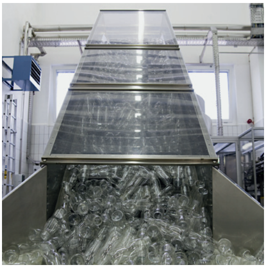





Impax Environmental Markets plc

Half-yearly Financial Report 2012

The Company's objective is to enable investors to benefit from 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 2012	At 31 December 2011	% change
Net assets	**£329.9m**	£344.8m	(4.3%)
Number of Ordinary Shares in issue[1]	**283,708,070**	294,734,070	(3.7%)
Net asset value ("NAV") per Ordinary Share	**116.3p**	117.0p	(0.6%)
NAV per Ordinary Share (excluding current year net revenue)	**115.8p**	115.9p	(0.1%)
MSCI World Index[2]			3.5%
MSCI World Small Cap Index[2]			4.4%
FTSE ET50 Index[2]			(4.6%)
Ordinary Share price (mid-market)	**94.1p**	95.8p	(1.8%)
Ordinary Share price discount to NAV	**19.1%**	18.1%	–

[1] Excluding shares held in Treasury
[2] Capital return in sterling terms

Chairman's Review

After a strong first quarter, increased concerns about the global economy in general and the EU sovereign debt crisis in particular led to a reversal in equity markets. As a result, the NAV of Impax Environmental Markets plc ("IEM", or the "Company") finished the six month period ended 30 June 2012 (the "Period") at much the same level at which it started the year. This performance was behind global indices but generally ahead of sector indices.

Over the Period, the net asset value ("NAV") per Ordinary Share (excluding current year net revenue) of IEM decreased from 115.9p to 115.8p, a fall of 0.1%, while the share price fell 1.8% from 95.8p to 94.1p. Over the same period, the MSCI World Index and the MSCI World Small Cap Index (capital returns priced in Pounds Sterling) rose by 3.5% and 4.4% respectively. Stocks in the environmental sector generally performed less well than the wider market as evidenced by the FTSE ET50 Index, comprising the 50 largest specialist environmental technology companies globally, which fell 4.6% over the Period.

During the Period, IEM's Ordinary Shares traded at an average discount to NAV of 20% and in a range between 16% and 23%. The Company bought back 11,026,000 of its own Ordinary Shares to be held in treasury at an average discount of 20%, and the discount to NAV stood at 19% at the Period end. The buybacks during the Period enhanced the NAV by 0.9p. Since 30 June 2012, the Company has repurchased a further 6,920,000 of its own Ordinary Shares. The Board continues to focus on how the Company's share rating can be improved and is committed to utilising its powers to buy back the Company's shares when it considers circumstances to be appropriate.

Ten years on from my first report to shareholders, I continue to be impressed by the rapid growth that has occurred in environmental markets and also by the quality of many of the businesses operating in this relatively young sector. As discussed in more detail in the Manager's Report, after a difficult opening few months the sector has benefitted from the principal trends that we highlighted at launch in 2002, namely market liberalisation, environmental policy and the falling cost of technology, as well as from high levels of merger and acquisition (M&A) activity and the expansion of demand in emerging markets. However, over the past decade there have also been times when the Company's NAV has been held back by stocks that have seen their ratings fall in spite of rising earnings, as well as by companies that have been unable to expand their earnings in line with the growth of their target markets.

Looking to the future, I am confident that the Company is well positioned to prosper: the growth drivers for environmental markets are strengthening; the number of companies with compelling business models is expanding; and the Manager continues to extend its significant expertise of investing in the sector.

At the start of the second half of the year, notwithstanding on-going macro-economic concerns, the underlying businesses of the Company's holdings are generally performing well, with a majority recently reporting better than expected earnings and stable outlooks. In the period from 1 July to 17 August 2012, equity markets have risen. The MSCI World Index and the FTSE ET50 Index rose 4.5% and 3.1% respectively, whilst the Company's NAV (excluding current year net revenue) increased 4.8% to 121.3p and its share price rose 1.7% to 95.8p. Given the attractive valuations and growth rates of the IEM portfolio together with the strong long term prospects for environmental markets, the Directors continue to be positive on the outlook for the Company.

