

HERALD INVESTMENT FUND PLC
– The Herald Worldwide Fund

INTERIM REPORT &
UNAUDITED FINANCIAL STATEMENTS

for six months ended 30 June 2010

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Fund

INTERIM UNAUDITED REPORT for the six months ended 30 June 2010

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HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

ORGANISATION

REGISTERED OFFICE OF THE COMPANY

Chartered Corporate Services
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14
Ireland

INVESTMENT MANAGER

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

ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

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:
up to 30 June 2010
Lower Baggot Street
Dublin 2
Ireland

effective 1 July 2010

40 Mespil Road
Dublin 4
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

DIRECTORS OF THE COMPANY

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

* Independent Directors

SECRETARY

Chartered Corporate Services
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14
Ireland

SPONSORING BROKER

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

PRIME BROKER

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

LEGAL ADVISOR IN IRELAND

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

LEGAL ADVISOR IN ENGLAND

MacFarlanes
20 Cursitor Street
London EC4A 1LT
England

Registered No: 280256

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

DESCRIPTION

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

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

INVESTMENT OBJECTIVE AND POLICY

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

MEETING INVESTMENT OBJECTIVE

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

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

PRICES

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

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

DEALING

Subscriptions and repurchases of redeemable participating shares may be made on a dealing day. Unless otherwise determined by the Directors, every Thursday which is a business day, or the next succeeding business day if the forgoing 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

DIVIDENDS

The Fund may declare a distribution in April of each year in an amount not less than 85 per cent of the Fund's net income, where sufficient net income is available for distribution. No distribution was declared in April 2010.

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

MINIMUM SUBSCRIPTION

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

INVESTMENT MANAGEMENT

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

NET ASSET VALUE

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

PUBLISHED INFORMATION

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

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

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

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2010

The defined remit for the Fund is to invest globally in information technology, communications and multimedia. The Investment 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 Investment Manager offers focused specialist management. The Fund was launched in April 1998 with an initial net asset value per Class A share of £10.00. At the end of the period, the net asset value per Class A share was £16.18. On 9 June 2010, a Class B share was launched with an initial net asset value per share of £10.00.

Capital performance* for the six months to 30 June 2010

Herald Worldwide Fund NAV (Class A)	8.66%
Global	
MSCI World Information Technology	-3.24%
United States	
Russell 1000 Large Cap Technology	-3.31%
Russell 2000 Small Cap Technology	4.98%
NASDAQ Composite	0.31%
S&P 500	-0.25%
Russell 2000 Small Cap	5.18%
United Kingdom	
FTSE Information Technology	9.16%
FTSE TechMARK 100	4.06%
FTSE 100	-9.16%
FTSE Small Cap	-3.10%
Europe	
Neuer Market	-14.48%
FTSE Eurotop 300	-10.07%
DAX	-8.11%
CAC 40	-19.27%
Asia Pacific	
KOSDAQ	-2.35%
Nikkei 225	-0.39%
Hang Seng	-1.10%

*All returns are £STG adjusted.

Source: Herald Investment Management Limited, Bloomberg.

Market Summary

The stock market rally that began in March 2009 continued into the first three months of this year as investors became more sanguine about the outlook for global economic growth, and fears of dislocations in the financial sector appeared to fade. Meanwhile, first quarter corporate results reported in April generally exceeded earlier forecasts and management teams talked confidently about the outlook for the rest of the year based on their expectations of a slowly improving economic environment.

However, by the end of April, large budget deficits in Europe sparked fears of a cascade of defaults of sovereign debt beginning with Greece, and possibly spreading to Italy, Ireland, Portugal and Spain. Equity markets slid lower as the possibility of a breakup of the European single currency became a genuine rather than a hypothetical risk. Concurrently, fears of a systemic failure in the banking system came to the forefront of investors' minds once more on concerns that a slowing economy would expose many European banks that may be hiding deteriorating loan books. Only an emergency bailout of Greece by the stronger Euro members, the European Central Bank and the IMF, restored some level of confidence in the sustainability of the Euro as a pan-European currency, albeit that yields of bonds belonging to its weaker members remain significantly higher than German bunds signalling continued anxiety as to the outlook and forcing governments to adopt painful cuts.

