

Impax Asset Management Group plc - Interim Results to 31 March 2016

London, 18 May 2016 - 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 results for the six months to 31 March 2016.

Highlights

- Assets under management and advice ("AUM") increased 26% since year end to new peak of £3.6bn
- Net inflows of £300 million, predominantly from the US and Continental Europe
- Strong investment performance: all listed equity strategies outperformed MSCI ACWI
- Strong balance sheet maintained
- Interim dividend increased by 25 per cent to 0.5 pence per share
- Encouraging discussions with investors on raising new monies in real assets strategies

Financial results

	H1 2016	H2 2015	H1 2015	2015
Revenue	£9.4m	£9.3m	£10.4m	£19.7m
Operating earnings ¹	£1.6m	£0.8m	£2.3m	£3.1m
Profit before tax	£2.1m	£3.2m	£1.9m	£5.1m
Earnings per share	1.35p	1.52p	1.61p	3.13p
Dividend	0.5p	1.70p ²	0.40p	2.10p ²

A material proportion of the AUM flows were received near the end of the Period, and therefore Revenue during the Period does not fully reflect the Company's AUM growth. Fees from our largest private equity fund fell from 1 April 2015 which contributed to Revenue being lower than in H1 2015; this should be replaced when the Company raises new capital in this area. Based on our current cost base and run rate revenues from AUM at the end of the Period, we would expect operating earnings to increase during the second half.

Ian Simm, Chief Executive commented:

"Impax has had a strong first half year. Our AUM has reached a new peak with net inflows of £300m and our funds have demonstrated superior investment performance."

"Our investment hypothesis is clearly resonating with investors around the world. Over the last year we have witnessed unprecedented levels of investor interest in our investment strategies and our pipeline is encouraging. I am optimistic on Impax's prospects and positioning and believe that the Company is well placed to deliver long term shareholder value."

¹ Revenue less operating costs

² Includes special dividend of 0.5p

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Chief Executive's Statement

Over the first half year for Impax Asset Management Group plc (“Impax” or the “Company”), i.e. the Period from 1 October 2015 to 31 March, the Company’s assets under management and advisory (“AUM”) increased by 26 per cent to a new peak of £3,562 million, inclusive of net inflows of ca. £300 million. On 30 April 2016, AUM were £3,557 million.

During the Period, global equity markets were notably more volatile than during early to mid 2015, with heightened geopolitical risk, softer economic growth in many regions and further uncertainty in developing markets. However, the environmental and resource efficiency markets in which Impax focuses its investments proved particularly resilient and significantly outperformed the MSCI All Countries World Index.

Impax has had a strong “first half”, with investment outperformance from most strategies and robust net inflows into Listed Equities. Investor interest in our capabilities and investment products remains high and we have a healthy pipeline of potential new inflows.

Developments in Environmental & Resource Efficiency Markets

Over the period we have seen a number of important developments that will underpin further growth of environmental and resource efficiency markets. We are also witnessing accelerating developments and expansion across many of the sectors in which we invest.

The successful outcome of the Paris Climate Agreement last December was more positive than most commentators had expected and is already proving to be a powerful catalyst for many of our holdings. Over the longer term we will undoubtedly see governments around the world further strengthen policy to reduce greenhouse gas emissions.

Shortly after the start of 2016 the oil price hit US\$26 a barrel¹, its lowest level for more than a decade, before rising to US\$45 a barrel at the time of writing. As we have reported previously, the impact of oil prices on environmental markets is complex; for example, low prices stimulate far higher levels of fuel consumption and pollution, but also more demand for goods, including those addressing environmental problems. Recent oil price “lows” have not been a headwind to our performance.

We believe that investments in environmental and resource efficiency markets are currently well positioned for continued strong performance. For example, renewable energy generation, particularly solar, continues to grow rapidly as technology costs fall and reliance on subsidies reduces.

Similarly, the transportation sector is undergoing a significant transformation with the roll-out of new energy efficiency technologies and the increased adoption of hybrid and electric vehicles. Meanwhile, in food and agriculture we see interesting investment opportunities arising from rapidly changing consumer habits, shifts in trade flows and stricter regulation around food safety.

