Impax Asset Management Group plc
("Impax" or the "Company")

Impax delivers a robust performance for year ended 30 September 2012
Strong cash flow and proposed increase in dividend

London, 29 November 2012 - Impax Asset Management Group plc, ("Impax" or the "Company"), the AIM listed investment manager dedicated to investing in the opportunities created by the scarcity of natural resources and growing demands for cleaner more efficient products and services, announces its final audited results for the year to 30 September 2012.

Financial performance

- Revenue: £18.6 million (2011: £20.9 million)
- Operating earnings: £4.6 million[1] (2011: £6.2 million)
- Loss before tax: £4.7 million (2011: profit of £1.7 million). This includes a charge of £8.7 million being the final component of charges related to the Company's historical share–based incentive schemes
- Assets under management ("AUM") at year end: £1.83 billion (2011: £1.90 billion)
- Diluted earnings per share: 2.57 pence (adjusted[2]) (2011: 3.74 pence (adjusted[2]))
- Shareholders' equity: £22.6 million (2011: £21.5 million) and cash reserves[3] of £19.3 million (2011: £20.0 million)
- Board recommending an increased dividend of 0.75 pence per share (2011: 0.70 pence per share)

[1] revenue less operating costs
[2] adjusted to exclude the IFRS2 charge for share schemes satisfied by primary shares
[3] includes cash invested in money market funds and long term deposit accounts

Keith Falconer, Chairman, commented:

"Impax has focused on the core business of managing portfolios of listed and private securities on behalf of investors and has delivered a robust performance in a challenging year. We are pleased to have performed well against our peers and our environmental comparator indices. Our cash flow remains strong and we are proposing a modest dividend increase for the year to 0.75 pence per share, in line with the Board's progressive dividend policy and reflecting our confidence in the Group's future growth potential."

Ian Simm, Chief Executive, commented:

"In the wake of severe drought in the US, rising incidence of extreme weather events and growing demand from urbanising populations around the world for energy, water and waste management services, investors are increasingly interested in backing companies that are providing solutions to resource scarcity. With an investment track record dating back more than a decade, Impax has continued to strengthen its capabilities to assist these investors."

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Chairman's Statement

For the Year Ended 30 September 2012

The drivers behind resource efficiency and environmental markets have once again strengthened, further underpinning the attractiveness of the investment area in which Impax operates.

Over the past 12 months, the prospects for equity investors have remained uncertain as growth in the global economy has been elusive and problems in the Eurozone intractable. In spite of these headwinds, Impax has delivered a robust performance and has continued to invest in order to position the business for further growth.

During the Company's financial year from 1 October 2011 to 30 September 2012 (the "Period"), assets under discretionary and advisory management ("AUM") initially rose from £1.90 billion to £2.03 billion at the end of the first half, before falling back to £1.83 billion. Since the end of the Period, equity markets have weakened further and AUM declined slightly, reaching £1.80 billion on 31 October 2012.

Notwithstanding sustained equity market volatility, the drivers behind resource efficiency and environmental markets have once again strengthened, further underpinning the attractiveness of the investment areas in which Impax operates. For example, acute drought in the United States and the recent impact of Hurricane Sandy have raised the likelihood that a re-elected President Obama will promote additional investment in clean energy and water infrastructure, while across the planet there has been a notable increase in evidence pointing to faster than expected climate change, for example the steep decline in the summer coverage of sea ice in the Arctic Ocean compared to previous years.

Institutional investors are increasingly interested in analysing the risks and opportunities arising from these changes, providing us with further opportunity for dialogue and, we believe, the potential for increased commitment of capital to our funds and accounts. Accordingly, we have continued to invest incrementally in our capabilities, particularly in the areas of client service in the United States and the development of investment management expertise across the food and agriculture sectors.

Results for the year and proposed dividend

Revenue to 30 September 2012 was £18.6 million (2011: £20.9 million). Operating earnings[1] for the year were £4.6 million (2011: £6.2 million) and the associated operating margin was 24% (2011: 30%). The decrease in revenue and profits compared to the corresponding 2011 financial year, reflect a combination of lower average AUM for the year and a moderately higher fixed cost base arising from the investment we have made in further strengthening the Company's platform to manage additional sector regulation and to prepare for further growth.

Profit before tax ("PBT") for the Period was a loss of £4.7 million (2011: profit of £1.7 million). PBT was impacted by £8.7 million (2011: £5.4 million) of charges associated with the Company's historical share-based incentive schemes. £1.0 million of this charge is directly offset by a corresponding tax gain. PBT also included fair value losses of £0.7 million arising primarily from the Company's investments into the Impax Green Markets Fund which we have set up in the United States for domestic investors, and our first private equity fund, in part due to the strengthening of Sterling against the Euro and the Dollar.

The Board regards the most relevant measure of the year's earnings to be diluted earnings per share ("EPS"). On this basis diluted EPS for the year was 2.57 pence (adjusted[2]), including 0.42 pence due to the fair value losses. For 2011, diluted EPS was 3.74 pence (adjusted[2]). Diluted EPS before adjustment was (4.32) pence in 2012 and 0.93 pence in 2011.

The Group's balance sheet strengthened during the year with continued cash generation from operating activities. At the end of the financial year, shareholders' equity had increased to £22.6 million (2011: £21.5 million) and cash reserves held by operating entities of the Group were £19.3 million (2011: £20.0 million). The slight decrease in cash included the impact of the Company's US$5 million seed investment into the Impax Green Markets Fund. Current asset investments held at the year-end were £8.7 million (2011: £3.9 million). The Group remained debt-free throughout the Period.

