HIMALAYAN

FUND NV

Investing in India since 1990

Annual Report 2007

Contents

Himalayan Fund N.V.

investment company with variable capital

Registered office:	De Ruyterkade 6 1013 AA Amsterdam The Netherlands
Board of Directors:	Ian McEvatt, Chairman Dwight Makins Robert Meijer * Joe Tabbers *
Administrator and Registrar:	Fastnet Netherlands N.V. De Ruyterkade 6 1013 AA Amsterdam The Netherlands
Investment Advisor:	Iceman Capital Advisors Ltd. PO Box 218 45 La Motte Street St. Helier Jersey JE4 8SD Channel Islands
Custodian:	Citibank 77 Ramnord House Dr. Annie Besant Road, Mumbai - 400 018 India
Listing Agent / Bank:	Fortis Bank (Nederland) N.V. Blaak 555 3011 GB Rotterdam The Netherlands
Auditor:	KPMG Accountants N.V. Burg. Rijnderslaan 10-20 1185 MC Amstelveen The Netherlands
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* Dutch resident

Five years Himalayan Fund N.V.

	31-12-2007	31-12-2006	31-12-2005	31-12-2004	31-12-2003
Net Asset Value (USD x 1,000)					
Net Asset Value according to statement of assets and liabilities	**38,376**	22,315	23,578	17,148	16,422
Less: value priority shares	**1**	1	53	61	57
	38,375	22,314	23,525	17,087	16,365

	2007	2006	2005	2004	2003
Profit and loss (USD x 1,000)					
Income from investments	**307**	413	304	484	1,032
Capital gains/losses	**18,154**	9,264	5,479	4,328	6,410
Expenses	**-897**	-943	-642	-712	-716
Total investment result	**17,564**	8,734	5,141	4,100	6,726
Number of ordinary shares outstanding	**544,145**	588,746	892,419	870,551	1,060,506
Per ordinary share					
Net Asset Value share (USD)	**70.52**	37.90	26.36	19.63	15.43
Euronext Amsterdam quotation (USD)	**69.35**	37.00	32.01	17.81	16.99
Dividend (EUR)	**-**	-	-	-	0.10
Income from investments (USD)	**0.56**	0.70	0.34	0.56	0.97
Capital gains/losses (USD)	**33.37**	15.74	6.14	4.97	6.05
Expenses (USD)	**-1.65**	-1.60	-0.72	-0.82	-0.68
Total investment result (USD)	**32.28**	14.84	5.76	4.71	6.34

Profile

General
Himalayan Fund N.V. ('the Company') is an open-end investment fund with variable capital incorporated under Dutch law and has its registered office in Amsterdam. The Company is listed both at Euronext Amsterdam and at the London Stock Exchange.

Structure and Objective
The principal objective of the Company is long term capital appreciation for shareholders. Currently all of the the funds investments are invested in India, directly utilising the benefits of the tax treaty between India and the Netherlands to maximise the ultimate return to investors.
Any balance can be invested in Sri Lanka, Bangladesh, Nepal and Bhutan if opportunities arise.

Open-ended status
Ordinary shares may be (re)purchased on Fridays (provided that such day is a business day) via Euronext Amsterdam Ordinary shares repurchased by the Company will be held in treasury and resold on subsequent dealing days, in priority to the issue of new shares. For details about purchase or repurchase of ordinary shares, please visit the company's website.

Investment advisor
The Investment Advisor, Iceman Capital Advisors Ltd. (Iceman) was appointed under an investment advisory agreement dated June 7, 2006. Iceman is regulated by the Jersey Financial Services Commission under the Financial Services (Jersey) Law 1998 and is authorised to act as Investment Advisor to the Fund.

Administrator
Fastnet Netherlands N.V. (Fastnet NL) established in Amsterdam, is appointed by the management of the Company as the Administrator of Himalayan Fund. Fastnet NL forms an integral part of an international network of fund administration offices, operating under the flag of Fastnet. Separately from the administrator tasks, Fastnet NL also provides domicile services for the Company.

