HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

ANNUAL AUDITED REPORT for year ended 31 December 2001

HERALD INVESTMENT FUND PLC

GENERAL INFORMATION

The following information is derived from and should be read in conjunction with the full text and definitions section of the Prospectus.

Herald Investment Fund plc (the "Fund") was incorporated on 12 February 1998 as an open ended, variable capital investment company under the laws of the Republic of Ireland and is listed on the Irish Stock Exchange. The Fund is organised in the form of an umbrella fund under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 1989 ("UCITS Regulations, 1989").

The Articles of Association provide for separate funds, each representing interests in defined portfolios of assets and liabilities which may be established from time to time with prior approval of the Central Bank of Ireland (the "Bank"). The Fund has obtained approval from the Bank for the establishment of The Herald Worldwide Fund (the "Fund") and this Fund was launched on 3 April 1998.

INVESTMENT OBJECTIVE

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
* Forward exchange contracts. These are held in accordance with the Fund's investment objectives and policies.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

The main risks arising from the Fund's financial instruments are set out below.

Political and/or Regulatory risks

The value of the Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore it should be noted that the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made do not provide the same degree of investor protection or information to investors as would generally apply in major security markets. In particular, the Fund may be exposed to risks of expropriation, nationalism and confiscation of assets and changes in legislation relating to the permitted level of foreign ownership.

Currency risk

The base currency of the Fund is sterling, whereas investments may be acquired in a wide range of currencies, some of which may not be freely convertible currencies. It may not be practical or possible to hedge against the consequent currency risk and in certain instances the Investment Manager may not consider it desirable to hedge against such a risk. The Investment Manager will enter into hedging transactions at its sole discretion and solely for the purposes of efficient portfolio management.

Market risk

Some of the recognised exchanges on which the Fund may invest may prove to be illiquid or highly volatile from time to time and this may affect the price at which the Fund may liquidate positions to meet repurchase requests or other funding requirements. The trading and settlement practices on some of the recognised exchanges on which the Fund may invest, may not be the same as those in more developed markets, which may increase settlement risk and/or result in delays in realising investments made by the Fund. Where the Fund acquires or values securities on the over-the-counter market there is no guarantee that the Fund will be able to realise such securities at that valuation price due to the nature of the over-the-counter market.

GENERAL INFORMATION *continued*

PRICES

The price for buying and selling Shares in the Fund is represented by the Net Asset Value per 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 shares and 1% in respect of repurchases made within two years of subscription.

DEALING

Subscriptions and repurchases of Shares may be made on a dealing day. Unless otherwise determined by the Directors, every Thursday of each month 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 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 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 on the next succeeding dealing day. Applications should be made to the administrator:

Deutsche International Fund Services (Ireland) Limited
Guild House, Guild Street
International Financial Services Centre
Dublin 1
Ireland

Tel: + 353-1-6076300
Fax: + 353-1-6076489

SUBSCRIBER SHARES

As at 31 December 2001, the Fund has issued 7 subscriber shares. The holders of these shares are not entitled to dividends or any surplus of assets over liabilities upon the winding-up of the Fund. They are thus described in the financial statements by way of this note only.

DIVIDENDS

It is proposed that the Fund will pay a distribution in respect of the Fund 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.

MINIMUM SUBSCRIPTION

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

SIGNIFICANT EVENTS DURING THE PERIOD

On 8 February 2001, William Backhouse and connected persons acquired a further 1,191.04 shares in the Herald Worldwide Fund.

HERALD INVESTMENT FUND PLC

DIRECTORS' REPORT for the year ended 31 December 2001

The Directors present herewith their report together with the audited financial statements for the year ended 31 December 2001.

Results and Business Activities
The results of operations for the year are set out in the Statement of Total Return on page 20.

Dividends
No dividend is proposed for the year ended 31 December 2001.

Directors Appointments/Resignations
Mr Justin Egan was appointed to the Board of Directors on 10 August 2001 and Mr Paul McNaughton resigned as Director on the same date.

Alan Jeffers (Irish)
Mr Jeffers (Chairman) is a chartered accountant and former council member of the Institute of Chartered Accountants in Ireland. Mr Jeffers was previously Managing Director of Avenue Investment Company, a venture capital investor in Ireland, and Financial Controller and Assistant Managing Director of Jefferson Smurfit Group plc from 1968 to 1973. He is a Director of Dipcot Holdings Ltd, Banking Automation Limited and several biotechnology companies and companies operating in the International Financial Services Centre.

William Backhouse (British)
Mr Backhouse is a chartered accountant. He joined the corporate finance department of Barings in 1970 and from 1984 until he retired in 1993, he was a director of Baring Asset Management. He is a director of Fleming Worldwide Income Investment Trust plc, of Essex Rivers Healthcare NHS Trust and of Baring Houston & Saunders Group Limited and a member of the Investors' Committees of Lionbrook Property Partnership and BH&S Residential Property Fund. Mr Backhouse is the Non-Executive Chairman and a shareholder of Herald Investment Management Limited.

David Boyle (British)
Mr Boyle worked for Morgan Grenfell from 1965 to 1982 in a number of capacities including corporate finance and, from 1977, asset management. In 1982, he joined the asset management subsidiary of Rowe & Pitman and, following that firm's merger with Mercury Securities in 1986, became a Director of Mercury Asset Management plc. He retired in 1997, and is currently a director of a number of companies including Ramco Energy plc. He is also a member of the Investors' Committee of BH&S Residential Property Fund.

Justin Egan (Irish)
Mr Egan is a chartered accountant and is Head of Market Data Services within Deutsche International (Ireland) Limited (DIIL). He previously held other positions with DIIL including Head of Fund Accounting and Financial Controller. Prior to joining Deutsche International (Ireland) Limited in 1993, Mr Egan worked for KPMG for four years. He is a director of a number of Irish investment companies.

Directors' and Secretary's Interests in Shares and Contracts
The number of shares held by Directors at the year end was as follows :

	2001	2000
William Backhouse and connected persons	9,442.47 Shares	8,251.43 Shares
David Boyle and connected persons	13,540.29 Shares	13,540.29 Shares

None of the other Directors had interests in the Shares of the Fund at 31 December 2001 or at any time during the financial period. None of the Directors has a service contract with the Fund.

Significant events since the year end
There have been no significant events since the year end.

