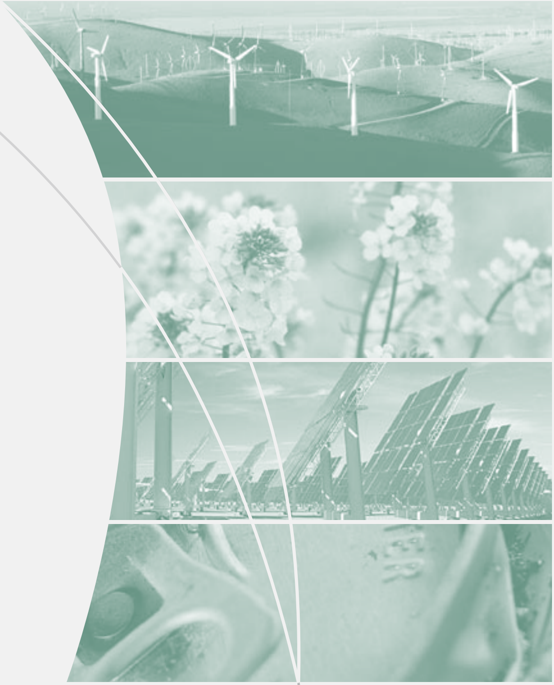


The environmental investment specialist

Impax Asset Management Group plc
Interim Report 2011

IMPAX

Impax Asset Management Group plc is a leading investment manager dedicated to the rapidly expanding environmental markets sector, focusing on alternative energy, water and waste.

In a world of increasingly scarce natural resources, inadequate infrastructure and unacceptable pollution, we believe that companies active in environmental markets will continue to offer investors excellent, risk-adjusted returns. We have over a decade of investment experience, a seasoned, stable team and a compelling track record.

We focus on a small number of carefully chosen investment strategies, and manage or advise pooled vehicles and segregated accounts for institutional investors in multiple countries. Our business is scalable, with a strong distribution network, has an efficient capital structure and generates significant free cash flow.

Contents

IMPAX

Highlights
(for the six months ended 31 March 2011)

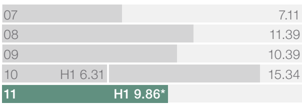
> **Increase in AUM[1] of 30% to £2,362 million (31 March 2011)**
> Further increase to £2,372 million (30 April 2011)

> **Strong first half revenue and profit**
> Revenue increased 56% to £9.86 million (2010: £6.31 million)
> Profit before tax (unaudited) £2.05 million[2] (2010: £1.67 million)

> **Second private equity fund continued to attract capital**
> Current commitments of €297 million

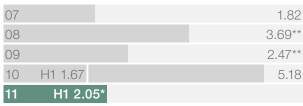
1 Assets under management and advisory.
2 Including an exceptional charge of £1.53 million related to a change in the taxation rules applicable to the Company's long-term incentive scheme.

Revenue
£Million



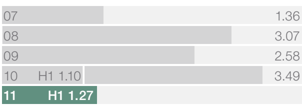
* Unaudited

Profit before tax
£Million



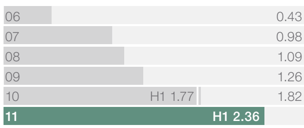
* Unaudited – includes £1.5m exceptional charge
** Restated

Earnings per share*
pence



* Diluted adjusted

AUM
£Billion



Chief Executive's Statement

Impax Asset Management Group plc continues to make progress in building out its franchise as a high quality investment manager serving investors who are seeking exposure to opportunities in the rapidly expanding environmental markets sector.

After the strong stock market rally during the second half of 2010, the investment climate over the first five months of 2011 has been more volatile, with uncertainty about the medium-term effects of quantitative easing in the United States, the prognosis for inflation, and the stability of peripheral economies in Europe all unsettling investors. Against this backdrop, Impax Asset Management Group plc ("Impax" or the "Company") has made significant progress during the first half of its financial year (the "Period" between 1 October 2010 and 31 March 2011) in building out its franchise as a high quality investment manager in the rapidly expanding environmental markets sector (the "Sector").

Sector drivers

The Sector performed well during the Period, when the FTSE Environmental Opportunities All Share Index rose by 17.5 per cent, out-performing the MSCI World Index which rose 12.2 per cent. As the recovery of the global economy gathered pace, there was a sustained pick up in capital expenditure and a rise in commodity prices, both of which benefitted many Sector stocks. Unexpected political developments in the oil-exporting countries of the Middle East, and the Japanese earthquake and consequent damage to the Fukushima nuclear power station, led to a sharp uptick in support for alternative energy and energy efficiency. Meanwhile in March, as anticipated, the Chinese government confirmed in a new Five Year Plan its strong support for energy efficiency and renewable energy as well as investment in water and waste management infrastructure.

