IMPAX

Impax Environmental Markets plc

Half-yearly Financial Report

for the period 1 January 2009 to 30 June 2009

KEY FEATURES

Investment Objective

The Company's objective is to enable investors to benefit from rapid and sustained growth in the markets for cleaner or more efficient delivery of basic services of energy, water and waste. Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management.

Financial Information

	At 30 June 2009	At 31 December 2008	% change
Net assets	£314.4m	£304.9m	+3.1%
Net asset value ("NAV") per Ordinary Share			
– Undiluted	103.1p	99.8p	+3.3%
– Diluted	102.7p	99.6p	+3.1%
NAV per Ordinary Share (excluding current year net revenue)			
– Undiluted	102.5p	99.0p	+3.5%
– Diluted	102.1p	98.8p	+3.3%
MSCI World Index (sterling)	–	–	-7.3%
MSCI World Small Cap Index (sterling)	–	–	+0.4%
Ordinary Share price	96.0p	85.0p	+12.9%
Warrant price	15.0p	21.5p	-30.2%
Ordinary Share price (discount)/premium to diluted NAV	(6.5%)	(14.7%)	–

The first half of 2009 has been a volatile period for global equity markets and investors have generally been concerned about both the depth and duration of the recession and the long-term effects of the credit crunch. Against this backdrop, the environmental sector has been the beneficiary of targeted government stimulus expenditure and further legislation, and Impax Environmental Markets plc ("IEM" or "the Company") has profited from the general out-performance of environmental markets.

Over the six months period from 1 January until 30 June 2009, the Company's diluted net asset value ("NAV") per Ordinary Share increased from 98.8p to 102.1p, a rise of 3.3%, while the share price rose 12.9%, from 85.0p to 96.0p. Over the same period, the MSCI World Index (priced in Pounds Sterling) declined by 7.3% while the MSCI World Small Cap Index rose by 0.4%. The warrants in the Company that were issued in December 2005 were priced at 21.5p at the start of 2009 and 15.0p at the end of June.

Having generally traded at a premium since the middle of 2005, the Company's share price started to trade at a discount to NAV following the market upheaval in the middle of last year. This discount widened during the period and the Board responded by buying in shares. In aggregate the Company has bought back 716,505 shares at an average discount to NAV of 12%, with these shares currently being held in treasury. During the period the IEM shares traded in a range of between a 15% discount and a 2% premium with an average discount of around 7%.

A circular was sent to shareholders on 13 May 2009 which contained proposals for the cancellation of the Company's share premium account and for the amount standing to the credit of the share premium account to be treated as a distributable reserve available to be used for the purchase of the Company's own shares. These proposals were approved by shareholders at a General Meeting held on 4 June 2009. Following Court confirmation, the share premium account cancellation became effective on 15 July 2009 and on this date an amount of £246 million was credited to distributable reserves. The Board believes that the above steps will give the Company added flexibility to use its powers to repurchase Ordinary Shares at a discount to NAV when it is considered appropriate.

In the last IEM Annual Report, the potential positive implications of the election of Barack Obama as President of the United States were highlighted. As described in the Manager's Report, the US is already moving forward on a number of initiatives, including the further development of domestic energy policy, stimulus funding for environmental markets and climate change policy. In parallel, Asian countries are also making significant progress to develop environmental policy. In addition to the substantial part of the Chinese stimulus packages that were targeted at environmental markets during the first half of 2009, the government has dramatically increased targets for renewable energy as well as announcing support and feed-in tariffs for both wind and solar. In Japan, momentum on environmental issues is building in the run up to the election, with both parties committing to increased spending on energy efficiency and renewable energy, as well as more stringent greenhouse gas emissions targets. The environmental investment opportunities in Asia in general and China in particular are expected to continue to increase during the coming years. With the Manager's local presence established in Asia, the Company is well positioned to capitalise on this growth opportunity.