HERALD INVESTMENT FUND PLC

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2010 *continued*

Market Summary *continued*

Meanwhile, many banks in Europe continue to struggle to raise short-term financing and are reliant on ECB credit lines to stay afloat. While the Fund has only a limited direct exposure to continental European equities, it does represent a significant proportion of technology demand albeit that weakness would likely be offset by growth in Asia. Of more concern to us would be a European "Lehman's" triggering another freezing of the global credit markets.

The US faces many of the same problems as Europe with a high fiscal budget deficit and the headwind of a future slowdown in government spending, especially at the state and municipal levels which had become very dependent on a booming property market for tax revenue. However, the country began the crisis with a lower debt to GDP ratio and has benefitted from the position of the US dollar as a safe haven, allowing the US Treasury to fund its borrowing without the significant strains seen in Europe which combined, allows the US economy to be weaned off its dependence on government spending more gradually. The US was also quick to reorganise and recapitalise its financial sector removing the risk of 'zombie' banks acting as a drag on the economy. At the business level, US companies were early to reduce excess capacity, repair balance sheets and cut costs so leaving corporate America in a far healthier position, we believe, than its competitors.

Against this backdrop, the Fund rose by 8.66% (in Sterling terms) compared to a fall of 3.24% in the MSCI World Information Technology Index. The US proportion of the portfolio rose by 6.93% and the UK proportion rose by 16.96%, outperforming the relevant local indices. In part, this out-performance was down to the Fund benefitting from its relatively high exposure to mid and smaller cap companies which significantly out-performed the larger company indices (the Russell 2000 Technology Index outperformed the Russell Technology 1000 Index by 829 basis points). The Fund also benefitted from its relatively high exposure to the UK IT sector which out-performed other geographies despite the weakness of Sterling.

United States

Technology spending during the first half has been healthier than many anticipated at the beginning of the year. PC shipments in the second quarter rose by a better than expected 22% on the previous year as ageing systems are being replaced, new lower cost machines are being introduced and penetration rates are rising in parts of the world where few people currently own a computer. This, combined with the success of new smartphone handsets driving growth in the mobile market, has caused the semiconductor sector to rebound sharply, growing 47.6% year on year in May (albeit compared to last year's depressed level) and, in fact, factories have struggled to keep up with demand given underinvestment last year.

Within the US portion of the portfolio, the largest positive contributors were F5 Networks (shares up 29% in USD) and Apple (up 19%). F5's market of networking equipment for internet data centres has continued to grow at a rapid pace throughout the downturn, benefitting from the trends of both the consolidation of computing power in large data centres and the growth of internet data whilst at the same time, Cisco, its main competitor has lost market share as it made a series of missteps in introducing new products, causing it to lag behind in performance.

Shares in Apple benefitted from the success of its new 'iPad' tablet computer which sold two million units in the first two months and the aura surrounding the release of its fourth generation iPhone which, once released, also far exceeded earlier sales forecasts, selling an estimated 1.5 million on the first day. Following the release of the new iPhone, we substantially lowered our holding in Apple as we now believe that, whilst it is still a highly innovative and exciting company, its competitors are catching up and this could put pressure on growth rates going forward and, hence, it no longer justifies having such a significant position in the portfolio.

The largest negative contributor to performance was Microsoft (down 25% in US dollars) as the markets reacted to the company's large European exposure and concerns that any global economic slowdown would cause a slower acceptance of its new, much heralded Windows 7 operating system. Arrow Electronics (down 25%) was also down sharply, again due to concerns about weakness in Europe where the company makes almost a third of its sales.

The Fund's purchases included Art Technology Group which has a leading position in e-commerce software for large consumer facing websites. Industry analysts at Gartner rank the company the far-and-away joint leader, alongside IBM, in this segment, which is expanding as selling on-line becomes ever more important, so forcing businesses to spend more resources on this channel. Following new management and a restructuring in 2008, the company is now reaching record levels of profitability and despite its top line growth, the stock remains underfollowed by Wall Street given poor sentiment hanging over from its distant past.

