IMPAX

Impax Environmental Markets plc

Half-yearly Financial Report

for the six months ended 30 June 2011

KEY FEATURES

Investment Objective

The Company's objective is to enable investors to benefit from rapid and sustained growth anticipated by the Directors 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 2011	*At 31 December 2010*	*% change*
Net assets	**£435.3m**	*£453.4m*	*(4.0%)*
Number of Ordinary Shares in issue (excluding shares held in treasury)	**315,948,336**	*317,800,336*	*(0.6%)*
Net asset value ("NAV") per Ordinary Share	**137.8p**	*142.7p*	*(3.4%)*
NAV per Ordinary Share (excluding current year net revenue)	**137.3p**	*141.8p*	*(3.2%)*
MSCI World Index[1]			*+1.4%*
MSCI World Small Cap Index[1]			*+2.2%*
FTSE ET50 Index[1]			*(6.3%)*
Ordinary Share price (mid-market)	**116.3p**	*129.8p*	*(10.4%)*
Ordinary Share price discount to NAV	**(15.6%)**	*(9.0%)*	–

[1] Capital return in sterling terms.

CHAIRMAN'S REVIEW

The first half of 2011 was a period of global equity market volatility and environmental sector underperformance. Against this backdrop, the performance of Impax Environmental Markets plc ("IEM", or the "Company") was creditable, with substantive global policy developments supporting many of the Company's core long-term holdings.

Over the six month period from 1 January until 30 June 2011 (the "Period"), the net asset value ("NAV") per Ordinary Share (excluding current year net revenue) of IEM decreased from 141.8p to 137.3p, a fall of 3.2%, while the share price fell 10.4%, from 129.8p to 116.3p. Over the same period, the MSCI World Index and the MSCI World Small Cap Index (capital returns priced in Pounds Sterling) rose by 1.4% and 2.2% respectively. The FTSE ET50 Index, comprising the 50 largest specialist environmental technology companies globally, fell 6.3% over the Period. The Company's underweight position in the renewable energy sector was a notable component of relative outperformance against this index. Over the five years from 30 June 2006 to 30 June 2011 the NAV per Ordinary Share (plus dividends paid) returned 37.6% while the MSCI World Index (net total return priced in Pounds Sterling) rose by 29.0%.

The aggregate valuation of the Company's investments in unquoted companies fell by approximately 20% over the Period to £13.7 million at 30 June 2011. This reduction was as a result of the write down of three of the holdings by a total of £6.7m, the revaluation of one of the other investments by £3.3m and incremental investments in existing holdings totalling £0.6 million.

The IEM share price traded at a discount to NAV of between 8% and 16% during the Period. The Board responded when the discount widened by buying back 1,852,000 ordinary shares at an average discount of 12%. Since the Period end, the Company has purchased a further 5,550,000 shares at an average discount of 16%. The shares bought back are being held in treasury. Of the shares bought back since the period end, the majority were purchased from a single institutional seller which has recently made a decision to exit from its closed-ended fund investments. The Company's broker placed just under 80% of the shares being sold by that seller and the remainder was bought back by the Company. The Board is committed to utilising its powers to buy back the Company's shares when it considers circumstances to be appropriate.

The history of IEM has been punctuated by major events with significant implications for environmental markets, notably the US blackouts of 2003, Hurricane Katrina in 2005 and the oil price spike of 2008. All these incidents highlighted the resource, infrastructure and environmental protection challenges faced across the globe, and generated positive momentum for companies offering cleaner and more efficient solutions. The first half of 2011 has seen a continuation of this theme. Just eleven months after the Gulf of Mexico oil spill, the earthquake and subsequent tsunami in Japan in March led to substantial damage to the Fukushima Daiichi nuclear power station, evacuation of the region and power cuts throughout the country. Since the disaster, proposed reductions in nuclear capacity and rising power prices have intensified the need for alternative methods of energy generation and technologies that improve energy efficiency, both of which are core components of the environmental markets investment opportunity.

