

Impax Environmental Markets Plc (the ‘Company’)
Interim Management Statement
For the four months ended 31 October 2009

This interim management statement covers the period from the 1 July 2009 to 31 October 2009, and is prepared in accordance with the UK Listing Authority’s Disclosure and Transparency Rule 4.3.

Investment objective and policy

The Company’s objective is to enable investors to benefit from rapid and sustained growth anticipated in the markets for cleaner or more efficient delivery of basic services of energy, water and waste (“Environmental Markets”). Investments are made predominantly in quoted companies which provide, utilize, 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 from 1 July until 31 October 2009, the Company’s diluted Net Asset Value (“NAV”) per Ordinary Share (excluding current year net revenue) rose by 13.6% from 102.1p to 116.0p, under performing the MSCI World Index and the MSCI World Small Cap Index, which rose 14.9% and 17.1% respectively during the period (both priced in pounds sterling). The shares continued to trade at a modest discount to NAV during the period.

The slight underperformance follows strong outperformance in the first half of the year and also reflects strong gains in industry sectors not targeted by the Company, such as financial institutions. Against this backdrop, the Manager is pleased to be able to report positive year to date performance to 31 October 2009 of 17.4%, in line with the MSCI World Small Cap Index (up 17.6%) and well ahead of the MSCI World Index (up 6.6%).

Portfolio activity

During the period, the Manager has participated in a number of capital raisings at compelling valuations, and has increased the Company’s exposure to the Asia Pacific region after several positive policy developments. In addition, the Manager has become incrementally more positive on the renewable energy sector following a period of underperformance and in anticipation of strong growth in 2010/11. Finally, it has been encouraging to note the re-emergence of merger and acquisition activity, which has been an important driver of the Company’s performance in the past. Since 30 June 2009, one company in the portfolio has been acquired at an attractive premium and a further two have received takeover bids.

The top ten holdings as at 31 October 2009 are set out below.

| Company | Activity | Weighting |
|-------------------------|-----------------------------|------------------|
| China Everbright | Water and waste projects | 2.7% |
| Itron | Automated meter reading | 2.4% |
| Transpacific Industries | Integrated waste management | 2.3% |
| Nibe | Ground source heat pumps | 2.3% |
| Ormat | Geothermal power | 2.3% |
| Vestas | Wind turbines | 2.3% |
| Telvent | Utility software | 2.2% |
| Clean Harbors | Hazardous waste management | 2.2% |
| Taewoong | Wind turbine components | 2.1% |
| Pentair | Water treatment | 2.0% |

The top ten holdings list illustrates the continued preference for a diversified portfolio, with all sectors (energy, water and waste) and geographical regions (North America, Europe and Asia) represented.

Outlook

The Manager remains positive on outlook for the Company. In particular, the momentum of environmental legislation remains strong and many Environmental Markets are set to receive significant additional stimulus funding. Although the pace of economic recovery remains uncertain, the Manager is confident that the secular growth characteristics of Environmental Markets will continue and that acquisition activity will make an incremental contribution to performance.

At the time of writing, the Q3 2009 earnings reporting season is in full swing and, as was the case in Q2, the majority of portfolio companies are beating expectations. We believe that the earnings growth expectations of ca. 12% are realistic, with scope for upgrades. The portfolio is valued with a PE of 18 (based on expected earnings over the next twelve months) which is at the lower end of the historic range and leaves scope for further re-rating in the medium term.

The interim management statement will be made available on the Manager's website www.impax.co.uk

13 November 2009