PRELIMINARY STOCK EXCHANGE ANNOUNCEMENT

HERALD INVESTMENT TRUST plc

Results for the six months ended 30 June 2008

31 July 2008

The following is the unaudited Half-Yearly Financial Report for the six months to 30 June 2008

HERALD INVESTMENT TRUST plc

Half-Yearly Financial Report 30 June 2008
Responsibility Statement

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with the Accounting Standards Board's statement "Half-Yearly Financial Reports";

b) the Chairman's Review includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R (indication of important events during the first six months and a description of principal risks and uncertainties for the remaining six months of the year); and

c) the Half-Yearly Financial Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Martin Boase

Chairman

30 July 2008

HERALD INVESTMENT TRUST plc

CHAIRMAN'S REVIEW

It is depressing to report a further decline in net asset value per share of 10.1%, following a weak second half of 2007. However, this decline is lower than most of the wider indices and more relevant indices, and there are reasons why the Manager views the current market with some excitement.

Over the last twelve months smaller companies have fallen to a greater extent than the larger market capitalisation stocks (FTSE 100 -14.9%, FTSE small cap -28.7%, Russell 1000 Tech -6.8% and Russell 2000 Tech -20.6%). Over the twelve months Herald was exposed to the full brunt of the small companies bear market, albeit its performance has been better than that of the indices during the first six months of the current year (FTSE 100 -12.9%, FTSE small cap -16.1%, Russell 1000 Tech -12.8% and Russell 2000 Tech -16.1%). The Manager believes this performance reflects the fact that liquidity issues drove prices down in the first few months of the credit crunch as leveraged investors degeared, mutual fund managers suffered redemptions and those with cash husbanded it.

The general equity market continues to be more "offered than bid", with more would-be sellers than buyers. More recently there has been a divergence between companies and sectors relating to profits warnings. Sectors such as banks, housebuilders, retailers and some of the traditional media businesses are clearly suffering the worst of the poor performance. In contrast the analysis of profits and profit expectations within the Herald portfolio continues to demonstrate strong growth. The 2007 profits generally delivered strong growth in line with expectations, and downgrades to expectations for 2008 have so far not been material. It is inconceivable that the pace at which the economy is deteriorating will not have some adverse effect, but this appears to have been significantly, if not excessively, discounted in the price/earnings ratios to record low levels.

The precise growth rate is confused by the change to IFRS in Europe over the last three years, which is causing material changes in historic numbers as well as forecast ones, and massive inconsistencies in approach and outcomes. In addition GAAP reported numbers bear little relation to the underlying cash generating ability of companies, which is essentially what counts. Most companies now report an adjusted earnings figure which we believe to be more relevant because it adds back amortisation of intangibles and share-based payments which have no cash effect. There are also other divergences in US GAAP.

To lend credence to the belief that cash flow is a more relevant guide, and that there is solid value in the portfolio, there has been a continuation of bid activity this year. Over the last year 18 bids, including four of the top ten holdings, have been announced in the portfolio, almost invariably for cash with a combined value in excess of a quarter of the portfolio, and several more are currently in talks. These stocks have collectively yielded a positive return of circa 10% over the last twelve months (although some just maintained their value in a declining market because they were announced in the first half of 2007, but the cash was realised post credit crunch), masking an even greater derating elsewhere. This has been helpful in providing liquidity to exploit opportunities to buy other stocks at depressed levels. However the take-out levels have, in absolute terms, been at disappointing valuations. The losers here are really the management teams of solid businesses who are losing their jobs, and not realising their deserved option profits, through no fault of their own. The evidence is that investors are so keen to realise cash that no resistance is currently being put up to any cash offer.

It is our intention to continue to support many of the interesting investments we have, and to ward off the vultures, mainly from the US, who want to acquire cheap assets. The US values skills and technology companies so much more highly than we do, and have a greater awareness of its contribution to national wealth. From an acquisitor's point of view cash flow is clearly more relevant than GAAP earnings, and we urge investors to treat GAAP numbers with caution. From this perspective the accounting standards have not served us at all well, particularly when they have also led to absurd increases in associated costs and the distraction of top management time.