The announcement in March of the details in China’s 13th Five Year Plan should provide further momentum for companies providing solutions to environmental protection in the region. In particular, the Chinese government’s plans to the end of 2020 highlight huge additional investments to tackle water and air pollution and a notable new target to address soil pollution.

Investor interest in environmental and resource efficiency markets continues to build. Post the Paris Climate Agreement we are seeing significantly more requests for information from investors

who want to add climate change investment solutions to their portfolios. They are seeking solutions that offer superior growth as well as a hedge against longer term risks.

Financial results for the Period

Revenue for the six months to 31 March 2016 was £9.4 million (H1 2015: £10.4 million; H2 2015: £9.3 million). Operating earnings² for the Period were £1.6 million (H1 2015: £2.3 million; H2 2015: £0.8 million) and the associated operating margin was 17 per cent (H1 2015: 22 per cent; H2 2015: 8 per cent).

The result for the Period was a profit before tax (“PBT”) of £2.1 million (H1 2015: £1.9 million) and the earnings per share for the Period were 1.35 pence (H1 2015: 1.61 pence).

Revenue for the Period was impacted as fees from our largest private equity fund fell from 1 April 2015 following the end of the fund’s investment period. In addition, revenue does not take into account the recent growth in AUM as a material proportion of the AUM flows were near the end of the period, and therefore made little contribution to these results. Based on our current cost base and run rate revenues from AUM at the end of the Period, we would expect operating earnings to increase during the second half.

Dividends

At the Annual General Meeting on 3 March 2016, shareholders approved payment of a dividend of 1.2 pence per share, taking the total dividend for the year ended 30 September 2015 to 1.6 pence per share (2014: 1.4 pence). Shareholders also approved an additional special dividend of 0.5 pence.

In line with the Company’s progressive dividend policy and confidence in the Company’s prospects, the Board is declaring an interim dividend for the Period of 0.5 pence per share (2015: 0.4 pence). This will be paid on 23 June 2016 to ordinary shareholders on the shareholder register at the close of business on 27 May 2016.

Board update

Sally Bridgeland, who joined the Board in August 2015, has assumed the Chair of the Audit & Risk Committee, taking over from Vince O’Brien, who remains Chair of the Remuneration Committee. Sally brings nearly 30 years’ experience of governance and risk analysis to this role.

Listed Equities

During the Period, all Impax’s Listed Equity strategies delivered strong performance and our major strategies significantly outperformed the MSCI All Country World Index (“ACWI”), which returned 11.0 per cent³.

Water remains our largest asset pool with AUM of £956million and was again our best performing strategy, returning 18.3 per cent in the six months to 31 March 2016. Leaders, our all cap global strategy, delivered 14.9 per cent, and Specialists, our small and mid-cap global strategy, rose by 18.0 per cent. Our smaller strategies, Food & Agriculture, and Asia-Pacific, returned 16 per cent and 11.3 per cent respectively. The longer term investment performance of all our strategies remains strong.

We have further extended our analysis into climate change investment risk in collaboration with Imperial College Business School and Carbon Tracker. In April we published a white paper

setting out a methodology by which institutional investors can reduce carbon risk in their portfolios by reallocating some fossil fuel exposure to a basket of energy efficiency stocks. We have received an enthusiastic response to this approach from a number of US and UK pension funds, and are using the dialogue as a platform for extending our client base.

Private Equity

Sales of assets from Impax New Energy Investors II, our fund targeting the construction of assets providing renewable power generation in Europe, are progressing well and we expect to return more than 100 per cent of drawn capital to investors by the end of this financial year. During the Period we completed the sale of a 206MW portfolio of wind assets in France and Germany to ERG, an Italian utility, sold our stake in a 24MW Irish windfarm portfolio to the Greystone Infrastructure Fund, and agreed the sale of our 108MW Finnish wind farm portfolio to a fund managed by Allianz Capital Partners.

As we realise assets in existing funds, our management fees reduce accordingly. However, discussions with investors about their appetite for raising additional monies are progressing well. Following the European Investment Bank's announcement last year of its proposed €50 million allocation to a new Impax managed fund, we expect to confirm participation from other clients later this year.