In light of the Company's sustained strong cash flow and progressive dividend policy, the Board recommends an increased dividend of 0.75 pence per share (2011: 0.70 pence per share). The dividend proposal will be submitted for formal approval by shareholders at the forthcoming Annual General Meeting on 13 February 2013. If approved, the dividend will be paid on or around 20 February 2013. The record date for the payment of the proposed dividend will be 25 January 2013 and the ex-dividend date will be 23 January 2013. In line with the Company's stated policy, the Board does not currently intend to recommend the payment of interim dividends.

Remuneration

In accordance with the Company's updated remuneration policy (which was described in the 2011 Annual Report), during the Period the Board confirmed the grant of five million Employee Share Option Plan ("ESOP") options to management and staff in respect of their performance for the financial year ended 30 September 2011. The strike price was set at 49.6 pence and the options will vest on 31 December 2014.

Share Buy-backs and Share Issuance

During the Period the Board commenced the buyback of the Company's shares into Treasury, with the aim of reducing the requirement to issue new shares to satisfy the exercise of options awarded under the ESOP. To date, 3.5 million shares have been purchased since the start of the buyback programme, and the Company expects further purchases to be made from time to time while continuing to evaluate attractive alternative uses of the Company's cash resources. Separately, in accordance with the approval given by Shareholders in January 2008, the Company plans shortly to issue 12.2 million shares which will be available to satisfy exercises of vested option schemes, taking the total shares in issue to 127.7 million.

Prospects

Since the end of the Period we have seen a clear outcome in the US elections and evidence of a smooth leadership transition in China, but on-going macro-economic problems in the Eurozone. Against this complex backdrop, equity markets appear once again to be factoring in a significant risk of disappointment in corporate earnings and outlook statements, and the potential for increased allocations to equities by institutional investors is unclear.

Nevertheless, as the case for active investment in resource efficiency and environmental markets becomes more compelling and better understood by investors, demand for specialist investment management expertise should continue to broaden and deepen. The Impax team has been successfully managing investment portfolios targeting these markets for more than 14 years and has a track record of planning for and delivering growth across a range of market circumstances. I am therefore confident that the Company is well positioned for further increase in shareholder value as conditions improve.

J Keith R Falconer
28 November 2012

[1]revenue less operating costs excluding £8.7 million (2011: £5.4 million) charge due to share incentive schemes

[2]adjusted to exclude the IFRS2 charge for share schemes satisfied by primary shares

Chief Executive's Report

For the Year Ended 30 September 2012

We continue to focus on delivering solid investment performance for our clients while carefully extending our research coverage and distribution channels.

During a financial year in which economic confidence has swung between apparent complacency and despair, the Impax management team has continued to focus on the core business of managing portfolios of listed and private securities on behalf of institutional investors, while investing selectively in expanding the Company's capabilities.

Sector developments

For many years, at the time of writing each semi-annual Impax report, a review of recent developments in the sectors in which the Company is investing has produced a wealth of evidence of strengthening market fundamentals: this report is no different. Nevertheless, investor confidence in some of these sectors, for example solar panel manufacturing, remains weak, and sector benchmarks have underperformed generic indices during 2012. Since the interim statement, when I summarised new policies to address climate change and improve energy efficiency in several countries, further capital expenditure on water management and treatment in China and additional regulations to curb pollution in the United States, there have been several notable announcements.

Probably most intriguing was the reaffirmation that, in the light of the Fukushima disaster in Japan, Germany is committed to a full shutdown of all nuclear power stations by 2022. This will require an investment of at least €300 billion in renewable energy, energy efficiency and grid strengthening, and has been the principal driver of sharp falls in the share prices of the country's principal power utilities E.ON and RWE, which are unlikely to receive full compensation for the premature shutdown of their nuclear assets. Meanwhile, Japan's new energy policy continues to evolve, with latest estimates suggesting a cumulative investment of US$1.5 trillion in renewables and energy efficiency over the next 20 years.

Demand for energy efficient products and services and for renewable energy continued to expand in most European countries. Although prospects for renewable energy in the UK were called into question by some vocal politicians, this sector once again grew rapidly as most countries sought to encourage lower carbon power generation capacity.

In August, the Obama administration raised the automotive manufacturers' average fuel efficiency standard from 35.5 miles per gallon by 2016 to 54.5 miles per gallon by 2025; in spite of Republican objections, this was widely endorsed by the manufacturers themselves, who appreciated the policy certainty over a time frame that allows them to manage their product development.

It is likely that the regulatory framework in the United States, which underpins other sectors in which Impax invests, will continue to strengthen in Obama's second term. The President has already announced that addressing climate change is a priority, while analysts are also pointing to the potential for tighter rules governing water abstraction in drought-prone areas, investment in flood defence and several initiatives related to higher energy efficiency.

Impax's target markets

The weakness of environmental stocks is illustrated by the performance of the FTSE Environmental Opportunities All Share Index, which returned 3.4 per cent (net, total return) between 1 January 2012 and 30 September 2012, compared to the MSCI World Index which was up 8.8 per cent (net, total return) over the same period.

During 2012, taking into account feedback from a range of our clients and prospective investors, we have slightly broadened the definition of Impax's target markets to encompass "resource efficiency", comprising environmental markets and the wider food and agriculture value chain. Companies providing products and services in the food and agriculture sectors have many similar characteristics to those in alternative energy, water and waste management, particularly growth linked to the rising demands of an expanding population, limited resources and broad evidence of mis-pricing as a result of rapidly changing technology, regulations and market structure.

