

# Gartmore Irish Growth Fund PLC

Interim Report for the six months to 30 September 2009



[www.gartmoreirishgrowthfund.com](http://www.gartmoreirishgrowthfund.com)

## Investment Objective

The Company seeks to provide shareholders with long-term capital growth through investment in quoted companies which are either incorporated in the Republic of Ireland or Northern Ireland or, if elsewhere, derive the majority of their turnover or profits from the Republic of Ireland or Northern Ireland or are listed on the ISEQ Index.

It is considered that the Company, through the securities in which it invests, offers an attractive and relatively direct means of investing in Ireland, thereby giving exposure to:

- its attractive demographics;
- low corporation tax;
- an attractive English-speaking base for international investors, particularly from the USA, to service the EU market;
- an attractive base from which Irish companies could develop international business; and
- a pro-business Government and culture.

## Investment Policy

### *Asset Allocation:*

The Company invests in quoted companies which are either incorporated in the Republic of Ireland or Northern Ireland or, if elsewhere, derive the majority of their turnover or profits from the Republic of Ireland or Northern Ireland or are listed on the ISEQ Index. The majority of investments will be in equities, although other forms of equity-related securities, including warrants and convertibles, may be held. Cash and derivative instruments (such as futures and options) may be used for efficient portfolio management and as part of investment strategy, subject to the prior consent of the Board.

The Company's investments are not limited by reference to market capitalisation, sector or weightings within the Republic of Ireland or elsewhere. However, a sizeable part of the portfolio is usually held in stocks of companies incorporated in the Republic of Ireland, since they represent a majority of the Company's eligible investment universe.

### *Risk Diversification:*

Portfolio risk is managed by investing in a diversified spread of investments. There are generally approximately 40 holdings at any one time, and no single holding will represent more than 15% of the net assets of the Company or more than 15% of the investee company's issued share capital at the time of acquisition.

The Company will not invest more than 15% of its gross assets in other listed investment companies (including investment trusts).

### *Gearing:*

The Manager is authorised to gear the portfolio to make additional investments. Gearing can fluctuate between zero and 25% of shareholders' funds, with timing determined on the basis of market circumstances and investment opportunities. The level of gearing is regularly monitored by the Board. Alternatively, cash is held when the Manager has negative views on share prices.

Previously, gearing has been achieved through the use of flexible borrowing facilities. In the recent turbulence in banking markets in Ireland and in other countries, the Company did not renew its borrowing facilities due to the unacceptable terms. The Board has authorised the Manager to use contracts for difference ("CFDs") for gearing purposes. The use of CFDs is subject to the limits which applied when bank loan facilities were used, and total gearing remains subject to a maximum of 25% of shareholders' funds.

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## The Company

### Performance

Performance is compared with the Davy Mid-Cap Index, the ISEQ Index, the Hoare Govett Smaller Companies Index (ex Investment Companies), the FTSE All-Share Index and the FTSE Europe ex UK Index.

### Directors

H P Sheridan (Chairman)  
R A M Baillie  
G R Caldwell  
W R Cotter  
P K Cunneen (appointed on 18 November 2009)  
R A Milliken

### Advisers

#### Investment Manager:

Gartmore Investment Limited  
Gartmore House  
8 Fenchurch Place  
London EC3M 4PB  
Telephone: 020 7782 2000

#### Secretary and Registered Office:

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Beaufort House  
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Exeter EX4 4EP  
Telephone: 01392 412 122

### Registrar

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
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[www.investorcentre.co.uk](http://www.investorcentre.co.uk)

Registered No. 3031629  
England and Wales

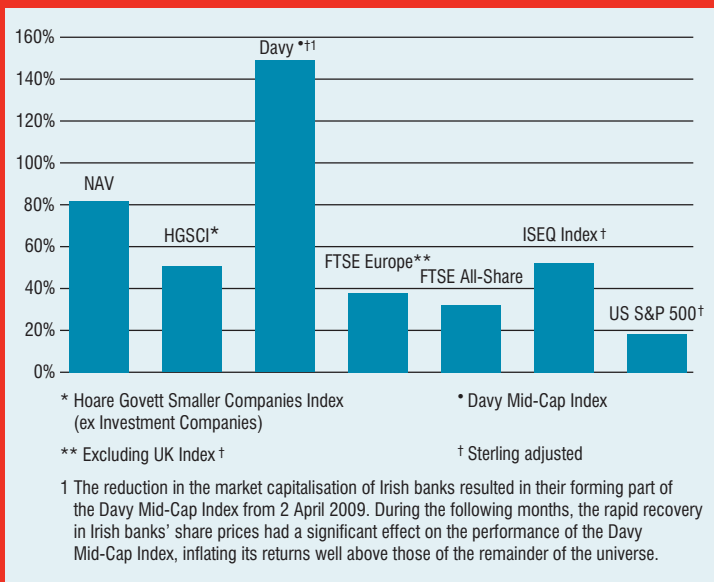
#### Gartmore Irish Growth Fund PLC

is managed by Gartmore Investment Limited ('GIL') which is authorised and regulated by the Financial Services Authority.