Corporate Governance
The appointment and remuneration of directors and audit matters are dealt with by the full Board rather than being delegated to Committees of the Board.

Taxation
In order to qualify as a fiscal investment institution, the Company is obliged to distribute all of its fiscal income and will subsequently be subject to 0% rate of Dutch corporate income tax on its profits. For tax purposes, income is calculated in Euro.

Notification of this recognition was received from the Ministry of Finance on 8 January 1992. Interest receivable from the Mutual Fund are not subject to withholding tax.
Withholding taxes are levied on dividends received from Sri Lanka and Bangladesh; these withholding taxes are taken as expense in the profit and loss account. No capital gains taxes are due in Sri Lanka. In Bangladesh, the Company claims exemption from capital gains tax due to its tax exempt status in the Netherlands.

Chairman's Report

Dear Shareholders,

This year, I am adopting a new presentation of my report to you to mark what we hope is the conclusion of the transformation of your Fund. First, though, I am delighted to be able to report that 2007 ended with the Fund's net asset value (NAV) at an all-time high of $70.52. This represents a gain of 86.1% over the closing NAV the previous year and compares very favourably with a US dollar-adjusted return of 71.9% in the benchmark Nifty index for the same period.

Indian share prices were supported through the year by continuing strength in GDP growth and excellent corporate earnings. As a consequence, the market became a magnet for foreign liquidity which flowed at an accelerating rate, particularly following the drama of the US credit market crisis in August 2007. Your Fund benefitted from important sector allocation decisions but more significantly from good stock selection in a concentrated portfolio. The stocks which led the advances through the year were well-represented in our portfolio.

Indian markets are liquid and well-regulated but access by foreigners remains restricted. Your Fund was one of the first to allow such access and has a long-standing reputation for providing capital to Indian companies and attractive returns to investors. For almost two years now we have been adapting the Fund's statutes and procedures in order to make it more efficient and marketable. During 2007, we received a new license under the latest Dutch statutes and filed a new Prospectus. This is available for downloading from the Fund's website at: http://himalayan.fast-net.nl along with all other statutory information and documentation. We have improved the Fund's liquidity arrangements so that all trading in the Fund's shares now takes place weekly through the Euronext Fund Service at NAV. This change has eliminated the arbitrage between the Fund's share price and its net asset value, which we believe presented a small number of market operators an exceptional profit opportunity at the expense of shareholders. It also disrupted the orderly management of the portfolio over a long period.

As we had hoped, these changes allowed an acceleration of promotional efforts by the Investment Advisor as the year progressed. The upshot was that in the last quarter of the year, the Fund saw significant net inflows for the first time in a very long time. The marketing momentum has been maintained into the current year, though subscriptions have been affected by the turbulence in global equity markets.

It would appear that the US economy is destined for a slow-down, the severity of which will depend on resolution of the crisis in credit markets. The US authorities have taken decisive policy action, with a sharp loosening of monetary policy and a fiscal stimulus package to boost consumer confidence. Equity market sentiment has not recovered however, as credit conditions remain questionable as long as there is no action to restore confidence in the credit markets. The market value of credit insurance and credit default swaps is still in question and the banking sector is embarked on a cycle of balance-sheet shrinkage. As we publish this report, further attempts to resolve the credit crisis are under way.

Against this kind of background, the short-term prospects for Indian equities will probably be dominated by global liquidity considerations. In the longer term, India's economic fundamentals remain strong, especially in a global context. Even after downward revisions, most GDP forecasts are for growth in the 8-8.5% range in the fiscal year just ending and slightly lower in fiscal 2009. This reflects a modest impact from global conditions but the growth prospects are still excellent by global standards because of the power of domestic demand. India's exposure to a global slowdown is limited by the relatively small contribution to GDP from export trade. The dominant influence in Indian GDP is investment demand, driven by public sector investment in infrastructure and private sector investment in the form of corporate capital expenditure. Corporate profits growth over the past four years has been a major stimulus in both cases. First, because of the rapid growth in corporate profits tax receipts by the government and second, because of the corporate leverage available due to retained earnings.

