Himalayan fund nv

investing in India since 1990

Annual Report 2011

Contents

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Himalayan Fund N.V.

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

Registered office:	c/o Inviqta Legmeerdijk 182 1187 NJ Amstelveen The Netherlands
Board of Directors:	Ian McEvatt, Chairman Dwight Makins Robert Meijer * Karin van der Ploeg *
Administrator:	CACEIS Netherlands N.V. (up to 31 December 2011 known as Fastnet Netherlands N.V.) De Ruyterkade 6-i 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 3rd Floor, Trent House G Block, Plot No 60 Bandra Kurla Complex Bandra (East) Mumbai - 400 051 India
Listing Agent / Bank:	ABN AMRO Bank N.V.
Auditor:	Deloitte Accountants B.V. Orlyplein 10 P.O. Box 58110 1040 HC Amsterdam
For information or Prospectus:	*Website: http://www.himalayanfund.nl* *Email: himalayan@inviqta.nl* *Phone: +31 (0) 20 641 1161*

* Dutch resident

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Multiple year overview Himalayan Fund N.V.

	31-12-2011	31-12-2010	31-12-2009	31-12-2008	31-12-2007
Net Asset Value (USD x 1,000)					
Net Asset Value according to balance sheet	**15,896**	22,445	20,100	12,922	38,376
Less: value priority shares	**14**	14	14	1	1
	15,882	22,431	20,086	12,921	38,375

	2011	2010	2009	2008	2007
Profit and loss (USD x 1,000)					
Income from investments	**203**	302	201	244	307
Capital gains/losses	**-10,114**	3,760	11,308	-23,478	18,154
Expenses	**-697**	-733	-745	-835	-897
Tax	**26**	-	-	-	-
Total investment result	**-10,582**	3,329	10,764	-24,069	17,564
Number of ordinary shares outstanding	**469,432**	392,187	410,804	502,049	544,145
Per ordinary share (USD)					
Net Asset Value share	**33.83**	57.19	48.89	25.74	70.52
Transaction price Euronext Amsterdam end of reporting period	**33.84**	56.69	47.29	24.69	69.35
Income from investments	**0.43**	0.77	0.49	0.49	0.56
Capital gains/losses	**-21.53**	9.59	27.54	-46.75	33.37
Expenses	**-1.49**	-1.87	-1.81	-1.66	-1.65
Tax	**0.05**	-	-	-	-
Total investment result	**-22.54**	8.49	26.22	-47.92	32.28

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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 7th, 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 is 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.

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Chairman' Letter 2011

Dear Shareholders,

2011 must have been the most difficult year for investment management in a long time. Extreme volatility characterized by sharp movements in a narrow range of stocks made it very difficult to generate out-performance. In the circumstances, your Fund's net asset value (NAV) per share declined by $23.36 from $57.19 to $33.83, for a loss in value of 40.9%. In the same period the CNX S&P Nifty Index lost 24.6% in local currency terms, which, adjusted for Rupee depreciation meant our reference benchmark lost 36.53%, the worst result amongst major world stockmarkets. So, for the second year in succession we have to report underperformance in the portfolio, of 4.3%.

We would like to apologise for this result but we must say that having worked closely with the Investment Advisor throughout the year, we understand the reasons. By year-end, when the NAV per share closed at the low for the year (in fact, the low for two and a half years), we felt quite strongly that both the market and the currency had overshot on the downside. There was no particular evidence that this would be reversed this year and forecasts by well-known market strategists were not optimistic. In the event, the market and currency have both snapped back sharply. Wrong-footed strategists have had to reverse Indian asset allocation cuts, scrambling to add to their recommended weightings. Net selling of equities by foreign investors in the whole of 2011 amounted to $350mil, whereas net purchases in 2012 to-date have already exceeded $2bn. At the time of writing, we have seen a strong liquidity-driven advance, ranking the Indian equity markets among the best performing in the world.