## Overview

for the six months to  
30 September 2009

- Net asset value per Ordinary share increased by 81.78% compared with an increase in sterling terms of 50.53% for the ISEQ Index and 149.01% for the Davy Mid-Cap Index.
- Tender offer for 25.5% of the Company's shares completed in October at a repurchase cost of £20,386,000, resulting in an uplift of approximately 22p per share for continuing shareholders.



## Chairman's Statement

for the six months to  
30 September 2009

Over the past six months we have seen a welcome turnaround in the performance of the Irish stock market and world equity markets in general, despite mixed economic news.

Although Ireland's economy remained weak, equity markets anticipated improving prospects.

In sterling terms, the net asset value ("NAV") of the Company's Ordinary shares rose by 81.8% over the six months to 30 September 2009. This compares with growth in sterling terms of 50.5% for the ISEQ Index and 149.0% for the Davy Mid-Cap Index (the reduction in the market capitalisation of Irish banks resulted in their forming part of the Davy Mid-Cap Index from 2 April 2009. During the following months, the rapid recovery in Irish banks' share prices had a significant effect on the performance of the Davy Mid-Cap Index, inflating returns well above those of the remainder of the universe). The increases in the Irish market were more pronounced than in the UK main market, with the FTSE All-Share Index rising 32.1%, although UK small-caps produced stronger returns and the Hoare Govett Smaller Companies (excluding Investment Companies) Index was up by 52.1%.

The capital return to shareholders in the six month period was 368.13p. All costs, other than the costs of investment transactions, are charged in full to revenue. The revenue return for shareholders in the period was 2.80p and the total return for the half-year amounted to 370.93p.

At 30 September 2009, the net asset value per share stood at 808.77p, compared with 444.91p at 31 March 2009. The share price increased by 106% to end the period at 720p, representing a discount to NAV of 11%.

In August the Company announced a tender offer for up to 30% of the Company's issued share capital. This was approved by shareholders in early October and resulted in 25.5% of the shares then in issue being tendered, at a repurchase cost of £20,386,000, providing an uplift of approximately 22p per share for continuing shareholders. In addition, 473,900 shares were repurchased for cancellation in the six months and the Company intends to make further purchases when stock becomes available at attractive prices.

I am pleased to welcome Mr Patrick Cunneen as a Director of the Company with effect from 18 November 2009. He brings a wealth of relevant experience to our deliberations having been a former Managing Director of AIB Investment Managers and Investment Director of New Ireland Assurance Company Limited.

Since 30 September 2009 markets have remained very volatile and some of the gains have been eroded. Irish domestic demand remains weak, but many other economies are now seeing renewed growth. Ireland's multinational businesses listed on the Irish stock market stand to benefit from this global recovery and should deliver strong returns. Over the medium term the key drivers of the Irish economy should result in renewed growth.

Harry Sheridan  
Chairman  
30 November 2009

## Manager's Review

for the six months to  
30 September 2009

Equity markets globally delivered strong returns over the past six months, and Irish equities were no exception. A number of cyclically-exposed sectors performed well, especially sectors that had been out of favour. Irish banks performed particularly well in anticipation of government intervention to increase balance sheet liquidity.

An overweight exposure to financials contributed strongly over the period, with banks delivering remarkable gains, albeit from a very low starting point. Low exposure to construction & materials and pharmaceuticals & biotechnology helped, with these sectors underperforming relative to others.

At the stock level, our underweight exposure to CRH, the building materials firm, strongly supported performance relative to the Irish market indices over the six months. The share price remained broadly level in a market of rising share prices after a warning over first-half profits. We continued to make further reductions in our exposure following sales during the first quarter of the year.

Among our overweight positions Bank of Ireland and Dragon Oil were strong performers. We increased our exposure to Bank of Ireland at depressed valuations during the second quarter on its potential to strengthen its capital base. We continued to add to our stake during July and August, but during September took profits after very strong gains. Bank of Ireland remains one of our larger positions.

