Impax Asset Management Group plc - Results for the year ended 30 September 2016

London, 1 December 2016 - Impax Asset Management Group plc ("Impax" or the "Company"), the AIM quoted investment manager focused on environmental markets and related resource efficiency sectors, today reports final audited results for the year ending 30 September 2016 (the "Period").

Business update

- Assets under management and advice ("AUM") increased 59% to new peak of £4.5 billion (2015: £2.8 billion), rising further to £4.7 billion by 31 October 2016
- Record net inflows of £496 million over the 12 months and encouraging mandate pipeline
- All Listed Equity strategies outperformed the global benchmark (MSCI All Country World Index)
- First close at €149 million of our third private equity renewable energy infrastructure fund investing in European assets
- Continued strong growth of North American business
- Expansion of product offering for UK market

Financial performance

- Revenue: £21.1 million (2015: £19.7 million)
- Operating Earnings[1] : £4.2 million (2015: £3.1 million)
- Profit before tax: £5.2 million (2015: £5.1 million)
- Shareholders' equity: £26.7 million (2015: £25.9 million)
- Proposed final dividend: 1.6 pence per share (2015: 1.2 pence per share)

Keith Falconer, Chairman, commented:

"2016 has been one of the most successful in our nineteen year history, with strong growth in assets and investment out-performance. In an increasingly challenging environment for generalist investment managers, Impax is well positioned with a clear focus on providing an attractive specialist offering to asset owners. I believe our accomplishments across the business over the past twelve months demonstrate that our business model is well positioned to continue to deliver value to all our stakeholders."

Ian Simm, Chief Executive added:

"Following the strong results of 2016, the positive news flow has continued in the first couple of months of this financial year. On 30 November we announced the first close of our third private equity renewable energy infrastructure fund which invests in European assets. Our listed equity mandate pipeline is also most encouraging and we see a rapid expansion of demand for investment management services targeting environmental and resource efficiency markets."

[1] *Revenue less operating cost, excluding credits/charges related to legacy long-term incentive schemes.*

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Notes to Editors - About Impax Asset Management

Impax Asset Management is a leading investment firm, managing approximately £4.7bn* primarily for institutional clients through both listed and private equity strategies.

The Company's investments are based on a strong conviction that population dynamics, resource scarcity, inadequate infrastructure and environmental constraints will profoundly shape global markets, creating investment risks and opportunities. These trends, reflecting the transition towards a more sustainable global economy, are likely to drive earnings growth for well-positioned companies. Impax's proprietary investment framework identifies and calibrates the rising risks and expanding opportunities from this transition, and guides the search for investments that will deliver long term outperformance.

*As of 31 October 2016

Chairman's statement

Having recently embarked on our nineteenth year in business, Impax Asset Management Group plc ("Impax" or the "Company") is seeing rapid expansion of demand for investment management services targeting environmental and resource efficiency markets.

With a clear vision and a comprehensive strategy, the Company has had a strong year despite the backdrop of a fragile global economy and heightened political uncertainty. In the 12 months to 30 September 2016 (the "Period"), the Company's assets under discretionary and advisory management ("AUM") increased 59 per cent to £4.50 billion and subsequently rose further to reach a new peak of £4.68 billion on 31 October 2016. I am also pleased to report that after Period end on 30 November, we announced the first close of our third Private Equity renewable energy infrastructure fund at €149 million. These achievements would not have been possible without the sustained commitment from the Impax management team and all staff. I am very grateful to them and to the Board for their contribution to our continuing success.

Notwithstanding significant volatility earlier in the year, equity market returns have been positive, with historical highs reached recently in the US and UK. Although low rates of economic growth and the prospect of higher interest rates in some countries threaten to reverse this trend, the outlook for the markets in which Impax invests is encouraging.

Financial results for the year

Revenue over the Period was £21.1 million (2015: £19.7 million) and profit before tax ("PBT") was £5.2 million (2015: £5.1 million). Operating earnings[1] for the Period were £4.2 million (2015: £3.1 million) and the associated operating margin was 20 per cent (2015: 16 per cent).

Diluted earnings per share ("EPS") were 3.62 pence (2015: 3.13 pence). Operating cash flow for the Period was £4.7 million (2015: £3.8 million).

Proposed dividend for the Period

The Company has implemented a progressive dividend policy since 2008 and the Board intends this to continue. Following the payment of an interim dividend of 0.5 pence per share in June, the Board recommends a final dividend of 1.6 pence per share. If this is approved by shareholders, the aggregated dividend payment for the full year would be 2.1 pence per share, which would represent a 31 per cent increase over the dividend for the previous year (2015 dividend for the year: 1.6 pence per share).

The dividend proposal will be submitted for formal approval by shareholders at the Annual General Meeting on 8 March 2017. If approved, the dividend will be paid on or around 17 March 2017. The record date for the payment of the proposed dividend will be 17 February 2017 and the ex-dividend date will be 16 February 2017.

Share management

The Board intends to continue to buy back the Company's shares from time to time after due consideration of attractive alternative uses of the Company's cash resources. Shares purchased may be used to satisfy employee share-based award obligations, thus reducing the requirement to issue new shares. During the Period the Company spent £1.5 million buying back 3.6 million of its own shares.