Books of account
The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures, which are carefully implemented by the administrator. The books of account are kept at Guild House, Guild Street, IFSC, Dublin 1.

Auditors
The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

Distributor Status
In respect of the year ended 31 December 2000, the Fund has obtained certification as a Distributing Fund as defined by the United Kingdom Income and Corporation Taxes Act 1988. It is intended that the Fund will apply for distributor status in respect of the year ended 31 December 2001.

On behalf of the Board of Directors

Mr Alan Jeffers
Mr Justin Egan

Date: 27 February 2002

HERALD INVESTMENT FUND PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Irish company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Fund and of the profit or loss of the Fund for that period. In preparing those financial statements, the Directors are required to:

* select suitable accounting policies and then apply them consistently;

* make judgements and estimates that are reasonable and prudent;

* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Fund and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2001 and the UCITS Regulations, 1989. They are also responsible for safeguarding the assets of the Fund and in fulfilment of this responsibility, they have entrusted the assets of the Fund to the custodian for safekeeping in accordance with the Memorandum and Articles of Association of the Fund. The Directors are responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board of Directors

Mr Alan Jeffers
Mr Justin Egan

Date: 27 February 2002

INDEPENDENT AUDITORS' REPORT to the Shareholders of Herald Investment Fund plc

We have audited the financial statements on pages 14 to 17 and 20 to 27 which have been prepared under the historical cost convention, as modified by the inclusion of investments at valuation, and the accounting policies set out on page 22.

Respective responsibilities of the Directors and Auditors in relation to the financial statements
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards generally acceptable in Ireland are set out on page 7 in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001 and the European Communities (Undertakings for Collective Investments in Transferable Securities) Regulations 1989. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the fund's financial statements are in agreement with the books of account. We also report to you our opinion as to:

* whether the fund has kept proper books of account; and

* whether the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, information specified by law or the Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion, the financial statements give a true and fair view of the state of affairs of the Fund at 31 December 2001, and its results for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 1989.

We have obtained all the information and explanations we consider necessary for the purpose of our audit. In our opinion, proper books of account have been kept by the Fund. The financial statements are in agreement with the books and records of the Fund.

In our opinion, the information given in the Directors' Report on pages 5 and 6 is consistent with the financial statements.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
George's Quay
Dublin 2
Ireland

Date: 27 February 2002

HERALD INVESTMENT FUND PLC

CUSTODIAN'S REPORT to the Members of Herald Investment Fund plc

We have enquired into the conduct of Herald Investment Fund plc for the year ended 31 December 2001, in our capacity as custodian to the Fund.

In our opinion, Herald Investment Fund plc has been managed in that period, in all material respects:

a) in accordance with the limitations imposed on investment and borrowing powers of the Fund by the Memorandum and Articles of Association and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 1989; and

b) otherwise in accordance with the provisions of the Memorandum and Articles of Association and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 1989.

Deutsche International Custodial Services (Ireland) Limited
Guild House, Guild Street
International Financial Services Centre
Dublin 1
Ireland

Date : 27 February 2002

HERALD INVESTMENT FUND PLC

INVESTMENT MANAGER'S REPORT for the year ended 31 December 2001

The defined remit for the fund is to invest globally in information technology, communications and multi-media. The Investment Manager believes that this area of the economy offers growth greater than the world economy as a whole, and therefore offers attractive investment opportunities. In addition the Investment Manager offers focused specialist management. The fund was launched in April 1998 with an initial net asset value of GBP13.0m. At the 31 December 2001 the net asset value was GBP23.8m.

Capital performance for the 12 months to 31/12/01

Herald Worldwide Fund NAV	-24.6%
UK	
FTSE 100 Index	-16.2%
FTSE SmallCap Index	-19.0%
FTSE techMARK 100 Index	-42.6%
FTSE Information Technology Index	-66.3%
US	
S&P 500	-10.7%
Russell 2000 Small Cap	+3.7%
NASDAQ Composite Index	-19.0%
Russell 1000 Large Cap Technology	-28.2%
Russell 2000 Small Cap Technology	-20.5%
Europe	
FTSE EUROTOP 300 Index	-20.0%
DAX	-21.9%
Neuer Markt Index	-61.2%
CAC 40	-24.0%
Nouveau Marché	-63.7%
NASDAQ Europe All Share Index	-68.0%
Asia Pacific	
Nikkei 225	-31.6%
Hang Seng	-22.5%

All returns £STG adjusted.
Source: Herald Investment Management Limited, Bloomberg.

Market Background

2001 was an eventful year, in terms of world events and the global economy, as well as stock market performance. This is the poorest absolute performance the Fund has seen, with a decline of 24.6%, reflecting the weak performance of global markets, especially those in the Fund's remit of information technology, communications and media: the Russell 1000 Technology was down 28.2%, FTSE techMARK 100 down 42.6% and the Neuer Markt down 61.2% (all £STG adjusted).

The rally at the beginning of the year, stimulated principally by US interest rate cuts, was short-lived with the onslaught of disappointing reported revenue and earnings, especially from technology and communications companies. It was clear that spending on technology in the previous two years had been exuberant (Year 2000, Internet frenzy, broadband communications), and over-capacity existed in many forms: over-powered PCs on the desktop; over buying of software licences to obtain discounts; a glut of fibre and bandwidth capacity in the ground; high penetration of mobile phones; DRAM production. General inventory levels had become extremely high, leading to substantial de-stocking over several quarters. During the year, as economic conditions worsened, demand for advertising space suffered, and media companies experienced similar problems with unwanted inventory. The 'double-whammy' of de-stocking combined with a weak outlook put the markets into free-fall. The alarming signals about the state of the global economy caused purse strings to tighten quickly and absolutely, with finance directors in general vetoing all discretionary capital expenditure unless it had a rapid return on investment: purchases which were not absolutely necessary were pushed out indefinitely. For example, PCs that might normally have been upgraded during the year could be kept for another year. Systems integrators suffered, particularly

the newer 'interactive integrators', as software development projects were either postponed or had their timescales extended: with the collapse of the threat from the dotcoms, the pressure was off to 'e-nable' the enterprise; and with a desire to cut costs, external consultants were the first to be removed.