HERALD INVESTMENT FUND PLC

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2010 *continued*

Market Summary *continued*

United States *continued*

The Fund also purchased a new holding in Brocade. The company dominates the market for storage networking equipment despite challenges from Cisco. Following its acquisition of data centre networking equipment supplier Foundry Networks, Brocade is now well positioned to take advantage of the antagonism caused by Cisco's entry into markets formerly dominated by its own resellers such as Dell and IBM who have now signed up to resell Brocade's products.

Europe

ARM Holdings was the largest positive contributor to performance to the Fund during the first half of the year, with its shares rising by 56% (in Sterling). The company has benefitted from the increasing ubiquity of its embedded processors, especially within the fast growing smart phone market with customers such as Apple. Shares were pushed even higher as a takeover premium has also been incorporated into the share price as investors speculated that Apple would actually make a bid for the entire company although we do not believe that this is credible. We subsequently reduced the Fund's holding as, despite the company dominating an attractive market, the share's valuation warranted a smaller holding given the reduced possible upside.

During the first half of the year, we initiated a position in Telecity. The company owns a series of data centres within Europe in which customers can, under long-term contracts, connect their computers to the largest array of telecom carriers and internet service providers, critical for websites such as Facebook and the BBC's 'iplayer' which have to deliver large and rapidly growing volumes of content at a high performance threshold. Attracting the combination of large numbers of carriers and customers to one site creates a significant barrier to entry and enables Telecity to charge a significant premium to its competitors.

Asia

The Fund sold its holding in Netease.com, leaving LG Electronics as our remaining holding in Asia. Netease provides on-line computer games, largely for the domestic Chinese market but its core 'World of Warcraft' game has struggled recently in the face of increasing competition in a market with limited barriers to entry, leaving us concerned about the long-term sustainability of the franchise.

Outlook

The future direction for the broader stock market continues to rest on the outlook for the global economy with the correlation between movements in share prices and bond prices having now reached, by some measures, the highest level since 1962. Any company specific news is seen as far less significant than any wider reaching economic release. Whilst clearly the economy is now in better shape today than many believed possible early last year, the tailwinds of the fiscal stimulus packages, inventory restocking and pent up demand are most probably behind us leaving us to face a future of slowing government spending, increasing taxation and increased consumer saving which will all slow economic growth.

At the corporate earnings level, a significant amount of profits growth in recent quarters was caused by revenues recovering faster than companies were able to add back costs as they scrambled to meet higher than expected demand. As revenue growth slows, this benefit will also diminish. How the problems of high levels of Sovereign debt to GDP and the weak balance sheets of some of the European banks will be resolved is uncertain. The stress tests of European banks announced by the ECB may go a long way towards solving the latter if the tests are sufficiently rigorous and combined with a significant recapitalisation program but the former can be expected to linger on for many more years.

Such a high level of economic uncertainty has pushed investors to already allocate towards more economically insensitive assets, pushing valuations of 'risk-free' assets up to record levels with gold reaching a new high of over \$1,250/oz and the yield on 2 year US treasuries falling to 0.5857%, below the previous all time record of 0.6044% set in December 2008. Meanwhile, sentiment towards equities (as measured by the American Association of Individual Investors) has fallen to levels not seen since the market lows of March 2009. Indicators such as these lead us to believe that a large amount of 'bad news' is already priced into equity markets. Within the technology sector, bell weathers such as Hewlett Packard, Intel and Microsoft and others are trading at around ten times next year's earnings, or below that of many Industrials. This is despite them having characteristically stronger free cash flow, rock solid balance sheets and, in many cases, naturally oligopolistic markets.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2010 *continued*

Outlook *continued*

Spending on technology is obviously in part tied to the health of the overall economy, even if there are some trends that swamp the effects of the economy of which the growth of smartphones is one exciting trend as evidenced by the queues outside Apple's stores prior to the latest iPhone launch. However, we believe that, even in a low growth environment, technology companies with pricing power and high margins will be able to deliver double digit earnings per share growth, well above the market average. Consequently, given this environment of macro economic insecurity, we are positive on the outlook for our companies, favouring those strong businesses that we believe will keep on getting stronger, having high margins, significant barriers to entry and strong cash generation capabilities.

