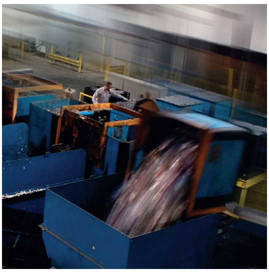





Impax Environmental Markets plc

Half-yearly Financial Report

For the six months ended 30 June 2014

IMPAX

Investment Objective

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 (which includes sustainable food, agriculture and forestry).

Financial Information

	At 30 June 2014
Net assets	£382.1m
Net asset value ("NAV") per Ordinary Share	171.4p
Ordinary Share price	153.0p
Ordinary Share price discount to NAV	10.7%

Performance Summary

	% change[1]
Share price total return per Ordinary Share	2.8%
NAV total return per Ordinary Share[2]	2.9%
FTSE ET100 Index	5.9%
MSCI AC World Index	2.9%

[1] Total returns in sterling for the six months to 30 June 2014
[2] Source: Morningstar

Chairman's Review

John Scott
Chairman

This is my first report to investors in Impax Environmental Markets plc ("IEM" or "the Company") since becoming Chairman in May. It is a fascinating time to take up this position as investor confidence in resource efficiency and environmental markets develops. My predecessor, Richard Bernays who was Chairman from the Company's inception, played a key role in educating and raising awareness amongst investors of the opportunities in these markets, and I would like to thank him for his twelve years at the helm of the Company. Under his leadership IEM has become the leading investment trust focused on the rapidly expanding environmental and resource efficiency markets.

At the time of writing, geopolitical risk around the world is rising and is likely to stimulate further volatility on global equity markets. The troubles in Ukraine and rising tensions between Russia and the rest of the world, together with worsening conflicts in the Middle East, are highlighting the issues of energy security and the urgent need to diversify energy supplies. Such developments should underpin further significant commitments by governments around the world to energy efficiency and alternative energy.

Furthermore, climate change is back on political agendas and is now attracting support across a broad political spectrum. In the past, both of the world's two largest greenhouse gas ("GHG") emitters, the United States and China, have been slow to engage in the climate change debate and to enforce environmental regulations to limit their GHG emissions; but there are signs that this may be changing. In June the US Environmental Protection Agency ("EPA") announced 'The Clean Power Plan', aiming to cut carbon dioxide emissions by the power sector by 30% by 2030, compared to a 2005 baseline. While unlikely to be an immediate game changer, this announcement is expected to catalyse a host of actions which should continue to promote energy efficiency and renewables, and thereby benefit many of the markets in which we invest. Subsequently China signalled its intention to put an absolute cap on its emissions, a step which could have an even greater impact on efforts to reduce global GHG emissions and help to set the tone for other countries in the build up to the United Nations Climate Change Conference in Paris in December 2015.

Performance

Following a period of particularly strong performance in 2013, IEM made less headway in the first six months of 2014 (the "Period") as global equities rose more slowly and with considerable geographical differentiation in performance and raised volatility.

Nonetheless, performance was respectable. During the Period, the Company's net asset value per Ordinary Share ("NAV") and share price total returns were 2.9% and 2.8% respectively. Over the same period, the total return on the MSCI All Country World Index ("ACWI") was 2.9%, while the total return on the FTSE ET100 Index was 5.9% (both in Sterling terms). As explained in previous reports, the Company does not hold Tesla, the US electric car manufacturer, as the Manager does not believe its valuation to be justified. This continued to be the primary reason for IEM's underperformance against the environmental comparator index, the FTSE ET100.

Chairman's Review continued

The Company has always maintained that its investment thesis should prove particularly attractive to long term investors. The ten year performance numbers are compelling with a 158.6% increase in NAV. Over this period IEM has outperformed the ACWI by 40.7% and the FTSE ET100 Index by 53.3%.

Gearing

The Company has drawn down the £30 million revolving credit facility and the Manager has now invested this sum broadly across existing holdings. At the end of the Period the Company's net gearing was 6%.