The Trust's UK portfolio materially underperformed in the Autumn sell-off but has fared relatively better this year helped by take-over bids. The weighted average of the relevant sectors in the HGSC Index including AIM was down 14.1% versus the wider index decline of 12.2%, and Herald's UK decline of 8.8%. The media sector performed particularly poorly, declining 27.6%. In Europe the markets have been dire, but five take-over bids have masked this, including the acquisition of the largest European holding ICOS Vision by KLA Tencor. The US was more resilient in the Autumn, but performed poorly in January. We have used this weakness to add to our US weighting, which now stands at circa 24% of net assets. Valuations are not as low in the US as in the UK, but GAAP accounting is more conservative, there has not been the same liquidity breakdown, reflecting the scale of corporate share buy-backs, and the currency drag seen from US dollar weakness in recent years seems less probable. The sector is strong in the US, and the US economy is further through the deleveraging adjustment process, benefiting from both the weak dollar for exports and a fiscal stimulus, and the outlook seems less bleak than the UK. Having outperformed last year the correction has hit the Far East portfolio this year. We did reduce positions in the Autumn in anticipation of this. The nature of businesses in the Far East, with their manufacturing orientation, makes them more vulnerable to a slowdown in the Western world than most of the holdings in the UK and the US.

Total return from 31 December 2007 to 30 June 2008

UK	-8.8%
US	-17.8%
Europe	-7.6%
Far East	-16.2%

Gearing

At the Annual General Meeting in April, shareholders approved a Special Resolution to amend the Articles of Association to increase the maximum level of gearing from 30% to 50% of shareholders' funds, although at the time of investment borrowings were not expected to exceed 30% of net assets. In order to exploit the distressed valuation levels in the market the borrowing facility was renegotiated in April to extend the term. In total it comprises £75m. The interest rate on £50m is fixed through a 30 year interest rate swap at 4.9% with a borrowing margin resulting in a 5.58% annual cost for the opening years of the loan, which can only vary to the extent that the mark up over LIBOR charged by a lending bank varies. Currently we have reinvested the proceeds of the disposals, but have not yet invested the debt facility in equities. This has proved appropriate given the continuing uncertainties in the economy and the market, but we are excited to have the war chest available over the coming months.

Buybacks

The Trust's powers to repurchase its own shares were renewed at the Annual General Meeting in April, and during the first half of 2008 a total of 2.1m shares were bought back at a cost of £6.4m, generating an uplift for continuing shareholders of 0.5%.

VAT

As discussed in the December 2007 Annual Report and Accounts, HM Revenue and Customs accepted last year that investment trust management fees should be exempt from VAT. The process of recovering the VAT suffered on historic management fees is now sufficiently advanced that the Trust is able to estimate the amounts receivable for the periods from 2000 to 2007 with reasonable certainty and a provision of £2.0m has therefore been recognised in the accounts. Further details are given in note 4.

HERALD INVESTMENT TRUST plc

CHAIRMAN'S REVIEW (continued)

As usual, no interim dividend will be paid. The magnitude of the final dividend will be dependent on the final outcome of the VAT recovery and the level of gearing.

Outlook

Following the deleveraging of the portfolio in September, when stocks more exposed to the downturn in the economy were sold where possible, we are now even more exposed to recurring revenue streams, and defensive business models. This should place the portfolio well for the inevitably challenging times ahead. At the micro-cap end the market has effectively broken down. Those with resilient business models offer outstanding value on a three year view. The short term poses a conundrum with such a high potential for further shocks in the wider economy.

The principal risks facing the Company are set out in note 10.

Martin Boase
Chairman
30 July 2008

Summary of Performance

	At inception 16 February 1994	At 31 December 2007	At 30 June 2008	Performance since 31 December 2007	Performance since inception
NAV per share	98.7p	395.0p	355.0p	(10.1)%	259.7%
Share price ‡	90.9p	312.0p	283.0p	(9.3)%	211.3%
FTSE 100 Index	3,417.7	6,456.9	5,625.9	(12.9)%	64.6%
HGSC Index plus AIM (capital gains ex. investment companies)	1,750.0	3,562.9	3,084.3	(13.4)%	76.2%
Russell 2000 (small cap) Technology Index (in sterling terms)	83.2*	72.1	60.5	(16.1)%	(27.3)%

‡ Mid market price.
* At 9 April 1996 being the date funds were first available for international investment.

