



Semi Annual Report 2010

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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:	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:	Fortis Bank (Nederland) N.V.
Auditor:	Deloitte Accountants B.V. Orlyplein 10 1040 HC Amsterdam
<i>For information or Prospectus:</i>	<i>Website: http://www.himalayanfund.nl Email: himalayan@inviqta.nl Phone: +31 (0) 20 641 1161</i>

* Dutch resident

Multiple year overview Himalayan Fund N.V.

	30-06-2010	31-12-2009	31-12-2008	31-12-2007	31-12-2006
Net Asset Value (USD x 1,000)					
Net Asset Value according to statement of assets and liabilities	20,412	20,100	12,922	38,376	22,315
Less: value priority shares	12	14	1	1	1
	<u>20,400</u>	<u>20,086</u>	<u>12,921</u>	<u>38,375</u>	<u>22,314</u>
	2010	2009	2008	2007	2006
Profit and loss (USD x 1,000)					
Income from investments	120	201	244	307	413
Capital gains/losses	677	11,308	-23,478	18,154	9,264
Expenses	-384	-745	-835	-897	-943
	<u>413</u>	<u>10,764</u>	<u>-24,069</u>	<u>17,564</u>	<u>8,734</u>
Total investment result					
Number of ordinary shares outstanding	408,135	410,804	502,049	544,145	588,746
Per ordinary share					
Net Asset Value share (USD)	49.98	48.89	25.74	70.52	37.90
Transaction price Euronext Amsterdam end of reporting period (USD)	49.44	47.29	24.69	69.35	37.00
Income from investments (USD)	0.29	0.49	0.49	0.56	0.70
Capital gains/losses (USD)	1.66	27.54	-46.75	33.37	15.74
Expenses (USD)	-0.94	-1.81	-1.66	-1.65	-1.60
	<u>1.01</u>	<u>26.22</u>	<u>-47.92</u>	<u>32.28</u>	<u>14.84</u>
Total investment result (USD)					

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-ended 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 under the Financial Services (Jersey) Law 1998 and is authorised to act as Investment Advisor to the Fund.

Registered office:

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

Administrator

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

The Fund applies annually for certification as a "distributing fund" in the United Kingdom. It is the Fund's intention that it should be managed in such a way as to qualify for this certification every year.

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

Directors' Report

The Fund

The Net Asset Value (NAV) per share of your Fund was \$49.98 on June 30th 2010, an increase of 2.23% from the closing NAV per share on December 31st 2009. Over the same period, the CNX S&P Nifty Index, the Fund's benchmark, increased by 2.25% in U.S. Dollar terms. The Fund slightly under-performed its benchmark during a period of general uncertainty over global economic conditions. On the first Execution Day of the year, the Transaction Price for the Fund's shares was \$49.13 and on the last Execution Day in June, it was \$49.44, an increase of 0.6%, compared with an increase of 0.3% in the Fund's benchmark between the same two dates.

The number of Ordinary Shares held by third parties at the start of this year was 410,804; the number rose to 414,082 at the beginning of February and moved in a narrow range from there to the end of June, when it stood at 408,135. The net turnover in the Fund's Ordinary Shares in the first half-year was 6.6%.

The Market

The MSCI World Index recorded a loss of 10.9% in the first half of this year, with developed markets putting in a particularly bad showing: the US market lost nearly 8% and European markets showed losses well into double figures. In Emerging markets, China had a loss comparable to that of the US and Brazil, Russia and Taiwan had losses in double figures. By comparison, India's gain of over 2% was a clear distinction. The year started on a positive note but markets suffered a sharp setback in late January as global risk appetites were undermined by crisis in the Euro area and evidence that global economic recovery was going to be a long haul. February brought a laboured recovery in Indian markets leading up to the Union Budget at the end of the month. Once again the Congress-led government impressed, producing what even the Financial Times described as "...a model of fiscal probity..." for a budget, promising firm action to correct the fiscal deficit. This brought on a period of steady upward momentum until a further sharp setback during May as global risk appetites again recoiled in the face of developed world drama. Again, the Euro-area faced economic crisis as fiscal deficits in the Mediterranean countries and Ireland looked like undermining the single-currency area. At the same time, economic recovery in the US was looking distinctly anaemic.

