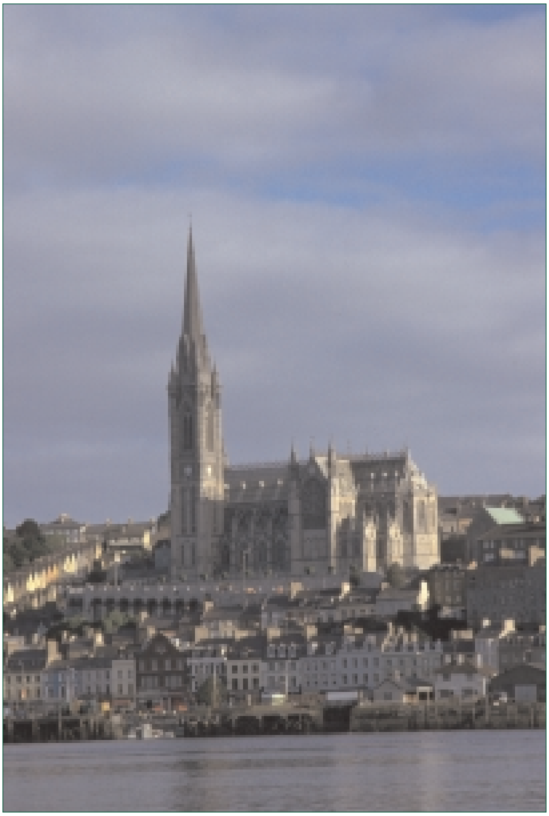
The NEW IRELAND Fund



Third Quarter Report

July 31, 2001

Cover Photograph — St. Coleman's Cathedral, Cobh, Co. Cork

Provided courtesy of Irish Tourist Board.

Chairman's Letter

Dear Shareholder,

Introduction

First of all, on behalf of the Board of Directors, officers and service providers of the Fund, I would like to offer sincere sympathies to our shareholders, and indeed to everyone across the United States and elsewhere in the World who were affected by the recent tragic events in New York, Washington and Pennsylvania.

Since then, the value of the Fund itself has been impacted by the effect which these events have had on stock markets, not just here in the U.S. but also in Ireland and Europe. However, we have confidence that there will be a rebound as these economies recover from the immediate aftermath and as the actual impact on the U.S. economy is put into perspective.

During the quarter, we finalised the name change of the Fund, which you will be aware of from the front cover. We believe that this new name more accurately reflects the investment policies we recently introduced, to take advantage of the significant changes that have taken place in the Irish economy in recent years. The name of the Fund's web site has also been changed and it may be accessed at www.newirelandfund.com

In addition to the formal listing of the Fund's holdings set out in this report, we have added a new page which contains a pie chart showing a breakout of the Fund's assets by sector and a separate chart listing the Fund's top 10 holdings. We believe these new charts will make it easier for shareholders to understand the make up of the Fund.

During the quarter under review, we re-instituted implementation of the Share Repurchase Program which had been suspended during the Board's consideration of the new investment strategy. As volumes traded were light during the quarter, we were only able to repurchase 39,600 shares at a cost of $510,065. These repurchases positively impacted the Fund's Net Asset Value ("NAV") by 4 cents per share bringing the total impact of the Program since implementation to just over 31 cents per share or 1.72% of NAV. This Program, together with the new investment strategy, are also likely to have had a positive influence on the improvement we have seen in the level of the Fund's discount, since our last report.

Performance

The Fund's Net Asset Value declined by 6.4% in the quarter under review as weak returns from stocks, particularly in the technology and telecommunication sectors, impacted the performance of the Fund.

In the quarter under review, the broad Irish equity market index (ISEQ) increased by 3.9% in Euro terms and 2.4% in U.S. dollar terms. The Davy Irish Technology index declined by 35.2% in US dollars over the same period.

The Fund continues to balance the strategic desire to deepen its exposure to high-growth Irish companies with the difficult operating conditions in the technology and telecommunication sectors. In the face of clear structural difficulties in these sectors, we have made little progress in increasing our bias towards these sectors. However, we significantly increased our shareholdings in the pharmaceutical sector during the quarter.

