	60,050
Payable administration fee	<b>5,845</b>	6,174
Payable auditors fee	<b>27,151</b>	19,166
Other expenses payable	<b>65,488</b>	33,560
	<b>155,010</b>	118,950

## 8. Shareholders' equity

The authorised share capital of the Fund is EUR 60,000 (31 December 2011: EUR 60,000) and consists of:

- Ordinary shares of EUR 0.01 each	5,000,100
- Priority shares of EUR 0.20 each	49,995

		30-06-2012	31-12-2011
	number	USD	USD
<i>8.1 Issued capital</i>			
Ordinary shares:			
Position as at 1 January	469,432	<b>6,092</b>	5,260
Sold	2,060	<b>21</b>	1,468
Purchased	-38,882	<b>-389</b>	-696
Revaluation		<b>-236</b>	60
		<hr/>	<hr/>
Position as at 30 June	<b>432,610</b>	<b>5,488</b>	<b>6,092</b>
		<hr/>	<hr/>
Priority shares:			
Position as at 1 January	49,995	<b>14,230</b>	14,230
Sold	-	-	0
Revaluation		-	0
		<hr/>	<hr/>
Position as at 30 June	<b>49,995</b>	<b>14,230</b>	<b>14,230</b>
		<hr/>	<hr/>
Total issued capital		<b>19,718</b>	<b>20,322</b>

As at 30 June 2012 the issued and subscribed share capital amounts to:

		EUR	EUR
Ordinary shares, par value EUR 0.01 (31 December 2010: EUR 0.01)	4,450,005	<b>44,500</b>	44,500
Priority shares, par value EUR 0.20 (31 December 2010: EUR 0.20)	49,995	<b>9,999</b>	9,999
		<hr/>	<hr/>
		<b>54,499</b>	<b>54,499</b>

The Fund became open-ended on 7 April 2000. As at 30 June 2012 a total of 4,017,395 Ordinary Shares have been purchased, meaning that 432,610 Ordinary Shares are still outstanding as at 30 June 2012. Ordinary Shares purchased by the Fund are directly charged against capital and share premium.

		USD	USD
<i>8.2 Share premium</i>			
Position as at 1 January		<b>28,689,326</b>	24,656,811
Received on shares sold		<b>86,334</b>	7,455,309
Paid on shares purchased		<b>-1,392,102</b>	-3,422,734
Revaluation of outstanding capital		<b>236</b>	-60
		<hr/>	<hr/>
Position as at 30 June		<b>27,383,794</b>	<b>28,689,326</b>



	<b>30-06-2012</b>	31-12-2011
	<b>USD</b>	USD
<i>8.3 General reserve</i>		
Position as at 1 January	-2,231,440	-5,559,902
Transferred from undistributed result	<u>-10,582,148</u>	<u>3,328,462</u>
Position as at 30 June	<u><b>-12,813,588</b></u>	<u>-2,231,440</u>

<i>8.4 Undistributed result</i>		
Position as at 1 January	-10,582,148	3,328,462
Transferred to/from general reserve	10,582,148	-3,328,462
Total investment result	<u>578,344</u>	<u>-10,582,148</u>
Position as at 30 June	<u><b>578,344</b></u>	<u>-10,582,148</u>

### Three years Himalayan Fund N.V.

	<b>30-06-2012</b>	31-12-2011	31-12-2010
<b>Net Asset Value (USD x 1,000)</b>			
Net Asset Value according to balance sheet	<b>15,168</b>	15,896	22,445
Less: value priority shares	<u>14</u>	<u>14</u>	<u>14</u>
	<u><b>15,154</b></u>	<u>15,882</u>	<u>22,431</u>

Number of Ordinary Shares outstanding	<b>432,610</b>	469,432	392,187
---------------------------------------	----------------	---------	---------

### Per Ordinary Share

Net Asset Value share (USD)	<b>35.03</b>	33.83	57.19
-----------------------------	--------------	-------	-------

# Notes to the Profit & Loss account

## 9. Income from investments

### 9.1 Dividends

This refers to net cash dividends including withholding tax. Stock dividends are considered to be cost free shares. Therefore stockdividends are not presented as income.