Our holding in the oil & gas firm Dragon Oil also made a strongly positive contribution to returns. During April, Dragon cheered the market with news of a leap in production, though a bigger price surge was to come in early June after Emirates National Oil, already Dragon's majority owner, announced that it had made an approach to acquire the remainder of the shares. We have since sold our stake at a good profit.

Worldspreads Group, which offers both financial and sports spread bets, performed poorly over the period and was the largest detractor from returns. We purchased a stake last year for its growth potential and strong management, and despite the flat share price we continue to view its prospects positively.

## **Manager's Review**

for the six months to  
30 September 2009

### **Prospects**

The recovery of the Irish economy may take some time, although we believe that the outlook for Irish equities is attractive for the following reasons:

First, the scale of the fall in the Irish stock market was greater than in most others. This reflected the severity of the downturn in the Irish economy which was proportionally greater than in other countries. Therefore, the scale of potential recovery from the lows could be argued to be somewhat greater. Certainly, it is believed that several businesses quoted in Ireland have been overlooked by portfolio managers, in part because of their Irish incorporation. This is particularly true of some of the more internationally-focused businesses which have prospects that are closely linked to other regions.

Secondly, some Irish businesses with attractive growth prospects and good balance sheets have chosen not to pay dividends to shareholders. We believe that the attitude to dividends is changing and that in time this will be reflected in a greater willingness by successful companies to pay growing dividends. As this process becomes recognised, we anticipate that many of these companies will perform well.

Gervais Williams  
Gartmore Investment Limited  
30 November 2009

## Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge, the condensed set of financial statements for the six months to 30 September 2009, which has been prepared in accordance with IAS 34 as adopted by the European Union, gives a true and fair view of the assets, liabilities and financial position of the Company.

The principal risks and uncertainties for the remaining six months of the financial year are substantially unchanged since the date of the annual report for the year ended 31 March 2009 and continue to be as set out in that report.

The Directors confirm also that the Chairman's Statement, Manager's Review and the condensed financial statements include a fair review of the information required by:

- (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
- (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related-party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related-party transactions described in the last annual report that could do so.

On behalf of the Board

Harry Sheridan  
Chairman  
30 November 2009

## Financial Summary

	At 30 September 2009	At 31 March 2009	Increase %
Net assets attributable to Ordinary shares	<b>£84,876m</b>	£48,799m	73.93
Net asset value per Ordinary share	<b>808.77p</b>	444.91p	81.78
ISEQ Index †	<b>3,059.16</b>	2,032.28	50.53
FTSE All-Share Index	<b>2,620.00</b>	1,984.17	32.05
Davy Mid-Cap Index †	<b>2,754.46</b>	1,106.15	149.01
Hoare Govett Smaller Companies Index (ex Investment Companies)	<b>3,557.66</b>	2,338.72	52.12
Mid-market price per Ordinary share	<b>720.00p</b>	349.00p	106.30

† Sterling adjusted.

## Return per Ordinary Share

	Six months to 30 September 2009 pence	Year to 31 March 2009 pence	Six months to 30 September 2008 pence
Return per Ordinary share:			
Capital	<b>368.13</b>	(463.43)	(294.99)
Revenue	<b>2.80</b>	12.84	2.83
<b>Total</b>	<b>370.93</b>	(450.59)	(292.16)
	<b>Number of shares</b>	Number of shares	Number of shares
Weighted average Ordinary shares in issue	<b>10,856,035</b>	11,999,305	12,594,895

This financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS").

**Condensed  
Consolidated  
Income Statement  
(Unaudited)**  
to 30 September 2009

	Note	Six months to 30 September 2009		Total
		Revenue £'000	Capital £'000	£'000
Gains on investments at fair value		–	40,551	40,551
Exchange losses		–	(53)	(53)
<b>Net investment result</b>		–	40,498	40,498
<b>Total income</b>	4	796	–	796
<b>Expenses</b>				
Investment management fee		(348)	–	(348)
Cost of investment transactions		–	(504)	(504)
Other expenses		(178)	–	(178)
<b>Total expenses</b>		(526)	(504)	(1,030)
<b>Profit before finance costs and taxation</b>		270	39,994	40,264
<b>Finance costs</b>		–	–	–
<b>Profit before taxation</b>		270	39,994	40,264
<b>Taxation credit/(charge)</b>	2	34	(30)	4
<b>Profit and total comprehensive income for the period</b>		304	39,964	40,268
<b>Return per Ordinary share</b>	5	2.80p	368.13p	370.93p

The Group does not have any income or expense that is not included in profit for the period, and therefore the "Profit for the period" is also the "Total comprehensive income for the period", as defined in International Accounting Standard 1 (revised). All of the profit for the period and the total comprehensive income for the period is attributed to the Shareholders of the Group.