Equity investment sentiment during 2011 was dominated by concerns about the direction and strength of the US, European Union and Chinese economies as these global growth drivers flirted with a slowdown or even recession. Also running in parallel through the whole year and beyond was the overarching Eurozone problem, exacerbated by the inclination of those in charge to kick the can down the road. This meant that markets staggered from one macroeconomic shock to another, with periodic downdrafts when the Eurozone failed to deal with its core debt problem, or looked like doing so. We ended the year with the underlying Greek problem unresolved but some positive economic signals emerging, especially in the US.

India's economic growth slowed during the year, squeezed between the Reserve bank's hawkish anti-inflationary stance and an absence of necessary fiscal consolidation. Tight monetary policy was sustained through the year with policy rates eventually raised a total of thirteen times, to 8.5%. This was substantially down to a systematic attack on stubborn food inflation and the risk of overspill into primary manufactures. It was also to some extent due to a feeling on the part of the RBI that they needed to apply added vigour to managing the monetary aggregates since the government appeared unlikely to take any action on an expanding fiscal deficit. The outcome for FY12 is likely to be GDP growth of slightly under 7% but, helpfully, wholesale price inflation (WPI) has dropped below the revised RBI target of 7% in time for year-end. The slowdown in economic activity combined with moderating inflation has laid the basis for a cycle of monetary easing and the RBI has prefaced this with a symbolic cut in the cash reserve ratio (CRR) of banks.

Historically, a cycle of easing in monetary policy in India has a high correlation with stock market gains, so high expectation of cuts in policy rates may have been the catalyst for the New Year surge in the stock markets. Initial optimism about state elections, especially in the largest state, Uttar Pradesh, has proved unfounded, handing the Congress Party a real problem in managing its national coalition and probably postponing economic reforms. In the likely absence of political initiatives, the anticipated introduction of the new Direct Tax Code on April 1st will be an important step in fiscal consolidation. Significant progress has also been made in the introduction of a national Goods and Services Tax (GST), a further significant step in the same direction. Excellent direction of the GST programme by Sushil Modi, surprisingly a scion of the BJP, means there is a probability of successful rollout on April 1st 2013.

Corruption scandals have been in the headlines in 2011 but parliament seems unlikely to get the long-awaited anti-corruption legislation moving soon. On the other hand, an encouraging note has been struck by the Supreme Court with its vigorous action to sort out the mobile spectrum licensing scandal. A new national telecommunications policy to be issued by the regulatory body TRAI has also contributed to lifting clouds from the sector, which will see earlier licenses revoked, a new spectrum auction and eventually overdue consolidation. At the time of writing, we have seen another sharp cut in the CRR and await the Union Budget, postponed to accommodate the state elections. Hopes for fiscal consolidation may be frustrated but investors' focus is more likely to be concentrated on monetary policy and the prospect of lower interest rates re-igniting private sector investment. Consumer demand is the sole economic driver to have been sustained through the recent slowdown, so any additional action to revive public sector investment as well would be welcome. With all three of these economic drivers in action, we would be able to run the risk of this year's monsoon not matching the last two and still see the market deliver a year of good returns.

Himalayan Fund is committed to maintaining a portfolio of stocks selected to generate attractive returns over the long-term and your Board works closely with the Investment Advisor to achieve this objective. In the prevailing economic and business environment we believe the Fund's portfolio comprises a selection of stocks of companies with high standards of corporate governance which offer excellent prospects for high returns. We would like to thank our shareholders, as well as our business partners Indasia Fund Advisors and Banque Morval for their sustained support in a very difficult year. We believe it is highly likely that this year will see Indian markets outperform other major markets and that your Fund will deliver excellent returns.