Sustainable Property

We continue to pursue the letting and eventual sale of the remaining asset in the first fund, a prime office and retail building in Manchester. However, many investors in UK property are currently sitting on the sidelines, delaying allocating new capital until the uncertainties surrounding the UK's "Brexit" referendum in June become clearer.

Fund flows and distribution

We received net inflows of £300 million over the Period, which included two significant new mandates from North America. In January we secured our first client in Canada, and in April we announced a major new segregated account mandate from an institutional investor in the US into our Specialists strategy. Our North American pipeline remains encouraging. We also continue to see robust inflows from Continental European investors via BNP Paribas, our third party distributor in the region, particularly into our Leaders, Water and Food & Agriculture strategies. The sustainable food fund, which we manage on behalf of BNP Paribas, now has a one year track record and assets currently stand at €98 million.

We now have two more strategies available to UK investors and have extended our UK sales team. In January we launched the Leaders Strategy within our UCITS umbrella. Furthermore, in March BNP Paribas, which distributes the Aqua Fund based on our Water strategy, introduced a Sterling share class in response to UK investor interest.

The table below sets out the AUM movements during the Period.

AUM movement for six months to 31 March 2016

AUM movement Six months to 31 March 2016	Impax label listed equity funds/£m	Third party listed equity funds and accounts/£m	Private equity funds/£m	Property funds/£m	Total/£m
Total AUM at 30 September 2015	495	1,992	313	22	2,823
Net inflows/(outflows)	23	278	(2)	-	300
Market movement and performance	82	334	24	-	440
Total AUM at 31 March 2016	600	2,604	335	22	3,562

Infrastructure and support

Over the Period, our headcount was stable at 67. As previously stated, our core team is in place and we believe that over the medium term we should be able to scale up our business significantly with only a small number of additional hires to support new business.

Remuneration and share management

During the Period, the Board confirmed the grant of 1.0 million options under the Employee Share Option Plan (“ESOP”) and 4.1 million Restricted Shares to management and staff in respect of their performance for the financial year ended 30 September 2015. The ESOP strike price was set at 45.4 pence, and the options will vest on 31 December 2018. The Restricted Shares will vest in equal instalments after three, four and five years.

The Board intends to continue to buy the Company’s shares from time to time after giving due consideration to alternative uses of the Company’s cash resources. Shares purchased may be used to satisfy obligations to employees for share-based awards, thus reducing the requirement to issue new shares. During the Period 3.0 million shares were bought, bringing total buybacks to 16.5 million. In comparison, 18.8 million options and restricted shares have been issued to date.

Outlook

Volatility looks set to dominate markets over the short term with widespread investor concerns on faltering rates of global growth, uncertainties surrounding the “Brexit” vote and the outcome of the US election later in the year. However, we retain our positive long term outlook for global equities and believe that the environmental and resource efficiency markets in which Impax invests will continue to outperform the wider markets.

Our investment hypothesis is clearly resonating with investors around the world, and over the last year we have witnessed unprecedented levels of investor interest in our investment strategies.

Our pipeline is encouraging, with interest from both existing investors and new prospects in our established strategies and in new products, across listed equities and our real asset strategies. We are optimistic on Impax's prospects and positioning and believe the Company is well placed to deliver long-term shareholder value.

Ian Simm

17 May 2016

¹ WTI closing price of US\$26.2 per barrel on 11 February 2016

² Revenue less operating costs

³ The returns for the MSCI ACWI are net calculated including the dividends reinvested, net of withholding taxes. In line with market standards the Impax strategy returns (source: FactSet) are calculated including the dividends reinvested, net of withholding taxes, gross of management fee and are represented in GBP

Impax Asset Management Group plc
Condensed consolidated income statement
For the Six Months Ended 31 March 2016

