Impax Asset Management Group plc

(formerly Impax Group plc)

Annual Report 2009

The Environmental Investment Specialist

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

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

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

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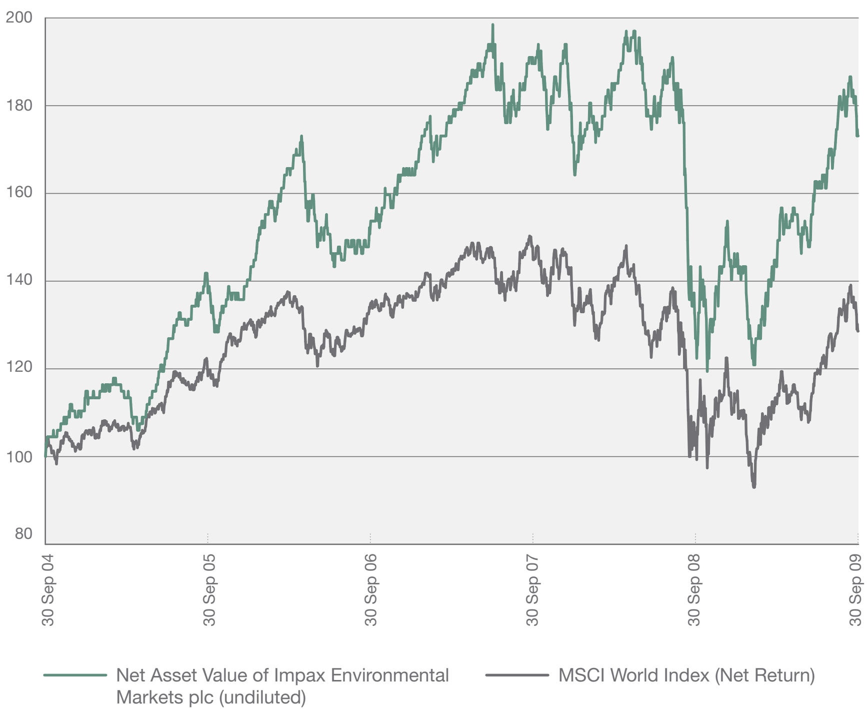
IMPAX

Highlights 2009

- **Increase in AUM* (15%) to £1.26 billion (30 September 2009)**
  Subsequent to year end, further increase to £1.42 billion (30 November 2009)
- **Strong investment performance**
  Quoted equities: Impax Environmental Markets plc (NAV) +80% over five years
  Private equity: Impax New Energy Investors ranked 1st quartile by Preqin
- **Significant mandate wins**
  €150 million from European institutional investor
- **Launch of new investment strategy**
  £104.5 million raised for Asia Pacific product (subsequent to year end)
- **Expansion of distribution network**
- **Further investment in capabilities in UK and Hong Kong**

* Assets under discretionary and advisory management

Impax Environmental Markets plc versus MSCI World Index over five years in GBP



Data re-based to September 2004

Impax – Key Facts

Impax has an excellent investment track record, powerful distribution partners and a highly qualified team

01 Attractive target markets

>US$500bn
Annual revenue in environmental markets

10-20%
Compound annual growth rate

02 Experienced investment team

10+ years
Since Impax team established

200+ years
Aggregate sector experience

05 Extensive distribution

12
Countries actively targeted

06 Stable investor base

>90%
Investors in "Impax-Label" funds are institutional

03 Focused approach

6 Investment strategies across two divisions

04 Comprehensive product range

21 Funds and accounts

- "Impax-Label" funds
- Third party funds
- Segregated accounts

07 Performance: Quoted equities

80% Increase in NAV over five years of largest fund (to 30 September 2009)

08 Performance: Private equity

1st Quartile ranking (Preqin)

Chairman's Statement
For the Year Ended 30 September 2009

Growth rates in and investor returns from the environmental markets sector can be expected to outperform the mainstream economy

Principal activities and review of the business

The period from the demise of Lehman Brothers in mid September 2008 to the present will surely be remembered as one of the most extraordinary in the history of finance and economics. Until the spring of 2009, the effects of a severe recession, collapsing credit and banking markets, high profile corporate failures and pronounced risk aversion had threatened to decimate the investment management sector. However, in recent months, following radical macroeconomic policy interventions, particularly quantitative easing and stimulus funding, confidence has improved, and at present we are in a more benign business environment.

In this context, in the financial year ending 30 September 2009, while Impax's revenue has not been immune to the stock market crash, the Group has taken a substantial step forward. Assets under discretionary and advisory management ("AUM") started the year at £1,098 million. As the market fell, we suffered only minimal redemptions and AUM reached a low of £889 million in March 2009 before rising to £1,263 million by the end of the Group's financial year. Since then, major new mandates from a European institutional investor and our new investment trust targeting the Asia Pacific region (described in more detail below) coupled with broadly rising markets have led to a further increase in AUM, which reached £1,419 million on 30 November 2009.

This year, in recognition of our increasingly complex business, my statement is followed by a Chief Executive's Report, in which Ian Simm sets out more detail behind our performance, current status and plans.

Results for the year and proposed dividend

During the year we have undertaken a review of the Group's accounting policies, and this has led to a number of corrections and improvements. Although none of these changes has materially impacted upon shareholders' equity, results for 2008 and 2009 now reflect in particular an amended basis of expensing the Group's long-term incentive scheme and the consolidation of one of the funds into which we have injected seed capital. Further information is included within the Prior Year Adjustment Note to the Accounts.

Notwithstanding the significant overall rise in assets since the start of the period, our results also reflect the sharp fall in equity markets in late 2008 and early 2009. Turnover for the year was £10,391,196 (2008: £11,389,264), an 8.8 per cent decrease over the year. Turnover included £945,620 of exceptional non-recurring fees due under the management contract of our private equity fund.

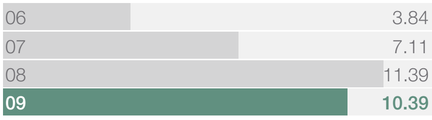
Profit before tax excluding minority interest was £2,472,992 (2008: £3,516,119 (restated)). This result included a charge of £551,579 (2008: £917,665 (restated)) for the Group's long-term incentive scheme.

The tax charge for the year was lower than the standard rate of corporation tax for the UK as a result of credits arising on recognition of deferred tax assets.

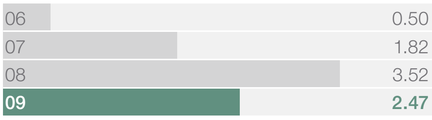
Earnings per share ("EPS") were 2.63 pence (adjusted), a 22 per cent fall against last year (3.36 pence (restated)). These EPS numbers exclude the charges for the Group's long-term incentive scheme and therefore, in the Board's view, represent the most relevant measure of the year's earnings.

The Group's Balance Sheet continues to strengthen. At the financial year end, equity attributable to shareholders had

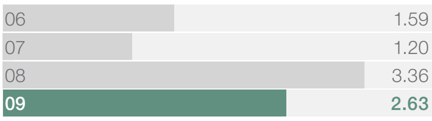
Revenue
£Million



Profit before tax (attributable to Impax)
£Million

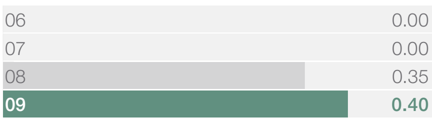


Earnings per share (basic)*
pence



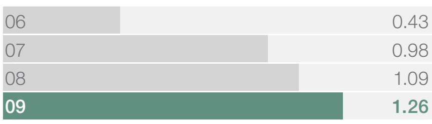
* 08 and 09 – adjusted basis

Dividend*
pence



* 09 – proposed

AUM
£Billion



increased to £13,849,539 (2008: £11,397,770 (restated)). There was no long-term debt and cash reserves readily available to the principal operating activities of the Group were £6,694,182 (2008: £7,028,619).

A year ago the Group's shareholders approved a proposal to pay a maiden dividend of 0.35 pence per share (for year ended 30 September 2008). Notwithstanding the events of the year and the consequent fall in the Group's revenues and profits, I am pleased to report that the Board recommends that the dividend be increased to 0.40 pence per share. This dividend proposal will be submitted for formal approval by shareholders at the forthcoming Annual General Meeting on 10 February 2010. If approved the dividend will be paid shortly thereafter on a date to be confirmed in the formal Notice of AGM. In recognition of the Group's stage of development, the Board does not currently intend to propose payment of interim dividends.

Name change
In recognition of the Group's single focus on investment management, in September 2009, shareholders gave their overwhelming support to change the name of the Group from Impax Group plc to Impax Asset Management Group plc.

