

HERALD INVESTMENT FUND PLC
– The Herald Worldwide Fund

INTERIM REPORT &
UNAUDITED FINANCIAL STATEMENTS

for six months ended 30 June 2011

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Fund

INTERIM UNAUDITED REPORT for the six months ended 30 June 2011

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HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

ORGANISATION

REGISTERED OFFICE OF THE COMPANY

Chartered Corporate Services
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14
Ireland

INVESTMENT MANAGER

Herald Investment Management Limited
10-11 Charterhouse Square
London EC1M 6EE
England
www.heralduk.com

ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

up to 31 May 2011:
Bank of Ireland Securities Services Limited
effective 1 June 2011:
Northern Trust Securities Services (Ireland) Limited
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1
Ireland

PRIME BROKER

Merrill Lynch
Global Markets Financing & Services
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
England

SPONSORING BROKER

NCB Stockbrokers Limited
3 George's Dock
International Financial Services Centre
Dublin 1
Ireland

LEGAL ADVISOR

In Ireland
Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

In England
MacFarlanes
20 Cursitor Street
London EC4A 1LT
England

DIRECTORS OF THE COMPANY

Alan Jeffers, Chairman (Irish) *
William Backhouse LVO (British) *
David Boyle DL (British)
Adrian Waters (Irish) *

* Independent Directors

SECRETARY

Chartered Corporate Services
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14
Ireland

CUSTODIAN

up to 31 May 2011:
The Governor and Company of the Bank of Ireland
Head Office:
40 Mespil Road
Dublin 4
Ireland

effective 1 June 2011:
Northern Trust Fiduciary Services (Ireland) Limited
Registered Office
George's Court
54-62 Townsend Street
Dublin 2
Ireland

Place of Business:
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1
Ireland

INDEPENDENT AUDITORS

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Registered No: 280256

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Fund
BACKGROUND TO THE COMPANY

DESCRIPTION

Herald Investment Fund PLC ("the Company"), is an open-ended investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Acts, 1963 to 2009, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) (the "Regulations"). It was incorporated on 12 February 1998 and is listed on the Irish Stock Exchange.

The Company is organised in the form of an umbrella fund with segregated liability. The Articles of Association provide that the Company may offer separate classes of shares, each representing interests in a fund comprising a distinct portfolio of investments. The Company has obtained the approval of the Central Bank of Ireland for the establishment of the Herald Worldwide Fund (the "Fund") and this Fund was launched on 3 April 1998.

INVESTMENT OBJECTIVE AND POLICY

The objective of the Fund is to seek to achieve capital growth by investing principally in securities of issuers in the technology, communications and multi-media sectors which in the view of the Investment Manager offer potential growth in excess of the average.

MEETING INVESTMENT OBJECTIVE

In pursuing its investment objective, the Fund may hold a number of financial instruments which comprise:

- Equity shares, convertible shares, debt securities, ARIN's, depository receipts and Investment Companies held in accordance with the Fund's investment objective and policies;
- Cash, liquid resources and short term debtors and creditors that arise directly from its operations; and,
- Contracts for differences. These are held in accordance with the Fund's investment objectives and policies.

PRICES

The price for buying and selling redeemable participating shares in the Fund is represented by the net asset value per redeemable participating share. An initial charge of up to 3.5% of the net asset value per share may be payable directly to the Investment Manager.

A repurchase charge of 3% of the repurchase monies will be payable in respect of repurchases made within one year of subscription for redeemable participating shares and 1% in respect of repurchases made within two years of subscription.

DEALING

Subscriptions and repurchases of redeemable participating shares may be made on a dealing day. Unless otherwise determined by the Directors, every Thursday which is a business day, or the next succeeding business day if the foregoing is not a business day, shall be a dealing day.

The Administrator shall determine the net asset value per redeemable participating share of the Fund on each dealing day in accordance with the Articles and by reference to the last quoted trade prices as of close of business on the relevant market on the business day preceding the dealing day.

Applications for redeemable participating shares and repurchase orders must be received by the Administrator by 5:00pm (Irish time) on the business day preceding any dealing day. Applications received after 5:00pm (Irish time) will be dealt with on the next succeeding dealing day.

Applications should be made to the Administrator:

Northern Trust Securities Services (Ireland) Limited
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1
Ireland.
Tel +353 (0)1 673 7238
Fax +353 (0)1 607 1979
www.boiss.com

DIVIDENDS

The Fund may declare a distribution in April of each year in an amount not less than 85 per cent of the Fund's net income, where sufficient net income is available for distribution. No distribution was declared in April 2011.

HERALD INVESTMENT FUND PLC
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BACKGROUND TO THE COMPANY *continued*

MINIMUM SUBSCRIPTION

The minimum initial investment requirement of the Fund is GBP10,000 and each subsequent investment must be a minimum of GBP5,000.

INVESTMENT MANAGEMENT

Herald Investment Management Limited serves as Investment Manager pursuant to an investment management agreement dated 23 March 1998 (as amended by an addendum dated 29 June 2006).

NET ASSET VALUE

The net asset value per share of a class shall be calculated by dividing the net asset value of the relevant fund attributable to the class by the number of shares in issue in that class as at the close of business on the dealing day immediately preceding the dealing day on which the net asset value per share is being calculated.

PUBLISHED INFORMATION

Except where the determination of the net asset value has been suspended, the net asset value per share shall be made available at the registered office of the Administrator on each dealing day and shall be available on the business day immediately succeeding each dealing day and shall be notified immediately to the Irish Stock Exchange.