A significant bounce occurred at the beginning of the second quarter, as further rate cuts were made, investors and companies alike believed that there would be a recovery in spending during the second half of the year. Macro indicators, however, were weakening, including rising unemployment, high oil prices, and collapsing consumer confidence. A synchronised cap-ex recession became a reality with the world's three largest economies (the US, Japan and Germany) shrinking together for the first time since 1974. Rising unemployment in particular directly affected many technology companies: fewer employees mean fewer PCs on the desktop and reduced requirements for software licences, networking, data and voice communications. Revenue and earnings projections were repeatedly cut as visibility deteriorated and company guidance became increasingly vague or at best questionable. For many companies, this kept high multiples intact, as share prices were not falling faster.

Following poor second quarter/first half results and the realisation that a second half recovery was unlikely, the markets were again in free-fall when the tragic events of September 11th occurred. Inevitably, stock prices collapsed, with many indices returning to levels not seen since 1998, some even further back. Dismal as this performance appears, the position would have been worse but for the strong performance of some pharmaceutical, medical and biotechnology stocks with large weightings in the indices, but outside the remit of the Fund.

Communications companies on both sides of the Atlantic suffered significantly, although not entirely for the same reasons. After a long period of demand/supply imbalance for bandwidth, the rush to put fibre in the ground combined with technology advances enabling communications companies to obtain higher bandwidth down existing networks, forced the imbalance the other way, and bandwidth costs collapsed. The incumbent telecom operators with much stronger balance sheets crushed the debt-laden CLECs. Further problems for Europe lay with the mobile operators paying exorbitant amounts of money for 3G licences: high penetration rates, especially of newer technology phones; poor ARPU from over-subsidised pre-pay customers; slow uptake of data services; high debt levels; price cuts and ferocious competition. In general, this led to significant cuts in cap-ex, having a dramatic effect on the telecom equipment companies.

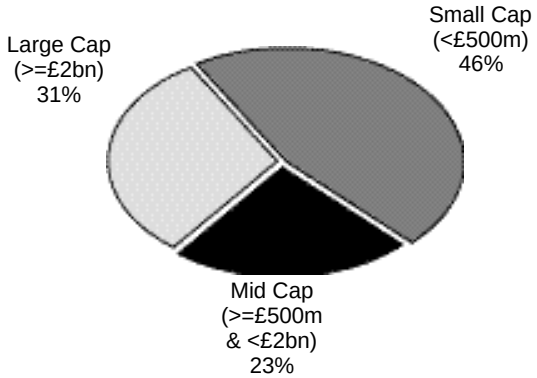
The semiconductor stocks had an interesting year. In general, business fundamentals were not good: an across-the-board inventory correction; weak demand, especially for commICs and PC-related components; general over-capacity. This led to a poor environment both for the semiconductor manufacturers as well as the semiconductor capital equipment companies, as the manufacturers cut their plans for cap-ex. Contract manufacturers experienced similar problems: high inventory; weak demand; over-capacity. This aside, the stock prices performed better than the companies, for technical reasons: in Quarter 1 there was a general call that prices could not get any lower and that it would be the semiconductor companies that would lead a tech recovery. As such, the market discounted the upturn and prices held up relatively well: whilst the Russell 1000 Large Cap Technology was down 28.2%, the Bloomberg US Semiconductor Index was down only 11.2% (both £STG adjusted).

Portfolio Weightings

In a sector where individual stocks have a high degree of volatility, the manager aims to reduce investors' risk by creating a diversified portfolio. As at 31 December 2001, the spread was as follows:

BREAKDOWN BY MARKET CAP 31ST DECEMBER 2001

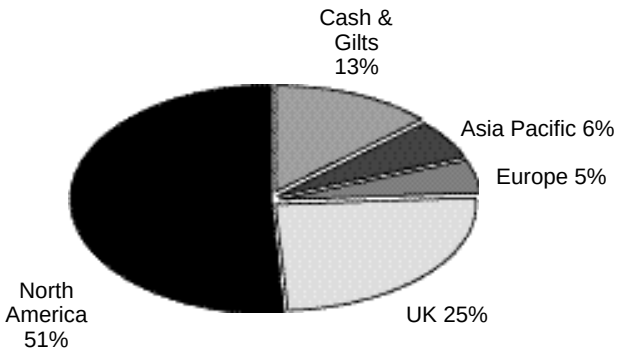
	2000	2001	change
Large Cap	29%	31%	+2%
Mid Cap	30%	23%	-7%
Small Cap	41%	46%	+5%



The shift in the portfolio towards small caps transpired partly from the decline in market caps across the board, but also due to the strong relative performance of the small cap holdings within the portfolio. Whilst the Fund's principle focus is mid and large caps, the investment style is very much stock specific and will therefore invest where the Manager believes the best returns will be found. An investment in the Herald Investment Trust plc, representing 2.79% of the equities and included in the small cap segment, is held in the portfolio to gain exposure to small caps without the same liquidity problems.

GEOGRAPHIC BREAKDOWN 31ST DECEMBER 2001

	2000	2001	change
North America	54%	51%	-3%
UK	24%	25%	+1%
Europe	3%	5%	+2%
Asia Pacific	7%	6%	-1%
Cash & Gilts	10%	13%	+3%
ARIN	2%	0%	-2%

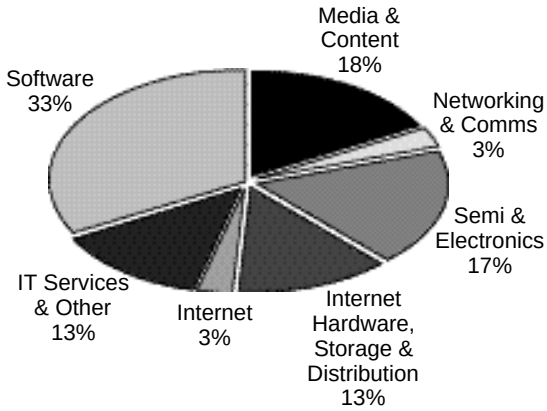


Over the year, net investments were made in all territories except for Asia Pacific. However, cash levels were kept relatively high all year, with most of the investment offset by subscriptions to the Fund. Net of subscriptions, cash levels were reduced in the second and fourth quarters, and increased at the beginning of the third quarter.