Equity markets have had an extremely challenging start to the second half of the year and as at 9 August 2011, the MSCI World and MSCI World Small Cap Indices have fallen 13.4% and 16.3% respectively since 1 July 2011. The NAV per Ordinary Share of IEM had decreased 14.9% to 117.3p while the share price has fallen 15.3% to 98.5p and the discount has increased to 16.0%. Sovereign debt concerns and the downgrade in the credit rating of US debt have placed downward pressure on stock markets. Notwithstanding the recent declines, the Directors continue to believe that IEM shares offer an attractive proposition for investors seeking to benefit from the long term growth potential of environmental markets.

Richard Bernays
11 August 2011

The challenges faced by investors in interpreting rapidly changing macro-economic fundamentals persisted in 2011, and the environmental markets sector, along with the wider economy, remained volatile.

Legislative developments, global events and corporate activity proved positive for environmental markets over the Period. IEM's portfolio was well positioned to benefit from these positive themes, and out-performed general environmental markets. However, the Company's exposure to Asia and weakness in unquoted companies and stocks with smaller market capitalisations weighed on performance and IEM underperformed the MSCI World Index.

Drivers of Environmental Markets

Environmental policy and regulation remained a key driver for the Company over the Period, and was enhanced by macro-events that served to re-focus governments' attention on resource scarcity and energy security.

Following the disaster at the Fukushima Daiichi nuclear power station in March, Japan cancelled plans to expand nuclear power from 30% to 50% of the energy mix and Germany announced plans to close all nuclear plants by 2022. These developments, along with rising power prices that resulted from continued Middle East unrest, strengthened the outlook for the renewable energy and energy efficiency sectors.

Other positive developments in the first half of 2011 included the finalisation of the Chinese 12th Five Year Plan, with targets for a cut in energy consumption per unit of GDP by 16%, an additional 75GW of wind and solar power and investments of up to US$300m in water conservation. European policy momentum was also strong, with targets for 20% renewable energy and 20% improvement in energy efficiency by 2020 (based on business as usual projections from 2007) announced across all EU member states.

Acquiring exposure to the superior growth of environmental markets continued to prove attractive to more diversified industrial groups during the Period, with several companies in IEM's portfolio acquired at attractive valuations. Company results were broadly positive, driving performance across the full range of sub-sectors.

Investment Approach & Portfolio Structure

We maintained an overweight position in the energy efficiency sector versus a low weighting (relative to historical levels) in renewable energy. We used weakness during the Period as an opportunity to add selectively to Asian holdings.

The Company started the year with 78 listed companies in the portfolio. Subsequently, we made seven new investments and sold out of six stocks, leaving 79 listed companies in the portfolio on 30 June 2011, plus six unlisted investments.

Alternative Energy and Energy Efficiency

(i) Renewable and Alternative Energy ("RAE")

Despite a sentiment rally following the Fukushima disaster in Japan, the RAE sector underperformed over the full Period as a result of ongoing regulatory uncertainty and overcapacity in both the wind and solar sectors.

However, the implications of a global reduction in nuclear generation capacity and ongoing political instability in the Middle East resulted in an increase in the gas price and an improving outlook for future power prices. This led to resilient performance from *EDP Renovaveis* (renewable energy independent power producer ("IPP"), Spain). Several European utilities also made offers to buy back their listed renewable energy IPPs during the Period, indicating that these assets offer good value at current stock market ratings. IPPs represent about half of IEM's renewable energy exposure.

M&A activity led to strong performance in the solar sector as *Total* took a 60% stake in *Sunpower* (solar, US) at a significant premium. However, the fundamentals in both the solar and wind generation equipment sectors remain challenging, and significant overcapacity, pricing pressure and a number of profit warnings have led to weakness in *Vestas* and *China High Speed Transmissions* (wind power generation equipment, Denmark and China respectively).