Meanwhile, GDP growth in India continued to accelerate, driven by public sector investment and robust consumer demand. GDP growth for the fiscal year ended March 31st, 2010 came out at 7.4%. The fourth quarter figure was accelerating at a rate which suggested that 8% or better would be achievable in the current year. Inflation, as so often before, was the fly in the ointment: the weak monsoon and reduced harvests of 2009 had ignited acceleration in food inflation into high double figures. This drove the RBI's inflation benchmark, the WPI (wholesale price index) well above its target range and presented an unwelcome monetary policy dilemma. Food inflation is not really amenable to correction by monetary policy, yet the RBI needed to present an anti-inflation stance. GDP growth was increasingly robust but the central bank was wary of being blamed for derailing the recovery. In the event, it embarked on a programme of "calibrated withdrawal" of monetary stimulus. An improved winter crop and the prospect of a better monsoon this year would be the recipe for eventually reining in food prices.

The strength of GDP growth and, in particular, growth in the Index of Industrial Production, propelled corporate earnings growth for FY10 to around 15%, after a decline of 6% the previous year. The first quarter of FY11 (just ended) was a little slower in earnings growth but top-line growth suggests that a further acceleration in earnings will be recorded for the full year. At this point, we are five quarters into an earnings recovery cycle and with inflation finally starting to slow and pressure on capacity easing as private sector investment plans develop, there is plenty of credit availability to finance sustained growth. Also, in a major fiscal surprise, outrageously successful auctions of 3G and wireless broadband spectrum will alone cut more than 1% from the fiscal deficit. Thus any threat of "crowding out" of the credit markets by government borrowing will be curtailed.

In the absence of signs of sustained global economic recovery, it is worth reminding ourselves of some of the distinguishing features India offers to equity investors:

- In an economy which is more than 70% driven by domestic demand, investment and consumer demand conditions are driving GDP growth into the 8-9% range;
- The government wants to accelerate to “Chinese levels” of double-figure GDP growth eventually but this will need the extra boost of robust global recovery;
- Meanwhile, improving execution of infrastructure projects and development of oil and gas discoveries is driving investment demand;
- Urban job-creation and government policies promoting rural well-being are fostering robust growth in consumer demand;
- Early evidence of a good monsoon promises a contribution of 4% growth from the agricultural sector this year, further boosting rural well-being;
- Important first steps towards deregulation of domestic energy prices were taken in the last days of June, emphasising the government’s reform credentials.

In this context, the Fund’s Directors are optimistic about the prospects for sustained GDP growth and consequential earnings growth in India, supporting a re-rating of the market and generating excellent returns for the Fund.

Administration

We are developing a new website which we hope will be launched soon and as part of that exercise we have adopted a new corporate style which is already in use in our weekly and monthly communications. We have also adopted a new web address, which is:

www.himalayanfund.nl

This address is in use already and the previous address automatically re-directs.

On June 7th, we filed a new Prospectus with our regulatory authority, AFM and this is now in effect; it is available for download from the Fund’s website.

At the Fund’s Annual Meeting of Shareholders on June 3rd, an amendment was approved to the Articles of Association on the recommendation of the holder of the Fund’s Priority Shares to the effect that the priority shareholder has waived its right to dividends on the Priority Shares. The amendment became effective on June 21st when the civil-law notary executed the deed to change the Articles of Association. The amended Articles are available for download from the Fund’s website.

All matters to do with the administration of the Fund are communicated through the Fund’s website at www.himalayanfund.nl and all relevant documents are available for download from the website.

The Board is committed to promoting the Fund to develop the shareholder base and encourage new investors to buy the Fund’s Ordinary Shares. With this in mind, the Board, at their regular meeting on June 3rd, considered a proposal from Arden Partners plc to act as broker to the Fund and to develop a plan to promote the Fund’s shares by trading them on the London Stock Exchange again after a long interval. The Board decided to make the appointment with effect from July 1st and is working with Arden to raise the Fund’s profile in London and place shares in the market. We believe that by expanding the shareholder base through the London Stock Exchange, the liquidity in the Fund’s shares will be considerably enhanced.

Amsterdam, August 25, 2010

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

Financial statements
Himalayan Fund N.V.
Semi annual Report 2010

Balance sheet

(before profit appropriation)

	30-06-2010 USD	Notes	31-12-2009 USD
Investments			
Securities	20,074,686	4	20,125,806
Short term receivables			
Dividend receivable	<u>16,622</u>	5.1	<u>-</u>
	16,622		-
Other assets			
Cash at banks	522,303	6	128,995
Current liabilities (due within one year)			
Other liabilities, accruals and deferred income	<u>202,035</u>	7.1	<u>154,656</u>
Total current liabilities	202,035		154,656
Total of receivables and other assets less current liabilities	<u>336,890</u>		<u>-25,661</u>
Total assets less current liabilities	<u>20,411,576</u>		<u>20,100,145</u>
Shareholders' equity			
Issued capital	17,247	8.1	20,124
Share premium	25,541,968	8.2	25,639,923
General reserve	-5,559,902	8.3	-16,323,605
Undistributed result current year	<u>412,263</u>	8.4	<u>10,763,703</u>
Total shareholders' equity	<u>20,411,576</u>		<u>20,100,145</u>
Net Asset Value per share	49.98		48.89