Discount and Share Buybacks

During the Period, the discount to NAV at which the Company's Ordinary Shares trade ranged from 8% to 13% and ended the period at 10.7%. The Company bought back 6,845,000 Ordinary Shares in the Period at an average discount to NAV of 11%. The buybacks enhanced the NAV per Ordinary Share by approximately 0.6p, equivalent to 0.3% of the NAV per Ordinary Share at the Period end.

On 13 February 2014, the Company cancelled 50 million of the Ordinary Shares being held in treasury leaving 45,698,109 shares in treasury which can be resold at a premium to NAV. All Ordinary Shares bought back since 13 February 2014 have been cancelled.

Alternative Investment Fund Managers Directive (AIFMD)

As a result of AIFMD, the Board announced that it has appointed Impax Asset Management (AIFM) Limited as the Company's investment manager (the "Manager") following the authorisation of Impax Asset Management (AIFM) Limited as an alternative investment fund manager by the UK's Financial Conduct Authority. The Manager replaces Impax Asset Management Limited as the Company's investment manager and this change comes about purely as a result of the AIFMD. The personnel managing the portfolio remain unchanged, as do the management fee and notice period.

In order to meet the AIFMD requirements and, as previously envisaged, the Company's custodian, BNP Paribas Securities Services, has been appointed as the Company's depositary and the custodian agreement previously in place has been terminated and replaced by a depositary agreement.

Outlook

The Directors believe that the drivers of IEM's target markets will continue to strengthen, underpinning its investment hypothesis for many years to come. The number of companies that are expanding rapidly by offering products and services in energy efficiency, renewable energy, resource recovery, water and sustainable food and agriculture is increasing, leading to an expanding universe and additional investment opportunities for the Company.

The improved earnings delivery in recent quarters, and stability of future growth expectations are reassuring. The valuation premium of environmental markets to global equities is consistent with historical levels and the outlook for environmental markets continues to improve.

The Company's investment proposition is to make superior long term returns for its shareholders by investing in a range of businesses which offer solutions to resource scarcity issues. Many investors find this philosophy engaging and recognise the high growth potential of these resource efficiency and environmental markets. I share the Manager's optimism about the prospects for the markets in which the Company invests, and believe that IEM represents a convincing opportunity to gain exposure to a differentiated, global portfolio of growth stocks.

John Scott
5 August 2014

Manager's Report

Bruce Jenkyn-Jones

Jon Forster

Performance Update

During the period under review, performance was in line with our contextual comparator index, the MSCI ACWI. We have seen significant geographical differentiation in performance, with weakness in the US and strength in Europe and Asia. The trends across environmental markets have also been mixed. However, it has been encouraging to see that companies have continued to report resilient earnings, which have supported stable growth expectations overall.

Key Developments and Drivers of Environmental Markets

Looking ahead, significant developments in the following three sub-sectors are yielding particularly interesting investment opportunities.

Solar Energy

Globally, solar energy markets are in transition, with subsidies declining and "grid parity" in sight in many countries. Unsubsidised solar markets are currently small but make up a rapidly expanding percentage of global sales, and could account for as much as 50% of the market within 5 years.

As volumes rise, equipment prices continue to stabilise. The overcapacity that has held solar back in recent years is decreasing as the industry consolidates. The market for solar equipment is also diversifying with rapid uptake in new regional markets such as China and Japan. Increasing protectionism in the solar industry tends to favour local manufacturers. This will be particularly positive for Meyer Burger (Solar Energy Generation Equipment, Switzerland), a leading supplier of machinery to solar equipment manufacturers, which we added to the portfolio at the end of last year.

We continue to focus on companies with differentiated technology and on low cost producers; during the Period we switched from GCL (Solar Energy Generation Equipment, China) into Trina (Solar Energy Generation Equipment, China). We also added SMA Solar (Solar Energy Generation Equipment, Germany) which has solid technology and market share, is well positioned in growth markets, and is in the midst of a significant restructuring story.

Power Network Efficiency

The shift from large scale conventional power generation to small scale distributed renewables is driving the requirement for more sophisticated grid infrastructure. In addition, historical under-investment in the grid, together with increasingly volatile weather patterns, is creating additional challenges that are leading to multiple opportunities in power network efficiency, including standby generators, smart metering, demand response systems and related software.