This initiative is resonant with a number of high profile studies examining the implications for investors of the themes in which Impax has expertise. In November 2011, McKinsey & Company published "Resource Revolution: Meeting the world's energy, materials, food and water needs", an in-depth study of a range of new market opportunities. Subsequently, in August 2012, Towers Watson published "Sustainability in Investment" which pointed to a potential transformation in the investment landscape arising from emerging drivers including "resource scarcity and climate change".

We are excited about the potential for offering additional investment services and products in the broader resource efficiency area. As reported in the interims, during 2012 we have recruited two experienced investment professionals focused on global food and agriculture and, on 1 December 2012, following test marketing, plan to launch the Impax Food and Agriculture Fund under the existing Impax Funds (Ireland) plc platform with £2 million of seed capital from the Company; this fund will be marketed primarily to UK investors.

Assets under management and fund flows

During the Period, Listed Equity funds that we manage or advise had net outflows of £136 million comprising £97 million from '"Impax-Label funds" and £39 million from Third Party Funds and Accounts. Gross inflows across all strategies were £143 million and performance contributed £97 million. However, this was offset by outflows of £279 million. We believe that the net outflows are broadly attributable to weakness of environmental stocks relative to global equities, particularly over the past 18 months, and to investor nervousness over the prospects for equity markets in general.

We saw continued progress in building our franchise in the United States. The Pax World Global Green Fund (recently renamed the Pax World Global Environmental Markets Fund), which we sub-advise, attracted net inflows over the Period expanding to US$52 million at the end of the Period. As previously announced, in December 2011 we established Impax Green Markets Fund, a Delaware-based private fund as a wrapper for our Specialists strategy.

Following the completion of fund raising for our second private equity fund in September 2011, there were no additional flows in this division during the Period. However, AUM (in sterling) declined due to the impact of the weakening Euro.

Investment Performance

Listed Equity

During the Period our listed equity strategies generally beat their comparator indices of environmental stocks, but some have trailed global indices.

We were particularly pleased by our Water strategy which sustained its out-performance over the Period, returning 19.2 per cent (total return, GBP) compared to 17.3 per cent (net return, GBP) for the MSCI World Index. The strategy now has a strong three year track record, making it the best performing fund in its peer group over this timeframe: since inception on 1 January 2008 to 30 September 2012, this strategy was up 77.5 per cent (total return, GBP) while the MSCI World Index was up 52.1 per cent (net return, GBP).

Our Specialists strategy, which invests in small and mid-cap stocks, returned 6.7 per cent (total return, GBP) over the Period compared to minus 0.8 per cent (total return, GBP) for the corresponding period for the FTSE ET50 Index which is representative of the universe of small and mid-cap environmental stocks. Over the ten years to 30 September 2012, our Specialists strategy has returned 162 per cent (total return, GBP) while the FTSE ET50 Index declined 61.5 per cent (total return, GBP) and the MSCI World Index was up 111 per cent (net return, GBP).

Our Leaders strategy, which invests in both small-cap stocks as well as larger, more diversified companies across the environmental markets universe, returned 16.8 per cent over the Period (total return, GBP). From inception on 3 March 2008 to 30 September 2012, this strategy returned 24.9 per cent (total return, GBP) while the MSCI World Index was up 23.4 per cent (net return, GBP) and the FTSE Environmental Opportunities All Share Index gained 16.5 per cent (total return, GBP).

Private Equity

Our private equity business made solid progress during the Period.

The power generation projects owned by our first fund, Impax New Energy Investors LP ("Fund I"), which has €125 million of commitments, have continued to beat their budgets, and in June the Fund was able to make a further distribution to investors. As previously reported, we will seek a full exit from this fund when market conditions are supportive; to this end, we are following closely the development of regulations affecting the energy sector in Spain, where the majority of Fund I's residual assets are located.

Meanwhile, our team has continued to deploy the €330 million of capital in Fund II, focusing on investing to fund the construction of onshore wind and solar PV assets in the European Union and, potentially, North America. During the Period, Fund II purchased 109MW of French and Polish wind assets, an Italian solar PV investment and a 28MW wind park in Germany; approximately 40% of Fund II is now invested or committed for investment.

Distribution

As set out in previous statements, our distribution strategy focuses on building relationships with institutional investors around the world, offering both direct investment management expertise as well as the sub-management of funds established by third parties.

In the UK, our core market, from where 41 per cent of our AUM originates, we have continued to build relationships with new institutional investors and have begun a systematic outreach programme to family offices where Impax has historically been under-represented. In consultation with the board of Impax Environmental Markets plc, an investment trust with ca. £327 million of net assets (as at 30 September 2012) and our largest client, we have established a dedicated microsite (www.impaxenvironmentalmarkets.co.uk) to provide investors with more detailed fund-specific information.

For many clients elsewhere in Europe, as well as in Asia and Australia, we continue to work closely with BNP Paribas Investment Partners ("BNPP IP") to improve the sales prospects for several funds that we sub-manage. Early next month, two of the funds that follow the Leaders strategy will merge and will also absorb a third fund, creating a vehicle with ca. €120 million of AUM, a size which should widen the fund's appeal to a wide group of investors. In addition, we are particularly pleased that BNPP IP has decided to extend the marketing and sales of the BNP Paribas Aqua fund, which wraps our Water strategy, beyond its established base in France to cover most of Europe.