The burden of global liquidity may suppress Indian market momentum in the short-term but the Union Budget at the end of February 2008 was broadly stimulative. This was the last budgetary opportunity for the government to take populist fiscal measures from which voters can benefit in time for the general election due by May 2009. In the event, there were two key policy decisions which will directly affect the well-being of large numbers of voters. A realignment of income tax bands will increase the disposable income of urban professionals and a waiver of agricultural debts will vastly improve the lot of the dominant agrarian population. This is expected to add new momentum to consumer demand which has been muted by tight monetary policy over the past two years. An exceptional increase in advance corporation tax payments in the current quarter provides a good prelude to the full-year results season in April and if the global scenario is a bit clearer by then, we may see a recovery of upward momentum.

Your Board remains convinced of the prospects for excellent returns from investing in India through Himalayan Fund N.V. and we encourage shareholders be confident in holding their positions.

Ian McEvatt,
Chairman

Directors' Report

The Fund

Since opening for subscriptions and redemptions in 2000, the Fund's shares have been traded on the Euronext auction system and the Fund was also open for subscriptions and redemptions on monthly Dealing Days. These arrangements allowed an arbitrage to be made between the Fund's market price and its Net Asset Value (NAV) which mostly worked to the disadvantage of shareholders and the Fund. With effect from November 2007, the Fund has moved to the Euronext Fund Service (EFS), which provides a weekly trading facility at NAV. This change affects the performance comparisons of the Fund's share price and NAV during the year 2007.

The closing price of the Fund's shares on the first day of trading on the Euronext auction system in 2007 was $38.50 and the price on EFS on the last Dealing Day in 2007 was $69.35: this represents a return of 80.1%. The NAV at the close of business of 2006 was $37.90 and at the close of 2007 was $70.52; this represents a return of 86.1%. During the same period, the Fund's performance benchmark, the S&P CNX Nifty index, recorded a gain of 71.9% in US dollar terms, so the Fund out-performed its benchmark by a significant margin. Note that neither the last business day of 2006 nor of 2007 was a Dealing Day.

At the start of 2007, there were 588,746 ordinary shares of the fund in issue. At the end of the year, this number had fallen to 544,145. During the year, however, the number had dropped as low as 491,911, a decline of 16.4%. As a result of an active promotional campaign by the Investment Advisor, however, there was a surge in subscriptions following the start of trading on EFS in November, so the overall decline for the year was only 7.6%.

The market

Three key factors contributed to the dramatic gains in Indian markets in 2007: GDP growth averaging over 9% on an annualised basis, corporate earnings growth averaging around 30% and net purchases of shares by foreign investors totalling more than $16.7 billions. By the end of the year some 43% of the free float of shares traded on Indian exchanges was in foreign hands. By August 2007, a progressive decline in the US housing market undermined the value of sub-prime mortgages which had been sold on to investors in securitised form. This led to the onset of a full-blooded crisis in US credit markets, which had a perverse short-term effect in switching risk appetites towards emerging market equities, in particular Indian shares. This stimulated a surge in the Indian markets, effectively through year-end, driving the indices to record levels. The Nifty Index closed the year at 6139 and the Sensex at 20287.

Following the end of the year, the impact of the US credit crisis on the balance sheets of the world's banks started to become apparent. This caused a crisis of confidence in money markets, forcing central bankers to take exceptional action to maintain liquidity. Looming risks of a recession in the US prompted the Federal Reserve Bank to a dramatic loosening of monetary policy and the Congress to rush through a package of fiscal stimulation to take effect in May 2008. Whether this will be enough to stave off a recession remains to be seen but it is notable that apart from the housing and financial sectors, the US economy appears to be in pretty good health. Exporters, in particular, are taking full advantage of a weak dollar and reporting robust earnings.