Profit & Loss account

	01-01-2010 30-06-2010 USD	Notes	01-01-2009 30-06-2009 USD
Income from investments			
Dividends	114,903	10.1	45,989
Interest income	65	10.2	119
Other income	<u>4,579</u>	10.3	<u>10,468</u>
	119,547		56,576
Capital gains/losses			
Unrealised price gains/losses on investments	1,621,483	4	5,493,071
Unrealised currency gains/losses on investments	313,794	4	435,773
Realised price gains/losses on investments	-991,322	4	1,683,030
Realised currency gains/losses on investments	-266,830	4	-246,067
Other exchange differences	<u>-507</u>		<u>-9,145</u>
	676,618		7,356,662
Expenses			
Investment advisory fees	159,857	11.1	120,036
Other expenses	<u>224,045</u>	11.2	<u>268,288</u>
	<u>383,902</u>		<u>388,324</u>
Total investment result	<u>412,263</u>		<u>7,024,914</u>
Total investment result per ordinary share	1.01		16.39

Statement of Cash Flows

	01-01-2010 30-06-2010 USD	notes	01-01-2009 30-06-2009 USD
Cash flow from investing activities			
Income from investments	119,547	10	56,576
Expenses	<u>-383,902</u>	11	<u>-388,324</u>
Result of operations	-264,355		-331,748
Purchases of investments	-1,272,355	4	-400,312
Sales of investments	<u>2,000,600</u>	4	<u>3,721,830</u>
	728,245		3,321,518
Change in short term receivables	-16,622	5	-1,427,147
Change in current liabilities	<u>47,379</u>	7	<u>1,136,072</u>
	<u>30,757</u>		<u>-291,075</u>
<i>Cash flow from investment activities</i>	494,647		2,698,695
Cash flow from financing activities			
Received on shares issued	608,664	8	244,749
Paid on shares purchased	<u>-709,496</u>	8	<u>-3,023,918</u>
<i>Cash flow from financing activities</i>	-100,832		-2,779,169
Other exchange differences	<u>-507</u>		<u>-9,145</u>
Change in cash and cash equivalents	393,308		-89,619
Cash and cash equivalents as at 1 January	<u>128,995</u>		<u>154,904</u>
Cash and cash equivalents as at 30 June	<u>522,303</u>		<u>65,285</u>

Notes

1.1 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 Euronext Amsterdam and on The London Stock Exchange.

This annual report is prepared in accordance with Title 9 Book 2 BW 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 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 2010, equivalent of 1 US dollar:

Euro	0.81639	Srilanka Rupee	113.57503
Indian Rupee	46.44502	Bangladesh Taka	69.50502

2.3 Other assets and liabilities

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

2.4 Income recognition principles

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

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

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

2.5 Cash flow statement

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

3. Risk Management

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

3.1 Currency Fluctuations

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

3.2 Counterparty Risk

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

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

3.3 Concentration Risk

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

3.4 Market Volatility

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

3.5 Market Liquidity

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

3.6 Fund Liquidity

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

3.7 Political Economy

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

3.8 Legal and Regulatory Compliance

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

3.9 Financial Crisis

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

3.10 Credit risk

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

Notes to the Balance Sheet

	30-06-2010	31-12-2009
	USD	USD
4. Investments		
<i>4.1 Statement of changes in securities</i>		
Position as at 1 January	20,125,806	12,861,648
Purchases	1,272,355	3,260,102
Sales	-2,000,600	-7,313,713
Unrealised price gains/losses on investments	1,621,483	8,441,183
Unrealised currency gains/losses on investments	313,794	812,733
Realised price gains/losses on investments	-991,322	2,356,285
Realised currency gains/losses on investments	-266,830	-292,432
	<u>20,074,686</u>	<u>20,125,806</u>
 Position as at 30 June	 <u>20,074,686</u>	 <u>20,125,806</u>
 Historical cost	 9,629,590	 11,615,987
The portfolio comprises of shares, mainly listed.		
The total unlisted shares held directly by the Fund amounted to USD 143,730 (31 December 2009 : USD 144,251)		
The portfolio breakdown as at 30 June 2010 is specified on pages 18 to 19 of this report.		
 <i>4.2 Transaction costs</i>		
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 2010 are : USD 14,112 (2009 : USD 31,061)		
 5. Short term receivables		
<i>5.1 Other assets</i>		
Dividend receivable	<u>16,622</u>	<u>-</u>
	<u>16,622</u>	<u>-</u>
 6. Cash at banks		
This includes immediately due demand deposits at banks.		
 7. Current liabilities (due within one year)		
<i>7.1 Other liabilities, accruals and deferred income</i>		
Payable investment advisory fee	76,301	75,990
Payable administration fee	5,104	5,978
Payable auditors fee	18,685	34,147
Other expenses payable	<u>101,945</u>	<u>38,541</u>
	<u>202,035</u>	<u>154,656</u>