Over the Period the Company bought a new position in *Innergex* (renewable IPP, Canada) which has a proven track record of project development and a substantial pipeline of development assets.

(ii) Energy Efficiency ("EE")

This sub-sector continued to benefit from positive policy momentum during the Period, as governments increasingly recognised energy efficiency as the most cost effective means for climate change mitigation and improved energy security. Further details of the proposed new EU Energy Efficiency Directive were released in June and included an obligation for member states to deliver a 1.5% annual reduction in energy consumption. Germany's "six point plan" also contained measures to reduce energy consumption by 10% by 2020 compared to 2008. This generated strong performance from portfolio holding *Centrotec Sustainable* (buildings energy efficiency, Germany).

M&A activity continued over the Period, as *Schneider* bid for *Telvent* (power network efficiency, Spain), a company with a strong franchise in utility software and smart grid activities. Other positive performers included *Vacon* (industrial energy efficiency, Finland), which continued to beat earnings expectations and released an ambitious five year plan.

Buildings energy efficiency companies, principally those exposed to the Light Emitting Diode ("LED") industry were weak, as slower growth of the global TV market, and lower penetration of LED backlit TVs led to inventory build and disappointing short-term results from *Epistar* (Taiwan).

We bought a new position in *Boer Power* (power network efficiency, Hong Kong) and sold out of *Cap-XX* (super-capacitors, Australia).

Water Treatment and Pollution Control

(i) Water Infrastruture & Technologies ("WIT")

Volatile and unpredictable rainfall patterns continued to highlight the need for investment to establish and upgrade water infrastructure globally, with severe flooding in Australia contrasting with drought in parts of Europe. Regulatory developments continued to be especially favourable in Asia, with China's Five Year Plan targeting investments of up to US$300m in water conservation over five years.

Performance in the water infrastructure sector was mixed, reflecting an uneven recovery in construction activity and regional concerns. In India, a banking scandal (unrelated to any IEM holdings) led to constrained availability of project finance which, combined with macro concerns on inflation and rising interest rates, led to underperformance of *IVRCL* (water infrastructure). On the positive side, *Hydro International* (water infrastructure, UK) outperformed as it benefited from escalating investment by UK water utilities.

During the Period, we sold out of *IVRCL* (water infrastructure, India) and *BWT* (water treatment technology, Austria).

(ii) Pollution Control ("PC")

Ongoing strength in the PC sector was reinforced by continued positive policy momentum. In March the US Environmental Protection Agency ("EPA") announced rules to control emissions from utilities, with a targeted 91% reduction in mercury emissions and a 55% reduction in SO_2 emissions. The EPA stated that this will lead to the closure of 9.9GW of coal plants by 2015.

Strong performance of this sub-sector was a result of company specific issues, rather than a general theme, with *TSO3* (non toxic sterilisation equipment, Canada) advancing on news of a strategic partnership with *3M* (diversified environmental, US) and progress on EPA certification.

Over the Period we added *Norma Group* (pollution control, Germany), a future beneficiary of increasing emissions standards in the automotive sector. We sold out of *Dionex* (testing and monitoring, US), as the company was acquired by *Thermo Fisher Scientific* (analytical instruments, US).

Waste Technologies and Resource Management

(i) Waste Management & Technologies ("WMT")

The WMT sector underperformed over the Period, as corporate activity drove strength in hazardous waste management companies but was outweighed by weakness in recycling and value-added waste processers.

Strength in Asian policy momentum continued, with China announcing support for increasing the number of recycling bases and scrap metal plants across several regions, with total government subsidies potentially reaching US$231m.

Consolidation continued in the hazardous waste sector as *Stericycle* and *Clean Harbors* (both US) both made material acquisitions. *Tomra* (waste technology equipment, Norway) also performed well following new contract wins. Concerns about the macroeconomic outlook, falling commodity prices and weakness in the Asian markets led to negative performance in the value-added waste processing sector, notably from *Lee & Man* (China). There were no new holdings or exits during the Period.