Awards

Impax's strong position as an international leader in the area of environmental investing has again been recognised by investors and commentators. In July 2016 we were thrilled to win Investment Week's Marketing Innovation award for our work on evaluating the net environmental impact of our Specialists investment strategy which we believe to be the first analysis of "investment impact" for a listed equity strategy. In November, Impax was named "Best Environmental Fund Management Group" for the third consecutive year at Investment Week's Sustainable Investment Awards 2016, and was also awarded "Best Environmental Fund" for Impax Environmental Markets plc. In the same month the Parvest SMaRT Food Fund, which we designed and have sub-managed since inception in April 2015, won the European Fund Launch of the Year at Funds Europe.

Prospects

The UK's decision in June to leave the EU has been a notable contributor to wider market volatility. To support our investments around the world we have offices and staff in the United States and Hong Kong and an international network of partners and relationships. Over 75 per cent of our AUM is sourced from outside the UK.

It appears that investors must accept material uncertainty in global equity markets for the foreseeable future. Given the sustained and rising demand from investors for exposure to rapidly expanding areas of the economy and to companies solving environmental problems, Impax has significant scope for further growth. The Board is confident in the Company's ability to build additional value for shareholders and rewarding careers for staff, while making a positive contribution to the wider community.

J Keith R Falconer

30 November 2016

[1] *Revenue less operating costs, excluding credits/charges related to legacy long-term incentive schemes*

Chief Executive's report

At a time when the investment management sector is under increasing scrutiny, Impax has sustained a clear focus on providing an attractive offering to asset owners and their agents. Our expansion over the past 12 months has been unprecedented in our history and, I believe, provides confirmation that our business model is well positioned.

In a world of low rates of economic growth, investment managers who can deliver above-market levels of return provide a vital service to asset owners and are well positioned to expand their businesses.

In this context, the rise in Impax's AUM and the further development of an encouraging mandate pipeline indicate that our focus on investing actively in rapidly growing sectors has become increasingly attractive. Furthermore, at a time when many asset owners and other stakeholders are wanting their capital to contribute to improving society while also generating strong returns, we stand out as having a critical mass of relevant expertise and a long track record.

Market developments

Since the late 1990s Impax has focused on investment in market opportunities derived from the solution of environmental problems and improvements in the efficiency with which natural resources are used. Over the past 12 months the drivers behind these markets have strengthened further.

Most significant has been the early adoption and subsequent ratification of the Paris Climate Agreement, under which nation states have committed to act jointly to limit atmospheric temperature increase to "well below" two degrees centigrade relative to pre-industrial levels. As a consequence of this agreement, measures to support the transition to clean energy and to mitigate the consequences of climate change are likely to strengthen, providing increasing opportunities for investors. However, we do not expect to see new US environmental regulation under a Trump presidency, and there could be a reversal of some recently enacted regulations. While the US has already ratified the Agreement, there is now increased uncertainty in respect of US commitment.

As one of the first major polluting nations to sign the Paris Climate Agreement, China has again demonstrated a forward thinking approach to environmental issues. Early in 2016, the details of its 13th Five Year Plan confirmed that its commitment to solving severe air, water and soil pollution problems remains a top government priority, with further massive financial allocations to these areas. China's investment in pollution control and infrastructure is expected to give rise to many additional investment opportunities for decades to come.

In October the global aviation sector represented by the International Civil Aviation Organization became the first industry group to adopt a global climate change target, committing to deliver no increase in CO_2 emissions from 2020 by promoting higher emissions standards for new aircraft, rolling out of further energy efficiency measures and raising levels of usage of biofuels.

Last month nearly 200 countries pledged to dramatically reduce consumption of hydrofluorocarbons ("HFCs"), gases that are commonly used in refrigeration and air conditioning, and have a climate warming potential up to 15,000 times that of CO_2. This commitment, which has the potential to avoid half a degree of warming, has been hailed as the single biggest contribution to meeting the goal of the Paris Climate Agreement.

While a lower level of US support for environmental regulation the US is disappointing, we believe that a Trump presidency is likely to make additional significant commitments to the country's infrastructure investment. We also expect to see higher levels of support for domestic energy production which could strengthen the investment case in water treatment, hazardous waste and environmental testing and consultants.

Alongside the expansion of energy efficiency and use of clean fuels, the prospect of much stricter controls on greenhouse gas emissions has reinforced the notion that many fossil fuel reserves will never be burned. There is increasing recognition that this risk is not being factored into the valuation of fossil fuel supply companies. Our use of scenario analysis to value the potential impairment of company cash flows has been well received by asset owners, and we are working to extend this research and refine our recommended investment solutions.

Fund flows and distribution

The increase in Impax's AUM over the Period was particularly encouraging. As set out further in the table below, This uplift comprised net inflows of £496 million and market effects (including investment performance) of £1,183 million. The £79 million reduction in our private equity AUM largely reflects exits from Impax New Energy Investors II which were made in line with this fund's business plan.