Dramatic weather events such as Hurricane Sandy in the United States, is propelling strong growth in standby generation

Manager's Report continued

equipment. We recently added Generac (Power Network Efficiency, US) which is the market leader, currently claiming a 70% market share of the residential market.

In smart metering, there have been delays in the roll out of projects in Europe. However, we believe this technology represents a sizeable investment opportunity and see considerable value in stocks such as Itron (Power Network Efficiency, US).

The "internet of things" is also leading to increasing technological sophistication in energy efficiency markets. This has led to significant merger and acquisition activity as the technology giants seek to dominate this market. For example, in January Google purchased Nest Labs, the maker of the "Learning Thermostat" for over US$3 billion as part of Google's goal to make its mark in smart-home systems. We added EnerNOC (power network efficiency, US) during the Period, which has an Energy Intelligence division that should benefit from these trends.

Water Infrastructure & Treatment

We have been optimistic for the prospects for companies in water infrastructure and treatment for several years and believe they should continue to outperform. Their success is largely based on the recovery in the construction sector, the increase in municipal spending in the US and the development of US shale gas extraction. During the Period the need for capital expenditure in water infrastructure and treatment was repeatedly highlighted by numerous headlines including the severe drought in California, Narendra Modi's statements of his intent to clean up India's severely polluted water supply and, closer to home, the flooding in the West Country and the UK Government's commitment to improving the country's flood defences.

Xylem (Water Infrastructure & Technologies, United States) and Watts Water Technologies (Water Infrastructure & Technologies, United States) have been core holdings in the portfolio for several years but still look set to benefit further from the economic upturn. We also see interesting opportunities in Asia: for example, the continuing major commitment from the Chinese Government to combat water pollution should also support future performance in this area. We participated in the Initial Public Offering of Ozner (Water Infrastructure & Technologies, China), the market leader in "point-of-use" water treatment in the region; as companies and households substitute boiling tap water with a mains-connected water dispenser with integrated filtration and treatment the company is reporting a rapid growth in demand.

Policy and Regulation in Environmental Markets

There were several major regulatory announcements in the first half of 2014, highlighting the return of climate change concerns and the control of global GHG emissions. We also see a heightened focus on combating air and water pollution.

The EU unveiled its 2030 Energy and Climate Framework at the start of the year. This proposes reducing the region's GHG emissions by 40% in 2030, an indicative goal to boost energy efficiency by 25%, but does not currently propose legally binding renewables targets for individual member states beyond 2020.

In February, China announced its intention to spend US$850 billion on tackling water pollution of its scarce water resources over the next decade. The budget exceeds the US$450 billion expected to be spent battling the more-highly publicised air pollution crisis in China's cities. The plans aim to improve the quality of the country's water by 30–50% through investments in waste water treatment, recycling and membrane technologies.

In the US, the implementation of the EPA's Clean Power Plan is unlikely to be straightforward, and could take longer than first hoped, but the EPA claims it should lead to net climate and health benefits of up to US$48 billion, spur innovation and encourage economic growth.

There is significant momentum behind environmental regulation and we expect further announcements in the build up to United Nations Climate Change Conference in Paris in December 2015. The preparations for this key event look set to sustain media and investor interest in environmental markets.

Absolute Performance Contributors and Detractors

Contributors

The renewables sector was the top performing sector, driven by resolution of regulatory uncertainty in Europe, rising demand, price stability and closure of industry overcapacity, as described in the Key Developments section. This led to strong gains for Vestas (wind power generation equipment, Denmark), EDP Renovaveis (renewable energy developer and IPP, Spain) and Abengoa (biofuels, Spain).

Energy Efficiency persists as a major positive contributor to IEM's performance, driven by a combination of the general cyclical recovery of construction, industrial and automotive markets and ever tightening energy efficiency standards. This trend is set to accelerate, with the EU currently considering making energy efficiency targets binding later this year, and US markets likely to be a long term beneficiary of the recently announced US GHG regulations. These themes led to strong performance by Nibe (buildings energy efficiency, Sweden), HollySys (industrial energy efficiency, Hong Kong) and Epistar (consumer energy efficiency, Taiwan).

