

HERALD INVESTMENT FUND PLC
– The Herald Worldwide Fund

INTERIM REPORT &
UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 June 2008

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

INTERIM UNAUDITED REPORT for the six months ended 30 June 2008

Organisation	3
Background to the Company.....	4
Investment Manager's Report	6
Profit and Loss Account.....	10
Balance Sheet.....	11
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	12
Notes to the Financial Statements	13
Schedule of Investments.....	15
Schedule of Portfolio Changes	18

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

ORGANISATION

REGISTERED OFFICE OF THE COMPANY

DHKN Corporate Services Limited
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 & TRANSFER AGENT

Bank of Ireland Securities Services Limited
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1
Ireland

CUSTODIAN

The Governor and Company of the Bank of Ireland
Head Office:
Lower Baggot 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

* Independent Directors

Registered No: 280256

DIRECTORS OF THE COMPANY

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

SECRETARY

DHKN Corporate Services Limited
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14
Ireland

SPONSORING BROKER

NCB Stockbrokers Limited
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
10 Norwich Street
London EC4A 1BD
England

PRIME BROKER

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

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 Act, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) (the "Regulations"). It was incorporated on the 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 Financial Regulator 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;
- 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 objective.

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 :

Bank of Ireland Securities Services Limited,
New Century House,
Mayor Street Lower,
International Financial Services Centre,
Dublin 1,
Ireland.
Tel +353 (0)1 670 0300
Fax +353 (0)1 829 0144
www.boiss.com

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

BACKGROUND TO THE COMPANY *continued*

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.

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

- The Herald Worldwide Fund

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2008

The defined remit for the fund is to invest globally in information technology, communications and multi-media. The Manager believes that this area of the economy offers growth greater than the world economy as a whole, and therefore presents attractive investment opportunities. In addition the Manager offers focused specialist management. The Fund was launched in April 1998 with an initial net asset value of GBP13.0m. At the end of the period, the net asset value was GBP8.34m.

Capital performance for the six months to 30/06/08

Herald Worldwide Fund NAV	-10.70%
Global	
MSCI World Information Technology	-13.10%
US	
Russell 1000 Large Cap Technology	-13.10%
Russell 2000 Small Cap Technology	-16.40%
NASDAQ Composite	-13.90%
S&P 500	-13.20%
Russell 2000 Small Cap	-10.30%
UK	
FTSE TechMARK 100	-7.00%
FTSE Information Technology	-11.80%
FTSE 100	-12.90%
FTSE Small Cap	-16.10%
Europe	
NEMAX	-17.40%
FTSE EUROTOP 300	-14.30%
DAX	-14.80%
CAC 40	-15.60%
Asia Pacific	
KOSDAQ	-25.00%
Kuala Lumpur Composite	-17.20%
Nikkei 225	-6.40%
Hang Seng	-20.80%

All returns £STG adjusted.

Source: Herald Investment Management Limited, Bloomberg.

INTRODUCTION

The sector has in general continued to generate strong growth in revenues and volumes but sentiment has understandably been overwhelmed by the macro uncertainties and fears that growth rates, which are showing patchy signs of slowing in 2008, will slow further and on a more widespread basis in 2009. The challenge is to evaluate the potential severity of the wider economic slowdown and the degree to which it is already reflected in the material de-ratings already seen (especially in smaller companies). For example, at the end of June '07, the P/E of the Russell 1000 Tech index was at 25x but 12 months on, it now stands at 20x. Furthermore, the prospective P/E is 16x, implying that analysts are still forecasting strong growth. Whilst these numbers are almost certainly too optimistic, it is hard to envisage profits declining on an absolute basis, as is already happening in other sectors.

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2008 *continued*

US

In the first six months of 2008, amid the economic slowdown, the US portfolio returned an estimated -8.6%, in sterling, clearly beating all relevant US indices. The region's weighting in the total portfolio remained roughly flat (at 64%), despite the sale of the largest holding at the time, Cognos which was acquired for cash by IBM. This was due to the relative outperformance of the US vs. the 2nd largest portfolio, the UK, and increased positions in Apple and Microchip as well as profit taking in the Far East portfolio.