(ii) Environmental Support Services ("ESS")

Fears of government budget cuts in the infrastructure and environmental services sectors led to volatile performance by consultancies during the Period. However, in the US, where these fears are particularly acute, Tetra Tech and ICF International both announced new Government contracts. In Europe, there were signs of earnings stabilisation at *RPS* (UK), which led to strong relative performance for the company.

The end of the Period saw the EU delaying further increases in 2020 targets for emissions cuts and a decline in carbon prices. Taking these developments into account, we sold out of *Camco* (carbon trading, UK).

Unquoted Companies

During the Period, one investment valuation was uplifted by £3.3m following good commercial progress and comparison with a competitor's valuation on IPO. Three others were written down by £6.7m in aggregate, reflecting the difficult market conditions faced by those companies and the continuing challenge of raising new money. The annual report referred to £3.5m of these write-downs. Two small additional investments in support of portfolio companies' fund raising efforts added £0.6m. At 30 June 2011, the Company's unlisted portfolio was valued at £13.7m.

The Company's investments in unquoted companies originated from a pre-IPO investment strategy, implemented before markets effectively closed with the 2008 financial crisis. As a result, the portfolio now includes investments that we have held for longer than originally planned, and we are increasingly focused on encouraging these companies towards appropriate exits.

Outlook

As reported in the Chairman's Statement there has been a substantial correction in global equity markets since the end of June. This has been due to renewed concerns about European sovereign debt and a downgrade to the debt rating of the United States by the credit agency Standard and Poor's. With this backdrop we believe that equity markets will continue to be volatile for the rest of the year. However, we remain confident that the fundamentals for the environmental markets continue to be positive and that the sell-off represents a good opportunity for long term investors seeking exposure to this growth sector at an attractive valuation.

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

Impax Asset Management Limited
11 August 2011

TEN LARGEST HOLDINGS

AS AT 30 JUNE 2011

Nibe Industrier (Sweden) 2.9% of net assets

NIBE Industrier provides systems for domestic heating products such as ground source heat pumps, electric heating applications, and wood-burning stoves. NIBE listed on the Stockholm stock exchange in 1997 and has seen strong organic growth complemented by acquisitions, such as its soon-to-be-completed purchase of Switzerland-based Schulthess.
http://www.nibe.com/

Telvent (Spain/United States) 2.9%

Telvent provides services for managing energy resources more efficiently, reducing traffic congestion, optimizing water usage, and monitoring critical infrastructure. The company is expanding in Europe, seeking organic growth opportunities in Latin America and is soon to be acquired by Schneider Electric.
http://www.telvent.com/

Regal Beloit (United States) 2.9%

Regal Beloit is a leading global manufacturer of electric motors, ranging from HVAC (heating, ventilation and air conditioning) motors, electric generators and mechanical motion controls. The company benefits from the increasing emphasis being placed on energy efficiency as a means to reduce greenhouse gas emissions. It is an active acquirer of businesses and has been increasing its presence in the Asia-Pacific and Brazil.
http://www.regal-beloit.com/

Horiba (Japan) 2.8%

Horiba is a manufacturer of measuring instruments and systems for the automotive, environmental, medical and semiconductor industries. The company benefits from tightening regulations in the automotive sector space and is set to profit from a recovery in the semiconductor market and in car manufacturer's capex. Horiba has a strong management team and balance sheet and is well positioned to grow.
http://www.horiba.com/

Nalco (United States) 2.8%

Nalco is a global provider of chemicals for water treatment and process improvement across the pulp and paper, water and energy sectors. Nalco has strong growth potential in China, India and Brazil and is benefiting from a moderation in raw material costs to increase prices to its clients.
http://www.nalco.com/

