

HERALD INVESTMENT TRUST plc

Interim Management Statement - 3 months to 31 March 2011

Herald's objective is to achieve capital appreciation through investments in smaller quoted companies, in the areas of telecommunications, multimedia and technology (TMT). Investments may be made across the world. The business activities of investee companies will include information technology, broadcasting, printing and publishing and the supply of equipment and services to these companies.

Review of the Period

- Over the period, the Company's net asset value total return was 3.8% compared to a benchmark total return of 3.9%, while the share price total return was 7.5%.
- In the three months to 31 March 2011, the Company made net acquisitions totalling £12.8 million.
- At the end of March 2011, £50 million had been drawn under the £50 million multi-currency facility. The fair value of the liabilities in respect of the related interest rate swap contract at 31 March 2011 was a liability of £6.9 million which was based on the marked to market value.

Geographic Analysis of Total Assets

Name	% of total assets at 31/03/11	% of total assets at 31/12/10
UK	62.2	62.0
Americas	22.8	22.7
Asia Pacific	6.2	5.5
Continental Europe	3.9	2.3
Emerging Markets	0.4	0.4
Net Liquid Assets	4.5	7.1
Total	100.0	100.0

Top Ten Equity Holdings

Name	% of total assets at 31/03/11
Imagination Technologies Group	4.3
SDL	3.9
Telecom Plus	2.2
Phoenix IT Group	1.9
Group NBT	1.8
IQE	1.8
Euromoney Institutional Investor	1.6
Advent Software	1.6
Kofax	1.5
StatPro Group	1.5
Total	22.1

Performance

	%			
	3 Months	1 Year	3 Years	5 Years
Capital				
Share Price [†]	7.5	40.3	87.4	33.2
NAV [†]	3.8	35.2	77.2	44.0
Comparative Index*	3.7	25.3	41.5	19.4
Total Return				
Share Price [†]	7.5	40.4	92.6	37.4
NAV [†]	3.8	35.3	80.7	47.3
Comparative Index*	3.9	27.0	49.1	28.9

[†] Source: Thomson Reuters Datastream

* Source: HSBC. The comparative index was changed on 1 January 2006 from 2/3 Hoare Govett Smaller Companies Index (extended capital gains ex. Investment companies) and 1/3 Russell 2000 (small cap) Technology Index (in sterling terms) to 2/3 Hoare Govett Smaller Companies Index plus AIM (capital gains ex. Investment companies) and 1/3 Russell 2000 (small cap) Technology Index (in sterling terms).

Past performance is not a guide to future performance

General Information

	31/03/11	31/12/10
Equities:		
UK	£326.1m	£310.3m
Overseas	£174.0m	£164.9m
	£500.1m	£475.2m
Government bonds	£17.7m	£14.7m
Corporate bonds	£7.1m	£5.5m
Net liquid assets	£24.7m	£38.1m
Bank loans	(£50.0m)	(£50.0m)
Derivative financial instruments	(£6.9m)	(£8.9m)
Shareholders' funds	£492.7m	£474.6m
Net asset value per ordinary share (including current year income)	616.6p	593.9p
Net asset value per ordinary share (excluding current year income)	617.4p	593.8p
Share price	519.0p	483.0p
Discount	15.8%	18.7%
Actual gearing ratio [*]	105	101
Potential gearing ratio [†]	112	112
Net (borrowings)/(swap)/cash as a % of shareholders' funds	(6.6%)	(4.1%)

Unless stated otherwise, the above figures have been calculated using the AIC cum income basis (includes current financial year retained income). For the current period, expenses to date exceed income earned, resulting in a lower cum income than ex income NAV.

^{*} Total assets (including all debt used for investment purposes) less all cash and fixed interest securities (excluding convertibles and corporate bonds) divided by shareholders' funds.

[†] Total assets (including all debt used for investment purposes) divided by shareholders' funds.

The Company's Net Asset Value is calculated daily and can be viewed on the London Stock Exchange website at www.londonstockexchange.com

The Share Price is published daily in the Financial Times.

The interim management statement is available on the Company's website www.heralduk.com

For further information contact: Katie Potts on 020 7553 6300