HERALD INVESTMENT FUND PLC

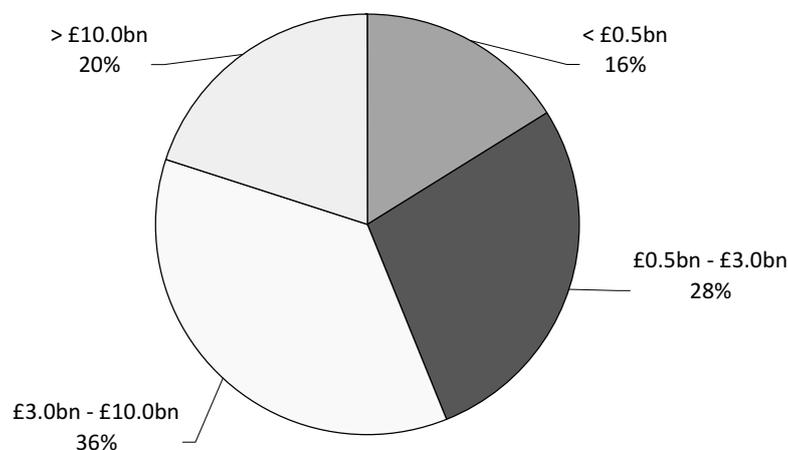
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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2010 *continued*

Portfolio Weightings

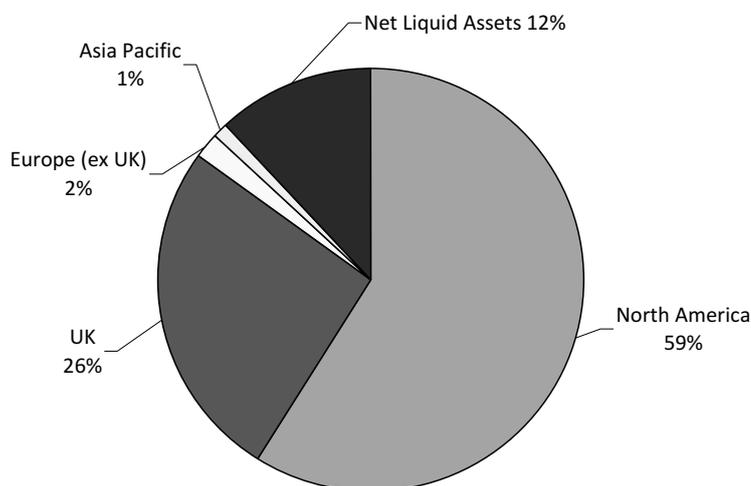
BREAKDOWN BY MARKET CAP

	30/06/10	31/12/09
< £0.5bn	16%	17%
£0.5bn - £3.0bn	28%	29%
£3.0bn - £10.0bn	36%	31%
> £10.0bn	20%	23%
	<u>100%</u>	<u>100%</u>