From 1 January 2006 the benchmark was changed from 2/3 Hoare Govett Smaller Companies Index (extended capital gains ex. investment companies) and 1/3 Russell 2000 (small cap) Technology Index (in sterling terms) to 2/3 Hoare Govett Smaller Companies Index plus AIM (capital gains ex. investment companies) and 1/3 Russell 2000 (small cap) Technology Index (in sterling terms).

Past performance is no guarantee of future performance.

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HERALD INVESTMENT TRUST plc

INCOME STATEMENT
(unaudited)

	For the six months ended 30 June 2008			For the six months ended 30 June 2007			For the year ended 31 December 2007		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments	-	**8,060**	**8,060**	-	4,575	4,575	-	16,845	16,845
Fair value movements on investments - securities	-	**(45,428)**	**(45,428)**	-	29,965	29,965	-	(49,743)	(49,743)
Fair value movement on interest rate swap	-	**(755)**	**(755)**	-	-	-	-	-	-
Currency gains/(losses)	-	**16**	**16**	-	(62)	(62)	-	(49)	(49)
Income from investments and interest receivable	**3,102**	-	**3,102**	2,352	-	2,352	5,167	-	5,167
Other income	**26**	-	**26**	-	-	-	-	-	-
Investment management fee	**(1,556)**	-	**(1,556)**	(2,201)	-	(2,201)	(4,252)	-	(4,252)
Recoverable VAT (note 4)	**1,989**	-	**1,989**	-	-	-	-	-	-
Other administrative expenses	**(173)**	-	**(173)**	(132)	-	(132)	(268)	-	(268)
Net return before finance costs and taxation	**3,388**	**(38,107)**	**(34,719)**	19	34,478	34,497	647	(32,947)	(32,300)
Finance costs of borrowings	**(678)**	-	**(678)**	(983)	-	(983)	(1,883)	-	(1,883)
Net return on ordinary activities before taxation	**2,710**	**(38,107)**	**(35,397)**	(964)	34,478	33,514	(1,236)	(32,947)	(34,183)
Tax on ordinary activities	**(80)**	-	**(80)**	(51)	-	(51)	(134)	-	(134)
Net return on ordinary activities after taxation	**2,630**	**(38,107)**	**(35,477)**	(1,015)	34,478	33,463	(1,370)	(32,947)	(34,317)
Net return per ordinary share (note 5)	**3.06p**	**(44.30p)**	**(41.24p)**	(1.16p)	39.51p	38.35p	(1.57p)	(37.82p)	(39.39p)
Weighted average number of ordinary shares in issue during each period	**86,015,624**			87,261,341			87,114,983		

The total column of this statement is the profit and loss account of the Company.
All revenue and capital items in this statement derive from continuing operations.
A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

HERALD INVESTMENT TRUST plc

BALANCE SHEET
(unaudited)

	At 30 June 2008 £'000	At 30 June 2007 £'000	At 31 December 2007 £'000
Fixed assets			
Investments held at fair value through profit or loss	**293,434**	439,185	330,833
Current assets			
Debtors	**10,672**	472	839
Cash and short term deposits	**49,378**	23,549	12,155
	60,050	24,021	12,994
Creditors: Amounts falling due within 1 year (note 7)	**(52,262)**	(51,929)	(330)
Net current assets/(liabilities)	**7,788**	(27,908)	12,664
Total net assets	**301,222**	411,277	343,497
Capital and Reserves			
Called-up share capital	**21,211**	21,743	21,743
Share premium	**73,738**	73,738	73,738
Capital redemption reserve	**741**	209	209
Capital reserve	**201,696**	313,596	246,171
Revenue reserve	**3,836**	1,991	1,636
Equity shareholders' funds	**301,222**	411,277	343,497
Net asset value per ordinary share	**355.03p**	472.89p	394.96p
Ordinary shares in issue (note 8)	**84,843,123**	86,971,010	86,971,010

HERALD INVESTMENT TRUST plc

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (unaudited)

For the six months ended 30 June 2008

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve - realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total shareholders' funds £'000
Shareholders' funds at 1 January 2008	21,743	73,738	209	247,789	(1,618)	1,636	**343,497**
Net return on ordinary activities after taxation	-	-	-	8,076	(46,183)	2,630	**(35,477)**
Shares bought back†	(532)	-	532	(6,368)	-	-	**(6,368)**
Dividends paid during the period#	-	-	-	-	-	(430)	**(430)**
Shareholders' funds at 30 June 2008	**21,211**	**73,738**	**741**	**249,497**	**(47,801)**	**3,836**	**301,222**