FLIR Systems, which sells infrared cameras primarily to government agencies and the military, should theoretically have been the best insulated company in our portfolio (from an economic downturn perspective) and indeed this was confirmed by it being the best performer in the fund. On the other hand, the increased uncertainty in the outlook for the economy is making enterprises (especially Financial Services) in the US and Europe more hesitant to spend and is prompting them to re-prioritise their capex. This has adversely affected some of their network equipment providers such as Foundry Networks, whose share prices have been impacted the most after reporting a degree of demand slowdown in these markets.

On the other hand, MRV Communications, despite being depressed in share price terms by an ongoing stock option investigation, has continued to demonstrate good revenue growth as telcos upgrade their bandwidths and introduce FTTP (Fibre to the Premises) to support increasing data traffic. Their peers, F5 Networks and Cisco have fared markedly better due to the former's market share gains and strength in the growing areas of Layer 4-7 switching and storage virtualisation and the latter's geographical diversification. Cisco has been supported by its exposure to major IP infrastructure build-outs in emerging countries. Another casualty of IT spending cuts traditionally is the Electronic Manufacturing Services sector which is reflected by the 22% share price drop of Arrow Electronics.

In contrast, Jabil Circuit was one of the best performers in the region, climbing 7% in the period. Jabil had surprised the market by winning market share in its handset business, specifically at Nokia. A strong performer has been Xilinx, the programmable logic device maker, which ended up 15% in the first half as the company reported better than previously expected demand trends from its communications customers.

The handset market has been facing slowing growth as the replacement rate in Europe appears to be sluggish, and as signs emerge of a slowdown in momentum in China, partly due to a delayed 3G rollout and rocketing costs of living, but also as a result of general sentiment following the Sichuan earthquake. Over-aggressive share gain targets from all of Motorola's competitors following its withdrawal from the market, as well as more intense competition at the low end, did not help the supply-demand equilibrium either. Texas Instruments was one of the first market participants in the period to warn of a slowdown, even though these comments should be viewed in the light of Nokia's initiation of a multi vendor strategy that has opened the door to ST Microelectronics, Broadcom and Infineon to take market share from TI. Recent checks however suggest that the company has been holding up its share encouragingly well.

Bucking the mobile phone trend is Apple, whose iPhone is now expected to sell well over the initial forecast of 10m units in 2008, as in July the cheaper 3G version hits the streets in 22 countries and is expected to reach 70 countries by year end. Apple has also been very successful in the PC market (which has thus far shown remarkable robustness compared to handsets), and now holds, according to iSupply, around 3% of the worldwide PC market having grown year on year at almost three times the industry's rate of 14%.

The cost savings offered by virtualisation as well as the subscription based licensing (e.g. no upfront license fee) of network delivered software applications and 'Software as a Service' in general, have become increasingly appealing in harsh times and should put them on top of the enterprise spending priority list. Indeed this appears to have been the case as these areas have been cited as bright spots of growth by all participants in the portfolio (IBM, Citrix, F5 Networks, Microsoft, Iona). Here, IBM (up 10% in the period) is yet another example of the importance of international diversification and access to emerging markets.

UK

The UK portfolio performed significantly worse than its US counterpart, finishing down 34% (est.) in the period which of course seriously underperforms the UK indices. The volatility of the portfolio is not surprising given the small number and small market cap of the holdings.

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2008 *continued*

UK *continued*

Taking into consideration that Alphameric, Thomson Intermedia and ARM Holdings are three of the four smallest holdings in the fund, the performance of the region becomes highly dependent on the fortunes of Imagination Technologies and the Herald Investment Trust. On the more positive side, HIT declined by 9% which outperformed all relevant indices except the FTSE TechMARK while Imagination Technologies (down 46%) suffered an extraordinary de-rating as analysts have pushed out their royalty ramp-up expectations in view of a more difficult environment for handsets and other consumer devices. The company however re-iterated its expectation of a 200m royalty unit base by 2010-11 and reported a very strong FY08 in terms of new, high profile licences to support it, generated by an outstanding customer list. Furthermore, it delivered organic sales growth of 25%, making FY08 its first year of profitability. ARM Holdings, the UK portfolio's other semiconductor IP company, whose processors power more than 90% of all mobile phones in the world declined by 31% on similar market concerns. An encouraging metric for both these companies has been their license revenue growth which alleviated fears that their customers are becoming more reluctant to enter new agreements in this environment.