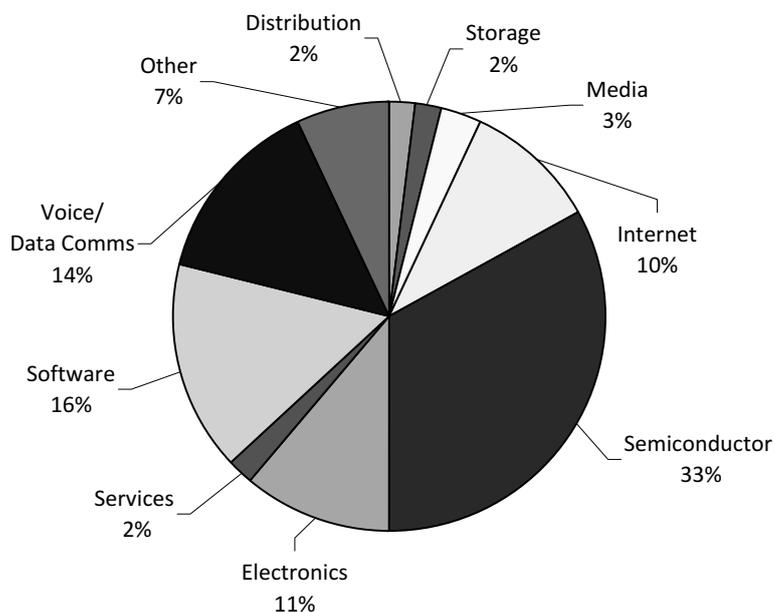
GEOGRAPHIC BREAKDOWN

	30/06/10	31/12/09
North America	59%	61%
UK	26%	28%
Europe (ex UK)	2%	3%
Asia Pacific	1%	1%
Net Liquid Assets	12%	7%
	<u>100%</u>	<u>100%</u>



SECTOR BREAKDOWN

	30/06/10	31/12/09
Distribution	2%	4%
Storage	2%	-
Media	3%	3%
Internet	10%	12%
Semiconductor	33%	33%
Electronics	11%	15%
Services	2%	2%
Software	16%	10%
Voice/Data Comms	14%	15%
Other	7%	6%
	<u>100%</u>	<u>100%</u>



Source: Herald Investment Management Limited.

Date: July 2010

HERALD INVESTMENT FUND PLC
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PROFIT AND LOSS ACCOUNT for the six months ended 30 June 2010

	Six months ended 30 June 2010 GBP	Six months ended 30 June 2009 GBP	Year ended 31 December 2009 GBP
Income			
Operating income	71,864	65,475	158,025
Net gains on financial assets and liabilities at fair value through profit or loss	869,345	1,228,987	3,726,051
	<hr/>	<hr/>	<hr/>
Total investment income	941,209	1,294,462	3,884,076
Operating expenses	(102,705)	(106,486)	(203,132)
	<hr/>	<hr/>	<hr/>
Net income	838,504	1,187,976	3,680,944
Finance costs			
Interest expense	-	-	(30,893)
	<hr/>	<hr/>	<hr/>
Profit for the period before tax	838,504	1,187,976	3,650,051
Non-reclaimable withholding tax	(11,223)	(10,011)	(18,936)
	<hr/>	<hr/>	<hr/>
Profit for the period after tax	827,281	1,177,965	3,631,115
Increase in net assets attributable to holders of redeemable participating shares at bid prices	827,281	1,177,965	3,631,115
Adjustment from bid to last traded prices	4,787	(20,206)	(19,953)
	<hr/>	<hr/>	<hr/>
Increase in net assets attributable to holders of redeemable participating shares from operations at last traded prices	832,068	1,157,759	3,611,162
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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

HERALD INVESTMENT FUND PLC
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BALANCE SHEET as at 30 June 2010

	As at 30 June 2010 GBP	As at 30 June 2009 GBP	As at 31 December 2009 GBP
ASSETS			
Cash and bank balances	793,618	1,094,254	773,835
Debtors	39,121	20,761	16,652
Financial assets at fair value through profit or loss	11,413,937	7,049,976	9,685,425
TOTAL ASSETS	<u>12,246,676</u>	<u>8,164,991</u>	<u>10,475,912</u>
LIABILITIES			
Creditors - amounts falling due within one year	(231,019)	(71,366)	(49,088)
Net assets attributable to holders of redeemable participating shares at bid prices	<u>12,015,657</u>	<u>8,093,625</u>	<u>10,426,824</u>
Adjustment from bid to last traded prices	19,570	14,530	14,783
Net assets attributable to holders of redeemable participating shares at last traded prices	<u><u>12,035,227</u></u>	<u><u>8,108,155</u></u>	<u><u>10,441,607</u></u>

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

HERALD INVESTMENT FUND PLC

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

	Six months ended 30 June 2010 GBP	Six months ended 30 June 2009 GBP	Year ended 31 December 2009 GBP
Net assets attributable to holders of redeemable participating shares at beginning of period	10,441,607	6,986,454	6,986,454
Increase in net assets attributable to holders of redeemable participating shares resulting from operations	832,068	1,157,759	3,611,162
Amounts received on issue of redeemable participating shares	913,886	55,150	55,150
Amounts paid on redemption of redeemable participating shares	(152,334)	(91,208)	(211,159)
Increase/(decrease) in net assets resulting from share transactions	761,552	(36,058)	(156,009)
Net increase in shareholders' funds	1,593,620	1,121,701	3,455,153
Net assets attributable to holders of redeemable participating shares at end of period	12,035,227	8,108,155	10,441,607