The ARIN is an interest bearing debt security that enables profits to be made from declining share prices. Use of the ARIN provided a positive contribution during the year, however it was under-utilised, especially in the first half of the year, and could have been used to better effect. The ARIN exposure was negligible during the fourth quarter and had been completely closed by year-end. After the strong performance of the markets in Quarter 4, we continue to look for opportunities to use the ARIN.

SECTOR SPLIT 31ST DECEMBER 2001

	2000	2001	change
Semiconductor & Electronics	27%	17%	-10%
Networking & Communications	11%	3%	-8%
Media & Content	12%	18%	+6%
IT Services & Other	10%	13%	+3%
Internet Infrastructure & Services	4%	3%	-1%
Hardware, Storage & Distribution	20%	13%	-7%
Software	16%	33%	+17%



The relative reduction of investment in Semiconductor & Electronics stocks partly reflects poor performance of some specific holdings, but also sales of positions, especially in the second half of the year. Communications holdings also were sold down, but not soon enough to avoid much of their poor performance. The shift to software is principally due to the strong relative performance of these holdings as well as some net investment.

Outlook

From the high in early 2000 to the low in late 2001, the NASDAQ Composite fell 69.0%, the techMARK 100 81.2% and the Neuer Markt 91.3%. After such a lengthy period of falling share prices with such an immense absolute decrease, it might appear that businesses involved in technology, communications and media have lost their ability to grow. The last 18 months, however, have been a period of consolidation and the stock markets do not fully reflect the performance of many companies within the Fund's remit. Certainly most companies were unable to repeat the growth experienced in the previous two years, indeed many, especially the larger companies, were unable to sustain the sales levels of 2000. However, 2001 was also a year of 'natural selection', the fall in the indices reflecting the downfall of fragile business models, weak corporate structure, flimsy balance sheets and poor management, as well as the impact of de-stocking and the shift in liquidity away from growth markets and in to cash and value stocks. Nevertheless, strong management with robust business models and significant, growing markets exist and continue to emerge. In the current climate, the emphasis has returned to return on investment, costs and profits, rather than top-line growth at any price, and well run companies that had become a little flabby have taken this as an opportunity to streamline their business and become even stronger: in the long run this can only be good for shareholders.

It is not yet clear if the shake-out is complete, magnified by the weak global economy, however expectations by both investors and management are gradually coming into line. Since the bubble began to burst, stock selection has become increasingly important, and as bottom-up investors we feel more comfortable in today's markets, than those of two years ago. Management are nervous, after the last 12 months, to return to forecasts of reasonable growth, and still state that visibility is poor. No doubt this situation will continue for several quarters.

It should be remembered that despite the top-line performance of PC and mobile handset manufacturers, penetration of both devices did increase during the year, and whilst these markets may have become ex-growth (indeed according to Dataquest, PC sales decreased year-over-year, for the first time since 1985), they facilitate the increased use of current and emerging applications: more PCs means more software, networking equipment, security, communications and services. There is also more silicon in the home than ever, PCs, set-top boxes, PDAs, DVD, digital cameras, etc. and this is likely to increase as each has its own replacement cycle and newer more powerful products emerge: next generation set-top boxes, personal digital video, home networking, convergence of PDAs and mobile handsets, recordable DVD, broadband Internet, next generation games consoles, and more. In the enterprise, software applications continue to evolve to enable these businesses to provide new services and products, and more efficiently interact with their customers and the information they have captured; hardware and software developments enable the corporate data centre to scale in performance whilst reducing costs, especially with respect to storage and networking (SAN, NAS, fibre channel, InfiniBand and iSCSI are still toddlers). As we have stressed before, the Fund's remit is not a homogeneous sector.

Although there is still turbulence in the markets, technology continues to evolve and emerge, as do new end markets. Indeed, much of the cost cutting last year was focused on sales, marketing and administration functions, rather than research and development: companies with strong management refused to sacrifice the future by executing hasty, near-term cost cutting measures.

We are much more comfortable in a less speculative environment, and overall valuations and expectations are at more realistic levels than they have been for a long time. We believe attractive investment opportunities will continue to emerge.

HERALD INVESTMENT FUND PLC

PORTFOLIO OF INVESTMENTS as at 31 December 2001

NOMINAL	SECURITY	CLASSIFICATION	VALUE GBP	FUND%
AUSTRIA 0.37 % (2000:0.87%)				
COMMERCIAL SERVICES AND SUPPLIES				
50,000	Plaut AG	(a)	88,707	0.37
CANADA 1.44 % (2000:0.95%)				
COMPUTERS AND PERIPHERALS				
20,000	Cognos Inc	(a)	343,548	1.44
FRANCE 0.16 % (2000:0.75%)				
BUSINESS AND PUBLIC SERVICES				
12,600	Prologue Software SA	(a)	38,079	0.16
GERMANY NIL (2000:0.18%)				
HONG KONG 1.64 % (2000:1.48%)				
MEDIA				
518,000	I-Cable Communications Limited		216,803	0.91
400,000	SCMP Group Limited		172,702	0.73
IRELAND 1.41 % (2000:NIL)				
COMPUTERS AND PERIPHERALS				
24,000	Iona Technologies plc	(a)	334,753	1.41
ITALY 1.62 % (2000:NIL)				
COMMERCIAL SERVICES AND SUPPLIES				
35,000	Reply SpA		385,415	1.62
JAPAN 1.24 % (2000:1.07%)				
OFFICE ELECTRONICS				
23,000	Ricoh Co Limited		294,215	1.24
MALAYSIA 1.39 % (2000:1.31%)				
MEDIA				
370,000	Star Publications (Malaysia) Berhad		330,489	1.39
NETHERLANDS NIL (2000: 0.19%)				
NORWAY 0.50 % (2000:0.88%)				
TELECOMMUNICATIONS				
80,000	Nera ASA		118,892	0.50
POLAND NIL (2000:0.47%)				
SINGAPORE 0.31 % (2000:0.83%)				
ELECTRONIC EQUIPMENT AND INSTRUMENTS				
15,000	Venture Manufacturing (Singapore) Limited		74,235	0.31
SOUTH KOREA NIL (2000:0.59%)				
TAIWAN 1.02 % (2000:1.33%)				
SEMICONDUCTOR EQUIPMENT AND PRODUCTS				
114,817	Sunplus Technology Co. Limited		243,502	1.02