Merger and acquisition activity has been an on-going contributor to performance for IEM, and we are pleased to report an acceleration of this activity. Part of Abengoa's performance in the Period reflects its disposal into a "yield-co" of some infrastructure assets at an attractive valuation. In addition, Nibe, the European market leader for heat pumps announced the acquisition of the US market leader Water Furnace International ("WFI"). WFI is well known to us and we are positive on the growth platform created through this transaction

Detractors

General waste and recycling businesses continue to be negatively affected by a slow recovery in volumes due to a "more efficient" economy generating less waste, slow resolution of overcapacity in processing and disposal and weakness in key commodity prices, particularly for metals. This led to weakness in recycling and value added waste processing companies such as Schnitzer (US) and Lee and Man (Hong Kong). Small and micro-cap holdings also underperformed for IEM and in broader markets, impacting Regenersis (recycling and value added waste processing, UK), although the business continues to thrive.

Unquoted Companies

At 30 June 2014, the value of the Company's investments in unquoted companies was £10.8 million, representing 2.8% of net assets. The valuations of unquoted holdings are regularly reviewed and we continue to work towards exits for these assets.

Manager's Report continued

Movements in the Period were as follows:

	£m
Valuation as at 1 January 2014	11.0
Net valuation and FX	(0.2)
Valuation at 30 June 2014	**10.8**

Portfolio Positioning & Activity

The portfolio remains well diversified by geography and sector and recently rose to 70 listed holdings at the end of the Period. We continue to find attractive opportunities across a range of environmental sectors, including Hazardous Waste, Water Infrastructure and Treatment, Pollution Control and parts of Energy Efficiency.

IEM remains overweight Europe and underweight the US versus both the FTSE ET100 and ACWI, although we have recently taken some profit in specific European holdings following strong performance, and continue to find attractive new investment opportunities in the US. The portfolio is now positioned slightly more defensively than it was six months ago.

The gearing facility was fully drawn down during the Period in two tranches and has been invested broadly across the portfolio.

The sub-sector breakdown for IEM is set out on page 10, along with the comparison with the FTSE ET100.

Outlook for 2014

We believe equity markets will continue to rise this year, but more gradually. The powerful drivers of resource efficiency and environmental markets will ensure that they continue to out-pace global equities over the longer term.

Despite the re-rating of the portfolio in recent quarters, the premium to global indices remains in line with historical levels. We maintain our focus on the delivery of earnings expectations and we are confident in this regard, based on recent robust performance across the markets in which we invest.

Impax Asset Management (AIFM) Limited
5 August 2014

Ten Largest Holdings

1. Pall Corp

Location: United States 3.2% of net assets

Pall is a filtration and fluid management specialist, providing solutions for complex contamination, separations, purification and detection. The company is delivering on its objectives to grow revenue at twice the rate of GDP while expanding margins through operating leverage and restructuring. In addition, Pall remains a potential M&A target among the US industrial peer group.
www.pall.com

2. Kingspan

Location: Ireland 2.9% of net assets

Kingspan is a manufacturer of insulated panels and boards, and environmental housing solutions such as solar hot water and rainwater harvesting. It is benefiting from both a cyclical recovery in its end markets such as the UK, and structural growth aided by a strong pipeline of innovative products. Kingspan is a high quality business that is poised to benefit over the longer term from increasing regulatory focus on energy efficient buildings.
www.kingspan.com

3. Clean Harbors

Location: United States 2.8% of net assets

Clean Harbors is North America's leading provider of environmental and hazardous waste management services. Its key asset is its hazardous waste business, which benefits from high barriers to entry due to permitting restrictions. The Company also benefits from tightening environmental regulations, which are driving industrial customers to close captive treatment plants in favour of outsourcing to Clean Harbors.
www.cleanharbors.com

4. Nibe Industrier

Location: Sweden 2.8% of net assets

NIBE Industrier provides heating products such as heat pumps, electric heating applications and wood-burning stoves, and has an excellent long-term track record of growth and returns. The company has been an active consolidator in recent years, strengthening its position in Europe by acquiring Schulthess in 2011 and, in June 2014, announcing the intention to acquire Water Furnace International, the market leader in residential heat pumps in the US. This will provide a strong platform for future growth.
www.nibe.com