LKQ (United States) 2.7%

LKQ is the largest provider of recycled light vehicle original equipment manufacturer ("OEM") products in the United States. The company's growth is driven by the increased use of recycled parts that has resulted from insurance companies' desire to reduce costs of collision repair. LKQ has a nationwide distribution network and is complementing strong organic growth with acquisitions.
http://www.lkqcorp.com/

Pall Corporation (United States) 2.6%

Pall is a filtration and fluid management specialist, providing solutions for complex contamination, separations, purification and detection. The company is executing well on its current strategic plan to increase margins and has an attractive defensive business model. In addition, Pall is a likely M&A target among the US industrial peer group.
http://www.pall.com/

Clean Harbors (United States) 2.4%

Clean Harbors is North America's leading provider of environmental and hazardous waste management services. The company is set to profit from the gradual closure of industrial customers' in-house disposal facilities, which are becoming uneconomical due to their inability to comply with increasingly stringent environmental regulations.
http://www.cleanharbors.com/

Vacon (Finland) 2.2%

Vacon design, manufacture and sell AC drives used to control electric motors or to condition power from renewable sources. The company focuses on process efficiency and energy savings with as much as 7% of annual revenues invested into R&D. Vacon has been growing three times faster than the global AC drive market and is well positioned for future growth.
http://www.vacon.com/

EDP Renovaveis (Spain) 2.2%

EDP Renovaveis is the third largest wind farm operator globally with 6.9GW of capacity across 11 countries. Recent falling power prices and weakening regulatory support in selected key markets such as Spain and Germany have presented the company with a challenging environment in recent years. However, EDP Renovaveis is set to benefit from current rising power prices and mandated renewable energy generation targets in selected regions.
http://www.edprenovaveis.com/

TOP TEN HOLDINGS IN COMPANIES

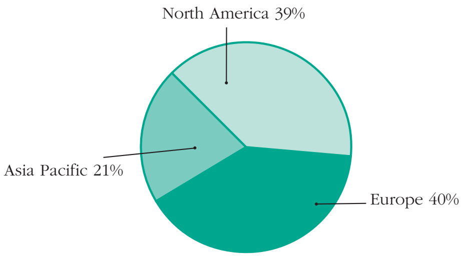
AS AT 30 JUNE 2011

	Valuation £'000	Percentage of net assets
NIBE Industrier	12,592	2.9%
Telvent	12,524	2.9%
Regal Beloit	12,408	2.9%
Horiba	12,056	2.8%
Nalco	11,975	2.8%
LKQ	11,892	2.7%
Pall Corporation	11,452	2.6%
Clean Harbors	10,247	2.4%
Vacon	9,542	2.2%
EDP Renovaveis	9,476	2.2%
Top ten holdings	**114,164**	**26.4%**
Other holdings	305,765	70.1%
Total holdings	**419,929**	**96.5%**
Cash	15,090	3.4%
Other net assets	262	0.1%
Net assets	**435,281**	**100.0%**