Richard Bernays
23 August 2012

Manager's Report

Performance Update

Macro-economic issues continued to drive equity markets during the Period, providing a challenging investment environment. Market volatility remained high, reflecting changing perceptions on the resolution of the EU sovereign debt crisis, a double dip recession in some EU regions and weaker macroeconomic data in the US and China.

Following a robust first quarter, the Company underperformed during Q2, leading to a disappointing absolute performance for the half year versus global markets; performance was strong relative to the FTSE ET50 Index. Later in this report, we set out the primary positive and negative drivers of performance during the Period in place of the detailed sub-sector analysis in previous reports.

2012 Environmental Markets – Key Developments

Threats and Opportunities of Shale Gas

The shale gas sector has seen tremendous growth in recent years and is transforming the US energy landscape; however, it is presenting both challenges and opportunities for environmental markets investors. Shale gas production tripled between 2007 and 2010, representing 20% of natural gas production, a figure that the International Energy Agency expects to expand further to 35% by 2035. This glut of supply has led to a sharp decline in the gas price from $14 per million British thermal units (MBtu) before the 2008 economic crisis to the current level of around $3 per MBtu. This led to reduced investment returns for shale gas producers and to a decline both in power prices and in the competitiveness of renewable energy technologies. We believe the current price of gas in the US will prove unsustainable, and during 2013 the demand from power generation, residential, transport and agriculture sectors will combine with increased storage capacity and (possibly) exports to stabilise the supply-demand balance in the US.

Shale gas extraction presents significant opportunities for environmental markets as the liquid waste needs to be treated, recycled or disposed of, and new facilities are required to meet the tighter environmental regulations. Analysts expect the market for the treatment of shale process water to rise to US$2-4bn per annum, and several of IEM's investee companies are already supplying pumps, treatment systems, disposal services and consulting support to this industry. The low price of gas is also creating opportunities in the transport sector for both light and heavy duty natural gas engines.

Global Policy Developments

China's 12th Five Year Plan, which targets US$450bn investment in water and waste infrastructure and US$405bn for power grid investment has moved into implementation phase, with tangible new project announcements during the Period. In the longer term, the Chinese government has also created a roadmap targeting a 1,000 GW market for wind power by 2050.

In the EU, negotiators have agreed a 20% energy efficiency target for 2020 and the parliament will vote on the proposed Energy Efficiency Directive this autumn. If legislated in its current form, EU member states will require energy distributors to achieve 1.5% in energy savings on an annual basis between 2014 and 2020 and to refurbish public buildings at a rate of 3% p.a.

In the US we are seeing a resurgence of emissions control regulation from the Environmental Protection Agency ("EPA"). In addition to targeting a 91% reduction in emissions of mercury and other toxic metals in existing coal power plants, the EPA has drastically reduced incentives to add coal-fired generation capacity by limiting permitted carbon dioxide emissions to 0.45 tons per MWh.

Finally, despite Europe's retreating support for renewables in the face of austerity, policy support for renewable energy in other parts of the world has continued to advance. In the wake of the Fukushima accident, Japan has introduced generous feed-in tariffs in order to support the construction of 30 GW of renewables by 2020, South Korea has committed electric utilities to sourcing 10% of their energy from renewables by 2022 and Saudi Arabia has set a renewable energy capacity target of 55 GW by 2030.

We will continue to watch this industry with interest and analyse the implications for clean energy markets, as well as opportunities for companies that can benefit from reducing the environmental impact of the activity or improving the resource efficiency.

