HIMALAYAN FUND NV

Semi Annual Report 2006

Contents

Himalayan Fund N.V.

investment company with variable capital

Registered office:	p.a. 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 274 36 Hilgrove Street St. Helier Jersey JE4 8TR Channel Islands
Custodian:	Citibank 77 Ramnord House Dr. Annie Besant Road, Mumbai - 400 01S India
Bank:	Fortis Bank (Nederland) N.V. Rokin 55 1012 AA Amsterdam The Netherlands
Auditor:	KPMG Accountants N.V. Burg. Rijnderslaan 10-20 1185 MC Amstelveen The Netherlands
For information or prospectus:	*http://himalayan.fast-net.nl*

Five years Himalayan Fund

	30-06-2006	31-12-2005	31-12-2004	31-12-2003	31-12-2002
Net Asset Value (USD x 1,000)					
Net Asset Value according to statement of assets and liabilities	**19 742**	23 578	17 148	16 422	17 448
Less: value priority shares	**58**	53	61	57	47
	19 684	23 525	17 087	16 365	17 401

	01-01-2006 30-06-2006	2005	2004	2003	2002
Profit and loss (USD x 1,000)					
Income from investments	**225**	304	484	1 032	953
Capital gains/losses	**2 275**	5 479	4 328	6 410	-841
Expenses	**-405**	-642	-712	-716	-900
Total investment result	**2 095**	5 141	4 100	6 726	-788
Number of ordinary shares outstanding	**706 144**	892 419	870 551	1 060 506	1 935 121
Per ordinary share					
Net Asset Value share (USD)	**27.88**	26.36	19.63	15.43	9.02
Amsterdam Stock Exchange quotation (USD)	**26.99**	32.01	17.81	16.99	7.20
Dividend (EUR)	**-**	-	-	0.10	-
Income from investments (USD)	**0.32**	0.34	0.56	0.97	0.49
Capital gains/losses (USD)	**3.22**	6.14	4.97	6.05	-0.43
Expenses (USD)	**-0.57**	-0.72	-0.82	-0.68	-0.47
Total investment result (USD)	**2.97**	5.76	4.71	6.34	-0.41

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.

Structure and Objective
The principal objective of the Company is long term capital appreciation for shareholders. Currently the majority of the funds are invested in India, directly through a legal structure utilising the benefits of the tax treaty between India and the Netherlands to maximise the ultimate return to investors and, indirectly, through Global Depositary Receipts and Equity Linked Notes of Indian companies which are issued by banks and traded outside India. The remaining funds are invested in Sri Lanka.
Any balance can be invested in Bangladesh, Nepal and Bhutan if opportunities arise.

The Company invested substantially in India for a long time through a domestic mutual fund (the Mutual Fund) in which it was the sole investor. Since the Company now has FII (Foreign Institutional Investor) status, the benefit of continuing this practice is negligible. Accordingly, the Directors decided to reduce investment in the Mutual Fund to a minimum. Because of this, the Mutual Fund is no longer consolidated with the Company; the value is now recorded under "Investments".

Open-ended status
Ordinary shares may be (re)purchased on monthly dealing days (a day on which ordinary shares can be purchased and/or repurchased, being the last Friday of each month, provided that such day is a business day) either via Euroclear or Clearstream. 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.

Investment advisor
The investment advisor, Iceman Capital Advisors Ltd. was appointed under an investment advisory agreement dated June 7, 2006.

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 nil 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. Dividends and 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.

Directors Report

The S&P CNX Nifty Index closed at 3128 on the 30th of June, for a return of 10.3% in the first half of 2006. The intervening period was a roller-coaster ride for investors, with the index rising to an all-time peak of 3754 on May 10th, then falling to a trough of 2633 on June 14th before recovering to ITS June 30th level. The 29% fall from peak to trough took only 25 trading sessions and the recovery of 19% took just 13 sessions.

In the same period, the net asset value (NAV) per share of your Fund increased by 4.7%. The relative underperformance was partially attributable to 5.2% depreciation in the Rupee and partially due to the portfolio holding too many positions after accommodating a long period of net redemptions. The directors have taken steps to adjust the Fund’s business proposition, as you can read below.

