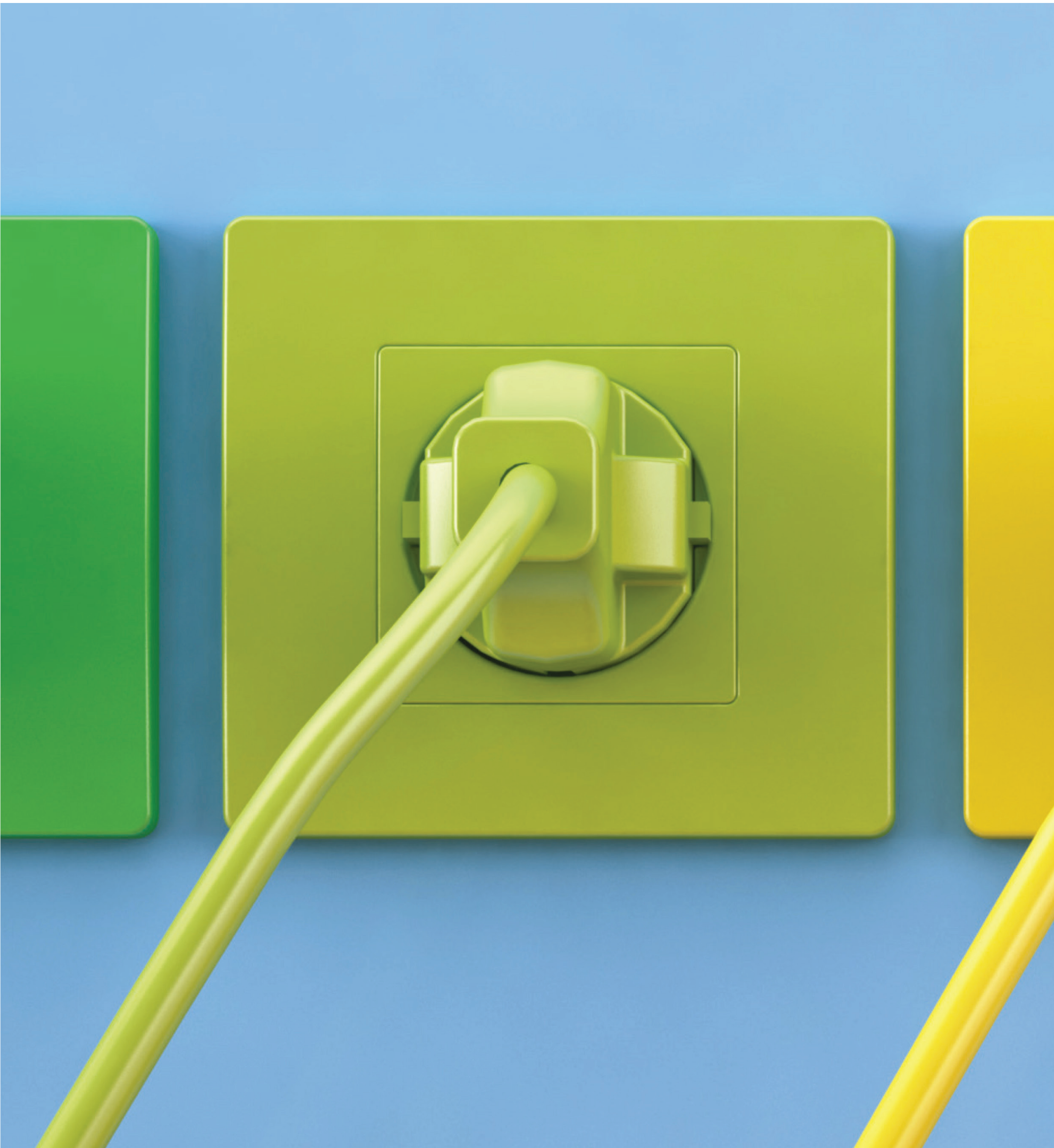
Impax Environmental Markets plc

Half-yearly Financial Report 2019



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 2019

Net asset value ('NAV') per Ordinary Share	**306.8p**
Ordinary Share price	**308.0p**
Ordinary Share price premium to NAV[1]	**0.4%**
Net assets	**£572.2m**

Performance summary

For the six months ended 30 June 2019

	% Change[2,3]
Share price total return per Ordinary Share[1]	**22.9%**
NAV total return per Ordinary Share[1]	**24.8%**
FTSE ET100 Index	**16.0%**
MSCI ACWI Index	**16.3%**

1. These are considered to be Alternative Performance Measures
2. Total returns in sterling for the six months to 30 June 2019
3. Source: Bloomberg

ALTERNATIVE PERFORMANCE MEASURES ('APMS')

The disclosures as indicated in footnote 1 above are considered to represent the Company's APMs. Definitions of these and other APMs used in this Half-yearly Report, together with how these measures have been calculated can be found on page 21.

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* Unaudited

Chairman's Review

John Scott
Chairman

I am delighted to report on a period of excellent performance.

Over the first six months of 2019 (the 'Period'), global equity markets rallied strongly following a volatile and difficult end to 2018. The fourth quarter of last year saw a sharp sell-off in response to growing fears of a US-China trade war and interest rate rises, with a disproportionate impact on small-caps, a sector to which we are significantly exposed. We were confident that last year's sell-off in small-cap stocks generally, and environmental markets names in particular, was overdone and we were proved right. Indeed, sentiment improved significantly as the year turned, with the subsequent six months erasing all of the underperformance in 2018 of Impax Environmental Markets plc (the 'Company', or 'IEM') against the MSCI All-World Composite Index (MSCI ACWI), and its environmental comparator, the FTSE Environmental Technologies 100 Index (FTSE ET100).

While improving macro-economic sentiment is part of the story, continuing and growing public concern about environmental issues provided support to the performance of the Company and contributed to the continued demand for our shares – indeed we have traded at a premium for most of the Period. June brought a heatwave across continental Europe, with temperature records set in France, Germany, Poland, Spain and the Czech Republic. In North America, California-based utility PG&E announced it was temporarily shutting off power to some communities to avoid a repeat of last year's fires, resulting in lawsuits which have forced it to seek bankruptcy protection. Meanwhile, in India the reservoirs feeding Chennai ran dry in June, leaving the population of India's sixth largest city dependent on water tankers.

The increasingly evident physical impacts of climate change are fuelling this growing concern, which in turn is likely to stimulate bolder policies to mitigate climate change. By mid 2019, France and the United Kingdom had introduced legislation requiring economy-wide net-zero carbon emissions by 2050; the adoption of an EU-wide net-zero target came surprisingly close to adoption by European Union member states in June. Similar legislation was passed by New York State in the same month.

Climate impacts are also creating impetus for greater public and private sector spending on adjusting to the new reality of a warmer world. Worsening water shortages in India, South Africa and rich countries such as France are underscoring the need to invest further in water infrastructure, while the effects of extreme weather events – not to mention managed outages to reduce wildfire risk – create demand for back-up power generation capacity and off-grid renewables. A reinvigorated push to reduce emissions will support our renewable energy and energy efficiency themes, while accelerating investments in adaptation will benefit the water, distributed energy and sustainable food stocks held by the Company.

In addition, efforts to build a more 'circular' global economy are intensifying. The war on plastics triggered by the BBC's Blue Planet series is continuing, with a growing number of countries introducing partial bans on single-use plastics and deposit schemes, while retailers and food companies are looking for alternatives to plastics. Attention is also turning to textiles, for which recycling solutions remain elusive, despite the environmental impacts inherent in their production. Again, several of the Company's existing investments are well-positioned to provide solutions to these problems, and the managers are looking for additional opportunities, particularly in textiles recycling. These drivers are discussed in greater detail in the Manager's Report.