The total column of this statement is the statement of comprehensive income of the Group which incorporates the trading subsidiary, Gartmore Irish Smaller Companies Investment Limited, prepared under IFRS. The supplementary revenue and capital return columns are presented for information purposes as recommended by the Statement of Recommended Practice issued by the Association of Investment Companies ("AIC"). All revenue and capital items in the above statement derive from continuing operations. These accounts are unaudited and are not the Group's statutory accounts.

**Condensed  
Consolidated  
Income Statement  
(Audited)**  
to 31 March 2009

	Note	Revenue £'000	Year to 31 March 2009 Capital £'000	Total £'000
Losses on investments at fair value		–	(55,133)	(55,133)
Exchange gains		–	607	607
<b>Net investment result</b>		–	(54,526)	(54,526)
<b>Total income</b>	4	2,148	–	2,148
<b>Expenses</b>				
Investment management fee		(732)	–	(732)
Recovery of VAT on management fees		933	–	933
Cost of investment transactions		–	(1,052)	(1,052)
Other expenses		(376)	–	(376)
<b>Total expenses</b>		(175)	(1,052)	(1,227)
<b>Profit/(loss) before finance costs and taxation</b>		1,973	(55,578)	(53,605)
<b>Finance costs</b>		(23)	–	(23)
<b>Profit/(loss) before taxation</b>		1,950	(55,578)	(53,628)
<b>Taxation credit/(charge)</b>	2	(409)	(31)	(440)
<b>Profit/(loss) and total comprehensive income for the year</b>		1,541	(55,609)	(54,068)
<b>Return per Ordinary share</b>	5	12.84p	(463.43)p	(450.59)p

The Group does not have any income or expense that is not included in profit/(loss) for the year, and therefore the “Profit/(loss) for the year” is also the “Total comprehensive income for the year”, as defined in International Accounting Standard 1 (revised). All of the profit for the year and the total comprehensive income for the year is attributed to the Shareholders of the Group.

The total column of this statement is the statement of comprehensive income of the Group which incorporates the trading subsidiary, Gartmore Irish Smaller Companies Investment Limited, prepared under IFRS. The supplementary revenue and capital return columns are presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC. All revenue and capital items in the above statement derive from continuing operations.

**Condensed  
Consolidated  
Income Statement  
(Unaudited)  
to 30 September 2008**

	Note	Revenue £'000	Six months to 30 September 2008 Capital £'000	Total £'000
Losses on investments at fair value		–	(36,492)	(36,492)
Exchange losses		–	(59)	(59)
<b>Net investment result</b>		–	(36,551)	(36,551)
<b>Total income</b>	4	1,044	–	1,044
<b>Expenses</b>				
Investment management fee		(475)	–	(475)
Cost of investment transactions		–	(603)	(603)
Other expenses		(197)	–	(197)
<b>Total expenses</b>		(672)	(603)	(1,275)
<b>Profit/(loss) before finance costs and taxation</b>		372	(37,154)	(36,782)
<b>Finance costs</b>		(16)	–	(16)
<b>Profit/(loss) before taxation</b>		356	(37,154)	(36,798)
<b>Taxation</b>	2	–	–	–
<b>Profit/(loss) and total comprehensive income for the period</b>		356	(37,154)	(36,798)
<b>Return per Ordinary share</b>	5	2.83p	(294.99)p	(292.16)p

The Group does not have any income or expense that is not included in profit/(loss) for the period, and therefore the "Profit/(loss) for the period" is also the "Total comprehensive income for the period", as defined in International Accounting Standard 1 (revised). All of the profit for the period and the total comprehensive income for the period is attributed to the Shareholders of the Group.

The total column of this statement is the statement of comprehensive income of the Group which incorporates the trading subsidiary, Gartmore Irish Smaller Companies Investment Limited, prepared under IFRS. The supplementary revenue and capital return columns are presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC. All revenue and capital items in the above statement derive from continuing operations. These accounts are unaudited and are not the Group's statutory accounts.