Figure 1: Assets under management and advice and fund flows

AUM movement 12 months to 30 September 2016	Listed equity funds £m	Private equity funds £m	Property funds £m	Total £m
Total AUM at 1 October 2015	**2,487**	**313**	**22**	**2,823**
Net inflows	575	(79)	-	496
Market movement and performance	1,132	51	-	1,183
Total AUM at 30 September 2016	**4,195**	**285**	**22**	**4,502**

During the Period we recorded significant inflows in the form of segregated accounts as well as from third-party distributors. Geographically, both North America and Continental Europe were material. BNP Paribas Investment Partners ("BNPP"), our principal distribution partner across Continental Europe, reported sustained high levels of demand for funds from the private wealth sector for funds that we sub-manage, in particular from France and the Benelux. By 31 October 2016, the BNPP water fund, which was launched in January 2009 had grown to €1.3 billion, while the BNPP food fund, which began investing in April 2015, had reached €208 million.

North American investors are increasingly interested in Impax's offering. This region represented over 60 per cent of net inflows over the Period, and the AUM increase was significantly higher than in prior years In April we commenced management of a US$250m segregated account on behalf of a US pension plan, while during the year we've seen continued investment into both the Impax-labelled private fund and the mutual fund that we sub-advise on behalf of Pax World. Also during the Period we established our first commercial relationships in Canada, with sub-advisory mandates at the launch of new funds with NEI Investments and Desjardins.

Demand for our investment services grows as investors seek products that help them to achieve their long-term growth targets and diversify their portfolios. Increasingly investors are also looking to mitigate climate risk, so our focus on environmental solution providers continues to gain traction. In order to meet rising client interest, we aim to optimise our distribution channels and are currently reviewing additional partners to augment sales in parts of Europe and Asia.

Our investment strategies

Listed Equity

Over the Period, all our listed equity strategies have out-performed their global benchmark, the MSCI All Country World Index ("ACWI"), which returned 30.6% (total return, in Sterling) over the Period (Figure 2 below). All the strategies also out-performed their respective environmental benchmarks.

Figure 2: Performance of Impax Listed Equity strategies versus global and environmental benchmarks[1]

Impax strategy	Strategy performance 12 months to 30.09.2016.	Environmental benchmark	Environmental benchmark performance 12 months to 30.09.2016.
Specialists	45.1%	ET100	31.1%
Leaders	41.2%	FTSE EO All Share	39.6%
Water	44.6%	FTSE EO Water Technology	39.9%
Food & Agriculture	35.9%	MSCI ACWI Agriculture & Food Chain	30.9%
Asia	38.5%	FTSE Environmental Opportunities Asia Pacific Ex-Japan	28.8%

[1]In line with market standards, the strategy returns are calculated including the dividends reinvested, net of withholding taxes, gross of management fee and are represented in Sterling. MSCI indices are total net returns (net dividend reinvested). FTSE indices are total return (gross dividend reinvested). (Source: FactSet).

Real Assets

Key regions in the European renewable energy market offer a compelling opportunity for investors seeking exposure to unlisted infrastructure assets. Our funds in this area target the construction of onshore wind and solar projects providing power generation, principally in Europe. In a fragmented market, we aim to generate material capital gains by investing to fund the construction of onshore wind, solar and related companies, aggregating them into portfolios and subsequently selling them to utilities or institutional investors seeking long-term income streams.

During the Period, we completed the sale of five assets or portfolios and have now sold over 70% of the assets from our second fund, Impax New Energy Investors II. This has allowed us to return to investors more than 1.15 times the cash we have drawn from them; we intend to make further distributions as we exit the remainder of the portfolio.

This successful exit process has been a key step ahead of the our launch of Impax New Energy Investors III ("NEFIII"). On 30 November we announced the first close of this new fund with €149 of commitments; we are already conducting due diligence on potential investments for this fund. We continue to market this fund to pre-qualified investors in multiple countries, and expect to announce a final close at a significantly larger size in late 2017 or early 2018. Impax has committed €4 million in NEFIII. Reaching the first close of this fund is a major achievement, and should position our private equity renewable infrastructure business favourably for the coming years.

The ambiguities arising from the outcome of the UK's referendum and the country's subsequent decision to leave the EU led to challenging market conditions in UK commercial property during the Period. Although markets in this area remain uncertain, we are optimistic that the one remaining asset in our property fund will be sold in the next few months, and we are developing plans to raise new capital in 2017.

Financial performance

During the Period, revenues from the Listed Equity business increased due to strong inflows and fund performance, but these were offset in part by a reduction in Private Equity revenues following the successful realisation of assets and the receipt of lower fees. Our revenue margin at the end of the Period, based on the increased AUM of £4.5 billion, was 53 basis points. The reduction from 2015 (62 basis points) was due to the higher margin Private Equity revenue reduction and also reflects our success in distribution of Listed Equity products. We now expect higher margin product launches to stabilise the margin in 2017.

Our operating margin has increased from 16 to 20 per cent for the Period driven by the revenue growth. We continue to balance tight cost control with the needs of an expanding business, and we expect some cost increase in 2017 as we hire a small number of additional staff to support growth, make further investments in IT capabilities, move to new office accommodation in London, and potentially incur placement fees associated with Private Equity fundraisings.