Contributors and Detractors

Contributors

Water Treatment & Infrastructure holdings performed well, driven by early signs of recovery in US residential construction and stabilisation of US municipal spending on water, benefiting Badger Meter (automated meter reading, US) and Franklin Electric (water infrastructure, US). Companies with stable earnings and better visibility also rose such as Stericycle (medical waste, US) and Ecolab (water treatment chemicals, US). Merger & acquisition activity continued to contribute positively, with several holdings announcing material transactions. Pentair (water infrastructure, US) announced a merger with the flow control division of Tyco, another US industrial company. Tomra (waste technology, Norway) made a material acquisition to expand its growing food sorting division. It was also encouraging to see our UK small cap companies performing well, with several holdings benefitting from strong market positions in attractive niches including Dialight (LED lighting, UK), Amiad (water treatment tech, UK) and Porvair (filtration, UK).

Detractors

The Company maintained a modest weighting of 15% in quality renewable energy names versus a weighting of 24% in the ET50. However, challenging fundamentals and negative sector sentiment continued to weigh on overall performance, driven by manufacturing overcapacity in the wind and solar markets and regulatory uncertainty concerning subsidy levels, especially in Spain. This led to weak performance by Vestas (wind turbines, Denmark), EDP Renovaveis (renewable IPP, Spain) and Abengoa (diversified, Spain). Longer term, we continue to believe in growth in renewables driven by policy goals, falling cost of technology and also consolidation of uneconomic manufacturing capacity. Buildings Energy Efficiency holdings declined as the macro economic outlook in Europe led to slowing construction activity, negatively impacting Zumtobel (lighting, Austria), Kingspan (insulation, Ireland), and Nibe (heat pumps, Sweden). General Waste Management & Recycling holdings also experienced weakness due to deteriorating expectations for economic growth and falling commodity prices which led to weakness from Sims Metal Management (metals recycler, Australia), Lassila & Tikanoja and Transpacific Industries (general waste management in Finland and Australia respectively).

Unquoted Companies Update

At the end of the Period, £12.6m of the Company's NAV was in unquoted investments. Management teams of three of the holdings are currently working on transactions that should lead to liquidity or valuation events and we will report on these developments later in the year. We continued our policy of supporting the existing unlisted portfolio with two small £0.1m follow-on investments. No further valuation adjustments have been required since those reported in the Company's 2011 annual report.

Manager's Report continued

Portfolio Positioning & Activity

IEM's environmental subsector positioning is set out in the table on page 9 along with the comparison with the FTSE ET50.

The portfolio remains well diversified both regionally and by subsector, with a strong focus on high quality companies with strong fundamentals and proven business models and management teams. The portfolio remains balanced between defensive holdings with resilient earnings on the one hand and cyclical companies with construction and commodity price exposure on the other.

The Impax subsector review looking into the second half of the year suggests a positive outlook on many subsectors. Energy efficiency remains a preferred sector, supported by impending policy developments, falling technology costs and compelling commercial propositions. The Company will maintain a modest weighting in renewables until tangible signs of recovery emerge. From a regional perspective, we remain positive on Asia, incrementally more cautious on the US due to higher valuations while maintaining the majority of our European exposure to the Northern countries.

During the Period, the Company added new positions in Aixtron (LED machinery, Germany), Cree (LED chips, US), Rinnai (buildings energy efficiency, Japan), Donaldson (pollution control, US), Franklin Electric (water pumps, US) and Woongjin Coway (pollution control, Korea). We sold out of E-Star (combined heat and power, Hungary), Turbo Power Systems (power electronics, UK), Ballard Power (fuel cells, Canada), Ceres Power (fuel cells, UK), Seche Environnement (general waste management, France) and Kurita Water (water treatment, Japan) as part of a portfolio consolidation process.