# Condensed Consolidated Statement of Changes in Equity (Unaudited)

for the six months to 30 September 2009

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
<b>Six months to 30 September 2009</b>							
<b>31 March 2009</b>	2,742	1,101	16,645	3,036	22,869	2,406	48,799
Net profit after taxation for the period	–	–	–	–	39,964	304	40,268
Dividends paid	–	–	–	–	–	(1,316)	(1,316)
Shares purchased for cancellation	(118)	–	(2,852)	118	–	–	(2,852)
Tender offer costs	–	–	–	–	(23)	–	(23)
<b>30 September 2009</b>	<b>2,624</b>	<b>1,101</b>	<b>13,793</b>	<b>3,154</b>	<b>62,810</b>	<b>1,394</b>	<b>84,876</b>
<b>Year to 31 March 2009 (audited)</b>							
<b>31 March 2008</b>	3,247	1,101	16,645	2,531	89,220	995	113,739
Net (loss)/profit after taxation for the year	–	–	–	–	(55,609)	1,541	(54,068)
Shares purchased for cancellation	(505)	–	–	505	(10,742)	–	(10,742)
Dividends paid	–	–	–	–	–	(130)	(130)
<b>31 March 2009</b>	2,742	1,101	16,645	3,036	22,869	2,406	48,799
<b>Six months to 30 September 2008</b>							
<b>31 March 2008</b>	3,247	1,101	16,645	2,531	89,220	995	113,739
Net (loss)/profit after taxation for the period	–	–	–	–	(37,154)	356	(36,798)
Dividends paid	–	–	–	–	–	(130)	(130)
Shares purchased for cancellation	(250)	–	–	250	(6,582)	–	(6,582)
<b>30 September 2008</b>	2,997	1,101	16,645	2,781	45,484	1,221	70,229

These accounts have been prepared under IFRS.

**Condensed  
Consolidated  
Balance Sheet  
(Unaudited)**  
as at 30 September 2009

	Note	30 September 2009 £'000	31 March 2009 (audited) £'000	30 September 2008 £'000
<b>Non-current assets</b>				
Investments at fair value through profit or loss	6	66,498	46,469	70,861
<b>Current assets</b>				
Stock of investments		46	–	–
Trade and other receivables		2,410	406	2,096
Cash and cash equivalents		16,784	4,588	1,300
		19,240	4,994	3,396
<b>Total assets</b>		<b>85,738</b>	51,463	74,257
<b>Current liabilities</b>				
Trade and other payables		(862)	(2,594)	(4,023)
		(862)	(2,594)	(4,023)
<b>Total assets less current liabilities</b>		<b>84,876</b>	<b>48,869</b>	<b>70,234</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities		–	(70)	(5)
<b>Total liabilities</b>		<b>(862)</b>	(2,664)	(4,028)
<b>Net assets</b>		<b>84,876</b>	48,799	70,229
<b>Represented by:</b>				
Share capital		2,624	2,742	2,997
Share premium account		1,101	1,101	1,101
Special reserve		13,793	16,645	16,645
Capital redemption reserve		3,154	3,036	2,781
Capital reserve		62,810	22,869	45,484
Retained earnings		1,394	2,406	1,221
<b>Total equity</b>		<b>84,876</b>	48,799	70,229
<b>Net asset value per Ordinary share</b>		<b>808.77p</b>	444.91p	585.83p

Cash and cash equivalents represented 20.2% of the portfolio at 30 September 2009 (1.8% at 30 September 2008 and 9.0% at 31 March 2009). The significant increase in cash and cash equivalents during the period was arranged for the funding of the tender offer in October 2009 – see page 4.

# Condensed Consolidated Cash Flow Statement (Unaudited)

for the six months to  
30 September 2009

	Six months to 30 September 2009 £'000	Year to 31 March 2009 (audited) £'000	Six months to 30 September 2008 £'000
<b>Cash flows from operating activities</b>			
<b>Consolidated profit/(loss) before tax</b>	<b>40,264</b>	(53,628)	(36,798)
Adjustments to reconcile net profit/(loss) before tax to net cash flows from operating activities:			
(Gains)/losses on investments	(40,047)	56,185	37,095
Exchange losses/(gains)	53	(607)	59
Finance costs	–	23	16
Increase in stocks	(46)	–	–
Increase/(decrease) in trade and other payables	83	(219)	(201)
Decrease in trade and other receivables	154	267	527
Purchases of investments	(27,327)	(74,437)	(41,810)
Sales of investments	43,546	80,629	42,634
Revaluation of foreign currency balances	(146)	505	(109)
<b>Net cash flows generated from operating activities</b>	<b>16,534</b>	8,718	1,413
<b>Taxation</b>			
Taxation paid	–	(6)	–
<b>Cash flows from financing activities</b>			
Equity dividends paid	(1,316)	(130)	(130)
Cost of share repurchases	(3,030)	(11,279)	(7,269)
Interest on bank loan	–	(8)	(7)
<b>Net cash flows used in financing activities</b>	<b>(4,346)</b>	(11,417)	(7,406)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>12,188</b>	(2,705)	(5,993)
<b>Net cash and cash equivalents at start of period</b>	<b>4,588</b>	7,293	7,293
<b>Net cash and cash equivalents at end of period</b>	<b>16,776</b>	4,588	1,300