A significant percentage of the assets we manage are denominated in foreign currency so the management fees we earn have benefited from the recent devaluation of Sterling. We only hedge revenues that we can predict with a high degree of certainty, typically the Euro denominated Private Equity management fees. As over 85 per cent of our cost base is in Sterling, the impact of currency fluctuations is therefore modest.

The Company has maintained a strong balance sheet, with no debt, cash reserves of £15.4 million and seed investments in Impax funds of £10.5 million (all as at 30 September 2016). The value of our seed investments has shown a gain of £0.9 million over the Period as our Listed and Private Equity seed investments have delivered strong performance.

Our stakeholders

We are committed to the highest standards of responsible business practice and open communication and engagement with all our stakeholders. This is embedded in our Culture and Values statement, for example:

- we continually seek to minimise the environmental impact of our operations;
- the on-going development of our thought leadership work not only benefits our clients but has come to play an important role in educating many audiences on topics such as climate risk and environmental impact measurement; and
- we support charitable organisations that are aligned with our values and encourage staff to participate in numerous initiatives.

At the end of the Period headcount was 70 full time equivalent staff (67 at the same time last year. We believe we are fully staffed in most areas but may recruit a small number of additional people to service new business in due course. With research and client service staff in the UK, North America and Asia, we have one of the largest dedicated investment teams covering environmental and resource efficiency markets with 30 team members. We have worked hard over the years to develop a collegial working culture, optimal development for every member of staff, and effective succession planning. We believe we have achieved an effective alignment of stakeholder interests.

Outlook

Our staff, clients and shareholders all recognise the attractive prospects of companies that are facilitating the world's transition to a more sustainable economy. Given the powerful long term drivers and notable shorter term catalysts, we expect the trend of above-average earnings growth in this area to persist for many years. Meanwhile, interest in Impax's range of investment management services is at unprecedented levels around the world.

We have one of the strongest offerings in this specialised investment area. The Impax brand is underpinned by long-term investment out-performance, a promising mandate pipeline, an expanded product offering, a well-respected thought leadership position and proven distribution channels. This positioning together with the commitment of the Board and our staff, should ensure that Impax delivers attractive returns over the long term for all our shareholders.

Ian R Simm

30 November 2016

IMPAX ASSET MANAGEMENT GROUP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 **£000**	2015 £000
Revenue	**21,067**	19,726
Operating costs	**(16,915)**	(16,616)
Credits related to legacy long-term incentive schemes	**27**	1,285
Fair value gains on investments and other financial income	**989**	615
Investment income	**319**	228
Change in third-party interests in consolidated funds	**(288)**	(101)
Profit before taxation	**5,199**	5,137
Taxation	**(1,022)**	(1,504)
Profit after taxation	**4,177**	3,633
Earnings per share		
Basic	**3.62p**	3.16p
Diluted	**3.62p**	3.13p
Dividends per share		
Interim dividend paid and final dividend declared for the year	**2.1p**	1.6p
Special Dividend declared for the year	-	0.5p
	2.1p	2.1p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016

Profit for the year	**4,177**	3,633
Decrease in valuation of cash flow hedges	**(193)**	(171)
Tax on change in valuation of cash flow hedges	**38**	38
Exchange differences on translation of foreign operations	**87**	(35)
Total other comprehensive income	**(68)**	(168)
Total comprehensive income for the year attributable to equity holders of the Parent Company	**4,109**	3,465

IMPAX ASSET MANAGEMENT GROUP PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	2016		**2015**	
	£000	**£000**	£000	£000
Assets				
Goodwill	**1,681**		1,681	
Intangible assets	**61**		73	
Property, plant and equipment	**108**		185	
Investments	**14**		16	
Total non-current assets		**1,864**		1,955
Trade and other receivables	**6,931**		4,754	
Derivative asset	**-**		49	
Investments	**12,811**		7,419	
Margin account	**378**		177	
Cash invested in money market funds and long-term deposit accounts	**12,891**		17,153	
Cash and cash equivalents	**2,804**		2,364	
Total current assets		**35,815**		31,916
Total assets		**37,679**		33,871
Equity and Liabilities				
Ordinary shares	**1,277**		1,277	
Share premium	**4,093**		4,093	
Exchange translation reserve	**(154)**		(241)	
Hedging reserve	**(116)**		39	
Retained earnings	**21,645**		20,759	
Total equity		**26,745**		25,927
Trade and other payables	**5,473**		4,987	
Third-party interest in consolidated funds	**2,125**		144	
Derivative liability	**265**		74	
Current tax liability	**2,135**		305	
Total current liabilities		**9,998**		5,510
Accruals	**180**		197	
Deferred tax liability	**756**		2,237	
Total non-current liabilities		**936**		2,434
Total equity and liabilities		**37,679**		33,871