Ian McEvatt
March 28th 2012

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Directors' Report 2011

The Fund

The Transaction price of the Fund's shares on the first Execution Day of the year (January 7, 2011) was $55.48 and on the last Execution Day (December 30, 2011) it was $33.84, a fall of 39%. The net asset value per share at the close of business on December 31st 2011 was $33.83, compared with $56.89 a year earlier, representing a decrease in value of 40.5% in the year. The difference between the two figures is explained by the different dates and times for calculating the Transaction Prices and the opening and closing of the books for NAV purposes. For comparison purposes, we follow the performance of the S&P CNX Defty Index (Defty), an index published by the National Stock Exchange of India to reflect the movement of its S&P CNX Nifty stock index in US Dollar terms. In the year 2011, the Defty declined by 36.7%, so the Fund's NAV underperformed the Defty by 3.8% for the year.

At the start of 2011, there were 392,575 Ordinary Shares of the Fund in the hands of third party investors; by year-end, this number had increased to 469,432, an increase of 19.6%. During the year, the Investment Advisor negotiated a cooperation agreement with Banque Morval, a Swiss private bank, for the promotion of the Fund amongst the bank's client base and also throughout Switzerland. Operating under this agreement with an initial promotional exercise around mid-year, the Fund saw substantial inflows. Unfortunately, continuing uncertainty about economic growth in the major economies and the inability of Eurozone leaders to agree a solution to its debt crisis, plunged markets into a sustained downdraft and a period of extreme volatility. These negative external factors, coinciding with the final phases of a cycle of aggressive monetary tightening in India, caused a slowdown in industrial activity and investment. The resulting sharp decline in Indian markets and the Rupee in the last quarter brought about the disappointing outcome that the Fund's share price opened at the high for the year and closed at the low.

The Portfolio

In 2011, politicians all over the world distinguished themselves by indecision, ignorance of essential economic realities and indifference to their constituents' interests and opinions causing spectacular gyrations in risk appetite, sentiment and markets. This led to intense phases of volatility in global markets with risk appetite swinging from one extreme to the other and equity indices being driven by sharp movements in a limited number of shares. Economic conditions around the world faltered, as the outlook darkened over Europe and the US for long periods, though towards the year-end small incremental improvements in key US data started to emerge.

India gets a certain degree of immunity from global concerns due to the dominance of domestic demand in its economy. Yet the global uncertainty undermined business sentiment sufficiently that private sector investment declined as a driver of economic activity from 35% to 30% over the year. As a result, GDP growth fell back to just 6.1% in the final quarter. This slowdown was undoubtedly accentuated by the relentless tightening of monetary policy by the Reserve Bank of India (RBI) in the face of stubborn inflationary influences. By year-end, however, the RBI had signalled an end to monetary easing and made a symbolic cut in the Cash Reserve Ratio (CRR) of banks, providing an optimistic prelude for 2012. This served as confirmation that the RBI expected inflation to reach its target level of 7% by the fiscal year-end in March.

By contrast with the previous year, foreign portfolio investment went into reverse in 2011, as risk averse global investors withdrew more than $3bn from Indian equities. Currency depreciation due to net portfolio outflows was exaggerated in the final quarter by concerns about a rising current account deficit and the risk that the fiscal deficit target would not be met. As a result, the S&P CNX Nifty Index lost 36.7% in US Dollar currency terms. This looked like an extreme overshoot on the downside in both market and currency terms and a sustained recovery after year-end appears to confirm this. In a global context, India ranked at the bottom of the list of equity market returns in 2011.

An eventual fall-off in inflation was substantially driven by another excellent monsoon which brought abundant harvests and restored reservoirs to record levels to assure a record winter crop as well. This brought an increase of nearly 4% in the contribution of agriculture to overall GDP growth; this was above average but not quite as dramatic as the previous year due to the higher base effect. This positive momentum was offset however by increasing policy level paralysis, which caused a fall-off in government expenditure, constraining the contribution of public sector investment to growth. The inability of the Congress party to assert control over an increasingly fractious coalition eventually led to parliamentary standstill and the derailment of numerous legislative priorities and economic reforms. Meanwhile, rising minimum selling prices for abundant crops combined with the continuing benefits of rural employment schemes underpinned sustained growth in consumer demand.