INVESTMENT PERFORMANCE

During the Period the net asset value ('NAV') per Ordinary Share of the Company achieved a total return of 24.8%, measured in pounds sterling, and ended the Period at 306.8p. This represents significant outperformance relative to our environmental comparator, the FTSE ET100, which rose 16.0% over the period and to the MSCI ACWI, which was up 16.3%. During the first six months of 2019, IEM achieved a share price total return of 22.9% and ended the Period at a record share price of 308p. The Manager's Report includes some detail on the main absolute contributors and detractors to performance.

GEARING

The Company has five-year fixed rate loans in place of £15 million and US$20 million. The aggregate sterling value of these loans as at 30 June 2019 was £30.7 million. In addition, the Company has a multi-currency revolving credit facility of up to £20 million, of which £2.5 million is committed and nil was drawn down at the Company's Period end. As at 30 June 2019, the Company's net gearing was 2.9%.

Chairman's Review continued

PREMIUM AND DISCOUNT CONTROL

The Company's Ordinary Shares traded at a premium to NAV of 1.4% on 1 January 2019 and a premium to NAV of 0.4% on 30 June 2019, having traded between a discount of 1.4% and a premium of 3.3% during the Period.

On 22 January 2019, the Board announced that it remains fully committed to using its powers, including those to issue and buy back shares, in a proactive manner with the aim of seeing the shares, in normal market conditions, trading close to NAV on a consistent and long-term basis. The Company has sold 6,225,000 shares from its treasury in the Period under review, raising aggregate gross proceeds of £18.3 million.

SHAREHOLDER COMMUNICATIONS

Investec Bank plc ('Investec') was appointed as IEM's sole corporate broker in June in place of Canaccord Genuity – this was as a result of the Investment Companies Team at Canaccord Genuity moving to Investec. The transfer was effected by way of novation, thereby ensuring that the existing terms and conditions of the brokership arrangements were preserved. The Board retains its confidence in this team and after due consideration has appointed Investec as the broker for IEM, providing continuity of support.

We seek to communicate as effectively as possible with all our shareholders. As an environmental investor, we favour digital communication because of its low environmental impact, but for the moment we remain happy to provide hard copies of our reports to those shareholders who request them from the Company Secretary. Further information can be found on our website, **www.impaxenvironmentalmarkets.co.uk**, and regular updates are posted on Twitter, @IEMplc.

THE BOARD

The Directors are committed to a process of regular Board refreshment and have spent time developing a succession plan which looks several years ahead. In our 2018 Annual Report we announced that Julia Le Blan will stand down at the 2020 AGM, having by that point served on this Board for nine years. We are delighted to announce that Stephanie Eastment has been appointed to the Board with effect from 1 July 2019. Stephanie is a chartered accountant and company secretary with over 30 years' experience of the financial services industry, specialising in investment companies. She is well regarded for her knowledge and expertise of the investment trust sector; she is also a member of the Association of Investment Companies (AIC) Technical Committee. Stephanie will take on the role of Chairman of the Audit Committee when Julia steps down in 2020.

OUTLOOK

We expect market conditions to remain volatile over the months to come. Growth is slowing, with the global economy facing challenges on a number of fronts. Foremost among these are continuing US-China trade tensions, the unravelling of the Iran nuclear deal, with possible implications for the oil price, and the risk posed by a disorderly Brexit to the UK and EU-27 economies. As the second half of 2018 showed, the Company's performance can be vulnerable to factors with little direct bearing on the environmental markets theme.

IEM has a high tracking error – the difference between its performance and that of its benchmark – meaning that, in volatile markets, it may temporarily under- or out-perform by a significant margin. We are confident that, over longer periods, it will deliver attractive returns for investors and we note the Company's excellent long-term record.

The Board retains its conviction that growing resource constraints in the context of global population growth and rising public concern over environmental degradation will continue to underpin the Company's investment thesis. Indeed, there are clear signals that this support is getting stronger with positive implications for investment performance. We remain confident in the ability of the experienced management team to identify attractive opportunities across an increasingly diversified investment universe as the theme evolves, and to maintain investment discipline in volatile market conditions.

John Scott
Chairman

9 August 2019

Manager's Report

Jon Forster

Bruce Jenkyn-Jones

IEM's strong performance in the first half of 2019 is set against the backdrop of a difficult fourth quarter in 2018, exacerbated by a substantial downward re-rating of the portfolio. In the six months to the end of June 2019, the Company's NAV total return was 24.8%. This compares favourably with the FTSE ET100, its environmental markets benchmark, which was up 16.0% over the Period, and its global equities comparator, the MSCI ACWI, up 16.3%.

IEM's recovery this year was driven partly by a reversion to the mean after the market overshot on the downside at the end of last year. This year's earning season also delivered a series of strong results from portfolio companies, boosting both earnings and valuations across most EM sub-sectors.

Two-thirds of the Company's outperformance against the MSCI ACWI was driven by stock selection, with the remainder the result of incremental positive asset allocation – namely IEM's overweight positions in industrials and technology and its lack of healthcare exposure. Its outperformance against its environmental benchmark, the FTSE ET100 index, was driven primarily by stock selection.

KEY DEVELOPMENTS AND DRIVERS FOR ENVIRONMENTAL MARKETS

Climate change

Global emissions from energy use rose to a record high in 2018, climbing in the US, China and India, driven by a strong economy and higher heating and cooling demand. They grew at the fastest rate since 2011, according to BP, showing a growing gulf between the pace of progress in addressing climate change and a growing public clamour for action.

Extreme weather events linked to climate change are becoming more frequent and more severe, with the UN warning that climate-linked natural disasters are now occurring at the rate of one a week.

These events are prompting governments to set more aggressive medium- and long-term mitigation targets. The UK passed legislation in June 2019 to increase the ambition of its 2050 carbon target from 80% below 1990 levels to 'net-zero emissions' by that date. It followed the publication of a report from the Climate Change Committee, a government advisory body, that a net-zero target would be no more expensive than the earlier goal, given the falling costs of technology. France approved similar legislation, while a proposal for the EU to adopt a bloc-wide net-zero goal came close to passing at the June 2019 meeting of the European Council. These announcements are expected to drive medium-term performance of IEM's energy efficiency (31.7% of NAV) and renewables (8.8% of NAV) holdings.

The increasing severity of climate impacts is accelerating policies to promote adaptation, including in the developed world. For example, France has announced plans to reduce water consumption by 25% within 15 years, in response to studies that suggest its rivers and streams could shrink by up to 40%. The plans involve investment of €5 billion by 2024 to protect water sources and reduce agricultural water use. The EU, meanwhile, is considering regulations to encourage the re-use of waste water by the sector. These moves will support IEM investments in water infrastructure, smart metering, leak detection and sustainable agriculture.

Integration of renewables, storage and standby generation

Mitigating climate change will require the full decarbonisation of the power sector. Given the intermittency of wind and solar generation, this will require the integration of large-scale storage into electricity systems. While this process is at its early stages, a number of utility-scale renewable energy projects are coming online with associated storage technologies, taking advantage of falling technology costs as well as local markets for grid-balancing services, which provide additional revenue streams.

We are also seeing the convergence of a number of technology trends that promise to underpin the performance and accelerate the growth of some portfolio companies. For example, Generac Holdings (Energy Efficiency, US), a top-10 holding which supplies back-up power supply systems that are in strong demand ahead of the US hurricane season, is acquiring software to monitor and control household power generation and consumption. It has also bought an energy storage company and is planning to co-market with solar system providers and financiers, providing a fully integrated off-grid clean energy solution.

The growth of energy storage also provides opportunities for companies supplying the sector, such as Umicore (Energy Efficiency, Belgium). It has a strong position supplying cathodes for lithium batteries and is mainly targeting the electric vehicle ('EV') market; however, the growth in demand for commercial, industrial and residential energy storage equipment offers a source of incremental growth.

