Impax Group plc
Interim results for the six months ended 31 March 2008

Impax Group plc, the AIM quoted investment company which focuses exclusively on the environmental sector, today announces its interim results for the half year ended 31 March 2008.

Highlights

- Strong growth in assets under management and advisory from £983m at the end of September 2007 to £1,089m on 31 March 2008 and further to £1,256m on 15 May 2008.
- Continued out-performance against global equity markets of the quoted equity funds that the Company manages.
- Net fund inflows despite volatile equity markets.
- Significant progress made in partnerships with distributors.

Commenting on the results, Keith Falconer, Chairman said:

"As a specialist investment manager in the environmental sector, we are continually encouraged by the positive developments in our target markets. Energy and commodity prices have continued to strengthen, making the economic case for alternative energy generation, energy efficient products and recycling technologies even more attractive. Additionally, there have been further positive developments in legislation affecting the sector."

For further information please contact

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Ian Simm, Chief Executive 020 7434 1122
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Chairman's Statement

In my statement in the 2007 annual report on 19 December 2007 I indicated that an economic slowdown may lead to or exacerbate a bear market but that Impax was well positioned to ride one out. Although the ensuing turmoil, particularly in credit markets, has indeed been dramatic, I am pleased to report that Impax has weathered the storm and also made significant progress. Assets under management and advisory ("AUM") have grown from £983 million at the end of September 2007 to £1,089 million on 31 March 2008 (the end of the interim period), well ahead of the £687 million reported in last year's Interim Report. On 15 May 2008, AUM had increased further to £1,256 million.

As a specialist investment manager operating exclusively in the environmental sector, we are continually encouraged by the positive developments in our target markets. Since my last report, energy and commodity prices have strengthened further, making the economic case for alternative energy generation, energy efficiency products and recycling technologies even more attractive. In addition, there have been further positive developments in legislation affecting our sector, particularly the detailing of 2020 targets in Europe covering renewable energy, energy efficiency and greenhouse gas reduction.

Results for the period

Turnover for the six months to 31 March 2008 was £4,922,608 (2007: £3,179,103). The un-audited net result for the period was a profit before tax of £1,592,343 (2007: £644,830) reflecting the benefits of scaling up our investment funds and our continuing efforts to keep costs under control.

Quoted equities

Our core business continues to be the provision of management and advisory services to professional investors in quoted equities. Over the past 12 months, we have segmented these funds into "pure play" funds (which are investing predominantly in companies that derive at least 50% of their revenues or profits or have at least 50% of their capital employed in environmental markets) and "all cap" funds, where the corresponding hurdle is 20% rather than 50%. Broadly speaking, "pure play" funds are exposed to smaller companies, while "all cap" funds have a weighting towards larger companies.

In the "pure play" category, over the six months to 31 March 2008, the net asset value ("NAV") of Impax Environmental Markets plc ("IEM"), the largest fund that we manage, had fallen by 3.9%, outperforming the MSCI World Index which dropped by 9.8%. Our other "pure play" funds reported similar outperformances. At the end of the period, IEM's total net assets were £366 million, large enough for it to qualify for the FTSE 250 index. We are delighted by this development, particularly given that the fund was only established in 2002.

Notwithstanding volatile equity markets, investor interest in these funds continues to be robust. IEM's share price has remained at a premium to NAV for almost the entire period, while there have been positive net inflows into our other large "pure play" open–ended funds: Impax Environmental Markets (Ireland); ASN Environment and Water Fund; and Parworld Environmental Opportunities. On 15 May 2008, AUM in "pure play" funds was £995 million.

Since the launch of the "all cap" strategy in August last year, we have been encouraged by the interest shown from investors in many countries, and on 15 May 2008, AUM in these funds was £146 million. As I reported in December, our first fund with this strategy was the DIAM World Environmental Business Fund, which, at the end of March 2008, had £69 million of net

assets and, since launching in August 2007, has outperformed the MSCI World Index. We are also advising small "all cap" funds in Korea and Malaysia.