Our direct sales strategy in the US market is to leverage our positive consultant ratings in a small number of focussed channels covering endowments, foundations and family offices, while also nurturing third party relationships. To this end, we recently recruited a Head of Institutional Sales and Client Service who has over 25 years' experience of selling to top tier institutions and who is based in a new Impax office in New York City.

We were delighted to win three prestigious asset management awards in 2012. In May, Impax was named as the winner of the "Sustainable, responsible, ethical investment award" at the Financial Times Business Pension and Investment Provider 2012 Awards. In October we were recognised as "Impact Investor of the Year" by The Asset in Hong Kong, and in November as "Best Fund Management Group" by Investment Week at their Climate Change & Ethical Investment Awards.

Infrastructure and support

In addition to satisfying client expectations on operational matters, the regulatory environment in which investment management firms operate is becoming increasingly complex, and it is essential that we sustain an effective Support Team across our offices in London, Hong Kong and the United States.

In recent years we have consciously invested in operations, IT, finance, legal, compliance and HR capabilities in order to establish a scalable platform for growth. In principle, we are now adequately resourced in these areas and can manage a significant volume of additional assets on this base. At the time of writing, alongside other investment managers, we are working with our clients to ensure appropriate compliance with the emerging requirements of the European Union's Alternative Investment Fund Managers Directive, and are also closely monitoring the implications of other regulatory developments in the other markets in which we operate.

The hiring of our food and agriculture team, our Head of Distribution (who joined on 1 October 2011) and our new Head of Institutional Sales in the United States have contributed to a headcount increase: at the end of the Period our total headcount was 56.5 full time equivalent staff, up from 50.4 at the start of the Period.

Outlook

Investors who had committed capital to equity markets at the start of 2012 and are only now reviewing the result should be pleasantly surprised by the profit they have made, but may also be concerned about the level of volatility of their portfolio today. In particular, rising political instability in the Eurozone and the pending US "fiscal cliff" have the potential to de-rail confidence and, indirectly, erode corporate profitability.

Nevertheless, the outlook for resource efficiency and environmental markets is gradually improving and most sectors have rallied in the last quarter, in some cases out-performing generic indices. After a sustained period in which corporate earnings expectations have been downgraded, results for many of our holdings now appear to be improving, while a recent increase in M&A activity may prove positive for sentiment over the coming months.

Given our mandates, Impax has delivered solid investment performance in the year despite the fragile nature of global markets. We remain committed to our core strategies and as we build on recent investments, we are confident in our ability to deliver robust returns for shareholders when global economic confidence returns.

Ian R Simm

28 November 2012

IMPAX ASSET MANAGEMENT GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012 **£000**	2011 £000
Revenue	**18,621**	20,931
Operating costs	**(14,068)**	(14,696)
Share-based payment charge for EIA extension scheme	**(7,757)**	(3,647)
Exceptional long-term incentive scheme NIC charge	**112**	(1,090)
Other long-term incentive scheme related charges	**(1,091)**	(619)
Fair value (loss)/gain on investments	**(722)**	785
Change in third party interest in consolidated fund	**(25)**	(117)
Investment income	**195**	171
(Loss)/Profit before taxation	**(4,735)**	1,718
Taxation	**86**	(652)
(Loss)/Profit for the year	**(4,649)**	1,066
Other comprehensive income		
Tax benefit on long-term incentive schemes	**178**	46
(Decrease)/Increase in value of cashflow hedges	**(210)**	213
Tax on change in value of cashflow hedges	**54**	(55)
Exchange differences on translation of foreign operations	**(271)**	20
Exchange differences on translation of foreign operations attributable to third party interests	**124**	-
Total other comprehensive income	**(125)**	224
Total comprehensive income for the period attributable to equity holders of the Parent Company	**(4,774)**	1,290
Basic earnings per share	**(4.32)p**	0.98p
Diluted earnings per share	**(4.32)p**	0.93p

IMPAX ASSET MANAGEMENT GROUP PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

	2012		2011	
	£000	**£000**	£000	£000
Assets				
Goodwill	**1,629**		1,629	
Intangible assets	**146**		39	
Property, plant and equipment	**703**		491	
Investments	**17**		18	
Total non-current assets		**2,495**		2,177
Trade and other receivables	**2,814**		3,173	
Derivative asset	**3**		213	
Investments	**8,710**		3,930	
Current tax asset	**25**		47	
Margin account	**156**		-	
Cash invested in money market funds and long-term deposit accounts	**14,094**		8,546	
Cash and cash equivalents	**5,577**		12,870	
Total current assets		**31,379**		28,779
Total assets		**33,874**		30,956
Equity and Liabilities				
Ordinary shares	**1,156**		1,156	
Share premium	**78**		78	
Exchange translation reserve	**(283)**		(136)	
Own shares	**(19)**		(59)	
Treasury shares	**(1,932)**		(453)	
Hedging reserve	**2**		158	
Retained earnings	**23,567**		20,756	
Total equity		**22,569**		21,500
Trade and other payables	**7,364**		7,858	
Third party interest in consolidated fund	**2,682**		-	
Current tax liability	**46**		12	
Total current liabilities		**10,092**		7,870
Deferred tax liability	**1,213**		1,586	
Total non-current liabilities		**1,213**		1,586
Total equity and liabilities		**33,874**		30,956