		Six months ended	Six months ended	Year ended
		31 March 2016	31 March 2015	30 September 2015
	Note	£'000	£'000	£'000
Revenue		9,434	10,422	19,726
Operating costs		(7,871)	(8,142)	(16,616)
Credits/(charges) related to legacy long-term incentive schemes	3	86	(162)	1,285
Fair value gains/(losses)	4	357	(135)	615
Investment income		101	73	228
Change in third party interests in consolidated funds	5	(48)	(115)	(101)
Profit before taxation		2,059	1,941	5,137
Taxation	6	(508)	(66)	(1,504)
Profit after taxation		1,551	1,875	3,633
Basic earnings per share	7	1.35 p	1.62 p	3.16 p
Diluted earnings per share	7	1.35 p	1.61 p	3.13 p

Condensed consolidated statement of comprehensive income
For the Six Months Ended 31 March 2016

		Six months ended	Six months ended	Year ended
		31 March 2016	31 March 2015	30 September 2015
		£'000	£'000	£'000
Profit for the period		1,551	1,875	3,633
Change in value of cash flow hedges		(132)	41	(171)
Tax on change in value of cash flow hedges		26	(4)	38
Exchange differences on translation of foreign operations		13	365	(35)
Third party interests' share of exchange differences on translation of foreign operations		-	(61)	-
Total other comprehensive income		(93)	341	(168)
Total comprehensive income for the period attributable to equity holders of the parent		1,458	2,216	3,465

All profit for the period is derived from continuing operations.

Impax Asset Management Group plc
Condensed Consolidated Statement of Financial Position
As at 31 March 2016

	Note	As at 31 March 2016 £'000	As at 31 March 2015 £'000	As at 30 September 2015 £'000
ASSETS				
Non-current assets				
Goodwill	9	1,681	1,665	1,681
Intangible assets		55	55	73
Property, plant and equipment		145	180	185
Investments		16	15	16
		1,897	1,915	1,955
Current assets				
Trade and other receivables		5,314	6,582	4,754
Derivative asset		-	152	49
Investments	10	10,837	11,774	7,419
Margin account		254	307	177
Cash invested in money market funds and long term deposit accounts		10,424	10,623	17,153
Cash and cash equivalents	11	2,820	1,826	2,364
		29,649	31,264	31,916
TOTAL ASSETS		31,546	33,179	33,871
EQUITY AND LIABILITIES				
Equity				
Ordinary shares		1,277	1,277	1,277
Share premium		4,093	4,093	4,093
Exchange translation reserve		(228)	98	(241)
Hedging reserve		(67)	209	39
Retained earnings		19,463	19,494	20,759
TOTAL EQUITY		24,538	25,171	25,927
Current liabilities				
Trade and other payables		3,079	5,343	4,987
Third party interests in consolidated funds		697	849	144
Derivative liability		105	-	74
Current tax liability		482	34	305
		4,363	6,226	5,510
Non-current liabilities				
Accruals		155	225	197
Deferred tax liability		2,490	1,557	2,237
Total non-current liabilities		2,645	1,782	2,434
TOTAL LIABILITIES		7,008	8,008	7,944
TOTAL EQUITY AND LIABILITIES		31,546	33,179	33,871

Impax Asset Management Group plc
Condensed Consolidated Statement of Changes in Equity
For the Six Months Ended 31 March 2016