Equity markets have strengthened since the end of the period and, as at 21 August 2009, the MSCI World and MSCI World Small Cap Indices have risen 11.9% and 14.4% respectively since 1 July 2009. The diluted NAV per Ordinary Share of IEM has increased 8.9% to 111.1p while the share price has risen 9.0% to 104.7p. While the global economy does appear to have stabilised, the outlook and the timing of any recovery remain very uncertain. Nevertheless, the Directors believe that the strengthening fundamental backdrop for environmental markets positions the Company well as and when macroeconomic conditions improve.

Richard Bernays
26 August 2009

After a challenging start to the year, which saw the NAV down 12% at the end of March, the NAV experienced a strong rally in the second quarter, resulting in first half performance that was significantly ahead of global markets. This strong relative performance was driven by continued positive momentum in environmental legislation, backed by significant stimulus package funding. It also reflected a material easing of credit markets, a recovery in commodity prices and an anticipated stabilisation of construction and other economically cyclical markets; all key factors that negatively impacted on performance in 2008.

Investment Approach & Portfolio Structure

The Impax investment process continues to focus on bottom-up stock picking, informed by a thematic analysis of key developments in the environmental markets. Asian companies and sectors with strong exposure to stimulus funding remain active themes.

The Company started the year with 88 listed companies in the portfolio. Subsequently, we made 4 new investments and sold out of 8 stocks, leaving 84 listed companies in the portfolio on 30 June 2009, plus 6 unlisted investments. The portfolio structure data shown at the end of this report indicates that the portfolio structure by sector, profitability and market capitalisation has not changed substantially. However, the regional exposure shows a redistribution of funds into Asia, leading to an increase in the Rest of the World exposure from 12 to 15%.

Alternative Energy and Energy Efficiency

Following the election of President Obama, energy policy developments have been favourable in the US. Towards the end of the period, the House of Representatives passed a major bill that would create a Federal cap-and-trade system for greenhouse gas reduction, plus a national target for 20% renewable electricity in the overall supply mix by 2020 (including a 5% carve-out for energy efficiency improvements). The Senate is expected to produce their version of the bill in September, and although we expect some modification to the provisions, we are confident that the underlying trend in the US towards tackling climate change and energy supply issues will continue. Meanwhile, in China, long term renewable energy targets for 2020 were revised upwards for both wind (100 GW) and solar (20 GW) which has subsequently been supported by subsidies and feed-in-tariffs for solar installations as well as a unified national wide feed-in-tariff for wind power.

Notable positive contributors to investment performance included early-cycle companies, for example Epistar *(light-emitting diodes (LEDs), Taiwan)* that saw volume increases as new end markets for LEDs accelerated. Nibe *(heat pumps, Sweden)* also performed well largely reflecting the stabilisation of European residential construction markets and new subsidy announcements. Renewable energy companies were generally strong, buoyed by strong news flow on legislation and stimulus funding, in particular EDP Renovaveis *(renewable independent power producer, Portugal)*, Ormat *(geothermal, US)* and China High Speed Transmission *(wind turbine equipment, Hong Kong)*. However, it was a disappointing period for Itron *(automated meter reading, US)* as certain projects were delayed, the management team was changed and the company raised additional equity to strengthen its balance sheet.

Water Treatment and Pollution Control

Global stimulus announcements were an important theme for the water infrastructure sector during the period. In the US, around US$ 18bn was allocated for environmental infrastructure projects relating to drinking water, rural water provision, flood control and remediation of contaminated land. In China, the figure was close to US$ 30bn. Highlighting the importance of spending on water infrastructure, President Obama announced that he would like to allocate US$ 4bn per annum to fund more than 1,700 water projects, in excess of that already committed via the stimulus programme. Meanwhile, water scarcity issues continued to be at the forefront of policy-makers minds, and droughts in Australia, California and China made the headlines. A report by the European Commission found that climate change could cause rainfall to drop by up to 40% across the Union by the end of the century, with food harvests falling by up to 30% as a result.

At the stock level, companies that performed well were those with exposure to the anticipated cyclical recovery of automotive and water infrastructure markets such as Japanese companies Horiba *(testing and monitoring)*, and Kurita *(water treatment)*. Chinese stimulus funding led to the finalisation of a number of water and waste projects for China Everbright *(water infrastructure, Hong Kong)*. Mueller Water *(water infrastructure, US)* was weak due to a slower than anticipated recovery in the company's end markets accompanied by a weak balance sheet.