Although news-flow affecting the Sector was generally positive during the Period, there were headwinds in particular sub-sectors which reinforced the potential benefits of active investment management. For example, in spite of rapid market growth, renewable energy stocks continued to suffer from sector over-capacity and investor concerns over government subsidies.

AUM and financial results for the period

Impax's assets under management and advisory ("AUM") increased 30 per cent from £1,823 million on 30 September 2010 to £2,362 million on 31 March 2011. By 30 April 2011, AUM had increased further to £2,372 million.

Revenue for the six months to 31 March 2011 increased to £9.86 million (2010: £6.31 million). The unaudited result for the period was a profit before tax of £2.05 million (2010: £1.67 million). Profit before tax includes an exceptional charge for Employer's National Insurance of £1.53 million now considered payable in respect of the Company's Long-Term Incentive Scheme as further described in Note 5 to the accounts. We expect that in future periods we will receive corporation tax benefits which will offset some or all of this cost. The operating margin for the underlying business, which excludes the exceptional charge, fair value gains and the change in third party interest in consolidated funds, increased to 29 per cent (2010: 24 per cent).

The Board regards the most relevant measure of the Period's earnings to be diluted earnings per share ("EPS") as adjusted to include the dilutive effect of unvested share awards. On this basis EPS was 1.27p which includes a 1.01p charge in respect of Employer's National Insurance, and represents a 15% increase compared to last year.

At the Annual General Meeting on 2 March 2011, Impax shareholders approved payment of a dividend of 0.6 pence per share (2009: 0.4 pence). The Board expects to continue to recommend annual dividend payments in the future.

Listed equities

Our investment strategies following listed equities have continued to perform well. Over the 12 months to 31 March 2011, when the MSCI World Index was up 7.4 per cent, the Environmental Specialists strategy, which focuses on small and mid cap stocks, returned 10.1 per cent, while the Environmental Leaders strategy, which includes larger and more diversified companies alongside leading "specialists", was up 9.9 per cent. These strategies have also performed well over the longer term; for example, over the five years to 31 March 2011 the Environmental Specialists strategy returned 38.6 per cent, while the MSCI World Index grew by 20.0 per cent.

Our Asia-Pacific portfolio has also performed well. Since launch in October 2009, Impax Asian Environmental Markets plc ("IAEM"), our principal client for this strategy, has returned 29.1 per cent while the MSCI AC Asia-Pacific ex Japan Index was up 27.9 per cent. Given the attractive valuation of this portfolio, which, at the time of writing, is trading at a price-earnings ratio of ca. 12.8 with expected forward earnings growth of 21 per cent per annum, IAEM has recently introduced a moderately sized gearing facility.

Private equity

We have continued to work on two fronts in private equity: to build and realise value in the portfolio of our first fund, Impax New Energy Investors ("NEF1"), which is invested in wind and solar projects and companies across Europe; and to raise capital for and commence the investment of our second fund, Impax New Energy Investors II ("NEF2"), which is following a similar strategy.

The NEF1 portfolio, in which the majority of capital is committed to projects that have been built under our stewardship and are now operating, continues to generate significant cash flow. We have been encouraged by the quality of these assets and expect to agree final acceptance certificates with their constructors during the remainder of calendar 2011. Although the portfolio has some exposure to Spain, where the government confirmed retrospective changes to tariffs for projects built in 2007 and 2008, we were able to revalue Impax's investment in NEF1 from €2.67 million (equal to the cash disbursed to the fund) to €3.05 million.

Meanwhile, we have to date secured €297 million of capital commitments to NEF2, and are currently in dialogue with additional investors who may join the fund before its final close later this summer. The first investments for this fund, which we sourced through a transaction with German company Conergy AG, are making good progress, in particular in advancing the development of projects in the wind sector in France.

Fund flows and distribution

Net inflows into Listed Equities funds and accounts were £221 million during the Period, including £131 million of new capital into IAEM.

We continue to work intensively with our core distribution partners. During the Period, our partnership with BNP Paribas Investment Partners led to a mandate with the LD Pension Fund in Denmark and to a new contract to sub-manage the BNP Paribas L1 Green Future Fund; we are confident of further success with this channel. Separately, we have scaled up our marketing activity in the United States with the hiring of a full time Managing Director, our first recruit in North America, and more intensive support for our partners PaxWorld and Titanium Asset Management, including more frequent visits by our senior team.

Infrastructure and support

We have continued to make selected investments in our staff and systems to implement sound industry practice and position Impax to take on new clients. The principal development during the Period was the incorporation of Impax Asset Management (Hong Kong) Ltd, a fully owned subsidiary that will act as our gateway to the Asia-Pacific region. We have recently recruited a second investment team member to join the Hong Kong office.

During the Period we completed a SAS 70 internal control report for our Listed Equity business, which has been welcomed by many of our clients.