Review of the Environmental Markets Investment Hypothesis

As noted in the Chairman's statement, the Company has passed its ten year anniversary in February this year. With the benefit of hindsight, the timing of the Company's launch in February 2002 was unfortunate as valuations were high and the Enron crisis was starting to have an impact on spending in a number of key environmental markets, which led to a precipitous fall in the IEM NAV of 17% in the first four months to the end of June 2002 compared with a 10% fall for MSCI World Index over the same period. Since then and over the ten years to the end of June 2012, IEM outperformed the global equity index in five years, followed it closely for two and underperformed in just three. During that period, the NAV rose at annualised rate of 3.8%, while the MSCI World Index and the FTSE ET50 Index (comprising the fifty largest stocks in the Company's investment universe), increased by 4.9% and 0.4% per annum respectively. Our review of the key drivers and learning points over the history of the Company includes the following observations:

- *Significant expansion in market size and investible universe.* Over ten years aggregate revenues of the sector have grown from ca. US$160bn to ca. US$500bn today. Over the same period, the investment universe has grown from just over 200 companies, with an aggregate market capitalisation of US$50bn, to 900 companies with US$470bn aggregate market capitalisation. The sector is now recognised by FTSE in its Environmental Markets Classification System and associated Index Series.

- *Tightening environmental policy.* The number and complexity of regulations and associated legislation has increased everywhere. The plethora of codes, standards and regulations that drive efficiency improvements and pollution reduction has created opportunities for companies to build sustainable market positions. Subsidised businesses, such as those in the alternative energy sector, were more challenging to navigate in periods of economic weakness.

- *Falling cost of technology.* There are many examples here, notably the 70% fall in the installed cost of solar power and the 90% drop in the cost of light emitting diodes, both over ten years. We expect this trend to drive further growth.

- *Market liberalisation* of the power, water and waste markets has continued, creating many opportunities for private sector companies in both developed countries and emerging markets.

- *The expansion of the environmental markets opportunity into the Asia Pacific region* as these nations have appreciated that economic growth is not sustainable without diversification of natural resources, robust power, water and waste infrastructure and a cleaner environment.

- *Mergers and acquisitions have been a significant driver* of performance and sector expansion as 30 IEM holdings have been acquired since inception. We have also seen numerous acquisitions by investee companies during this period.

We intend to provide additional comment on this review in the Company's annual report.

Outlook

We remain positive about the prospects for long term growth in environmental markets over the next ten years. In the near term, we expect that markets will remain volatile and will be driven by macroeconomic and political factors as investors attempt to price in sovereign debt risks and lower forecasts for global growth. Despite the current high levels of uncertainty, we believe that the earnings growth expectations for the companies in the IEM portfolio are achievable and that share ratings do not reflect the opportunity at levels that remain below the historical range.

We will continue to post monthly updates on sector news and on IEM's performance at the Company's new website at www.impaxenvironmentalmarkets.com which will be launched shortly.

Impax Asset Management Limited
23 August 2012

Ten Largest Investments

1. Nibe Industrier

Location: Sweden 3.4% of Net Assets

NIBE Industrier provides heating products such as ground source heat pumps, electric heating applications, and wood-burning stoves. It has an excellent track record, generating consistently high returns-on-equity over many years, and has grown strongly as it has expanded out of its Nordic home market into larger European markets such as Germany, France and the UK.
www.nibe.com

2. Regal Beloit

Location: United States 3.3% of Net Assets

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. It is an active acquirer of businesses and in 2011 made its largest ever acquisition, adding $700m of sales through the purchase of A.O. Smith's motor business.
www.regal-beloit.com

3. Clean Harbors

Location: United States 2.7% of Net Assets

Clean Harbors is North America's leading provider of environmental and hazardous waste management services. The company continues 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.
www.cleanharbors.com

4. LKQ

Location: United States 2.6% of Net Assets

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, notably the recent purchase of the UK's largest distributor of aftermarket car parts for £225m.
www.lkqcorp.com

5. Pall Corp

Location: United States 2.5% of Net Assets

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 potential M&A target among the US industrial peer group.
www.pall.com

6. Watts Water

Location: United States 2.5% of Net Assets

Watts designs and manufactures "behind the wall" water infrastructure such as pipes and valves. The business is well balanced with a 60/40 split between US and European sales, new build vs. refurbishment and residential vs. commercial construction. The company has aggressively restructured and is well positioned for margin expansion as and when construction markets recover.
www.wattswater.com