Textiles and the circular economy

We believe that, in the wake of the war on plastic, a new front is opening in the campaign to create a circular economy. Textiles are highly resource intensive, requiring large amounts of water and land, leading to considerable pollution. The growth of fast fashion has contributed to a doubling of clothing production over the last 15 years, and a loss of value of US$500 billion each year from under-utilised clothing and a lack of recycling, according to the Ellen MacArthur Foundation. The European Environment Agency (EEA) estimates that textiles represent the fourth biggest source of pollution after housing, mobility and food, and are Europe's fourth largest consumer of primary materials. Currently, three-quarters of textiles are sent to landfill or incinerated.

Policymakers are responding: the EEA is due to produce a pioneering study on the subject in October which is likely to build pressure for regulation to promote recyclability, better labelling and producer responsibility. We believe that policy and public concern will impact the entire textiles value chain. Opportunities exist in new materials, such as the substitution of cotton or fossil fuel-derived fibres with less resource-intensive materials, such as the man-made cellulosic fibres produced by portfolio company Lenzing (Food, Agriculture & Forestry, Austria). We are also exploring additional incremental investment opportunities that would benefit from the theme.

ABSOLUTE PERFORMANCE CONTRIBUTORS AND DETRACTORS

Contributors

The Company benefited from strong performance across a range of sectors.

In Waste Management and Technology, the performance of Tomra Systems (Waste Management & Technologies, Norway) was supported by positive momentum from the war on plastics. In North America, continuing economic growth is increasing demand for services provided by Clean Harbors (Waste Management & Technologies, US), which has a strong position in the hazardous waste sector.

In Energy Efficiency, Spirax (Energy Efficiency, UK) has performed well, delivering strong growth in its core steam business and from the effective integration of recent acquisitions. As mentioned above, Generac Power Systems is profiting from increasing penetration of standby generators and the integration of renewables, back-up generation and energy solar. The market has also recognised the strong outlook for demand for the heat-pumps supplied by market-leader Nibe Industrier (Energy Efficiency, Sweden), as growing efforts are made to decarbonise heating.

Sustainable & Efficient Agriculture also helped boost the Company's performance. Of particular note are biochemical and bio-ingredient companies that provide substitutes for petrochemicals and synthetics.

Detractors

There were relatively few drags on performance over the Period, mainly companies exposed to challenged cyclical markets such as the automotive sector. These include Umicore, which has suffered from a slowdown in the Chinese EV market due to subsidy cuts, sensor manufacturer Sensata (Energy Efficiency, US) and NORMA Group (Pollution Control, Germany).

Regionally, Asia lagged behind other parts of the world as concerns persist about trade disputes, but IEM's China exposure is focused on domestic infrastructure – water, natural gas distribution and rail – which has a strong long-term growth outlook.

PERFORMANCE CONTRIBUTION ANALYSIS

MSCI ACWI	SIX MONTHS ENDED 30 JUNE 2019 %
NAV total return	24.8
Benchmark return	16.3
Relative performance	8.5
Analysis of Relative Performance	
Porfolio total return	24.3
Less benchmark total return	16.3
Portfolio performance	8.0
Borrowing:	
Gearing effect	1.4
Management fee	-0.5
Other expenses	-0.1
Tax	-0.3
Total	8.5

FTSE ET100	SIX MONTHS ENDED 30 JUNE 2019 %
NAV total return	24.8
Benchmark return	16.0
Relative performance	8.8
Analysis of Relative Performance	
Porfolio total return	24.3
Less benchmark total return	16.0
Portfolio performance	8.3
Borrowing:	
Gearing effect	1.4
Management fee	-0.5
Other expenses	-0.1
Tax	-0.3
Total	8.8

Unquoted holdings

IEM has one significant holding in an unquoted company, Ensyn Corporation ('Ensyn'), which represented 1% of net assets as at 30 June 2019. In the Company's Annual Report 2018 we reported a retrospective 'adjusting event', which resulted in a 0.6% decrease to the NAV as at 31 December 2018. During the interim period the Manager implemented a further reduction to valuation for the holding due to dilution following a fundraising, adversely affecting the Company's NAV by an additional 0.4%.

Ensyn is working hard to address the ongoing regulatory obstacles, and the Manager continues to see value and potential in Ensyn and is monitoring developments closely to ensure it is appropriately valued within IEM. For full details of the adjustment to the NAV please see reference Note 18 of the 2018 Annual Report and Accounts for the Company.

Portfolio positioning, valuation and risk

IEM had a well-diversified portfolio of 61 listed holdings at the end of the Period. Portfolio detail is provided on page 9. Positioning by sector and region is set out on page 8. The overall structure is in line with that highlighted in the 2018 Annual Report.

IEM continues to be significantly underweight in North America and is overweight in Europe compared with the MSCI ACWI. The weights in various environmental market sectors have not been substantially adjusted over the Period. Compared with the FTSE ET100, the portfolio remains underweight in the more volatile and cyclical Energy Efficiency and Renewable & Alternative Energy sub-sectors. In contrast, it is overweight in the more defensive Water Infrastructure & Technology sector and the diversifying Food, Agriculture and Forestry sector. The full list of holdings is available at www.impaxenvironmentalmarkets.co.uk in the About Us/factsheets, documents and videos section.

Our focus continues to be to increase diversification and look for economically defensive businesses. New investments include: Indraprastha Gas (Pollution Control, India), the dominant supplier of compressed natural gas to New Delhi; Bucher Industries (Food, Agriculture and Forestry, Switzerland), which adds new exposure to agricultural equipment, is well-managed, with a strong and conservative balance sheet; and Littelfuse (Energy Efficiency, US), a leading supplier of electrical circuit protection with exposure to the EV, renewable energy and efficient lighting markets.

The portfolio is valued at around 17.6 times earnings, which is broadly in line with its long-term average. The premium to the MSCI ACWI, its global equities comparator benchmark, is around 17%, compared to a long-term average of 21%, making its relative valuation attractive.

OUTLOOK

Impax Asset Management has been investing in environmental markets for more than two decades, and we continue to believe that the thesis is becoming more compelling, more pressing, more global and more diversified by industry than ever before. However, global equity markets remain volatile and the current bull market is the longest in history. Inevitably, given the tracking error inherent in the Company's high-conviction strategy, there will be short periods of underperformance against our benchmarks, such as that seen in the second half of 2018.

Nonetheless, our view is that our investment case – that companies providing cleaner, more efficient products and services across energy, water, waste, food and agriculture will generate strong, risk-adjusted returns over the long-term – remains intact. That view was supported by IEM's performance in the first half of 2019. In addition, a number of disruptive trends – such as EVs, the war on plastic and fast falling energy storage costs – suggest that the global economy may reward IEM's portfolio companies more rapidly than we have assumed.

Impax Asset Management (AIFM) Limited
9 August 2019

Environmental Impact Report

IMPAX ENVIRONMENTAL MARKETS PLC IMPACT IN 2018

Impax Environmental Markets plc invests globally in companies providing solutions to resource scarcity and environmental pollution. Investee companies must be ‘pure plays’, generating at least 50% of their revenues from sales of environmental products or services in the energy efficiency, renewable energy, water, waste or sustainable food markets. Last year, the portfolio’s weighted average revenue exposure to these markets was approximately 74%[1].

IEM is managed to optimise financial returns, not impact. The impact metrics can vary due to portfolio positioning, more accurate corporate reporting and improvements to Impax’s calculation methodologies.

Across water, renewable electricity and recovered materials and waste, the metrics all improved in comparison to last year. An increase in the strategy’s holdings in key water treatment companies underpinned the increase in water treated, while in renewables the increase was the result of higher electricity generation by portfolio companies. Similarly, the higher exposure to waste and alternative packaging companies in response to the plastic crisis helped boost the materials and waste figure.

A dip in the volume of CO_2 avoided by the portfolio companies was partly driven by a substantial reduction in allocation to a recycling company on valuation grounds, as well as greater transparency of Scope 3 emissions in Asia.