At the date of this report, our total headcount is 44 permanent and five temporary staff, up from 40 permanent and four temporary staff at 1 October 2010. The new hires include a full-time General Counsel and a part-time HR Director, both of whom are already making strong contributions to our business.

In late 2008 we moved into premises that provided 5,000 square feet of accommodation and substantial capacity for expansion. Given the growth of the business over the past few years, we have recently taken advantage of a break clause in our lease and agreed to move to a nearby property with ca. 10,000 square feet of space under a lease that expires in December 2015. We estimate that this will provide space for up to 80 staff.

Remuneration

As set out in previous statements, Impax's remuneration policy is designed to provide attractive compensation to talented staff and to align interests between employees and non-staff shareholders.

In March we announced that the performance targets in relation to the company's long-term incentive scheme had been met and that the Board had approved the granting of awards in respect of 18.25 million ordinary shares to certain employees. The shares will vest provided beneficiaries remain employed by the Company until 30 September 2012. Employees and Board members now have an interest in approximately 35 per cent of the Company's diluted share capital, including 15 per cent in unvested share awards.

Following the successful conclusion of this scheme, and in light of current reviews of compensation in the financial services sector, the Board is currently undertaking a review of compensation and intends to report back to investors later in the year.

Business property relief

We understand that shares in Impax Asset Management Group plc are "relevant business property" for UK Inheritance Tax Business Property Relief purposes (noting that any application is a matter between the investor, or their advisor, and HMRC).

Prospects

Notwithstanding the current uncertainties in equity markets, we are struck by the acceleration of the trends on which Impax's business is based, particularly the investment opportunities arising from the rapid adoption of products and services based on cleaner, more efficient technology. In the energy sector over the past 18 months, each of the traditional sources has experienced a major dislocation, and the implementation of policy to hasten the adoption of energy efficiency, renewable energy and clean transportation has continued to accelerate. Similarly, investment in water and waste management infrastructure continues to expand in order to satisfy rapidly urbanising and/or wealthier populations, and to provide protection against increasingly frequent extreme weather events.

Given the attractive valuations of companies in our chosen Sector, we are well positioned to leverage our strong distribution network and tap into latent investor demand for exposure to these compelling markets. I look forward to reporting on further progress at the year end.

Ian Simm
1 June 2011

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 31 March 2011

	Note	**Six months ended 31 March 2011 £'000**	Six months ended 31 March 2010 £'000	Year ended 30 September 2010 £'000
Revenue		**9,858**	6,313	15,339
Operating costs:	5			
Exceptional long-term incentive scheme NIC charge		**1,530**	–	–
Share based payment charge		**–**	–	–
Other operating costs		**6,962**	(4,787)	(11,512)
Fair value gains	6	**702**	168	3
Change in third party interest in consolidated fund	7	**(117)**	(55)	152
Profit from operations		**1,951**	1,639	3,982
Investment income		**102**	31	1,195
Profit before taxation		**2,053**	1,670	5,177
Taxation	8	**(454)**	(468)	(1,378)
Profit for the period		**1,599**	1,202	3,799
Other comprehensive income				
Tax benefit on long-term incentive schemes		**14**	–	–
Exchange differences on translation of foreign operations		**(17)**	(4)	1
Total other comprehensive income		**(3)**	(4)	1
Total comprehensive income for the period attributable to equity holders of the parent		**1,596**	1,198	3,800
Basic earnings per share	9	**1.47p**	1.10 p	3.50 p
Diluted earnings per share (restated*)	9	**1.46p**	1.10 p	3.49 p

* See Note 3.

All profit for the period is derived from continuing operations.

The notes on pages 8 to 15 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position
as at 31 March 2011

	Note	As at 31 March 2011 £'000	As at 31 March 2010 £'000	As at 30 September 2010 £'000
ASSETS				
Non-current assets				
Goodwill	11	**1,629**	1,629	1,629
Intangible assets		**45**	108	76
Property, plant and equipment		**251**	354	297
Other financial assets	12	**–**	759	–
Investments		**19**	17	16
Trade and other receivables		**–**	65	–
Deferred tax asset		**–**	279	–
		1,944	3,211	2,018
Current assets				
Trade and other receivables		**3,104**	3,957	3,919
Other financial assets	12	**–**	478	2,242
Investments	13	**4,595**	5,043	7,007
Current tax asset		**376**	–	217
Cash and cash equivalents	14	**16,293**	6,054	11,729
		24,368	15,532	25,114
TOTAL ASSETS		**26,312**	18,743	27,132
EQUITY AND LIABILITIES				
Equity				
Ordinary shares		**1,156**	1,156	1,156
Share premium		**78**	78	78
Exchange translation reserve		**(173)**	(161)	(156)
Own shares		**(59)**	(59)	(59)
Treasury shares		**(453)**	(453)	(453)
Retained earnings		**17,427**	13,600	16,337
TOTAL EQUITY		**17,976**	14,161	16,903
Current liabilities				
Trade and other payables		**6,320**	1,484	7,128
Third party interest in consolidated fund		**–**	1,987	1,506
Short-term borrowings	14	**677**	1,065	648
Current tax liability		**141**	46	142
		7,138	4,582	9,424
Non-current liabilities				
Deferred tax liability		**1,198**	–	805
TOTAL LIABILITIES		**8,336**	4,582	10,229
TOTAL EQUITY AND LIABILITIES		**26,312**	18,743	27,132

