

HERALD INVESTMENT FUND PLC
– The Herald Worldwide Fund

INTERIM REPORT &
UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 June 2009

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Fund

INTERIM UNAUDITED REPORT for the six months ended 30 June 2009

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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 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:
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

Directors of the Company

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

* Independent Directors

Secretary

DHKN Corporate Services Limited
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

In England
Macfarlanes
10 Norwich Street
London EC4A 1BD
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 objective 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

HERALD INVESTMENT FUND PLC
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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. No distribution was declared in April 2009.

MINIMUM SUBSCRIPTION

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

INVESTMENT MANAGEMENT

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

NET ASSET VALUE

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

PUBLISHED INFORMATION

Except where the determination of the net asset value has been suspended, the net asset value per share shall be made available at the registered office of the Administrator on each dealing day and shall be available on the business day immediately succeeding each dealing day and shall be notified immediately to The Irish Stock Exchange. In addition, the net asset value shall also be available in respect of each dealing day on the Investment Manager's website, www.heralduk.com on the business day immediately succeeding the relevant dealing day. Such information shall relate to the net asset value per share for the previous dealing day and is available for information only. It is not an invitation to subscribe for, repurchase or convert shares at that net asset value.

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

HERALD INVESTMENT FUND PLC

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2009

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, 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 of GBP13.0m. At the end of the period, the net asset value was GBP8.1m.

Capital performance * for the six months to 30/06/09

Herald Worldwide Fund NAV	16.60%
Global	
MSCI World Information Technology	6.90%
US	
Russell 1000 Large Cap Technology	11.50%
Russell 2000 Small Cap Technology	13.60%
NASDAQ Composite	3.00%
S&P 500	-9.90%
Russell 2000 Small Cap	-9.90%
UK	
FTSE Information Technology	39.70%
FTSE TechMARK 100	10.20%
FTSE 100	-4.20%
FTSE Small Cap	20.70%
Europe	
Neuer Markt	3.40%
FTSE EUROTOP 300	-8.90%
DAX	-12.90%
CAC 40	-13.00%
Asia Pacific	
KOSDAQ	30.20%
Nikkei 225	-7.70%
Hang Seng	13.10%

*All returns £STG adjusted.

Source: Herald Investment Management Limited, Bloomberg.

MARKET SUMMARY

Following the horrors of late 2008, the market entered the year with continued anxiety about the survival of the banking system and all that entails. The market was driven at this time by hedge funds deleveraging and funding redemptions, institutions hoarding cash and anxious private investors selling – the majority of equity fund managers in January and February ended up outperforming their benchmarks, mostly reflecting their inflated cash allocations.

Late in the first quarter, the financial sector appeared to be calming down and the distressed sellers evaporated. In this sort of environment, anything other than terrible news was considered good news and, not surprisingly, any company guidance of sequential growth has been rewarded with significant share price appreciation. The technology sector's rally since the beginning of March is a perfect example:

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2009 *continued*

MARKET SUMMARY *continued*

Much of the industry had just suffered a horrendous late Q4 2008 and first half of Q1 2009. Capital expenditure decisions had simply not been made in the fourth quarter, with consumer as well as corporate spending remaining largely subdued. Even companies with exposure to recurring revenue were hit in share price terms. Fear had driven orders down viciously and manufacturing technology companies, with the memories of the bitter consequences of the Internet bubble inventory build-up still fresh in their minds, reacted fast and hard. Inventory and production cuts very quickly brought supply down below current demand levels, with, for example, TSMC moving from a near 100% utilisation to an astonishing 35% in the space of three months (during which time end-demand for chips had definitely not dropped by 65%).

