

Impax Environmental Markets Plc (the 'Company')
Interim Management Statement
For the three months ended 30 September 2011

This interim management statement covers the period from the 1 July 2011 to 30 September 2011 (the "Period"), and is prepared in accordance with the UK Listing Authority's Disclosure and Transparency Rule 4.3.

Investment objective

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

Performance

During the Period, the Company's diluted Net Asset Value ("NAV") per Ordinary Share (excluding current year net revenue) fell 19.0% from 137.3p to 111.2p, compared with the MSCI World Index, the MSCI World Small Cap Index and the FTSE ET50 Index of environmental sector stocks, which fell 14.5%, 18.4% and 25.8% respectively (capital returns priced in pounds sterling). The environmental sector underperformed world markets due to concerns about future government support for alternative energy and a relatively high exposure to Asia. The Company performed well relative to the FTSE ET50 Index as a result of low exposure to alternative energy, particularly renewable power.

Discount

During the Period, the Company's share price discount to NAV increased, reflecting weakening investor appetite for exposure to the environmental sector in thinly traded markets. The Board responded by buying back 7,490,000 Ordinary Shares in the Period at an average discount to diluted NAV of 16%.

Portfolio activity

Two of the Company's holdings at the start of the Period, Telvent and Nalco were realised as a result of takeovers during the Period; the Manager redeployed cash proceeds by investing in two new holdings and selectively adding to existing holdings.

The top ten holdings as at 30 September 2011 are set out below.

Company	Activity	Portfolio weighting
Nibe	Ground source heat pumps, Sweden	3.4%
LKQ	Automotive recycling, US	3.4%
Pall Corporation	Filtration, US	3.2%
Horiba	Environmental and engine testing, Japan	3.0%
Regal Beloit	Electric motors, US	2.6%
Clean Harbors	Hazardous waste treatment, US	2.6%
EDP Renovaveis	Renewable IPP, Spain	2.5%
Kingspan	Insulation products, Ireland	2.4%
Vacon	Power electronics, Finland	2.4%
Daiseki	Hazardous waste management, Japan	2.3%

Outlook

The Board and the Manager remain cautious about the prospects for a short-term improvement in global macroeconomic conditions, particularly the European sovereign debt situation. The Manager is maintaining the Company's core exposure to investments in well-managed companies with low levels of debt that should out-perform a broad basket of equities over the medium to long term, and is currently focused on the energy efficiency, water treatment and pollution control sub-sectors.

25 October 2011