Board of Directors
In September this year, I announced that Vince O'Brien had agreed to join the Group's Board as a Non-Executive Director with immediate effect, taking the number of Directors to six. Vince, who is currently a Director of Montagu Private Equity and has worked in the private equity industry for over 20 years, is ideally placed to enhance our private equity strategy. He is a past Chairman of the British Venture Capital Association and served on its Council for seven years.

Prospects
Governments around the world are rapidly building their understanding of how to reduce pollution and improve the efficiency of natural resource use, while realising that the private sector can rapidly deliver cost-effective solutions within competitive environmental markets. Earlier in the decade, institutional investors were understandably cautious about the rationale for long-term allocations to investment strategies targeting the environmental sector. However, there is now an overwhelming body of evidence supporting claims that growth rates in and investor returns from this sector can be expected to out-perform the mainstream economy. It is therefore logical to conclude that the number of attractive investment opportunities for the portfolios that we manage will continue to expand.

Impax's investment team has now been operating in this sector for over a decade and has experienced two full market cycles. With strong sector prospects, a scalable business model and a committed, experienced management team, I am confident that the Group is well positioned for further growth.

J Keith R Falconer
22 December 2009

Chief Executive's Report
For the Year Ended 30 September 2009

We now have an excellent track record, powerful distribution partners and a highly qualified team that is committed to maximizing the opportunities ahead

It is an exciting time to be managing funds targeting the environmental sector. Hardly a day goes by without extensive press coverage of water scarcity, energy security, local air pollution, waste disposal problems or global warming, and institutional investors are increasingly persuaded that the sector offers credible potential for superior returns over the long term.

The opportunities for a specialist investment manager in this area are highly attractive. Since 1998, when Impax secured its first investment advisory mandate, environmental markets have expanded out of all recognition. There are now over 1,300 quoted companies generating a total of ca. US$500 billion of revenue each year and expecting to deliver, on average, double-digit percentage annual earnings growth. An investment management team that is able to understand the likely development and risks of environmental regulation and technology, and can compare business plans and valuations in different parts of the world, is ideally placed to identify mis-priced assets and to commit capital accordingly.

Impax focuses on the management of a small number of scalable investment strategies targeting the environmental sector that are distributed through a variety of profitable channels. As set out below, during the period under review we have made significant progress in building AUM across many of these channels, delivered excellent investment returns and continued to extend our capabilities in order to be ready to attract and manage further funds.

Sector developments

The environmental sector has seen many positive developments during the year. Unlike in previous recessions, when investment in environmental management and related infrastructure was typically deemed to be of low priority, it is encouraging that public sector commitment to the areas in which Impax is investing has grown significantly. Since late 2008, over US$500 billion of public money in the form of "stimulus funding" has been pledged for deployment in the sector, and this is expected to underpin demand for many private sector operators for several years.

Notwithstanding this unprecedented support, many governments have also continued to finalise and implement far-reaching environmental targets and regulations. For example, in December 2008, the European Union adopted a set of Directives that stipulate challenging requirements for renewable energy, energy efficiency and CO_2 emissions targets by 2020. Subsequently, early in the New Year, the newly inaugurated President Obama began a programme to accelerate US policy in these areas as well as in the strengthening of a wider group of environmental markets, for example the development of a "smart" distribution grid for electric power. In parallel, the Chinese government has announced a suite of measures to support the rapid deployment of clean energy technologies, notably in power generation, vehicles and energy efficiency.

Assets under management and fund flows

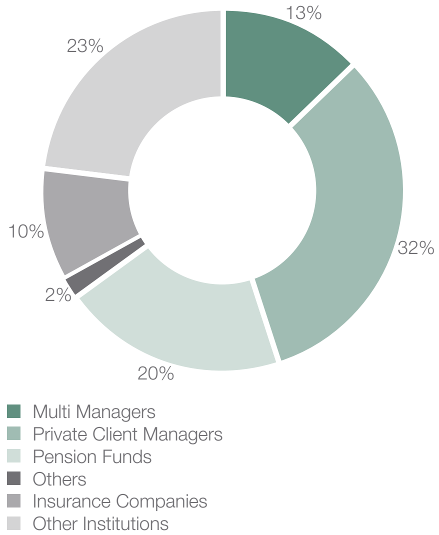
As noted in the Chairman's Statement, Impax's AUM increased over the period from £1,098 million on 1 October 2008 to £1,263 million on 30 September 2009. The material component of this increase arose in our Quoted Equities division, in particular in funds or accounts domiciled in the European Union (ex UK and Ireland).

The flow of funds into our quoted equities products can be analysed in two categories: "Impax-Label" funds, which we typically manage on behalf of UK investors and earn annual fees in the region of 0.9 per cent to 1.5 per cent of relevant AUM, and "Third Party Funds/ Accounts", for which fees tend to be lower as we either receive them through third party distributors or offer discounts on large commitments. During the period we had modest net outflows from Impax Label funds but significant net inflows into Third Party Funds/Accounts; for example, the Environment Agency Pension Fund recently added £15 million to the segregated account that we have been managing for them since August 2008 (which was initially funded with £35 million). As noted below, this experience has prompted us to invest further in our internal sales team.

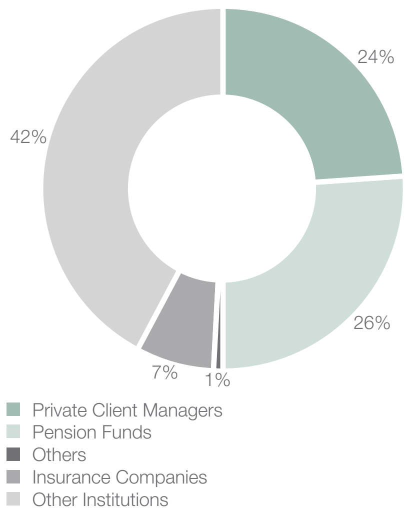
Since the end of the period, there have been two major positive contributors to the further increase in AUM. First, as announced on 22 September 2009, we have received €80 million of a €150 million mandate from a European institutional investor to manage a quoted equities portfolio, and now expect to receive the balance early in 2010. Second, as noted below, on 22 October 2009 we commenced management of Impax Asian Environmental Markets plc, an investment trust, which launched with £104.5 million of gross assets.

Stable, diverse client base

"Impax-Label" funds
(as at 30/09/09)



Impax Asian Environmental Markets plc
(launched 22/10/09)



As reported in the Interim Statement, our partnership with FTSE to design and market a range of environmental sector indices has continued to develop and is producing rising (though still modest) revenues for us. In June 2009, FTSE launched six additional indices, taking the total number of indices in the Environmental Markets Index Series to 18. There is currently ca. US$3 billion of capital either benchmarked to or tracking these indices, with institutional clients in North America and Asia as well as Europe. By contributing to a globally recognised standard for the categorisation of environmental markets and investments, we expect to build further credibility for the Impax brand and greater interest in our products.

Cash flow

As is common in the investment management sector, we now enjoy healthy operating cashflow before movements in working capital, which was £2.7 million for the year (2008: £4.1 million), representing £0.23 million per month on average. Given the recent sharp increase in AUM, the current monthly cashflow run rate is substantially higher than this figure.

With only a limited requirement for regulatory and working capital, we expect operating cashflow to rise further as our business continues to scale. While keeping a prudent level of cash to provide a buffer in weak markets, our policy is to utilise this free cashflow to seed high potential new products while also paying dividends to shareholders and, from time to time, making modest share buy-backs at attractive prices.

In 2007, we invested €2.2 million to seed our hedge fund. Subsequently, in March 2008 we invested £1.5 million to seed IFSL Impax Environmental Leaders, the UK open-ended investment company that we manage; we have recently taken steps to hedge the equity market risk for this investment. At 30 September 2009, these investments were valued at £3.3 million. Our intention is to leave these investments in place until the respective funds have had the opportunity of achieving critical mass.

As explained below, in 2010 we expect to be required to fund up to €3.13 million into Impax New Energy Investors LP, the private equity fund in which the Group is a limited partner and which we have successfully managed since August 2005. This investment is likely to be illiquid until the fund's portfolio is sold, most likely in two to three years.

Since the year end the Group has purchased 1,240,000 of its own shares. These shares, which we purchased at an average price of 36.33 pence, are currently held in treasury.

Investment performance

The delivery of excellent investment performance remains at the heart of our long-term strategy and day-to-day activity.