India, meanwhile, still enjoys exceptional investment demand both from public sector infrastructure projects and private sector capital investment. Further, fiscal buoyancy has allowed the Finance Minister the scope for a highly stimulative budget for fiscal 2009. This included effective cuts in income taxes for professional and middle class workers as well as significant stimulus to the agricultural sector, which continues to occupy more than 60% of the population. These measures should promote consumer demand again, in spite of a continuation of tight monetary policy in the face of rising food and energy prices.

The Reserve Bank of India (RBI) has proven itself to be an effective manager of monetary policy and its regulation of banks is also effective in protecting the Indian banking sector from the global credit crisis. Indian banks are subject to regulatory constraints which do not allow them to hold the kind of mortgage-backed securities which have become such a problem to seemingly all other banks. Furthermore, similar constraints prevent them from extending the kind of credit that underlies leveraged buyouts. Thus the risks of capital impairment to Indian banks are more traditional in nature, so the RBI should be able to maintain liquidity and manage credit expansion within its prudent target range. The market has, nonetheless, been whipsawed by the withdrawal of some $4 billions in foreign liquidity since year-end, resulting in a decline of some 25% from the record closing level of the stock exchanges.

Inevitably, there will be some effect on GDP growth. There has already been some indication of slowing in the last quarter of the year and the index of industrial production has been slowing so far this year. GDP growth for the year ending March 2008 may drop from 9.6% to about 8.7% and to nearer 8% in the following year. Corporate earnings growth for the year ending March 2008 will be close to 30%, slowing to around 20% the following year before picking up again. This still provides a context for Indian stock markets to outperform, especially from the adjusted valuation levels which now apply. Against this background your Board would like to remind shareholders that investment in Himalayan Fund N.V. should always be viewed as a long-term holding. With that in mind, we continue to believe that the prospects for returns from holding the Fund’s shares are excellent.

Risk Management and Administration

During 2007 there have been a number of important changes in the administration and management of the Fund. Early in the year, the Fund was issued a new license under the latest applicable statutes in The Netherlands. This allowed the Fund to file a new Prospectus which is now in effect.

In order to facilitate the Fund’s move to EFS (see opening paragraph above) two important changes were made:

1. The authorised capital was reduced to 4,450,005 shares, in order to ensure the Fund would not breach the requirement for 10% of the authorised capital always to be in third party hands;
2. The board of directors approved a limit on redemptions of 5% of the issued capital on any Dealing Day. This is half the previously-applied limit but is available on weekly Dealing Days instead of monthly, so the effective monthly limit is doubled.

As a consequence of these changes, a new subscription and redemption charge of 0.35% was introduced, in keeping with current regulations. As the application of this charge in the new process turned out to be potentially unfair, the directors decided that the fairest solution was to waive the charge temporarily. This decision will be reviewed if the procedures for calculating the charge should change.

The Fund is a long only equity fund and as such does not use leverage or derivatives in its portfolio. Thus the portfolio is exposed fully to the price movements in its holdings of Indian stocks. There were no significant holdings of debt instruments in the portfolio, so there is no exposure to credit risk. As a matter of policy, the Fund does not hedge currency exposure in the portfolio. In 2007, the Rupee appreciated by approximately 12% against the US dollar and this contributed to the gains recorded in the portfolio. In terms of market liquidity, 2007 was characterised by significant inflows of foreign portfolio investment and a number of occasions of dramatic volatility. In general, the Indian markets withstood the volatility and there was no occasion on which the absence of an orderly market would have prevented the Fund from liquidating a position within a reasonable time.

Declaration of Control
The Directors confirm that the Fund is managed according to a set of operational procedures which have been drafted to comply with the Code of Conduct “Control for Financial Institutions” Article 121 (Bgfo). During the course of 2007, the Directors reviewed various aspects of operational management at routine management meetings. As a result of these reviews, the Directors believe that the Fund’s operational procedures comply with all relevant Bgfo regulations. Furthermore, the Directors found no reason to believe that internal controls are ineffective or do not function in accordance with the documented procedures. Accordingly, the Directors hereby declare that in respect of the financial year ended December 31st 2007, the Fund’s operational management functioned effectively and in accordance with documented procedures.