	Share capital	Share premium	Exchange translation reserve	Hedging reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 October 2014	1,277	4,093	(206)	172	19,523	24,859
<i>Transactions with owners</i>						
Dividends paid	-	-	-	-	(1,231)	(1,231)
Acquisition of own shares	-	-	-	-	(864)	(864)
Long-term incentive scheme charge	-	-	-	-	191	191
	-	-	-	-	(1,904)	(1,904)
Profit for the period	-	-	-	-	1,875	1,875
<i>Other comprehensive income</i>						
Cash flow hedge	-	-	-	41	-	41
Tax on cashflow hedge	-	-	-	(4)	-	(4)
Exchange differences on translation of foreign operations	-	-	365	-	-	365
Third party's share of exchange differences on translation of foreign operations	-	-	(61)	-	-	(61)
	-	-	304	37	-	341
As at 31 March 2015	1,277	4,093	98	209	19,494	25,171
<i>Transactions with owners</i>						
Dividends paid	-	-	-	-	(445)	(445)
Acquisition of own shares	-	-	-	-	(294)	(294)
Long-term incentive scheme charge	-	-	-	-	246	246
	-	-	-	-	(493)	(493)
Profit for the period	-	-	-	-	1,758	1,758
<i>Other comprehensive income</i>						
Cash flow hedge	-	-	-	(212)	-	(212)
Tax on cashflow hedge	-	-	-	42	-	42
Exchange differences on translation of foreign operations	-	-	(400)	-	-	(400)
Third party's share of exchange differences on translation of foreign operations	-	-	61	-	-	61
	-	-	(339)	(170)	-	(570)
As at 30 September 2015	1,277	4,093	(241)	39	20,759	25,927
<i>Transactions with owners</i>						
Dividends paid	-	-	-	-	(1,905)	(1,905)
Acquisition of own shares	-	-	-	-	(1,188)	(1,188)
Award of shares on option exercises	-	-	-	-	3	3
Long-term incentive scheme charge	-	-	-	-	243	243
	-	-	-	-	(2,847)	(2,847)
Profit for the period	-	-	-	-	1,551	1,551
<i>Other comprehensive income</i>						
Cash flow hedge	-	-	-	(132)	-	(132)
Tax on cashflow hedge	-	-	-	26	-	26
Exchange differences on translation of foreign operations	-	-	13	-	-	13
	-	-	13	(106)	-	(93)
As at 31 March 2016	1,277	4,093	(228)	(67)	19,463	24,538

Impax Asset Management Group plc
Condensed Consolidated Statement of Cash Flows
For the Six Months Ended 31 March 2016

	Note	Six months ended 31 March 2016 £'000	Six months ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Cashflows from operating activities				
Profit before taxation		2,059	1,941	5,137
Adjustments for:				
Investment income		(101)	(73)	(228)
Depreciation and amortisation		110	163	273
Fair value gains/(losses)		(357)	135	(615)
Share-based payment charges		243	191	437
(Credits)/charges related to legacy long-term incentive schemes		(86)	162	(1,285)
Change in third party interests in consolidated funds		48	115	101
Operating cash flows before movement in working capital		1,916	2,634	3,820
(Increase) in receivables		(357)	(2,211)	(1,850)
(Increase)/decrease in margin account		(78)	(17)	117
(Decrease) in payables		(1,863)	(1,512)	(280)
Cash generated from operations		(382)	(1,106)	1,807
Corporation tax paid		(243)	(42)	(570)
Net cash (used by)/generated from operating activities		(625)	(1,148)	1,237
Investing activities:				
Investment income received		101	73	228
Settlement of investment related hedges		(714)	(931)	(359)
Net redemptions made to Impax by unconsolidated investment funds		1,089	1,221	2,469
Net investments made by/(investment disposals made by) consolidated funds		(3,487)	(1,412)	2,749
Decrease/(Increase) in cash held by money market funds and long-term deposit accounts		6,729	(8)	(6,538)
Acquisition of property plant and equipment and intangible assets		(52)	(45)	(156)
Net cash generated from/(used by) investment activities		3,666	(1,102)	(1,607)
Financing activities:				
Dividends paid	8	(1,905)	(1,231)	(1,676)
Acquisition of own shares		(1,188)	(864)	(1,158)
Cash received on exercise of Impax share options		3	-	-
Investments by/(redemptions made by) third parties into/from consolidated funds		505	(466)	(1,067)
Net cash used by financing activities		(2,585)	(2,561)	(3,901)
Net increase/(decrease) in cash and cash equivalents		456	(4,811)	(4,271)
Cash and cash equivalents at the beginning of the period		2,364	6,634	6,634
Effect of foreign exchange rate changes		-	3	1
Cash and cash equivalents at the end of the period	11	2,820	1,826	2,364

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended 31 March 2016

1 Basis of preparation

This 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 of 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 2015.

The comparative figures for the financial year ended 30 September 2015 are not the Company's statutory accounts for that financial year. Those accounts, prepared in accordance with IFRSs 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 Norfolk House, 31 St James's Square, London, SW1Y 4JR or at the Company's website: www.impaxam.com.

The Group has considerable financial resources and a broad range of products. As a consequence the Directors believe the Group is well placed to manage its business risks in the context of the current economic outlook. The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing these interim financial statements.