The notes on pages 8 to 15 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 March 2011

	Share capital £'000	Share premium £'000	Exchange translation reserve £'000	Own shares £'000	Treasury shares £'000	Retained earnings £'000	**Total £'000**
As at 1 October 2009	1,156	78	(157)	(59)	–	12,832	**13,850**
Profit for the period	–	–	–	–	–	1,202	**1,202**
Exchange differences on translation of foreign operations	–	–	(4)	–	–	–	**(4)**
Share buy back	–	–	–	–	(453)	–	**(453)**
Dividends paid	–	–	–	–	–	(434)	**(434)**
As at 31 March 2010	1,156	78	(161)	(59)	(453)	13,600	**14,161**
Profit for the period	–	–	–	–	–	2,596	**2,596**
Exchange differences on translation of foreign operations	–	–	5	–	–	–	**5**
Long-term incentive scheme charge	–	–	–	–	–	141	**141**
As at 30 September 2010	1,156	78	(156)	(59)	(453)	16,337	**16,903**
Profit for the period	–	–	–	–	–	1,599	**1,599**
Exchange differences on translation of foreign operations	–	–	(17)	–	–	–	**(17)**
Long-term incentive scheme charge	–	–	–	–	–	128	**128**
Tax benefit on long-term incentive schemes	–	–	–	–	–	14	**14**
Dividends paid	–	–	–	–	–	(651)	**(651)**
As at 31 March 2011	1,156	78	(173)	(59)	(453)	17,427	**17,976**

The notes on pages 8 to 15 are an integral part of the condensed consolidated financial statements.

All equity is attributable to owners of the parent.

Condensed Consolidated Statement of Cash Flows
for the six months ended 31 March 2011

	Note	**Six months ended 31 March 2011 £'000**	Six months ended 31 March 2010 £'000	Year ended 30 September 2010 £'000
Cashflows from operating activities				
Profit before taxation		**2,053**	1,670	5,177
Adjustments for:				
Investment income		**(102)**	(31)	(1,195)
Depreciation of property, plant and equipment		**117**	100	206
Amortisation of intangible assets		**30**	35	75
Fair value gains		**(702)**	(171)	(3)
Long-term incentive scheme charge		**128**	–	141
Change in third-party interest in consolidated fund		**117**	–	(152)
Translation differences		**–**	20	–
Operating cash flows before movement in working capital		**1,641**	1,623	4,249
Decrease/(increase) in receivables		**830**	(1,241)	(1,115)
(Decrease)/increase in payables		**(808)**	(2,825)	2,559
Cash generated from/(used by) operations		**1,663**	(2,443)	5,693
Corporation tax paid		**(197)**	(315)	(261)
Net cash generated from operating activities		**(1,466)**	(2,758)	5,432
Investing activities:				
Interest received		**7**	31	56
Settlement of loans receivable	12	**2,337**	–	–
Proceeds on sale of investments		**358**	–	1,195
Proceeds on sale of investments held by the consolidated fund		**2,843**	1,213	(2,107)
Purchase of investments		**(79)**	(2,161)	(2,134)
Purchase of intangible assets		**–**	–	(8)
Purchase of property, plant and equipment		**(71)**	(33)	(82)
Net cash generated from/(used by) investment activities		**5,395**	(950)	(3,080)
Financing activities:				
Dividends paid	10	**(651)**	(434)	(435)
Purchase of Treasury shares		**–**	(453)	(453)
Redemption of preference shares issued by the consolidated fund		**(1,623)**	–	(1,885)
Issue of preference shares by the consolidated fund		**–**	–	1,854
Net cash used by financing activities		**(2,274)**	(887)	(919)
Net increase/(decrease) in cash and cash equivalents		**4,587**	(4,595)	1,433
Cash and cash equivalents at the beginning of the period		**11,081**	9,600	9,600
Effect of foreign exchange rate changes		**(52)**	(16)	48
Cash and cash equivalents at the end of the period	14	**15,616**	4,989	11,081

The notes on pages 8 to 15 are an integral part of the condensed consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Statements
for the six months ended 31 March 2011

1 Reporting entity
Impax Asset Management Group plc is a public limited company that is incorporated and domiciled in the United Kingdom, and is listed on the Alternative Investment Market ("AIM"). The condensed consolidated interim financial statements of the Company for the six months ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

2 Statement of compliance
The interim report is unaudited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. These condensed consolidated interim financial statements have been prepared in accordance with IAS-34 "Interim Financial Reporting" as adopted by the EU and the AIM rules. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2010.