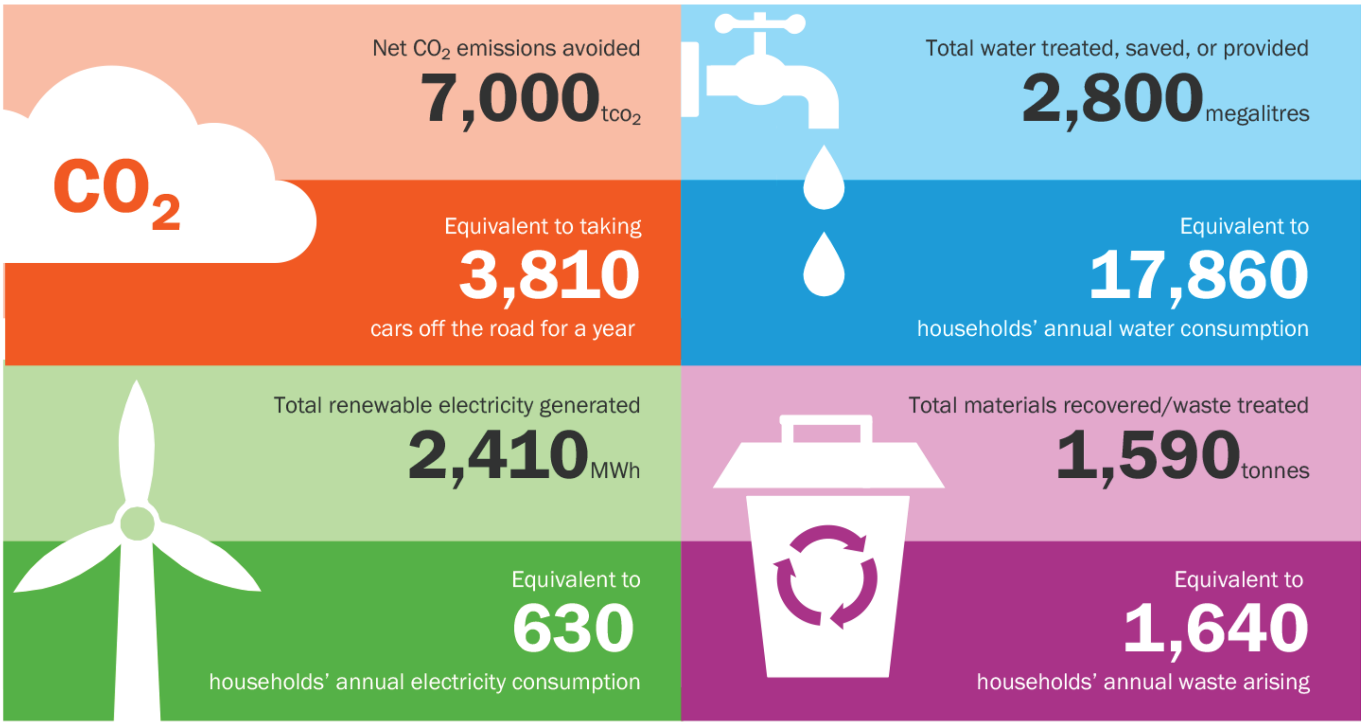
	2017[2]	2018[1]
Net CO_2 emissions avoided:	7,940 tCO_2	7,000 tCO_2
Total water treated, saved, or provided:	2,340 megalitres	2,800 megalitres
Total renewable electricity generated:	2,150 MWh	2,410 MWh
Total materials recovered/ waste treated:	1,340 tonnes	1,590 tonnes

These figures refer to the past. Past performance is not a reliable indicator of future results. Source: Impax Asset Management. All impact data represents impact of £10m invested in the strategy for one year. Based on most recently reported annual environmental data for holdings in the Impax Specialists strategy. The Impax Specialists strategy is a long-only global equity strategy that invests in stocks of small and mid-cap environmental services and technology companies. Impax’s impact methodology is based on equity value.

1 As at 31 December 2018.

2 As at 31 December 2017.

IN 2018, A £10 MILLION INVESTMENT IN IEM PRODUCED[1]:



1 Source: Impax Asset Management.

Case Studies

Lenzing AG – Textiles and fibre producer – Austria

WHAT

The company produces textiles and fibres from sustainable sources, with high levels of resource efficiency.

CONTRIBUTION

Produces fibres from wood rather than cotton or chemical feedstocks, reducing energy and water use compared with conventional alternatives.

WHO BENEFITS

Its products help to reduce the supply chain impacts of its customers.

HOW MUCH

In 2018 it led to the avoidance of 13 million tonnes of CO_2 and it saved 4.9 megalitres of water by displacing cotton or man-made fibres.

RISK

High water use is creating stress in areas of cotton production.

WHY

Land and water constraints are set to drive demand for the sustainable fibres produced by the company, which has recently undertaken a successful cost-cutting programme.

EDP Renovaveis – Renewable energy developer – Portugal

WHAT

The company is one of the world's largest producers of wind energy.

CONTRIBUTION

Develops, builds and operates wind farms, selling the power to local utilities and businesses.

WHO BENEFITS

Its projects in 14 jurisdictions around the world produce electricity without local air pollution or greenhouse gas emissions.

HOW MUCH

Last year it generated 28.4 million MWh of clean power, avoiding 20 million tonnes of CO_2.

RISK

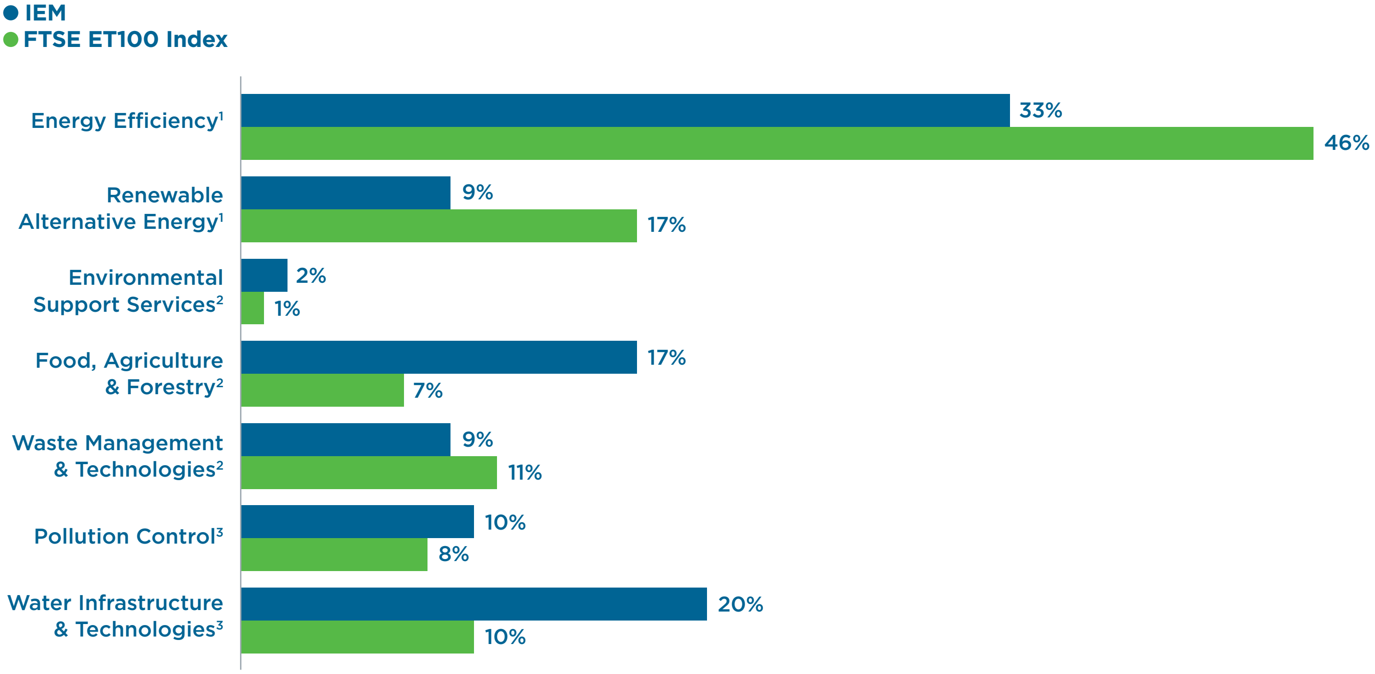
Without this company's projects, global greenhouse gas emissions would be higher.