In addition, the net asset value shall also be available in respect of each dealing day on the Investment Manager's website, www.heralduk.com, on the business day immediately succeeding the relevant dealing day. Such information shall relate to the net asset value per share for the previous dealing day and is available for information only. It is not an invitation to subscribe for, repurchase or convert shares at that net asset value.

The above details are in summary form only and must be read in conjunction with the detailed information contained in the prospectus of the Company.

HERALD INVESTMENT FUND PLC

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2011

The defined remit for the Fund is to invest globally in information technology, communications and multimedia. The Investment Manager believes this area of the economy offers growth greater than the world economy as a whole and presents attractive investment opportunities. In addition, the Investment Manager offers focused specialist management. The Fund was launched in April 1998 with an initial asset value per Class A share of £10.00. At the end of the period the net asset value per Class A share was £20.33. On the 9th June 2010, a Class B share was launched with an initial net asset value per share of £10.00. At the end of the period the net asset value per Class B share was £12.39.

Capital performance* for the six months to 30 June 2011

Herald Worldwide Fund NAV (Class A)	0.4%
Herald Worldwide Fund NAV (Class B)	-0.2%

Global

MSCI World Information Technology	-2.4%
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United States

Russell 1000 (Large Cap) Technology	-2.1%
Russell 2000 (Small Cap) Technology	4.4%
S&P 500	2.0%
Russell 2000 Small Cap	2.6%

United Kingdom

FTSE Information Technology	11.2%
FTSE Techmark Focus 100	7.9%
FTSE 100	0.8%
FTSE Small Cap	1.4%

Europe

FTSE Eurotop 300	7.2%
Deutsch Bourse Technology All Share	7.1%
DAX	12.4%
CAC 40	10.3%

Asia Pacific

KOSDAQ	-4.0%
Nikkei 225	-6.1%
Hang Seng	-5.6%

*All returns are GBP adjusted.

Source: Herald Investment Management Limited, Bloomberg.

Market Summary

The rally in equity markets that began last summer following Ben Bernanke's promises of an extended policy of quantitative easing continued through the year end and into the start of this year. This easing combined with the adoption of loose fiscal policies around the world, has provided a background for robust, cash generative profits across a range of sectors, and the technology sector in particular, which drove the market overall. However since mid February, equity markets have drifted back lower as investors' confidence in the pace of this recovery has been undermined by a series of new economic figures, including weak US industrial production numbers and lower than expected consumer confidence surveys, that suggest that growth will be insufficient for many Governments to bring burgeoning fiscal deficits under control, without expenditure cuts.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2011 *continued*

Market Summary *continued*

Beyond the concern that the global economic recovery is entering a “soft patch”, investors have also been focused on the threat of Sovereign defaults triggering another banking crisis, and in extremis a potential deflationary depression. While fringe countries such as Greece has in itself little potential effect on the portfolio, the secondary effects of more significant countries proactively attempting to reduce deficits is potentially more damaging. It seems that France and Italy are following the PIGS (Portugal, Italy, Greece, Spain) and the UK into higher taxes and spending cuts. Meanwhile the US, which appears to have less daunting challenges, has had its credit rating cut. Furthermore the Chinese economy increasingly appears to have grown on the back of a debt driven bubble and seems an additional risk rather than a saviour. It is inconceivable that this background will not be a drag on economic activity, and corporate profitability, and it will require creative central bank leadership to avoid worse. The technology sector which is core to this portfolio has a number of characteristics, which imply relative resilience in this environment: 1) in a deleveraging world the technology companies are generally cash rich, and corporates and consumers alike use debt to purchase goods and services in the sector in a marginal way compared to houses and cars (2) there are a number of areas where structural growth more than offsets cyclical headwinds, and (3) there is also a growing base of non-discretionary recurring expenditure for the consumer and the enterprise alike, with utility like characteristics (internet service both fixed and mobile, pay TV and films, social media, maintenance etc (4) technology is disruptive and, for example, the internet is giving additional challenges to a number of traditional businesses such as retail and insurance (5) stock market valuations are apprehensive and undemanding, particularly relative to bonds.

Investors’ economic worries were compounded by the shocking news of the Japanese earthquake, tsunami, and the subsequent possible threat of a nuclear catastrophe in the world’s third largest economy. From the perspective of the technology sector, Japan represents a significant proportion of the global supply chain and is the main source of many critical components and raw materials. For example 50%, of the world’s supply of bismaleimide triazine (BT) resin, which is used in the printed circuit boards of smartphones, was produced at a single Mitsubishi Gas & Chemical plant that suffered considerable damage.

However, most companies appear to have had sufficient buffer inventories on hand, which gave them sufficient breathing space in which to either source alternative supplies of affected components or redesign products to use components from alternative suppliers. Anecdotally we have heard of new semiconductors going from design to production in a matter of a few weeks instead of the more normal period of many months. This rapid response has allowed the technology sector to avoid the shortages that have disrupted production in the auto industry where factories have been placed on short time production.

Results released by all companies for the first quarter were generally better than expected with over two thirds of companies in the S&P 500 beating analysts’ forecasts. A key feature of this recovery has been that companies are benefiting not just from sales growth, but also exceptional operating leverage as businesses which had been very aggressive in restructuring through the downturn now reap the benefits with record levels of profitability. Corporate balance sheets are also in great shape, leaving managers with prodigious levels of free cash flow to either reinvest back into their business or return to shareholders.