Against this background, portfolio strategy evolved away from our earlier commitment to infrastructure development and heavy industrials towards a more consumer orientated approach. Our exposure to the Energy sector was cut from almost 25% to just over 20%; metals & mining was reduced from 9.7% to 4.8% and Industrial Manufacturing from 16.4% to 10%. Offsetting these reductions, we increased the Financial sector by 3.2% to 17.3% by adding Bank of Baroda, Corporation Bank, Indian Bank and Magma Financial. In Consumer Goods, we added Titan Industries and increased our holdings in EID Parry and Pidilite, raising sector exposure to 13.4%. In Healthcare, we added Cadila Healthcare, bringing the Sector holding to 6.7%.We re-introduced the Auto sector by adding a group of auto ancillary stocks, Balkrishna Industries, Bosch India, Castrol India and Exide Industries, which brought sector exposure to 7.9% at year-end. The Fund enjoyed substantial inflows around mid-year which enabled us to increase the number of holdings in the portfolio and towards year-end we increased exposure to interest-rate sensitive stocks in anticipation of monetary easing.

Once again, your Board was not happy with the performance of the Fund in 2011 but we would like to emphasise that managing a portfolio in the prevailing conditions was extremely difficult. We believe that the fall in the market in the last quarter and the simultaneous depreciation of the Rupee were excessive and though the Fund's NAV per share at year-end was the low for the year, it offered good value in a historic context. Your Board continues to monitor the portfolio closely and is confident that the stocks we hold provide an excellent prospect of performing well over the medium term. We believe that in a context of easing monetary policy, market support will broaden, adding momentum to portfolios such as ours which are structured with a view to long-term value-added.

Risk Management and Administration

The legal structure of the Fund did not change in 2011. The Investment Advisor is Iceman Capital Advisors Ltd. The Administrator remains the same, although we were advised that it has changed its name to Caceis Netherlands NV. The Administrator calculates the Net Asset Value on a weekly basis. Citibank Mumbai is the Custodian of the Fund. Your Board has laid down the so-called system of Administrative Organization and Internal Control (AO/IC) for the Fund. During the year under review and so far as your Board is aware, the fund has effectively operated under the system of AO/IC.
In 2011, your Board undertook the following administrative and regulatory actions:

1. Launched new website at: www.himalayanfund.nl as the new statutory information source for the Fund;
2. Amended the Fund's Principles on Fund Governance;
3. Registered for VAT purposes in The Netherlands;
4. Renewed the Fund's registration as a Foreign Institutional Investor with the Securities and Exchange Board of India;

In preparation for each quarterly Board meeting, the Fund's Reporting Entity (Inviqta) prepared a checklist of compliance with corporate governance policy for the Oversight Entity (Mr. Dwight Makins). The Oversight Entity made a report to each Board, drawing attention to the checklist details. There have been no breaches of the corporate governance policy during the year 2011.

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 market 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. The Fund does not engage in securities' lending and has confirmed with its custodian that its stocks have not been used for securities' lending. As a matter of policy, the Fund does not hedge currency exposure in the portfolio. In 2011, the Rupee depreciated by 18.7% against the US dollar and this contributed to the decline in portfolio value. This depreciation was due to a number of factors, notably a rising current account deficit, as well as net portfolio outflows and repayments of foreign currency debts by Indian companies. The number of public offerings in the Indian market declined significantly during the year, although a recovery of sorts in December turned out to be a prelude to a very strong opening for the market at the start of 2012. There were no instances during the year when market liquidity suffered disruptive events which might have prevented orderly execution of orders.