Early indications of this subsequent supply and demand imbalance and of very lean inventories, compounded with some signs of stabilisation in the global economy on the back of a flurry of government anti-recession measures, began to improve sentiment and fuel a stock market recovery; the actual trigger for the rally appearing to have been the 9th March Citigroup announcement of a (very adjusted!) profit for the first two months of 2009. As confidence and momentum continued to build up, buoyed by the strong majority of companies reporting better than expected Q1s and cautiously optimistic Q2 outlooks, the sector ended up experiencing what has probably been its strongest run since 2002. Against this backdrop, the Herald Worldwide Fund finished the period up 16.6%, having rallied 24.5% since its late February trough and, interestingly, the Fund is now only down c.8% from its 2007 peak. On the other hand, for the year to date, the MSCI World IT index is up 6.9% and down c.21% from its 2007 highs (sterling adjusted).

UNITED STATES

The US portfolio, with an estimated 10% return, performed roughly in line with the Russell 1000 Technology index, an outcome not totally unexpected given the portfolio's constituents. Reflecting partly the recent increase in investors' risk appetite for smaller companies, the Russell 2000 Technology index posted higher returns while more general indices performed less well with a more symmetrical versus shaped recovery; as stated earlier, the technology sector's outperformance in the period was partly a function of earlier overly conservative supply reductions and expectations-setting by companies.

The bellwethers of the portfolio, Cisco, Intel and Microsoft, despite reporting decent numbers, were amongst the least upbeat technology companies in their Q2 outlook by carefully refraining from building any expectations for a swift recovery. A common theme that emerged from all these calls was that of weak, but probably bottoming out, enterprise hardware spending across all geographies. John Chambers was not shy to call the current downturn "the biggest challenge of our lifetime" and his decision to enter the server market with an end-to-end data centre offering certainly adds to the challenges ahead as it pits Cisco against its former PC OEM partners (HP, IBM etc.). It could be argued however that for the company with the biggest cash balance in the world and a craving for a much larger piece of the growing data centre pie, this could be the right time to go on the offensive.

Similarly, Intel's recent acquisition of Wind River and Microsoft's decision to increase its available cash by issuing its first ever bond (worth ~\$4bn) suggests that a new wave in industry consolidation is beginning. Admittedly, this reflects to some extent the depressed valuations and the outstanding balance sheet strength across the sector but it mainly reflects incumbents' desire to acquire more innovative and entrepreneurial smaller companies which can often be better at exploiting the fast changing nature of the market: Intel is seeing the threat of commoditisation in its traditional stand-alone desktop and notebook microprocessors as well as an increasing threat from ARM cores in its growing netbook category. Microsoft's dominance on the other hand is under attack from open source Linux based operating systems (e.g. Google Chrome) and applications – which, in turn, further jeopardises Intel's x86 architecture, given its role as the Windows default platform.

PC sales in general have been weak as desktop sales plummeted and notebook sales were to some extent cannibalised by the rapid growth of, lower cost and margin, netbooks, which require fewer hardware components and simpler software (as a matter of fact Windows Vista cannot run on most netbooks). On the other hand, in mobile phones, growth is expected to come from the high end i.e. smartphones, which entail higher semiconductor content and application/service revenue potential. At the same time, demand for low end mobile phones as well as for other consumer electronics such as TVs has been given some support by the Chinese rural subsidy program. China is also being instrumental in supporting the wireless telecommunications industry via the rollout of 3G networks.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2009 *continued*

UNITED STATES *continued*

In share price terms, the best performers in the US have been microprocessor IP company MIPS (+170%), digital media technology provider Rovi (previously Macrovision) (+53%), Apple (+48%), Chinese Internet company NetEase (+41%) and memory maker SanDisk (+36%). MIPS and SanDisk are names that had taken a severe beating in 2008, both having seen 90+% of their market value evaporate, thus attracting strong value investor interest. MIPS is recovering from an ill-timed and ill-thought-out acquisition of a Portuguese analogue IP company (which they are currently selling to Synopsys for 15% of the acquisition price) while SanDisk has been in the midst of the ongoing memory industry crisis which, however, has recently shown strong signs of price stabilisation.