Conclusion
The current market conditions are difficult as investors wait for clear signals as to the direction of the global economy and hence the prospects for stock investment. This is the case for India no less than anywhere else. The directors are convinced, however, that there are grounds for optimism about India based on the dominant role of domestic demand in driving its economic growth and that the control exercised over its banking system by the RBI will insulate it from the worst effects of the global credit crisis. We recommend shareholders to continue to hold their positions to benefit from the long-term prospects.

Amsterdam, April 16, 2008

Board of Directors
Ian McEvatt, Chairman
Dwight Makins
Robert Meijer
Joe Tabbers

Financial statements
Himalayan Fund N.V.

Statement of assets and liabilities

(before profit appropriation)

	31-12-2007 USD	Notes	31-12-2006 USD
Investments			
Securities	**38,002,691**	4	22,348,428
Short term receivables			
Receivables from subscription	**372,680**	5.1	-
Other debtors, prepayments and accrued income	**187,432**	5.2	62,245
	560,112		62,245
Other assets			
Cash at banks	**51,074**	6	2,072,365
Current liabilities (due within one year)			
Payable on redemptions	**-**	7.1	1,876,772
Other liabilities, accruals and deferred income	**238,315**	7.2	291,067
	238,315		2,167,839
Total of receivables and other assets less current liabilities	**372,871**		-33,229
Total assets less current liabilities	**38,375,562**		22,315,199
Shareholders' equity			
Issued capital	**8,686**	8.1	8,422
Share premium	**30,622,339**	8.2	32,125,707
Legal reserve	**-**		498
General reserve	**-9,819,428**	8.3	-18,553,954
Undistributed result current year	**17,563,965**	8.4	8,734,526
	38,375,562		22,315,199
Net Asset Value per share	**70.52**		37.90

Statement of operations

	01-01-2007 31-12-2007 USD	Notes	01-01-2006 31-12-2006 USD
Income from investments			
Dividends	**249,473**	10.1	308,163
Interest income	**6,560**	10.2	18,177
Other income	**50,939**	10.3	87,052
	306,972		413,392
Capital gains/losses			
Unrealised price gains/losses on investments	**10,398,785**	4	3,516,738
Unrealised currency gains/losses on investments	**1,170,436**	4	322,944
Realised price gains/losses on investments	**6,245,808**	4	5,635,900
Realised currency gains/losses on investments	**331,969**	4	-223,782
Other exchange differences	**6,616**		11,925
	18,153,614		9,263,725
Expenses			
Investment management fees	**457,234**	11.1	339,579
Other expenses	**439,387**	11.2	603,012
	896,621		942,591
Total investment result	**17,563,965**		8,734,526
Total investment result per ordinary share	**32.28**		14.84

Statement of Cash Flows

	01-01-2007 31-12-2007 USD	notes	01-01-2006 31-12-2006 USD
Cash flow from investing activities			
Income from investments	**306,972**	10	413,392
Expenses	**-896,621**	11	-942,591
Result of operations	**-589,649**		-529,199
Purchases	**-10,663,815**	4	-6,428,709
Sales	**13,156,550**	4	11,715,997
	2,492,735		5,287,288
Change in short term receivables	**-497,867**	5	1,325,211
Change in current liabilities	**-1,929,524**	7	2,026,690
	-2,427,391		3,351,901
Cash flow from investment activities	**-524,305**		8,109,990
Cash flow from financing activities			
Received on shares issued	**5,641,202**	8	504,327
Paid on shares repurchased	**-7,144,804**	8	-10,501,870
Dividend distribution	**-**		-
Cash flow from financing activities	**-1,503,602**		-9,997,543
Other exchange differences	**6,616**		11,925
Change in cash and cash equivalents	**-2,021,291**		-1,875,628
Cash and cash equivalents as at 1 January	**2,072,365**		3,947,993
Cash and cash equivalents as at 31 December	**51,074**		2,072,365

Notes

1.1 General
Himalayan Fund N.V. ('the Company') is an open-end investment fund with variable capital incorporated under Dutch law and has its registered office in Amsterdam. The Company is listed both at Euronext Amsterdam and at the London Stock Exchange.