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

HERALD INVESTMENT FUND PLC

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NOTES TO THE INTERIM UNAUDITED REPORT for the six months ended 30 June 2010

1. Significant Accounting Policies

a) Basis of preparation

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

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair value through 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 of the exemption available to open-ended investment companies under FRS 1 not to prepare a Cash Flow Statement.

b) Foreign Exchange

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

	As at 30 June 2010	As at 30 June 2009	As at 31 December 2009
Euro	1.2214	1.1741	1.1255
Korean Won	1,828.1820	2,098.0048	1,880.4529
US Dollars	1.4961	1.6469	1.6149

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 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

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NOTES TO THE INTERIM UNAUDITED REPORT for the six months ended 30 June 2010 *continued*

3. Net Asset Value

	As at 30 June 2010 GBP	As at 30 June 2009 GBP	As at 31 December 2009 GBP
Total number of Class A shares in issue at end of period	706,954	707,849	698,864
Net asset value	11,441,090	8,108,155	10,441,607
Net asset value per Class A share	16.18	11.45	14.94
Total number of Class B shares in issue at end of period*	59,841	-	-
Net asset value	594,137	-	-
Net asset value per Class B share	9.93	-	-

*Class B shares were launched on 9 June 2010.

4. Taxation

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

A chargeable event does not include:

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

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

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

5. Soft Commission Arrangements

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

6. Events during the Period

A new share class (Class B shares) was launched on 9 June 2010.

7. Events after the Balance Sheet Date

There have been no events subsequent to the period end, which, in the opinion of the Directors of the Company, may have had an impact on the Financial Statements for the period ended 30 June 2010.

8. Approval of Financial Statements

The Financial Statements were approved by the board on 18 August 2010.

HERALD INVESTMENT FUND PLC
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SCHEDULE OF INVESTMENTS as at 30 June 2010

NOMINAL	SECURITY NAME	VALUE GBP	FUND %
BONDS			
UNITED KINGDOM			
<i>BONDS</i>			
250,000	Vodafone Group Plc 8.125% 26/11/2018	306,556	2.55
250,000	WPP Plc 6% 04/04/2017	265,762	2.21
750,000	Treasury 3.25% 07/12/2011	777,570	6.46
UNITED KINGDOM - TOTAL		1,349,888	11.22
TOTAL BONDS		1,349,888	11.22
EQUITIES			
GERMANY			
<i>INTERNET</i>			
20,000	United Internet AG Com NPV	147,863	1.23
GERMANY - TOTAL		147,863	1.23
NETHERLANDS			
<i>SEMICONDUCTORS</i>			
10,000	ASM International NV Com EUR0.04	132,553	1.10
NETHERLANDS - TOTAL		132,553	1.10
SOUTH KOREA			
<i>ELECTRICAL COMPONENTS & EQUIPMENT</i>			
2,200	LG Electronics Inc Com NPV KRW5,000.00	112,998	0.94
SOUTH KOREA - TOTAL		112,998	0.94
UNITED KINGDOM			
<i>COMPUTERS</i>			
44,000	Telecity Group Plc Com NPV	176,044	1.46
125,000	Phoenix IT Group Ltd Com GBP0.01	309,688	2.57
<i>INTERNET</i>			
437,500	Ebiquity Plc Com GBP0.25	262,500	2.18
<i>INVESTMENT FUNDS</i>			
125,000	Herald Investment Trust Ord GBP0.25	443,125	3.68
<i>SEMICONDUCTORS</i>			
210,000	ARM Holdings Plc Com GBP0.0005	582,750	4.84
264,655	Imagination Technologies Group Plc Com GBP0.10	736,535	6.12
<i>SOFTWARE</i>			
340,000	Timeweave Plc GBP0.025	81,600	0.68
UNITED KINGDOM - TOTAL		2,592,242	21.53
UNITED STATES			
<i>COMMERCIAL SERVICES</i>			
16,450	SAIC Inc Com USD0.0001	184,061	1.53
<i>COMPUTERS</i>			
5,200	Apple Inc Com NPV	874,070	7.26
7,000	SanDisk Corp Com USD0.001	196,371	1.63