The comparative figures for the financial year ended 30 September 2010 are not the Company's statutory accounts for that financial year. Those accounts, prepared in accordance with IFRS as adopted by the EU, have been reported on by the Company's auditors and delivered to Companies House. The report of the auditors was (i) unqualified, (ii) did not include a reference to matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Copies of these accounts are available upon request from the Company's registered office at Mezzanine Floor, Pegasus House, 37–43 Sackville Street, London W1S 3EH or at the Company's website: www.impax.co.uk.

These condensed consolidated interim financial statements were approved by the Board of Directors on 1 June 2011.

3 Significant accounting policies
The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 September 2010. The Group has adopted no new accounting standards that have had an impact on the Statement of Comprehensive Income or the Statement of Financial Position. Whilst preparing the interim accounts it became apparent that the deferred tax liability of £805,000 as at 30 September 2010 had been included as a current liability instead of a non-current liability. The reclassification had no effect on the net assets as at 30 September 2010.

Adjustments for the period ended 31 March 2010

Earnings per share

The weighted average number of shares used in the calculation of diluted earnings per share for the period to 31 March 2010 has been adjusted to exclude shares held in the EBT. These shares should not be included as the price condition for their award had not been met at 31 March 2010. The impact of this adjustment is to increase diluted earnings per share as shown in the table below:

	Six months ended 31 March 2010
The weighted average number of shares used in the calculation of diluted earnings per share as previously reported (000s)	114,696
Adjustment (000s)	(5,747)
The weighted average number of shares used in the calculation of diluted earnings per share as restated (000s)	108,949

Diluted earnings per share as previously reported (pence)	1.05 p
Adjustment (pence)	0.05 p
Diluted earnings per share as restated (pence)	1.10 p

4 Estimates
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were: i) judgements and estimates made in the valuation of unlisted current asset investments; ii) determining whether managed funds should be consolidated; and iii) determining the size of the charge for Employer's National Insurance Contributions payable on long-term incentive schemes.

5 Operating costs
Operating costs for the six months ended 31 March 2011 include an exceptional charge of £1,530,000 in respect of Employer's National Insurance Contributions ("NIC") now considered payable in connection with the Group's Employee Incentive Arrangement (Original Scheme).

5 Operating costs continued

The Group has three long-term incentive scheme arrangements, the Employee Incentive Arrangement (Original Scheme) ("EIA Original"), the Employee Incentive Arrangement (Extension Scheme) ("EIA Extension") and the 2009 Share Option Plan.

EIA Original

Under this scheme a total of 16,777,045 shares were allocated to sub-funds for the benefit of employees and their families under the Impax Group Employee Benefit Trust 2004 (the "EBT"). These shares ceased to be subject to the risk of revocation for the employee ceasing employment on 30 September 2007, 2008 and 2009. The Group recorded an IFRS 2 "Share based payment" charge in the periods to 30 September 2009 in respect of these awards. During December 2010 HM Revenue & Customs issued a consultation paper proposing various changes to taxation of awards delivered and yet to be delivered under employee benefit trusts. Subsequently both HMRC and the Chancellor of the Exchequer have provided further clarification. In light of these changes the Group now expects that some or all of the EBT beneficiaries will, at some stage, request the EBT Trustee at its discretion to transfer Impax ordinary shares or other assets held in the name of employees and their families from the EBT to one or more of the beneficiaries whereupon the Group would be required to pay Employer's NIC on the value of the shares or other assets removed. In line with requirements of International Financial Reporting Standards the Group has provided for these future payments. Given the one off nature and size of the charge it has been classified as exceptional.

If and when the EBT Trustee agrees to transfer assets held in the EBT to beneficiaries and if the assets transferred are in the form of the Company's ordinary shares, the Group also expects to be eligible for a corporation tax deduction equal to the value of those ordinary shares. Where the Trustee has transferred ordinary shares out of the Trust in the period from December 2010 to the date of this report the benefit of the tax deduction has been recognised in these financial statements. If the amount of the tax deduction exceeds the cumulative share based payment expense the excess of the associated tax benefit is recognised in other comprehensive income. Any amount included in other comprehensive income is included in the Group's definition of adjusted earnings as explained in note 9. At the date of this report the Trustee had transferred 100,000 shares out of the EBT giving rise to a total tax benefit of £19,000 with £5,000 recorded in profit after taxation and £14,000 in other comprehensive income. At the date of this report 15,368,781 shares remained in the EBT.