The format of these financial statements is in conformity with legal financial annual reporting requirements and the Guiding Principles for Investment Institutions of the Dutch Council for Reporting. The financial year is concurrent with the calendar year.

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

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 asset manager 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 dollars at the rate of exchange as at the balance sheet date. All exchange differences are taken to the income statement. Income and expenses in foreign currencies are translated at the exchange rate as per transaction date.

Rates of exchange as at 31 December 2007, equivalent of 1 US dollar:			
Euro	0.68397	Srilanka Rupee	108.64998
Indian Rupee	39.41500	Bangladesh Taka	69.55501

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 proceed
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.

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 in listed stocks traded on the BSE and the NSE in India and the Colombo Stock Exchange in Sri Lanka. 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, restrict 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 monthly subscriptions and redemptions but in order to allow orderly management of the portfolio in the interest of continuing shareholders, the value of redemptions will be limited to 5% of the net asset value of the Fund on any one Dealing 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 Trading Prices

The market value of shares in the Fund may not always closely reflect the performance or net asset value of the Fund.

3.9 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 Board 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.

Notes to the statement of assets and liabilities

	31-12-2007	31-12-2006
4. Investments	**USD**	USD
4.1 Statement of changes in securities		
Position as at 1 January	**22,348,428**	18,383,916
Purchases	**10,663,815**	6,428,709
Sales	**-13,156,550**	-11,715,997
Unrealised price gains/losses on investments	**10,398,785**	3,516,738
Unrealised currency gains/losses on investments	**1,170,436**	322,944
Realised price gains/losses on investments	**6,245,808**	5,635,900
Realised currency gains/losses on investments	**331,969**	-223,782
Position as at 31 December	**38,002,691**	22,348,428
Historical cost	**14,449,925**	10,364,883

The total unlisted investments directly held by the Company amounted to USD 23,567 (31 December 2006: USD 2,578,591). The portfolio breakdown as at 31 December 2007 is specified on pages 22 to 23 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 2007 are: USD 106,676, in 2006 USD 72,767.

5. Short term receivables

5.1 Receivables from subscriptions

This includes the receivables from unsettled share subscriptions as per balance sheet date.

5.2 Other debtors, prepayments and accrued income

Dividend receivable	**33,642**	48,135
Prepayments and other debtors	**153,790**	14,110
	187,432	62,245

6. Cash at banks

This includes demand deposits at banks.

7. Current liabilities (due within one year)

7.1 Payable on redemptions

This includes the payables from unsettled share redemptions as per balance sheet.

7.2 Other liabilities, accruals and deferred income

Payable investment management fee	**145,126**	89,377
Payable administration fee	**15,808**	49,037
Payable auditors fee	**66,889**	77,141
Payable on security transactions	**-**	-
Other expenses payable	**10,492**	75,512
	238,315	291,067

8. Shareholders' equity

The authorised share capital of the Company is EUR 45,000 (31 December2006: EUR 60,000) and consists of:

- Ordinary shares of EUR 0.01 each	4,450,005
- Priority shares of EUR 0.01 each	49,995

		31-12-2007	31-12-2006
8.1 Issued capital	**number**	**USD**	USD
Ordinary shares:			
Position as at 1 January	588,746	**7,763**	10,530
Issued	94,620	**986**	172
Repurchased	-139,221	**-1,432**	-3,209
Revaluation		**638**	270
Position as at 31 December	544,145	**7,955**	7,763
Priority shares:			
Position as at 1 January	49,995	**659**	53,080
Issued		**-**	500
Repurchased	-	**-**	-45,000
Revaluation		**72**	-7,921
Position as at 31 December	49,995	**731**	659
Total issued capital		**8,686**	8,422