7. CLARCOR

Location: United States 2.4% of Net Assets

CLARCOR is a global manufacturer of filtration products for the transportation, industrial and environmental markets. CLARCOR has strong growth potential from the introduction of new products and the further penetration of emerging markets with existing products, notably Brazil and China.
www.clarcor.com

8. Spirax-Sarco

Location: United Kingdom 2.4% of Net Assets

Spirax-Sarco provides knowledge, service and products world-wide for the control and efficient use of steam and other industrial fluids. The company focuses on environmentally friendly solutions for process efficiency and energy savings of as much as 8% in steam distribution and 7% in steam generation. Spirax-Sarco continues to increase its margins and is set to benefit from the consolidation of its facilities in Cheltenham.
www.spiraxsarco.com

9. Kingspan

Location: Ireland 2.3% of Net Assets

Kingspan is an Ireland-based manufacturer of insulated panels and boards, and environmental housing solutions such as solar hot water and rainwater harvesting. In 2011 Kingspan acquired CIE Insulation which significantly strengthened its presence in Continental Europe. It is a high quality business that is poised to benefit from increasing regulatory focus on energy efficiency buildings.
www.kingspan.com

10. Stericycle

Location: United States 2.3% of Net Assets

Stericycle manages regulated waste and provides an array of related and complementary services. It operates more than 300 facilities worldwide at which it uses waste processing technologies such as autoclaving and its proprietary electro-thermal-deactivation system. The business continues to benefit from increasing requirements of governmental legislation and regulation for the handling and disposal of regulated waste. Stericycle serves over 500,000 customers worldwide.
www.stericycle.com

Top Ten Holdings in Companies

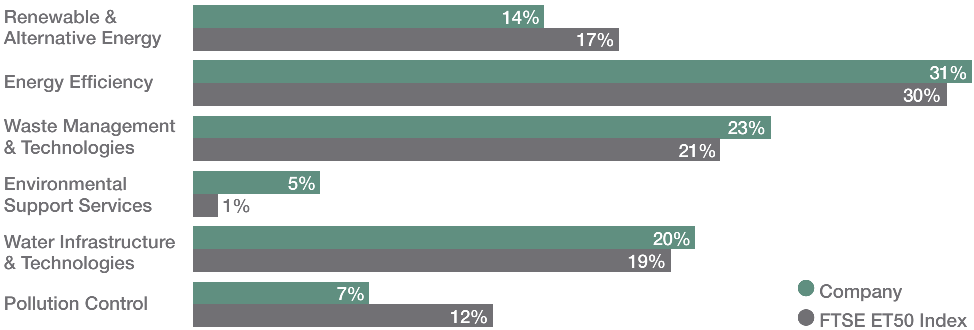
As at 30 June 2012

	Valuation £'000	Percentage of net assets
Nibe Industrier	11,133	3.4%
Regal Beloit	10,894	3.3%
Clean Harbors	8,773	2.7%
LKQ	8,619	2.6%
Pall Corp	8,407	2.5%
Watts Water	8,238	2.5%
CLARCOR	8,072	2.4%
Spirax-Sarco	8,031	2.3%
Kingspan	7,709	2.4%
Stericycle	7,678	2.3%
Top ten holdings	87,554	26.4%
Other holdings	239,863	72.8%
Total holdings	327,417	99.2%
Cash	1,070	0.3%
Other net assets	1,416	0.5%
Net assets	329,903	100.0%

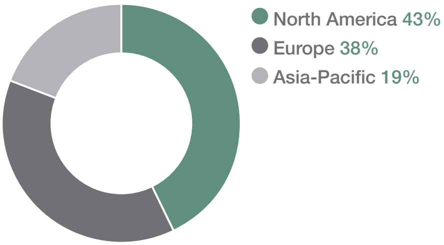
Structure of Portfolio

As at 30 June 2012

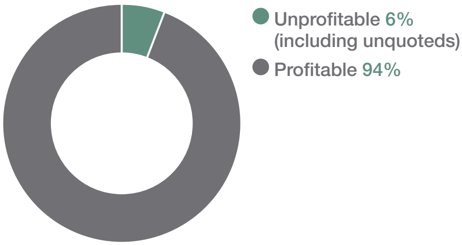
Breakdown by Environmental Markets Classification System