IMPAX ASSET MANAGEMENT GROUP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Share capital	Share premium	Exchange translation reserve	Own shares	Treasury shares	Hedging reserve	Retained earnings	Total Equity
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 October 2010	1,156	78	(156)	(59)	(453)	-	16,337	16,903
Dividends paid	-	-	-	-	-	-	(651)	(651)
Long-term incentive scheme charge	-	-	-	-	-	-	3,958	3,958
Tax benefit on long-term incentive schemes	-	-	-	-	-	-	46	46
Cashflow hedge	-	-	-	-	-	213	-	213
Tax benefit on cashflow hedge	-	-	-	-	-	(55)	-	(55)
Exchange differences on translation of foreign operations	-	-	20	-	-	-	-	20
Profit for the year	-	-	-	-	-	-	1,066	1,066
Balance at 30 September 2011	1,156	78	(136)	(59)	(453)	158	20,756	21,500
Dividends paid	-	-	-	-	-	-	(759)	**(759)**
Share buy-back	-	-	-	-	**(1,479)**	-	-	**(1,479)**
Long-term incentive scheme charge	**-**	**-**	**-**	**-**	**-**	**-**	**8,081**	**8,081**
Tax benefit on long-term incentive schemes	**-**	**-**	**-**	**-**	**-**	**-**	**178**	**178**
Cashflow hedge	**-**	**-**	**-**	**-**	**-**	**(210)**	**-**	**(210)**
Tax benefit on cashflow hedge	**-**	**-**	**-**			**54**		**54**
Exchange differences on translation of foreign operations	**-**	**-**	**(271)**	**-**	**-**	**-**	**-**	**(271)**
Exchange differences on translation of foreign operations attributable to third party interests	**-**	**-**	**124**	**-**	**-**	**-**	**-**	**124**
Share awards	**-**	**-**	**-**	**40**	**-**	**-**	**(40)**	**-**
(Loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(4,649)**	**(4,649)**
Balance at 30 September 2012	**1,156**	**78**	**(283)**	**(19)**	**(1,932)**	**2**	**23,567**	**22,569**

IMPAX ASSET MANAGEMENT GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012 £000	2011 £000
Operating Activities:		
(Loss)/Profit before taxation	**(4,735)**	1,718
Adjustments for:		
Investment income	**(195)**	(171)
Depreciation of property, plant & equipment	**308**	243
Amortisation of intangible assets	**59**	53
Fair value losses/(gains)	**722**	(785)
Share-based payment	**8,081**	3,958
Exceptional long-term incentive scheme NIC charge	**(112)**	1,054
Other long term incentive scheme related charges	**1,091**	619
Change in third party interest in consolidated fund	**25**	117
Operating cash flows before movement in working capital	**5,244**	6,806
Decrease in receivables	**357**	741
(Increase) in margin account	**(156)**	-
(Decrease) in payables	**(1,441)**	(931)
Cash generated from operations	**4,004**	6,616
Corporation tax refunded	**2**	162
Net cash generated from operating activities	**4,006**	6,778
Investing activities:		
Investment income received	**196**	77
Settlement of loans receivable	**-**	2,337
Settlement of investment related hedges	**(388)**	-
Proceeds on sale/redemption of investments	**28**	426
Purchase of investments held by the consolidated funds	**(7,336)**	-
Sale of investments held by the consolidated funds	**1,797**	3,489
Purchase of investments	**(355)**	(53)
Purchase of intangible assets	**(167)**	(16)
Purchase of property, plant & equipment	**(523)**	(437)
Net cash (used in)/generated from investing activities	**(6,748)**	5,823
Financing activities:		
Dividends paid	**(759)**	(651)
Treasury shares acquired	**(1,023)**	-
Increase in cash held in money market funds and long term funds	**(5,548)**	(6,028)
Investment by third party into consolidated fund	**2,781**	-
Redemption of preference shares issued by the consolidated fund	**-**	(1,623)
Net cash (used in) financing activities	**(4,549)**	(8,302)
Net (decrease)/increase in cash and cash equivalents	**(7,291)**	4,299
Cash and cash equivalents at beginning of year	**12,870**	8,563
Effect of foreign exchange rate changes	**(2)**	8
Cash and cash equivalents at end of year	**5,577**	12,870

NOTES

1. REVENUE

The Group has two reportable segments: "Listed Equity" and "Private Equity". The results of these segments have been aggregated into a single reportable segment for the purposes of these financial statements because they have characteristics so similar that they can be expected to have essentially the same future prospects. These segments have common investors, operate under the same regulatory regimes and their distribution channels are substantially the same. Additionally management allocates the resources of the Group as though there is one operating unit.

Analysis of revenue by type of service:

	2012	2011
	£000	£000
Investment management	**17,565**	20,311
Transaction fees	**800**	192
Advisory fees	**256**	428
	18,621	20,931

Analysis of the revenue by the location of customers:

	2012	2011
	£000	£000
UK	**13,008**	14,532
Rest of the world	**5,613**	6,399
	18,621	20,931

Analysis of 'Rest of the world' customer location:

	2012	2011
	£000	£000
Ireland	**1,361**	2,125
France	**974**	2,448
Luxembourg	**1,229**	282
Netherlands	**744**	844
Other	**1,305**	700
	5,613	6,399

Revenue from three of the Group's customers individually represented more than 10% of Group revenue (2011: two), equating to £2,176,000, £3,290,000 and £6,355,000 (2011: £3,878,000 and £5,333,000).

Revenue includes £18,365,000 (2011: £20,660,000) from related parties.

All material non-current assets, excluding deferred tax assets and financial instruments, are located in the UK.