In the meantime, we have successfully commenced four new "all cap"mandates. In early March 2008 we launched IFSL Impax Environmental Leaders Fund, a UK-domiciled open-ended fund with an "all-cap" investment strategy. In late March 2008, we were appointed as investment adviser to the new Pax World Global Green fund, an open-ended fund domiciled in the United States which will invest in "all cap" stocks that satisfy Pax's sustainable and responsible investment criteria. In early April, we began the management of the Parvest Environment Fund, which will invest in the full "all cap" portfolio and is eligible for promotion by its sponsor (BNP Paribas Investment Partners) in 30 countries. Most recently, on 14 May 2008, we commenced sub-management of our first segregated account for Russell Investments Japan, also with an "all cap" investment strategy.

Our partnership with FTSE to develop a suite of index products has also made good progress. There has been significant demand for the FTSE ET50 Index, which comprises the 50 largest "pure play" stocks active in environmental markets. Also in response to investor demand, FTSE and Impax are currently reviewing opportunities to launch additional indices.

Private Equity

Our teams investing capital in unquoted companies have made excellent progress in the first half. Impax New Energy Investors LP, which invests in renewable energy projects and related assets, achieved a very successful exit from Airtricity, the Irish wind farm developer and operator, and is currently processing a strong deal flow, particularly in Southern Europe. Meanwhile, our development capital team has recently expanded its portfolio to seven investments by committing capital to two companies in the wind sector and one in the composting sector. We have plans to increase the capital managed by both teams.

Hedge Fund

Our long-short equity fund has just reached its first anniversary. Its performance has been respectable and we have built up a "following" of potential investors. Our dialogue with potential cornerstone investors continues, and I look forward to reporting more news later in the year.

Infrastructure and Support Systems

The Board is fully aware that in order to grow our business we need to ensure that robust infrastructure and systems are in place to support the core fund management business. To this end, we are continuing to add experienced staff to our marketing, sales, operations, finance and compliance functions. Meanwhile, as the teams have expanded, we have now reached full capacity in our London offices and are expecting a move to larger premises in the near future.

We also continue to develop our investment processes and systems to ensure that the consultants and other advisers to mainstream institutional investors are aware of and impressed by our capabilities.

Overall, I believe that this investment will continue to enhance our offering and increase the scope for new business opportunities.

Board of Directors

In addition to the Board changes I announced in my statement on 19 December 2007, we are also delighted to welcome Guy de Froment as non-executive director, who joined the Board on 17 January 2008.

Guy is currently Vice Chairman of BNP Paribas Asset Management . He was previously responsible for Sales and Marketing for BNP Paribas Asset Management, as Co-CEO. From 1997 to 1999, he held the position of Chairman and CEO of Paribas Asset Management. Prior to that he worked for Barclays as Head of Continental European Asset Management, having previously spent 23 years in the Indosuez Group during which time he was Chief Executive of W. I. Carr and CEO of Indosuez Asset Management. Guy is a graduate of the Ecole des Hautes Etudes Commerciales (HEC Paris).

Prospects

At the time of writing, equity markets have just experienced a rally, but there are mixed signals over the outlook. In particular, inflation has picked up significantly and sectors that are exposed to cyclical drivers may well face a difficult time over the rest of the year and perhaps beyond.

Nevertheless, I remain confident that Impax is well positioned for further success. The sectors in which we invest are propelled by strong fundamentals – some of these, for example high energy prices or the scarcity of commodities, are likely to have a negative impact on the wider economy, but are broadly positive for our holdings. Consequently, we are not surprised that almost all our portfolio companies have met or exceeded market expectations in recent months.

In addition, the investors in our funds represent a broad, diversified base of support. We believe that an overwhelming majority of those investors has a long-term perspective, and are encouraged that many of them appear to have been adding to their holdings in recent months. Also, we now have strong distribution partners in many parts of the world, and we are therefore confident that, provided equity markets remain reasonably stable, we shall both retain our assets and attract new funds to manage.

JKR Falconer

27 May 2008

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Consolidated Income Statement for the six months ended 31 March 2008

	Notes	Six months ended 31 Mar 08 (unaudited) £'000	Six months ended 31 Mar 07 (unaudited) £'000	Year ended 30 Sept 07 (audited) £'000
Turnover		4,923	3,179	7,115
Operating expenses				
Long term incentive scheme charge		(491)	(315)	(357)
Revaluation of investments		-	-	40
Other operating expenses		(2,975)	(2,313)	(5,187)
		(3,466)	(2,628)	(5,504)
Operating profit				
Continuing operations		1,457	551	1,611
Net interest receivable		135	94	209
Profit on ordinary activities before taxation		1,592	645	1,820
Taxation		(550)	(213)	(531)
Profit attributable to the Group		1,042	432	1,289
Basic earnings per share	3	0.95p	0.40p	1.20p
Fully diluted earnings per share	3	0.94p	0.40p	1.19p
Adjusted earnings per share	3	1.40p	0.69p	1.53p