The technology sector has been one of the big beneficiaries of this largesse with strong corporate IT demand across the board and the consumer is driving demand in fashionable areas such as smart-phones and social media. In fact companies in the S&P 500 technology sector reported the highest revenue growth rate in the first quarter, up 15% year on year, of any sector in the index after the Oil & Gas sector (which has benefited from the rise in energy prices) and almost double the index average. Technology industry analysts from Gartner recently revised their forecasts for global technology spending growth in 2011 upwards from 5.6% last quarter to 7.1% now.

Given the strong performance of the sector over the last two years and with the valuations of many private technology companies, such as Facebook and Zynga, reaching stratospheric levels that appear reminiscent of the dotcom bubble, some commentators have begun to question whether we are in a second technology bubble. It is however worth noting that there are significant differences today compared with 2000. Firstly whilst there will always be some companies which achieve disturbingly high valuations, in general the valuations of public technology companies remain low by almost any historical standard while the valuations of Facebook et al. ‘created’ by the private company share exchanges, such as Second Market, should be looked at with a high degree of scepticism given the lack of liquidity and company financial statements.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2011 *continued*

Market Summary *continued*

Secondly the exuberant IPO market, which was one of the key hallmarks of the dotcom bubble, is in the doldrums. So far this year, according to Bloomberg, there were only seven American technology company listings (and one in the UK), whereas during the dotcom bubble that many listings would get completed every day. Thirdly, without a frothy IPO market to provide almost instant returns, there has not been a rush of venture capital money being thrown at the sector. This overcapitalization of the sector was a key reason why sector returns were so depressed for so long post the bubble.

Against this backdrop the Fund rose by 0.2% (in sterling terms) compared to a fall of 2.5% in the MSCI World Information Technology Index. Returns would have been higher but for the strength of sterling against the US dollar which reduced the value of our US dollar denominated assets. In part, this outperformance was down to the Fund benefiting from its relatively high exposure to mid and smaller cap companies which outperformed the larger company indices (the smaller company Russell 2000 Technology Index outperformed the larger company Russell Technology 1000 Index by 648 basis points). The Fund also benefited from its relatively high exposure to the UK technology sector.

United States

Technology spending during the first half of the year has been even healthier than many anticipated at the beginning of the year. Industry innovation continues to drive spending as new trends such as virtualisation (one computer more efficiently taking over the work loads of many) enter the mainstream. PC shipments in the second quarter rose by a better than expected 22% over the previous year as ageing systems are being replaced, new lower cost machines are being introduced and penetration rates are rising in parts of the world where few people currently own a computer. Combined with the success of new smartphone handsets and tablets driving growth in the mobile market, this has caused the semiconductor sector to rebound sharply and factories have struggled to keep up with demand given the underinvestment in new capacity last year.

The US portion of the portfolio fell by 1.5% (in sterling terms). Within the US portion of the portfolio, the largest positive contributors by value were Pegasystems (shares up 27% in US dollars) and Checkpoint Software (up 23%).

Pegasystems is a leader in the rapidly growing market for business process management software which enables its customers to model and automate their business workflows. Shares in the company have appreciated this year after strong results and a growing awareness amongst investors of the potential size of the market it addresses following positive comments from a high profile competitor. Checkpoint Software is a leader in the internet security market with the company's firewall appliances being widely deployed by corporations and governments around the world. Internet security continues to be a major headache for network managers with numerous examples of hacking and other forms of attack regularly making the headlines to remind them of the potential threats, both financial and reputational, that they face daily. Checkpoint has recently introduced a strategy of modular products which is enabling the company to gain share in what is already a healthy growth market.

The largest negative contributor to performance was Research in Motion (down 50% in US dollars). The shares were a strong contributor to performance last year as demonstrations of its new products, such as its Playbook tablet, gave investors increased confidence in the company's ability to introduce innovative and exciting products. However this year, despite growing internationally, the company has lost share in the important North American market as it has been slow to actually bring these products to the market. Apple continues to gain share with thought leadership, albeit at premium prices. Market soundings suggest that the next move is to target a larger market share with a more modestly priced product.

Purchases in the Fund included Mindspeed and Amdocs. Mindspeed is a semiconductor company that has recently introduced a new product line that addresses some of the fastest growing segments of the communications chip market including network processors which process and control packets of data as they travel between destinations. Increasing volumes of data traffic require ever more powerful processors and Mindspeed is well placed to benefit with this product cycle.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2011 *continued*

Market Summary *continued*

United States *continued*

Amdocs is the leading supplier of customer service and billing solutions to wireless carriers and cable TV operators globally, with the large majority of its revenues being recurring in nature. The company's margins have recently been depressed by issues at a large US customer and by upfront investment in the Far East required to support a very large, new mobile customer. However this year the company should see its margins expand and revenue growth accelerate as it reaps the benefits from its earlier investment phase. Longer-term, the wireless and cable TV industries are going through considerable upheavals, driven by new technology-enabled services, which will require them to make substantial investments in upgrading their back end support systems and Amdocs is well placed to benefit.