IMPAX ASSET MANAGEMENT GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Share capital	Share premium	Exchange translation reserve	Hedging reserve	Retained earnings	Total Equity
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 October 2014	1,277	4,093	(206)	172	19,523	24,859
Transactions with owners:						
Dividends paid	-	-	-	-	(1,676)	(1,676)
Acquisition of own shares	-	-	-	-	(1,158)	(1,158)
Long-term incentive scheme charge	-	-	-	-	437	437
	-	-	-	-	(2,397)	(2,397)
Profit for the year	-	-	-	-	3,633	3,633
Other comprehensive income						
Cash flow hedge	-	-	-	(171)	-	(171)
Tax on cash flow hedge	-	-	-	38	-	38
Exchange differences on translation of foreign operations	-	-	(35)	-	-	(35)
	-	-	(35)	(133)	- 3,633	3,465
Balance at 30 September 2015	1,277	4,093	(241)	39	20,759	25,927
Transactions with owners:						
Dividends paid	-	-	-	-	(2,462)	(2,462)
Acquisition of own shares	-	-	-	-	(1,547)	(1,547)
Award of shares on option exercise	-	-	-	-	166	166
Long-term incentive scheme charge	-	-	-	-	552	552
	-	-	-	-	(3,291)	(3,291)
Profit for the year	-	-	-	-	4,177	4,177
Other comprehensive income						
Cash flow hedge	-	-	-	(193)	-	(193)
Tax on cash flow hedge	-	-	-	38	-	38
Exchange differences on translation of foreign operations	-	-	87	-	-	87
	-	-	87	(155)	4,177	4,109
Balance at 30 September 2016	**1,277**	**4,093**	**(154)**	**(116)**	**21,645**	**26,745**

IMPAX ASSET MANAGEMENT GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 **£000**	2015 £000
Operating activities		
Profit before taxation	**5,199**	5,137
Adjustments for:		
Investment income	**(319)**	(228)
Depreciation and amortisation	**198**	273
Fair value gains	**(1,180)**	(615)
Share-based payment charge	**512**	437
(Credits) related to legacy long-term incentive schemes	**(27)**	(1,285)
Change in third-party interests in consolidated funds	**288**	101
Operating cash flows before movement in working capital	**4,671**	3,820
Increase in receivables	**(2,139)**	(1,850)
(Increase)/decrease in margin account	**(203)**	117
Increase/(decrease) in payables	**802**	(280)
Cash generated from operations	**3,131**	1,807
Corporation tax paid	**(815)**	(570)
Net cash generated from operating activities	**2,316**	1,237
Investing activities		
Investment income received	**329**	228
Settlement of investment related hedges	**(1,990)**	(359)
Net distributions/redemptions made to Impax by unconsolidated Impax managed funds	**2,329**	2,469
Net (investments made by)/investment disposals from consolidated funds*	**(4,549)**	2,749
Decrease/(increase) in cash held in money market funds and long-term deposit accounts	**4,262**	(6,538)
Acquisition of property, plant and equipment and intangible assets	**(109)**	(156)
Net cash generated by investing activities	**272**	(1,607)
Financing activities:		
Dividends paid	**(2,462)**	(1,676)
Acquisition of own shares	**(1,547)**	(1,158)
Cash received on exercise of Impax share options	**166**	-
Investments made by/(distributions made to) third-party investors in consolidated funds*	**1,693**	(1,067)
Net cash used in financing activities	**(2,150)**	(3,901)
Net increase/(decrease) in cash and cash equivalents	**438** -	(4,271)
Cash and cash equivalents at beginning of year	**2,364**	6,634
Effect of foreign exchange rate changes	**2**	1
Cash and cash equivalents at end of year	**2,804** -	2,364

* The Group consolidates certain funds which it manages, these represent cash flows of these funds.

Notes

1. REVENUE

The Group's main source of revenue is investment management and advisory fees. No performance fees were earned in the current or prior year. Management and advisory fees are generally based on an agreed percentage of the valuation of AUM for listed equity funds. For private equity and property funds they are generally based on an agreed percentage of commitments made to the fund by investors during the fund's investment period and thereafter on the cost price of investments made and not exited .

Analysis of revenue by type of service:

	2016	2015
	£000	£000
Investment management and advisory	**20,599**	19,078
Transaction fees	**468**	648
	21,067	19,726

Analysis of revenue by the location of customers:

	2016	2015
	£000	£000
UK	**8,091**	10,006
Rest of the world	**12,976**	9,720
	21,067	19,726

Analysis of "Rest of the world" customer location:

	2016	2015
	£000	£000
Ireland	**1,711**	1,282
France	**4,022**	3,645
Luxembourg	**2,756**	1,572
Netherlands	**1,566**	1,239
North America	**2,133**	1,234
Other	**788**	748
	12,976	9,720

Revenue from three of the Group's customers individually represented more than 10 per cent of Group revenue (2015: three), equating to £3,644,000, £3,267,000 and £3,003,000 (2015: equating to £4,387,000, £2,447,000 and £3,502,000).

Revenue includes £21,034,000 (2015: £19,293,000) from related parties.

2. OPERATING COSTS

The Group's largest operating cost is staff costs. Other significant costs include premises costs (rent payable on office building leases, rates, service charge), IT and telecommunications costs.