Waste Technologies and Resource Management

Innovative vehicle 'scrappage' legislation was introduced in a number of countries (e.g. the US, Japan and the UK) to encourage motorists to trade old cars for new. The effect of the schemes has been to generate significant business for the vehicle and metal recycling companies as well as to encourage the purchase of smaller, more fuel efficient vehicles. Recycling companies, particularly Lee and Man *(paper recycling, Hong Kong)*, LKQ *(auto-parts recycling, US)*, Metalico *(metals recycling, US)* and Sims Group *(metals recycling, Australia)* have also benefited from the recovery in global commodity prices. The resource management sector, in particular environmental consultants such as Stantec *(Canada)*, have been helped during the period from increased stimulus funding for larger infrastructure projects.

During 2008, a number of waste-related companies came under pressure due to their inability to refinance debt. This year, it has been encouraging to see these companies, notably Transpacific Industries *(hazardous waste, Australia)* and Shanks *(waste management, UK)*, restructure their balance sheets. As credit markets recover, there has also been a resurgence of corporate activity including a conditional offer for Energy Developments *(waste-to-energy, Australia)*. On the downside, the hazardous waste industry has not been immune to slowing industrial activity and both Clean Harbors *(US)*, and Seche Environnement *(France)* have experienced lower volumes.

Unquoted Companies

Our investments in unquoted companies have not been immune to the current recession. During the first half, one holding was forced into administration and the valuations of two others were marked down. Notwithstanding this, several companies in the portfolio continued to make good commercial progress and successfully raised additional finance, with IEM contributing to two fundraisings. The net effect of these changes is that the total portfolio of unquoted companies was valued at £11.8m as of 30 June 2009, representing a 34% discount to cost and 3.7% of IEM's net assets.

Following the end of the reporting period, the valuation of a further holding has been marked down by £0.6m. Given the current challenging environment, we continue to maintain close contact with the unquoted companies in our portfolio.

Outlook

The outlook for the portfolio remains positive as global policy developments and stimulus packages continue to favour the sector, with particular momentum in Asia. The ongoing earnings season has reinforced our view that earnings expectations for environmental companies are at realistic levels and there is potential for surprise on the upside. In addition, we expect corporate funding initiatives and acquisition activity to provide catalysts for share price increases and are encouraged that portfolio valuations are still at the lower end of the historic range.

We will continue to post monthly updates on the Company's performance and sector news on www.impax.co.uk.

Impax Asset Management Ltd.
26 August 2009

TEN LARGEST HOLDINGS

AS AT 30 JUNE 2009

Ormat Technologies (Israel/US)

Ormat is a leading player in the geothermal power markets. The company has a dual strategy of owning and operating power plants, with ca. 500 MW in operations and a large pipeline under development as well as selling geothermal generation equipment to third parties. The company stands to benefit from increasing governmental support for renewables, the particular appeal of geothermal for large scale base-load generation, and from stimulus funding in the US. As the clear market leader in its sector, Ormat is well-positioned to grow as global geothermal resources continue to be developed and is considered an attractive long-term asset for the Company.

Clean Harbors (United States)

Clean Harbors is North America's leading provider of hazardous waste management services. The core US business benefits from a national network and high market share of disposal facilities, which is expected to provide pricing power. The company will also benefit from the gradual closure of industrial customers' in-house disposal facilities, which today represent a significant proportion of the market but are becoming uneconomical due to their inability to comply with increasingly strict environmental regulations. The recent acquisition of Eveready, a Canadian industrial services company, also offers growth potential by expanding Clean Harbors' reach into Canada and opening up cross selling opportunities.

Regal Beloit (United States)

Regal Beloit is a leading US manufacturer of commercial/industrial electric motors, HVAC (heating, ventilation and air conditioning) motors, electric generators and mechanical motion controls. The company continues to benefit from legislation driving a shift towards higher efficiency motors, where it has a strong presence following its acquisition of the GE HVAC businesses. The company is also a key beneficiary of stimulus funding in the US which is targeting increased energy efficiency in public buildings. Finally, the company will benefit from an eventual recovery in US construction activity. With these characteristics, Regal Beloit remains a core holding for the Company.