Apple and Rovi have both regained some of the ground lost from the market's excessive punishment for their high exposure to consumer electronics. Contrary to expectations, Apple fared surprisingly well with iPhone units and revenue growing strongly year on year (iPhone revenue grew 302% reflecting the recurring contribution from the base). Mac unit sales showed a 3% decline which, however, was much better than the PC industry's 7% drop. Market excitement around the recent release of the new iPhone 3GS and possibly a future tablet/netbook PC has also helped boost the share price. NetEase on the other hand is currently trading at all time highs, fully benefiting from the growth of online gaming in China.

The only two stocks to finish the period in negative territory were Flir Systems (-26%) and MRV Communications (-42%). The former was late to feel the effects of the slowdown due to its exposure to military, government and local government spending but the slashing of public/military budgets as well as competition from powerful incumbents has finally dented the market's belief in their short term prospects. MRV on the other hand, even though its business tracks well in line with the telecoms market, has been forced to delist from NASDAQ by the SEC for delinquent accounts (which are being restated). Its current status as an OTC stock adds an extra layer of uncertainty which is enough to drive away sell-side coverage and investor interest alike.

The new addition to the US portfolio has been Websense. Its attractive valuation and recurring revenue model compounded with its strong product line in the (vital) area of internet and email security have made it quite a compelling buy.

UNITED KINGDOM

The UK was up by an estimated 49% while the FTSE IT index was up 40%. The TechMARK, admittedly an imperfect comparable given its exposure to Biotechnology and Pharmaceuticals, performed considerably worse. It should be noted that the performance of the UK portfolio is moderated by the fact that 25-30% of the UK holdings, at year-end, were actually in Vodafone and WPP bonds. Additionally, the aforementioned relative outperformance of small caps versus large caps is demonstrated here again by the returns of the FTSE Small Cap compared to the FTSE 100 and is further supported by the share price return of the Herald Investment Trust (up 48% YTD). This steep recovery follows the dramatic underperformance of small caps in 2008 as investors fled to safer asset classes.

Three stocks have risen in the period by more than 100%: Imagination Technologies (+119%), Alphameric (+103%) and Ebiquity (+102). Imagination appears to have gained momentum from the repeated back-to-back investments from Apple and Intel, further fuelled by upbeat results. The company, like ARM, is a prime beneficiary of the netbook/smartphone growth as well as of a favourable US dollar exchange rate. Imagination's DAB radio business has also been boosted by the upcoming launch of DAB+ in France and Germany. Having won the antitrust court case against the betting companies and divested the problematic hospitality business in 2008 - which have removed a major overhang - Alphameric continued its offensive by reporting robust numbers and reiterating 2009 guidance. Finally, Ebiquity, which continues to trade very thinly, has bounced off its lows reflecting its excessively low valuation.

None of the region's holdings finished the period in negative territory, the worst performing stock being Phoenix IT (up 21.5%). Phoenix has been the slowest to see its share price recover as it had been weighted down primarily by (overblown) concerns over its debt levels, even though the management's willingness to hold large debt should have been a clue of the defensiveness of its disaster support business. Indeed, the robustness of the business model as well as its undeserving valuation led to their strong 1st of June earnings announcement followed by a material price bounce.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2009 *continued*

FAR EAST AND EUROPE

Having sold Star Publications in early January, LG Electronics now remains the only holding in the Far East. The stock has climbed 39% (in sterling) in the period and has proven more robust than the KOSDAQ index which has begun to retreat in the last month following a stellar three month performance. Korean exporters have been benefiting substantially from the Won's weakness and LG in particular has been able to increase its market share and margins in handsets and LCD TVs while solidifying its position as a premium brand, a factor that is being recognised by the Chinese telecoms operators as they roll out 3G.