Your Board works closely with the Investment Advisor especially during times of heightened volatility and uncertainty. The year 2011 was one in which adding value in a diversified portfolio of shares selected with a view to generating long-term returns was made especially difficult by periods of concentrated movement in small numbers of shares. We are satisfied that the Investment Advisor has the substance and procedures to carry out its responsibilities in a suitable manner and that the Fund's portfolio reflects the long-term investment objective. In terms of risk analysis, the portfolio shows a mean monthly return of 1.0% with a standard deviation of 10.4 and Sharpe ratio of 1.0 over the period since the appointment of the Investment Advisor. The S&P CNX Nifty Index generated a mean return of 1.1% with a standard deviation of 10.3 and a Sharpe ratio of 1.1. The Fund had 39 periods of positive returns against 37 for the index and both had a maximum drawdown of 30.7%. The summary conclusion from this analysis is that the investment management of the Fund added slightly less value relative to the comparative index. Nonetheless, the Directors believe that the Investment Advisor has provided a standard of service which was satisfactory in the prevailing market conditions.

The Board also reviews the conduct of the administration of the Fund by the Administrator at regular management meetings. During the course of the year, the Administrator advised us of organizational changes which would take effect early in 2012. We considered the proposed changes in the context of our overall operational, statutory and regulatory requirements and invited alternative proposals to provide the services in question. By way of conclusion, it was decided that the Fund's best interests could be preserved by maintaining the status quo. The Directors believe that the Administrator is capable of exercising the appropriate level of control over the operations of the Fund and has done so during the year under review.

The Fund executes market trades through a panel of stockbrokers which is selected according to standards of service in trade execution, settlement, research capability and sales support. The broker list is reviewed periodically and counterparties may be added or deleted from time to time. One new broker was added to the panel during the year and one broker was dropped; another is currently under review due to a disruption in relationship management. Payment of commission rebates is not a normal practice in Indian markets and the Fund does not maintain soft-dollar arrangements, nor has it any intention of doing so.

The Directors continue to manage expenditure tightly though further significant cost reduction is difficult. The TER was again at an unsatisfactory level however. The long-term solution lies in introducing new investors and as a consequence of a new Cooperation Agreement between the Investment Advisor and Banque Morval in Switzerland, a substantial inflow of funds from new investors was received around mid-year. Much to our regret, the benefit of this was more than offset by the negative market moves in the last quarter. We believe that these adverse movements were excessive in valuation terms and that the Indian market will recover over the course of the current year and this should move our TER into an improving trend.

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The Outlook

The Directors would like to thank our shareholders, especially those who joined us for the first time in 2011, for their continuing support of the Fund. At the time of writing the Indian market has already recovered strongly from the previous quarter. Results from important state-level elections have not helped the incumbent government but are unlikely to prompt early elections. The result may be a degree of political paralysis but economic policy will be driven by the RBI which has clearly embarked on monetary easing and policy rate reductions early in the second quarter are likely to sustain momentum in the stock markets. A recovery in global risk appetite is evidenced by renewed flows of foreign portfolio investment which suggests that the prospects for generating attractive returns from investment in India are excellent in the medium term. Fund policy is to invest in companies from a broad market universe selected for high governance standards and a strong probability of generating growth in earnings from participating in the growth of the Indian economy. The Directors believe that this is reflected in the portfolio of Himalayan Fund.

Amsterdam, March 28, 2012

Board of Directors

Ian McEvatt, Chairman

Dwight Makins

Robert Meijer

Karin van der Ploeg

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Financial statements

Himalayan Fund N.V.

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Balance sheet

(before profit appropriation)

	31-12-2011 USD	Notes	31-12-2010 USD
Investments			
Securities	**15,188,036**	4.1	21,851,061
Other assets			
Cash at banks	**719,982**	5	775,892
Receivables			
Receivable on security transactions	**337,678**	6.1	-
Other receivables	**120,000**	6.2	-
	457,678		-
Current liabilities (due within one year)			
Payable on security transactions	**345,474**	7.1	-
Due to redemptions	**5,212**	7.2	22,006
Other liabilities, accruals and deferred income	**118,950**	7.3	160,086
Total current liabilities	**469,636**		182,092
Total of receivables and other assets less current liabilities	**708,024**		593,800
Total assets less current liabilities	**15,896,060**		22,444,861
Shareholders' equity			
Issued capital	**20,322**	8.1	19,490
Share premium	**28,689,326**	8.2	24,656,811
General reserve	**-2,231,440**	8.3	-5,559,902
Undistributed result current year	**-10,582,148**	8.4	3,328,462
Total shareholders'equity	**15,896,060**		22,444,861
Net Asset Value per share	**33.83**		57.19