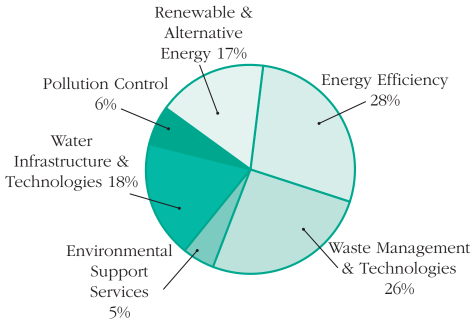
STRUCTURE OF PORTFOLIO

AS AT 30 JUNE 2011

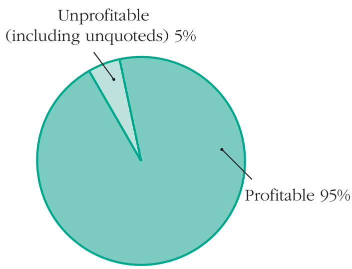
BREAKDOWN BY REGION



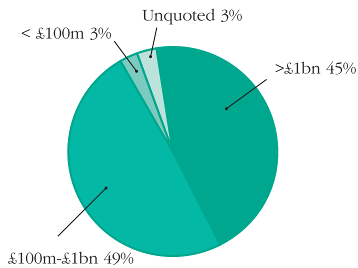
BREAKDOWN BY ENVIRONMENTAL MARKETS CLASSIFICATION



BREAKDOWN BY PROFITABILITY



BREAKDOWN BY MARKET CAPITALISATION



INTERIM MANAGEMENT REPORT

AS AT 30 JUNE 2011

The Chairman's review on pages 1 and 2 and the Manager's report on pages 3 to 7 provide details on the performance of the Company. Those reports also include an indication of the important events that have occurred during the first six months of the financial year ending 31 December 2011 and the impact of those events on the condensed set of financial statements included in this Half-yearly financial report.

Details of the largest ten investments held at the period end are provided on pages 8 and 9 and the structure of the portfolio at the period end is analysed on page 11.

Principal Risks and Uncertainties

The Board considers that the main risks and uncertainties faced by the Company fall into the categories of (i) Market risks (ii) Environmental Markets and (iii) Corporate governance and internal control risks. A detailed explanation of these risks and uncertainties can be found in the Company's most recent Annual Report for the year ended 31 December 2010. The risks and uncertainties facing the Company remain unchanged from those disclosed in the Annual Report.

Related Party Transactions

Details of the investment management arrangements were provided in the Annual Report. There have been no changes to the related party transactions described in the Annual Report that could have a material effect on the financial position or performance of the Company. Amounts payable to the investment manager in the period are detailed in the Income Statement on page 14.

Board of Directors
11 August 2011

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 of the Board of Directors
11 August 2011

INCOME STATEMENT

	Six months ended 30 June 2011		
	(unaudited) Revenue £'000	(unaudited) Capital £'000	(unaudited) Total £'000
Gains/(losses) on investments	–	(13,306)	(13,306)
Income (see note 4)	2,452	–	2,452
Investment management fees	(504)	(1,512)	(2,016)
Other expenses	(398)	–	(398)
Return on ordinary activities before taxation	**1,550**	**(14,818)**	**(13,268)**
Taxation	(158)	–	(158)
Return on ordinary activities after taxation	**1,392**	**(14,818)**	**(13,426)**
Return per Ordinary Share (see note 5)	0.44p	(4.68p)	(4.24p)

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.

Six months ended 30 June 2010			*Year ended 31 December 2010*		
(unaudited)	*(unaudited)*	*(unaudited)*	*(audited)*	*(audited)*	*(audited)*
Revenue	*Capital*	*Total*	*Revenue*	*Capital*	*Total*
£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
–	*(17,037)*	*(17,037)*	*–*	*50,929*	*50,929*
2,409	*–*	*2,409*	*4,602*	*–*	*4,602*
(460)	*(1,381)*	*(1,841)*	*(936)*	*(2,807)*	*(3,743)*
(351)	*–*	*(351)*	*(725)*	*–*	*(725)*
1,598	***(18,418)***	***(16,820)***	***2,941***	***48,122***	***51,063***
(267)	*–*	*(267)*	*(316)*	*–*	*(316)*
1,331	***(18,418)***	***(17,087)***	***2,625***	***48,122***	***50,747***
0.44p	*(6.04p)*	*(5.60p)*	*0.84p*	*15.36p*	*16.20p*