We remain confident that the rationale for the Fund's strategy change remains valid and while the implementation of it is challenging, there is now better value to be garnered for patient long-term investors than in the boom period of 1999 and 2000.

Economic Review

There are growing signs that Ireland is experiencing a slowdown in economic growth as weak international economies and a sharp slowdown in the information technology sector impacts on business and consumer confidence. While the majority of economists still expect buoyant growth for Ireland in 2001 (by international standards), the key is the pace of the slowdown. In 1999 and 2000, Irish GDP increased by 10.8% and 11.5% respectively whereas for 2001, the Irish Central Bank predicts GDP growth will slow to 6.5%. While this rate of expansion is the envy of most international economies, the relatively rapid rate of decline is a concern.

The European Central Bank was slow to reduce interest rates due to concerns over Euroland inflation, which has remained higher than expected. However, with continuing evidence of slower European growth and signs of a peaking of inflation we should see cuts in European interest rates and these, in turn, are likely to help Ireland's economy achieve a soft landing.

It is hard to believe that less than twelve months ago concerns about the Irish economy centered on overheating and availability of labor. While headline economic growth rates above 5.0% normally paint a picture of a booming economy, there is little doubt that Ireland will struggle to adjust to a substantially lower rate of growth in the face of weak international economies, a faltering technology sector and rising job insecurity.

Having said this, it would also be a mistake to overstate the negatives and arguably this slowdown comes at a good time for Ireland, as there was concern about the effects of overheating on the sustainability of its economic success. Positive factors, which should support better than average economic growth, include the following:

- Strong Public Sector employment growth and spending – in particular, the National Development Plan will counterbalance a weaker private sector.
- Good demographics. Ireland will continue to generate relatively high rates of labor force growth.
- Virtually full employment.
- A fiscal surplus.
- Declining Euroland interest rates.

Equity Market Review

As the following table highlights, the three months ended July 31, 2001 was another difficult quarter for global stock markets, particularly in the high-technology and telecommunication sectors.

	Quarter Ended July 31, 2000	
	Local Currency	U.S. $
Irish Equities (ISEQ)	+3.9%	+2.4%
Davy High Tech Index	-35.9%	-35.2%
US Equities (S&P 500)	-3.1%	-3.1%
NASDAQ	-4.2%	-4.2%
UK Equities	-7.2%	-7.5%
Japanese Equities	-12.9%	-13.9%
Euroland Equities	-9.3%	-11.8%
Neuer Markt	-33.0%	-34.5%
German Equities	-5.4%	-6.9%
French Equities	-9.8%	-11.3%
Dutch Equities	-6.9%	-8.4%

The bear market in technology sectors deepened in the quarter under review as hopes were dashed for a second-half recovery in terms of demand for key end-market products such as PCs, mobile phones and telecom equipment. In reality, for large and small companies exposed to these sectors, the quarter brought further profit warnings and more evidence that we are in the midst of a severe cyclical downturn in the sector. The downturn has its roots in the over-hyped demand in 1999 and 2000 and is being exacerbated by the global economic slowdown. The Fund has 8.2% of its assets in technology and technology related sectors and we will look to selectively and slowly build positions in some of our existing holdings, and others, as operating conditions improve later in 2001 and more probably in 2002. As highlighted earlier, we have made little progress in increasing our exposure to the technology and telecommunication sectors but have increased shareholdings in the pharmaceutical sector.

Outside of the technology sector, the following were the key developments over the quarter:

- We increased our shareholdings in both Elan and Galen as we become more confident both in product pipeline developments and respective valuations of these pharmaceutical stocks.
- We disposed of our shareholdings in Abbey and IWP and significantly reduced our shareholding in Smurfit. These portfolio changes are consistent with the longer-term investment strategy of the Fund.
- Kerry announced and completed the acquisition of Golden Vale, which will give a welcome boost to earnings momentum in Kerry given its difficulties in sourcing a deal of scale, internationally.