WHY

A market leader with an excellent operating history, the company has shown an ongoing ability to reduce costs, and has an effective asset rotation strategy to take advantage of demand for operating assets.

Structure of the Portfolio

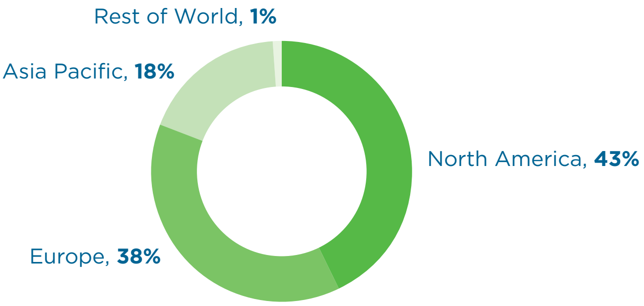
Breakdown by environmental markets classification system



Investment policy classification

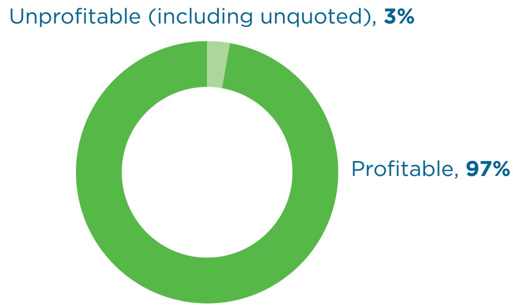
1. Alternative Energy and Energy Efficiency
2. Waste Technologies and Resource Management
3. Water Treatment and Pollution Control

Breakdown by region (excluding cash)*



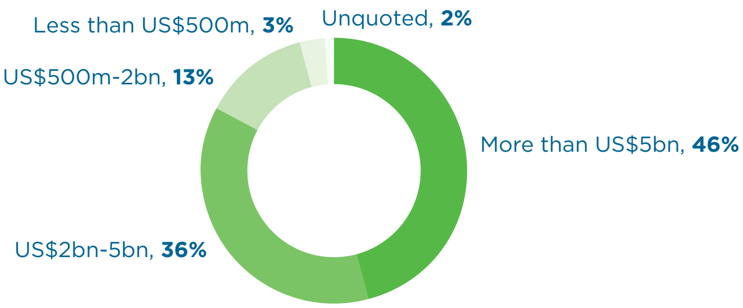
*based on country of listing

Breakdown by company profitability*



*based on next 12 months earnings estimates

Breakdown by market capitalisation



Ten Largest Holdings

AS AT 30 JUNE 2019

1 Generac Holdings: United States
2.7% of net assets

Generac Holdings is a leading designer and manufacturer of standby and portable generators for the residential, commercial and industrial markets. Following years of underinvestment in grid infrastructure and more severe weather events, there are an increasing number of power disruptions, and Generac is well positioned to benefit as a provider of uninterruptible power sources. The company has an estimated 70% share in the North American residential standby generator market and a well-established distribution network that is difficult for competitors to replicate. Currently, 80% of revenues come from North America, but the company is aiming for global scale and product diversification via acquisitions. More extreme weather in North America provides a tailwind for the residential business, while the commercial and industrial business should benefit from rising demand, growth in the rental channel and improving margins.

2 Rayonier: United States
2.7% of net assets

Rayonier is an international forestry company that produces cellulosic fibres, standing timber and timberland acreage. As one of the largest private landowners in the US, it is an important player in the global sustainable forestry and plantation space. The company is based in Florida and owns 2.6 million acres of well-managed timber in the US and New Zealand, which contribute toward reducing the amount of CO_2 in the atmosphere. The company's solid strategic positioning enables it to generate price premiums for some of its wood products and report robust sales. The company's management has made a concerted effort in recent years to move the business towards higher margin products. The company provides good exposure to key market trends including a US housing recovery, Canadian lumber shortages and growing bioenergy markets. It is well positioned to benefit from strong log demand from China and, as a result, it has been particularly strong in the Pacific Northwest. Rayonier is a member of the US Sustainable Forestry Imitative program and 100% of its New Zealand forests are certified by the Forest Stewardship Council.

3 EDP Renovaveis: Portugal
2.6% of net assets

EDPR is a renewable energy company which engages in the development, construction, and operation of wind farms and solar plants. It is a leading renewable energy developer with high quality assets in Europe and the US and with a strong pipeline in Europe and the Americas. EDP ranks fourth globally in terms of ownership of renewables assets. It is a market leader with an excellent operating history for existing plants, an ongoing ability to reduce costs, and has an effective asset rotation strategy that takes advantage of demand for operating assets.

4 Brambles: Australia
2.6% of net assets

Brambles is an Australian logistics solutions company which focuses on the outsourced management of reusable pallets, crates and containers – predominantly for supermarket and food supply chains. It has six main business segments – American pallets, European pallets, Asia-Pacific pallets, reusable plastic crates, containers and its corporate division. It is the undisputed global leader in the pallet and container pooling business, with over 850 service centres and a dominant share in most global markets, which gives Brambles scale benefits and creates significant barriers to entry to its competitors. The company has made some good acquisitions in recent years and has identified Asia as an area for growth. There is currently only a limited amount of pallet pooling happening in Asia and, in terms of plastic crates, the penetration is equally low. Its customer base is stable and diversified, with scope for further penetration in pallet outsourcing.

5 PTC Inc: United States
2.6% of net assets

PTC is an Information Technology company that offers software products which can be deployed toward leaner manufacturing: computer-aided design modelling (CAD) and Product Lifecycle Management (PLM). Importantly, PTC's industrial connectivity platform enables customers to connect 'smart' devices, analyse associated data, and create 'Internet of Things' applications. Operating in a market with high barriers to entry and low customer turnover, using its established market position PTC is emerging as a leader in these connectivity platforms and benefiting from high recurring revenues (~80%). The advanced transition to move to a subscription-based model should reduce earnings volatility and help close the margin gap with its peers. In the realm of industrial internet connectivity, currently less than 1% of the data that is being collected is being analysed or used to extract value. PTC is at the forefront of this transformation and is well positioned to benefit from the convergence of the digital and physical worlds. The company has a proven track record of product leadership and bringing new technologies and innovative solutions to the market.

6 Lenzing AG: Austria
2.6% of net assets

Lenzing manufactures fibres for use in the textile industry, and specifically, is a market leader in cellulose-derived fibres such as viscose and lyocell where it has leading positions. Land and water constraints and microplastic concerns continue to drive the growth of the biodegradable cellulose fibre market and gains versus cotton and nylon. The process for manufacturing key Lenzing brands such as Tencel and Modal uses much less water than cotton and many fewer agricultural chemicals for cultivation. These are also highly compostable fibres. A recent cost cutting program has contributed to a better outlook. More than 50% of Lenzing's fuel consumption is derived from renewable resources, including from the raw wood pulp used in the manufacturing process.

7 DS Smith: United Kingdom 2.4% of net assets

DS Smith is the leading corrugated packaging company in Europe, with a wider global presence in 37 countries. E-commerce packaging needs, changing consumer behaviour and preferences, and global waste and recycling flow disruptions are presenting opportunities for well-positioned and innovative leading companies such as DS Smith. Based in the UK with a motto of 'Redefining packaging for a changing world', DS Smith is also expanding actively in the US, gaining access to a large and fast-growing market. Presence in the US also helps to ensure continued access and growth into fibre-based solutions – an important alternative to plastic packaging. The recycling arm of DS Smith collects used paper and corrugated cardboard, from which the company's paper manufacturing facilities make the paper used in corrugated packaging. DS Smith also designs and manufactures certain types of plastic packaging. The company's innovation and processes help customers reduce waste, cut costs, and reduce complexity from their supply chains with high quality and environmentally friendly solutions. End markets include food & beverage, e-retail, and industrial customers. DS Smith has a stated goal of manufacturing 100% reusable or recyclable packaging by 2025. The management team has demonstrated solid financial discipline and operational execution.