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Fund
SCHEDULE OF INVESTMENTS as at 30 June 2010 *continued*

NOMINAL	SECURITY NAME	VALUE GBP	FUND %
UNITED STATES <i>continued</i>			
<i>ELECTRONICS</i>			
17,000	Arrow Electronics Inc Com USD1.00	253,960	2.11
22,000	Flir Systems Inc Com USD0.01	427,766	3.56
20,000	Jabil Circuit Inc Com USD0.001	177,662	1.48
<i>INTERNET</i>			
12,000	F5 Networks Inc Com NPV	549,990	4.57
30,000	Websense Inc Com USD0.005	378,985	3.15
<i>SEMICONDUCTORS</i>			
13,300	Analog Devices Inc Com USD0.16	247,402	2.06
38,000	Intel Corp Com USD0.001	493,764	4.10
32,000	Microchip Technology Inc Com USD0.001	593,115	4.93
50,000	MIPS Technologies Inc Com USD0.001	170,777	1.42
12,000	Xilinx Inc Com USD0.01	202,607	1.68
<i>SOFTWARE</i>			
92,000	Art Technology Group Inc Com USD0.001	209,692	1.74
50,000	Cadence Design Systems Inc Com USD0.01	193,503	1.61
20,000	Citrix Systems Inc Com USD0.001	564,533	4.69
21,000	Microsoft Corp Com USD0.00000625	322,839	2.68
30,000	Symantec Corp Com USD0.01	278,324	2.31
<i>TELECOMMUNICATIONS</i>			
45,000	Brocade Communications Systems Inc Com USD0.001	155,204	1.29
28,000	Cisco Systems Inc Com USD0.001	398,636	3.31
4,020	Finisar Corp Com USD0.001	40,036	0.33
190,000	MRV Communications Inc Com USD0.0017	165,096	1.37
UNITED STATES - TOTAL		7,078,393	58.81
TOTAL EQUITIES		10,064,049	83.61
TOTAL VALUE OF INVESTMENTS		11,413,937	94.83
CASH*		793,618	6.60
OTHER NET LIABILITIES		(191,898)	(1.59)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT BID PRICES		12,015,657	99.84
Adjustment from bid market prices to last traded prices		19,570	0.16
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT LAST TRADED PRICES		12,035,227	100.00
Analysis of Total Net Assets			%
Transferable securities admitted to an official stock exchange listing or traded on a regulated market.			94.83
Other Net Assets.			5.17
			100.00

*All cash holdings are held with The Governor and Company of the Bank of Ireland.
The industry groups are based on the Bloomberg Level II classification.

HERALD INVESTMENT FUND PLC**- The Herald Worldwide Fund****SCHEDULE OF PORTFOLIO CHANGES for the six months ended 30 June 2010**

MAJOR PURCHASES*		VALUE GBP
750,000	Treasury 3.25% 07/12/2011	779,619
30,000	Symantec Corp Com USD0.01	317,880
92,000	Art Technology Group Inc Com USD0.001	237,135
50,000	Cadence Design Systems Inc Com USD0.01	207,179
44,000	Telecity Group Plc Com NPV	179,965
45,000	Brocade Communications Systems Inc Com USD0.001	164,497
200,000	Ebiquity Plc Com GBP0.25	113,124
300,000	Avesco Group Ltd Com GBP0.10	81,568
4,020	Finisar Corp Com USD0.001	35,962

MAJOR SALES*		VALUE GBP
9,500	F5 Networks Inc Com NPV	404,429
13,000	Netease.com ADR USD0.0001	281,908
101,127	Imagination Technologies Group Plc Com GBP0.10	267,343
300,000	Avesco Group Ltd Com GBP0.10	148,499
75,000	Acal Plc Com GBP0.05	123,378

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