In Europe, United Internet, despite a flat DSL market and weak advertising environment, beat analyst expectations for the first quarter on the back of strong Web hosting numbers and has also reaffirmed the previous guidance of slightly higher sales for 2009. Following the subsequent, well received, acquisition of competitor Freenet's DSL business which significantly increases their market share, the stock finished the period 33% up (in local currency).

OUTLOOK

The strength of this market rally has been as hard to envisage as the extreme instabilities that preceded it, having managed to brush off along the way some quite pessimistic macroeconomic data from around the world - all on the back of increased belief that the global banking system has been salvaged and of improving consumer confidence. Even the stagnation witnessed recently in larger cap names has been offset by a strong recovery in small caps and now blatantly oversold names are much harder to find compared to three months ago. So are we out of the woods yet?

In the technology sector, capacity has shrunk, orders and production have picked up, perhaps better reflecting the true end demand, but the increased proportion of small-sized, short lead-time orders as well as tighter budgets certainly imply that customers are still treading with caution. Certainly, their unwillingness to tie up cash by building up inventories (or signing long upfront-fee contracts) does appear prudent but excess inventories will re-surface if demand levels continue to trickle down and especially if the economy is not bottoming as imminently as the consensus expects. The effect that a strong market rally such as this could have is to over-inflate business sentiment at a time when the weak state of the economy implies demand will be far off the pre-downturn highs for some time to come. The rally may also encourage players that perceive themselves as being in a stronger position than their peers to all aggressively target (and to all equally expect to grab) the market share of weaker, troubled competitors.

Currently, the market's expectations for the next two quarters of the year, as set by companies and analysts alike, are for normal seasonal improvement, almost completely discounting the possibility of another economic shock or a re-acceleration in economic decline. Valuations have also become pricier, with for example the Russell 1000 Technology index rising from 10x current earnings in December to 17x today. Even though we strongly believe that most high-quality companies in our sector are still undervalued on a longer term horizon (and do deserve higher multiples), it feels that in the short term, at a time when the markets are still walking (blindfolded) in a world struggling to unwind the excesses of the past, the room for error has unquestionably decreased.

From a longer and more high-level perspective, it must be recognised that while the credit boom prevailed, a number of mature sectors appeared to be growing and asset as well as commodity prices inflated. This left technology in the shade and as a result the sector has de-rated continuously since 2002. However, the sector (on the back of its healthy balance sheets and growth potential) is now materially outperforming the market as those sectors which once benefited from credit have now turned sour. This, together with the world's increasing reliance on technology, gives us confidence that the sector is long due a re-rating.

HERALD INVESTMENT FUND PLC

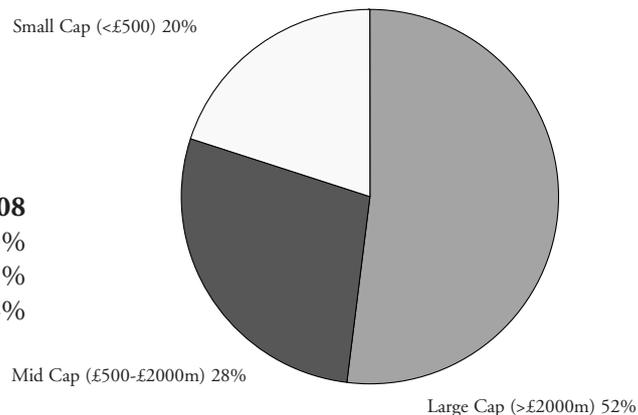
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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2009 *continued*