Gamesa Corp (Spain)

Gamesa is the world number three manufacturer of wind turbines with a global market share of 11%. Wind remains the prominent renewable energy technology, with 122 GW cumulative installed capacity and market expectations of strong growth of 15% p.a., especially in China and the US. Gamesa has 4,000 MW of manufacturing capacity and plans to expand to 6,000 MW by 2011 and is well positioned to benefit from market growth with a broad exposure to key markets. Project finance markets for smaller developers are still challenging but Gamesa also benefits from its strong links to larger utilities such as Iberdrola Renovables which are able to finance projects on their own balance sheet.

EDP Renovaveis (Portugal)

EDP Renovaveis is a wind farm developer and operator. Its 5.3GW of assets make it the world's fourth largest independent wind power producer. The company was spun out of Portuguese utility Energias de Portugal (EDP) in June 2008 with EDP remaining the majority shareholder. This relationship provides the company with access to relatively low-cost funding, which gives it a key competitive advantage. Other than funding, the company's key attractions are a strong management team with a track record of execution and a strong pipeline and exposure to the US markets, which are poised for rapid growth in 2010, assisted by the anticipated increase in stimulus funding.

Horiba (Japan)

Horiba is a manufacturer of measuring instruments and systems for the automotive, environmental, medical and semiconductor industries. Automotive is the largest of the four business segments, where Horiba enjoys an 80% global market share in engine emission measuring systems. Growth will be driven by tightening emissions regulations for the automotive space and an anticipated recovery in the automotive space, which should lead to a recovery in capex by the car manufacturers. The other key driver is the anticipated recovery of the semiconductor market to which Horiba has some exposure through its air monitoring and water quality products. With a strong management team and a strong balance sheet, Horiba is well positioned to grow.

Chloride Group (UK)

Chloride is the leading European specialist in the power protection marketplace. The company's range of Uninterruptible Power Supplies ("UPS") and software protects mission-critical applications in a variety of sectors worldwide. As these UPS markets continue to grow, Chloride is also gaining market share through a combination of superior technology and an innovative service-oriented product offering. Asia also represents a key area for growth and now represents just under 20% of sales. Chloride's strong technology and market position led to a bid approach by Emerson (the US market leader) in 2008 at a significant premium. Although this bid was rejected, Chloride remains an attractive acquisition target and, with merger and acquisition activity on the rise, the company may be subject to further bids.

LKQ (United States)

LKQ is the largest provider of recycled light vehicle OEM products in the US. It employs 9,600 people across 280 facilities and generated revenue of $1.9 billion in 2008. The insurance industry is an important driver of LKQ's business as its focus on reducing claim costs provides favourable industry dynamics. This initiative to reduce costs has seen the market share of alternative parts in the mechanical replacement market rise from 20% to 80% in the last 30 years. Collision replacement parts are poised for similar growth and have increased their market share by 1-2% per annum over the last 7 years to reach 32% in 2007. Growth is set to escalate, driven by the current turmoil in the automotive supply chain. Finally, LKQ is a beneficiary of good pricing power and the recovery of commodity prices.

Pentair (United States)

Pentair is a global diversified company serving the commercial, municipal and residential markets. The water segment represents 65% of revenues, focused on filtration and flow control technologies used in operations throughout the entire water cycle, with the US represents 74% of group sales. It is well positioned to benefit from US stimulus funding into the water sector and from an eventual recovery of the US construction market. In addition, following a key partnership with GE in 2008, Pentair has greater global reach and access to new technologies, which should contribute to further growth. Finally, the company is benefiting from aggressive restructuring and consequent cost reduction.

Sims Group (Australia)

Sims Group is a metal recycling company focused on collection, processing and marketing of ferrous and non-ferrous metals and the provision of other recycling solutions e.g. to the end of life vehicle and waste electronic goods markets. Sims operations were historically centred in Australasia but achieved a truly global reach following its merger with the US company Metal Management. Ongoing sector consolidation, renewed Asian growth, increasing pricing power and recovering commodity prices are key drivers for the company.