8. Shareholders' equity

The authorised share capital of the Fund is EUR 60,000 (31 December 2009: EUR 60,000) and consists of:

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

		30-06-2010	31-12-2009
	number	USD	USD
<i>8.1 Issued capital</i>			
Ordinary shares:			
Position as at 1 January	410,804	5,894	6,978
Sold	12,227	122	274
Purchased	-14,896	-149	-1,186
Revaluation		-868	-172
Position as at 30 June	<u>408,135</u>	<u>4,999</u>	<u>5,894</u>
Priority shares:			
Position as at 1 January	49,995	14,230	695
Sold	-	-	14,230
Revaluation		-1,982	-695
Position as at 30 June	<u>49,995</u>	<u>12,248</u>	<u>14,230</u>
Total issued capital		<u>17,247</u>	<u>20,124</u>

As at 30 June 2010 the issued and subscribed share capital amounts to:

		EUR	EUR
Ordinary shares, par value EUR 0.01 (31 December 2009: EUR 0.01)	4,450,005	44,500	44,500
Priority shares, par value EUR 0.20 (31 December 2009: EUR 0.20)	49,995	9,999	9,999
		<u>54,499</u>	<u>54,499</u>

The Fund became open-ended on 7 April 2000. As at 30 June 2010 a total of 4,041,870 Ordinary Shares have been purchased, meaning that 408,135 Ordinary Shares are still outstanding as at 30 June 2010. Ordinary Shares purchased by the Fund are directly charged against capital and share premium.

		USD	USD
<i>8.2 Share premium</i>			
Position as at 1 January		25,639,923	29,237,910
Received on shares sold		608,542	996,238
Paid on shares purchased		-709,347	-4,595,092
Revaluation of outstanding capital		2,850	867
Position as at 30 June		<u>25,541,968</u>	<u>25,639,923</u>

	30-06-2010	31-12-2009
	USD	USD
<i>8.3 General reserve</i>		
Position as at 1 January	-16,323,605	7,744,537
Transferred from undistributed result	<u>10,763,703</u>	<u>-24,068,142</u>
Position as at 30 June	<u>-5,559,902</u>	<u>-16,323,605</u>

8.4 Undistributed result

Position as at 1 January	10,763,703	-24,068,142
Transferred to/from general reserve	-10,763,703	24,068,142
Total investment result	<u>412,263</u>	<u>10,763,703</u>
Position as at 30 June	<u>412,263</u>	<u>10,763,703</u>

Three years Himalayan Fund N.V.

	30-06-2010	2009	2008
Net Asset Value (USD x 1,000)			
Net Asset Value according to statement of assets and liabilities	20,412	20,100	12,922
Less: value priority shares	<u>12</u>	<u>14</u>	<u>1</u>
	<u>20,400</u>	<u>20,086</u>	<u>12,921</u>
Number of Ordinary Shares outstanding	408,135	410,804	502,049
Per Ordinary Share			
Net Asset Value share (USD)	49.98	48.89	25.74

Notes to the Profit & Loss account

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

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

From December 2007 up to March 6, 2009, the premium and discount is 0%.

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.

		01-01-2010	01-01-2009
		30-06-2010	30-06-2009
		USD	USD
11. Expenses			
<i>11.1 Investment advisory fees</i>			
Advisory fee	1	152,953	110,567
Custody Fee and Charges	2	<u>6,904</u>	<u>9,469</u>
		<u>159,857</u>	<u>120,036</u>

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

11.2 Other expenses

Administration Fees and Charges	3	35,728	67,133
Company Secretarial and Domiciliation Fees	4	19,662	20,864
Bank Expenses	5	14,398	13,652
Regulatory Fees and Charges	6	8,080	10,156
Legal Expenses	7	7,500	7,354
Listing Expenses	8	10,000	29,507
Audit Fees	9	15,597	20,766
Fiscal Advisory Fees	10	9,660	10,025
Advertising and Promotion	11	28,507	28,715
Directors Fees	12	31,208	30,458
Board Expenses	13	40,041	29,658
Depreciation and Amortization	14	-	-
Miscellaneous	15	<u>3,664</u>	<u>-</u>
		<u>224,045</u>	<u>268,288</u>

Expense ratio

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

The expense ratio of the Fund for the reporting period is equal to: 3.75 % (30 June 2009: 5.63%).