FAR EAST AND EUROPE

Both regions managed to finish the period in the black with Europe returning an estimated 2.5% and the Far East portfolio growing by 5.6%. During that time, all relevant indices (Nemax, KOSDAQ, KLCI) declined by 17-25% in sterling. The magnitude of the alphas is again a function of a small number of successful holdings. In the period we've added the first Euro listed stock (since selling TomTom in 2006), United Internet, the German Internet Service Provider and market leader in web hosting. The company has declined 2% in sterling since its purchase but has performed relatively well amidst a slowing online advertising environment, with organic sales growth of 19% yoy in Q1. Similarly, the Chinese, U.S. listed, web community host Netease (up 15%), which is riding China's growing online advertising market has also been reporting growing ad revenues (China's online population is now bigger than that of the U.S.). Additionally, Star Publications, the Malaysian printed media company, has recently reported the strongest adex spending in 3 years. The European portfolio was boosted by the announced acquisition of Irish NASDAQ-listed Iona Technologies by Progress Software in the US for ~\$4 a share in cash.

In Korea, LG Electronics has had a superb run mainly on the back of ASP increases and share gains from Motorola and Sony Ericsson in handsets, at some stage rendering itself the fund's largest holding before the position was cut significantly in April-May. The stock went on to relinquish most of its gains in the period, finishing up only 19% as macro concerns seemed to have hit Asia. Samsung Electronics finished roughly flat after improving fundamentals in the handset and DRAM businesses were overshadowed by constantly deteriorating Flash memory prices (same with SanDisk in the US) and of course the global economy. Both stocks were significantly impaired by the 11% depreciation of the Won vs. the pound.

OUTLOOK

Our belief in the sector themes highlighted in the 2007 year-end investment management report remains undiminished as does our faith in our holdings capitalising on these industry trends. Unfortunately, however, our earlier macro fears have in recent months been materialising in what seems to be a 'perfect storm' of economic slowdown, credit tightening and inflation which rules out easy monetary policy fixes (Britain's deficit limits the scope of fiscal stimuli too). Economic fears that were primarily associated with America are now spreading to Europe but more importantly to key emerging economies such as India and China whose growth now appear to be hampered by inflation. With negative sentiment and uncertainty now rampant, growth expectations have been moderating as 2008 numbers are being pushed out into '09. Credit Suisse for example have taken down their global handset unit growth forecasts from 13% to 11% while edging up 2009 rates to 9% from 8%. The latter might prove optimistic.

In the coming months, as consumer and enterprise spending falters, growth rates will inevitably slow with the exception of smaller-base niches where for example technological developments are now enabling accelerated adoption. Such an area of growth will be 3G smartphones, where new 3G networks around the world and cheaper devices (due to more integrated components and subsidies) have made their appeal significantly greater without being dependent on a growing mobile phone 'pie'. Apple's imminent launch of the 3G iPhone at \$199 across dozens of countries with 3G networks demonstrates just that. Smartphones now make up around 20% of the mobile phone market and are widely expected to grow at a CAGR of ~50% for at least two years. This of course is great news for suppliers with more semiconductor content per device such as Texas Instruments and ARM, or companies that can offer graphics and video engines to allow users to enjoy multimedia content on their phones (Imagination Technologies). The associated increase in multimedia data will of course require fatter IP pipes from equipment provider Cisco and its peers. Increased demand from smartphones also implies tighter supply for NAND flash memory to store content which hopefully should act to stabilise the brutal price declines we've been witnessing in the last year (positive for Samsung and Sandisk).

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2008 *continued*

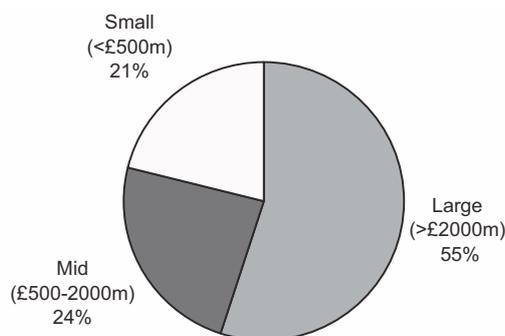
Growth niches should also exist in the midst of a slowing software market. Computing is entering the era of the so-called 'utility computing' wherein complex applications that would previously have run locally on PC terminals are now offloaded to server farms and accessed by users via the network. This allows software to be delivered as a service (SaaS) to which users subscribe and are charged on usage without upfront licences. It also means that enterprises can cut down on their operating costs as there's no longer a need for IT staff installing and maintaining applications on every individual PC in the company but can now manage everything centrally, or even not at all if the servers are run by a 3rd party. These enormous 'server farms' (data centres) can also be better utilised by allowing them to behave as multiple virtual machines (via software offered by IBM, Citrix, VMWare, Microsoft etc.) in order to run more applications at the same time thus reducing idle time and translating to less machines required. Given the rocketing energy prices one can see why. Data centres accounted for an estimated 1.5% of the US's electricity consumption in 2006. All these areas associated with utility computing (SaaS, virtualisation, network equipment etc) make too much economic sense to be ignored by decision makers trying to reduce operating costs ahead of uncertain times.