Portfolio Weightings

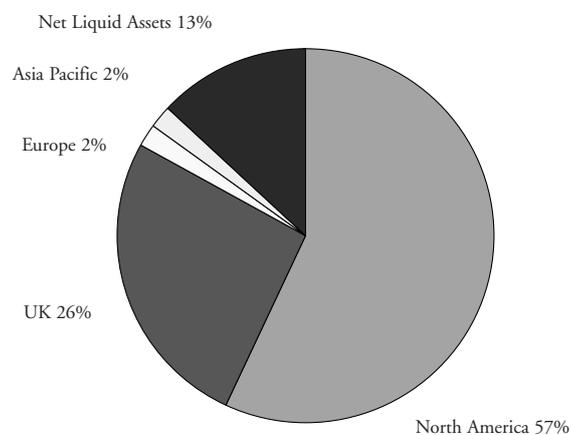
Breakdown by Market Cap

	30/06/09	31/12/08
Large Cap	52%	53%
Mid Cap	28%	23%
Small Cap	20%	24%



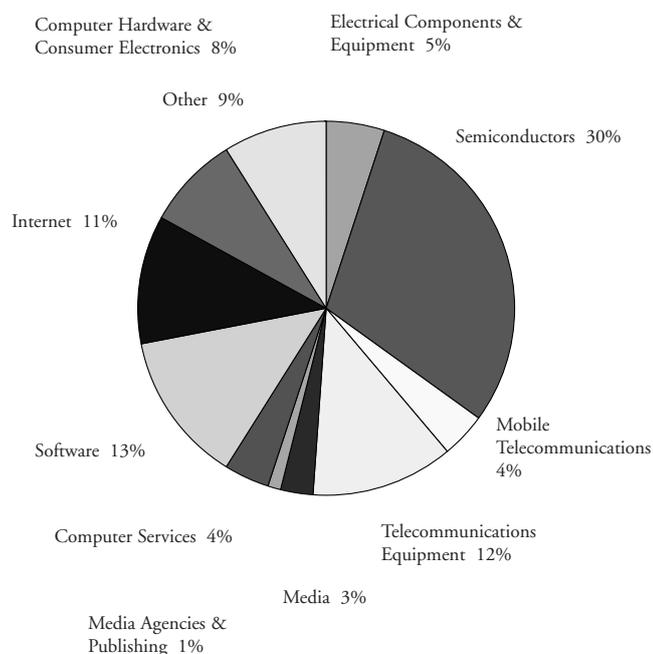
Geographic Breakdown

	30/06/09	31/12/08
North America	57%	58%
UK	26%	19%
Europe	2%	2%
Asia Pacific	2%	8%
Net Liquid Assets	13%	13%



Sector Breakdown

	30/06/09	31/12/08
Electrical Components & Equipment	5%	6%
Semiconductors	30%	28%
Mobile Telecommunications	4%	5%
Telecommunications Equipment	12%	12%
Media	3%	0%
Media Agencies & Publishing	1%	9%
Computer Services	4%	3%
Software	13%	14%
Internet	11%	5%
Computer Hardware & Consumer Electronics	8%	7%
Other	9%	11%



Source: Herald Investment Management Limited.
July 2009

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PROFIT and LOSS ACCOUNT for the six months ended 30 June 2009

	Six Months ended 30 June 2009 GBP	Year ended 31 December 2008 GBP	Six Months ended 30 June 2008 GBP
Income			
Operating income	65,475	225,273	48,050
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	1,228,987	(1,492,093)	(915,495)
Total investment profit/(loss)	1,294,462	(1,266,820)	(867,445)
Operating expenses	(106,486)	(219,356)	(107,758)
Operating profit/(loss)	1,187,976	(1,486,176)	(975,203)
Finance costs			
Interest expense	-	(135,781)	-
Profit/(loss) for the period before tax	1,187,976	(1,621,957)	(975,203)
Non-reclaimable withholding tax	(10,011)	(21,735)	(10,227)
Profit/(loss) for the period after tax	1,177,965	(1,643,692)	(985,430)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares at bid prices			
	1,177,965	(1,643,692)	(985,430)
Adjustment from bid to dealing prices	(20,206)	7,018	(14,134)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares at dealing prices	1,157,759	(1,636,674)	(999,564)