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: 19.08 % (2009: 0 %).

* - 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 2009, 31 March 2010, 30 June 2010 in the proportion 0.5 : 1 : 0.5, divided by the weighted number of observations.

Comparison of real cost with cost according to Prospectus*

		According to Prospectus USD	Actual costs USD
Management fee (1)		152,953	152,953
Administration fee (2)	€ 50,000.00	66,360	35,728
Secretarial and Domiciliation fees (3)	€ 29,750.00	39,484	19,662
Costs for the Board (4)		100,000	71,249

*- As per new 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) Until August 1, 2009 the Fund has paid 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. As from August 1, 2009 as lower fee has been renegotiated. Fastnet NL is now paid a fixed fee of EUR 50,000 per year for administration services.

3) Until August 1, 2009 the Fund also has been paying to Fastnet NL a fixed monthly domicile fee (exclusive VAT) equal to EUR 25,000 per year. As from August 1, 2009 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 2010 the remuneration of the Directors was USD 31,208 (inclusive VAT) in total so far. Directors fees per person are as follows: Ian McEvatt*: USD 5,000 (2009: USD 10,000); Joe Tabbers (resigned as per 11 June 2009): (2009: USD 11,900); Dwight Makins USD 9,250 (2009: USD 18,500); Robert Meijer USD: 11,008 (2009: USD 22,015). Karin van der Ploeg* (appointed as per 11 June 2009) :USD 5,950 (2009: USD 5,950). Board expenses (exclusive remuneration of the Directors) amount to USD 40,041 in 2010.

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

Employees

The Fund has no employees.

Amsterdam, August 25, 2010

Board of Directors

Ian McEvatt, Chairman

Dwight Makins

Robert Meijer

Karin van der Ploeg

Portfolio breakdown

As per June 30, 2010

<u>India</u>	Market value USD	percentage of total Net Asset Value
Consumer goods		
20,000 Emami	336,742	
150,000 Marico	418,236	
11,250 Nestle India	<u>700,736</u>	
	<u>1,455,714</u>	7.13%
Capital goods		
27,000 Bharat Heavy Electrical	1,429,904	
52,500 Crompton Greaves	291,409	
34,000 Larsen & Toubro	<u>1,324,239</u>	
	<u>3,045,552</u>	14.92%
Financials		
20,000 HDFC Bank	826,353	
7,000 Housing Development Financing Corporation	443,738	
14,000 State Bank of India	693,896	
95,000 Power Finance	613,936	
3 Canbank mutual fund *	<u>143,730</u>	
	<u>2,721,653</u>	13.33%
Metals		
90,000 Jindal Steel & Power	1,210,141	
49,005 Tata Iron & Steel	<u>512,418</u>	
	<u>1,722,559</u>	8.44%
Oil & Gas		
100,000 Cairn India	653,999	
110,000 Indraprastha Gas	611,164	
50,000 Oil & Natural Gas	1,421,896	
86,000 Reliance Industries	2,018,023	
70,000 Tata Chemicals	<u>503,843</u>	
	<u>5,208,925</u>	25.52%
Power		
60,000 Ntpc	257,853	
40,000 Tata Power	<u>1,126,795</u>	
	<u>1,384,648</u>	6.79%
Technology		
32,000 Infosys Technologies	<u>1,922,962</u>	
	<u>1,922,962</u>	9.41%

* Unlisted securities

Telecommunication			
116,690 Bharti Airtel	<u>660,268</u>		
	<u>660,268</u>		3.24%
Health care			
170,000 Fdc	<u>337,108</u>		
	<u>337,108</u>		1.65%
Other industry			
70,000 Jain Irrigation Systems	<u>1,615,297</u>		
	<u>1,615,297</u>		7.92%
<u>Total India</u>	<u>20,074,686</u>		98.35%
Total Investments	20,074,686		98.35%
Other net assets	<u>336,890</u>		<u>1.65%</u>
Total Net Asset Value	<u>20,411,576</u>		<u>100.00%</u>

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 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.