Statement of Total Recognised Gains and Losses for the six months ended 31 March 2008

	Six months ended 31 Mar 08	Six months ended 31 Mar 07	Year ended 30 Sept 07
	(unaudited) £'000	(unaudited) £'000	(audited) £'000
Profit for the period	1,042	432	1,289
Currency translation differences	31	(91)	(157)
Total recognised profits	1,073	341	1,132

All disclosures relate only to continuing operations.

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Consolidated Balance Sheet as at 31 March 2008

	Notes	As at 31 Mar 08 (unaudited) £'000	As at 31 Mar 07 (unaudited) £'000	As at 30 Sept 07 (audited) £'000
ASSETS				
Non - current assets				
Goodwill		1,629	1,629	1,629
Other intangible assets		29	-	35
Property, fixtures and equipment		48	73	47
Investments		14	14	14
		1,720	1,716	1,725
Current assets				
Trade and other receivables due after one year		1,124	1,388	1,208
Trade and other receivables due within one year		2,194	2,237	1,906
Investments	5	3,082	73	1,620
Cash and cash equivalents		4,320	3,365	

				4,554
		10,720	7,063	9,288
TOTAL ASSETS		12,440	8,779	11,013
EQUITY AND LIABILITIES				
Capital and Reserves attributable to equity shareholders				
Ordinary shares	6	1,095	9,592	1,095
Share premium	6	179	2,723	19
Exchange equalisation reserve	6	(971)	(936)	(1,002)
Treasury shares	6	(164)	(149)	(168)
Other reserve	6	1,408	827	894
Retained earnings	6	8,251	(4,889)	7,209
		9,798	7,168	8,047
Current liabilities		2,642	1,611	2,966
TOTAL EQUITY AND LIABILITIES		12,440	8,779	11,013

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Consolidated Cash Flow Statement for the six months ended 31 March 2008

	Six months ended 31 Mar 08 (unaudited) £'000	Six months ended 31 Mar 07 (unaudited) £'000	Year ended 30 Sept 07 (unaudited) £'000
Cashflows from operating activities			
Operating profit	1,457	551	1,611
Adjustments for:			
Depreciation of property, fixtures and equipment	14	10	17

Amortisation of intangible assets	6	-	6
Revaluation of investment	-	-	(40)
Movement on treasury shares	-	-	(19)
Movement on share premium	-	-	19
Share-based transactions	517	340	407
Translation differences	31	(91)	(157)
Operating cashflows before movement in working capital	2,025	810	1,844
(Increase)/decrease in receivables	(103)	(258)	140
(Decrease)/increase in payables	(815)	233	1,382
Net cash generated by operating activities	1,107	785	3,366
Investing activities:			
Interest received	135	94	209
Purchase of investments	(1,500)	-	(1,506)
Sale of investments	38	-	-
Purchase of property, fixtures and equipment	(14)	(59)	(80)
Net cash (used in)/generated by investing activities	(1,341)	35	(1,377)
Financing activities:			
Share capital issued	-	-	20
Net cash generated by financing activities	-	-	20
Net (decrease)/increase in cash and cash equivalents	(234)	820	2,009
Cash and cash equivalents at the beginning of the period	4,554	2,545	2,545
Cash and cash equivalents at the end of the period	4,320	3,365	4,554

Represented by:

Cash and cash equivalents	4,320	3,365	4,554
	4,320	3,365	4,554

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Notes to the Interim Accounts for the six months ended 31 March 2008

1 The financial information set out in this report does not constitute full accounts for the purposes of Section 240 of the Companies Act 1985. The interim accounts for the six months ended 31 March 2008 and 31 March 2007 are unaudited. The comparative figures for the financial year ended 30 September 2007 are not the Company's statutory accounts for the financial year but are abridged from those accounts which have been reported on by the Company's auditors, whose report on the consolidated financial statements prepared under International Financial Reporting and Accounting Standards, was unqualified. The interim accounts have been prepared on the basis of the accounting policies set out in the annual financial statements of the Group for the year ended 30 September 2007.