As we write this letter in the immediate aftermath of the attacks on New York City and Washington, the mood in capital markets is bleak and the temptation is to run for cover. We must admit that our own confidence in a near-term turnaround for economies and stock markets has been shaken, but only to the extent that the time frame has been pushed back. Just how long recovery has been deferred is dependent on how the response, to these events by the U.S. and its allies, plays out.

At the end of the day, anything we might say about how the political and military crisis will be resolved would be pure conjecture on our part. That being said, history does suggest that for investors focused on the long-term, the right thing to do is to sit tight throughout a shock. In recent days, the press has published many articles looking back through history validating this strategy. While no two shocks are ever the same, perhaps the lead up to the Gulf War crisis is somewhat similar to the present circumstances. In that case, markets recovered very quickly after the event.

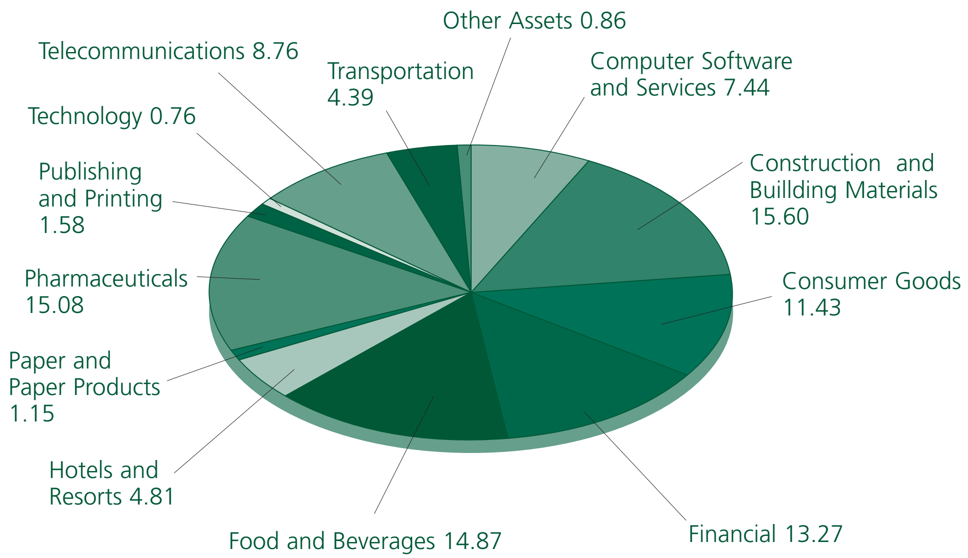
We have not made any material changes to the Fund's portfolio either in the lead up to the events of September 11th or in the immediate aftermath. The bottom line for us is that stock markets today have fundamental attractions. It should be borne in mind that most of the major markets are off some 30% since the start of 2001 so a lot of bad news has already been priced in. Added to this, interest rates have fallen sharply and thus the statistical valuation of equity markets has improved dramatically over this period. We may indeed see equity prices fall even further in the short term but fundamentally, we believe in the equities in which the Fund has invested.

The investing environment both internationally and in Ireland remains challenging with declining economic growth and the aformentioned difficulties in the technology and telecommunications industries. It is our intention to continue to reposition the New Ireland Fund as a vehicle that focuses on Irish growth companies while protecting net asset value.

Sincerely,

Peter Hooper
Chairman of the Board

Portfolio by Market Sector as of July 31, 2001
(percentage of Net Assets)



Top Ten Holdings by Issuer as of July 31, 2001

Holding	Sector	% of Net Assets
CRH	Construction and Building Materials	12.53%
Allied Irish Banks	Financial	12.00%
Kerry Group, Series A	Food and Beverages	11.34%
Elan Corporation PLC-ADR	Pharmaceuticals	10.20%
Galen Holdings	Pharmaceuticals	4.88%
Jury's Doyle Hotel Group	Hotels and Resorts	4.82%
Ryanair Holdings	Transportation	4.39%
United Drug	Consumer Goods	4.31%
ICON-ADR	Consumer Goods	4.01%
IONA Technologies-ADR	Computer Software and Services	3.43%

The New Ireland Fund, Inc.