PORTFOLIO OF INVESTMENTS as at 31 December 2001 *continued*

NOMINAL	SECURITY	CLASSIFICATION	VALUE GBP	FUND%
UNITED KINGDOM 25.71 % (2000:30.66%)				
ARIN NIL (2000:2.73%)				
BONDS NIL (2000:3.82%)				
WARRANTS 1.65% (2000:2.30%)				
INVESTMENT COMPANIES				
185,000	Herald Investment Trust plc - WTS		393,125	1.65
EQUITIES 24.06% (2000:21.81%)				
COMPUTERS AND PERIPHERALS				
85,000	AIT Group plc		709,750	2.98
ELECTRONIC AND ELECTRICAL EQUIPMENT				
75,333	Acal plc		454,635	1.91
138,000	Minorplanet Systems plc	(a)	433,320	1.82
INVESTMENT COMPANIES				
60,000	Herald Investment Trust plc		183,600	0.77
IT HARDWARE				
12,000	IQE plc		21,390	0.09
250,000	Northamber plc		190,000	0.80
200,000	Telemetrix plc		278,000	1.17
190,000	TTP Communications plc		244,150	1.03
MEDIA & PHOTOGRAPHY				
410,000	Aegis Group plc		381,300	1.60
30,000	Daily Mail & General Trust		194,400	0.82
150,000	Taylor Nelson Sofres plc		290,250	1.22
1,200,000	TEAMtalk.Com Group plc		105,000	0.44
SOFTWARE & COMPUTER SERVICES				
290,000	Anite Group plc		494,450	2.08
525,000	Azlan Group plc		700,875	2.94
375,000	Focus Solutions Group plc		384,375	1.61
550,000	Patsystems plc		57,750	0.24
250,000	Riversoft plc		30,000	0.13
270,300	Rolfe & Nolan plc		222,998	0.94
95,200	Sopheon plc	(a)	27,608	0.12
SUPPORT SERVICES				
25,000	PSD Group plc		114,375	0.48
87,117	RDL Group plc		47,043	0.20
TELECOMMUNICATIONS SERVICES				
529,719	PNC Tele.Com plc	(a)	158,916	0.67
UNITED STATES 50.03 % (2000:53.00%)				
BUSINESS AND PUBLIC SERVICES				
87,000	Multex.Com Inc	(a)	268,998	1.13
COMMERCIAL SERVICES AND SUPPLIES				
20,000	NetScout Systems Inc	(a)	108,699	0.46
77,350	Onesource Information Service Inc	(a)	499,581	2.10

PORTFOLIO OF INVESTMENTS as at 31 December 2001 *continued*

NOMINAL	SECURITY	CLASSIFICATION	VALUE GBP	FUND%
UNITED STATES 50.03 % (2000:53.00%) *continued*				
COMMUNICATIONS EQUIPMENT				
10,000	Foundry Networks Inc	(a)	55,998	0.24
40,000	MRV Communications Inc	(a)	116,532	0.49
COMPUTERS AND PERIPHERALS				
50,000	Advanced Digital Information Corp	(a)	551,051	2.32
22,000	EMC Corp		203,161	0.85
9,750	Serena Software Inc	(a)	145,640	0.61
DIVERSIFIED TELECOMMUNICATION SERVICES				
28,000	Lexent Inc	(a)	120,242	0.51
ELECTRICAL EQUIPMENT				
40,000	Asyst Technologies Inc	(a)	350,694	1.47
ELECTRONIC EQUIPMENT AND INSTRUMENTS				
14,500	Arrow Electronics Inc		297,891	1.25
10,000	Black Box Corp	(a)	363,337	1.53
20,000	Flextronics International Limited	(a)	329,669	1.39
10,000	Jabil Circuit Inc		156,108	0.66
INTERNET SOFTWARE AND SERVICES				
102,000	Akamai Technologies Inc	(a)	416,298	1.75
20,000	Keynote Systems Inc	(a)	128,487	0.54
12,000	Verisign Inc	(a)	313,646	1.32
IT CONSULTING AND SERVICES				
10,000	Check Point Software Technologies Limited	(a)	274,083	1.15
35,000	Citrix Systems Inc	(a)	544,936	2.29
8,000	Electronic Data Systems Corp		376,804	1.58
50,000	Sapient Corp	(a)	265,219	1.11
35,000	Wind River Systems Inc	(a)	430,706	1.81
LEISURE EQUIPMENT AND PRODUCTS				
9,000	THQ Inc	(a)	299,732	1.26
MEDIA				
18,000	AOL Time Warner Inc		397,004	1.67
9,258	Clear Channel Communications Inc		323,846	1.36
24,000	Comcast Corp	(a)	593,651	2.49
20,000	Getty Images Inc	(a)	315,789	1.33
20,000	Modem Media Inc	(a)	46,035	0.19
12,000	Viacom Inc		364,024	1.53
PERSONAL PRODUCTS				
30,000	Computer Horizons Corp	(a)	66,167	0.28
SEMICONDUCTOR EQUIPMENT AND PRODUCTS				
14,000	Analog Devices Inc		427,003	1.79
23,000	Credence Systems Corp	(a)	293,466	1.23
12,000	Xilinx Inc	(a)	321,973	1.34

HERALD INVESTMENT FUND PLC

PORTFOLIO OF INVESTMENTS as at 31 December 2001 *continued*

NOMINAL	SECURITY	CLASSIFICATION	VALUE GBP	FUND%
UNITED STATES 50.03 % (2000:53.00%) *continued*				
SOFTWARE				
25,000	BEA Systems Inc	(a)	264,532	1.11
160,000	Chordiant Software Inc	(a)	869,589	3.65
10,500	Microsoft Corp	(a)	478,106	2.01
18,000	Oracle Corp	(a)	170,798	0.72
30,000	RSA Security Inc	(a)	359,901	1.51
TOTAL INVESTMENTS			**20,668,046**	**86.84**
Current assets			3,171,273	13.32
Total assets			**23,839,319**	**100.16**
Current liabilities			(38,248)	(0.16)
NET ASSETS			**23,801,071**	**100.00**

	2001	**2000**	**1999**
Net Asset Value	GBP 23,801,071	GBP 26,561,311	GBP 29,252,526
Number of Shares in issue	2,025,518	1,702,106	1,474,893
Net Asset Value per Share	GBP 11.75	GBP 15.60	GBP 19.83
Average Net Asset Value for the year	GBP24,217,450	GBP 32,965,160	GBP 16,889,318

Classification
(a) Transferable Securities dealt in on another regulated market.
All other Transferable securities are admitted to an official stock exchange listing.