### 9.2 Interest income

Most of this amount was received on outstanding cash balances.

### 9.3 Other income

From March 6, 2009 this refers to the charges of 0.35% received on shares issued and repurchased.

These costs are to cover transaction costs in relation with the purchase and sale of Ordinary Shares and are booked as an income for the Fund.

## 10. Expenses

### 10.1 Investment advisory fees

	01-01-2012 30-06-2012 USD	01-01-2011 30-06-2011 USD
Advisory fee	124,767	134,498
Custody Fee and Charges	<u>5,000</u>	<u>9,694</u>
	<u>129,767</u>	<u>144,192</u>

Expenses directly related to the management of investments, like custody fees and transfer charges as well as other paying agent fees, are deducted from the result. These expenses are included in other investment management fees with the exception of the transfer charges. Transfer charges are accounted for in the investment revaluation reserve.

### 10.2 Other expenses

Administration Fees and Charges	33,180	36,705
Company Secretarial and Domiciliation Fees	19,275	20,933
Bank Expenses	5,282	6,211
Regulatory Fees and Charges	12,511	13,729
Legal Expenses	3,239	5,149
Listing Expenses	-	38,329
Audit Fees	23,167	19,780
Fiscal Advisory Fees	9,393	1,762
Advertising and Promotion	13,438	17,162
Directors Fees	31,208	31,208
Board Expenses	9,782	29,891
Depreciation and Amortization	-	-
Miscellaneous	<u>1,124</u>	<u>7,963</u>
	<u>161,599</u>	<u>228,822</u>

### Expense ratio

The expense ratio (cost ratio) is calculated as follows: the total expenses of the Fund divided by the average NAV\*.

The expense ratio of the Fund for the reporting period is equal to: 3.44 % (2011: 3.87 %).

### Turnover ratio

The turnover ratio is calculated as follows: the total sum of purchases plus sales minus subscriptions minus redemptions divided by the average NAV\*.

The turnover ratio of the Fund for the reporting period is equal to: 2.8 % (2011: 23.73 %).

\* - The average Net Asset Value of the Company for reporting period is calculated as the sum of the Net Asset Value as per 31 December 2011, 31 March 2012 and 30 June 2012 in the proportion 0.5 : 1 : 0.5, divided by the weighted number of observations.

### Comparison of real cost with cost according to Prospectus\*

	According to Prospectus	Actual costs
	USD	USD
Management fee (1)	124,767	124,767
Administration fee (2)	33,180	33,180
Secretarial and Domiciliation fees (3)	19,275	19,275
Costs for the Board (4)	100,000	40,989

\*- As per the Prospectus of 7 June 2010.

1) The Investment Advisor receives an annual fee of 1.5 per cent (calculated on a daily basis) of the Net Asset Value of the Fund.

2) CACEIS NL is paid a fixed fee of EUR 50,000 per year for administration services.

3) Inviqta has been appointed to provide domicile and company secretarial services to the Fund for a fixed fee of EUR 25,000 (exclusive VAT) per year.

4) The Prospectus states that the remuneration of the Directors is subject to a limit of USD 100,000 in aggregate per year. In 2012 the remuneration of the Directors was USD 31,208 (inclusive VAT) in total so far. Directors fees per person are as follows: Ian McEvatt\*: USD 5,000 (2011: USD 10,000); Dwight Makins: USD 9,250 (2011: USD 18,500); Robert Meijer: USD 11,008 (2011: USD 22,015); Karin van der Ploeg\*: USD 5,950 (2011: USD 11,900). Board expenses (exclusive remuneration of the Directors) amount to USD 9,782 in 2012.

\* Ian McEvatt is also a director of the Investment Advisor of the Fund and Karin van der Ploeg is a partner of Inviqta. It has been agreed that members of the Board who are also directors/partners of the service providers of the Fund receive a fixed annual management fee of US\$ 10,000.