Statement of Net Assets *(unaudited)*

July 31, 2001	Shares		Value
IRISH COMMON STOCKS (94.26%)			
Computer Software and Services (7.44%)			
Datalex Corporation*	157,500	U.S.$	149,625
Datalex Corporation-ADR* (One ADR Represents Two Ordinary Shares)*	345,000		589,950
IONA Technologies-ADR*	154,300		2,661,675
Spectel Group Limited††	1,520,248		2,137,812
Trintech Group-ADR*	110,000		239,649
			5,778,711
Construction and Building Materials (15.60%)			
CRH	570,577		9,734,925
Kingspan	800,000		2,379,867
			12,114,792
Consumer Goods (11.43%)			
DCC	250,000		2,417,052
ICON-ADR*	85,000		3,113,550
United Drug	287,500		3,345,594
			8,876,196
Financial (13.27%)			
Allied Irish Banks	877,688		9,322,719
FBD Holdings	260,000		985,020
			10,307,739
Food and Beverages (14.87%)			
Fyffes	1,635,000		1,673,737
Greencore	452,568		1,069,132
Kerry Group, Series A	705,000		8,808,482
			11,551,351
Hotels and Resorts (4.81%)			
Jury's Doyle Hotel Group	431,792		3,740,189
Paper and Paper Products (1.15%)			
Smurfit Group	435,840		892,332
Pharmaceuticals (10.20%)			
Elan Corporation PLC-ADR*	137,250		7,926,187
Publishing and Printing (1.58%)			
Independent News & Media	578,142		1,229,206

The New Ireland Fund, Inc.

Statement of Net Assets *(unaudited) (continued)*

July 31, 2001	Shares	Value
Technology (0.76%)		
Horizon Technology*	609,817	U.S.$ 586,916
Telecommunications (8.76%)		
Conduit PLC - Registered S GDR*	125,000	601,529
Eircom	2,150,000	2,501,922
Parthus Technologies*	1,825,000	1,469,572
Twelve Horses Ltd.††	625,000	0
Vodafone Group	1,018,885	2,229,015
		6,802,038
Transportation (4.39%)		
Ryanair Holdings*	325,000	3,412,309
TOTAL IRISH COMMON STOCKS		
(Cost $62,482,511)		73,217,966
UNITED KINGDOM COMMON STOCKS (4.88%)		
Pharmaceuticals (4.88%)		
Galen Holdings	354,419	3,788,417
TOTAL INVESTMENT BEFORE FOREIGN CURRENY ON DEPOSIT		
(Cost $65,064,590)		U.S.$ 77,006,383

	Face Value	
FOREIGN CURRENCY ON DEPOSIT (0.78%)		
(Interest Bearing)		
British Pounds Sterling	£ 196,609	U.S.$ 280,209
Euro	A 369,718	323,485
TOTAL FOREIGN CURRENCY ON DEPOSIT		
(Cost $596,090)**		603,694
TOTAL INVESTMENTS (99.92%) (Cost $65,660,680)		U.S.$ 77,610,077
OTHER ASSETS AND LIABILITIES (0.08%)		61,958
NET ASSETS (100.00%)		U.S.$ 77,672,035

* Non-income producing security.
** Foreign currency held on deposit at the Bank of Ireland.
† Not readily marketable.
†† Not readily marketable and non-income producing security.
ADR – American Depository Receipt traded in U.S. dollars
GDR – Global Depository Receipt traded in U.S. dollars

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The New Ireland Fund, Inc.

Directors and Officers

Peter J. Hooper	–	*Chairman of the Board*
James J. Boyle	–	*Director*
William P. Clark	–	*Director*
Denis Curran	–	President & *Director*
Denis P. Kelleher	–	*Director*
James M. Walton	–	*Director*
Richard H. Rose	–	*Treasurer*
Hugh Carter	–	*Assistant Treasurer*
Linda J. Hoard	–	*Secretary*

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