Over the past eighteen months, India became a magnet for funds allocated to global emerging markets and, in particular, the BRIC (Brazil, Russia, India, China) segment of the emerging market category. India’s growth prospects, supported by government reform and infrastructure policies, burgeoning consumer demand, a thriving corporate sector and a common law jurisdiction with stable institutions, captured an increasing share of global liquidity. This brought new dedicated country funds, domestic mutual funds and private equity funds, as well as hedge funds using the carry-trade to take leveraged exposure.

In the first four months of the year, FII net investment (foreign portfolio investment) averaged $1.1 billion a month. This was reversed in May, with a net outflow of $1.6bn, which was partially absorbed by the domestic mutual fund industry but overall risk appetite had not recovered by the end of June. Net FII inflows for the six months came to $2.6bn, with net investment of $2.2bn by domestic mutual funds. Daily cash market volumes increased to $5.9bn and futures and options market volumes to $12.9bn as the index rose to its historic peak. By the end of June these volumes had fallen back to $2bn and $4bn, respectively, a reflection of the loss of risk appetite by global investors.

Evidence of tightening monetary policies in the US, Europe and Japan changed the perception of global economic prospects as the half-year progressed. As a result, risk appetites were adjusted, prompting a flight to quality and rapid unwinding of carry-trade investments. The shift in liquidity precipitated the spectacular volatility which characterized the markets in the second quarter.

All of this volatility ignored the sustained economic performance and the exceptional annual results published by most listed companies in India for the fiscal year ended March 31st 2006. GDP growth appears to be locked into a range of 8-9% with industrial activity growing at more than 10% year on year. Corporate earnings growth was about 24% for fiscal 2006 but forecasts for 2007 were adjusted down to 19%. In the event, this forecast looks like being well-exceeded. A good monsoon will add to the picture of broad strength in an economy substantially driven by domestic consumption. This means that India is less exposed to the vagaries of the global economy and, particularly, less reliant on manufactured imports by the US. Given reasonable investment flows and continued engagement of the government in economic reform and especially infrastructure development, India continues to offer the prospect of attractive returns to the committed investor.

The Annual General Meeting of your Fund on June 7th saw important changes approved by shareholder vote.
First, with the resignation of the Investment Manager, the management of your Fund has been resumed by the Board of Directors.
Second, the board has appointed Iceman Capital Advisors Ltd. as Investment Advisor to the Fund.
Iceman is an investment advisory company set up by the Chairman of the Fund, initially for the express purpose of providing investment advice to the Fund under the terms of an Investment Advisory Agreement approved at the AGM.
Third, Robert Meijer was elected a Director and is the second Dutch Director, in compliance with statutory requirements.
Fourth, new Articles of Association were adopted, incorporating a change of name to "Himalayan Fund N.V.".

Under a new regulatory environment in the Netherlands, the Fund had to apply for a new license from the regulatory authorities by February 28 this year. This process presented the opportunity to adopt new up to date Articles of Association and will end with the publication of a new Prospectus. The directors believe that this will provide an opportunity to promote the Fund to new investors with an interest in long-term investment in India.

The Fund website at http://himalayan.fast-net.nl is now the primary means of communication with shareholders and new weekly commentaries have been posted already as part of a new communication programme. The monthly reports will now also appear on the website as will statutory documentation.

Amsterdam, August 2006
Chairman
Ian McEvatt

Financial statements
Himalayan Fund N.V.

Statement of assets and liabilities

(before profit appropriation)

	30-06-2006	31-12-2005
	USD	USD
Investments		
Securities	**19 416 960**	18 383 916
Short term receivables		
Receivables from security transactions	**-**	1 355 695
Other debtors, prepayments and accrued income	**108 667**	31 761
	108 667	1 387 456
Other assets		
Cash at banks	**382 962**	3 947 993
Current liabilities (due within one year)		
Other liabilities, accruals and deferred income	**166 091**	141 149
	166 091	141 149
Total of receivables and other assets less current liabilities	**325 538**	5 194 300
Total assets less current liabilities	**19 742 498**	23 578 216
Shareholders' equity		
Issued capital	**66 567**	63 610
Share premium	**36 134 339**	42 068 114
Legal reserve	**483**	446
General reserve	**-18 553 955**	-23 695 466
Undistributed result current year	**2 095 064**	5 141 512
	19 742 498	23 578 216
Net Asset Value per share	**27.88**	26.36