	2016	2015
	£000	£000
Staff costs	**12,640**	12,214
Premises costs	**1,061**	1,108
IT and communications	**1,008**	805
Depreciation and amortisation	**198**	273
Other costs	**2,008**	2,216
	16,915	16,616

3. STAFF COSTS AND EMPLOYEES

	2016	2015
	£000	£000
Salaries and variable bonuses	**9,523**	8,731
Social security costs	**1,207**	1,097
Pensions	**416**	356
Share-based payment charge	**512**	437
Other staff costs	**982**	1,593
	12,640	12,214

Staff costs include salaries, a variable bonus and the associated social security cost (principally UK Employers' National Insurance ("NIC")), the cost of contributions made to employees' pension schemes and share-based payment charges. Further details of the Group's remuneration policies, including how the total variable bonus pool is determined, are provided in the Remuneration Report. Charges in respect of share-based payments are offset against the total cash bonus pool paid to employees.

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 £37,000 (2015, £35,000) were payable to the funds at the year end and are included in trade and other payables.

Employees

The average number of persons (excluding Non-Executive Directors and including temporary staff), employed during the year was 69 (2015: 63).

	2016	2015
	Number	Number
Listed Equity	**23**	**22**
Private Equity	**12**	**12**
Marketing	**15**	**13**
Group	**19**	**16**
	69	**63**

4. SHARE-BASED PAYMENT CHARGES

The total expense recognised for the year arising from share-based payment transactions was £512,000 (2015: £437,000). The charges arose in respect of the Group's Restricted Share Scheme and the Group's Employee Share Option Plan which are described below. Options are also outstanding in respect of the Group's Long-Term Incentive Plan ("LTIP") which fully vested on 30 September 2012. Details of all outstanding options are provided at the end of this note.

Restricted Share Scheme ("RSS")
Restricted shares were granted to employees under the 2014 and 2015 plan. Details of the awards granted along with their valuation and the inputs used in the valuation are described in the table below. The valuation was determined using the Black-Scholes-Merton model with an adjustment to reflect that dividends are received during the vesting period. Following grant, the shares are held by a nominee for employees - who are then immediately entitled to receive dividends. After a period of three years the employees will be able to sell one third of the shares, after four years a further third and after five years the final third.

	2014 RSS	2015 RSS
Awards originally granted	1,250,000	3,140,000/ 1,000,000
Exercise price	0p	0p
In respect of services provided for period from	1 Oct 2013	1 Oct 2014/ 9 Feb 2016
Award value	49.9p	42.1p/41.5p
Weighted average share price on grant	52.5p	41.4p
Expected volatility	32%	32%/31%
Weighted average option life	5.3yrs	4.9yrs
Expected dividend rate	3%	3%/4%
Risk free interest rate	1.2%	1.2%/0.8%

Employee share option plan ("ESOP")
Under this Plan options over the Group's shares were granted to employees in 2011, 2012, 2013, 2014 and 2015.

The strike price of these options was set at a 10 per cent premium to the average market price of the Company's shares for the 30 business days (2015 ESOP: five days) following the announcement of the results for each of the respective preceding financial years. The 2011 and 2012 ESOP options have vested. 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 2016 (2013 ESOP) and 31 December 2017 (2014 and 2015 ESOP).
The valuation was determined using the Black-Scholes-Merton model.

Options outstanding

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

Options outstanding at 1 October 2015	**17,542,500**	**35.3**
Options granted	**1,000,000**	**45.4**
Options forfeited	**-**	**-**
Options exercised	**(503,000)**	**31.2**
Options expired	**(630,000)**	**49.2**
Options outstanding at 30 September 2016	**17,409,500**	**35.5**
Options exercisable at 30 September 2016	**10,599,500**	**26.1**

For the options outstanding at the end of the period the exercise prices were 49.6 pence for the ESOP 2011, 37.6 pence for the ESOP 2012, 47.9 pence/54.0 pence for the ESOP 2013, 56.9 pence for the ESOP 2014 and 45.4 pence for the ESOP 2015 and the weighted average remaining contractual life was 3.19 years.

Restricted shares outstanding

	2016
Outstanding at 1 October 2015	750,000
Granted during the year	4,140,000
Forefeited during the year	-
Restrictions lapsed - shares vest unconditionally to the employee	-
Outstanding at 30 September 2016	4,890,000

5. CREDITS/(CHARGES) RELATED TO LEGACY LONG-TERM INCENTIVE SCHEMES

	2016	2015
	£000	£000
LTIP NIC credit/(charge)	**(3)**	5
LTIP additional payments credit	**55**	10
EBT 2004 taxation	**-**	1,360
Advisory fees incurred on EBT settlement	(25)	(90)
	27	1,285

LTIP NIC CHARGE

The Group made option awards under its LTIP plan in 2011. These awards vested in 2012 but 4,484,500 remained outstanding at 30 September 2016. The Group pays Employer's 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 payments are 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. Payments totalling £222,000 were made during the year leaving £180,000 accrued at the year end.

EBT 2004 TAXATION

The 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 has historically been subject to uncertainty. In prior years the Group accrued for Employer's NIC payments that would have been payable on the value of any assets transferred out of the Trust, but did not recognise a deferred tax asset for the corporation tax deduction that would be available in the event the assets transferred out of the EBT were in the form of Impax shares. During 2015 the Group reached agreement with HMRC whereby it made a payment of £715,000 to HMRC in full settlement of income tax, NIC and corporation tax credits considered payable/due in respect of the awards. The EBT 2004 agreed to pay the Company £894,000 in respect of this settlement. The credit of £1,360,000 recorded in 2015 is made up of the release of the amounts previously accrued for Employer's NIC, payment of the £715,000 and the re-imbursement of the £894,000.