5. China Longyuan

Location: China 2.8% of net assets

China Longyuan is the largest independent producer of renewable power in China, with 11 GW of installed capacity at the end of 2013. The company is expected to generate double digit net profit growth over the next few years as it expands capacity by 1.5 GW to 1.8 GW per annum from its large pipeline of approved projects. In addition to these capacity expansion plans, it will also benefit from improvements to the Chinese grid that will reduce the amount of power generation lost due to shortage of grid capacity
www.clypg.com.cn/en

6. Watts Water

Location: United States 2.7% of net assets

Watts Water is a global manufacturer of products and systems for the control, conservation and quality of water. Its principal product lines are flow control, heating, ventilation and air conditioning (HVAC), water reuse, and water quality. Watts has formulated a strategy of focusing on "behind-the-wall" plumbing and control devices and enhancing its position as the preferred brand of professional installers. Internal improvements such as facility consolidations and stream lining initiatives have allowed it to succeed despite challenging end markets. It has a solid track record of increasing shareholder value through acquisitions having made over 50 since going public in 1986.
www.wattswater.com

7. Horiba

Location: Japan 2.4% of net assets

Horiba is a manufacturer of measuring instruments and systems for the automotive, environmental, medical and semiconductor industries. Its key automotive testing systems business is expected to generate record sales on a recovery in orders and it has also announced a goal to increase its already strong 25% market share to 30% by 2020. Increasingly complicated drivetrains will also underpin long term growth in the automotive testing market.
www.horiba.com

8. BorgWarner

Location: United States 2.3% of net assets

BorgWarner is a leading global supplier of systems and components primarily for automotive powertrain and drivetrain applications. Its products such as turbochargers and timing chain systems are expected to experience strong growth driven by the continuing global trend to increase fuel economy and reduce emissions. It has a diversified geographic revenue mix, unlike many automotive suppliers, and has an order book full of new and more profitable products.
www.borgwarner.com

9. Vacon

Location: Finland 2.3% of net assets

Vacon develops and manufactures AC (alternating current) drives and renewable energy inverters. AC drives substantially increase the energy efficiency of electric motors in a wide range of industrial applications, driving strong secular growth in this industry. Vacon has steadily gained market share in its core low power products and has recently launched a new range of medium power products as part of its ambitious 5 year plan.
www.vacon.com

10. Ensyn

Location: Canada 2.1% of net assets

Ensyn is a second generation biofuels company which extracts bio-oils and value added chemicals from biomass using proven technology based around pyrolysis. The company has strong strategic partnerships with UOP Honeywell and Chevron in the energy sector and Fibria in the forestry space, and it continues to make good progress on executing commercial projects.
www.ensyn.com

Top Ten Holdings in Companies

As at 30 June 2014

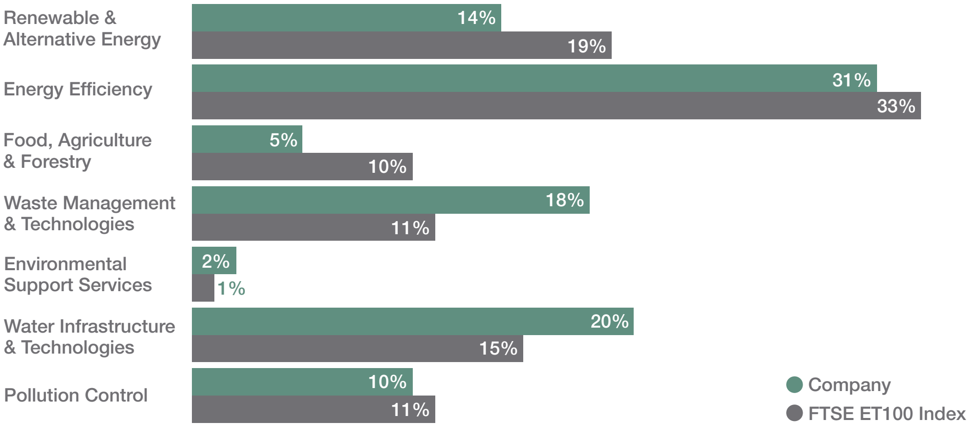
	Valuation £'000	Percentage of net assets
Pall Corp	12,208	3.2%
Kingspan	11,140	2.9%
Clean Harbors	10,653	2.8%
Nibe Industrier	10,571	2.8%
China Longyuan	10,560	2.8%
Watts Water	10,391	2.7%
Horiba	9,231	2.4%
BorgWarner	8,881	2.3%
Vacon	8,830	2.3%
Ensyn	7,837	2.1%
Top ten holdings	100,302	26.3%
Other holdings	303,478	79.4%
Total holdings	403,780	105.7%
Cash	7,612	2.0%
Bank loan	(29,619)	(7.8%)
Other net assets	323	0.1%
Net assets	382,096	100.0%