Statement of operations

	01-01-2006 30-06-2006 USD	01-01-2005 30-06-2005 USD
Income from investments		
Dividends	**140 735**	98 777
Interest income	**23 330**	20 697
Other income	**61 307**	37 663
	225 372	157 137
Capital gains/losses		
Unrealised price gains/losses on investments	**12 629**	-1 780 714
Unrealised currency gains/losses on investments	**-136 512**	3 490 101
Realised price gains/losses on investments	**2 536 172**	-19 594
Realised currency gains/losses on investments	**-150 346**	6 835
Other exchange differences	**13 087**	-
	2 275 030	1 689 793
Expenses		
Investment management fees	**162 374**	70 127
Other expenses	**242 964**	255 017
	405 338	325 144
Total investment result	**2 095 064**	1 521 786
Total investment result per ordinary share	**2.97**	2.05

Statement of Cash Flows

	01-01-2006 30-06-2006 USD	01-01-2005 30-06-2005 USD
Cash flow from investing activities		
Income from investments	**225 372**	157 137
Expenses	**-405 338**	-325 144
Result of operations	**-179 966**	-168 007
Purchases	**-4 195 699**	-4 866 621
Sales	**5 424 598**	8 072 946
	1 228 899	3 206 325
Change in short term receivables	**1 278 789**	302 475
Change in current liabilities	**24 942**	547 410
	1 303 731	849 885
Cash flow from investment activities	**2 352 664**	3 888 203
Cash flow from financing activities		
Received on shares issued	**246 794**	-
Paid on shares repurchased	**-6 177 576**	-2 527 198
Dividend distribution	**-**	-
Cash flow from financing activities	**-5 930 782**	-2 527 198
Other exchange differences	**13 087**	-19 594
Change in cash and cash equivalents	**-3 565 031**	1 341 411
Cash and cash equivalents as at 1 January	**3 947 993**	833 302
Cash and cash equivalents as at 30 June	**382 962**	2 174 713

Notes

General

Himalayan Fund N.V. ('the Company') is an investment fund with variable capital, incorporated under Dutch law and has its registered office in Amsterdam.

The format of these financial statements is in conformity with legal financial reporting requirements and the Guiding Principles for Investment Institutions of the Council for Reporting. The Cash Flow statement has been prepared according to the indirect method. The financial year is concurrent with the calendar year.

Changes in basis of consolidaton

Part of the Company's direct investments in Indian securities is made through Canbank (Offshore) Mutual Fund ('the Mutual Fund') all of whose units in issue are wholly owned by the Company.
The Company acquired the Foreign Institutional Investor ('FII') status in India as per 24 October 2003.
The FII status enables the Company to invest directly in Indian securities. Since the Company has the FII status it has been decided to reduce the size of Indian investments through the Mutual Fund on the one hand and to increase the size of the direct investments of the Company in India on the other hand. The company has decided to redeem all its shares in the Mutual Fund in the near future. Anticipating, the value of the Mutual Fund is taken into account under investments, and as a result the Company and the Mutal Fund are no longer consolidated.

Principles of valuation

Investments

The investments are valued based on the following most important 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;
- equity linked notes are valued at net realisable value which can be considered fair value;
- non or low marketable securities are, according to the judgement of the Investment Manager, 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.

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 30 June 2006, equivalent of 1 US dollar:			
Euro	0.78207	Srilanka Rupee	103.96500
Indian Rupee	46.04000	Bangladesh Taka	69.75502

Other assets and liabilities

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

Legal reserve

On 15 June 2001 the issued share capital of NLG 458,940 was converted into EUR 208,258 consisting of 16,325,798 ordinary shares with a nominal value of EUR 0,01 each, and 100,000 priority shares with a nominal value of eur 0,45 each. Regarding the priority shares, the Company shall maintain a non-distributable legal reserve for the difference between EUR 45,000 and EUR 45,378.02

Income recognition principles

Net dividends are taken to income when declared. Other income is recognised on an accrual basis. Brokerage fees payable on the acquisition of investments, if any, are considered to be part of the investment costs, and as a result, are not taken to the profit and loss account.