TOP TEN HOLDINGS IN COMPANIES

AS AT 30 JUNE 2009

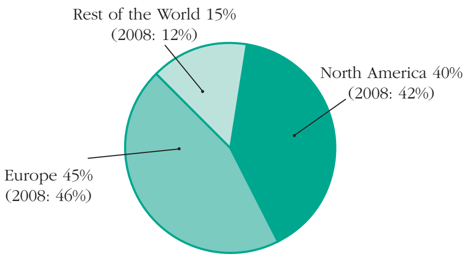
	Cost £'000	Valuation £'000	Percentage of Portfolio
Ormat Technologies	6,183	7,977	2.64
Clean Harbors	5,596	7,308	2.42
Regal Beloit	6,334	7,081	2.35
Gamesa Corp	7,673	6,814	2.26
EDP Renovaveis	5,785	6,600	2.19
Horiba	7,013	6,593	2.18
Chloride Group	5,048	6,537	2.17
LKQ	3,792	6,476	2.15
Pentair	7,233	6,448	2.14
Sims Group	6,365	6,428	2.13
Top ten holdings	**61,022**	**68,262**	**22.63**
Other holdings	275,132	233,355	77.37
Total holdings	**336,154**	**301,617**	**100.00**

Note: *All the top ten holdings are of ordinary shares*

STRUCTURE OF PORTFOLIO

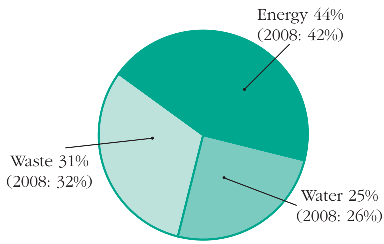
AS AT 30 JUNE 2009

BREAKDOWN BY REGION

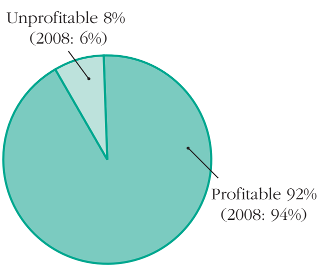


(Country of quotation or in the case of unquoted investments, country of incorporation)

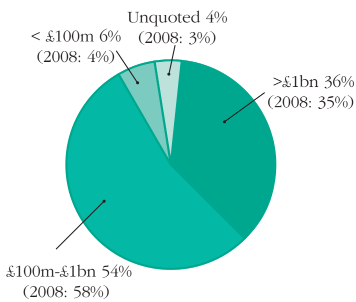
BREAKDOWN BY SECTOR



BREAKDOWN BY PROFITABILITY



BREAKDOWN BY MARKET CAPITALISATION



Note: The comparative figures are as at 30 June 2008

DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE HALF-YEARLY REPORT

The Directors confirm to the best of their knowledge that:

- The condensed set of financial statements contained within the half yearly financial report has been prepared under the guidance issued by the Accounting Standards Board on "Half-yearly financial reports".

- The interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FSA's Disclosure and Transparency Rules.

Richard Bernays
Chairman

INCOME STATEMENT

	Six months to 30 June 2009 Revenue £'000	Six months to 30 June 2009 Capital £'000	Six months to 30 June 2009 Total £'000	Six months to 30 June 2008 Revenue £'000	Six months to 30 June 2008 Capital £'000	Six months to 30 June 2008 Total £'000
Gains/(losses) on investments	–	11,522	11,522	–	(14,146)	(14,146)
Income						
– from investments	2,739	–	2,739	2,645	–	2,645
– interest receivable	7	–	7	219	–	219
Investment management fees	(352)	(1,056)	(1,408)	(438)	(1,313)	(1,751)
Other expenses	(312)	–	(312)	(421)	–	(421)
Return on ordinary activities before taxation	2,082	10,466	12,548	2,005	(15,459)	(13,454)
Taxation	(308)	–	(308)	(272)	–	(272)
Return on ordinary activities after taxation	**1,774**	**10,466**	**12,240**	**1,733**	**(15,459)**	**(13,726)**
Return per Ordinary Share (*see note 4*)	0.58p	3.43p	4.01p	0.57p	(5.11p)	(4.54p)

The total column of the Income Statement is the profit and loss account of the Company.