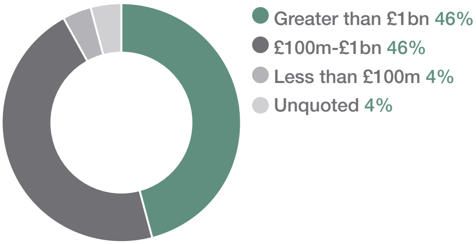
Breakdown by Region



Breakdown by Profitability



Breakdown by Market Capitalisation



Interim Management Report

The Chairman's review on page 1 and the Manager's report on pages 2 to 5 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 2012 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 6 and 7 and the structure of the portfolio at the period end is analysed on page 9.

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 2011. 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 12 and 13.

Board of Directors
23 August 2012

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 in accordance with 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
23 August 2012

Income Statement

	Six months ended 30 June 2012 (unaudited) Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	–	(1,691)	(1,691)
Income (see note 4)	2,438	–	2,438
Investment management fees	(419)	(1,258)	(1,677)
Other expenses	(398)	–	(398)
Return on ordinary activities before taxation	1,621	(2,949)	(1,328)
Taxation	(152)	–	(152)
Return on ordinary activities after taxation	1,469	(2,949)	(1,480)
Return per Ordinary Share (see note 5)	0.51p	(1.02p)	(0.51p)

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 2011 (unaudited)			Year ended 31 December 2011 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	(13,306)	(13,306)	–	(82,442)	(82,442)
2,452	–	2,452	5,246	–	5,246
(504)	(1,512)	(2,016)	(933)	(2,798)	(3,731)
(398)	–	(398)	(764)	–	(764)
1,550	(14,818)	(13,268)	3,549	(85,240)	(81,691)
(158)	–	(158)	(413)	–	(413)
1,392	(14,818)	(13,426)	3,136	(85,240)	(82,104)
0.44p	(4.68p)	(4.24p)	1.01p	(27.40p)	(26.39p)

Balance Sheet

	At 30 June 2012 (unaudited) £'000	At 30 June 2011 (unaudited) £'000	At 31 December 2011 (audited) £'000
Fixed assets			
Investments at fair value through profit and loss (see note 3)	327,417	419,892	342,213
Current assets			
Income receivable	161	127	244
Sales – future settlements	4,009	876	1,782
Taxation recoverable	103	–	106
Other debtors	10	28	32
Cash at bank and in hand	1,070	15,090	1,162
	5,353	16,121	3,326
Creditors: amounts falling due within one year			
Purchases - future settlements	(2,494)	(248)	(359)
Accrued liabilities	(373)	(484)	(429)
	(2,867)	(732)	(788)
Net current assets	2,486	15,389	2,538
Total net assets	329,903	435,281	344,751
Capital and reserves: Equity			
Share capital	32,451	32,451	32,451
Share premium	16,035	16,035	16,035
Share purchase reserve	248,119	280,728	258,875
Capital reserve	30,584	103,954	33,533
Revenue reserve	2,714	2,113	3,857
Shareholders' funds	329,903	435,281	344,751
Net assets per Ordinary Share (see note 6)	116.28p	137.77p	116.97p

Reconciliation of Movement in Shareholders' Funds

Six months ended 30 June 2012 (unaudited)

	Share Capital £'000	Share Premium Capital £'000	Share Purchase Account £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
Opening shareholders' funds as at 1 January 2012	32,451	16,035	258,875	33,533	3,857	344,751
Share buy backs (see note 8)	–	–	(10,756)	–	–	(10,756)
Dividend paid (May 2012)	–	–	–	–	(2,612)	(2,612)
(Loss) / profit for the period	–	–	–	(2,949)	1,469	(1,480)
Closing shareholders' funds as at 30 June 2012	32,451	16,035	248,119	30,584	2,714	329,903