8 Clean Harbors Inc: United States 2.4% of net assets

Environmental services such as waste disposal, hazardous waste clean-up, recycling services and emergency clean-up are an important component of environmental solutions for a broad range of industries. Clean Harbors is a market leader in the US hazardous waste sector with a strong market position and pricing power in a business with high barriers to entry. It delivers collection, transportation, recycling, treatment, and disposal services and holds dominant positions in incinerators and landfills, where new permits are becoming exceedingly rare. It is also a leading responder to emergency clean-ups, for example post extreme weather events such as hurricanes. Other businesses include cleaning services such as industrial cleaning or parts washing. The company and management have well established businesses with end markets that are well diversified, from general manufacturing to the automotive and chemical industries. A partnership with Enterprise Holdings (Enterprise Rent A Car, Alamo Rent A Car, National Car Rental) collects, recycles and re-refines oil from airport car rental operations. Another familiar subsidiary in the US is Safety-Kleen, providing industrial cleaning and waste services to small and medium sized businesses.

9 Zhuzhou CRRC Times Electric: China 2.3% of net assets

Zhuzhou CRRC (Chinese Rail Road Company) Times Electric is a Chinese company based in Hunan that researches, manufactures and sells locomotive train power converters and control systems. It is majority owned by the CRRC Group, a Chinese State Owned Enterprise (SOE). Zhuzhou provides propulsion and control systems for high speed trains, electrical multiple units (rail cars or carriages that are self-powered with electric motors which thus do not need a locomotive), mass transit, electric locomotives and diesel locomotives. It also develops and makes other electric components for the urban and non-urban railway industry and has a strong R&D effort. Its main products include electric multiple units, metropolitan rail transportation equipment, locomotives and marine engineering products. Zhuzhou's services are distributed domestically in China and to other select overseas markets, with the latter currently a focus for Zhuzhou. It is the market leader in high speed rail in China, and benefits from strong support from its parent CRRC. Zhuzhou likewise benefits from the upward trend in rail-related infrastructure investment in China.

10 Royal DSM: Netherlands 2.2% of net assets

Royal DSM (DSM) supplies nutritional ingredients like vitamins and nutraceuticals. It sells such products into the feed, food and personal care industries. DSM helps to improve livestock health and improve efficacy of feed, which serves to lower input-related waste, mitigate against emissions and limit harmful by-product cultivation. DSM's transition from a diversified chemicals producer to a business focused on a more stable, and fast growing nutrition industry is driving higher returns on capital, improved free cashflow generation and less earnings volatility. In addition, it is driving its end-market stakeholders towards more sustainable production methods. The company has a strong focus on sustainability, implemented by a solid management team and led by an internal Sustainability Leadership Team. DSM has ambitious internal targets, including reducing GHG emissions per product unit by 45% from its 2008 baseline by 2025. Management have also put in place robust programmes and policies to mitigate its toxic emissions and waste risks.

Top Ten Holdings in Companies

AS AT 30 JUNE 2019

AS AT 30 JUNE 2019 COMPANY	VALUATION £'000	% OF NET ASSETS
Generac Holdings	15,203	2.7
Rayonier	15,164	2.7
EDP Renovaveis	15,089	2.6
Brambles	14,909	2.6
PTC Inc	14,842	2.6
Lenzing AG	14,652	2.6
DS Smith	14,014	2.4
Clean Harbors Inc	13,591	2.4
Zhuzhou CRRC Times Electric	13,139	2.3
Royal DSM	12,715	2.2
Top ten holdings	**143,318**	**25.1**
Other holdings	444,540	77.7
Total holdings in companies	**587,858**	**102.8**
Bank loans	(30,754)	(5.4)
Cash and other net assets	15,112	2.6
Net Assets	**572,216**	**100.0**

The full portfolio is published each month, quarterly in arrears on the Company's website **www.impaxenvironmentalmarkets.co.uk**

Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules ('DTR'). The Directors consider that the Chairman's Review on pages 1 and 2 and the Manager's Report on pages 3 to 4 of this Half-yearly Report, provide details of the important events which have occurred during the period and their impact on the financial statements. The following statement on related party transactions and the Directors' Statement of Responsibility below, the Chairman's Review and the Manager's Report together constitute the Interim Management Report of the Company for the six months ended 30 June 2019. The outlook for the Company for the remaining six months of the year ending 31 December 2019 is discussed in the Chairman's Review and the Manager's Report.

Details of the largest ten investments held at the Period end are provided on pages 9 to 10 and the structure of the portfolio at the Period end is analysed on page 8.

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, (iii) corporate governance and internal controls risks, (iv) cyber security risks, (v) regulatory risks, (vi) level of share price relative to the net asset value, and (vii) financial risks. A detailed explanation of these risks and uncertainties can be found in the Company's Annual Report for the year ended 31 December 2018 ('the Annual Report'). 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 Manager in the period are detailed in the unaudited condensed income statement on page 13.

Board of Directors
9 August 2019

Directors' Statement of Responsibility

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 FRS 104 Interim Financial Reporting and gives a true and fair view of the assets, liabilities, financial position and return of the Company; and
- 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 Guidance and Transparency Rules.

John Scott
Chairman of the Board of Directors

9 August 2019

Condensed Income Statement

Unaudited

	NOTES	SIX MONTHS ENDED 30 JUNE 2019 REVENUE £'000	CAPITAL £'000	TOTAL £'000	SIX MONTHS ENDED 30 JUNE 2018 REVENUE £'000	CAPITAL £'000	TOTAL £'000	YEAR ENDED 31 DECEMBER 2018* REVENUE £'000	CAPITAL £'000	TOTAL £'000
Gains/(losses) on investments		–	107,750	107,750	–	(6,293)	(6,293)	–	(54,053)	(54,053)
Net foreign exchange loss		–	(61)	(61)	–	–	–	–	(887)	(887)
Income	4	6,571	–	6,571	5,916	–	5,916	9,006	–	9,006
Investment management fees		(576)	(1,728)	(2,304)	(548)	(1,644)	(2,192)	(1,098)	(3,293)	(4,391)
Other expenses		(437)	–	(437)	(368)	–	(368)	(754)	–	(754)
Return on ordinary activities before finance costs and taxation		**5,558**	**105,961**	**111,519**	**5,000**	**(7,937)**	**(2,937)**	**7,154**	**(58,233)**	**(51,079)**
Finance costs	5	(157)	(470)	(627)	(83)	(249)	(332)	(213)	(638)	(851)
Return on ordinary activities before taxation		**5,401**	**105,491**	**110,892**	**4,917**	**(8,186)**	**(3,269)**	**6,941**	**(58,871)**	**(51,930)**
Taxation		(1,005)	(302)	(1,307)	(813)	–	(813)	(1,173)	–	(1,173)
Return on ordinary activities after taxation		**4,396**	**105,189**	**109,585**	**4,104**	**(8,186)**	**(4,082)**	**5,768**	**(58,871)**	**(53,103)**
Return per Ordinary Share	6	2.41p	57.70p	60.11p	2.28p	(4.55p)	(2.27p)	3.20p	(32.69p)	(29.49p)

*Audited

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

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

Return on ordinary activities after taxation is also the 'Total comprehensive income for the period/year'.

The notes on pages 17 to 20 form part of these financial statements.