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 2015.

2 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 (see note 10); ii) determining whether managed funds should be consolidated; iii) determining the size of the charge for National Insurance Contributions payable on long-term incentive schemes and iv) determining the value of deferred tax assets.

3 Credits/(charges) related to legacy long-term incentive schemes

	Six months ended 31 March 2016	Six months ended 31 March 2015	Year ended 30 September 2015
	£'000	£'000	£'000
EBT 2004 taxation	-	(93)	1,360
Advisory fees for EBT settlement	-	-	(90)
LTIP NIC credit/(charge)	44	(51)	5
LTIP Additional payments credit/(charge)	42	(18)	10
	<hr/>	<hr/>	<hr/>
	86	(162)	1,285

(NIC = Employers National Insurance Charge)

Long term incentive plan ("LTIP") NIC Charge

The Group made awards of options over the Group's shares under the LTIP plan in 2011. These awards vested in 2012 but 4,484,500 remain outstanding at 31 March 2016. The Group pays Employers NIC when individuals exercise their options and accordingly accrues for the estimated amount that would be payable on exercise using the year end share price. The amount accrued therefore varies from period to period in line with the Group's share price with any adjustment recorded through the income statement.

LTIP 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 NIC suffered by the Group on the exercise of the LTIP options. The amount payable will fluctuate in line with the Impax share price, such fluctuations are recorded in the current period income statement.

EBT 2004 taxation

The Impax Group Employee Benefit Trust 2004 ("EBT 2004") holds Impax shares and other assets in sub-funds for the benefit of certain of the Group's past and current employees. The Impax shares were awarded under the Group's Employee Incentive Arrangement Schemes in 2011 and prior years. Taxation of these schemes had been subject to uncertainty but in July 2015 the Group reached agreement with HMRC whereby it made a payment of £715,000 to HMRC in full settlement of income tax, National Insurance and corporation tax credits considered payable/due in respect of the awards. The EBT 2004 has agreed to pay the Company £894,000 in respect of this settlement. The credit of £1,360,000 is made up of the release of the amounts previously accrued for Employers National Insurance, payment of the £715,000 and the re-imburement of the £894,000.

4 Fair value gains/losses

Fair value gains/(losses) include those arising on revaluation of listed and unlisted investments held by the Group including those held by the Group's consolidated funds (see Note 10) and any gains or losses arising on related hedge instruments held by the Group.

5 Change in third party interest in consolidated funds

This charge removes the fair value gains or losses, other operating costs and investment income recorded in the Group's consolidated funds (see Note 10) which are attributable to third party investors in the funds.

6 Taxation

The tax rate for the period is higher than the standard rate of corporation tax in the UK for the period (20%). The differences are explained below:

	Six months ended 31 March 2016 £'000	Six months ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Profit before tax	2,059	1,941	5,137
Tax charge at 20%,20.5%,20.5%	412	398	1,054
Effects of:			
Non-deductible expenses and charges	9	14	169
Decrease/(increases) in value of deductions re share awards from share price decreases/increases	133	(206)	-
Exchange differences	-	(137)	-
Adjustment in respect of prior years	-	-	255
Change in UK tax rates	(66)	(9)	(22)
Effect of higher tax rates in foreign jurisdictions	20	6	48
Total income tax expense	508	66	1,504

7 Earnings per share

	Earnings for the period £'000	Shares '000	Earnings per share
Six months ended 31 March 2016			
Basic	1,517	112,603	1.35p
Diluted	1,551	114,266	1.35p
Six months ended 31 March 2015			
Basic	1,875	115,738	1.62p
Diluted	1,875	116,538	1.61p
Year ended 30 September 2015			
Basic	3,633	115,133	3.16p
Diluted	3,633	115,909	3.13p

Earnings are reduced by £34,000 for the six months ending 31st March 2016 for basic earnings per share to reflect the profit attributable to holders of restricted shares, which are treated as contingently returnable shares. This adjustment is not made for diluted earnings per share but instead the dilutive restricted shares are included in the number of shares used for the dilutive calculation. Where the resulting calculation for diluted earnings per share is higher than the basic earnings per share the basic number is used.