For the six months ended 30 June 2007

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve - realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total shareholders' funds £'000
Shareholders' funds at 1 January 2007	21,889	73,738	63	233,361	48,125	4,052	**381,228**
Net return on ordinary activities after taxation	-	-	-	4,513	29,965	(1,015)	**33,463**
Shares bought back†	(146)	-	146	(2,368)	-	-	**(2,368)**
Dividends paid during the period#	-	-	-	-	-	(1,046)	**(1,046)**
Shareholders' funds at 30 June 2007	**21,743**	**73,738**	**209**	**235,506**	**78,090**	**1,991**	**411,277**

For the year ended 31 December 2007

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve - realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total shareholders' funds £'000
Shareholders' funds at 1 January 2007	21,889	73,738	63	233,361	48,125	4,052	**381,228**
Net return on ordinary activities after taxation	-	-	-	16,796	(49,743)	(1,370)	**(34,317)**
Shares bought back†	(146)	-	146	(2,368)	-	-	**(2,368)**
Dividends paid during the year#	-	-	-	-	-	(1,046)	**(1,046)**
Shareholders' funds at 31 December 2007	**21,743**	**73,738**	**209**	**247,789**	**(1,618)**	**1,636**	**343,497**

† See note 8. # See note 6.

HERALD INVESTMENT TRUST plc

CONDENSED CASH FLOW STATEMENT
(unaudited)

	For six months ended 30 June 2008 £'000	For six months ended 30 June 2007 £'000	For year ended 31 December 2007 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	**1,338**	173	187
NET CASH OUTFLOW FROM SERVICING OF FINANCE	**(160)**	(576)	(2,156)
FINANCIAL INVESTMENT			
Purchase of investments	**(47,532)**	(47,162)	(82,697)
Sale of investments	**40,082**	32,564	108,457
NET CASH (OUTFLOW)/INFLOW FROM FINANCIAL INVESTMENT	**(7,450)**	(14,598)	25,760
EQUITY DIVIDEND PAID (note 6)	**(430)**	(1,046)	(1,046)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING	**(6,702)**	(16,047)	22,745
FINANCING			
Shares repurchased	**(6,075)**	(2,182)	(2,368)
Loans drawn down	**50,000**	30,000	60,000
Loans repaid	**-**	-	(80,000)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	**43,925**	27,818	(22,368)
INCREASE IN CASH	**37,223**	11,771	377
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS			
Increase in cash in period	**37,223**	11,771	377
(Increase)/decrease in bank loans	**(50,000)**	(30,000)	20,000
MOVEMENT IN NET (DEBT)/FUNDS IN PERIOD	**(12,777)**	(18,229)	20,377
NET FUNDS/(DEBT) AT 1 JANUARY	**12,155**	(8,222)	(8,222)
NET (DEBT)/FUNDS AT 30 JUNE/31 DECEMBER	**(622)**	(26,451)	12,155
RECONCILIATION OF NET REVENUE BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Net return on ordinary activities before finance costs and taxation	**(34,719)**	34,497	(32,300)
Losses/(gains) on investments - securities	**37,368**	(34,540)	32,898
Losses on interest rate swap	**755**	-	-
Currency (gains)/losses	**(16)**	62	49
Changes in debtors and creditors	**(2,088)**	257	(283)
Amortisation of fixed income book cost	**97**	-	-
Income tax (suffered)/repaid	**(2)**	9	6
Realised currency profit/(loss)	**16**	(62)	(49)
Overseas tax suffered	**(73)**	(50)	(134)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**1,338**	173	187

HERALD INVESTMENT TRUST plc

DISTRIBUTION OF ASSETS
(unaudited)

		At 30 June 2008 %	At 30 June 2007 %	At 31 December 2007 %
Equities:	United Kingdom	**52.4**	65.7	62.3
	Continental Europe	**2.9**	5.6	5.0
	Americas	**20.1**	16.1	17.5
	Asia Pacific	**6.3**	7.8	7.8
	Emerging Markets	**0.3**	-	-
		82.0	95.2	92.6
Fixed interest:	EUR denominated bonds	-	-	2.2
	US$ denominated bonds	**1.5**	-	1.5
Net liquid assets		**16.5**	4.8	3.7
Total assets (before deduction of bank loans)		**100.0**	100.0	100.0

HERALD INVESTMENT TRUST plc

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

1. The condensed set of financial statements have been prepared on the basis of the same accounting policies as set out in the Company's Annual Financial Statements at 31 December 2007 and in accordance with the ASB's Statement 'Half-Yearly Financial Reports' and have not been audited or reviewed by the Auditors pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information.'