Quoted equities

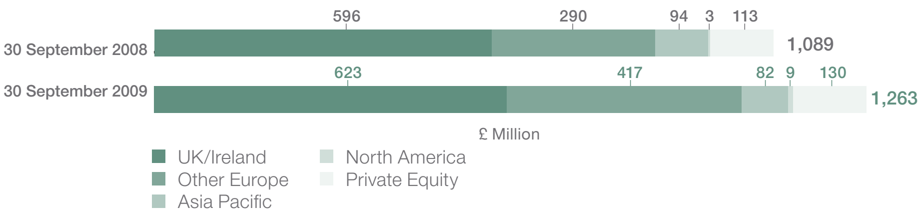
Our quoted equities business has historically concentrated on the management of global portfolios, comprising either specialist stocks (Specialists/Pure Play Funds) or a combination of specialist stocks and more diversified companies (Leaders/All Cap Funds). I look forward to reporting on the performance of our more recently established Asia Pacific investment strategy next year.

Specialists/Pure Play Funds have once again sustained their out-performance. Between 1 October 2008 and 30 September 2009, the net asset value ("NAV") of Impax Environmental Markets plc ("IEM"), the investment trust that we have managed since its launch in February 2002, increased by 10.5 per cent, while the MSCI World Index rose by 9.3 per cent. Our other funds in this category produced similar performance. Over the five years ending 30 September 2009, IEM's NAV increased by 79.9 per cent while the corresponding increase in the MSCI World Index was 38.1 per cent. This track record, which covers a complete investment cycle, is an important component of our sales pitch to potential investors and/or their advisers.

Leaders/All Cap Funds have benefited from mounting evidence that larger companies with significant and growing exposure to the environmental sector are delivering superior earnings and experiencing positive share price re-rating. For example, the net asset value of IFSL Impax Environmental Leaders fund rose 14.8 per cent over the period under review, while, as noted above, the MSCI World Index rose 9.3 per cent.

Chief Executive's Report continued

Increase in AUM in most geographies during period



Our hedge fund, which has a "long short" portfolio selected from our stock universe of environmental markets companies and related utilities has also performed well, and we continue to engage in dialogue with potential investors in this product.

Private equity

Towards the end of the most difficult year in recent memory for private equity, I am pleased to report that Impax New Energy Investors LP ("Fund I"), our principal private equity fund which has €125 million of committed capital, has further extended its strong track record. With over 80 per cent of its initial capital invested or committed, this fund is near the end of its investment period. Fund I has been recently ranked by Preqin as having first quartile performance for infrastructure funds launched in 2005, and we are confident of reaching or exceeding the target returns agreed that were discussed with investors at the fund's launch.

As noted in previous statements, our strategy is to fund the construction of renewable energy power generation assets based on low risk technology, avoiding significant development risk, and working with well capitalised counterparties. All the material assets of Fund I are fully funded, generating electric power, and performing ahead of expectations.

Impax became a limited partner in Fund I at launch in August 2005 with a commitment to invest €3.76 million. Alongside other investors, our capital calls for the fund have been bridged by a bank facility, with a first payment of €338,040 made in August 2009 and a final payment of €2.8 million due in January 2010, when the facility expires. We may then need to disburse up the balance of the commitment (ca. €612,000) during the remainder of calendar 2010. The Group has more than sufficient cash resources to be able to meet these commitments as they fall due. We expect that this investment will produce a significant gain for the Group when the fund's assets have been sold.

Following the adoption of the Renewable Energy Directive, which stipulates that the European Union must derive at least 20 per cent of its energy from renewable sources by 2020, there has been a further acceleration of attractive deal flow for funds with our investment strategy. Against this background, we have been successful in securing significant interest from investors in a second private equity fund, and are making good progress towards a first closing.

New "Asia Pacific" product

Over the past three to four years, we have been impressed by the pace of development of opportunities to invest in the environmental sector in the Asia Pacific region. With almost half the world's population, rapid rates of industrialisation and urbanisation, and rising standards of living, the region has developed significant environmental problems, which are restricting further economic development as well as reducing the quality of life. As governments have implemented environmental policy to address these issues, there has been a marked increase in the number of companies based in the region that are providing solutions to environmental problems as well as supplying expanding demand in other parts of the world, notably Europe and North America.

Since 2006, we have been closely monitoring the development of these new environmental markets and companies, initially in consultation with two of our major shareholders, BNP Paribas Investment Partners ("BNPP IP", which has offices throughout the Asia Pacific region) and DIAM (based in Tokyo), and more recently with Ajia Partners, an investment management firm based in Hong Kong. We have also added to our London team individuals who have significant experience of researching and investing in Asian stocks.
Over the summer period, our front and back office teams worked intensively with brokers Collins Stewart and with Ajia Partners to prepare for the launch of a new investment trust designed to provide investors with dedicated exposure to the stocks of Asian environmental sector companies. This trust, Impax Asian Environmental Markets plc, launched on 22 October 2009 with £104.5 million of gross assets, making it the largest investment company IPO on the London Stock Exchange since July 2008. Impax is the new trust's investment manager and Ajia Partners is acting as our investment adviser. We are actively exploring options to establish new funds to provide investors with "open ended" access to the underlying portfolio.

International distribution network

Distribution

As an "investment-led" firm, the bulk of our resources has historically been devoted to investment management, the associated back and middle office functions, and marketing support to third party distributors. However, as investor interest in the environmental sector expands and demand for our services accelerates, we are also seeing increasing opportunities to sell products directly to investors, and are therefore in the process of making several hires to strengthen our sales team.

In parallel, we are very encouraged by the commitment of our network of distributors to the promotion of our products. Since 2006, BNPP IP has been selling funds managed or advised by Impax in much of continental Europe, parts of East Asia and, since January 2009, Australia. At the end of the period, approximately 19 per cent of our AUM has been sourced through this route. During 2009, BNPP IP has been working towards the integration of the investment and sales teams of Fortis Investment Management (whose distribution is particularly strong in Scandinavia and the Benelux), and we believe that, from early 2010, the combined sales team will be able to attract significantly larger volumes for us.

In recent years, we have been exploring the potential for distribution of our products in North America, particularly the United States. As a first step, in March 2008 we commenced a sub-advisory mandate with Pax World, which is well known for socially responsible investment products; this fund has had excellent investment performance and has grown from US$1 million at launch to ca. US$17 million today. Since the start of calendar 2009, as noted above, the public policy debate in the US has moved decisively in the direction of alternative energy and energy efficiency in particular, and we have recently signed a distribution agreement with Titanium Asset Management, which sells investment products to the US pension plan market. I hope to be able to report positive news on this new partnership in due course.

Infrastructure and support

Last year, we reported that we had made a significant investment in the infrastructure required to underpin further expansion of our business. Since the start of the year, this investment has continued, particularly to expand our support team (mainly operations and marketing), where headcount has increased from 12 to 17 staff.

At the end of the year, our total headcount was 34 permanent and four temporary staff, up from 26 permanent staff at the start of the period. In the light of these increases, we are well resourced in most departments.

Outlook

The release of Impax's preliminary statement of annual results for 2009 coincided with the first week of the COP-15 conference in Copenhagen where the future of policy to reduce global warming was debated. Although a legally binding treaty has yet to be concluded, the arrival of the United States, China, India and Brazil at the negotiating table suggests that significant progress will be made in 2010. Over the longer term, we believe that interest in clean energy, energy efficiency and the drivers behind environmental markets will continue to strengthen and that Impax's prospects are very strong. Having identified the environmental investment opportunity in the mid 1990s, we now have an excellent track record, powerful distribution partners and a highly qualified team that is committed to maximising the opportunities ahead.

Ian R Simm
22 December 2009

Directors' Profiles

Keith Falconer
Chairman
Keith Falconer, aged 54, is Chairman of Impax Asset Management Group plc. He joined the Group in January 2004. After qualifying as a Chartered Accountant in 1979, he joined Martin Currie, the independent Edinburgh-based investment firm. The first part of his career was spent managing portfolios on behalf of institutional clients. Subsequently, he became the Managing Director of sales and marketing. He retired from Martin Currie at the end of 2003 and is now also Chairman of Aberdeen New Thai Investment Trust plc and a number of other companies.

Ian Simm
Chief Executive
Ian Simm, aged 43, is Chief Executive of Impax Asset Management Group plc and Managing Director of Impax Asset Management Limited ("IAM"). Prior to joining Impax in 1996 he was a project manager at McKinsey & Co. in the Netherlands, where he advised clients on strategies in environmentally sensitive industries, including energy, waste management and the automotive sector. Ian established Impax's asset management business in 1998. He graduated with a first class physics degree from Cambridge University and has a Master's in Public Administration from Harvard University.