The weighted average number of shares is calculated as shown in the table below.

	Six months ended 31 March 2016 '000	Six months ended 31 March 2015 '000	Year ended 30 September 2015 '000
Issued share capital	127,749	127,749	127,749
Less own shares held	(15,146)	(12,011)	(12,616)
Weighted average number of ordinary shares used in the calculation of basic EPS	112,603	115,738	115,133
Additional dilutive shares re share options	7,690	10,990	10,090
Adjustment to reflect option exercise proceeds and future service from employees receiving awards	(6,027)	(10,190)	(9,314)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	114,266	116,538	115,909

The Basic earnings per shares for all periods shown includes vested LTIP options on the basis that these have an inconsequential exercise price (1p or 0p).

8 Dividends

On 3 March 2016, at the Company's Annual General Meeting, payment of a 1.2 pence per share final dividend and payment of a 0.5 pence special dividend was approved in respect of the year ended 30 September 2015 (2014: 1.1p per share). Combined with an interim payment of 0.4 pence this gave total dividends for the year ended 30 September 2015 of 2.1 pence. The Trustee of the Impax Employee Benefit Trusts waived the Trusts' rights to part of this dividend, leading to a total dividend payment of £1,905,000. This was paid on 11 March 2016.

The Board has declared an interim dividend for the period of 0.5 pence per ordinary share (2015: 0.4 pence). This dividend will be paid on 23 June to ordinary shareholders on the register at close of business on 27 May 2016.

9 Goodwill

Cost	£'000
At 1 October 2014 and 31 March 2015	1,665
Addition	16
At 30 September 2015 and 31 March 2016	1,681

Goodwill arose on the acquisition of Impax Capital Limited on 18 June 2001 and on the acquisition of a property fund business from Climate Change Capital in July 2014. Adjustments were made to the goodwill in respect of the acquisition of the property fund business in 2015.

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

10 Current asset investments

	Unlisted investments £'000	Listed investments £'000	Total £'000
At 1 October 2014	5,192	6,448	11,640
Additions	39	1,935	1,974
Fair value movements	125	720	845
Repayments/disposals	(2,534)	(524)	(3,058)
Foreign exchange	-	372	372
At 31 March 2015	2,822	8,952	11,774
Additions	85	3,157	3,242
Fair value movements	481	(511)	(30)
Repayments/disposals	(59)	(7,317)	(7,376)
Foreign exchange	-	(191)	(191)
At 30 September 2015	3,329	4,090	7,419
Additions	91	5,164	5,255
Fair value movements	174	845	1,019
Repayments/disposals	(1,180)	(1,676)	(2,856)
At 31 March 2016	2,414	8,423	10,837

Listed investments

Impax Food and Agriculture Fund ("IFAF")

On 1 December 2012 the Group launched the IFAF and invested, from its own resources £2,000,000 into the fund. The IFAF invests in listed equities using the Group's Food and Agriculture Strategy. The Group's investment represented more than 50% of the IFAF's Net Asset Value ("NAV") from the date of launch to 31 March 2016 and has been consolidated throughout this period with its underlying investments included in listed investments in the table above.

Impax Global Equity Opportunities Fund ("IGEO")

On 23 January 2015 the Group launched the IGEO and invested, from its own resources £2,000,000 into the fund. IGEO invests in listed equities using the Group's Global Equities Strategy. The Group's investment represented more than 50% of IGEO's NAV from the date of launch to 31 March 2016 and has been consolidated throughout this period with its underlying investments included in listed investments in the table above.

Impax Environmental Leaders Fund ("IEL")

On 12 January 2016 the Group launched the IEL and invested, from its own resources £3,000,000 into the fund. IEL invests in listed equities using the Group's Leaders Strategy. The Group's investment represented more than 50% of IEL's NAV from the date of launch to 31 March 2016 and has been consolidated throughout this period with its underlying investments included in listed investments in the table above.

The investments held by the funds described above 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.