All capital and revenue items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

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.

BALANCE SHEET

	At 30 June 2009 £'000	At 30 June 2008 £'000	At 31 December 2008 £'000
FIXED ASSETS			
Investments at fair value through profit and loss *(see note 3)*	301,617	367,947	294,468
CURRENT ASSETS			
Income receivable	134	148	261
Sales for future settlement	765	852	385
Taxation recoverable	18	23	9
Other debtors	11	35	377
Cash at bank and in hand	13,104	13,615	10,374
	14,032	14,673	11,406
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Purchases for future settlement	(840)	(916)	(278)
Accrued liabilities	(360)	(528)	(666)
	(1,200)	(1,444)	(944)
NET CURRENT ASSETS	12,832	13,229	10,462
TOTAL NET ASSETS	314,449	381,176	304,930
CAPITAL AND RESERVES: EQUITY			
Share capital	30,585	30,390	30,541
Share premium	246,487	244,857	246,110
Share purchase reserve	43,573	44,125	44,125
Capital reserve	(8,340)	59,768	(18,806)
Revenue reserve	2,144	2,036	2,960
SHAREHOLDERS' FUNDS	314,449	381,176	304,930
Net asset value per share *(see note 5)*			
– Undiluted	103.06p	125.43p	99.84p
– Diluted	102.65p	123.69p	99.62p
Ordinary Shares in issue (excluding treasury shares)	305,126,783	303,905,220	305,405,220
Ordinary Shares held in treasury	716,505	–	–
Warrants in issue	18,666,085	19,104,153	19,104,153

CASH FLOW STATEMENT

	Six months to 30 June 2009 £'000	Six months to 30 June 2008 £'000
OPERATING ACTIVITIES		
Cash inflow from investment income and bank interest	2,894	2,877
Cash outflow from management expenses	(2,033)	(2,793)
Cash inflow from recovery of VAT on management fees	343	–
Cash inflow from disposal of investments	33,468	51,335
Cash outflow from purchase of investments	(28,634)	(52,103)
Cash outflow from net foreign exchange losses	(279)	(89)
Foreign tax paid	(308)	(278)
Net cash flow from operating activities	5,451	(1,051)
EQUITY DIVIDENDS PAID	(2,590)	(908)
FINANCING		
Issue of share capital	420	3,098
Purchases of own shares	(551)	–
Net cash flow from financing	(131)	3,098
INCREASE IN CASH	2,730	1,139

	2009 £'000	2008 £'000
Opening balance at 1 January	10,374	12,476
Cash inflow	2,730	1,139
Balance at 30 June	13,104	13,615

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Six months to 30 June 2009 £'000	Six months to 30 June 2008 £'000	Year ended 31 December 2008 £'000
Profit for year	12,240	(13,726)	(91,375)
Final dividend *(see note 7)*	(2,590)	(908)	(909)
Issue of new shares	–	3,098	3,934
Exercise of warrants *(see note 8)*	420	–	633
Share issue expenses	–	–	(65)
Purchases of own shares	(551)	–	–
Net increase in shareholders' funds	9,519	(11,536)	(87,782)
Opening shareholders' funds	304,930	392,712	392,712
CLOSING SHAREHOLDERS' FUNDS	314,449	381,176	304,930

NOTES

1 ACCOUNTING STANDARDS

The Half-yearly financial report has been prepared in accordance with applicable UK accounting standards.

2 INVESTMENT COMPANY STATUS

These financial statements have been presented using UK GAAP. The Company manages its affairs to enable it to qualify as an investment trust for taxation purposes under section 842 of the Income and Corporation Taxes Act. The Company therefore presents its accounts in accordance with the Statement of Recommended Practice for Investment Companies.