Peter Gibbs
Non-Executive Director
Peter Gibbs, aged 51, is a Non-Executive Director of Impax Asset Management Group plc. Having begun his career at Brown Shipley, he joined Bankers Trust in 1985 as a Senior Portfolio Manager. In 1989 he joined Mercury Asset Management ("MAM") where he rose to become Head of the International Equities Division. Following the acquisition of MAM by Merrill Lynch, he was appointed co-Head of Equity Assets worldwide. In 2003 he became Chief Investment Officer and Head of Region for Merrill Lynch's Investment Management activities outside the US. Peter was a Non-Executive Director of Bridgewell Group plc between June 2006 and August 2007. He is a Director of the Evolution Group plc and UK Financial Investments Ltd ("UKFI") and is Chairman of Turquoise Services Limited.

Mark White
Non-Executive Director
Mark White, aged 54, is a Non-Executive Director of Impax Asset Management Group plc. He is the General Manager of LGT Capital Partners (UK) Ltd following LGT Capital Partners' acquisition of KGR Capital. From 2001–2005, he was CEO of JPMorgan Fleming Asset Management (UK) Ltd and was responsible for their institutional businesses internationally. Prior to that, he was CEO of Jardine Fleming Asset Management in Hong Kong and CEO of Chase Fleming Asset Management (UK) Ltd in London. He is a past Chairman of the Hong Kong Investment Funds Association and the HK SFC Advisory Committee on Unit Trusts. He is also a Non-Executive Director of Ellis Brady Absolute Return Fund and F&C Global Smaller Companies plc.

Guy de Froment
Non-Executive Director
Guy de Froment, aged 59, was appointed as a Non-Executive Director on 19 January 2008. Currently Vice Chairman of BNP Paribas Asset Management, he was previously joint CEO responsible for Sales and Marketing. From 1997 to 2000, he held the position of Chairman and CEO of Paribas Asset Management. Prior to that he worked for Barclays as Head of Continental European Asset Management, having previously spent 23 years in the Indosuez Group during which time he was Chief Executive of W. I. Carr and CEO of Indosuez Asset Management. Guy is a graduate of the Ecole des Hautes Etudes Commerciales (HEC Paris).

Vince O'Brien
Non-Executive Director
Vince O'Brien, aged 51, joined the Board as a Non-Executive Director on 3 September 2009. He is currently a Director of Montagu Private Equity and has worked in the private equity industry for over 20 years. Originally qualifying as a Chartered Accountant with Coopers and Lybrand he joined Montagu Private Equity in 1993. Vince is a former Chairman of the BVCA and served on its Council for seven years.

Senior Personnel

Bruce Jenkyn-Jones
Bruce Jenkyn-Jones, aged 44, is a Director of IAM and Managing Director for the listed equity business. He has 18 years' experience working in environmental markets. Prior to joining Impax in 1999 he was a utilities analyst with BT Alex Brown and before that a Senior Consultant at Environmental Resources Management Ltd. Bruce is a graduate of Oxford University and has a Master's in Environmental Technology from Imperial College and an MBA from IESE (Barcelona).

Peter Rossbach
Peter Rossbach, aged 51, is a Director of IAM and Managing Director for the private equity team that manages Impax New Energy Investors LP. From 1997 to 2000, he was Senior Investment Officer at AMI Asset Management, a private equity investment fund specialising in the utility sector. Before AMI, he held positions as senior investment adviser to EBRD, Vice President of Project Finance at Mitsui Bank in New York, and within the energy project finance teams at Catalyst Energy, Lowrey Lazard and at Standard and Poor's utility debt ratings services in New York. Peter holds both a Bachelor's degree and a Master's in Public Policy from Harvard University.

Nigel Taunt
Nigel Taunt, aged 56, is a Director of IAM and Managing Director for Impax's venture capital activities. Nigel qualified as a Chartered Accountant in 1977 and, before moving into corporate finance and investment management, joined the Group as Finance Director in January 2002. From 1992 to 1998 he was Finance Director of Yorkshire Environmental ("YE") and was a Director of several other water and renewable energy businesses within Kelda Group plc. During this period he led many successful acquisition and divestment projects as YE grew substantially in key sectors, particularly waste management, environmental laboratories and renewable energy.

Charlie Ridge
Charlie Ridge, aged 45, is a Director of IAM and Chief Operating Officer of Impax Asset Management Group plc. Charlie has worked across financial services for more than 20 years, holding senior management positions with a number of international blue chip investment banks. Charlie joined Impax from Deutsche Bank, where he was a Managing Director within the Finance Division. He most recently served as UK Asset and Wealth Management Chief Financial Officer, having previously used his technical expertise in various financial and market risk related roles for the Global Markets Division. Charlie has a degree in Engineering Science from Durham University and trained as a qualified Chartered Accountant at Ernst & Young.

John McDonald
John McDonald, aged 49, joined Impax in August 2009 as Head of Sales and Marketing. He has 25 years experience in the financial markets, 17 of which were spent in investment research analysis and sales, followed by eight years in alternative investment sales and marketing. Before joining Impax he was Head of Alternative Investments Sales at New Star Asset Management. Prior to New Star he co-founded Fortune Asset Management having previously worked in European equity research and sales roles at Morgan Grenfell, James Capel, S.G.Warburg and the Europe Company Ltd. John is a graduate of the European Business School.

Officers and Advisers

Directors	J Keith R Falconer (Chairman) Ian R Simm (Chief Executive) Guy de Froment (Non-Executive) Peter J Gibbs (Non-Executive) Vincent O'Brien (Non-Executive) Mark B E White (Non-Executive)
Secretary	Michael B Knight
Registered Office	Mezzanine Floor Pegasus House 37–43 Sackville Street London W1S 3EH
Auditors	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
Bankers	Lloyds Bank TSB 39 Threadneedle Street London EC2R 8PT
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA
Nominated Adviser and Broker	Noble & Company Limited 120 Old Broad Street London EC2N 1AR
Solicitors	Stephenson Harwood One St Paul's Churchyard London EC4M 8SH

Directors' Report
For the Year Ended 30 September 2009

Principal activities
The principal activity of the Group during the year was the provision of investment services to funds specialising in the environmental markets sector. The Group's activities are both authorised and regulated by the Financial Services Authority.

The principal activity of the Company was that of a holding company.

Review of business
The review of business is contained in the Chairman's Statement and Chief Executive's report.

The Directors consider assets under discretionary and advisory management ("AUM"), revenue and profitability to be the key performance indicators of the Group. Revenue for the year was £10,391,196 (2008: £11,389,264) and profit before tax was £2,586,174 (2008 restated: £3,687,187). AUM grew from £1,098 million at 30 September 2008 to £1,263 million at 30 September 2009.

Results and dividends
The profit for the year after taxation attributable to equity shareholders was £2,280,846 (2008 restated: £2,447,070).

The Directors propose a dividend of 0.40p per share (totalling £438,777) for the year ended 30 September 2009 (2008: 0.35p per share, totalling £377,297). The dividend will be submitted for formal approval at the Annual General Meeting to be held on 10 February 2010. 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 ending 30 September 2010.

The dividend for the year ended 30 September 2008 was paid on 20 February 2009, being 0.35p per share. The trustees of the Employee Benefit Trust waived their rights to part of this dividend, leading to a total dividend payment of £377,297. This payment is reflected in the Statements of Changes in Equity.

Risk assessment
The Group is exposed to a variety of financial and operational risks (see note 23) as detailed below:

Liquidity and cash flow risk
The Group produces cash flow forecasts covering a twelve month period to manage its liquidity requirements. The Group's management and Board review these forecasts regularly.

Interest rate risk
The Group has both interest bearing assets and comparable liabilities. Interest bearing assets include cash balances that earn interest at a floating rate and a loan note earning interest at a fixed rate. Interest rate fluctuations do not have a significant impact on the Group.

Currency risk
A significant amount of the Group's income is denominated in foreign currencies. The strategy of the Group is to repatriate earned income back to Sterling whilst future income streams are left unhedged. The amount of the Group's expenses denominated in foreign currencies is minimal.

A small proportion of the Group's assets and liabilities are denominated in foreign currency. The Group also owns a small number of minor subsidiaries denominated in foreign currency. Exchange differences that arise on consolidation are taken to the exchange translation reserve.

Investment risk
The Group seeds investments in its own funds in order to build a track record to market those funds more effectively. The Group attempts to mitigate this risk through natural hedging where appropriate and intends to divest these investments as commercial and market conditions allow.

Operational risks
The Group has established a control framework so that the risk of financial loss to the Group through operational failure is minimised. Furthermore the Group has put in place measures to minimise and manage possible risks of disruption to its business and to ensure the safety of its staff. This plan has been put in place to manage its strategic and operational business risks during emergencies and is aimed at bringing together particular responses such as IT disaster recovery, contingency plans, off-site storage of records, data back-up and recovery procedures, evacuation procedures and customer/staff communications.