The full portfolio is published quarterly in arrears on the Company's website www.impaxenvironmentalmarkets.com

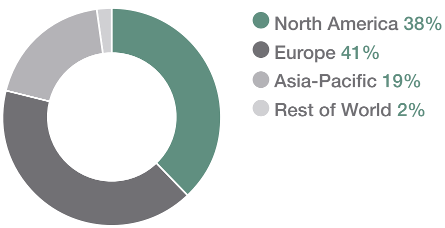
Structure of Portfolio

As at 30 June 2014

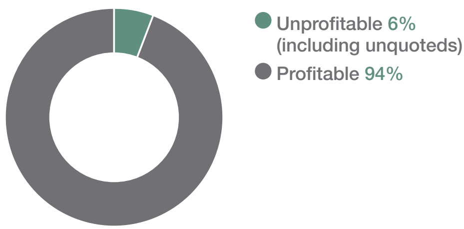
Breakdown by Environmental Markets Classification System



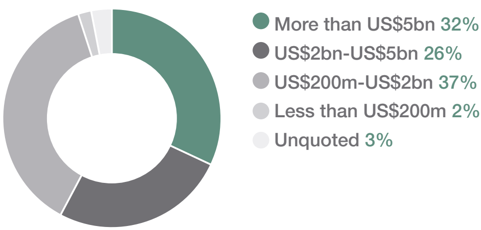
Breakdown by Region



Breakdown by Company Profitability



Breakdown by Market Capitalisation



Interim Management Report

The Chairman's review on pages 1 and 2 and the Manager's report on pages 3 to 6 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 2014 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 7 and 8 and the structure of the portfolio at the period end is analysed on page 10.

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 2013. 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 pages 14 and 15.

Board of Directors

5 August 2014

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 FCA's Disclosure and Transparency Rules.

John Scott
Chairman of the Board of Directors
5 August 2014

THIS PAGE IS LEFT BLANK

Income Statement

	Six months ended 30 June 2014 (unaudited) Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	8,350	8,350
Income (see note 3)	3,336	–	3,336
Investment management fees	(446)	(1,337)	(1,783)
Other expenses	(393)	–	(393)
Return on ordinary activities before finance costs and taxation	2,497	7,013	9,510
Finance costs (see note 4)	(43)	(128)	(171)
Return on ordinary activities before taxation	2,454	6,885	9,339
Taxation	(187)	–	(187)
Return on ordinary activities after taxation	2,267	6,885	9,152
Return per Ordinary Share (see note 5)	1.00p	3.05p	4.05p

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 2013 (unaudited)			Year ended 31 December 2013 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	49,049	49,049	–	99,093	99,093
3,075	–	3,075	5,101	–	5,101
(426)	(1,276)	(1,702)	(869)	(2,608)	(3,477)
(384)	–	(384)	(689)	–	(689)
2,265	47,773	50,038	3,543	96,485	100,028
–	–	–	–	–	–
2,265	47,773	50,038	3,543	96,485	100,028
(233)	–	(233)	(387)	–	(387)
2,032	47,773	49,805	3,156	96,485	99,641
0.78p	18.37p	19.15p	1.28p	39.07p	40.35p