Condensed Balance Sheet

Unaudited

	NOTES	AS AT 30 JUNE 2019 £'000	AS AT 30 JUNE 2018 £'000	AS AT 31 DECEMBER 2018* £'000
Fixed assets				
Investments at fair value through profit or loss	3	587,858	522,469	474,710
Current assets				
Dividend receivable		629	895	218
Taxation recoverable		–	13	–
Other debtors		43	6	176
Cash and cash equivalents		18,116	5,849	6,481
		18,788	**6,763**	**6,875**
Creditors: amounts falling due within one year				
Purchases awaiting settlement		(2,321)	–	–
Bank loans and credit facility	7	–	(29,793)	–
Other creditors		(1,355)	(1,115)	(931)
		(3,676)	(30,908)	(931)
Net current assets/(liabilities)		**15,112**	**(24,145)**	**5,944**
Total assets less current liabilities		**602,970**	**498,324**	**480,654**
Creditors: amounts falling due after more than one year				
Bank loans and credit facility	7	(30,754)	–	(30,691)
Net assets		**572,216**	**498,324**	**449,963**
Capital and reserves: equity				
Share capital		22,574	22,574	22,574
Share premium account		16,035	16,035	16,035
Capital redemption reserve		9,877	9,877	9,877
Share purchase reserve		114,588	95,772	96,432
Capital reserve		400,789	346,285	295,600
Revenue reserve		8,353	7,781	9,445
Shareholders' funds		**572,216**	**498,324**	**449,963**
Net assets per Ordinary Share	10	306.79p	276.79p	249.58p

*Audited

Approved by the Board of directors and authorised for issue on 9 August 2019.

Impax Environmental Market plc is incorporated in England with registered number 4348393.

The notes on pages 17 to 20 form part of these financial statements.

Condensed Statement of Changes in Equity

Unaudited

SIX MONTHS ENDED 30 JUNE 2019	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	CAPITAL REDEMPTION RESERVE £'000	SHARE PURCHASE RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
Opening equity as at 1 January 2019		**22,574**	**16,035**	**9,877**	**96,432**	**295,600**	**9,445**	**449,963**
Dividend paid	9	–	–	–	–	–	(5,488)	(5,488)
Shares sold from treasury	8	–	–	–	18,156	–	–	18,156
Profit for the period		–	–	–	–	105,189	4,396	109,585
Closing equity as at 30 June 2019		**22,574**	**16,035**	**9,877**	**114,588**	**400,789**	**8,353**	**572,216**

SIX MONTHS ENDED 30 JUNE 2018	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	CAPITAL REDEMPTION RESERVE £'000	SHARE PURCHASE RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
Opening equity as at 1 January 2018		**22,574**	**16,035**	**9,877**	**95,772**	**354,471**	**8,178**	**506,907**
Dividend paid	9	–	–	–	–	–	(4,501)	(4,501)
(Loss)/profit for the period		–	–	–	–	(8,186)	4,104	(4,082)
Closing equity as at 30 June 2018		**22,574**	**16,035**	**9,877**	**95,772**	**346,285**	**7,781**	**498,324**

YEAR ENDED 31 DECEMBER 2018*	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	CAPITAL REDEMPTION RESERVE £'000	SHARE PURCHASE RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
Opening equity as at 1 January 2018		**22,574**	**16,035**	**9,877**	**95,772**	**354,471**	**8,178**	**506,907**
Dividend paid	9	–	–	–	–	–	(4,501)	(4,501)
Shares sold from treasury	8	–	–	–	660	–	–	660
(Loss)/profit for the year		–	–	–	–	(58,871)	5,768	(53,103)
Closing equity as at 31 December 2018		**22,574**	**16,035**	**9,877**	**96,432**	**295,600**	**9,445**	**449,963**

*Audited

The notes on pages 17 to 20 form part of these financial statements.

Condensed Statement of Cash Flows

Unaudited

	SIX MONTHS ENDED 30 JUNE 2019 £'000	SIX MONTHS ENDED 30 JUNE 2018 £'000	YEAR ENDED 31 DECEMBER 2018* £'000
Operating activities			
Return on ordinary activities before finance costs and taxation†	111,519	(2,937)	(51,079)
Less: Tax deducted at source on income from investments	(1,005)	(813)	(1,173)
Foreign exchange non cash flow (gain)/loss	66	(457)	84
Adjustment for (gains)/losses on investments	(107,750)	6,293	54,053
Increase in other debtors	(278)	(795)	(275)
Increase/(decrease) in other creditors	136	(407)	(41)
Net cash flow from operating activities	**2,688**	**884**	**1,569**
Investing activities			
Add: Sale of investments	75,822	54,613	111,485
Less: Purchase of investments	(78,899)	(58,560)	(115,891)
Net cash flow used in investing activities	**(3,077)**	**(3,947)**	**(4,406)**
Financing activities			
Equity dividends paid	(5,488)	(4,501)	(4,501)
Repayment of credit facility	–	–	(29,297)
Proceeds from bank loans	–	350	30,462
Finance costs paid	(644)	9	(1,060)
Shares sold from treasury	18,156	–	660
Net cash flow from/(used in) financing activities	**12,024**	**(4,142)**	**(3,736)**
Increase/(decrease) in cash	**11,635**	**(7,205)**	**(6,573)**
Cash and cash equivalents at start of period	**6,481**	**13,054**	**13,054**
Cash and cash equivalents at end of period	**18,116**	**5,849**	**6,481**

*Audited

†Cash inflow includes dividends received for the financial period of £5,941,000 (30 June 2018: £5,109,000 and 31 December 2018: £8,878,000).

The notes on pages 17 to 20 form part of these financial statements.

Notes to the Financial Statements

Unaudited

1 ACCOUNTING POLICIES

The Half-yearly Condensed Financial Statements has been prepared in accordance with FRS 104 Interim Financial Reporting issued by the Financial Reporting Council ('FRC') and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies in November 2014 and updated in February 2018.

This Half-yearly Financial Report is unaudited and does not include all of the information required for a full set of annual financial statements. The Half-yearly Financial Report should be read in conjunction with the Annual Report and Accounts of the Company for the year ended 31 December 2018. The Annual Report and Accounts for the year ended 31 December 2018 were prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and received an unqualified audit report. The financial information for the year ended 31 December 2018 in this Half-yearly Financial Report has been extracted from the audited Annual Report and Accounts for the year ended 31 December 2018. The accounting policies in this Half-yearly Financial Report are consistent with those applied in the Annual Report for the year ended 31 December 2018.

2 GOING CONCERN

The directors have adopted the going concern basis in preparing the accounts. The following is a summary of the directors' assessment of the going concern status of the Company.

Operational Resources
The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this document. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. At the date of approval of this document the Company has substantial operating expenses cover.

3 INVESTMENTS

Securities of companies quoted on regulated stock exchanges and the Company's holdings in unquoted companies have been classified as 'at fair value through profit or loss' and are initially recognised on the trade date and measured at fair value in accordance with sections 11 and 12 of FRS 102. 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.

Changes in fair value are included in the Condensed Income Statement as a capital item.

Classification of financial instruments
FRS 102 requires that the classification of financial instruments be valued by reference to the source of inputs used to derive the fair value. The fair value hierarchy descriptions are below:

Level 1
The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3
Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Notes to the Financial Statements continued

The classification of the Company's investments held at fair value is detailed in the table below:

	30 JUNE 2019				30 JUNE 2018			
	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Investments at fair value through profit and loss								
– Quoted	581,825	–	–	581,825	512,310	–	–	512,310
– Unquoted	–	–	6,033	6,033	–	–	10,159	10,159
Total	**581,825**	**–**	**6,033**	**587,858**	**512,310**	**–**	**10,159**	**522,469**

	31 DECEMBER 2018			
	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Investments at fair value through profit and loss				
– Quoted	466,823	–	–	466,823
– Unquoted	–	–	7,887	7,887
Total	**466,823**	**–**	**7,887**	**474,710**

Level 2 investments are holdings in companies with no quoted prices.