2. OPERATING COSTS

	2012	2011
	£000	£000
Wages and salaries, social security and pension costs and variable bonuses (see note 4)	**8,736**	9,214
2009 Share option plan share based payment charge (see note 3)	**179**	179
Employee share option plan share based payment charge (see note 3)	**145**	132
Other staff costs including contractors and Non-Executive Directors' fees	**910**	668
Depreciation of property, plant and equipment	**308**	243
Amortisation of intangible assets	**59**	53
Auditor's remuneration – subsidiary undertakings audit fees	**43**	43
Auditor's remuneration – parent company audit fees	**45**	45
Auditor's remuneration – tax compliance	**14**	14
Auditor's remuneration – other	**38**	92
Premises related	**972**	519
Travel	**328**	277
Information technology and communications	**726**	704
Other costs	**1,565**	2,513
	14,068	14,696

3. SHARE BASED PAYMENT CHARGES AND OTHER LONG TERM INCENTIVE SCHEME CHARGES

Share-based payment charges

Employee Incentive Arrangement (Extension Scheme) ("EIA Extension")

Under this scheme, share-based payment awards were granted in April 2011 to employees when the Trustee of the Impax Group Employee Benefit Trust 2004 ("the EBT") agreed to allocate four 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 ceased to be subject to revocation due to Ian Simm's continued employment by the Company on 30 September 2012.

LTIP options have a 1p or nil exercise price and vested to individuals who remained employed on 30 September 2012. They are exercisable over a period from 1 October 2012 to 31 December 2020.

The Group accrues for the International Financial Reporting Standard ("IFRS") 2 *Share-Based Payment* charge for shares allocated under the EBT and LTIP options from the date of grant, to the date of vesting. This charge is excluded from the Group's definition of adjusted earnings as explained in note 7. The awards granted were valued at a weighted average price of 64p using the Black Scholes Merton model with the following inputs:

Weighted average share price on grant	68p
Exercise price	1p/0p
Expected volatility	35%
Weighted average option life	5.2yrs
Expected dividend rate	1.00%
Risk free interest rate	1.68%

The expected volatility was determined by reviewing the historical volatility of the Company and that of comparator companies.

The awards made to Ian Simm and his family were valued at 68p using the same model and assumptions as described above except that the option life was 1.5 years.

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 vested on 30 September 2012 subject to the continued employment of the participant. The charge for the year in relation to this scheme is offset by an equal reduction in the total cash bonus pool paid to employees.

2011 Employee Share Option Plan
In November 2011, the Board approved the grant of 5,000,000 options over the Company's shares to certain employees in respect of services provided from 1 October 2010. The strike price of the options was set at a 10% premium to the average market price of the Company's shares for the 30 business days following the announcement of the results for the year ended 30 September 2011 being 49.6p. The options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment on 31 December 2014. The options granted were valued at a price of 9.1p using the Black Scholes Merton model. The charge for the year in relation to this scheme is offset by an equal reduction in the total cash bonus pool paid to employees.

2012 Employee Share Option Plan
In November 2012, the Board approved the grant of 3,000,000 options over the Company's shares to certain employees in respect of services provided from 1 October 2011. The strike price of the options will be set at a 10% premium to the average market price of the Company's shares for the 30 business days following the announcement of the results for the year ended 30 September 2012. The options will not have performance conditions but will have a time vesting condition such that the options vest subject to continued employment on 31 December 2015. The options granted were valued at a price of 7.8p using the Black Scholes Merton model. The charge for the year in relation to this scheme is offset by an equal reduction in the total cash bonus pool paid to employees. The employees will be notified of the key terms and conditions of these awards shortly after the announcement of results for the year ended 30 September 2012.

An analysis of the options over the Company's shares is provided below:

	2012 Number of options	Weighted average exercise price p
Options outstanding at the start of the year	**15,186,940**	**0.8**
Options granted during the year*	**5,108,000**	**48.6**
Options forfeited during the year	**-**	**NA**
Options exercised during the year	**-**	**NA**
Options expired during the year	**-**	**NA**
Options outstanding at the end of the year	**20,294,940**	**12.8**
Options exercisable at the end of the year	**11,779,940**	**0.8**

*As noted above a further 3,000,000 options were approved for grant in November 2012.

For the options outstanding at the end of the period the exercise prices were either nil, 1p or 49.6p and the weighted average remaining contractual life was 5.97 years.

The total expense recognised for the year arising from share-based payment transactions was £8,081,000 (2011: £3,958,000).

Exceptional long-term incentive scheme NIC charge
The Statement of Comprehensive Income for the year ended 30 September 2011 includes an exceptional charge of £1,090,000 in respect of Employer's National Insurance Contributions ("NIC") in connection with the Group's Employee Incentive Arrangement ("EIA Original Scheme"). The Statement of Comprehensive Income for the year ended 30 September 2012 includes a credit of £112,000 in respect of adjustments to the charge made arising from fluctuations in the Company's share price.

Under the EIA Original Scheme, a total of 16,777,045 shares were allocated to sub-funds for the benefit of employees and their families under 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 the year ended 31 December 2011, the Government made various changes to taxation of awards delivered and yet to be delivered under employee benefit trusts. 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 the requirements of IFRS the Group has provided for these future payments. Given its one-off nature and size, the charge and any subsequent amendment to it are 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 during the year, 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 7. During the year the Trustee transferred 2,850,000 shares out of the EBT giving rise to a total tax benefit of £335,000 (2011: £60,000) with £157,000 (2011: £15,000) recorded in loss for the period and £179,000 (2011: £46,000) in Other Comprehensive Income. At the date of this report 12,228,781 shares awarded under the EIA Original Scheme remained in the EBT.