Sales in the Fund included FLIR Systems and Analog Devices. Following the appreciation in FLIR's share price, we felt that other investors appeared to be taking too much for granted, assuming that the company can have as much success with the new businesses that it has acquired as it has done in its traditional defence infrared sensing market. These new markets have different customers and have different technologies to the company's core infrared technology business and we are concerned that there is significant risk that its acquisition strategy does not deliver the value anticipated by other shareholders. We also sold the Fund's holding in the semiconductor maker Analog Devices, again after a strong run in the shares. David Zinsner, who joined as CFO at the beginning of 2009, has done a fantastic job in improving the company's margins but there remains little room for further improvement from their current record levels. At the same time revenue growth is getting tougher as the company now dominates its data convertor market making further share gains more difficult.

Europe

The Europe (ex UK) portion of the portfolio rose by 20.3% (in sterling terms) and the UK portion of the portfolio rose by 10.3% during the first half of the year. ARM Holdings was the largest UK contributor to performance, rising by 39% in the first half of the year, as sales of the company's embedded processors continue to grow rapidly driven by the growth of smartphone penetration.

Further future growth is expected to come from ARM's technology being applied to the large server computer processor market as several customers have begun to use ARM's technology to develop processors that would compete with those from Intel, the industry leader, as well as smartphones increasing market share further. Infineon was the largest contributor to Europe (ex UK) performance with the shares rising by 17% (in sterling terms) in the first half of the year. Following the disposal of the semiconductor maker's volatile wireless and memory divisions, the shares have been re-rated as investors have instead focused on the company's more stable core business and its new growth opportunities, including semiconductors which use the Near Field Communications (NFC) standard. NFC is a short range wireless standard that has been around for some time but is now about to become almost ubiquitous as manufacturers such as Apple start to embed the technology in new smartphones. Once embedded, smartphones can easily be used for a wide variety of new applications including mobile wallets for making payments, tickets for travel or events, and reading information from an object such as an advertisement that has a smart tag embedded.

Asia

The Asian portion of the Fund fell by 13.4% (in sterling) as shares in Samsung Electronics, our largest Asian holding drifted lower on fears of weakening global consumer spending. The Fund continues to have a very limited exposure to the Asian markets given the paucity of sizeable businesses with significant intellectual property that are available for us to invest in. Whilst it is true that Asia contains many of the world's fastest growing economies, we believe that the Fund gets significant exposure to this growth through its holdings in companies listed elsewhere which are major exporters to the region.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2011 *continued*

Outlook

We continue to be in two minds when we consider the outlook. There are unprecedented macroeconomic and political uncertainties, offset by reasonably valued equities, particularly versus bonds. In general corporate statements have been heartening. On balance we continue to favour the technology sector as a defensive play in these uncertain times. Weakness in consumer spending will not be helpful to volume sensitive manufacturers in the Far East, where we have modest exposure. It is evident that the development of the internet is continuing to open up new markets, and a number of companies in the sector have a market position where they can make attractive margins, and hence strong cash flow. Pricing power is key and more available in the TMT space targeted by the Fund than elsewhere in the market.

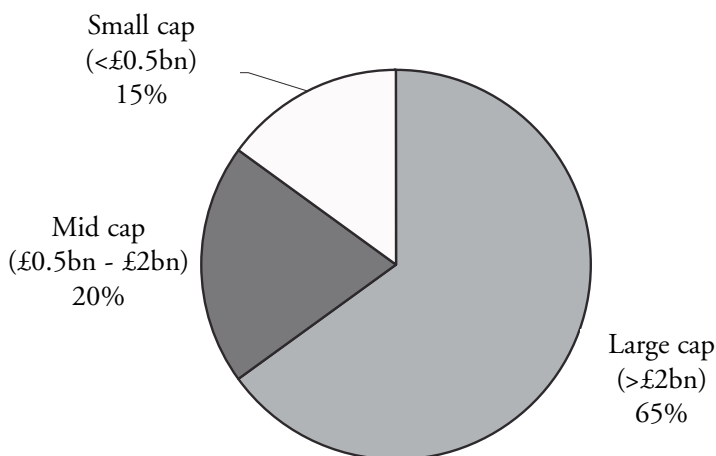
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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2011 *continued*

Portfolio Weightings

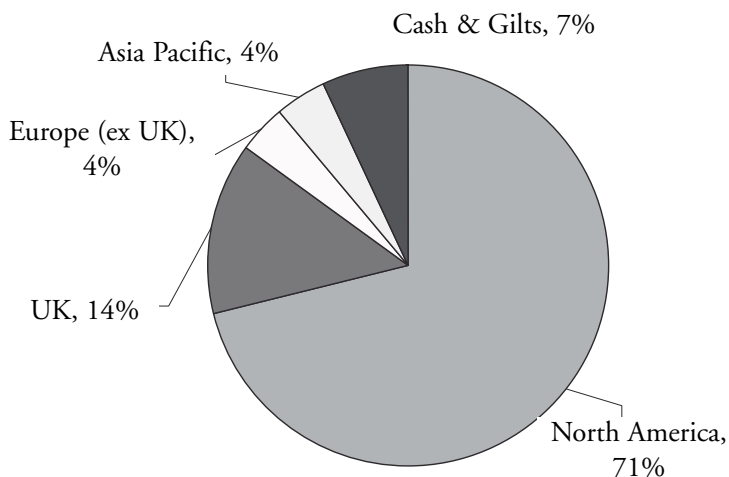
BREAKDOWN BY MARKET CAP

	30/06/11	31/12/10
Large cap (>£2bn)	65%	70%
Mid cap (£0.5bn - £2bn)	20%	16%
Small cap (<£0.5bn)	15%	14%
	<u>100%</u>	<u>100%</u>