There are no recognised gains or losses arising in the period other than the increase/(decrease) 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 2009

	As at 30 June 2009 GBP	As at 31 December 2008 GBP	As at 30 June 2008 GBP
Assets			
Cash and bank balances	1,094,254	947,161	982,540
Debtors	20,761	6,644	5,194
Financial assets at fair value through profit or loss	<u>7,049,976</u>	<u>6,054,612</u>	<u>7,387,229</u>
Total Assets	8,164,991	7,008,417	8,374,963
Liabilities			
Creditors: amounts falling due within one year	<u>(71,366)</u>	<u>(56,699)</u>	<u>(44,315)</u>
Net assets attributable to holders of redeemable participating shares at bid prices	8,093,625	6,951,718	8,330,648
Adjustment from bid to last traded prices	14,530	34,736	13,584
Net assets attributable to holders of redeemable participating shares at dealing prices	<u><u>8,108,155</u></u>	<u><u>6,986,454</u></u>	<u><u>8,344,232</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 2009 GBP	Year ended 30 June 2008 GBP	Six Months ended 31 December 2008 GBP
Net assets attributable to holders of redeemable participating shares at beginning of the period	6,986,454	9,407,355	9,407,355
Increase/(decrease) in net assets attributable to holders of redeemable participating shares resulting from operations	1,157,759	(1,636,674)	(999,564)
Amounts received on issue of redeemable participating shares	55,150	125,280	-
Amounts paid on redemption of redeemable participating shares	(91,208)	(909,507)	(63,559)
Decrease in net assets resulting from share transactions	(36,058)	(784,227)	(63,559)
Net increase/(decrease) in shareholders' funds	1,121,701	(2,420,901)	(1,063,123)
Net assets attributable to holders of redeemable participating shares at end of the period	8,108,155	6,986,454	8,344,232

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 2009

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 2009, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). Accounting standards generally accepted in Ireland in preparing Financial Statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board ("ASB").

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair value through 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 2009	As at 31 December 2008	As at 30 June 2008
Euro	1.1741	1.0344	1.2632
Korean Won	2,098.0048	1,810.9182	2,081.7965
Malaysian Ringgit	-	4.9746	6.5028
Norwegian Kroner	-	10.0673	10.1368
Taiwan Dollars	-	47.1841	60.4071
US Dollars	1.6469	1.4378	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 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.

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NOTES TO THE INTERIM UNAUDITED REPORT for the six months ended 30 June 2009*continued*

3. Net Asset Value

	As at 30 June 2009 GBP	As at 31 December 2008 GBP	As at 30 June 2008 GBP
Total number of class A shares in issue at end of period	707,849	711,579	780,819
Net asset value	8,108,155	6,986,454	8,344,232
Net asset value per class A share	11.45	9.82	10.69

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 this Company during the period.

6. 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 end.

7. Approval of Financial Statements

The Financial Statements were approved by the board on 14 August 2009.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Fund
SCHEDULE OF INVESTMENTS as at 30 June 2009