Risk Management

Financial Instruments

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk and foreign currency risk arising from the financial instruments it holds. The Company may use derivatives and other instruments in connection with its risk management activities.

The Company has investment guidelines that set out its overall business. Daily reviews are undertaken to ensure that the Company's guidelines are adhered to.

Market price risk

The Company's investments are susceptible to market price risk arising from uncertainties about future prices. The positions held by the Company at the report date are disclosed under 'Investment portfolio'.

Interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. This risk for contracts regarding financial instruments (including Equity Linked Notes and Depository Receipts) is limited. It is the Company's policy to enter into such contracts with several different counterparties and to assign a great importance to the parties' credit-worthiness in the selection process. For further details on the credit risk we refer to the 'Investment portfolio'.

Liquidity risk

The Company's investments are considered to be readily realisable or actively traded in the OTC market. The exposure to liquidity risk is mainly related to the Company's investments in unlisted securities.

Foreign currency risk

The Company invests in securities and other investments that are denominated in currencies other than the currency in which the Company's shares are denominated. The Company can use forward currency transactions and interest rate swaps to cover risks related to currency fluctuations. A significant portion of the Company's investments in securities is not denominated in US Dollar but in other currencies. Accordingly, the value of the Company's assets may be affected considerably, favourable as well as un-favourable, by fluctuations in currency rates.

Cash flow statement

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

Notes to the statement of assets and liabilities

	30-06-2006	31-12-2005
	USD	USD
Investments		
Statement of changes in securities		
Position as at 1 January	**18 383 916**	16 092 328
Purchases	**4 195 699**	5 011 097
Sales	**-5 424 598**	-8 249 435
Unrealised price gains/losses on investments	**12 629**	2 584 287
Unrealised currency gains/losses on investments	**-136 512**	-428 816
Realised price gains/losses on investments	**2 536 172**	3 367 620
Realised currency gains/losses on investments	**-150 346**	6 835
Position as at 30 June	**19 416 960**	18 383 916
Historical cost	**11 396 980**	10 240 053

The majority of the Indian investments and all those in Sri Lanka are now held directly by the Company.
The total investments in unlisted shares directly held by the Company to USD 1,662,170 (31 December 2005: USD 2,016,209).
The Total value of the Canbank mutual fund is USD 4,453 (31 December 2005: USD 647,000). The portfolio breakdown as at 30 June 2006 are specified on pages 21 to 23 of this report.

Short term receivables

Receivables from security transactions

This includes the receivables from unsettled security transactions as per balance sheet.

As per 30 June 2006 there was an outstanding receivable concerning a former investment in Peregrine shares. Due to the uncertainty about the collect ability of this receivable the entire amount was provisioned for in 2001. The total outstanding (fully provisioned) receivable as per 30 June 2006 was USD 420,003 (30 June 2005: USD 420,003).

Other debtors, prepayments and accrued income		
Dividend receivable	**44 331**	57 097
Prepayments and other debtors	**64 336**	1 000
	108 667	58 097

Cash at banks

This includes demand deposits at banks.

Current liabilities (due within one year)		
Other liabilities, accruals and deferred income		
Payable on redemptions	**40 331**	-
Payable investment management fee	**72 919**	42 759
Payable administration fee	**18 450**	14 593
Payable auditors fee	**28 432**	21 301
Other expenses payable	**5 959**	224 458
	166 091	303 111

Shareholders' equity

The authorised share capital of the Company is EUR 445,000 (30 June 2005: EUR 445,000) and consists of:

- Ordinary shares of EUR 0.01 each	40 000 000
- Priority shares of EUR 0.45 each	100 000

		30-06-2006	31-12-2005
Issued capital	**number**	**USD**	USD
Ordinary shares:			
Position as at 1 January	892 419	**10 531**	11 833
Issued	9 050	**91**	1 610
Repurchased	-195 325	**-1 953**	-1 391
Revaluation		**360**	-1 521
Position as at 30 June	706 144	**9 029**	10 531
Priority shares:			
Position as at 1 January	100 000	**53 080**	61 166
Revaluation		**4 458**	-8 086
Position as at 30 June	100 000	**57 538**	53 080
Total issued capital		**66 567**	63 611

As at 30 June 2006 the subscribed share capital amounts to:		**EUR**	EUR
Ordinary shares, par value EUR 0.01	16 325 798	**163 258**	163 258
Priority shares, par value EUR 0.45	100 000	**45 000**	45 000
		208 258	208 258

The Company became open-ended at 7 April 2000. As at 30 June 2006 a total of 15,619,654 ordinary shares were repurchased, meaning that 706,144 ordinary shares are still outstanding as at 30 June 2006. Repurchased ordinary shares by the Company are directly charged against capital and share premium.

