

Impax Environmental Markets Plc (the 'Company')
Interim Management Statement
For the three months ended 31 March 2012

This interim management statement covers the period from the 1 January 2012 to 31 March 2012 (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 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.

Performance

During the Period, the Company's diluted Net Asset Value ("NAV") per Ordinary Share (excluding current year net revenue) rose 9.6% from 115.9p to 127.0p, compared with the MSCI World Index, the MSCI World Small Cap Index and the FTSE ET50 Index of environmental sector stocks, which rose 7.9%, 10.0% and 4.3% respectively (capital returns in pounds sterling). Equity markets were strong during Q1 due to perceived progress on resolution of the European sovereign debt crisis. The Company delivered a robust performance, ahead of the MSCI World and the FTSE ET50, driven in particular by a recovery in Asian holdings and strong performance of cyclical holdings. Q4 earnings were positive, especially for top ten holdings, and merger and acquisition activity continued to make a positive contribution to performance.

Discount

During the Period, the Company's share price traded at an average discount to NAV of 21%, with a range of 18% to 23%. The Board has sought to address concerns as to the share rating through the use of share repurchases, buying back 4,269,000 Ordinary Shares during the Period at an average discount to NAV of 21%. The Board remains mindful of the discount and will continue to utilise its powers to buy back shares when it considers the circumstances to be appropriate.

Portfolio activity

The Manager has continued to focus on bottom-up stock picking, although energy efficiency remains a key sub-sector theme, as does growth in Asian environmental markets. This is reflected in portfolio activity during the Period, with three of the five new holdings in the energy efficiency sub sector and two out of five in Asia. We sold out of three holdings. The top ten holdings as at 31 March 2012 are set out below.

Company	Activity	Portfolio weighting
Nibe	Ground source heat pumps, Sweden	3.5%
Regal Beloit	Electric motors, US	2.9%
LKQ	Automotive recycling, US	2.7%
Kingspan	Insulation products, Ireland	2.6%
Clean Harbors	Hazardous waste treatment, US	2.5%
Vacon	Power electronics, Finland	2.4%
Itron	Meters and utility data, US	2.3%
Spirax-Sarco	Steam-based energy efficiency, UK	2.3%
Horiba	Environmental and engine testing, Japan	2.3%
Watts Water	Water control products, US	2.2%

Dividend

Subject to approval at the forthcoming Annual General Meeting, a dividend of 0.9p per Ordinary Share in respect of the year ended 31 December 2011 will be paid to shareholders who were on the register at the close of business on 27 April 2012.

Outlook

Following the strong start to the year, the Manager expects a period of consolidation in equity markets. Key issues remain continued economic recovery in the US and further progress on resolving the European sovereign debt crisis. Against this backdrop, the Company is maintaining a well-balanced and diversified portfolio of high quality companies with proven track records, successful management teams and solid balance sheets that are exposed to long term growth themes. The Manager considers the portfolio valuation to be attractive as it remains below the historical range and is based on reasonable growth expectations.

26th April 2012