As at 31 December 2007 the subscribed share capital amounts to:		**EUR**
Ordinary shares, par value EUR 0.01 (31 December 2006: EUR 0.01)	4,450,005	**44,500**
Priority shares, par value EUR 0.01 (31 December 2006: EUR 0.01)	49,995	**500**
		45,000

The Company became open-ended at 7 April 2000. As at 31 December 2007 a total of 3,905,860 ordinary shares were repurchased, meaning that 544,145 ordinary shares are still outstanding as at 31 December 2007. Repurchased ordinary shares by the Company are directly charged against capital and share premium.

8.2 Share premium	**USD**	USD
Position as at 1 January	**32,125,707**	42,068,114
Received on shares issued	**5,640,216**	503,655
Paid on shares repurchased	**-7,143,372**	-10,453,661
Revaluation of outstanding capital	**-212**	7,101
Revaluation of legal reserve	**-**	498
Position as at 31 December	**30,622,339**	32,125,707

	31-12-2007	31-12-2006
	USD	USD
8.3 General reserve		
Position as at 1 January	**-18,553,954**	-23,695,466
Transferred from undistributed result	**8,734,526**	5,141,512
Position as at 31 December	**-9,819,428**	-18,553,954

	31-12-2007	31-12-2006
8.4 Undistributed result		
Position as at 1 January	**8,734,526**	5,141,512
Dividend distribution	**-**	-
Transferred to/from general reserve	**-8,734,526**	-5,141,512
Total investment result	**17,563,965**	8,734,526
Position as at 31 December	**17,563,965**	8,734,526

Three years Himalayan Fund N.V.

	31-12-2007	2006	2005
Net Asset Value (USD x 1,000)			
Net Asset Value according to statement of assets and liabilities	**38,376**	22,315	23,578
Less: value priority shares	**1**	1	53
	38,375	22,314	23,525
Number of ordinary shares outstanding	**544,145**	588,746	892,419
Per ordinary share			
Net Asset Value share (USD)	**70.52**	37.90	26.36

Notes to the statement of operations

10. Income from investments

10.1 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.

10.2 Interest income

Most of this amount was received on outstanding cash balances.

10.3 Other income

Up to April 2007 this refers to the upcount of 0.5% received on shares issued and discount of 1.0% calculated on shares repurchased. From May 2007 this refers to the charges of 0.35% received on shares issued and repurchased.
From December 2007 the upcount and discount is 0%.
These costs are to cover transaction costs in relation with the subscriptions/redemptions and are booked as an income for the Company.

	01-01-2007	01-01-2006
11. Expenses	**31-12-2007**	31-12-2006
	USD	USD
11.1 Investment management fees		
Management fee	**436,698**	312,865
Other investment management fees	**20,536**	26,714
	457,234	339,579

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.

11.2 Other expenses		
Administration fee	**148,598**	157,251
Domicile fee	**29,750**	29,750
Commission and bank expenses	**22,411**	4,621
Marketing, advisory and advertising fees	**47,185**	134,048
Register fees Chamber of Commerce and the Authority for the Financial Markets	**20,352**	37,564
Auditor and fiscal advisor fees	**79,700**	159,941
Directors' fee (including liability insurance fee)	**81,964**	65,105
Miscellaneous	**9,427**	14,732
	439,387	603,012

Expense ratio

The expense ratio (cost ratio) is calculated as follows: the total expenses of the Company divided by the average Net Asset Value *.

- The total expenses include the expenses that are deducted from the result as well as from the shareholders' equity in the period under review.

The expense ratio of the Company for the reporting period is equal to: 3.34 % (31 December 2006: 4.18%).

Turnover ratio

The turnover ratio is calculated as follows: the total sum of purchases plus sales minus subscriptions minus redemptions divided by the average Net Asset Value *.
The turnover ratio of the Company for the reporting period is equal to: 41.08 % (31 December 2006: 31.64 %).