The Group's insurance policies are reviewed each year prior to policy renewal.

Creditor payment policy
The Group seeks to maintain good terms with all of its trading partners. In particular, it is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers and, provided the supplier has complied with its obligations, to abide by the terms of payment agreed. Trade creditor days of the Group for the year ended 30 September 2009 were 14 (2008: 21).

Directors' Report continued

Directors and their interest in shares

The Directors of the Company during the year and at the date of this report are set out below. The Directors' interests and those of their connected persons in the ordinary shares of the Company, all of which are beneficial, at 30 September 2009 and 30 September 2008 were:

	Ordinary shares	
	30 September 2009	30 September 2008
J Keith R Falconer*	**10,489,290**	10,599,290
Ian R Simm*	**5,486,261**	5,486,261
David L Kempton (resigned 2 February 2009)	**–**	1,997,367
Peter J Gibbs	**200,000**	200,000
Mark B E White	**200,000**	200,000
Guy de Froment	**–**	–
Vince O'Brien (appointed 3 September 2009)	**–**	–

* Includes allocated and/or vested shares granted by the Employee Benefit Trust.

There have been no changes to the above holdings since 30 September 2009.

Ian Simm, a Director of Impax Asset Management Group plc, is interested in 5.88 per cent of the capital of Impax Carried Interest Partner LP, a fund in which the Company holds an investment.

Nigel Taunt, a Director of a Group subsidiary, is interested in 2.94 per cent of the capital of Impax Carried Interest Partner LP, a fund in which the Company holds an investment.

Peter Rossbach, a Director of a Group subsidiary, is interested in 29.41 per cent of the capital of Impax Carried Interest Partner LP, a fund in which the Company holds an investment.

The Directors and their families are potential beneficiaries of the Employee Benefit Trust, which is described in further detail in note 26. At 30 September 2009 the Impax Group Employee Benefit Trust held 16,320,746 shares that have vested and as a result have transferred to sub-funds of the Trust (2008: 14,423,781 shares).

Substantial share interests

The following interests in three per cent or more of the issued ordinary share capital have been notified to the Company as at 2 December 2009:

	Number	Percentage
BNP Paribas Investment Partners	32,220,000	27.9
Impax Group Employee Benefit Trust**	5,886,308	5.1
J Keith R Falconer*	10,489,290	9.1
Rathbone Investment Managers	7,454,300	6.4
Ian R Simm*	5,486,261	4.7
DIAM Company	5,474,955	4.7
UBS Wealth Management UK	5,408,250	4.7
Australian Ethical Investment Ltd	5,057,143	4.4
Bruce Jenkyn-Jones*	4,159,420	3.6

* Includes shares within sub-funds of the EBT from which the individual may benefit.
** In addition to the interest disclosed above, the EBT has a legal interest in a further 16,320,746 shares which have transferred to sub-funds from which individuals may benefit.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the consolidated financial statements and the Parent Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss in the case of both the Company and all the undertakings included within the consolidation. In preparing these financial statements, the Directors are required to:

> select suitable accounting policies and then apply them consistently;
> make judgements and accounting estimates that are reasonable and prudent;
> state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
> prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

As permitted by the Company's Articles of Association, the Company has maintained Qualifying Third-Party Indemnity Provisions (as defined under relevant legislation) for the benefit of the Company's Directors throughout the period.

Corporate governance

Directors

The Board has consisted of a Chairman, four Non-Executive Directors and one Executive Director during the year. Details of the current Board members are given on page 10 of this report. The Board meets at least six times each year and more frequently as and when appropriate.

The Company has voluntarily complied throughout the year with the Provisions of the Code of Best Practice set out in Section 1 of the Combined Code as applicable to fully listed companies, in so far as is appropriate to the Company's size and complexity:

> Under Code Provision C.2.1 the Directors should at least annually conduct a review of the effectiveness of the Group's system of internal control and should report to shareholders that they have done so. This review should cover all controls, including financial, operational and compliance controls and risk management.
> A comprehensive review of internal controls was carried out by the Directors during the year covering compliance, financial and operational control as well as risk management. The Company is a relatively small operation with all material matters reported to the full Board. Regular Group and subsidiary Board meetings are held throughout the period at which the Directors consider all major business and financial risks. Accepting that no system of financial control can provide absolute assurance against material loss or misstatement, the Directors believe that the established systems of internal control are appropriate to the business in its current size and form.
> The Company also meets the requirements of Code Provision C.3.5. This states that companies that do not have an internal audit function, should from time to time review the need for one. The Board, in conjunction with its internal control review, has reviewed the need for a formal internal audit function. The Board is of the opinion that given the size and nature of the business, no internal audit function is required.

Further explanations of how the Provisions have been applied are set out below and, in connection with Directors' remuneration, in the Remuneration Report.

Dialogue with institutional shareholders

The Company reports formally to shareholders twice a year, when its half-year and full-year results are announced and an Interim Statement and Annual Report are sent to shareholders. The Annual Report includes notice of the Annual General Meeting of the Company at which a presentation is given and Directors are available to take questions, both formally during the meeting and informally after the meeting. The Chairman and Chief Executive Director are available for dialogue with major shareholders on the Company's plans and objectives and from time to time will meet with them.

Audit Committee

The Audit Committee provides a link between the Board and the Company's auditors on matters falling within the scope of the Company's audit. The Audit Committee is comprised of the following Non-Executive Directors: Mark White (Chairman), Peter Gibbs and Vince O'Brien. The Audit Committee meets at least twice a year and more frequently as and when appropriate.

The Committee's responsibilities include:

> the implementation of new accounting standards and policies;
> to monitor the integrity of the financial statements and formal announcements relating to the Company's financial performance;
> to review the internal financial control procedures;
> to make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors;
> to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process and to develop and implement a policy on the engagement of the external auditors to supply non-audit services;
> ensuring the objectivity and independence of the external auditors by acting as primary contact with the external auditors, meeting the external auditors without the presence of management where considered necessary and receiving all reports direct from the external auditors.

Details of fees paid to the Company's auditors are shown in note 3 to the financial statements. None of the non-audit services provided caused any concern as to the auditors' independence or objectivity.

Environmental policy

The Group attaches great importance to its environmental performance. In addition to ensuring that it is making the most of commercial opportunities within the environmental markets sector, the Group is committed to maintaining and improving the sustainability of its working practices.

The Group is focused on minimising environmental impact in three areas of its operations:

> Energy consumption: the Group has an energy efficiency policy covering inter alia lighting, heating and computers;
> Travel: the Group encourages staff to minimise travel and to select public transport where appropriate; and
> Paper and materials use: the Group has a system to recover office paper and encourages staff to avoid wastage of other materials.

To ensure that its Environmental Policy is fully understood by all staff and remains under active development, the Group has:

> appointed a Health, Safety and Environment officer, who has day-to-day responsibility for co-ordinating the implementation of policy;
> adopted a monitoring programme to check compliance with the Environmental Policy; and
> incorporated training and discussion of the Environmental Policy in its induction and periodic appraisals of all staff.

The Directors are ultimately responsible for the implementation and further development of this policy.

Directors' Report continued

Remuneration report

The Remuneration Committee is comprised of the four Non-Executive Directors: Peter Gibbs (Chairman), Mark White, Guy de Froment and Vince O'Brien. The Remuneration Committee meets at least four times each year and more frequently as and when appropriate.

Fees and payments to Non-Executive Directors reflect the demands which are made on them and the responsibilities which they bear. Non-Executive Directors' fees are reviewed annually by the Board.

Emoluments

Total Directors' emoluments for the year were £635,205 (2008: £1,090,960) and details of each Director's remuneration are shown in note 20 to the financial statements.

Remuneration policy

The remuneration and terms and conditions of service of the Directors are determined by the Board, based on recommendations made by the Remuneration Committee. The Board's policy is to pay competitive salaries having regard to the Directors' experience, the size and complexity of the job and any special factors which may arise from time to time. The Executive Directors will, in addition to their basic salary and bonus, be granted share options or similar equity incentives as determined by the recommendations from the Remuneration Committee.

The Employee Benefit Trust has been established to motivate and incentivise eligible participants to achieve value for shareholders. The Directors consider that the Group has taken due account of the principles of the Combined Code.

The Board recognises that, in order to attract high-calibre executives, it needs to design schemes which properly reward each of the Directors for their individual contributions to the Group's performance.

Auditors

Statement of disclosure to Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

(a) so far as the Director is aware, there is no relevant audit information of which the Group's Auditors are unaware, and

(b) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's Auditors are aware of that information.

In accordance with section 489 (2) of the Companies Act 2006, a resolution proposing that the Company's Auditors, Mazars LLP, be re-appointed will be put to the Annual General Meeting.