We maintain our optimism that the sector remains well placed in an uncertain economic environment, reflecting the underlying growth, strong balance sheets and continued obligatory adoption of technology in a competitive world.

PORTFOLIO WEIGHTINGS

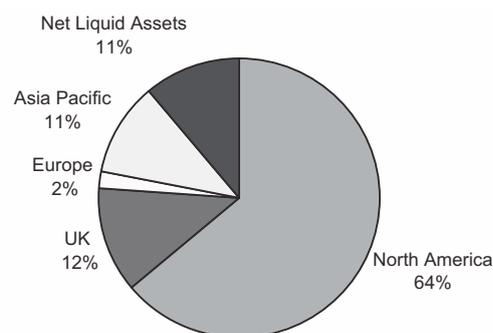
Market Cap Split as at 30/06/2008

	30/06/08	31/12/07
Large Cap	55%	59%
Mid Cap	24%	16%
Small Cap	21%	25%



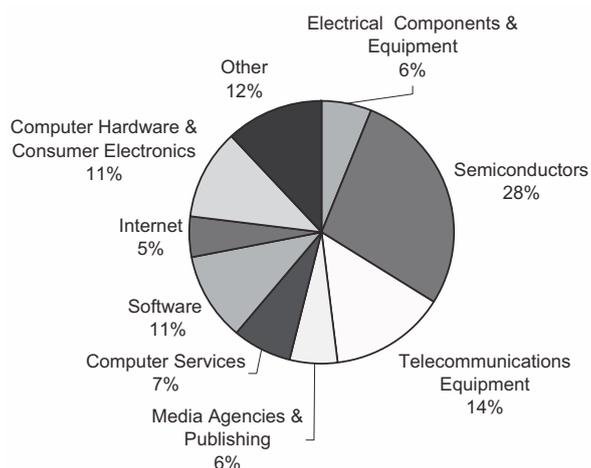
Geographic Split as at 30/06/2008

	30/06/08	31/12/07
North America	64%	65%
UK	12%	15%
Europe	2%	0%
Asia Pacific	11%	12%
Net Liquid Assets	11%	8%



Sector Split as at 30/06/2008

	30/06/08	31/12/07
Electrical Components & Equipment	6%	6%
Semiconductors	28%	27%
Telecommunications Equipment	14%	15%
Media Agencies & Publishing	6%	6%
Computer Services	7%	6%
Software	11%	19%
Internet	5%	1%
Computer Hardware & Consumer Electronics	11%	10%
Other	12%	10%



Source: Herald Investment Management Limited.

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

PROFIT AND LOSS for the six months ended 30 June 2008

	Six Months ended 30 June 2008 GBP	Six Months ended 30 June 2007 GBP	Year ended 31 December 2007 GBP
Income			
Operating income	48,050	56,967	104,642
Net (losses)/gains on financial assets and liabilities at fair value through profit or loss	(915,495)	519,304	521,768
Total investment (loss)/income	(867,445)	576,271	626,410
Operating expenses	(107,758)	(107,464)	(233,329)
(Loss)/profit for the period before tax	(975,203)	468,807	393,081
Non-reclaimable withholding tax	(10,227)	(11,361)	(19,348)
(Loss)/profit for the period after tax	(985,430)	457,446	373,733
(Decrease)/increase in net assets attributable to holders of redeemable participating shares at bid prices	(985,430)	457,446	373,733
Adjustment from bid to dealing prices	(14,134)	(10,052)	(10,038)
(Decrease)/increase in net assets attributable to holders of redeemable participating shares at dealing prices	<u>(999,564)</u>	<u>447,394</u>	<u>363,695</u>

There are no recognised gains or losses arising in the period other than the (decrease)/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