Unlisted investments

The Group has a 3.76 per cent partnership share of Impax New Energy Investors LP, a private equity partnership managed by the Group. At the period end the carrying value of the investment was £560,000. The carrying value represents the Board's assessment of the investment's fair value which was determined using a discounted cashflow approach. 100 per cent of the partnership's valuation is represented by investments in Spanish solar parks. These investments have been adversely impacted by the significant retroactive reforms of the Spanish energy markets and covenants for loans held by the investment have been breached. Negotiations with the relevant banks to restructure the loans are ongoing and a claim for compensation from the Spanish government is currently being considered by the European Court of Arbitration. In the event that the banks take possession of the assets and the claims for compensation are unsuccessful the investment would be written down in full. During the period the Group received a distribution of €118,000 from this investment following the successful sale of some of its investments.

The Group also has a commitment of €3.3million to Impax New Energy Investors II LP, a private equity partnership managed by the Group which was established on 22 March 2010. At the period end the Group had invested a total of €2.2m (£1.7m) of this commitment. The Group's commitment of €3.3million is equal to 1.14 per cent of the total commitments made to the fund. The investment is included at the Board's assessment of its fair value which is determined by valuing the underlying investments. The principal valuation techniques used are discounted cashflow, price of recent investment and market bids. During the period the Group received a distribution of €1,063,000 from this investment following the successful sale of some of its investments.

11 Cash and cash equivalents

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 deposit accounts. Amounts held in money market funds and long-term deposit accounts are as shown below. The Group considers the total of its cash and cash equivalents held by operating entities of the Group and cash invested in money market funds and in long-term deposit accounts to be its cash reserves.

	31 March 2016	31 March 2015	30 September 2015
	£'000	£'000	£'000
Cash and cash equivalents	2,820	1,826	2,364
Cash held in money market funds and long-term deposit accounts	10,424	10,623	17,153
Less cash and cash equivalents held by consolidated funds	(204)	(215)	(193)
Total cash reserves	13,040	12,234	19,324

12 Share capital and Own shares

	31 March 2016	31 March 2015	30 September 2015
Issued and fully paid ordinary shares of 1p each			
Number	127,749,098	127,749,098	127,749,098
£000s	1,277	1,277	1,277
Own shares			
Number	21,023,120	17,702,620	18,292,620
£000s	7,387	5,958	6,251

Own shares represents a portion of the shares held in the EBT 2012 and EBT 2004. 2,883,500 shares were acquired in the six months ended 31 March 2016, (period ended 31 March 2015: nil). 153,000 shares were awarded to option holders on exercise of options (period ended 31 March 2015: 145,455). As at 31 March 2016 the Company had a total of 18,369,500 options outstanding of which 11,809,500 were exercisable. As at 31 March 2016 employees also held 4,890,000 Restricted shares over which the restrictions lapse starting from January 2018 through to January 2021. These shares are held in trust in the EBT 2012 and are included in own shares above.

13 Related party transactions

Impax New Energy Investors LP, Impax New Energy Investors II LP, Impax New Energy Investors II-B LP, Impax New Energy Investors SCA, Impax Global Resource Optimization Fund LP, Impax Carried Interest Partners LP, Impax Carried Interest Partners II LP, Impax Climate Property Fund LP and entities controlled by them are related parties of the Group by virtue of subsidiaries being the General Partners to these funds. BNP Paribas Investment Partners is a related party of the Group by virtue of owning a 24.99% equity holding in the Group. Other funds managed by subsidiaries of the Company are also related parties by virtue of their management contracts.

The aggregate related party transactions during the period, and holdings or balances as at the period end, are as shown below. All balances were unsecured. Unless stated otherwise balances outstanding were £nil.

	Six months ended 31 March 2016	Six months ended 31 March 2015	Year ended 30 September 2015
	£'000	£'000	£'000
Statement of comprehensive income			
Revenue	9,378	9,939	19,293

	31 March 2016	31 March 2015	30 September 2015
	£'000	£'000	£'000
Statement of financial position			
Non-current asset investments	16	15	17
Current asset investments	2,005	2,822	2,941
Trade and other receivables	4,595	5,754	3,258

14 Group risks

The Group's principal risks remain as detailed within the Directors' report of the Group's 2015 Annual Report and Accounts and are categorised as financial, investment, and operational.