By order of the Board

Michael B Knight
Company Secretary
22 December 2009

Registered office:
Mezzanine Floor, Pegasus House
37–43 Sackville Street
London W1S 3EH

Independent Auditors' Report to the Members of Impax Asset Management Group plc

We have audited the financial statements of Impax Asset Management Group plc for the year ended 30 September 2009 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors. This report, including our opinion, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at: www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion:

> the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2009 and of the Group's profit for the year then ended;
> the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
> the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Members of Impax Asset Management Group plc
continued

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

> adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
> the parent company financial statements are not in agreement with the accounting records and returns; or
> certain disclosures of Directors' remuneration specified by law are not made; or
> we have not received all the information and explanations we require for our audit.

Andrew Goldsworthy (Senior statutory auditor)
for and on behalf of:
Mazars LLP

Chartered Accountants (Statutory auditor)
Tower Bridge House
St Katharine's Way
London, E1W 1DD

22 December 2009

The maintenance and integrity of the Impax Asset Management Group plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

For the Year Ended 30 September 2009

	Note	2009 £	2008 (restated) £
Revenue	2	**10,391,196**	11,389,264
Operating costs		**(7,515,926)**	(7,237,312)
Long-term incentive scheme charge	26	**(551,579)**	(917,665)
Operating profit	3	**2,323,691**	3,234,287
Investment income	4	**262,483**	452,900
Profit before taxation		**2,586,174**	3,687,187
Taxation	5	**(192,146)**	(1,069,049)
Profit for the year		**2,394,028**	2,618,138
Attributable to:			
– Equity holders of the parent		**2,280,846**	2,447,070
– Minority interest		**113,182**	171,068
Profit for the year		**2,394,028**	2,618,138
Earnings per share			
Basic	7	**2.12p**	2.45p
Diluted	7	**1.97p**	2.12p

The Income Statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 26 to 54 form part of these financial statements.

Consolidated Balance Sheet

As at 30 September 2009

	Note	2009 £	2009 £	2008 £	2008 (restated) £
ASSETS					
Non-current assets					
Goodwill	9	**1,629,097**		1,629,097	
Intangible assets	10	**142,818**		72,816	
Property, plant and equipment	11	**421,604**		537,004	
Other financial assets	12	**792,093**		1,045,618	
Investments	13	**13,567**		13,567	
Trade and other receivables	14	**65,094**		65,094	
Deferred tax asset	5	**364,208**		–	
			3,428,481		3,363,196
Current assets					
Trade and other receivables	14	**2,716,097**		1,933,204	
Other financial assets	12	**452,204**		247,671	
Investments	15	**3,926,992**		4,171,550	
Current tax asset		**22,329**		–	
Cash and cash equivalents	29	**10,284,390**		7,028,619	
			17,402,012		13,381,044
TOTAL ASSETS			**20,830,493**		16,744,240
EQUITY AND LIABILITIES:					
Equity attributable to owners of the parent					
Ordinary shares	17	**1,155,824**		1,155,824	
Share premium	18	**77,833**		77,833	
Exchange translation reserve		**(157,467)**		(154,104)	
Own shares	18	**(58,863)**		(77,833)	
Retained earnings	18	**12,832,212**		10,396,050	
			13,849,539		11,397,770
Minority interest		**1,686,801**		1,165,705	
			1,686,801		1,165,705
TOTAL EQUITY			**15,536,340**		12,563,475
Current liabilities					
Trade and other payables	16	**4,610,218**		3,925,326	
Short-term borrowings	29	**683,935**		–	
Current tax liability		**–**		255,439	
			5,294,153		4,180,765
TOTAL EQUITY AND LIABILITIES			**20,830,493**		16,744,240

Authorised for issue and approved by the Board on 22 December 2009. The notes on pages 26 to 54 form part of these financial statements.

Ian R Simm
Chief Executive

Company Balance Sheet
As at 30 September 2009

	Note	2009 £	2009 £	2008 £	2008 (restated) £
ASSETS					
Non-current assets					
Property, plant and equipment	11	**421,604**		537,004	
Investments	13	**6,181,018**		5,265,813	
Trade and other receivables	14	**1,083,089**		1,030,185	
Deferred tax asset	5	**306,745**		–	
			7,992,456		6,833,002
Current assets					
Trade and other receivables	14	**295,785**		1,031,941	
Investments	15	**1,792,696**		1,684,401	
Cash and cash equivalents	29	**2,721,045**		14,020	
			4,809,526		2,730,362
TOTAL ASSETS			**12,801,982**		9,563,364
EQUITY AND LIABILITIES:					
Equity attributable to owners of the Company					
Ordinary shares	17	**1,155,824**		1,155,824	
Share premium	18	**77,833**		77,833	
Own shares	18	**(58,863)**		(77,833)	
Retained earnings	18	**6,660,888**		5,104,922	
			7,835,682		6,260,746
Current liabilities					
Trade and other payables	16	**4,966,300**		3,302,618	
			4,966,300		3,302,618
TOTAL EQUITY AND LIABILITIES			**12,801,982**		9,563,364

Authorised for issue and approved by the Board on 22 December 2009. The notes on pages 26 to 54 form part of these financial statements.

Ian R Simm
Chief Executive

Consolidated Statement of Changes in Equity

For the Year Ended 30 September 2009

	Note	Share capital £	Share premium (restated) £	Exchange translation reserve (restated) £	Own shares (restated) £	Retained earnings (restated) £	**Equity attributable to owners of the parent (restated) £**	Minority interest (restated) £	**Total (restated) £**
Balance at 1 October 2007 as previously reported		1,094,991	18,970	(1,002,117)	(167,771)	8,103,097	**8,047,170**	–	**8,047,170**
Effect of prior year adjustment	1	–	–	856,216	72,700	(852,285)	**76,631**	–	**76,631**
Balance at 1 October 2007 as restated		1,094,991	18,970	(145,901)	(95,071)	7,250,812	**8,123,801**	–	**8,123,801**
Minority interest recognised on consolidation of subsidiary		–	–	–	–	–	**–**	994,637	**994,637**
Long-term incentive scheme charge	26	–	–	–	–	917,665	**917,665**	–	**917,665**
Accrued cash equivalent of share options receivable by NOMAD	18	–	–	–	–	33,336	**33,336**	–	**33,336**
Accrued cash equivalent of share options cancelled by NOMAD		–	–	–	–	(100,007)	**(100,007)**	–	**(100,007)**
Exchange differences on consolidation		–	–	(8,203)	–	–	**(8,203)**	–	**(8,203)**
Profit for the year		–	–	–	–	2,447,070	**2,447,070**	171,068	**2,618,138**
Net issue of shares to Employee Benefit Trust	26	60,833	58,863	–	(58,863)	–	**60,833**	–	**60,833**
Net sale of shares from Employee Benefit Trust	26	–	–	–	–	(152,826)	**(152,826)**	–	**(152,826)**
Shares vested to employees from Employee Benefit Trust		–	–	–	76,101	–	**76,101**	–	**76,101**
Balance at 30 September 2008 as restated		1,155,824	77,833	(154,104)	(77,833)	10,396,050	**11,397,770**	1,165,705	**12,563,475**
Dividends paid	8	–	–	–	–	(377,293)	**(377,293)**	–	**(377,293)**
Minority interest derecognised on disposal of subsidiary		–	–	–	–	–	**–**	(1,165,705)	**(1,165,705)**
Minority interest recognised on consolidation of subsidiary		–	–	–	–	–	**–**	1,573,619	**1,573,619**
Long-term incentive scheme charge	26	–	–	–	–	551,579	**551,579**	–	**551,579**
Exchange differences on consolidation		–	–	(3,363)	–	–	**(3,363)**	–	**(3,363)**
Profit for the year		–	–	–	–	2,280,846	**2,280,846**	113,182	**2,394,028**
Shares vested to employees from Employee Benefit Trust	18	–	–	–	18,970	(18,970)	**–**	–	**–**
Balance at 30 September 2009		1,155,824	77,833	(157,467)	(58,863)	12,832,212	**13,849,539**	1,686,801	**15,536,340**

Own shares relate to the holding of 5,886,308 (2008: 7,783,273) unallocated and unvested ordinary shares in the Company by the EBT, representing 5.1 per cent (2008: 6.7 per cent) of the ordinary shares in issue at 30 September 2009.

Other reserves of £894,359 at 30 September 2007 (as previously reported) have been combined with retained earnings.