EIA Extension

Under this scheme, which was approved by shareholders on 31 January 2008, awards in respect of 18.25 million of the Company's ordinary shares could be allocated to employees subject to performance conditions for each of the three years ended 30 September 2008, 2009 and 2010. On 16 March 2011 the Group announced that the conditions in respect of the year ended 30 September 2010 had been met. On 1 April 2011, the awards were granted when the Trustee of the EBT agreed to allocate 4 million ordinary shares to a sub-fund of the EBT of which Ian Simm, the Company's Chief Executive, and his family are beneficiaries and when 14.05 million Long-Term Incentive Plan ("LTIP") options were awarded to other employees.

The awards allocated to the EBT sub-fund for Ian Simm and his family are subject to revocation in certain circumstances including Ian Simm ceasing to be employed prior to 30 September 2012.

The LTIP options have a 1p exercise price and will vest to individuals remaining employed on 30 September 2012. They may then be exercised over a period from 1 October 2012 to 31 December 2020.

Individuals receiving LTIP Options are also eligible for an additional retention payment (the "Additional Payment") payable six months after the end of the financial year in which each employee exercises his or her LTIP Options. The Additional Payment will be equal to the the corporation tax benefit realised by the Group on the exercise of the LTIP Options minus the amount of the Employer's NIC charge suffered by the Group on the exercise of the LTIP Options.

The Group will accrue for the IFRS 2 "Share based payment" charge for shares allocated under the EBT and the LTIP options from the date of grant, which is deemed to be 1 April 2011, to the date of vesting which is deemed to be 30 September 2012. This charge will be excluded from the Group's definition of adjusted profit after tax as explained in note 9.

The Group will accrue for the Employer's NIC, the Additional Payment and the related tax benefits over the same period.

2009 Share Option Plan

In December 2009 1,240,000 zero exercise price options over the Company's shares were granted to certain employees. The awards do not have performance conditions but do have a time vesting condition such that the options vest on 30 September 2012 subject to the continued employment of the participant.

6 Fair value gains
Fair value gains include those arising on revaluation of listed and unlisted investments held by the Group including those held by the Group's consolidated fund (see note 13) and any gains or losses arising on short positions held by the Group's consolidated fund and shown within trade and other payables.

7 Change in third party interest in consolidated fund
This entry removes the fair value gains or losses and other operating costs recorded in the Group's consolidated fund (see note 13) which are attributable to third party investors in the fund.

8 Taxation
The tax assessment for the period is lower than the standard rate of corporation tax in the UK for the period (28%). The differences are explained below:

	Six months ended 31 March 2011 £'000	Six months ended 31 March 2010 £'000	Year ended 30 September 2010 £'000
Profit before tax	**2,053**	1,670	5,177
Tax charge at 28%	**575**	468	1,450
Non deductible expenses and charges	**28**	–	51
Tax effect of previously unrecognised tax losses	**(98)**	–	(177)
Impact of announced reductions in UK tax rates from 28% to 26% on deferred tax liabilities	**(57)**	–	–
Effect of higher tax rates in foreign jurisdictions	**11**	–	46
Other	**–**	–	8
Tax benefits on long-term incentive schemes where charge is recognised in prior years (EIA Original) (see note 5)	**(5)**	–	–
Total income tax expense	**454**	468	1,378

9 Earnings and earnings per share
Adjusted earnings

In order to better reflect the underlying economic performance of the Group an adjusted earnings has been calculated. The adjustment i) excludes the IFRS 2 "Share based payment" charge in respect of schemes where shares awarded are satisifed by the issue of new shares (the EIA Original and EIA Extension), and ii) includes the tax benefit recognised in other comprehensive income in respect of transfers out of the EBT and the excercising of LTIP options.

	Six months ended 31 March 2011 £'000	Six months ended 31 March 2010 £'000	Year ended 30 September 2010 £'000
Earnings	**1,599**	1,202	3,799
IFRS 2 Share based payment charge (see note 5)	**–**	–	–
Tax benefit on long term incentive scheme included in other comprehensive income (see note 5)	**14**	–	–
Adjusted earnings	**1,613**	1,202	3,799

9 Earnings and earnings per share continued

The earnings per share on an IFRS and adjusted basis are as shown below.