3 INVESTMENTS

Investments have been classified as "fair value through profit and loss". Securities of companies quoted on regulated stock exchanges are valued by reference to their market bid prices at the period end. Unquoted investments are measured at fair value which is determined by the directors in accordance with the International Private Equity and Venture Capital guidelines.

Since the period end the valuation of one of the unquoted company investments has been marked down by £626,115.

Transaction costs incurred on the acquisition and disposal of investments are charged to the Income Statement as a capital item.

4 RETURN PER SHARE

Return per share is based on the net return attributable on ordinary activities after taxation attributable to the weighted average of 305,031,137 (2008: 302,423,378) Ordinary Shares in issue during the period.

There was no dilution to return per share in the period.

5 NET ASSETS PER SHARE

Undiluted net assets per share figures are based on the net assets of the Company attributable to the number of Ordinary Shares in issue at the end of the period.

Diluted net assets per share figures are based on the net assets of the Company plus the amount which would have been subscribed by Warrantholders had all the outstanding warrants been exercised at the end of the period divided by the number of Ordinary Shares which would have been in issue had all the Warrants been exercised at the end of the period. No adjustment is made if the potential effect of the exercise of Warrants is anti-dilutive.

6 VAT

As a result of the developments of a legal test case, VAT on management fees paid in previous years has become recoverable. An amount of £343,270 in respect of VAT recovered by the Manager was accrued in the financial statements for the year ended 31 December 2008. This amount was subsequently received by the Company in March 2009. In aggregate the amount reclaimed under the Company's voluntary VAT registration in previous years and the above repayment represents 97 per cent of the total VAT paid on management fees paid to the Manager.

A further amount of interest on this repayment is expected in due course; no amount in respect of this interest has been accrued in these accounts.

7 DIVIDEND

The final dividend for the year ended 31 December 2008 of 0.85p per share was paid on 18 May 2009 (year ended 31 December 2007 dividend of 0.3p per share was paid on 14 May 2008). In accordance with UK accounting standards the dividend for the year ended 31 December 2008 has been recognised in the Half-yearly financial report for the six months ended 30 June 2009.

8 NEW SHARE ISSUES

438,068 Warrants were exercised on 15 June 2009 resulting in the issue of 438,068 Ordinary Shares. The subscription price was 96p per share. The new ordinary shares were admitted to trading on the London Stock Exchange on 22 June 2009.

The number of Ordinary Shares in issue (excluding treasury shares) as at 30 June 2009 was 305,126,783. The Company also held 716,505 Ordinary Shares in treasury at that time.

The number of Warrants in issue as at 30 June 2009 was 18,666,085.

9 PURCHASE OF OWN SHARES

During the period to 30 June 2009 716,505 Ordinary Shares were bought back at an aggregate cost of £551,306. These Shares are being held in treasury.

10 RELATED PARTY TRANSACTIONS

Fees payable to the Manager are shown in the Income Statement. At 30 June 2009 the fee accrual outstanding to the Manager was £250,639.

11 CANCELLATION OF SHARE PREMIUM ACCOUNT

As described in the circular dated 13 May 2009, the Company applied to the Court for the cancellation of its share premium in order to create additional distributable reserves which would be available for the buy back of its own Ordinary Shares. The cancellation was approved by shareholders on 4 June 2009, confirmed by the Court on 8 July 2009 and became effective on 15 July 2009. An amount of £246,486,789 was transferred from the share premium account to share purchase reserves on the effective date.

12 STATUS OF THIS REPORT

These financial statements are not the Company's statutory accounts for the purposes of section 240 of the Companies Act 1985. They are unaudited. The Half-yearly financial report will be sent to shareholders and copies will be made available to the public at the registered office of the Company. The report will be available in electronic format on the Manager's website (www.impax.co.uk).

The Half-yearly financial report was approved by the Board on 26 August 2009.

The Company's statutory accounts for the year ended 31 December 2008 received an unqualified audit report and have been filed with the registrar of companies at Companies House.

DIRECTORS, MANAGER AND ADVISERS

DIRECTORS

Richard Bernays (Chairman)
Dr Robert Arnott
Charles Berry
William Brown
Keith Niven

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