The notes on pages 26 to 54 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 30 September 2009

	Note	Share capital £	Share premium (restated) £	Exchange translation reserve (restated) £	Own shares (restated) £	Retained earnings (restated) £	**Total (restated) £**
Balance at 1 October 2007 as previously reported		1,094,991	18,970	(856,216)	(167,771)	4,859,905	**4,949,879**
Effect of prior year adjustment	1	–	–	856,216	73,700	(646,224)	**283,692**
Balance at 1 October 2007 as restated		1,094,991	18,970	–	(94,071)	4,213,681	**5,233,571**
Long-term incentive scheme charge		–	–	–	–	917,665	**917,665**
Accrued cash equivalent of share options receivable by NOMAD	18	–	–	–	–	33,336	**33,336**
Accrued cash equivalent of share options cancelled by NOMAD		–	–	–	–	(100,007)	**(100,007)**
Profit for the year		–	–	–	–	34,313	**34,313**
Net issue of shares to Employee Benefit Trust	26	60,833	58,863	–	(58,863)	–	**60,833**
Net sale of shares from Employee Benefit Trust	26	–	–	–	–	5,934	**5,934**
Shares vested to employees from Employee Benefit Trust		–	–	–	75,101	–	**75,101**
Balance at 30 September 2008 as restated		1,155,824	77,833	–	(77,833)	5,104,922	**6,260,746**
Long-term incentive scheme charge	26	–	–	–	–	551,579	**551,579**
Profit for the year		–	–	–	–	1,400,650	**1,400,650**
Dividends paid	8	–	–	–	–	(377,293)	**(377,293)**
Shares vested to employees from Employee Benefit Trust	18	–	–	–	18,970	(18,970)	**–**
Balance at 30 September 2009		1,155,824	77,833	–	(58,863)	6,660,888	**7,835,682**

The notes on pages 26 to 54 form part of these financial statements.

Other reserves of £688,298 at 30 September 2007 (as previously reported) have been combined with retained earnings.

Consolidated Cash Flow Statement

For the Year Ended 30 September 2009

	Note	2009 £	2008 (restated) £
Cash flows from operating activities			
Operating profit		**2,323,691**	3,234,287
Adjustments for:			
Depreciation of property, plant & equipment		**185,716**	45,631
Amortisation of intangible assets		**50,759**	21,355
Fair value movements in investments		**(326,077)**	38,617
Profit on sale of investments		**–**	(46,846)
Share-based payment		**–**	(108,505)
Long-term incentive scheme charge		**551,579**	959,497
Translation differences		**(87,040)**	(76,131)
Operating cash flows before movement in working capital		**2,698,628**	4,067,905
Increase in receivables		**(725,222)**	(234,240)
(Decrease)/increase in payables		**(849,438)**	1,160,157
Cash generated from operations		**1,123,968**	4,993,822
Corporation tax paid		**(834,120)**	(956,631)
Net cash generated from operating activities		**289,848**	4,037,191
Investing activities:			
Interest received		**149,301**	281,832
Cash acquired on consolidation of investment	15	**2,906,273**	–
Proceeds on sale of investments		**–**	1,622,236
Purchase of investments		**(288,892)**	(3,000,000)
Purchase of intangible assets		**(120,761)**	(59,626)
Purchase of property, plant & equipment		**(70,316)**	(535,429)
Net cash generated from/(used by) investment activities		**2,575,605**	(1,690,987)
Financing activities:			
Dividends paid		**(377,297)**	–
Share capital issued		**–**	60,833
Net cash (used by)/generated from financing activities		**(377,297)**	60,833
Net increase in cash and cash equivalents		**2,488,156**	2,407,037
Cash and cash equivalents at beginning of year		**7,028,619**	4,553,654
Effect of foreign exchange rate changes		**83,680**	67,928
Cash and cash equivalents at end of year	29	**9,600,455**	7,028,619

Company Cash Flow Statement

For the Year Ended 30 September 2009

	Note	2009 £	2008 (restated) £
Cash flows from operating activities			
Operating profit		**1,076,824**	24,967
Adjustments for:			
Depreciation of property, plant & equipment		**185,716**	45,631
Fair value movements in investments		**(326,077)**	38,617
Profit on sale of investments		**–**	(13,500)
Share-based payment		**–**	(108,505)
Long-term incentive scheme charge		**143,048**	601,867
Operating cash flows before movement in working capital		**1,079,511**	589,077
(Decrease)/increase in receivables		**(7,839)**	510,183
Increase in payables		**2,354,778**	820,070
Net cash generated from operating activities		**3,426,450**	1,919,330
Investing activities:			
Interest received		**17,080**	9,347
Proceeds on sale of investments		**–**	1,513,500
Purchase of investments		**(288,892)**	(3,000,000)
Purchase of property, plant & equipment		**(70,316)**	(535,429)
Net cash used by investment activities		**(342,128)**	(2,012,582)
Financing activities:			
Dividends paid		**(377,297)**	–
Share capital issued		**–**	60,833
Net cash (used by)/generated from financing activities		**(377,297)**	60,833
Net increase/(decrease) in cash and cash equivalents		**2,707,025**	(32,419)
Cash and cash equivalents at beginning of year		**14,020**	46,439
Cash and cash equivalents at end of year	29	**2,721,045**	14,020

Notes to the Financial Statements

For the Year Ended 30 September 2009

1 Accounting policies

The Group has been in discussion with the Financial Reporting Review Panel ("FRRP") concerning its Report and Accounts for the year ended 30 September 2008. As a result of those discussions, the Group has given a number of undertakings to the FRRP in relation to the accounting treatments and disclosures included in these Report and Accounts. In particular, attention is drawn to the "Accounting Policies – Prior Year Adjustments" note, which details corrections to accounting policies applied in previous years relating to: foreign exchange differences arising on inter-company loans, consolidation of funds in which the Group has a controlling interest, and the determination of the grant date for awards, and derecognition of vested awards, made through the Employee Benefit Trust.

Presentation of Financial Statements

Impax Asset Management Group plc is a public limited company that is incorporated and domiciled in the United Kingdom, and is listed on the Alternative Investments Market ("AIM"). The address of the registered office is given on page 12 of the financial statements. The nature of the Group's operations and its principal activities are set out in the Directors' Report on pages 13 to 16.

Basis of accounting

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

The accounts have been prepared on a going concern basis under the historical cost convention, with the exception of the revaluation of certain current asset investments.

The Group and Company adopted no new standards, amendments and interpretations in the year. The following standards and amendments to existing standards have been published that are mandatory for the Group and Company's accounting periods beginning on or after 1 October 2009 or later periods but which the Group has not early adopted:

IFRS 3 – (Revised) Business Combinations and consequential amendments to IAS 27 and IAS 28. The revision to these standards amends the way business combinations are accounted for. The Group will apply this revision for all business combinations on or after 1 October 2009.

IFRS 8 – Operating Segments. The Group will apply this standard for accounting periods beginning on or after 1 October 2009. This standard introduces new rules on the disclosure of operating results by business segment. The resultant impact, based upon current operations of the Group, is not expected to be significant.

IAS 1 – (Revised) Presentation of financial statements. The revised standard will prohibit the presentation of items of income and expenses (that is, non-owner changes in equity) in the Statement of Changes in Equity. The Group will apply this revision for accounting periods on or after 1 October 2009 and it will only effect the presentation of the results.

IAS 39 – (Amendment) "Financial Instruments: Recognition and Measurement" on eligible hedged items. The Group will apply this amendment for accounting periods commencing on 1 October 2009. The impact on the Group of adopting this amendment in future years is dependent on future movements in interest rates and therefore cannot be assessed at this time.

IFRS 2 – Share-based payments. The amendment issued in January 2008, which is effective from 1 January 2009, and the amendment issued in June 2009, which is effective from 1 January 2010, clarify the terms "vesting conditions" and "cancellations" and how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements.

IFRS 7 – Financial Instruments Disclosures. This amendment enhances the disclosures about fair values and liquidity risk – effective 1 January 2009 and will result in more disclosures.

IFRS 9 – "Financial Instruments" issued in November 2009 established new principles for the recognition and measurement of financial assets. The revisions are effective for accounting periods beginning on or after 1 January 2013 with early adoption permitted. The Group does not at this stage anticipate early adoption of the revised standard. The impact on the Group's financial statements is currently under review.

All the other amendments to standards and interpretations in issue but not yet effective are considered not to be applicable to the Group's activities.

1 Accounting policies (continued)

In addition to the above, there are also a number of minor amendments to various standards which are part of the IASB's Annual Improvement Project published in May 2008. These amendments are not expected to have significant impact on the Group's accounts. Amendments arising from the April 2009 Annual Improvements Project are also not expected to have significant impact on the Group's accounts.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of a subsidiary.

Subsidiaries are accounted for using the acquisition method of accounting whereby the Group's results include the results of the acquired business from the date of acquisition.