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Profit & Loss account

	01-01-2011 31-12-2011 USD	Notes	01-01-2010 31-12-2010 USD
Income from investments			
Dividends	164,861	9.1	293,858
Interest income	-	9.2	65
Other income	37,944	9.3	8,354
	202,805		302,277
Capital gains/losses			
Unrealised price gains/losses on investments	-10,207,805	4	3,488,913
Unrealised currency gains/losses on investments	-2,212,764	4	740,121
Realised price gains/losses on investments	2,679,637	4	-134,222
Realised currency gains/losses on investments	-117,375	4	-328,082
Other exchange differences	-255,376		-7,175
	-10,113,683		3,759,555
Expenses			
Investment advisory fees	283,606	10.1	340,993
Other expenses	413,661	10.2	392,377
	697,267		733,370
Tax	25,997		-
Total investment result	-10,582,148		3,328,462
Total investment result per ordinary share	-22.54		8.49

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Statement of Cash Flows

	01-01-2011 31-12-2011 USD	notes	01-01-2010 31-12-2010 USD
Cash flow from investing activities			
Income from investments	202,805	9	302,277
Expenses	-697,267	10	-733,370
Tax	25,997		-
Result of operations	-468,465		-431,093
Purchases of investments	-8,528,034	4	-2,665,932
Sales of investments	5,332,752	4	4,707,407
	-3,195,282		2,041,475
Change in short term receivables	-457,678	6	-
Change in current liabilities	287,544	7	27,436
	-170,134		27,436
Cash flow from investing activities	-3,833,881		1,637,818
Cash flow from financing activities			
Received on shares issued	7,456,777	8	706,828
Paid on shares purchased	-3,423,430	8	-1,690,574
Cash flow from financing activities	4,033,347		-983,746
Other exchange differences	-255,376		-7,175
Change in cash and cash equivalents	-55,910		646,897
Cash and cash equivalents as at 1 January	775,892		128,995
Cash and cash equivalents as at 31 December	719,982		775,892

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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 , equivalent of 1 US dollar:			
Euro	0.77033	Srilanka Rupee	113.90404
Indian Rupee	53.10500	Bangladesh Taka	81.82998

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.

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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.

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Related to auditor's report
dated .... 28 MRT 2012

Notes to the Balance sheet

	31-12-2011 USD	31-12-2010 USD
4. Investments		
4.1 Statement of changes in securities		
Position as at 1 January	**21,851,061**	20,125,806
Purchases	**8,528,034**	2,665,932
Sales	**-5,332,752**	-4,707,407
Unrealised price gains/losses on investments	**-10,207,805**	3,488,913
Unrealised currency gains/losses on investments	**-2,212,764**	740,121
Realised price gains/losses on investments	**2,679,637**	-134,222
Realised currency gains/losses on investments	**-117,375**	-328,082
Position as at 31 December	**15,188,036**	21,851,061
Historical cost	**14,869,752**	9,112,208

The portfolio comprises of shares, mainly listed.
The total unlisted shares held directly by the Fund amounted to USD 163,073 (2010: USD 156,463).
The portfolio breakdown as at 31 December 2011 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 2011 are USD 54,370 (2010: USD 33,426).

5. Cash at banks

This includes immediately due demand deposits at banks.