BALANCE SHEET

	At 30 June 2011 (unaudited) £'000	*At 30 June 2010 (unaudited) £'000*	*At 31 December 2010 (audited) £'000*
Fixed assets			
Investments at fair value through profit and loss (see note 3)	419,892	*360,462*	*439,766*
Current assets			
Income receivable	127	*310*	*171*
Sales – future settlements	876	*2*	*58*
Other debtors	28	*26*	*43*
Cash at bank and in hand	15,090	*30,894*	*14,789*
	16,121	*31,232*	*15,061*
Creditors: amounts falling due within one year			
Purchases – future settlements	(248)	*(20)*	*(1,003)*
Accrued liabilities	(484)	*(414)*	*(459)*
	(732)	*(434)*	*(1,462)*
Net current assets	15,389	*30,798*	*13,599*
Total net assets	**435,281**	***391,260***	***453,365***
Capital and reserves: Equity			
Share capital	32,451	*32,451*	*32,451*
Share premium	16,035	*16,035*	*16,035*
Share purchase reserve	280,728	*288,745*	*283,016*
Capital reserve	103,954	*52,233*	*118,773*
Revenue reserve	2,113	*1,796*	*3,090*
Shareholders' funds	**435,281**	***391,260***	***453,365***
Net assets per Ordinary Share (see note 6)	137.77p	*121.26p*	*142.66p*

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Six months ended 30 June 2011 (unaudited)

	Share Capital £'000	Share Premium Account £'000	Share Purchase Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
Opening shareholders' funds as at 1 January 2011	32,451	16,035	283,016	118,773	3,090	453,365
Share buy backs (see note 8)	–	–	(2,288)	–	–	(2,288)
Dividend paid (May 2011)	–	–	–	–	(2,370)	(2,370)
(Loss)/profit for the year	–	–	–	(14,818)	1,392	(13,426)
Closing shareholders' funds as at 30 June 2011	**32,451**	**16,035**	**280,728**	**103,955**	**2,112**	**435,281**

Six months ended 30 June 2010 (unaudited)

	Share Capital £'000	*Share Premium Account £'000*	*Share Purchase Reserve £'000*	*Capital Reserve £'000*	*Revenue Reserve £'000*	*Total £'000*
Opening shareholders' funds as at 1 January 2010	*30,585*	–	*289,858*	*70,651*	*2,746*	*393,840*
Share buy backs (see note 8)	–	–	*(1,113)*	–	–	*(1,113)*
Exercise of warrants	*1,866*	*16,035*	–	–	–	*17,901*
Dividend paid (May 2010)	–	–	–	–	*(2,281)*	*(2,281)*
(Loss)/profit for the year	–	–	–	*(18,418)*	*1,331*	*(17,087)*
Closing shareholders' funds as at 30 June 2010	***32,451***	***16,035***	***288,745***	***52,233***	***1,796***	***391,260***

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

CONTINUED

Year ended 31 December 2010 (audited)

	Share Capital £'000	*Share Premium Account £'000*	*Share Purchase Reserve £'000*	*Capital Reserve £'000*	*Revenue Reserve £'000*	*Total £'000*
Opening shareholders' funds as at 1 January 2010	*30,585*	–	*289,858*	*70,651*	*2,746*	*393,840*
Share buy backs	–	–	*(6,842)*	–	–	*(6,842)*
Exercise of warrants	*1,866*	*16,035*	–	–	–	*17,901*
Dividend paid (May 2010)	–	–	–	–	*(2,281)*	*(2,281)*
Profit for the year	–	–	–	*48,122*	*2,625*	*50,747*
Closing shareholders' funds as at 31 December 2010	***32,451***	***16,035***	***283,016***	***118,773***	***3,090***	***453,365***