Analysis of Total Assets	**% of Total Assets**
Transferable Securities admitted to official stock exchange listing	41.44
Transferable Securities as described in classification (a) above	45.26
Other assets (cash/debtors)	13.30
	100.00

HERALD INVESTMENT FUND PLC

PORTFOLIO CHANGES since 1 January 2001 (Unaudited)

MAJOR PURCHASES	GBP VALUE
ARIN	761,792
Iona Technologies plc	628,516
AIT Group plc	581,116
Minorplanet Systems plc	556,849
Ariba Inc	553,240
Multex.Com Inc	483,132
Akamai Technologies Inc	480,840
Chordiant Software Inc	463,763
BEA Systems Inc	438,042
Portal Software Inc	413,759
AOL Time Warner Inc	404,470
Electronic Data Systems Corp	382,980
Microsoft Corp	376,327
Sherwood International	375,079
Comcast Corp	362,300
Aegis Group plc	360,537
T-HQ Inc	359,157
Reply SpA	352,683
Viacom Inc	348,928
Verisign Inc	328,827
PNC Tele.Com plc	323,070
Focus Solutions Group plc	308,701
Rolfe & Nolan plc	305,929
TTP Communications plc	296,233
Taylor Nelson Sofres	281,233
Check Point Software Technologies Limited	275,791
Sapient Corp	245,045
PatSystems plc	244,444
Wind River Systems Inc	243,354
Advanced Digital Information Corp	230,737
Orbital Software Holdings plc	203,365
Citrix Systems Inc	193,411
IQE plc	183,408
RSA Security Inc	178,922
Plaut AG	174,790
I-Cable Communications Limited	151,334
Black Box Corp	150,265
Herald Investment Trust plc	149,993
Azlan Group plc	149,690

The above values reflect the aggregate of transactions for the period. In the case of the ARIN's this includes the rollover values of the contracts. The ARIN contracts have had a share exposure to the following securities:

ARC International	254,933
Innovation Group plc	224,882
Mobilcom AG	130,415
Baltimore Technologies plc	114,000
Sopheon plc	37,562

HERALD INVESTMENT FUND PLC

PORTFOLIO CHANGES since 1 January 2001 (Unaudited) *continued*

MAJOR SALES	GBP VALUE
ARIN	2,033,884
UK Treasury 7% Stock	1,026,683
Tech Data Corp	484,199
RSA Security Inc	482,499
Sherwood International	406,955
Novellus Systems Inc	401,181
Action Consumer Supplies Holdings plc	400,000
Chordiant Software Inc	374,085
Portal Software Inc	292,470
Credence Systems Corp	290,747
Asyst Technologies Inc	283,988
True North Communications Inc	278,238
IQE plc	269,190
Ariba Inc	254,942
Anite Group plc	235,110
NOVA Corp	228,011
Datacraft Asia Limited	221,751
Analog Devices Inc	205,548
Texas Instruments Inc	170,251
Microsoft Corp	168,496
Telemetrix plc	163,009
SK Telecom Co. Limited	161,405
Applied Micro Circuits Corp	157,075
Xircom Inc.	155,355
APW Limited	154,755
Universal Scientific Industrial Co. Limited	147,830
IONA Technologies plc	144,572
San Disk Corp	135,521
Citrix Systems Inc	123,576

The above values reflect the aggregate of transactions for the period. In the case of the ARIN's this includes the rollover values of the contracts. The ARIN contracts have had a share exposure to the following securities:

Baltimore Technologies plc	1,056,882
Innovation Group plc	407,897
Arc International	337,097
Mobilcom AG	127,215
NXT plc	69,389
Sopheon plc	35,404

Note: Copies of all portfolio changes are available, free of charge, from the registered office of the Fund.

HERALD INVESTMENT FUND PLC

STATEMENT OF TOTAL RETURN for the year ended 31 December **2001**

	Note	GBP	Year ended 31/12/01 GBP	GBP	Year ended 31/12/00 GBP
Net losses on investments during the year	9		(6,851,854)		(7,600,517)
Other (losses)/gains	10		(194,527)		51,638
Gross income	11	225,009		278,418	
Withholding tax		(3,703)		(5,343)	
Expenses	12	(313,129)		(382,166)	
Net loss for the year			(91,823)		(109,091)
Total Return for the year			(7,138,204)		(7,657,970)
Distribution	8		(353,482)		(286,025)
Net decrease in Shareholders' Funds from investment activities			(7,491,686)		(7,943,995)

On behalf of the Board of Directors

Mr Alan Jeffers
Mr Justin Egan

Date: 27 February 2002

STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 31 December 2001

	GBP	Year ended 31/12/01 GBP	GBP	Year ended 31/12/00 GBP
Net assets at the start of the Year		26,561,311		29,252,526
Movement due to sales and repurchase of Shares				
Amounts received on sale of Shares	13,494,890		6,075,630	
less: Amounts paid on repurchase of Shares	(8,763,444)		(822,850)	
		4,731,446		5,252,780
Net decrease in shareholders' funds from investment activities		(7,491,686)		(7,943,995)
Net assets at the end of the year		23,801,071		26,561,311

On behalf of the Board of Directors

Mr Alan Jeffers
Mr Justin Egan

Date: 27 February 2002

HERALD INVESTMENT FUND PLC

BALANCE SHEET as at 31 December 2001

	Note	31/12/01 GBP	31/12/00 GBP
Portfolio of Investments	1(e)	20,668,046	25,117,473
Net current assets			
Debtors	13	84,227	599,245
Cash and bank balances	14	3,087,046	1,497,637
		3,171,273	2,096,882
Less			
Creditors	15	(38,248)	(653,044)
Net current assets		3,133,025	1,443,838
Net assets		23,801,071	26,561,311
Shareholders' funds		23,801,071	26,561,311
Net Asset Value per Share		11.75	15.60