* - 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 2006, 31 March 2007, 30 June 2007, 30 September 2007, 31 December 2007 in the proportion 0.5 : 1 : 1 : 1 : 0.5, divided by the weighted number of observations.

Comparison of real cost with cost according to prospectus

	According to prospectus	Real costs
Management fee (1)	436,698	436,698
Administration fee (2)	178,348	178,348
Directors fee (3)	100,000	81,964

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 Company.

2) The Company pays to Fastnet NL a monthly administration fee (excluding VAT) equal to 1/12 of 0.2% of the average Net Asset Value with a minimal fee of EUR 100,000 per year. The Company also pays to Fastnet NL a fixed monthly domicile fee (exclusive VAT) equal to EUR 25,000 per year. The average Net Asset Value of the Company is calculated as the sum of the total Net Asset Values at the beginning of the month and at the end of the month, divided by 2.

3) According to the prospectus the Directors fee will not exceed USD 100,000. The actual Directors cost were 18.036 less than in the prospectus.

Employees

The Company has no employees.

Amsterdam, April 16, 2008

Board of Directors
Ian McEvatt, Chairman
Dwight Makins
Robert Meijer
Joe Tabbers

Portfolio breakdown

As per December 31, 2007

India		Market value USD	percentage of total Net Asset Value
Capital goods			
40,000	Bharat Heavy Electrical	2,628,187	
90,000	Crompton Greaves	898,287	
90,000	Larsen & Toubro	1,797,432	
		5,323,906	13.87%
Financials			
26,000	HDFC Bank	1,140,596	
30,000	Housing Development Financing Corporation	2,190,346	
51,000	ICICI Bank	1,602,783	
10	Canbank mutual fund *	23,567	
		4,957,292	12.92%
Materials			
40,000	Ashapura Minechem	383,052	
13,000	Grasim Industries	1,207,897	
		1,590,949	4.15%
Metals			
7,000	Jindal Steel & Power	2,734,182	
36,300	Tata Iron & Steel	861,475	
39,930	Tata Steel Rights	105,518	
		3,701,175	9.64%
Oil & Gas			
67,000	Oil & Natural Gas	2,102,642	
75,000	Cairn India	489,503	
30,000	Gail India	413,751	
72,000	Reliance Industries	5,265,873	
		8,271,769	21.55%

* Unlisted securities

Power			
95,000	Power Finance	635,462	
80,000	Tata Power	2,983,737	
		3,619,199	9.43%
Technology			
32,000	Infosys Technologies	1,436,935	
40,000	Tata Consultancy	1,093,391	
125,000	Vakrangee Softwares	682,481	
		3,212,807	8.36%
Telecommunication			
101,655	Bharti Airtel	2,569,810	
75,000	Reliance Communications	1,420,271	
		3,990,081	10.40%
Other industry			
99,864	Crest Communication	351,418	
350,000	Mercator Lines	1,430,103	
18,000	Allcargo Global Logistics	407,335	
70,000	Jain Irrigation Systems	1,146,657	
		3,335,513	8.69%
Total India		**38,002,691**	**99.03%**

Total Investments	38,002,691	99.03%
Other net assets	372,871	0.97%
Total Net Asset Value	**38,375,562**	**100.00%**

Supplementary 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 held in the name of Iceman Capital Advisors Ltd..

Priority Shares

During 2007 49.995 Priority Shares of Eur 0.01 each were held by Iceman Capital Advisors Ltd.

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

The directors of the Company 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.

Auditor's Report

We have audited the accompanying financial statements 2007 of Himalayan Fund N.V. in Amsterdam, as included on pages 10 to 21 of this report. The financial statements comprise the balance sheet as at 31 December 2007, the profit and loss account and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the director’s report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Himalayan Fund N.V. as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the ‘Wet Financieel Toezicht’.

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the director’s report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code and the ‘Wet Financieel Toezicht’.

Amstelveen, April 16, 2008

KPMG ACCOUNTANTS N.V.

J.G.J.F. Oudejans RA