IFRS earnings per share

	Earnings for the period £'000	Ordinary shares in issue (weighted average) '000	Earnings per share
Six months ended 31 March 2011			
Basic	**1,599**	108,454	1.47p
Diluted	**1,599**	109,280	1.46p
Six months ended 31 March 2010			
Basic	1,202	108,810	1.10p
Diluted	1,202	108,949	1.10p
Year ended 30 September 2010			
Basic	3,799	108,632	3.50p
Diluted	3,799	108,828	3.49p

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Six months ended 31 March 2011 £'000	Six months ended 31 March 2010 £'000	Year ended 30 September 2010 £'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**108,454**	108,810	108,632
Additional dilutive shares re EIA Extension and 2009 Share Option Plan	**19,290**	1,240*	1,240*
Adjustment to reflect unexpensed IFRS 2 charge** and date of grant	**(18,464)**	(1,101)	(1,044)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**109,280**	108,949	108,828

* There were no dilutive shares in respect of the EIA Extension Scheme for the six months ended 31 March 2010 or the year ended 30 September 2010 as the price condition in respect of this scheme had not been met at 31 March 2010 or at 30 September 2010.

** This adjustment is required under IFRS to reflect the fact that there is an unexpensed IFRS 2 "Share based payment" charge to be made in earnings in respect of the dilutive share awards.

Notes to the Condensed Consolidated Interim Financial Statements continued

for the six months ended 31 March 2011

9 Earnings and Earnings per share continued

Adjusted earnings per share

	Adjusted earnings for the period £'000	Ordinary shares in issue (weighted average) '000	Earnings per share
Six months ended 31 March 2011			
Basic adjusted	1,613	108,454	1.49p
Diluted adjusted	1,613	127,328	1.27p
Six months ended 31 March 2010			
Basic adjusted	1,202	108,810	1.10p
Diluted adjusted	1,202	108,949	1.10p
Year ended 30 September 2010			
Basic adjusted	3,799	108,632	3.50p
Diluted adjusted	3,799	108,828	3.49p

The number of ordinary shares for the purposes of adjusted diluted earnings per share includes all shares awarded under the EIA Extension and reconciles to the number of ordinary shares used in the calculation of basic adjusted earnings per share as follows:

	Six months ended 31 March 2011 '000	Six months ended 31 March 2010 '000	Year ended 30 September 2010 '000
Number of ordinary shares used in the calculation of basic adjusted earnings per share	**108,454**	108,810	108,632
Additional dilutive shares re EIA Extension and 2009 Share Option Plan	**19,290**	1,240	1,240
Adjustment to reflect unexpensed IFRS 2 charge**	**(416)**	(1,101)	(1,044)
Weighted average number of ordinary shares used in the calculation of diluted adjusted earnings per share	**127,328**	108,949	108,828

* There were no dilutive shares in respect of the EIA Extension Scheme for the six months ended 31 March 2010 or the year ended 30 September 2010 as the price condition in respect of this scheme had not been met at 31 March 2010 or at 30 September 2010.

** This adjustment is made to reflect the fact that there is an unexpensed IFRS 2 "Share based payment charge" to be made in adjusted earnings in respect of the 2009 Share Option Plan (this scheme is not satisfied through issue of primary shares).

10 Dividends

On 2 March 2011, at the Group's Annual General Meeting, payment of a 0.60p per share dividend in respect of the year ended 30 September 2010 (2009: 0.40p per share) was approved. The Trustee of the Impax Employee Benefit Trust waived their rights to part of this dividend, leading to a total dividend payment of £651,000. This was paid on 4 March 2011.

The directors do not propose an interim dividend for the six months ended 31 March 2011.

11 Goodwill

Cost	£'000
At 31 March 2010, 30 September 2010 and 31 March 2011	1,629

Goodwill arose on the acquisition of Impax Capital Limited on 18 June 2001.

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill may be impaired.

12 Other financial assets

	31 March 2011 £'000	31 March 2010 £'000	30 September 2010 £'000
Loan receivable			
Due after one year	–	759	-
Due within one year	–	478	2,242
	–	1,237	2,242

13 Current asset investments

	Unlisted investments £'000	Listed investments £'000	Total £'000
At 1 October 2009	300	3,627	3,927
Additions/(Disposals)	2,110	(1,212)	898
Fair value movements	–	168	168
Foreign exchange	50	–	50
At 31 March 2010	2,460	2,583	5,043
Additions/(Disposals)	(38)	2,186	2,148
Fair value movements	148	(351)	(203)
Foreign Exchange	(89)	108	19
At 30 September 2010	2,481	4,526	7,007
Additions/(Disposals)	52	(3,175)	(3,123)
Fair value movements	338	308	646
Foreign exchange	65	–	65
At 31 March 2011	2,936	1,659	4,595

Listed investments

On 21 May 2007, the Group made an investment of €2,200,000 (£1,507,000) in the Impax Absolute Return Fund ("IARF or consolidated fund"). The investment took the form of a subscription of 22,000 Euro Class A shares in the IARF, at €100 per share. During the financial year ended 30 September 2010 the shares were redominated as Sterling shares. The IARF, which is managed by a subsidiary undertaking of the Company had a total net asset value ("NAV") of £1,856,230 at 31 March 2011. During the period ended 31 March 2011 all investors apart from the Group redeemed the shares they held and accordingly the Group's investment in the IARF represents 100% of the NAV at 31 March 2011 (30 September 2010: 52.98%; 31 March 2010: 52.08%). Throughout the periods presented the IARF has been consolidated and its underlying investments are included in listed investments in the above table.