On behalf of the Board of Directors

Mr Alan Jeffers
Mr Justin Egan

Date: 27 February 2002

1. Significant accounting policies

a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the inclusion of securities at valuation. The financial statements are prepared in accordance with generally accepted accounting standards in Ireland, the UCITS Regulations (1989) and except for the treatment of taking to the Profit and Loss Account (Statement of Total Return) unrealised profits arising on the valuation of marketable investments securities, in accordance with the Companies Acts 1963 to 2001 (see note 2). The financial statements are prepared in GBP (Sterling).

b) Income recognition

Dividends are recognised as income on the dates the securities are first quoted "ex dividend" to the extent that information thereon is reasonably available to the Fund. Bank deposit interest is accounted for on a receipts basis and other income is accounted for on an accruals basis. Income which suffers a deduction of tax at source is shown gross of such withholding tax. Franked investment income (which comprises most of UK source dividend income) is shown net of the notional tax credit.

c) Realised gains and losses on investments

Realised gains and losses on sales of investments are calculated based on the average book cost of the investment in local currency. The foreign exchange gain or loss based on the translation of the original cost of the transferable securities is included in the net gains or losses on investments. The foreign exchange gain or loss arising on the translation of other assets is included in other gains or losses.

d) Unrealised gains and losses on investments

Unrealised gains and losses on investments arising during the year are included in net gains or losses on investments in the Statement of Total Return.

e) Valuation of securities

Equities - Investments in equities are valued at last quoted trade prices at the year end.

Adjustable Rate Index Notes - Investments in adjustable rate index notes are valued using broker quoted closing market prices.

f) Foreign exchange

Foreign currency assets and liabilities, including investments, are translated into GBP at the exchange rate prevailing at the year end.

Foreign exchange gains and losses arising between transaction and settlement dates on purchases or sales of investments are included in other gains/(losses) on investments in the Statement of Total Return.

g) Organisational costs

Organisational costs comprise of the expenses of forming and launching the Fund and are being amortised over a period of five years.

h) Distribution policy

It is proposed that the Fund will declare and pay a distribution in respect of the Fund 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.

2. Basis of presentation of financial statements

The format of the financial statements is based upon the Statement of Recommended Practice - Financial Statements of Authorised Unit Trust Schemes issued by IMRO in January, 1997 as, in the opinion of the Directors, this represents best accounting practice and reflects the nature of the Fund's investment business.

The format and certain workings of the financial statements have been adapted from those contained in the Companies (Amendment) Act 1986 so that, in the opinion of the Directors, they more appropriately reflect the nature of the Fund's investment business. The Profit and Loss Account is referred to as the Statement of Total Return, and the Cashflow Statement is referred to as the Statement of Movements in Shareholders' Funds, throughout the financial statements.

The information required by Financial Reporting Standard no. 3 "Reporting Financial Performance" to be included in a Statement of Total Recognised Gains and Losses and a Reconciliation of Movements in Shareholders' Funds is, in the opinion of the Directors, contained in the Statement of Total Return and the Statement of Movements in Shareholders' Funds on page 20. In arriving at the results for the period, all amounts in the Statement of Total Return on page 20 relate to continuing activities.

Unrealised losses are shown in the Statement of Total Return. This represents a departure from the Companies (Amendment) Act, 1986. In the opinion of the Directors, this treatment is necessary to fairly present the results of operations. The amount of unrealised losses as at the year end is shown in note 9.

In the opinion of the Directors, the financial statements give the information required by the Companies Acts, 1963 to 2001.

3. Significant agreements

Investment Manager

Herald Investment Management Limited has been appointed to act as Investment Manager pursuant to the Investment Management Agreement. For this service, the Fund pays to the Investment Manager an annual fee payable monthly of 0.75% of the Net Asset Value ("NAV") of the Fund, accrued on each Dealing Day.

In addition, the Investment Manager is paid a performance fee annually in respect of each accounting period of the Fund at a rate of 10% per annum of the amount, if any, by which the NAV excluding performance fee at the end of the accounting period exceeds the target net asset value (110% of the opening NAV adjusted to take account of new subscriptions repurchases or distributions) of the Fund over the relevant period. The opening NAV is the previous highest NAV as at the end of an accounting period or the NAV of the Fund as at the close of the initial offer period in the case of the first period or where this is greater than the previous highest NAV of the Fund. This fee is calculated and accrued at each valuation point.

Administrator

Deutsche International Fund Services (Ireland) Limited has been appointed to act as Administrator pursuant to the administration agreement. For this service, the Fund pays to the administrator a fee, accrued on each dealing day based on the NAV on each dealing day and payable monthly in arrears at the following rates:

Rate	NAV
0.15% p.a.	0 – GBP20 Million
0.125% p.a.	GBP20 Million – GBP50 Million
0.10% p.a.	GBP50 Million +

This is subject to a minimum fee of EUR6,000 per month per fund. The administrator is also entitled to an annual fee of GBP10 per shareholder account and a fee of GBP15 per issuance of contract for subscription of Shares.

Custodian

Deutsche International Custodial Services (Ireland) Limited has been appointed custodian to the Fund pursuant to the custodian agreement. For this service, the Fund pays to the custodian a fee of 0.025% per annum of the NAV of the Fund. The custodian's fee is paid monthly in arrears and is accrued on each dealing day based on the NAV of the Fund on each dealing day. In addition, the custodian is entitled to a transaction charge of GBP30 per transaction and shall be reimbursed all sub-custodial and transactional fees and expenses which will be charged at normal commercial rates.

4. Taxation

The Fund is not liable to any Irish taxes on income or on realised and unrealised capital gains. Capital gains, dividends and interest received by the Company may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Fund or its shareholders. Pursuant to the Irish Finance Act, 2000 tax may arise on the happening of a chargeable event. A chargeable event includes any distribution payments to shareholders or any encashment, redemption or transfer of shares. No tax will arise on the Fund in respect of:

(i) a shareholder who is not Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the fund and;

(ii) certain exempted Irish resident investors who have provided the fund with the necessary signed statutory declarations.

5. Equalisation

Income equalisation arrangements are applied in the case of shares in the Fund. These arrangements are intended to ensure that the income per share which is distributed in respect of the distribution period is not affected by changes in the number of shares in issue during that period. The calculation of equalisation is based on net income and represents the income portion of the price of subscriptions / redemptions of shares.

6. Net Asset Value per Share

The Net Asset Value per Share is determined by dividing the net assets by the total number of Shares in issue.