### Employees

The Fund has no employees.

Amsterdam, August 20, 2012

Board of Directors

Ian McEvatt, Chairman

Dwight Makins

Robert Meijer

Karin van der Ploeg

# Portfolio breakdown

As per June 30, 2012

		Market value USD	percentage of total Net Asset Value
<b>India</b>			
<b>Auto Ancilliary</b>		<b>1,712,759</b>	<b>11.3</b>
160,000	Balkrishna	725,137	
2,000	Bosch	326,397	
30,000	Castrol	294,117	
150,000	Exide	367,108	
<b>Construction</b>		<b>851,172</b>	<b>5.6</b>
34,000	Larsen & Toubro	851,172	
<b>Consumer goods</b>		<b>2,239,774</b>	<b>14.8</b>
130,000	E I D Parry	411,059	
11,250	Nestle India	914,557	
80,000	Titan Industries	320,086	
200,000	Pidilite Industries	594,072	
<b>Energy</b>		<b>2,628,510</b>	<b>17.3</b>
110,000	Indraprastha Gas	471,640	
257,000	Oil and Natural Gas	1,311,121	
64,000	Reliance Industries	845,749	
<b>Financials</b>		<b>3,011,755</b>	<b>19.9</b>
42,000	Bank of Baroda	551,299	
76,000	Corporation Bank	567,941	
35,000	HDFC	409,456	
100,000	HDFC Bank	1,009,316	
89,926	Indian Bank	283,540	
180,000	Magma Fincorp	190,203	
<b>Healthcare</b>		<b>810,384</b>	<b>5.3</b>
40,000	Cadila Healthcare	551,804	
93,600	Opto Circuits	258,580	
<b>Industrial Manufacturing</b>		<b>1,104,800</b>	<b>7.3</b>
17,000	Bharat Electronics	408,140	
90,000	Crompton Greaves	195,361	
90,000	Tata Chemicals	501,299	
<b>Metals</b>		<b>859,810</b>	<b>5.7</b>
42,000	Jindal Steel & Power	353,805	
64,000	Tata Steel	506,005	
<b>Technology</b>		<b>1,425,828</b>	<b>9.4</b>
25,000	Tata Consultancy	571,976	
19,000	Infosys Technologies	853,852	

<b>Telecommunications</b>	<b>382,439</b>	
70,000 Bharti Airtel	382,439	
<b>Total Equity</b>	<b>15,027,231</b>	<b>99.1</b>
<b>Cash</b>	<b>141,037</b>	<b>0.9</b>
Canbank mutual fund	154,484	
<b>Net</b>	<b>(13,447)</b>	
<b>NAV</b>	<b>15,168,268</b>	<b>100.0</b>

# Other information

## **Personal interest**

At the end of, or during the reporting period, none of the members of the Board of Directors had any interests in securities also being a part of the investments of the Fund.

## **Special controlling rights**

Special rights are assigned to holders of Priority Shares. The most important rights are:

- to submit a binding nomination for the appointment of the Directors
- to give their approval in advance of amendments in the Articles of Association, legal merger, legal split and dissolving the Fund.

The Priority Shares are all held in the name of Iceman Capital Advisors Ltd.

## **Priority Shares**

During 2011 & 2012 49.995 Priority Shares were held by Iceman Capital Advisors Ltd. At the beginning of 2009 the nominal value of the Priority Shares was Eur 0.01 each. On August 26, 2009 the Articles of Association were amended and the nominal value of the Priority Shares was increased to Eur 0.20 Each.

The directors of Iceman Capital Advisors Ltd. are Messrs. I. McEvatt, P.J. Nicolle, M.T. Cordwell, J.W. Owen, E.H. Jostrom.

The directors of the Fund and the directors of Iceman Capital Advisors Ltd. declare that to the best of their knowledge and belief Appendix X, paragraph C, article 10 of the listing Rules of Euronext Amsterdam NV is complied with.

## **Independent Auditor's report**

No audit was performed on these semi annual statements.