6. Receivables

6.1 Receivable on security transactions

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

6.2 Other receivables

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

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	**60,050**	84,811
Payable administration fee	**6,174**	5,757
Payable auditors fee	**19,166**	36,499
Other expenses payable	**33,560**	33,019
	118,950	160,086

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dated 28 MRT 2012

8. Shareholders' equity

The authorised share capital of the Fund is EUR 60,000 (2010: 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

8.1 Issued capital	number	**31-12-2011** **USD**	31-12-2010 USD
Ordinary shares:			
Position as at 1 January	392,187	**5,260**	5,894
Sold	146,836	**1,468**	140
Purchased	-69,591	**-696**	-327
Revaluation		**60**	-447
Position as at 31 December	469,432	**6,092**	5,260
Priority shares:			
Position as at 1 January	49,995	**14,230**	14,230
Sold	-	**-**	-
Revaluation		**-**	-
Position as at 31 December	49,995	**14,230**	14,230
Total issued capital		**20,322**	19,490

As at 31 December 2011 the issued and subscribed share capital amounts to:		**EUR**	EUR
(Ordinary shares, par value EUR 0.01 (2010: EUR 0.01)	4,450,005	**44,500**	44,500
(Priority shares, par value EUR 0.20 (2010: EUR 0.20)	49,995	**9,999**	9,999
		54,499	54,499

The Fund became open-ended on 7 April 2000. As at 31 December 2011 a total of 3,980,573 Ordinary Shares have been purchased, meaning that 469,432 Ordinary Shares are still outstanding as at 31 December 2011. Ordinary Shares purchased by the Fund are directly charged against capital and share premium.

8.2 Share premium	**USD**	USD
Position as at 1 January	**24,656,811**	25,639,923
Received on shares sold	**7,455,309**	706,688
Paid on shares purchased	**-3,422,734**	-1,690,247
Revaluation of outstanding capital	**-60**	447
Position as at 31 December	**28,689,326**	24,656,811

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	31-12-2011	31-12-2010
	USD	USD
8.3 General reserve		
Position as at 1 January	**-5,559,902**	-16,323,605
Transferred from undistributed result	**3,328,462**	10,763,703
Position as at 31 December	**-2,231,440**	-5,559,902

8.4 Undistributed result		
Position as at 1 January	**3,328,462**	10,763,703
Transferred to/from general reserve	**-3,328,462**	-10,763,703
Total investment result	**-10,582,148**	3,328,462
Position as at 31 December	**-10,582,148**	3,328,462

Three years Himalayan Fund N.V.

	31-12-2011	31-12-2010	31-12-2009
Net Asset Value (USD x 1,000)			
Net Asset Value according to balance sheet	**15,896**	22,445	20,100
Less: value priority shares	**14**	14	14
	15,882	22,431	20,086
Number of Ordinary Shares outstanding	**469,432**	392,187	410,804
Per Ordinary Share (USD)			
Net Asset Value share	**33.83**	57.19	48.89

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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	**01-01-2011 31-12-2011 USD**	01-01-2010 31-12-2010 USD
10.1 Investment advisory fees		
Advisory fee	**267,841**	325,727
Custody Fee and Charges	**15,765**	15,266
	283,606	340,993

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	**76,614**	70,885
Company Secretarial and Domiciliation Fees	**41,465**	39,360
Bank Expenses	**13,057**	10,183
Regulatory Fees and Charges	**25,045**	19,366
Legal Expenses	**-520**	7,359
Listing Expenses	**37,980**	55,248
Audit Fees	**47,527**	34,168
Fiscal Compliance Fees	**2,512**	-
Fiscal Advisory Fees	**22,304**	19,660
Advertising and Promotion	**43,649**	22,473
Directors Fees	**62,415**	62,415
Board Expenses	**28,265**	47,983
Depreciation and Amortization	**-**	-
Miscellaneous	**13,348**	3,277
	413,661	392,377

Audit fees include the audit of the financial statements by the external auditor Deloitte amounting to USD 40,834 (2010: USD 31,563).

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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: 3.72 % (2010: 3.42 %).

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: 15.91 % (2010: 23.23 %).