# Notes to the Accounts

## at 30 September 2009

### 1. Basis of Preparation and Accounting Policies

The condensed consolidated financial statements on pages 9 to 14 comprise the unaudited results of the Company and its subsidiary, Gartmore Irish Smaller Companies Investment Limited, for the six months to 30 September 2009, and do not constitute statutory accounts under the Companies Act 2006. The financial information for the six months ended 30 September 2009 and 30 September 2008 has not been audited nor reviewed by the Company's Auditor. Full statutory accounts for the year to 31 March 2009 included an unqualified audit report and did not contain a statement required under section 237(2) or (3) of the Companies Act 1985 and were filed with the Registrar of Companies on 9 September 2009.

The consolidated financial statements have been prepared on a going concern basis and on the basis of the accounting policies set out in the statutory accounts for the year to 31 March 2009, in accordance with IFRS as adopted by the European Union. There have been no changes to the accounting policies since 31 March 2009. The information is presented in pounds sterling, the currency of the Group's domicile.

### 2. Taxation

	30 September 2009			31 March 2009			30 September 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
a) Analysis of charge in period:									
Corporation tax charge	36	30	66	390	31	421	46	-	46
Total current tax charge for period	36	30	66	390	31	421	46	-	46
Deferred tax (credit)/charge*	(70)	-	(70)	19	-	19	(46)	-	(46)
Total deferred tax (credit)/ charge for period	(70)	-	(70)	19	-	19	(46)	-	(46)
Total tax (credit)/charge for period (see 2b)	(34)	30	(4)	409	31	440	-	-	-

\* The deferred tax credit for the period of £70,000 is the reversal of the charge at 31 March 2009 in respect of outstanding overseas dividends. No charge is required at 30 September 2009 as all overseas dividends outstanding at that date are now non-taxable.

# Notes to the Accounts at 30 September 2009

## 2. Taxation (continued)

b) Factors affecting current taxation charge:

The tax assessed on the profit/(loss) of the period is lower than the rate of corporation tax of 28% (31 March 2009: 28% and 30 September 2008: 21%). The differences are explained below:

	<b>30 September 2009 £'000</b>	31 March 2009 £'000	30 September 2008 £'000
Profit/(loss) before taxation	<b>40,264</b>	(53,628)	(36,798)
Corporation tax 28% (31 March 2009: 28% 30 September 2008: 21%)	<b>11,274</b>	(15,016)	(7,728)
Effects of:			
Non-taxable UK dividends	<b>(6)</b>	(14)	(11)
Non-taxable overseas dividends	<b>(99)</b>	–	–
Expenses not deductible for tax purposes	–	4	2
Accrued income taxable on receipt	–	–	97
Movement in deferred tax rate	–	(3)	–
Proceeds from sale of redeemable shares	<b>30</b>	31	–
Marginal relief	<b>(5)</b>	–	–
Utilisation of brought forward losses	–	(130)	(163)
Prior year adjustment	–	6	–
Non-taxable items in capital	<b>(11,198)</b>	15,562	7,803
Total tax (credit)/charge for the period (2a)	<b>(4)</b>	440	–

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval to retain that status in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

## 3. Dividends Paid

During the period, a final dividend of 1.27p together with a special dividend of 10.88p (2008: final dividend of 1.06p) per Ordinary share amounting to £1,316,000 (2008: £130,000) was paid to Shareholders in respect of the year ended 31 March 2009.