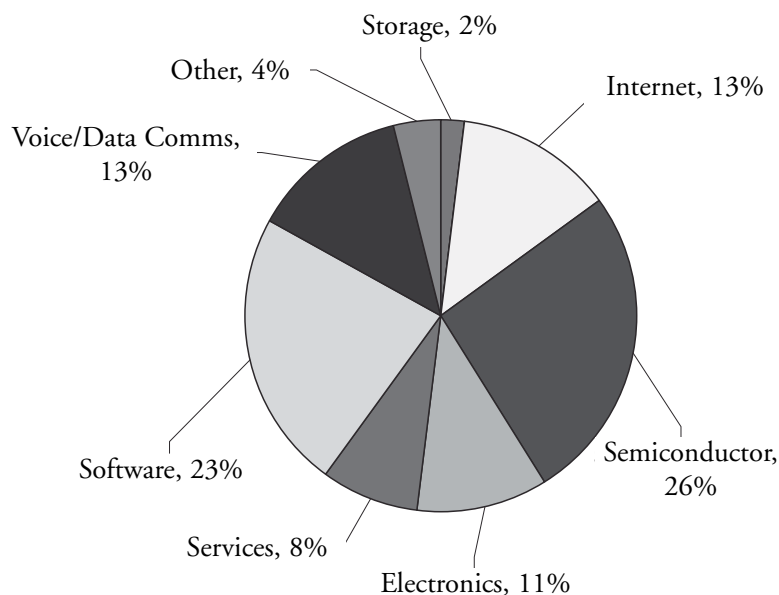
GEOGRAPHIC BREAKDOWN

	30/06/11	31/12/10
North America	71%	70%
UK	14%	15%
Europe (ex UK)	4%	4%
Asia Pacific	4%	4%
Cash & Gilts	7%	7%
	<u>100%</u>	<u>100%</u>



SECTOR BREAKDOWN

	30/06/11	31/12/10
Distribution	0%	2%
Storage	2%	1%
Media	0%	0%
Internet	13%	13%
Semiconductor	26%	29%
Electronics	11%	14%
Services	8%	5%
Software	23%	18%
Voice/Data Comms	13%	14%
Other	4%	4%
	<u>100%</u>	<u>100%</u>



Source: Herald Investment Management Limited.
Date: July 2011

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PROFIT AND LOSS ACCOUNT for the six months ended 30 June 2011

	Six months ended 30 June 2011 GBP	Six months ended 30 June 2010 GBP	Year ended 31 December 2010 GBP
Income			
Operating income	54,593	71,864	154,910
Net gains on financial assets and liabilities at fair value through profit or loss	90,528	869,345	4,195,015
Total investment income	<u>145,121</u>	<u>941,209</u>	<u>4,349,925</u>
Operating expenses	(139,090)	(102,705)	(228,642)
Net income	<u>6,031</u>	<u>838,504</u>	<u>4,121,283</u>
Profit for the period before tax	6,031	838,504	4,121,283
Non-reclaimable withholding tax	(2,760)	(11,223)	(25,276)
Profit for the period after tax	<u>3,271</u>	<u>827,281</u>	<u>4,096,007</u>
Increase in net assets attributable to holders of redeemable participating shares at bid prices	3,271	827,281	4,096,007
Adjustment from bid to last traded prices	6,466	4,787	3,745
Increase in net assets attributable to holders of redeemable participating shares from operations at last traded prices	<u>9,737</u>	<u>832,068</u>	<u>4,099,752</u>

There are no recognised gains or losses arising in the period other than the increase in net assets attributable to holders of redeemable participating shares of the Company. In arriving at the results of the financial period, all amounts above relate to continuing operations.

The accompanying notes form an integral part of the Financial Statements.

HERALD INVESTMENT FUND PLC
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BALANCE SHEET as at 30 June 2011

	As at 30 June 2011 GBP	As at 30 June 2010 GBP	As at 31 December 2010 GBP
ASSETS			
Cash and bank balances	915,332	793,618	161,806
Debtors	24,399	39,121	95,335
Financial assets at fair value through profit or loss	15,972,209	11,413,937	16,142,852
TOTAL ASSETS	<u>16,911,940</u>	<u>12,246,676</u>	<u>16,399,993</u>
LIABILITIES			
Creditors - amounts falling due within one year	(264,192)	(231,019)	(92,719)
Net assets attributable to holders of redeemable participating shares at bid prices	<u>16,647,748</u>	<u>12,015,657</u>	<u>16,307,274</u>
Adjustment from bid to last traded prices	24,994	19,570	18,528
Net assets attributable to holders of redeemable participating shares at last traded prices	<u><u>16,672,742</u></u>	<u><u>12,035,227</u></u>	<u><u>16,325,802</u></u>

The accompanying notes form an integral part of the Financial Statements.

HERALD INVESTMENT FUND PLC

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Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

	Six months ended 30 June 2011 GBP	Six months ended 30 June 2010 GBP	Year ended 31 December 2010 GBP
Net assets attributable to holders of redeemable participating shares at beginning of period	16,325,802	10,441,607	10,441,607
Increase in net assets attributable to holders of redeemable participating shares resulting from operations	9,737	832,068	4,099,752
Amounts received on issue of redeemable participating shares	1,106,196	913,886	2,187,146
Amounts paid on redemption of redeemable participating shares	(768,993)	(152,334)	(402,703)
Increase in net assets resulting from share transactions	337,203	761,552	1,784,443
Net increase in shareholders' funds	346,940	1,593,620	5,884,195
Net assets attributable to holders of redeemable participating shares at end of period	16,672,742	12,035,227	16,325,802

The accompanying notes form an integral part of the Financial Statements.