* - 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 2010, 31 March 2011, 30 June 2011, 30 September 2011 and 31 December 2011 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 USD	Actual costs USD
Management fee (1)	267,841	267,841
Administration fee (2)	76,614	76,614
Secretarial and Domiciliation fees (3)	41,465	41,465
Costs for the Board (4)	100,000	90,680

*- 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 2011 the remuneration of the Directors was USD 62,415 (inclusive VAT) in total so far. Directors fees per person are as follows: Ian McEvatt*: USD 10,000 (2010: USD 10,000); Dwight Makins: USD 18,500 (2010: USD 18,500); Robert Meijer: USD 22,015 (2010: USD 22,015); Karin van der Ploeg*: USD 11,900 (2010: USD 11,900). Board expenses (exclusive remuneration of the Directors) amount to USD 28,265 in 2011.

* 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 USD 10,000.

Employees

The Fund has no employees.

Amsterdam, March 28, 2012

Board of Directors
Ian McEvatt, Chairman
Dwight Makins
Robert Meijer
Karin van der Ploeg

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Portfolio breakdown

As per December 31, 2011

India		Market value USD	percentage of total Net Asset Value %
Auto Ancilliary		**1,259,208**	**7.9**
160,000	Balkrishna	471,820	
2,000	Bosch	255,178	
30,000	Castrol	235,486	
150,000	Exide	296,724	
Construction		**636,816**	**4.0**
34,000	Larsen & Toubro	636,816	
Consumer goods		**2,130,393**	**13.4**
130,000	EID Parry	462,056	
11,250	Nestle India	867,471	
200,000	Pidilite	543,263	
80,000	Titan Industries	257,603	
Energy		**3,282,205**	**20.6**
110,000	Indraprastha Gas	778,109	
257,000	ONGC	1,241,808	
64,000	Reliance Industries	835,115	
260,000	Tata Power	427,173	
Financials		**2,756,936**	**17.3**
42,000	Bank of Baroda	526,216	
76,000	Corporation Bank	500,966	
35,000	HDFC	429,748	
100,000	HDFC Bank	803,785	
89,926	Indian Bank	313,187	
180,000	Magma Fincorp	183,034	
Healthcare		**1,068,847**	**6.7**
40,000	Cadila Healthcare	530,534	
170,000	FDC	268,101	
72,000	Opto Circuits	270,212	
Industrial Manufacturing		**1,591,409**	**10.0**
17,000	Bharat Electronics	432,259	
90,000	Crompton Greaves	213,709	
262,500	Jain Irrigation	415,745	
90,000	Tata Chemicals	529,696	
Metals		**762,540**	**4.8**
42,000	Jindal Steel & Power	358,390	
64,000	Tata Iron & Steel	404,150	

Technology		**1,536,609**	**9.7**
19,000	Infosys	990,215	
25,000	TCS	546,394	
Total Equity		**15,024,963**	**94.5**
Cash		**871,096**	**5.5**
Canbank mutual fund		163,074	
Net		**708,022**	**4.5**
NAV:		**15,896,059**	

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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 2010 & 2011 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.

Appropriation of result
In accordance with the Fund's Articles of Association the Board will propose to the Annual General Meeting of Shareholders that the result will be added to the general reserve and that no dividend will be distributed.

Independent Auditor's report
Reference is made to the auditor's report included hereafter.

Post balance sheet events
There have occurred no significant events after balance sheet date which will have an impact on the Fund.

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Related to auditor's report
dated ....28 MRT 2012..........

Deloitte.

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Independent auditor's report

To the Shareholders and the Directors of Himalayan Fund N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Himalayan Fund N.V., Amsterdam, which comprise the balance sheet as at 31 December 2011, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Director's responsibility

The board of directors is responsible for the preparation and fair presentation of these financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Financial Supervision Act. Furthermore the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the board of directors, as well as evaluating the overall presentation of the financial statements.

Deloitte.

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

Opinion with respect to the financial statements

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 2011, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Financial Supervision Act.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, March 28, 2012

Deloitte Accountants B.V.

Was signed: W.H.E. van Ommeren