- The Herald Worldwide Fund

BALANCE SHEET as at 30 June 2008

	As at 30 June 2008 GBP	As at 30 June 2007 GBP	As at 31 December 2007 GBP
Assets			
Cash and Bank Balances	982,540	965,556	819,263
Debtors	5,194	514	725
Financial assets at fair value through profit or loss	<u>7,387,229</u>	<u>10,205,875</u>	<u>8,615,877</u>
Total Assets	8,374,963	11,171,945	9,435,865
Liabilities			
Creditors - amounts falling due within one year	<u>(44,315)</u>	<u>(82,299)</u>	<u>(56,228)</u>
Net assets attributable to holders of redeemable participating shares at bid prices	8,330,648	11,089,646	9,379,637
Adjustment from bid to dealing prices	13,584	27,704	27,718
Net assets attributable to holders of redeemable participating shares at dealing prices	<u><u>8,344,232</u></u>	<u><u>11,117,350</u></u>	<u><u>9,407,355</u></u>

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

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

STATEMENT OF CHANGES in Net Assets Attributable to

Holders of Redeemable Participating Shares for the six months ended 30 June 2008

	Six Months ended 30 June 2008 GBP	Year ended 30 June 2007 GBP	Six Months ended 31 December 2007 GBP
Net assets attributable to holders of redeemable participating shares at beginning of the period	9,407,355	12,376,001	12,376,001
(Decrease)/increase in net assets resulting from operations	(999,564)	447,394	363,695
Amounts received on issue of redeemable participating shares	-	5,049	42,632
Amounts paid on redemption of redeemable participating shares	(63,559)	(1,711,094)	(3,374,973)
Decrease in net assets resulting from Share transactions	(63,559)	(1,706,045)	(3,332,341)
Net decrease in shareholders' funds	(1,063,123)	(1,258,651)	(2,968,646)
Net assets attributable to holders of redeemable participating shares at end of the period	8,344,232	11,117,350	9,407,355

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

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

NOTES TO THE INTERIM UNAUDITED REPORT for the six months ended 30 June 2008

1. Significant Accounting Policies

a) Basis of preparation

These Financial Statements have been prepared in accordance with Generally Accepted Accounting Policies in Ireland and Irish statute comprising the Companies Acts, 1963 to 2006 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 financial liabilities held at fair value through the 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 funds 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 performance of the Company is measured and reported to the investors in GBP£. 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 year-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.

Proceeds from subscriptions and amounts paid on redemption of redeemable preference shares are translated at actual rates.

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

	As at 30 June 2007	As at 31 December 2007	As at 30 June 2008
Euro	1.4856	1.3615	1.2632
Korean Won	1,853.6671	1,863.3016	2,081.7965
Malaysian Ringgit	6.9269	6.5830	6.5028
Norwegian Kroner	11.8503	10.8087	10.1368
Taiwan Dollars	65.9407	64.5641	60.4071
US Dollars	2.0064	1.9906	1.9901

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) whether with the intention of providing protection against risks of 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 Financial Regulator. 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.

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

NOTES TO THE INTERIM UNAUDITED REPORT for the six months ended 30 June 2008 *continued*

3. Net Asset Value

	As at 30 June 2008 GBP	As at 30 June 2007 GBP	As at 31 December 2007 GBP
Total number of class A shares in issue at end of period	780,819	920,034	785,990
Net asset value	8,344,232	11,117,350	9,407,355
Net asset value per class A share	10.69	12.08	11.97

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 year.

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 this Company during the period.

6. Approval of Financial Statements

The Financial Statements were approved by the board on 14 August 2008.