The interim accounts were approved by the Directors on 27 May 2008.

2 Amounts denominated in US Dollars have been converted at the closing rate on 31 March 2008 of £1 to $2.00 (31 March 2007: $1.96; 30 September 2007: $2.05). The results of the US subsidiary undertaking have been translated on a monthly basis at the average rate ruling during each month.

3 The figures for basic earnings per share are based on the profit attributable to the Group of £1,042,344 (31 March 2007: profit - £432,000 ; 30 September 2007: profit - £1,289,379 and on the weighted average number of ordinary shares in issue during the period ended 31 March 2008: 109,499,098 (31 March 2007: 107,524,098; 30 September 2007: 109,499,098).

The figures for fully diluted profit per share include the weighted average number of ordinary shares in issue and, in addition, shares that would arise from the exercise of 888,215 share options, as further described in Note 6, that would give a total of 110,387,313 shares at 31 March 2008 (31 March 2007: 108,412,313; 30 September 2007: 110,387,313).

In order to show results from operating activities on a comparable basis, an adjusted profit per share has been calculated which excludes the long term incentive scheme charge of £491,358 from the results (six months ended 31 March 2007: £315,000; year ended 30 September 2007: £357,000).

4 The Directors do not propose an interim dividend.

5 On 3 March 2008, the Company made an investment of £1,500,000 in the Impax Environmental Leaders Fund ("IEL"). The investment took the form of 1,500,000 £1 accumulation shares. IEL, which is managed by a subsidiary undertaking of the Company, launched on 3 March 2008 and had a total net asset value ("NAV") of £1,785,826 at 31 March 2008. The Group's investment in the IEL represents 85.2% of the NAV at 31 March 2008. These shares are held in custody under the control of the fund's depository and the Directors are therefore of the opinion that this investment does not constitute an associate undertaking due to insignificant control and influence.

6 Reconciliation of movements in capital and reserves: 1 October 2006 - 31 March 2007

	Share capital	Share premium	Special reserve	Exchange equalisation reserve	Treasury shares	Other reserve	Reta earn
	£'000	£'000	£'000	£'000	£'000	£'000	£
As at 1 October 2006	9,592	2,723	-	(845)	(149)	487	(5,
Profit for the period	-	-	-	-	-	-	
Exchange differences on consolidation	-	-	-	(91)	-	-	
Net issue of shares to Employee Benefit Trust	-	-	-	-	-	315	
Accrued cash equivalent of share options receivable by NOMAD	-	-	-	-	-	25	
As at 31 March 2007	9,592	2,723	-	(936)	(149)	827	(4,

6.1 Reconciliation of movements in capital and reserves: 1 April 2007 - 30 September 2007

	Share capital	Share premium	Special reserve	Exchange equalisation reserve	Treasury shares	Other reserve	Reta earn
	£'000	£'000	£'000	£'000	£'000	£'000	£
As at 1 April 2007	9,592	2,723	-	(936)	(149)	827	(4,
Profit for the period	-	-	-	-		-	
Exchange differences on consolidation	-	-	-	(66)	-	-	

Cancellation of deferred shares and share premium account	(8,517)	(2,723)	3,788	-	-	-	7
Transfer from special reserve to retained earnings	-	-	(3,788)	-	-	-	3
Net issue of shares to Employee Benefit Trust	20	19	-	-	(19)	42	
Accrued cash equivalent of share options receivable by NOMAD	-	-	-	-	-	25	
As at 30 September 2007	1,095	19	-	(1,002)	(168)	894	7

6.2 Reconciliation of movements in capital and reserves: 1 October 2007 - 31 March 2008

	Share capital	**Share premium**	**Special reserve**	**Exchange equalisation reserve**	**Treasury shares**	**Other reserve**	**Reta ear**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£**
As at 1 October 2006	1,095	19	-	(1,002)	(168)	894	7
Profit for the period	-	-	-	-	-	-	1
Exchange differences on consolidation	-	-	-	31	-	-	
Net issue of shares to Employee Benefit Trust	-	-	-	-	-	492	
Net sale of shares from Employee Benefit Trust	-	160	-	-	4	(3)	
Accrued cash equivalent of share options receivable by NOMAD	-	-	-	-	-	25	

As at 31 March 2008	1,095	179	-	(971)	(164)	1,408	8

Treasury Shares

The treasury shares relate to the holding of 16,328,618 ordinary shares in the Company by the EBT, representing 14.91% of the ordinary shares in issue at 31 March 2008. During the period the EBT sold 448,427 ordinary shares in the open market out of the 7,270,000 ordinary shares which vested to employees and their families on 30 September 2007.