CASH FLOW STATEMENT

	Six months ended 30 June 2011 (unaudited) £'000	*Six months ended 30 June 2010 (unaudited) £'000*	*Year ended 31 December 2010 (audited) £'000*
Operating activities			
Cash inflow from investment income and bank interest	2,496	*2,235*	*4,567*
Cash outflow from management expenses	(2,375)	*(2,195)*	*(4,440)*
Cash inflow from disposal of investments	55,900	*62,004*	*131,569*
Cash outflow from purchase of investments	(50,853)	*(52,545)*	*(132,352)*
Cash outflow from net foreign exchange losses	(51)	*(224)*	*(394)*
Cash outflow from taxation	(158)	*(267)*	*(317)*
Net cash flow from operating activities	**4,959**	***9,008***	***(1,367)***
Equity dividends paid	**(2,370)**	***(2,281)***	***(2,281)***
Financing			
Proceeds of share issues	–	*17,902*	*17,901*
Share buy backs	(2,288)	*(1,113)*	*(6,842)*
Net cash flow from financing	**(2,288)**	***16,789***	***11,059***
Increase in cash	**301**	***23,516***	***7,411***
Opening balance at start of period	14,789	*7,378*	*7,378*
Closing balance at end of period	**15,090**	***30,894***	***14,789***

NOTES

1 Accounting Policies

The accounts have been prepared in accordance with applicable UK accounting standards, UK Generally Accepted Accounting and the Statement of Recommended Practice "Financial statements of investment trust companies" issued by the Association of Investment Companies in January 2009.

The accounting policies and presentation in these accounts are consistent with those applied in the Annual Report for the year ended 31 December 2010.

2 Investment Company Status

The Company manages its affairs to enable it to qualify as an investment trust for taxation purposes under section 1158 of the Corporation Taxes Act 2010.

3 Investments

Securities of companies quoted on regulated stock exchanges have been classified as "fair value through profit or loss" and are initially recognised on the trade date and measured at fair value. Investments are measured at subsequent reporting dates at fair value by reference to their market bid prices. Any unquoted investments are measured at fair value which is determined by the directors in accordance with the International Private Equity and Venture Capital guidelines.

4 Income

	Six months ended 30 June 2011 £'000	*Six months ended 30 June 2010 £'000*	*Year ended 31 December 2010 £'000*
Income from investments:			
Dividends from UK investments	204	*309*	*902*
Dividends from overseas investments	2,187	*2,065*	*3,642*
Loan note interest	61	*35*	*55*
Total	2,452	*2,409*	*4,599*
Other income:			
Bank interest receivable	–	*–*	*3*
Total income	**2,452**	***2,409***	***4,602***

5 Return per Ordinary Share

Return per Ordinary Share is based on the net return attributable on ordinary activities after taxation attributable to the weighted average of 316,600,669 (six months ended 30 June 2010: 304,915,907, year ended 31 December 2010: 313,164,696) Ordinary Shares in issue (excluding treasury shares) during the period.

6 Net Assets per Ordinary Share

Net assets per Ordinary Share for the six months ended 30 June 2011 is based on the net assets of the Company attributable to the 315,948,336 (six months ended 30 June 2010: 322,656,336, year ended 31 December 2010: 317,800,336) Ordinary Shares in issue (excluding treasury shares) at the end of the period.

7 Dividend

The final dividend for the year ended 31 December 2010 of 0.75p per Ordinary Share was paid on 17 May 2011 (year ended 31 December 2009 dividend of 0.75p per share was paid on 18 May 2010). In accordance with UK accounting standards the dividend for the year ended 31 December 2010 has been recognised in the Half-yearly financial report for the six months ended 30 June 2011.

8 Purchase of Own Shares

During the six months ended 30 June 2011 1,852,000 Ordinary Shares were bought back to be held in treasury at an aggregate cost of £2,288,000.

9 Related Party Transactions

Fees payable to the Manager are shown in the Income Statement. At 30 June 2011 the fee accrual outstanding to the Manager was £333,235.

10 Status of this Report

These financial statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. 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 11 August 2011.

The Company's statutory accounts for the year ended 31 December 2010 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
Julia Le Blan (appointed 27 January 2011)
Keith Niven
William Rickett (appointed 27 January 2011)

INVESTMENT MANAGER

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BROKER

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SECRETARY AND ADMINISTRATOR

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*Registered in England and Wales No. 4348393