7. Average Net Asset Value

The Average Net Asset Value is equal to the average of the Net Asset Values during the year, calculated at monthly intervals.

8. Distributions

The distributions take account of income received on the sale of Shares of the Fund and income deducted on the repurchase of Shares of the Fund (see Note 5), and comprise:

	Year ended 31/12/01 GBP	Year ended 31/12/00 GBP
Distribution	-	-
Income deducted on sale of Shares	(978,265)	(330,578)
Income received on repurchase of Shares	624,783	44,553
	(353,482)	(286,025)

9. Net losses on investments during the year

The net losses on investments during the year comprise:

	Note	Year ended 31/12/01 GBP	Year ended 31/12/00 GBP
Proceeds from sales of investments during the year		11,930,695	24,395,344
Original cost of investments sold during the year		(14,839,267)	(20,551,295)
(Losses)/gains realised on investments sold during the year	1(c)	(2,908,572)	3,844,049
Net unrealised appreciation at the start of the year	1(d)	(124,273)	(11,568,839)
Net unrealised (depreciation)/appreciation at the end of the year	1(d)	(3,819,009)	124,273
Net losses on investments during the year		(6,851,854)	(7,600,517)

10. Other (losses)/gains

Other (losses)/gains comprise:	Note	Year ended 31/12/01 GBP	Year ended 31/12/00 GBP
Foreign exchange (losses)/gains on capital assets	1(f)	(194,527)	51,638

11. Gross income

	Note	Year ended 31/12/01 GBP	Year ended 31/12/00 GBP
Income from investments	1(b)	78,621	80,018
Bond Interest	1(b)	4,448	53,231
Bank interest	1(b)	134,244	89,618
Fixed Deposit Income	1(b)	7,696	55,551
		225,009	278,418

12. Expenses

	Note	Year ended 31/12/01 GBP	Year ended 31/12/00 GBP
Payable to the Investment Manager			
Investment Management fee	3	(181,735)	(251,152)
Performance fee	3	-	-
		(181,735)	(251,152)
Payable to the Administrator			
Administration fee	3	(44,289)	(46,424)
Registration fee	3	(2,608)	(495)
		(46,897)	(46,919)
Payable to the Custodian			
Custody fee	3	(6,056)	(8,365)
Sub-custody fee	3	(6,806)	(7,390)
Transaction fee	3	(5,760)	(12,660)
		(18,622)	(28,415)
Other expenses			
Audit fee		(7,217)	(11,341)
Directors' remuneration		(14,371)	(22,840)
Other		(44,287)	(21,499)
		(65,875)	(55,680)
Total expenses		(313,129)	(382,166)

13. Debtors

	31/12/01 GBP	31/12/00 GBP
Accrued income	17,456	23,663
Sale of securities awaiting settlement	57,826	551,366
Other debtors	8,945	24,216
	84,227	599,245

14. Cash and bank balances

	31/12/01 GBP	31/12/00 GBP
Cash and bank balances	3,087,046	1,497,637

All cash and bank balances are held with Deutsche Bank A.G., London.

15. Creditors

	31/12/01 GBP	31/12/00 GBP
Purchase of securities awaiting settlement	-	(606,232)
Accrued expenses	(38,248)	(45,850)
Loss on spot contracts	-	(962)
	(38,248)	(653,044)

16. Exchange rates

The GBP exchange rates used in the annual report were :

¥	190.7447
EUR	1.6346
HK$	11.3490
MYR	5.5306
NOK	13.0539
SG$	2.6874
TWD	50.9245
US$	1.4554

17. Purchases and sales of investments during the year

	Year ended 31/12/01 GBP	Year ended 31/12/00 GBP
Total purchases	14,333,124	29,949,526
Total sales	11,930,695	24,395,344

18. Related party transactions

Herald Investment Management Limited, who acts as Investment Manager of the Fund received GBP 181,735 during the year for providing this service. At the year end GBP 15,654 was due to Herald Investment Management Limited.

19. Soft commission arrangements

There were no soft commission arrangements during the period under review.

20. Financial instruments

The financial instruments of the Company are set out in the Portfolio of Investments on pages 14 to 17. The main risks and policies relating to financial instruments are set out on page 3. The Company has no financial liabilities other than short-term creditors as described in note 15.

A substantial portion of the investments of the Company are denominated in currencies other than in GBP and are included below:

2001

Currency	Investments GBP	Other Net Assets GBP	Total GBP
¥	294,215	-	294,215
EUR	512,201	1,501	513,702
GBP	6,117,310	2,666,471	8,783,781
HK$	389,505	3	389,508
MYR	330,489	-	330,489
NOK	118,892	-	118,892
SG$	74,235	-	74,235
TWD	243,502	143,473	386,975
US$	12,587,697	321,577	12,909,274
	20,668,046	3,133,025	23,801,071

2000

Currency	Investments GBP	Other Net Assets GBP	Total GBP
¥	284,480	-	284,480
EUR	526,794	1,048	527,842
GBP	8,146,203	1,680,763	9,826,966
HK$	394,112	131,540	525,652
MYR	348,718	(18)	348,700
NOK	233,810	-	233,810
SG$	-	4,611	4,611
TWD	352,619	(197)	352,422
US$	14,830,737	(373,909)	14,456,828
	25,117,473	1,443,838	26,561,311

21. Adjustable rate index notes (ARINs)

The Fund may invest up to 10% of Net Asset Value in ARINs. An ARIN is a form of promissory note issued by a brokerage firm or other counterparty which provides that the amount of principal will vary inversely to changes in the value of a specified security or basket of securities. The effect of such an instrument is equivalent to a short sale of the specified security or basket of securities, except that the potential loss to the Fund is limited to the amount invested in the ARIN.

22. Approval of the financial statements

The financial statements were approved by the Board of Directors on 27 February 2002.

HERALD INVESTMENT FUND PLC

Other Information

INVESTMENT MANAGER
Herald Investment Management Limited
12 Charterhouse Square
London EC1M 6AX
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CUSTODIAN
Deutsche International Custodial Services (Ireland) Limited
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DIRECTORS
Alan Jeffers, Chairman
William Backhouse
David Boyle
Justin Egan

REGISTERED OFFICE
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International Financial Services Centre
Dublin 1
Ireland

HERALD INVESTMENT FUND plc

ANNUAL AUDITED REPORT

for year ended 31 December 2001