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NOTES TO THE INTERIM UNAUDITED REPORT for the six months ended 30 June 2011

1. Significant Accounting Policies

a) Basis of preparation

These Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). Accounting standards generally accepted in Ireland in preparing Financial Statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board ("ASB").

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss.

The principal accounting policies and estimation techniques are consistent with those applied to the previous annual Financial Statements.

These Financial Statements comply with the Statement on Half Yearly Financial Reports issued by the Accounting Standards Board in July 2007.

The Company has availed itself of the exemption available to open-ended investment companies under FRS 1 not to prepare a Cash Flow Statement.

b) Foreign Exchange

(i) Functional and presentation currency

The Company's investors are mainly from the UK, with the subscriptions and redemptions of the redeemable shares denominated in GBP. The primary activity of the Company is to invest in global securities and CFD's and to offer UK investors a high return compared to other products available in the UK. The performance of the Company is measured and reported to the investors in GBP. The Board of Directors considers the GBP as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Financial Statements are presented in GBP, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss account. Translation differences on non-monetary financial assets and liabilities, such as equities at fair value through profit and loss, are recognised in the Profit and Loss account within the fair value net gain or loss.

The following exchange rates were used to convert investments, assets and liabilities to the functional currency of the Company:

	As at 30 June 2011	As at 30 June 2010	As at 31 December 2010
Euro	1.1073	1.2214	1.1671
Korean Won	1,714.0590	1,828.1820	1,776.8565
US Dollars	1.6054	1.4961	1.5657
Israeli Shekel	5.4626	5.8071	5.5448

2. Efficient Portfolio Management

The Investment Manager may utilise derivatives and other techniques and instruments (including, but not limited to, options, swaps, futures and forwards) with the intention of providing protection against risks or gaining exposure to certain markets, sectors or securities, or otherwise of increasing the return on the assets of the portfolio. Such derivatives and other techniques and instruments will only be used for efficient portfolio management purposes in accordance with the conditions and limits laid down by the Central Bank of Ireland. The Investment Manager may also, when facilities become available in the relevant markets, lend the portfolio securities and/or purchase securities subject to repurchase agreements.

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NOTES TO THE INTERIM UNAUDITED REPORT for the six months ended 30 June 2011 *continued*

3. Net Asset Value

	As at 30 June 2011 GBP	As at 30 June 2010 GBP	As at 31 December 2010 GBP
Total number of Class A shares in issue at end of period	701,217	706,954	701,768
Net asset value	14,256,417	11,441,090	14,235,210
Net asset value per Class A share	20.33	16.18	20.28
Total number of Class B shares in issue at end of period	195,004	59,841	168,584
Net asset value	2,416,325	594,137	2,090,592
Net asset value per Class B share	12.39	9.93	12.40

4. Taxation

The Company will not be liable for tax in respect of its income and gains, other than on the occurrence of a chargeable event. A chargeable event includes any distribution or any redemption or transfer of shares.

A chargeable event does not include:

- (i) Any transactions in relation to redeemable participating shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- (ii) An exchange of redeemable participating shares representing one sub-fund for another sub-fund of the Company; or
- (iii) An exchange of redeemable participating shares arising on a qualifying amalgamation or reconstruction of the Company with another fund.

A chargeable event will not occur in respect of redeemable participating shareholders who are neither resident nor ordinarily resident in Ireland and who have provided the Company with a relevant declaration to that effect. There were no chargeable events during the period.

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders. A chargeable event includes any distribution payment to shareholders or any encashment, redemption or transfer of shares or an ending of a relevant period.

5. Soft Commission Arrangements

There are no soft commission arrangements affecting the Company during the period.

6. Events during the Period

On 23 February, 2011, Bank of Ireland Group agreed to sell its fund administration and investment operations outsourcing business (operating through Bank of Ireland Securities Services Limited) and its custody business (operating through its business division "BOISS") to Northern Trust. The transaction was subject to the fulfilment of certain conditions.

On 1 June 2011, Northern Trust completed the acquisition, resulting in Bank of Ireland Securities Services Limited becoming a subsidiary of Northern Trust (Ireland) Limited and changing its name to Northern Trust Securities Services (Ireland) Limited. Also effective 1 June 2011, the BOISS custody business transferred from The Governor and Company of the Bank of Ireland to Northern Trust Fiduciary Services (Ireland) Limited.

7. Events after the Balance Sheet Date

There have been no events subsequent to the period end which, in the opinion of the Directors of the Company, may have had an impact on the Financial Statements for the period ended 30 June 2011.

8. Approval of Financial Statements

The Financial Statements were approved by the board on 18 August 2011.