# Notes to the Accounts

at 30 September 2009

## 4. Dividends and Other Income

	Six months to 30 September 2009 £'000	Year to 31 March 2009 £'000	Six months to 30 September 2008 £'000
<b>Revenue:</b>			
Income from listed investments:			
Franked dividend income	23	51	51
Unfranked investment income	655	1,785	828
Dealing gains of subsidiary	114	–	–
	<b>792</b>	<b>1,836</b>	<b>879</b>
Interest on deposits	4	171	165
Other income – interest received on VAT refunded on investment management fees	–	141	–
	<b>796</b>	<b>2,148</b>	<b>1,044</b>

## 5. Return per Ordinary Share

	Six months to 30 September 2009		Year to 31 March 2009		Six months to 30 September 2008	
	£'000	per share	£'000	per share	£'000	per share
Capital return	<b>39,964</b>	<b>368.13p</b>	(55,609)	(463.43)p	(37,154)	(294.99)p
Revenue return	<b>304</b>	<b>2.80p</b>	1,541	12.84p	356	2.83p
Total return	<b>40,268</b>	<b>370.93p</b>	(54,068)	(450.59)p	(36,798)	(292.16)p

Weighted average Ordinary

shares in issue	<b>10,856,035</b>	11,999,305	12,594,895
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## 6. Investments held at Fair Value through Profit or Loss

	Six months to 30 September 2009 £'000	Year to 31 March 2009 £'000	Six months to 30 September 2008 £'000
United Kingdom	<b>5,103</b>	2,613	3,613
Republic of Ireland	<b>61,395</b>	43,856	67,248
Total investments	<b>66,498</b>	46,469	70,861

## 7. Share Capital

During the six-month period to 30 September 2009, the Company repurchased and cancelled 473,900 Ordinary shares, at a cost of £2,852,000. This reduced the number of Ordinary shares in issue from 10,968,342 to 10,494,442.

Since the period end, a further 2,758,489 Ordinary shares have been tendered at a cost of £20,386,000 and a further 192,281 Ordinary shares repurchased and cancelled at a cost of £1,234,000.

# Notes to the Accounts

at 30 September 2009

## 8. Related Party Transactions

Under the terms of an agreement dated 8 July 2002, the Company has appointed Gartmore Investment Limited to be the Manager. The investment management fee payable to the Manager is calculated at 1.0% per annum of the gross asset value (less current liabilities) of the Group held at each month end. The total fees payable under the agreement are shown in the Condensed Consolidated Income Statement.

At 30 September 2009 an amount of £246,000 (31 March 2009: £168,000, 30 September 2008: £207,000) was outstanding and due to Gartmore Investment Limited.

In addition to the fees paid under the management agreement, the Company also pays Gartmore Investment Limited up to a maximum of £20,000 per annum for the services provided in respect of Gartmore SAVE*it* and Gartmore ISA*it*. The fees included in the accounts for the six months ended 30 September 2009 were £10,000 (31 March 2009: £18,000, 30 September 2008: £9,000), of which £5,000 (31 March 2009: £2,000, 30 September 2008: £1,000) was outstanding.

The Directors of the Company may be or have been directors of companies held in the portfolio. The Board has delegated authority for investment selection to the Manager and the Manager has selected all investments independently in accordance with the investment strategy set out on the inside front cover. The Board as a whole reviews the investment portfolio on a regular basis and is satisfied that the investments were selected in an objective manner and that no conflict of interest has arisen as a result of the selection of these stocks.

## Analysis of Net Assets by Location of Incorporation

	Valuation at 31 March 2009 £'000	%	Net Transactions £'000	Appreciation £'000	Valuation at 30 September 2009 £'000	%
<b>Equities</b>						
United Kingdom	2,613	5.3	(99)	2,589	<b>5,103</b>	<b>6.0</b>
Republic of Ireland	43,856	89.9	(12,358)	29,897	<b>61,395</b>	<b>72.3</b>
<b>Total investments</b>	<b>46,469</b>	<b>95.2</b>	<b>(12,457)</b>	<b>32,486</b>	<b>66,498</b>	<b>78.3</b>
Net current assets	2,400	4.9	15,978	–	<b>18,378</b>	<b>21.7</b>
Deferred tax	(70)	(0.1)	70	–	–	–
<b>Net assets</b>	<b>48,799</b>	<b>100.0</b>	<b>3,591</b>	<b>32,486</b>	<b>84,876</b>	<b>100.0</b>

## Portfolio

Valuation at  
30 September 2009

Company	Sector classification	Valuation £'000	% of portfolio
Bank of Ireland	Banks	8,549	10.3
Allied Irish Bank	Banks	8,081	9.7
Total Produce	Food & Drug Retailers	4,433	5.3
FBD Holdings	Non Life Insurance	3,940	4.7
Andor Technology	Electronic & Electric Equipment	3,778	4.5
Origin Enterprises	Food Producers	3,643	4.4
Irish Life & Permanent	Life Insurance	3,520	4.3
Fyffes	Food Producers	3,501	4.2
Elan Corporation	Pharmaceuticals & Biotechnology	3,295	4.0
Glanbia	Food Producers	2,998	3.6
Grafton Group	Support Services	2,768	3.3
Norkom Group	Software & Computer Services	2,366	2.8
IFG Group	General Financial	1,817	2.2
Worldspreads Group	Travel & Leisure	1,615	1.9
Greencore Group	Food Producers	1,575	1.9
Datalex	Software & Computer Services	1,573	1.9
Providence Resources	Oil & Gas Producers	1,288	1.5
TVC Holdings	General Financial	1,279	1.5
UTV Media	Media	1,151	1.4
Kerry Group	Food Producers	1,080	1.3