Other reserve

(a) Net issue of shares to EBT

The results for the six months ended 31 March 2008 include a long term incentive scheme charge of £491,358 which comprises £101,013 in respect of the EBT scheme approved by shareholders on 4 February 2005 and £390,345 in respect of the extended proposals to the EBT scheme approved by shareholders on 31 January 2008. This is explained further below.

On 4 February 2005 shareholders approved the establishment by the Company of the Impax Group Employee Benefit Trust (the "EBT") as part of the Company's employee incentive arrangements. This provided for the issue of up to 18,250,000 shares to the EBT for the three years ended 30 September 2007. The allocation of Ordinary Shares to employees and their families via the EBT by the Company in the three years ended 20 September 2007 as part of the long term incentive scheme has given rise to a charge of £101,011 to the income statement for the six months ended 31 March 2008. This forms part of a total charge of £1,069,539, being:

- £463,464 evenly spread over the three years to 30 September 2007, which is the performance period for the 2005 share award
- £485,143 evenly spread over the three years to 30 September 2008, which is the performance period for the 2006 share award
- £120,932 evenly spread over the three years to 30 September 2009, which is the performance period for the 2007 share award

On 31 January 2008 shareholders approved the Company's proposals to extend the EBT as part of the Company's employee incentive arrangements. This provided for the issue of up to a further 18,250,000 shares to the EBT for the three years ended 30 September 2010. The allocation of Ordinary Shares to employees and families via the EBT by the Company in the three years ended 30 September 2010 as part of the long term incentive scheme has given rise to a charge of £390,347 to the income statement for the six months ended 31 March 2008. This forms part of a total charge of £6,661,250, being:

- £2,220,417 evenly spread over the three years to 30 September 2010, which is the performance period for the 2008 share award
- £2,220,417 evenly spread over the three years to 30 September 2011, which is the performance period for the 2009 share award
- £2,220,417 evenly spread over the three years to 30 September 2012, which is the performance period for the 2010 share award

It is calculated in accordance with the requirements of IFRS 2 “Share based payments” by reference to (a) the mid market price of an Ordinary Share of 6.375p on the approval date of 4 February 2005, (b) the mid market price of 36.5p on the approval date of 31 January 2008 (c) the Directors’ assumption that the EBT performance criteria will be met and all of the shares will vest to employees and their families and (d) in respect of the extended scheme covering the three years ended 30 September 2010, that these shares are awarded in equal tranches over the three year period. The dates of 4 February 2005 and 31 January 2008 are the agreed grant dates for all shares issued to employees and their families as these were the dates when substantially all terms and conditions were agreed by all parties.

The potential beneficiaries of the EBT include the executive directors and employees of the Group and their families.

In accordance with the requirements of SIC 12 “Consolidation – special purpose entities” and IAS 32, the assets and liabilities of the EBT have been included in the Company’s and Group’s accounts resulting in the inclusion of £163,287 treasury shares, £178,563 share premium, £4,025 retained earnings, £161,000 in other debtors and £1,315,969 included in other reserve.

(b) Share options
receivable by NOMAD
On 31 May 2006, the Company appointed Landsbanki Securities (UK) Limited ("Landsbanki"), (formerly Bridgewell Securities Limited) as nominated advisor and broker ("NOMAD") to the Group. For the twelve months following their appointment they received an option over 500,000 shares in the Company, exercisable at 20p within three years. For the period between twelve and twenty-four months following their appointment they will receive a further option over 388,215 shares in the Company exercisable at 25.76p within three years.

In the six months ended 31 March 2008 £25,002 (six months ended 31 March 2007: £25,002; year ended 30 September 2007: £50,004) was charged to the Income Statement and credited to Other reserve to reflect the cash equivalent of this compensation.

Copies of this interim statement will be sent to shareholders and are available free of charge from the Company’s registered office, Broughton House, 6 – 8 Sackville Street, London W1S 3DG. It is also available from our website www.impax.co.uk.