Six months ended 30 June 2011 (unaudited)

	Share Capital £'000	Share Premium Capital £'000	Share Purchase Account £'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 period	–	–	–	(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

Year ended 31 December 2011 (audited)

	Share Capital £'000	Share Premium Capital £'000	Share Purchase Account £'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	–	–	(24,141)	–	–	(24,141)
Dividend paid (May 2011)	–	–	–	–	(2,369)	(2,369)
(Loss)/profit for the year	–	–	–	(85,240)	3,136	(82,104)
Closing shareholders' funds as at 31 December 2011	32,451	16,035	258,875	33,533	3,857	344,751

Cash Flow Statement

	Six months ended 30 June 2012 (unaudited) £'000	Six months ended 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
Operating activities			
Cash inflow from investment income and bank interest	2,520	2,496	5,173
Cash outflow from management expenses	(2,102)	(2,375)	(4,529)
Cash inflow from disposal of investments	50,304	55,900	117,718
Cash outflow from purchase of investments	(37,238)	(50,853)	(104,924)
Cash outflow from net foreign exchange losses	(46)	(51)	(49)
Cash outflow from taxation	(162)	(158)	(506)
Net cash flow from operating activities	13,276	4,959	12,883
Equity dividends paid	(2,612)	(2,370)	(2,369)
Financing			
Share buy backs	(10,756)	(2,288)	(24,141)
Net cash flow from financing	(10,756)	(2,288)	(24,141)
(Decrease)/Increase in cash	(92)	301	(13,627)
Opening balance at start of period	1,162	14,789	14,789
Closing balance at end of period	1,070	15,090	1,162

Notes to the Accounts

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 2011.

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 2012 £'000	Six months ended to 30 June 2011 £'000	Year ended 31 December 2011 £'000
Income from investments:			
Dividends from UK investments	336	204	632
Dividends from overseas investments	2,059	2,187	4,513
Loan note interest	43	61	101
Total	2,438	2,452	5,246
Other income:			
Bank interest receivable	–	–	–
Total income	2,438	2,452	5,246

5 Return per Ordinary Share

Return per Ordinary Share is based on the net return on ordinary activities after taxation attributable to the weighted average of 289,989,740 (six months ended 30 June 2011: 316,600,669, year ended 31 December 2011: 311,170,086) Ordinary Shares in issue (excluding treasury shares) during the period.

Notes to the Accounts continued

6 Net assets per Ordinary Share
Net assets per Ordinary Share for the six months ended 30 June 2012 is based on the net assets of the Company attributable to the 283,708,070 (six months ended 30 June 2011: 315,948,336, year ended 31 December 2011: 294,734,070) Ordinary Shares in issue (excluding treasury shares) at the end of the period.

7 Dividend
The final dividend for the year ended 31 December 2011 of 0.9p per Ordinary Share was paid on 24 May 2012 (year ended 31 December 2010 dividend of 0.75p per share was paid on 17 May 2011). In accordance with UK accounting standards the dividend for the year ended 31 December 2011 has been recognised in the Half-yearly financial report for the six months ended 30 June 2012.

8 Purchase of own Shares
During the six months ended 30 June 2012 11,026,000 Ordinary Shares were bought back to be held in treasury at an aggregate cost of £10,756,000. In aggregate 40,801,303 Ordinary Shares were held in treasury at 30 June 2012. Since 30 June 2012, a further 6,920,000 Ordinary Shares have been bought back to be held in treasury.

9 Related party transactions
Fees payable to the Manager are shown in the Income Statement. At 30 June 2012 the fee accrual outstanding to the Manager was £261,379.

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.impaxam.com).

The Half-yearly financial report was approved by the Board on 23 August 2012.

The Company's statutory accounts for the year ended 31 December 2011 received an unqualified audit report and have been filed with the registrar of companies at Companies House.

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