HOLDING	SECURITY NAME	VALUE GBP	FUND%
BONDS			
UNITED KINGDOM			
<i>CORPORATE BONDS</i>			
250,000	Vodafone Group Plc 8.125% 26/11/2018	297,131	3.67
250,000	WPP Plc 6% 04/04/2017	218,501	2.69
TOTAL UNITED KINGDOM		515,632	6.36
TOTAL BONDS		515,632	6.36
EQUITIES			
GERMANY			
<i>INTERNET</i>			
20,000	United Internet AG Com EUR1.00	142,066	1.75
TOTAL GERMANY		142,066	1.75
SOUTH KOREA			
<i>ELECTRICAL COMPONENTS & EQUIPMENT</i>			
2,200	LG Electronics Inc Com KRW5,000.00	122,688	1.51
TOTAL SOUTH KOREA		122,688	1.51
UNITED KINGDOM			
<i>CLOSED-END FUNDS</i>			
125,000	Herald Investment Trust Plc GBP0.25	340,000	4.19
<i>COMPUTERS</i>			
125,000	Phoenix IT Group Ltd Com GBP0.01	261,875	3.23
<i>ELECTRONICS</i>			
75,000	Acal Plc Com GBP0.05	77,250	0.95
<i>INTERNET</i>			
200,000	Ebiquity Plc Com NPV	86,000	1.06
<i>SEMICONDUCTORS</i>			
210,000	ARM Holdings Plc Com GBP0.0005	250,950	3.09
385,782	Imagination Technologies Group Plc Com GBP0.10	527,557	6.51
<i>SOFTWARE</i>			
340,000	Alphameric Plc Com GBP0.025P	100,300	1.24
TOTAL UNITED KINGDOM		1,643,932	20.27
UNITED STATES			
<i>COMPUTERS</i>			
5,200	Apple Inc Com NPV	449,730	5.55
7,000	SanDisk Corp Com USD0.001	62,355	0.77
<i>ELECTRONICS</i>			
17,000	Arrow Electronics Inc Com USD1.00	218,945	2.70
22,000	Flir Systems Inc Com USD0.01	301,375	3.72
20,000	Jabil Circuit Inc Com USD0.001	89,990	1.11
<i>INTERNET</i>			
21,500	F5 Networks Inc Com NPV	451,320	5.56
13,000	Netease.com ADR USD0.0001	277,074	3.42
30,000	Websense Inc Com USD0.005	324,984	4.01
<i>SEMICONDUCTORS</i>			
13,300	Analog Devices Inc Com USD0.167	200,124	2.47

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Fund
SCHEDULE OF INVESTMENTS as at 30 June 2009 *continued*

HOLDING	SECURITY NAME	VALUE GBP	FUND%
EQUITIES <i>continued</i>			
UNITED STATES <i>continued</i>			
<i>SEMICONDUCTORS</i> <i>continued</i>			
38,000	Intel Corp Com USD 0.001	381,188	4.70
32,000	Microchip Technology Inc Com USD0.001	437,781	5.40
50,000	MIPS Technologies Inc Com USD0.001	90,476	1.11
10,000	Rovi Corporation Com USD0.001	132,070	1.63
12,000	Xilinx Inc Com USD0.01	149,012	1.84
<i>SOFTWARE</i>			
20,000	Citrix Systems Inc Com USD0.001	387,163	4.77
21,000	Microsoft Corp Com USD0.0000125	303,233	3.74
<i>TELECOMMUNICATIONS</i>			
28,000	Cisco Systems Inc Com USD0.001	316,921	3.91
190,000	MRV Communications Inc Com USD0.0017	51,917	0.64
TOTAL UNITED STATES		4,625,658	57.05
TOTAL EQUITIES		6,534,344	80.58
TOTAL VALUE OF INVESTMENTS (Cost: GBP 7,355,088)		7,049,976	86.94
CASH*		1,094,254	13.50
OTHER NET LIABILITIES		(50,605)	(0.62)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT BID PRICES		8,093,625	99.82
Adjustment from bid to last dealing prices		14,530	0.18
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT DEALING PRICES		8,108,155	100.00
Analysis of Total Net Assets			%
Transferable securities admitted to an official stock exchange listing or traded on a regulated market.			86.94
Other net assets.			13.06
			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 2009

MAJOR PURCHASES*		GBP VALUE
250,000	WPP Plc 6% 04/04/2017	200,938
30,000	Websense Inc Com USD0.005	234,907
25,000	Phoenix IT Group Ltd Com GBP0.01	39,202
MAJOR SALES*		GBP VALUE
10,000	Rovi Corporation Com USD0.001	139,564
740,000	Star Publications Malaysia BHD Com NPV	454,597
84,718	Imagination Technologies Group Plc Com GBP0.10	112,132

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