6. TAXATION

The Group is subject to taxation in the countries in which it operates (the UK, the US and Hong Kong) at the rates applicable in those countries. The total tax charge includes taxes payable for the reporting period (current tax) and also charges relating to taxes that will be payable in future years due to income or expenses being recognised in different periods for tax and accounting periods (deferred tax).

	2016	2015
	£000	£000
(a) Analysis of charge for the year		
Current tax expense:		
UK corporation tax	**2,226**	101
Foreign taxes	**108**	164
Adjustment in respect of prior years	**347**	536
Total current tax	**2,681**	801
Deferred tax expense/(credit):		
Charge for the year	**(1,253)**	984
Adjustment in respect of prior years	**(406)**	(281)
Total deferred tax	**(1,659)**	703
Total income tax expense	**1,022**	1,504

(b) Factors affecting the tax charge for the year

The weighted average tax rate for the year is 20 per cent. The tax assessment for the period is lower than this rate (2015: higher).

The differences are explained below:

	2016	**2015**
	£000	**£000**
Profit before tax	**5,199**	5,137
Effective tax charge at 20% (2015: 20.5%)	**1,040**	1,054
Effects of:		
Non-deductible expenses and charges	**24**	169
Adjustment in respect of prior years	**(59)**	255
Effect of higher tax rates in foreign jurisdictions	**59**	48
Change in UK tax rates	**(42)**	(22)
Total income tax expense	**1,022**	1,504

(c) Deferred Tax

The deferred tax (liability) included in the consolidated statement of financial position is as follows:

	Accelerated capital allowances	Income not yet taxable	Share-based payment scheme	Other temporary differences	Total
	£000	£000	£000	£000	£000
As at 1 October 2014	49	(2,503)	510	247	(1,697)
Credit to equity	-	-	-	39	39
Exchange differences on consolidation	-	124	-	-	124
Credit/(charge) to the income statement	(8)	(557)	74	(212)	(703)
As at 30 September 2015	41	(2,936)	584	74	(2,237)
Credit/(charge) to equity	-	-	-	38	38
Exchange differences on consolidation	-	(216)	-	-	(216)
Credit/(charge) to the income statement	3	2,112	77	(533)	1,659
As at 30 September 2016	**44**	**(1,040)**	**661**	**(421)**	**(756)**

Reductions in the UK corporation tax rate to 19 per cent (effective from 1 April 2017) and to 18 per cent (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17 per cent (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future tax charge accordingly. the deferred tax liability at 30 September 2016 has been calculated based on these rates.

7. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, less the weighted average number of own shares held. Own shares are held in Employee Benefit Trusts.

Diluted EPS includes an adjustment to reflect the dilutive impact of option awards and restricted share plan awards.

	Earnings for the year £000	Shares £000	Earnings per share
2016			
Basic	4,043	111,794	3.62p
Diluted	4,177	114,399	3.62p
2015			
Basic	3,633	115,133	3.16p
Diluted	3,633	115,909	3.13p

Earnings are reduced by £134,000 for the year ended 30 September 2016 for basic EPS to reflect the profit attributable to holders of restricted shares, which are treated as contingently returnable shares. This adjustment is not made for diluted EPS but instead the dilutive restricted shares are included in the number of shares used for the dilutive calculation. Where the resulting calculation for diluted EPS is higher than the basic EPS the basic number is used.

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

	2016 '000	2015 '000
Issued share capital	**127,749**	127,749
Less own shares held not allocated to vested LTIP options	(15,955)	(12,616)
Weighted average number of ordinary shares used in the calculation of basic EPS	**111,794**	115,133
Additional dilutive shares re share schemes	**10,690**	10,090
Adjustment to reflect option exercise proceeds and future service from employees receiving awards	**(8,085)**	(9,314)
Weighted average number of Ordinary Shares used in the calculation of diluted EPS	**114,399**	115,909

The basic and diluted earnings per shares includes vested LTIP option shares on the basis that these have an inconsequential exercise price (1 pence or 0 pence).

8. DIVIDENDS

Dividends are recognised as a reduction in equity in the period in which they are paid or in the case of final dividends when they are approved by shareholders. The reduction in equity in the year therefore comprises the prior year final dividend and the current year interim dividend.

Dividends declared/proposed in respect of the year

	2016	2015
	pence	pence
Interim dividend declared per share	0.5	0.4
Final dividend proposed per share	1.6	1.2
Special dividend proposed per share	-	0.5
Total	2.1	2.1

The proposed final dividend of 1.6 pence will be submitted for formal approval at the Annual General Meeting to be held on March 8 2017. No special dividend is proposed for payment in respect of the current year. Based on the number of shares in issue at the year end and excluding own shares held the total amount payable for the final dividend would be £1,780,000.