2. The financial information contained within this Half-Yearly Financial Report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the year ended 31 December 2007 has been extracted from the statutory accounts which have been filed with the Registrar of Companies and contain an unqualified Auditors' Report and do not contain statements under the section 237(2) or (3) of the Companies Act 1985.

3. Herald Investment Management Limited are appointed investment managers under a management agreement which is terminable on twelve months' notice. Their annual remuneration is 1.0% of the Company's net asset value based on middle market prices, calculated on a monthly basis payable in arrears.

4. **Recoverable VAT**

   In 2004 the Association of Investment Companies (the "AIC"), together with JPMorgan Claverhouse Investment Trust, launched a case against HM Revenue & Customs ("HMRC") to challenge whether Value Added Tax ("VAT") should be charged on investment management fees. In June 2007 the European Court of Justice found in favour of the AIC.

   Since then HMRC has accepted that management fees should be exempt from VAT and has acknowledged its liability to pay claims in respect of VAT borne by investment companies. No VAT has been charged on management fees since September 2007 and the Managers have submitted repayment claims to HMRC for the periods from 2000 to 2007 and from 1994 to 1996. The Board is satisfied that at least £1,989,000 is certain to be recovered by the Managers on behalf of the Company in respect of the period 2000 to 2007 and therefore this amount has been recognised in the current period. The Board, however, considers that there are too many uncertainties to allow any reasonable estimate of any further amounts potentially recoverable over both periods. The Company will receive from the Managers any interest paid by HMRC on the amounts eventually recovered.

		Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
5.	**Net return per ordinary share**			
	Revenue return	**2,630**	(1,015)	(1,370)
	Capital return	**(38,107)**	34,478	(32,947)
	Total return	**(35,477)**	33,463	(34,317)
	Weighted average number of ordinary shares	**86,015,624**	87,261,341	87,114,983

Net return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

HERALD INVESTMENT TRUST plc

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited) (continued)

		Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
6.	**Dividends:** **Amounts recognised as distributions in the period:** Final dividend for the year ended 31 December 2007 of 0.50p (2006 – 1.20p) paid 1 May 2008	**430**	1,046	1,046

No interim dividend will be declared.

7. During the period the Company replaced its existing 364 day £50 million multi-currency loan facility and entered into a £75 million multi-currency variable rate loan facility with The Royal Bank of Scotland plc. The new facility comprises three £25 million tranches expiring on 31 May 2010, 2011 and 2013. Arrangement fees on this facility totalling £112,500 have been written off through finance costs of borrowings. The interest on £50 million of this facility has been fixed for the long term through a 30 year interest rate swap but may vary on periodic renewals to the extent that the mark up over LIBOR charged by a lending bank varies. At 30 June 2008 there were outstanding drawings of £50 million (30 June 2007 – £50 million; 31 December 2007 - Nil). The fair value of the liabilities in respect of the interest rate swap contract at 30 June 2008 was a liability of £755,000 which was based on the marked to market value.

8. At the Annual General Meeting held on 22 April 2008 the Company's authority to buy back shares was renewed in respect of 12,896,874 Ordinary shares (equivalent to 14.99% of its issued share capital at that date). In the six months to 30 June 2008 a total of 2,127,887 ordinary shares with a nominal value of £532,000 were bought back at a total cost of £6,368,000. At 30 June the Company had authority to buy back a further 11,703,474 ordinary shares.

9. During the period transaction costs on purchases amounted to £329,000 (30 June 2007 - £239,000; 31 December 2007 - £387,000) and transaction costs on sales amounted to £140,000 (30 June 2007 - £114,000; 31 December 2007 - £354,000).

10. **Principal risks and uncertainties**
The principal risks facing the Company relate to the Company's investment activities. These risks are market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 19 of the Company's Annual Report and Accounts for the year to 31 December 2007. The principal risks and uncertainties have not changed since the publication of the Annual Report.

11. None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

12. The Half-Yearly Financial Report is available on the Managers' website **www.heralduk.com** and will be posted to shareholders on or around 13 August 2008.