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SCHEDULE OF INVESTMENTS as at 30 June 2011

NOMINAL	SECURITY NAME	VALUE GBP	FUND %
BONDS			
UNITED KINGDOM 2.73% (31 Dec 2010: 7.29%)			
CORPORATE BONDS 0.00% (31 Dec 2010: 1.64%)			
GOVERNMENT BONDS 2.73% (31 Dec 2010: 5.65%)			
450,000	United Kingdom Gilt 3.25% 07/12/2011	455,377	2.73
UNITED KINGDOM - TOTAL		455,377	2.73
TOTAL BONDS		455,377	2.73
EQUITIES			
BERMUDA: 0.00% (31 Dec 2010: 2.26%)			
<i>SEMICONDUCTORS: 0.00% (31 Dec 2010: 2.26%)</i>			
		-	-
FRANCE 1.89% (31 Dec 2010: 0.00%)			
<i>TELECOMMUNICATIONS: 1.89% (31 Dec 2010: 0.00%)</i>			
87,600	Alcatel-Lucent/France ADR NPV	314,835	1.89
FRANCE - TOTAL		314,835	1.89
GERMANY 7.44% (31 Dec 2010: 3.55%)			
<i>INTERNET 1.57% (31 Dec 2010: 1.27%)</i>			
20,000	United Internet AG Com NPV	261,989	1.57
<i>SEMICONDUCTORS 2.61% (31 Dec 2010: 2.28%)</i>			
62,000	Infineon Technologies AG Com NPV	434,162	2.61
<i>SOFTWARE 3.26% (31 Dec 2010: 0.00%)</i>			
14,400	SAP AG ADR NPV	543,818	3.26
GERMANY - TOTAL		1,239,969	7.44
GUERNSEY: 3.01% (31 Dec 2010: 0.00%)			
<i>TELECOMMUNICATIONS: 3.01% (31 Dec 2010: 0.00%)</i>			
26,500	Amdocs Ltd Com GBP0.0001	501,626	3.01
GUERNSEY - TOTAL		501,626	3.01
IRELAND 0.00% (31 Dec 2010: 2.30%)			
<i>COMPUTERS: 0.00% (31 Dec 2010: 2.30%)</i>			
		-	-
ISRAEL: 4.95% (31 Dec 2010: 4.59%)			
<i>SOFTWARE: 2.51% (31 Dec 2010: 2.13%)</i>			
11,800	Check Point Software Technologies Ltd Com ILS0.01	417,845	2.51
<i>TELECOMMUNICATIONS: 2.44% (31 Dec 2010: 2.46%)</i>			
18,000	Nice Systems Ltd ADR NPV	407,325	2.44
ISRAEL - TOTAL		825,170	4.95
REPUBLIC OF SOUTH KOREA: 3.67% (31 Dec 2010: 4.32%)			
<i>ELECTRICAL COMPONENTS & EQUIPMENT: 0.64% (31 Dec 2010: 0.89%)</i>			
2,200	LG Electronics Inc Com KRW5000.00	106,402	0.64

HERALD INVESTMENT FUND PLC
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SCHEDULE OF INVESTMENTS as at 30 June 2011 *continued*

NOMINAL	SECURITY NAME	VALUE GBP	FUND %
REPUBLIC OF SOUTH KOREA: 3.67% (31 Dec 2010: 4.32%) <i>continued</i>			
<i>SEMICONDUCTORS: 3.03% (31 Dec 2010: 3.43%)</i>			
1,050	Samsung Electronics Co Ltd Com KRW5000.00	505,379	3.03
REPUBLIC OF SOUTH KOREA - TOTAL		611,781	3.67
UNITED KINGDOM: 12.98% (31 Dec 2010: 13.57%)			
<i>INVESTMENT FUNDS: 3.95% (31 Dec 2010: 3.70%)</i>			
125,000	Herald Investment Trust Plc Ord GBP0.25	658,125	3.95
<i>COMPUTERS: 1.71% (31 Dec 2010: 2.01%)</i>			
125,000	Phoenix IT Group Ltd Com GBP0.01	285,313	1.71
<i>INTERNET: 2.36% (31 Dec 2010: 2.28%)</i>			
437,500	Ebiquity Plc Com GBP0.25	393,750	2.36
<i>MEDIA: 0.54% (31 Dec 2010: 0.50%)</i>			
340,000	Timeweave Plc Com GBP0.03	90,100	0.54
<i>SEMICONDUCTORS: 4.42% (31 Dec 2010: 3.82%)</i>			
55,000	ARM Holdings Plc Com GBP0.0005	323,125	1.94
109,655	Imagination Technologies Group Plc Com GBP0.10	413,509	2.48
<i>TELECOMMUNICATIONS: 0.00% (31 Dec 2010: 1.27%)</i>			
		-	-
UNITED KINGDOM - TOTAL		2,163,922	12.98
UNITED STATES: 59.18% (31 Dec 2010: 60.99%)			
<i>ADVERTISING: 1.19% (31 Dec 2010: 0.00%)</i>			
36,000	Marchex Inc Class 'B' Com USD0.01	198,673	1.19
<i>COMMERCIAL SERVICES: 1.03% (31 Dec 2010: 1.02%)</i>			
16,450	SAIC Inc Com USD0.0001	172,344	1.03
<i>COMPUTERS: 9.08% (31 Dec 2010: 8.17%)</i>			
2,600	Apple Inc Com NPV	543,418	3.26
79,000	Brocade Communications Systems Inc Com USD0.001	317,880	1.91
50,000	Cadence Design Systems Inc Com USD0.01	328,880	1.98
14,200	Hewlett-Packard Co Com USD0.01	321,953	1.93
<i>ELECTRONICS: 1.51% (31 Dec 2010: 6.41%)</i>			
20,000	Jabil Circuit Inc Com USD0.001	251,394	1.51
<i>INTERNET: 10.36% (31 Dec 2010: 9.35%)</i>			
20,200	Akamai Technologies Inc Com USD0.01	395,960	2.38
4,500	F5 Networks Inc Com NPV	308,997	1.85
1,620	Google Inc Class 'A' Com USD0.001	510,697	3.07
47,100	Support.com Inc Com USD0.0001	140,234	0.85
30,000	Symantec Corp Com USD0.01	368,121	2.21
<i>SEMICONDUCTORS: 12.40% (31 Dec 2010: 12.77%)</i>			
38,000	Intel Corp Com USD0.001	524,040	3.14
28,000	Microchip Technology Inc Com USD0.001	660,998	3.97
38,000	Mindspeed Technologies Inc Com USD0.01	189,118	1.13
60,600	PMC - Sierra Inc Com USD0.001	285,363	1.71
8,800	Volterra Semiconductor Corp Com USD0.001	135,005	0.81
12,000	Xilinx Inc Com USD0.01	272,596	1.64
<i>SOFTWARE: 12.67% (31 Dec 2010: 10.52%)</i>			
48,000	Acxiom Corp Com USD0.10	391,965	2.35