The twenty principal equity investments listed above represented 74.7% of the portfolio at 30 September 2009 (90.6% at 30 September 2008 and 82.2% at 31 March 2009).

Other equity investments represented 5.1% of the portfolio at 30 September 2009 (7.6% at 30 September 2008 and 8.8% at 31 March 2009).

## Investing in Gartmore Investment Trusts

Gartmore *SAVEit* and Gartmore Investment *ISAit* are respectively the Savings Plan and tax-free Individual Savings Account for the investment trusts managed by Gartmore Investment Limited. *SAVEit* and *ISAit* provide a simple and cost effective means of investing in Gartmore investment trust shares. You can use these schemes to invest on a regular savings basis, for lump sum investments or a combination of each.

Before investing please read the Key Features Document, which is available on request and on the website.

**Copies of the Key Features Document, the Accounts of the Company and details of Gartmore *SAVEit* and *ISAit* and their relative costs, can be obtained from:**

### **Gartmore Investor Services**

Gartmore Investment Limited  
Gartmore House  
8 Fenchurch Place  
London EC3M 4PB

**Call free on: 0800 289 336**

Telephone calls may be recorded.

**E-mail: [helpline@gartmore.com](mailto:helpline@gartmore.com)**

**Internet: [www.gartmore.co.uk](http://www.gartmore.co.uk)**

### Important Information

If you have any doubts as to whether these products are suitable for you and wish to obtain personal advice, please contact an independent financial adviser. The value of investment trust shares and the income from them may go down as well as up and you may not get back your original investment. The past performance of investment trusts is not a guide to future performance. Investment trust shares may trade at a discount or a premium to the value of the investment trust's assets. Funds investing in overseas securities are exposed to and can hold currencies other than sterling. As a result, exchange rate movements may cause the value of investments to decrease or increase. Emerging markets tend to be more volatile than more established stock markets and therefore your money is at greater risk. Other risk factors such as political and economic conditions should also be considered. Smaller companies are riskier and less liquid than larger companies which means their share price may be more volatile. Investment trusts can borrow money to make additional investments on top of shareholders' funds (gearing). If the value of these investments falls in value, gearing will magnify the negative impact on performance. Particular share classes may also be structurally geared by other share classes that have earlier entitlements to the company's assets up to a predetermined limit. If an investment trust incorporates a large amount of gearing, the value of its shares may be subject to sudden and large falls in value and you could get back nothing at all. Where investment trust companies are involved in corporate activity, this may change the risk profile of individual shares, as well as impacting on the portfolio strategy, capital structure and duration of the overall company. Gartmore's investment trusts are permitted to use derivative instruments with the intention of improving returns or reducing the fund's volatility, although this outcome is not guaranteed. Derivatives are financial instruments which derive their value from an underlying security, such as equities or bonds. A rigorous risk management process runs alongside our use of derivatives to ensure that funds do not take undue levels of risk. The value of current tax relief depends on individual circumstances. If you have doubts about your tax position you should seek professional advice. The level of yield may be subject to fluctuation and is not guaranteed. Some or all of the annual management fee may be charged to the capital of the company. Whilst this increases the yield, it will restrict the potential for capital growth. Net Asset Value ('NAV') performance is not the same as share price performance and investors may not realise returns the same as NAV performance. Where a fund holds a limited number of investments and one or more of those investments declines or is otherwise adversely affected, it may have a more profound effect on the fund's value than if a larger number of investments were held. If you choose to reinvest dividends to buy more shares in the same investment trust that paid the dividend, you should be aware that this will increase your investment risk exposure to the investment performance of that company. Funds which specialise in investing in a particular region or market sector are more risky than those which hold a very broad spread of investments. ISAs were introduced on 6 April 1999 for an initial ten year period. ISA regulations have recently been reviewed by HM Treasury. However, they are still subject to Government legislation and as such their tax benefits and investment levels may be changed in the future.

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Issued by Gartmore Investment Limited, which is authorised and regulated by the Financial Services Authority.  
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