The investments held by the IARF are revalued to market value using quoted market prices that are available at the date of these financial statements. The quoted market price is the current bid price.

Disposals in the period principally represent sales of investments held by the Impax Absolute Return Fund.

Unlisted investments

The Group has a €3.76m commitment to Impax New Energy Investors LP, a partnership based in England and Wales. At the period end the Group had invested a total of €2.74m (73% of the Group commitment). The Group's commitment of €3.76m represents 3.76% of the total commitment of all the partners in Impax New Energy Investors LP.

The Group has a further commitment of €2.6m to Impax New Energy Investors II LP, a partnership based in England and Wales which was established on 23 March 2010. The additions in the period represent the 3rd and 4th loan call of the partnership. At the period end the Group had invested a total of €109,000 (4% of the Group's commitment). The Group's commitment of €2.6m represents 0.94% of the total commitment of all the partners in Impax New Energy Investors II LP. The Group is required to increase its commitment to equal 1% of the total commitments made to the fund at final close which will be in Summer 2011.

Notes to the Condensed Consolidated Interim Financial Statements continued
for the six months ended 31 March 2011

14 Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents includes the following:

	31 March 2011 £'000	31 March 2010 £'000	30 September 2010 £'000
Cash at bank and in hand			
Held by operating entities of the Group	**14,307**	2,344	8,339
Held by the consolidated fund	**1,986**	3,710	3,390
	16,293	6,054	11,729
Short-term borrowings			
Held by the consolidated fund	**(677)**	(1,065)	(648)
	15,616	4,989	11,081

15 Group risks
The Group's principal risks remain as detailed within the Directors' report of the Group's 2010 Annual Report and Financial Statements and are categorised as financial, investment, and operational.

16 Related party transactions
In the ordinary course of business, the Group undertakes transactions with related parties, as defined by IAS-24 Related party disclosures. Material related party transactions are set out below. There are no significant changes in the type or nature of related party transactions from those disclosed in the Group's 2010 Annual Report and Financial Statements.

All balances were unsecured. Unless stated otherwise balances outstanding were £nil.

Related party transactions with entities with significant influence over the Group
BNP Paribas Investment Partners is a related party of the Group by virtue of owning a 28.2% equity holding.

	Six months ended 31 March 2011 £'000	Six months ended 31 March 2010 £'000	Year ended 30 September 2010 £'000
Statement of Comprehensive Income			
Revenue	**1,136**	878	1,888
Operating costs	**35**	–	11

	31 March 2011 £'000	31 March 2010 £'000	30 September 2010 £'000
Statement of Financial Position			
Trade and other receivables	**572**	283	476
Trade and other payables	**46**	–	11

16 Related party transactions continued

Related party transactions with subsidiaries and associates

Impax New Energy Investors LP, Impax New Energy Investors II LP, Impax New Energy Investors IIB LP, Impax Carried Interest Partner LP, Impax Carried Interest Partner II LP and Impax New Energy Investors SCA are related parties of the Group by virtue of subsidiary undertakings acting as their General Partner.

	Six months ended 31 March 2011 £'000	Six months ended 31 March 2010 £'000	Year ended 30 September 2010 £'000
Statement of Comprehensive Income			
Revenue	3,182	1,188	4,367

	31 March 2011 £'000	31 March 2010 £'000	30 September 2010 £'000
Statement of Financial Position			
Non-current asset investments	**14**	13	13
Current asset investments	**2,778**	2,450	2,323
Trade and other receivables	**353**	–	1,263
Trade and other payables	**–**	–	7

Independent Review Report to Impax Asset Management Group plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2011 which comprise the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with IAS-34 "Interim Financial Reporting" as adopted by the EU.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2011 is not prepared, in all material respects, in accordance with IAS-34 as adopted by the EU and the AIM Rules.

J M Mills
for and on behalf of KPMG Audit Plc
Chartered Accountants
1 June 2011

One Canada Square
Canary Wharf
E14 5AG

Designed and produced by **Emperor Design Consultants Ltd**
Telephone **+44 (0)20 7729 9090 www.emperordesign.co.uk**

Impax Asset Management Group plc
Mezzanine Floor
Pegasus House
37–43 Sackville Street
London
W1S 3EH
United Kingdom

T: +44 (0) 20 7434 1122
F: +44 (0) 20 7434 1123
E: info@impax.co.uk
www.impax.co.uk

IMPAX