Share premium	**USD**	USD
Position as at 1 January	**42 068 114**	40 769 669
Received on shares issued	**246 703**	4 076 740
Paid on shares repurchased	**-6 175 623**	-2 787 970
Revaluation of outstanding capital	**-4 818**	9 607
Revaluation of legal reserve	**-37**	68
Position as at 30 June	**36 134 339**	42 068 114

Legal Reserve		
Position as at 1 January	**446**	514
Revaluation	**37**	-68
Position as at 30 June	**483**	446

	30-06-2006	31-12-2005
	USD	USD
General reserve		
Position as at 1 January	**-23 695 467**	-27 796 375
Transferred from undistributed result	**5 141 512**	4 100 909
Position as at 30 June	**-18 553 955**	-23 695 466
Undistributed result		
Position as at 1 January	**5 141 512**	4 100 909
Dividend distribution	**-**	-
Transferred to/from general reserve	**-5 141 512**	-4 100 909
Total investment result	**2 095 064**	5 141 512
Position as at 30 June	**2 095 064**	5 141 512

Notes to the statement of operations

Income from investments

Dividends

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

Interest income

Most of this amount was received on outstanding cash balances.

Other income

This refers to the upcount received on shares issued and discount calculated on shares repurchased. Additionally the amount recovered from the provisioned receivable on the investment of Peregrine is presented under this item.

	01-01-2006	01-01-2005
Expenses	**30-06-2006**	30-06-2005
Investment management fees	**USD**	USD
Management fee / Investment advisory fee	**148 451**	52 731
Other investment management fees	**13 923**	17 396
	162 374	70 127

Till June 7, 2006 the Investment Manager receives an annual fee of 1.25 per cent (calculated on a weekly basis) of the Net Asset Value of the Company, excluding the net assets of the Mutual Fund, and an annual fee of 0.6875 per cent (calculated on a weekly basis) of the Net Asset Value of the Mutual Fund. Canara Bank, the investment manager of the Canbank Mutual Fund receives an annual fee of 0.5625 per cent (calculated on a weekly basis) of the Net Asset Value of the Mutual Fund. Both fees are without any tax charge. As from June 7, 2006 the Investment Advisor receives a monthly fee of 1,5 per cent (calculated on a weekly basis of the Net Asset Value of the Company.

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.

Other expenses		
Administration fee	**79 297**	151 569
Domicile fee	**14 875**	13 825
Commission and bank expenses	**1 050**	5 400
Reporting and advertising fees	**23 574**	36 621
Register fees Chamber of Commerce and the Authority for the Financial Markets	**8 214**	-
Auditor and fiscal advisor fees	**36 940**	16 701
Directors' fee (including liability insurance fee)	**18 655**	12 901
Marketing cost	**55 105**	-
Miscellaneous	**5 254**	18 000
	242 964	255 017

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.

The remuneration of the Board of Directors of the Company amounts to a maximum of EUR 15,000 for each member per year. As at 30 June 2006 a total of USD 5,000 was paid to the Board of Directors (30 June 2005: USD 5,000).

Marketing cost are a non recurring, made to further promote the fund.

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 average Net Asset Value of the Company for reporting period is calculated as the sum of the Net Asset Value as per 31 December 2005, 31 March 2006 and 30 June 2006 in the proportion 0.5 : 1 : 0.5, divided by the weighted number of observations, multiplied by two.

The expense ratio of the Company for the reporting period is equal to: 3.43% (30 June 2005: 4.03%).

Employees

Like last year, the Company has no employees.