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

SCHEDULE OF INVESTMENTS as at 30 June 2008

NOMINAL	SECURITY NAME	VALUE GBP	FUND%
EQUITIES			
GERMANY			
<i>INTERNET</i>			
20,000	United Internet AG Com EUR1.00	197,760	2.37
TOTAL GERMANY		197,760	2.37
IRELAND			
<i>SOFTWARE</i>			
54,000	Iona Technologies Plc ADR NPV	106,907	1.28
TOTAL IRELAND		106,907	1.28
MALAYSIA			
<i>MEDIA</i>			
740,000	Star Publications Malaysia BHD Com MYR1.00	396,014	4.75
TOTAL MALAYSIA		396,014	4.75
SOUTH KOREA			
<i>ELECTRICAL COMPONENTS & EQUIPMENT</i>			
2,200	LG Electronics Inc Com KRW5000	124,172	1.49
<i>SEMICONDUCTORS</i>			
1,250	Samsung Electronics Co Ltd Com KRW5000	372,875	4.47
TOTAL SOUTH KOREA		497,047	5.96
UNITED KINGDOM			
<i>CLOSED-END FUNDS</i>			
125,000	Herald Investment Trust Plc NPV	353,750	4.24
<i>INTERNET</i>			
200,000	Thomson Intermedia Associates Ltd Com GBP0.25	70,500	0.84
<i>SEMICONDUCTORS</i>			
210,000	ARM Holdings Plc Com GBP0.001	179,025	2.15
470,500	Imagination Technologies Group Plc Com GBP0.10	312,883	3.75
<i>SOFTWARE</i>			
340,000	Alphameric Plc Com GBP0.03	67,150	0.80
TOTAL UNITED KINGDOM		983,308	11.78
UNITED STATES			
<i>COMPUTERS</i>			
8,000	Apple Inc Com NPV	673,075	8.07
7,500	International Business Machines Corp Com USD0.20	445,858	5.34
7,000	SanDisk Corp Com USD0.001	65,774	0.79
<i>ELECTRONICS</i>			
17,000	Arrow Electronics Inc Com USD1.00	262,071	3.14
22,000	Flir Systems Inc Com USD0.01	448,479	5.37
20,000	Jabil Circuit Inc Com USD0.001	164,812	1.98

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

SCHEDULE OF INVESTMENTS as at 30 June 2008 *continued*

NOMINAL	SECURITY NAME	VALUE GBP	FUND%
UNITED STATES <i>continued</i>			
<i>ENTERTAINMENT</i>			
20,000	Macrovision Solutions Corp Com USD0.001	150,441	1.80
<i>INTERNET</i>			
21,500	F5 Networks Inc Com NPV	307,027	3.68
13,000	Netease.com ADR NPV	142,336	1.71
<i>SEMICONDUCTORS</i>			
13,300	Analog Devices Inc Com USD0.17	212,182	2.54
32,000	Microchip Technology Inc Com NPV	490,254	5.88
50,000	MIPS Technologies Inc Com USD0.001	93,963	1.13
15,000	Texas Instruments Inc Com NPV	211,943	2.54
12,000	Xilinx Inc Com NPV	151,948	1.82
<i>SOFTWARE</i>			
20,000	Citrix Systems Inc Com NPV	294,953	3.53
21,000	Microsoft Corp Com NPV	293,027	3.51
10,000	THQ Inc Com USD0.01	101,801	1.22
<i>TELECOMMUNICATIONS</i>			
28,000	Cisco Systems Inc Com NPV	327,252	3.92
43,000	Foundry Networks Inc Com NPV	255,387	3.06
190,000	MRV Communications Inc Com USD0.002	113,610	1.36
TOTAL UNITED STATES		5,206,193	62.39
TOTAL EQUITIES		7,387,229	88.53

HERALD INVESTMENT FUND PLC

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SCHEDULE OF INVESTMENTS as at 30 June 2008 *continued*

	Fair Value GBP	% of Net Assets
Financial assets at fair value through profit or loss		
Total value of investments (Cost: GBP 8,421,190)	7,387,229	88.53
Cash*	982,540	11.78
Other net liabilities	(39,121)	(0.47)
	<hr/>	<hr/>
Net assets attributable to holders of redeemable participating shares at bid prices	8,330,648	99.84
Adjustment from bid to dealing prices	13,584	0.16
	<hr/>	<hr/>
Net assets attributable to holders of redeemable participating shares at dealing prices	8,344,232	100.00
	<hr/> <hr/>	<hr/> <hr/>

*All cash holdings are held with The Governor and Company of the Bank of Ireland.

Analysis of Total Net Assets	% of Fund
Transferable securities admitted to official stock exchange listing or traded on a regulated market	88.53
other net assets	11.47
	<hr/>
	100.00
	<hr/> <hr/>

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 2008

MAJOR PURCHASES		GBP VALUE
5,000	Apple Inc Com NPV	307,756
20,000	United Internet AG Com EUR1.00	201,709
10,000	Microchip Technology Inc Com NPV	161,945
75,000	Imagination Technologies Group Plc Com GBP0.10	68,806

MAJOR SALES		GBP VALUE
20,000	Cognos Inc Com NPV	587,134
4,800	LG Electronics Inc Com KRW5000	337,186
2,000	Apple Inc Com NPV	124,428