Dividends paid in the year

	2016	2015
	£000	£000
Prior year final dividend - 1.2p, 1.1p	1,344	1,231
Prior year special dividend	561	-
Interim dividend - 0.5p, 0.4p	557	445
	2,462	1,676

9. CURRENT ASSET INVESTMENTS

The Group makes seed investments into its own Listed Equity funds and also invests in its private equity funds. Where the funds are consolidated the underlying investments are shown in the table below as part of listed investments. Investments made in unconsolidated funds are shown as part of unlisted investments. Further details of when funds are consolidated are described in note 28 (A).

	Unlisted investments	**Listed investments**	**Total**
	£000	**£000**	**£000**
At 1 October 2014	5,192	6,448	11,640
Additions	124	5,092	5,216
Fair value movements	606	210	816
Repayments/disposals	(2,593)	(7,841)	(10,434)
Foreign Exchange	-	181	181
At 30 September 2015	3,329	4,090	7,419
Additions	116	7,216	7,332
Fair value movements	566	2,604	3,170
Repayments/disposals	(2,443)	(2,667)	(5,110)
At 30 September 2016	**1,568**	**11,243**	**12,811**

Listed investments

Impax Environmental Leaders Fund (consolidated)

On 23 January 2015 the Group launched the Impax Environmental Leaders Fund ("IEL") and invested £3,000,000 from its own resources in the fund. IEL invests in listed equities using the Group's leaders strategy. The Group's investment represented more than 50 per cent of IEL's Net Asset Value NAV form the date of launch to 30 September 2016 and has been consolidated throughout this period with its underlying investments included in listed investment in the table above.

Impax Global Equity Opportunities Fund (consolidated)

On 23 December 2014 the Group launched the Impax Global Equity Opportunities fund ("IGEO") and invested £2,000,000 from its own resources in the fund. IGEO invests in listed equities using the Group's Global Equity Strategy. The Group's investment represented more than 50 per cent of IGEO's NAV from the date of launch to 30 September 2015 and the fund has been consolidated throughout this period with its underlying investments included in listed investment in the table above.

Impax Food and Agriculture Fund (consolidated)

On 1 December 2012 the Group launched the Impax Food and Agriculture Fund ("IFAF") and invested £2,000,000 from its own resources 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 per cent of the IFAF's NAV from the date of launch to 30 September 2015 and has been consolidated throughout this period with its underlying investments included in listed investments in the table above.

Unlisted investments

Private equity funds (not consolidated)

The Group has invested in its private equity funds, Impax New Energy Investors LP and Impax New Energy Investors II LP ("INEI" and "INEI II"). The investments represent 3.76 per cent and 1.14 per cent respectively of these funds. Further details of the Group's commitments to these partnerships are disclosed in note 25.

The fair value of the investments in INEI II, which is recorded at a fair value of £546,000 are calculated using either the discounted cash flow method, the cost of investment or agreed sale prices. The key assumptions for the discounted cash flow valuations of the investments, which consists mainly of investments in wind farms, is the discount rate. The discount rate was determined by reference to market transactions for equivalent assets. A rise of 1 per cent in the discount rate applied to cash flows would result in a decrease in profit before taxation and net assets of £38,000. A 1 per cent reduction in the discount rate would result in a corresponding increase of £44,000 in profit before taxation and net assets.

The INEI I investment, which is recorded at a fair value of £568,000, consists at the year-end of investments in Spanish solar farms which are reliant on tariff subsidies. The fair value of these investments were determined using a discounted cash flow approach. A rise of 1 per cent in the discount rate applied to cash flows would result in a decrease in profit before taxation and net assets of £64,000. A 1 per cent reduction in the discount rate would result in a corresponding increase of £71,000 in profit before taxation and net assets. 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. The partnership is still in negotiations with the relevant banks to restructure the loans and is also in the process of pursuing a claim for compensation from the Spanish government. In the event that the banks take possession of the assets and the claims for compensation are unsuccessful the investment would be impaired in full.

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

Cash and cash equivalents under IFRS does not include deposits in money market funds and cash held in deposits with more than an original maturity of three months. The Group however considers its total cash reserves to include these amounts. Cash held by consolidated funds is not available to the Group so is not included in cash reserves. A reconciliation is shown below:

	2016	2015
	£000	£000
Cash and cash equivalents	**2,804**	2,364
Cash invested in money market funds and long-term deposit accounts	**12,891**	17,153
Less cash and cash equivalents held by consolidated funds	**(292)**	(193)
Cash reserves	**15,403**	19,324

11. ORDINARY SHARES

	2016	2015
Issued and fully paid	£000	£000
127,749,098 ordinary shares of 1p each	1,277	1,277

12. OWN SHARES

	Own shares Number	Own shares £000
At 1 October 2014	16,192,620	5,144
Satisfaction of option exercises	(145,455)	(511)
EBT 2012 purchases	2,245,455	1,158
At 30 September 2015	18,292,620	5,791
Satisfaction of option exercises	(503,000)	(207)
EBT 2012 purchases	3,598,219	1,547
At 30 September 2016	21,387,839	7,131

13. ACCOUNTING POLICIES

BASIS OF PREPARATION
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted for use by the European Union ("EU").

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 and derivatives being measured at fair value.

The financial statements are presented in sterling. All amounts have been rounded to the nearest thousand unless otherwise indicated.