Amsterdam, August 2006

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

Portfolio breakdown

as at 30 June 2006

		Market value USD	percentage of total Net Asset Value
India			
Energy			
31 800	CESC Dematerials	174 679	
55 000	Gas Authority of India	307 075	
98 580	National Thermal Power	237 457	
33 350	Oil & Natural Gas	802 638	
120 042	Tata power	1 258 042	
		2 779 892	14.07%
Materials			
90 780	Reliance Industries	2 089 774	
252 000	Gujarat Ambuja Cements	544 340	
9 100	ABB Ltd.	494 511	
80 350	Ballarpur Industries	183 859	
7 000	Jindal Steel & Power	213 079	
90 780	Reliance natural resources	39 337	
25 200	Bharat Forge	171 758	
36 300	Tata Iron & Steel	420 754	
		4 157 411	21.06%
Industrials			
31 800	Bharat Heavy Electricals	1 346 492	
54 000	Cummins India	223 495	
10 500	Grasim Industries	441 255	
7 200	Larsen & Toubro	350 617	
143 905	IVRCL Infrastructure	710 617	
		3 072 476	15.56%
Capital Goods			
15 500	Tata Motors	267 597	
		267 597	1.36%
Consumer goods			
200 000	INT'L tobacco	792 354	
26 600	Titan Industries	343 680	
		1 136 034	5.75%
Healthcare			
27 200	Ranbaxy Laboratories *	210 637	
10 100	GlaxoSmithKline Pharmaceuticals	227 557	
10 160	Sun Pharmaceuticals	173 828	
14 276	Wockhardt	117 830	
		729 851	3.70%

Portfolio breakdown

as at 30 June 2006

		Market value USD	percentage of total Net Asset Value
India (continued)			
	Financials		
37 760	HDFC Bank	652 803	
50 000	Housing Development Financing Corporation	1 237 837	
38 500	ICICI Bank *	406 560	
45 000	ICICI Bank	476 879	
10	Canbank mutual fund	4 453	
		2 778 532	14.07%
	Information technology		
15 750	Infosys Technologies	1 053 290	
3 500	Infosys Technologies *	232 750	
9 280	Tata Consultancy	350 469	
		1 636 509	8.30%
	Telecommunication services		
101 655	Bharti Televentures *	812 223	
25 780	Reliance Communications	139 455	
		951 678	4.82%
	Utilities		
100 000	Nagarjuna Construction company	554 626	
14 400	Sesa Goa	349 334	
		903 961	4.58%
Total India		**18 413 942**	**93.27%**
Sri Lanka			
	Industrials		
789 990	John Keels Holdings	1 003 017	5.08%
Total Sri Lanka		**1 003 017**	**5.08%**
Total Investments		19 416 959	98.35%
Other net assets		325 538	1.65%
Total Net Asset Value		**19 742 497**	**100.00%**

* Unlisted securities

Supplementary information

Personal interest

At the end of, or during the reporting period, non 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 Crédit Agricole Asset Management Hong Kong Limited.

Substantial investors

As far as known, there were no shareholders of the Fund in the reporting period to be designated as substantial investors within the meaning of article 1, paragraph f of the Decree on the Supervision of Investment Institutions, except for the holder of priority shares who has special controlling rights.

No transactions were concluded between The Fund Manager and the Company during the period under review. The Fund Manager received a total of USD 130,186 from Investment Fees and other cost declarations.

Priority Shares

At 30 June 2006 , 100,000 Priority Shares of EUR 0.45 each were held by Crédit Agricole Asset Management Hong Kong Ltd., indirectly a subsidiary of Crédit Agricole S.A. and carry a priority right to an annual dividend of up to six per cent. Of the nominal value of such share. Priority Shares also carry voting rights with respect to Ordinary Shares in a ratio of 45 to1.

Statutory provision of profit distribution

Article 21(1) of the Articles of Association provides for the following:
If, after appropriation to reserves, profits are available and insofar as sufficient a dividend shall first be paid to the holders of priority shares equal to six per cent (6%) of the nominal value of such shares. The balance of profits, if any, shall be at the disposal of the general meeting for distribution of the holders of the ordinary shares. Distributions of profit can only be made insofar as the net asset value of the Company shall exceed the aggregate of the amount paid up on the issued share capital and the reserves of the Company which are required to be maintained by law.
Furthermore, subject to the following paragraph, distribution of profit may only take place on the final adoption of the annual accounts, provided it shall appear therefrom that the distribution is permissible.