The movement on the Level 3 unquoted investments during the period is shown below:

	SIX MONTHS ENDED 30 JUNE 2019 £'000	SIX MONTHS ENDED 30 JUNE 2018 £'000	YEAR ENDED 31 DECEMBER 2018 £'000
Opening balance	7,887	9,911	9,911
Valuation adjustments and foreign exchange movements	(1,854)	248	(2,024)
Closing balance	**6,033**	**10,159**	**7,887**

Unquoted investments are valued using relevant financial data available on those investments and applying International Private Equity and Venture Capital guidelines. This includes, where appropriate, consideration of price of recent market transactions, earnings multiples, discounted cash flows, net assets and liquidity discounts. At the period end the Company held four unquoted investments of which three were valued at nil. The fourth, Ensyn, has been valued in US dollars based on a full scenario model prepared by the Manager and translated into sterling using the applicable foreign exchange rate at the Company's period end. The main assumptions are (i) discount rates, (ii) exit values, (iii) exit times and (iv) probabilities of the scenarios. The same methodology has been applied as adopted in the audited Annual Report for the year ended 31 December 2018.

4 INCOME

	SIX MONTHS ENDED 30 JUNE 2019 £'000	SIX MONTHS ENDED 30 JUNE 2018 £'000	YEAR ENDED 31 DECEMBER 2018 £'000
Income from investments			
Dividends from UK listed investments	374	324	793
Dividends from overseas listed investments	6,185	5,592	8,213
Interest received	12	–	–
Total Income	**6,571**	**5,916**	**9,006**

5 FINANCE COSTS

	SIX MONTHS ENDED 30 JUNE 2019			SIX MONTHS ENDED 30 JUNE 2018			YEAR ENDED 31 DECEMBER 2018		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Interest charges	153	460	613	83	249	332	211	635	846
Direct finance costs	4	10	14	–	–	–	2	3	5
Total	**157**	**470**	**627**	**83**	**249**	**332**	**213**	**638**	**851**

6 RETURN PER ORDINARY SHARE

Return per Ordinary Share is based on the net profit on ordinary activities after taxation of £109,585,000 (30 June 2018: loss of £4,082,000 and 31 December 2018: loss of £53,103,000) comprising a revenue gain of £4,396,000 (30 June 2018: £4,104,000 and 31 December 2018: £5,768,000) and a capital gain of £105,189,000 (30 June 2018: loss of £8,186,000 and 31 December 2018: loss of £58,871,000) attributable to the weighted average of 182,314,246 (30 June 2018: 180,039,246 and 31 December 2018: 180,054,314) Ordinary Shares of 10p in issue (excluding Treasury shares) during the period.

There is no dilution to return per share as the Company has only Ordinary Shares in issue.

7 BANK LOANS AND CREDIT FACILITY

On 6 September 2018, the Company entered into five-year fixed rate multi-currency USD 20 million and GBP 15 million loans with Scotiabank Europe plc ('Scotiabank').

Interest is payable on the loans at the rate of 2.910% per annum in respect of the GBP loan and at the rate of 4.504% per annum in respect of the USD loan. The loans expire on 6 September 2023.

The Company also has a GBP 20 million multi-currency revolving credit facility with Scotiabank, of which GBP 2.5 million is committed and nil was drawn down at the period end. Interest is payable on amounts drawn down under the credit facility computed at the rate of LIBOR plus a margin of 1.70% per annum. The facility expires on 6 September 2023.

As at 30 June 2019, the Company's loans outstanding aggregated to GBP 30,754,000, with a breakdown of the loans as follows.

	AS AT 30 JUNE 2019		AS AT 31 DECEMBER 2018	
CURRENCY OF LOAN	LOAN CURRENCY AMOUNT	£'000	LOAN CURRENCY AMOUNT	£'000
GBP loan	15,000,000	15,000	15,000,000	15,000
USD loan	20,000,000	15,754	20,000,000	15,691
Total		**30,754**		**30,691**

8 SHARES SOLD FROM TREASURY

During the six months ended 30 June 2019, the Company sold 6,225,000 Ordinary Shares from treasury (30 June 2018: nil) raising aggregate gross proceeds of £18,339,000 (30 June 2018: nil). Since the end of the Period, the Company has sold a further 1,700,000 Ordinary Shares from treasury.

9 DIVIDENDS

The final dividend for the year ended 31 December 2018 of 3.00p per Ordinary Share was paid on 28 May 2019 (year ended 31 December 2017 dividend of 2.50p per share was paid on 24 May 2018). In accordance with UK accounting standards the dividend for the year ended 31 December 2018 has been recognised in the Half-yearly Financial Report for the six months ended 30 June 2019.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019.

10 NET ASSET VALUE PER ORDINARY SHARE

Net asset value per Ordinary Share is based on net assets of £572,216,000 (30 June 2018: £498,324,000 and 31 December 2018: £449,963,000) divided by 186,514,246 (30 June 2018: 180,039,246 and 31 December 2018: 180,289,246) Ordinary Shares in issue (excluding shares held in Treasury) at the Balance Sheet date.

Notes to the Financial Statements continued

11 RELATED PARTY TRANSACTIONS

Fees payable to the Manager are shown in the Income Statement. As at 30 June 2019 the fee outstanding to the Manager was £809,000 (30 June 2018: £372,000 and 31 December 2018: £709,000).

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

Fees have been payable to the Directors, effective from 1 April 2018, at an annual rate of £35,250 to the Chairman, £28,625 to the Chairman of the Audit Committee and £23,500 to the other directors.

The Directors had the following shareholdings in the Company, all of which were beneficially owned.

	ORDINARY SHARES AT 30 JUNE 2019	ORDINARY SHARES AT 30 JUNE 2018	ORDINARY SHARES AT 31 DECEMBER 2018
John Scott	84,012	84,012	84,012
Julia Le Blan	14,907	14,907	14,907
Aine Kelly	10,000	10,000	10,000
Vicky Hastings	19,500	19,500	19,500
William Rickett	5,000	5,000	5,000

Effective from 1 July 2019, the Company has appointed Stephanie Eastment as a non-executive director of the Company. Stephanie Eastment holds 1,170 Ordinary Shares in the Company.

12 DISTRIBUTABLE RESERVES

The Company's distributable reserves consist of the share purchase reserve, capital reserve and revenue reserve.

The Company currently pays dividends from the revenue reserve. Share buybacks are funded from the share purchase reserve.

13 SUBSEQUENT EVENTS

There are no post period end events other than as disclosed in this report.

14 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 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 information for the year ended 31 December 2018 has been extracted from the last published audited financial statements, unless otherwise stated. The audited financial statement has been delivered to the Registrar of Companies. Ernst & Young LLP reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The Half-yearly Financial Report was approved by the Board on 9 August 2019.

Alternative Performance Measures ('APMs')

Premium
The amount, expressed as a percentage, by which the share price is more than the Net Asset Value per Ordinary Share.

		PAGE	AS AT 30 JUNE 2019
NAV per Ordinary Share (p)	a	inside cover	306.8
Share price (p)	b	inside cover	308.0
Premium	**(b-a)÷a**		**0.4%**

Gearing
A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.

		PAGE	AS AT 30 JUNE 2019
Total assets less cash/cash equivalents (£'000)	a	n/a	588,530
Net assets (£'000)	b	inside cover	572,216
Gearing (net)	**(a÷b)-1**		**2.9%**

Total return
A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends on the ex-dividend date.

SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)		PAGE	SHARE PRICE	NAV
Opening at 1 January 2019 (p)	a	n/a	253.00	249.58
Closing at 30 June 2019 (p)	b	inside cover	308.00	306.79
Dividend/income adjustment factor	c	n/a	1.0095	1.0153
Adjusted closing (p) (d = b x c)	d	n/a	310.94	311.48
Total return	**(d÷a)-1**		**22.9%**	**24.8%**

n/a = not applicable

Directors, Manager and Advisers

DIRECTORS

John Scott, DL (Chairman)
Vicky Hastings
Aine Kelly
Julia Le Blan
William Rickett, CB
Stephanie Eastment (appointed 1 July 2019)

BROKER

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DEPOSITARY AND CUSTODIAN

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REGISTRAR

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The Registry
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INVESTMENT MANAGER

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REGISTERED OFFICE*

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SECRETARY AND ADMINISTRATOR

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AUDITOR

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IMPAX Environmental Markets plc