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SCHEDULE OF INVESTMENTS as at 30 June 2011 *continued*

NOMINAL	SECURITY NAME	VALUE GBP	FUND %
UNITED STATES: 59.18% (31 Dec 2010: 60.99%) <i>continued</i>			
<i>SOFTWARE: 12.67% (31 Dec 2010: 10.52%) <i>continued</i></i>			
21,000	Microsoft Corp Com USD0.00000625	339,830	2.04
25,700	Oracle Corp Com USD0.01	526,502	3.16
24,000	Parametric Technology Corp Com USD0.01	342,633	2.06
17,600	Pegasystems Inc Com USD0.01	510,092	3.06
<i>TELECOMMUNICATIONS: 10.94% (31 Dec 2010: 12.76%)</i>			
34,000	Cisco Systems Inc Com USD0.001	330,375	1.98
37,600	Corning Inc Com USD0.50	424,843	2.55
190,000	MRV Communications Inc Com USD0.0017	162,135	0.97
11,300	Qualcomm Inc Com USD0.0001	399,507	2.39
13,800	Research in Motion Ltd NPV	247,901	1.49
40,700	ShoreTel Inc Com USD0.001	258,075	1.55
UNITED STATES - TOTAL		9,859,529	59.14
TOTAL EQUITIES		15,516,832	93.07
TOTAL VALUE OF INVESTMENTS		15,972,209	95.80
CASH*		915,332	5.49
OTHER NET LIABILITIES		(239,793)	(1.44)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT BID PRICES		16,647,748	99.85
Adjustment from bid market prices to last traded prices		24,994	0.15
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT LAST TRADED PRICES		16,672,742	100.00

Analysis of Total Net Assets	%
Transferable securities admitted to an official stock exchange listing or traded on a regulated market.	95.80
Other Net Assets.	4.20
	100.00

*All cash holdings are held with Northern Trust Fiduciary Services (Ireland) Limited.

Percentages in brackets represent the prior year comparative amounts.
The industry groups are based on the Bloomberg Level II classification.

HERALD INVESTMENT FUND PLC

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SCHEDULE OF PORTFOLIO CHANGES for the six months ended 30 June 2011

MAJOR PURCHASES*		VALUE GBP
48,000	Acxiom Corp Com USD0.10	519,675
14,400	SAP AG ADR NPV	474,770
26,500	Amdocs Ltd Com GBP0.0001	471,486
20,200	Akamai Technologies Inc Com USD0.01	411,699
87,600	Alcatel-Lucent ADR Rep 1 EUR2 Ser 'A'	340,438
300,000	United Kingdom Gilt 3.25% 07/12/2011	305,435
38,000	Mindspeed Technologies Inc Com USD0.01	183,825
36,000	Marchex Inc Class 'B' Com USD0.01	180,786
16,000	Cisco Systems Inc Com USD0.001	171,134
8,800	Volterra Semiconductor Corp Com USD0.001	138,225
35,000	Imagination Technologies Group Plc Com GBP0.10	131,723
34,000	Brocade Communications Systems Inc Com USD0.001	125,624
270	Google Inc Class 'A' Com USD0.001	84,139
<hr/>		
MAJOR SALES*		VALUE GBP
750,000	United Kingdom Gilt 3.25% 07/12/2011	760,614
22,000	FLIR Systems Inc Com USD0.01	445,177
12,100	Accenture Plc Class 'A' Com USD0.0000225	409,962
17,000	Arrow Electronics Inc Com USD1.00	374,638
31,200	Marvell Technology Group Ltd Com USD0.002	374,593
13,300	Analog Devices Inc Com USD0.17	320,056
250,000	WPP 2008 Ltd 6% 04/04/2017	266,324
44,000	Telecity Group Plc Com GBP0.002	240,356
29,000	ARM Holdings Plc Com GBP0.0005	171,686
1,500	F5 Networks Inc Com NPV	132,475
4,000	Microchip Technology Inc Com USD0.001	126,412
20,000	ShoreTel Inc Com USD0.001	97,135
10,200	Monotype Imaging Holdings Inc Com USD0.001	86,141

*These are all the purchases and sales in the period.