Other long-term incentive scheme related charges

	2012	2011
	£000	£000
EIA Extension NIC Charge	**548**	333
Additional payments	**543**	286
	1,091	619

EIA Extension NIC charge

The Group accrues for the Employer's NIC payable in respect of the EIA Extension over the same period as the related share-based payment charge. The amount accrued will vary according to the price of the underlying shares.

Additional payments

Individuals receiving LTIP Options are eligible for a retention payment payable after the end of the financial year in which each employee exercises his or her LTIP Options. The payment will be equal to the corporation tax benefit realised by the Group on the exercise of the LTIP options minus the amount of the Employer's NIC suffered by the Group on the exercise of the LTIP options.

The Group accrues for this payment over the same period as the related share-based payment charge.

The Group has also accrued for payments totalling £203,000 to individuals to whom the Trustee of the EBT distributed Impax shares during the year ended 30 September 2012.

4. EMPLOYMENT COSTS

	2012	2011
	£000	£000
Wages, salaries and variable bonuses	**7,014**	7,609
Social security costs	**880**	889
Pensions	**842**	716
	8,736	9,214

The Group contributes to private pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to the funds. Contributions totalling £669,000 (2011: £469,000) were payable to the funds at the year end and are included in trade and other payables.

The average number of persons (excluding Non-Executive Directors and including temporary staff), employed during the year was 55 (2011: 48).

	2012	2011
	No.	No.
Listed Equity	**30**	25
Private Equity	**12**	11
Group	**13**	12
	55	48

5. INVESTMENT INCOME

	2012	2011
	£000	£000
Bank interest	**123**	77
Other investment income	**72**	94
	195	171

6. TAXATION

	2012	2011
	£000	£000
(a) Analysis of charge for the year		
Current tax expense:		
UK corporation tax	**178**	46
Foreign taxes	**30**	11
Adjustment in respect of prior years	**25**	(131)
Total current tax	**233**	(74)
Deferred tax (credit)/expense:		
(Charge)/Credit for the year	**(427)**	819
Adjustment in respect of prior years	**108**	(93)
Total deferred tax	**(319)**	726
Total income tax (credit)/expense	**(86)**	652

(b) Factors affecting the tax charge for the year

The tax assessment for the period is higher than the average rate of corporation tax in the UK of 25% (2011: higher). The differences are explained below:

	2012	2011
	£000	£000
(Loss)/Profit before tax	**(4,735)**	1,718
Effective tax (credit)/charge at 25% (2011: 27%)	**(1,184)**	464
Effects of:		
Non-deductible expenses and charges	**1,262**	610
Non-taxable income	**(35)**	-
Tax effect of previously unrecognised tax losses	**(132)**	(45)
Adjustment in respect of previous years	**132**	(224)
Effect of higher tax rates in foreign jurisdictions	**4**	4
Change in UK tax rates	**(133)**	(157)
Total income tax credit/(expense)	**(86)**	652

(c) Deferred tax
The deferred tax (liability) included in the Consolidated Statement of Financial Position is as follows:

	Accelerated capital allowances	Other temporary differences	Excess management charges	Income not yet taxable	Share-based payment scheme	Total
	£000	£000	£000	£000	£000	£000
As at 1 October 2010	6	64	196	(1,110)	39	(805)
Charge to equity	-	55	-	-	-	55
Charge/(credit) to the income statement	(9)	(135)	196	1,178	(504)	726
As at 30 September 2011	15	144	-	(2,288)	543	(1,586)
(Credit) to equity	**-**	**(54)**	**-**	**-**	**-**	**(54)**
Charge/(credit) to the income statement	**24**	**(8)**	**-**	**357**	**(692)**	**(319)**
As at 30 September 2012	**(9)**	**205**	**-**	**(2,645)**	**1,235**	**(1,213)**

As described in Note 3 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 expects to be eligible for a corporation tax deduction equal to the value of those ordinary shares. The Group has not recognised a deferred tax asset in respect of these amounts which would amount to £1,417,000. The Group also has unrecognised capital losses of £1,267,000 (2011: £1,498,000).

7. 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 satisfied by the issue of new shares (EIA Original and EIA Extension Schemes), and (ii) includes the tax benefit recognised in other comprehensive income in respect of transfers out of the EBT and the exercising of options over the Company's shares.

	2012	2011
	£000	£000
Earnings	**(4,649)**	1,066
Share-based payment charge (see note 3)	**7,757**	3,647
Tax benefit on long term incentive scheme included in other comprehensive income	**178**	46
Adjusted earnings	**3,286**	4,759

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

Adjusted earnings per share

	Adjusted earnings for the year £000	No. of shares (weighted average) '000	Earnings per share
2012			
Basic adjusted	3,286	107,609	3.05p
Diluted adjusted	3,286	127,748	2.57p
2011			
Basic adjusted	4,759	108,454	4.39p
Diluted adjusted	4,759	127,356	3.74p

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:

	2012 '000	2011 '000
Weighted average number of ordinary shares used in the calculation of basic adjusted earnings per share	**107,609**	108,454
Weighted average number of treasury and own shares intended to be used to satisfy outstanding share awards	**7,973**	7,128
Shares in issue	**115,582**	115,582
Shares intended to be issued to satisfy outstanding share awards	**12,166**	11,774
Weighted average number of ordinary shares used in the calculation of diluted adjusted earnings per share	**127,748**	127,356

IFRS earnings per share

	Earnings for the year £000	No. of shares (weighted average) '000	Earnings per share
2012			
Basic	(4,649)	107,609	(4.32)p
Diluted	(4,649)	107,609	(4.32)p
2011			
Basic	1,066	108,454	0.98p
Diluted	1,066	114,433	0.93p

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:

	2012 '000	2011 '000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**107,609**	108,454
Additional dilutive shares re share schemes	**-***	19,187
Adjustment to reflect future service from employees receiving awards	**-**	(13,208)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**107,609**	114,433

* Since there is a loss after tax for the period there are no dilutive shares.