Balance Sheet

	At 30 June 2014 (unaudited) £'000	At 30 June 2013 (unaudited) £'000	At 31 December 2013 (audited) £'000
Fixed assets			
Investments at fair value through profit and loss (see note 2)	403,780	353,116	383,715
Current assets			
Income receivable	530	456	99
Sales – future settlements	953	2,249	1,551
Taxation recoverable	224	115	187
Other debtors	10	23	28
Cash at bank and in hand	7,612	1,311	2,946
	9,329	4,154	4,811
Creditors: amounts falling due within one year			
Bank loan (see note 6)	(29,619)	–	–
Purchases – future settlements	(719)	(2,106)	(2,121)
Accrued liabilities	(675)	(813)	(407)
	(31,013)	(2,919)	(2,528)
Net current (liabilities)/assets	(21,684)	1,235	2,283
Total net assets	382,096	354,351	385,998
Capital and reserves: Equity			
Share capital	26,868	32,451	32,451
Share premium	16,035	16,035	16,035
Capital redemption reserve	5,583	–	–
Share purchase reserve	172,680	201,251	183,051
Capital reserve	156,618	101,021	149,733
Revenue reserve	4,312	3,593	4,728
Shareholders' funds	382,096	354,351	385,998
Net assets per Ordinary Share (see note 7)	171.35p	145.75p	167.95p

Reconciliation of Movement in Shareholders' Funds

Six months ended 30 June 2014 (unaudited)

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Share Purchase Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
Opening shareholders' funds as at 1 January 2014	32,451	16,035	–	183,051	149,733	4,728	385,998
Share buy backs (see note 9)	(583)	–	583	(10,371)	–	–	(10,371)
Cancellation of treasury shares	(5,000)	–	5,000	–	–	–	–
Dividend paid (May 2014)	–	–	–	–	–	(2,683)	(2,683)
Profit for the period	–	–	–	–	6,885	2,267	9,152
Closing shareholders' funds as at 30 June 2014	26,868	16,035	5,583	172,680	156,618	4,312	382,096

Six months ended 30 June 2013 (unaudited)

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Share Purchase Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
Opening shareholders' funds as at 1 January 2013	32,451	16,035	–	235,598	53,248	3,881	341,213
Share buy backs (see note 9)	–	–	–	(34,347)	–	–	(34,347)
Dividend paid (May 2013)	–	–	–	–	–	(2,320)	(2,320)
Profit for the period	–	–	–	–	47,773	2,032	49,805
			–				
Closing shareholders' funds as at 30 June 2013	32,451	16,035	–	201,251	101,021	3,593	354,351

Year ended 31 December 2013 (audited)

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Share Purchase Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
Opening shareholders' funds as at 1 January 2013	32,451	16,035	–	235,598	53,248	3,881	341,213
Share buy backs	–	–	–	(52,547)	–	–	(52,547)
Dividend paid (May 2013)	–	–	–	–	–	(2,309)	(2,309)
Profit for the year	–	–	–	–	96,485	3,156	99,641
Closing shareholders' funds as at 31 December 2013	32,451	16,035	–	183,051	149,733	4,728	385,998

Cash Flow Statement

	Six months ended 30 June 2014 (unaudited) £'000	Six months ended 30 June 2013 (unaudited) £'000	Year ended 31 December 2013 (audited) £'000
Operating activities			
Cash inflow from investment income and bank interest	2,905	2,902	5,285
Cash outflow from management expenses	(2,008)	(1,710)	(4,208)
Cash inflow from disposal of investments	63,928	68,146	135,261
Cash outflow from purchase of investments	(76,014)	(38,012)	(84,948)
Cash outflow from net foreign exchange losses	(22)	(43)	(56)
Cash outflow from taxation	(223)	(178)	(405)
Net cash flow from operating activities	(11,434)	31,105	50,929
Equity dividends paid	(2,683)	(2,320)	(2,309)
Returns on investments and servicing of finance			
Finance costs paid	(40)	–	–
Net cash flow from returns on investments and servicing of finance	(40)	–	–
Financing			
Bank loan	29,910	–	–
Share buy backs	(11,087)	(34,347)	(52,547)
Net cash flow from financing	18,823	(34,347)	(52,547)
Increase/(decrease) in cash	4,666	(5,562)	(3,927)
Opening balance at start of period	2,946	6,873	6,873
Closing balance at end of period	7,612	1,311	2,946

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 2013.

2 Investments

Securities of companies quoted on regulated stock exchanges and the Company's holdings in unquoted companies 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.

3 Income

	Six months ended 30 June 2014 £'000	Six months ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Income from investments:			
Dividends from UK investments	283	622	1,037
Dividends from overseas investments	3,053	2,453	4,064
Total income	3,336	3,075	5,101

4 Finance costs

	Six months ended 30 June 2014			Six months ended 30 June 2013			Year ended 31 December 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable	41	121	162	–	–	–	–	–	–
Direct costs	2	7	9	–	–	–	–	–	–
	43	128	171	–	–	–	–	–	–

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 225,703,950 (six months ended 30 June 2013: 260,114,189, year ended 31 December 2013: 246,946,495) Ordinary Shares in issue (excluding treasury shares) during the period.

6 Bank loan

On 8 January 2014, the Company entered into a two year multi-currency revolving credit facility with The Royal Bank of Scotland plc. Under the terms of the facility the Company may draw down loans of, in aggregate, up to £30 million. As at 30 June 2014, the facility was fully drawn down and the Company's loans outstanding totalled, in aggregate, £29,619,000. The table below shows the breakdown of the loans at 30 June 2014.

Notes to the Accounts continued

Currency of loans	Local currency amount	£'000
GBP loans	£15,586,000	15,586
USD loans	$24,000,000	14,033
		29,619

Interest is payable on amounts drawn down under the facility calculated at the rate of LIBOR plus a margin of 1% per annum. A commitment fee calculated at the rate of 0.25% per annum is payable on amounts not drawn down.

7 Net assets per Ordinary Share
Net assets per Ordinary Share for the six months ended 30 June 2014 are based on the net assets of the Company attributable to the 222,985,264 (six months ended 30 June 2013: 243,124,264, year ended 31 December 2013: 229,830,264) Ordinary Shares in issue (excluding treasury shares) at the end of the period.

8 Dividend
The final dividend for the year ended 31 December 2013 of 1.2p per Ordinary Share was paid on 28 May 2014 (year ended 31 December 2012 dividend of 0.9p per share was paid on 28 May 2013). In accordance with UK accounting standards the dividend for the year ended 31 December 2013 has been recognised in the Half-yearly financial report for the six months ended 30 June 2014.

9 Purchase of own Shares
During the six months ended 30 June 2014 6,845,000 Ordinary Shares were bought back at an aggregate cost of £10,371,000.

On 13 February 2014 50,000,000 Ordinary Shares were cancelled from treasury. All shares bought since 13 February have been cancelled. In aggregate 45,689,109 Ordinary Shares were held in treasury at 30 June 2014.

Since 30 June 2014, a further 1,508,000 Ordinary Shares have been bought back for cancellation.

10 Related party transactions
Fees payable to the Manager are shown in the Income Statement. At 30 June 2014 the fee accrual outstanding to the Manager was £296,682 (2013: £277,086).

The Manager's group has a holding in Ensyn. The Manager has procedures in place to mitigate any conflicts of interest from this investment.

11 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) and the Company's website (www.impaxenvironmentalmarkets.co.uk).

The Half-yearly financial report was approved by the Board on 5 August 2014.

The Company's statutory accounts for the year ended 31 December 2013 received an unqualified audit report and have been filed with the registrar of companies at Companies House.

Directors, Manager and Advisers

Directors
John Scott, DL (Chairman)
Richard Bernays (retired 21 May 2014)
Victoria Hastings
Julia Le Blan
William Rickett, CB

Broker
Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

Solicitor
Herbert Smith Freehills
Exchange House
Primrose Street
London EC2A 2HS

Depositary
BNP Paribas Securities Services
55 Moorgate
London EC2R 6PA

Registered Office*
145-157 St. John Street
London EC1V 4RU

Investment Manager
Impax Asset Management (AIFM) Limited
Norfolk House
31 St James's Square
London SW1Y 4JR

Secretary and Administrator
Cavendish Administration Limited
145-157 St. John Street
London EC1V 4RU

Registrar
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Banker
The Royal Bank of Scotland plc
280 Bishopsgate
London EC2M 4RB

Auditor
Ernst & Young LLP
1 More London Place
London SE1 2AF

* Registered in England and Wales No. 4348393

Impax Environmental Markets plc