8. DIVIDEND

The Directors propose a dividend of 0.75p per share for the year ended 30 September 2012 (2011: 0.70p per share). The dividend will be submitted for formal approval at the Annual General Meeting to be held on 13 February 2013. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 30 September 2013.

The dividend for the year ended 30 September 2011 was paid on 6 February 2012, being 0.70p per share. The Trustees of the EBT waived their rights to part of this dividend, leading to a total dividend payment of £759,000. This payment is reflected in the Statement of Changes in Equity.

9. CURRENT ASSET INVESTMENTS

	Unlisted investments	Listed investments	Total
	£000	£000	£000
At 1 October 2010	2,481	4,526	7,007
Additions	54	-	54
Fair value movements	679	106	785
Repayments/disposals	(95)	(3,821)	(3,916)
At 30 September 2011	3,119	811	3,930
Additions	**355**	**6,795**	**7,150**
Fair value movements	**(419)**	**148**	**(271)**
Repayments/disposals	**(28)**	**(1,797)**	**(1,825)**
Exchange differences	**-**	**(274)**	**(274)**
At 30 September 2012	**3,027**	**5,683**	**8,710**

Listed investments

Listed investments held at 30 September 2012 include those held by the consolidated subsidiary Impax Green Markets Fund LP ("IGMF") and at 30 September 2011 by the Impax Absolute Return Fund ("IARF"). These listed investments are recorded at market value using quoted market prices that are available at the Statement of Financial Position date. The quoted market price is the current bid price.

Impax Green Markets Fund ("IGMF")

In December 2011 the Group launched IGMF and invested, from its cash reserves, $5,000,000 into the fund. IGMF invests in listed equities using the Group's Environmental Specialists Strategy. The Group's investment represented 53.8 per cent of the IGMF's net asset value ("NAV") from the date of launch to 30 September 2012 and accordingly IGMF has been consolidated throughout this period with its underlying investments classified as listed investments in the table above.

Impax Absolute Return Fund ("IARF")

On 21 May 2007, the Company made an investment of €2,200,000 (£1,507,000) in IARF. This fund was managed by a subsidiary of the Company. The investment took the form of a subscription of 22,000 Euro Class A shares in the IARF, at €100 per share. During the year ended 30 September 2010, the shares were redenominated as sterling shares. During the year ended 30 September 2011 the fund Directors made the decision to close the fund to external investors and accordingly redeemed their preference shares. The fund's trading activity ceased during the year ended 30 September 2012 and the Group's seed capital has been redeemed at a profit of £190,000.

Unlisted investments

The unlisted investments principally represent the Company's investment in Impax New Energy Investors LP and Impax New Energy Investors II LP ("INEI" and "INEI II"). The unlisted investments include £2,665,000 in related parties of the Group (2011: £2,797,000).

10. CASH AND CASH EQUIVALENTS AND CASH INVESTED IN MONEY MARKET FUNDS AND LONG-TERM DEPOSITS

In order to mitigate bank default risk and to access favourable interest rates the Group invests part of its surplus cash in money market funds and long-term deposits. The Group can redeem investments in the former within 24 hours; long-term deposits range between 6 to 12 months. The Group considers its total cash reserves to be the total of its cash at bank and in hand held by operating entities of the Group, and cash invested in money market funds and long-term deposit accounts. Amounts held are shown below.

Cash reserves:

	2012	2011
	£000	£000
Cash and cash equivalents	**5,577**	12,870
Cash invested in money market funds and long-term deposit accounts	**14,094**	8,546
	19,671	21,416

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

		2012	2011
		£000	£000
Cash at bank and in hand			
	- Held by operating entities of the Group	**5,240**	11,499
	- Held by the consolidated funds	**337**	1,371
		5,577	12,870

11. SHARES

Options over 15.3 million of the Company's shares vested on 1 October 2012 and option holders will be able to exercise these options following the announcement of these financial results on 29 November 2012. All incentivisation schemes prior to the ESOP have now fully vested. If approved by the Board, and subject to the discretion of the trustee, 12.2 million shares will be issued to the Impax Asset Management Group plc Employee Benefit Trust 2012 ("2012 EBT"), which will also purchase 4.7 million shares from the Company being the entire current holding of Treasury Shares. The share subscription and purchase will be funded by a loan of £10,000,000 which has been granted by the Company to the 2012 EBT on commercial terms and will have been drawn down prior to any acquisition of shares (or right to acquire shares) by the trustee and which has no net effect on the Group's financial position.

The 2012 EBT is expected to conduct future market purchases of the Company's shares, reducing the requirement for the Company to hold Treasury shares to satisfy option exercises. Future option exercises will primarily be satisfied by the 2012 EBT.

12. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use by the European Union.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements of the Group.

The financial statements have been prepared under the historical cost convention, with the exception of the revaluation of certain investments.