All intra-group transactions and balances are eliminated on consolidation.

Investments in funds in which the Group has more than 50 per cent of the share of the net assets are consolidated from the date that control is gained until the date that control is lost due to dilution or sale of the fund holding.

Investments in associates

The Group, in common with industry standard practice, seeds new funds with its own resources in order to establish a track record so that the funds may then be marketed to external investors. As new investors join the fund the Group's interest will dilute and ultimately the Group may divest entirely as commercial considerations allow. Investments in associates that are held by the Group are carried in the Balance Sheet at fair value even though the Group may have significant influence over those entities. This treatment is permitted by IAS 28, "Investment in Associates", which allows investments held by venture capital and similar organisations to be excluded from the scope of IAS 28, provided that those investments upon initial recognition are designated as fair value through profit or loss or held for trading and accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement, with changes in fair value recognised in profit or loss in the period of change.

Revenue recognition

Revenue represents sales to external customers at invoiced amounts less value added tax or local taxes. Revenue is recognised in the Income Statement as follows:

(a) Investment management, administration and advisory fees contractually receivable are recognised in the period in which the work is performed and the respective fees are earned. Performance fees arising upon the achievement of specified targets are recognised at the respective fund's period end, when such performance fees are confirmed as receivable.

(b) Revenue related to provision of services is recognised on an accruals basis when the amount of revenue may be reliably measured and it is probable that economic benefits will flow to the Group.

(c) Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

(d) Other investment income, including dividends, is recognised when the right to receive payment is established.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is tested for impairment annually, or on such occasions that events or changes in circumstances indicate that its value might be impaired.

On disposal of a subsidiary, the attributable amount of unamortised goodwill, which has not been subject to impairment, is included in the determination of the profit or loss on disposal.

Positive goodwill arising on acquisitions before the date of the transition to International Financial Reporting Standards has been retained at the previous UK GAAP amount and is tested for impairment annually.

1 Accounting policies (continued)

Impairment
At the Balance Sheet date, the Group reviews the carrying amount of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss or if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairment losses relating to goodwill are not reversed.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on property, plant and equipment by equal instalments over their estimated useful lives on a straight-line basis:

Leasehold improvements	life of the lease
Fixtures, fittings and equipment	three to four years

Intangible fixed assets
Purchased licences are stated at cost less accumulated depreciation and any accumulated impairment losses.

Amortisation is provided on intangible fixed assets by equal instalments over their estimated useful lives on a straight-line basis:

Software licences and implementation costs	life of the licence, up to a maximum of three years

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Income Statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to enter into operating leases are also spread on a straight line basis over the lease term.

Segment report
A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group's asset management division is the Group's principal business segment. Although a small corporate finance segment exists, the activity of this division is deemed immaterial for the purpose of providing a segmented business analysis. The Group has deemed it appropriate to provide segmented geographical analysis.

Investment in subsidiaries
Investments held within non-current assets are stated at cost.

Pensions
The Group and Company operates defined contribution personal pension schemes for employees. The assets of the schemes are held separately from those of the Group and Company in independently administered funds. Payments made in relation to the schemes are charged as an employee benefit expense to the Income Statement when they are due.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's and Company Balance Sheet when the Group or Company becomes a party to the contractual provisions of the instrument.

1 Accounting policies (continued)

The Group and Company holds financial assets and financial liabilities which it classifies as: financial assets and financial liabilities at fair value through profit or loss, loans and receivables and financial liabilities measured at amortised cost.

Financial assets

All financial assets are recognised and derecognised on the trade date, being the date on which the Group or Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement.

Financial assets are classified as held for trading where they are acquired or incurred principally for the purpose of selling or repurchasing in the near term or as part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and Company has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value and gains or losses arising from changes in the fair value are presented in the Income Statement within “Operating income” in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the Income Statement as part of “Investment income” when the Group’s right to receive payment is established.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Interest income is recognised in the Income Statement within “Investment income” in the period in which the interest is charged.

Current asset investments

Current asset investments are categorised as financial assets at fair value through profit or loss and are classified as held for trading. These current asset investments comprise both listed investments and unlisted investments. The fair value of the listed investments which are traded in active markets are based on quoted market prices at the Balance Sheet date. The appropriate quoted price for investments held is the current bid price.

The fair value of the unlisted investments which are not traded in active markets is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Other investments

Other investments are categorised as available-for-sale financial assets as they relate to trade investments held, are non-derivatives and are not classified in any of the other categories.

Gains and losses arising from changes in fair value are recognised directly in equity with the exception of impairment losses and interest calculated using the effective interest rate method, which are measured directly in profit or loss, or where it is considered not possible to reliably determine a fair value in which case the investments are held at cost less any impairment losses.

Dividends on investments are recognised in profit or loss when the Group’s right to receive the dividends are established.

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

1 Accounting policies (continued)

Other financial assets
Other financial assets are non-derivative financial assets with fixed payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's other financial assets comprise a loan receivable balance, see note 12.

The loan receivable is recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less any provision for impairment. Interest income is recognised by applying the effective interest rate and included within "Investment income".

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, short-term deposits, liquid investments and short-term borrowings that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Interest income is included within "Investment income" and interest expense is included within "Investment income".

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that creates a residual interest in the assets of the Company.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities include trade and other payables and short-term borrowings which are classified as financial liabilities at fair value through profit or loss or measured at amortised cost.

Trade and other payables
Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, unless otherwise stated.

The Group makes short sales in which an investment is sold in anticipation of a decline in the market value of that investment. Short sales are included within other payables and are subsequently measured at fair value and are therefore categorised as financial liabilities at fair value through profit or loss, classified as held for trading.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the income statement.

Financial liabilities at fair value through profit or loss are subsequently measured at fair value and gains and losses arising from changes in the fair value are presented in "Operating costs" in the period in which they arise.

Financial liabilities are classified as held for trading where they are acquired or incurred principally for the purpose of selling or repurchasing in the near term or are part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event from which it is likely that an outflow of economic benefits will occur which can be reasonably quantified.

Foreign currencies
Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the Balance Sheet date. Any differences are taken to the Income Statement. Exchange differences arising on long-term loans are charged to the Income Statement, this represents a correction to the previous accounting policy. A prior year adjustment has resulted from this change in policy and is more fully described in Accounting Policies "Prior year adjustments."

On consolidation, the results of overseas operations are translated at the average rates of exchange during the year and their Balance Sheets are translated into Sterling at the rates of exchange ruling on the Balance Sheet date. Exchange differences that arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to exchange translation reserves.

1 Accounting policies (continued)

The average rate ruling in the accounting period for US Dollars was US$1.55 : £1 (2008: US$1.97 : £1); the rate ruling at the Balance Sheet date was US$1.59: £1 (2008: US$1.82 : £1).

The average rate ruling in the accounting period for Euros was €1.15: £1 (2008: €1.30 : £1); the rate ruling at the Balance Sheet date was €1.09: £1 (2008: €1.26 : £1).

Taxation
The tax charge represents the sum of current and deferred tax.

Current tax is based on taxable profits for the year after all potential reliefs available have been utilised. Taxable profit differs from net profit as reported in the Income Statement, because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are not recognised to the extent that their recoverability is uncertain.

The carrying amounts of deferred tax assets are reviewed at each Balance Sheet date and regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability or the asset is realised.

Employee Benefit Trust ("EBT")
In accordance with SIC 12 "Consolidation – special purpose entities", the Company includes the assets and liabilities of the Trust within its Balance Sheet. In the event of the winding up of the Company, neither the shareholders nor the creditors would be entitled to the assets of the Employee Benefit Trust.

Investment in own shares held in connection with the Group's employee share schemes are deducted from the shareholders' funds in accordance with IAS 32 "Financial Instruments: Disclosure and Presentation" until such time as they vest unconditionally to participating employees and their families.

The fair value of employee services received in exchange for the grant of shares is recognised as an expense. The total amount to be expensed over the performance period, from grant date to vesting date, is determined by reference to the fair value of the shares determined at the date the employee is deemed to be fully aware of their potential entitlement and all conditions of vesting. As this date is later than the date that the scheme was approved by the shareholders, which was previously considered to be the start of the performance period, it has been necessary to correct prior period charges through a prior year adjustment.

Capital contribution
Charges relating to shares in the Company granted by the trustees of the EBT to employees of subsidiary undertakings are accounted for in the subsidiary undertaking. The charge to the subsidiary undertaking is proportionate to the number of shares allocated to individuals in the entity as a percentage of the total shares allocated to employees of the Group. In the Company financial statements the capital contribution has been recognised as an increase in the investment in subsidiaries. This has led to a prior year adjustment, described below in further detail.

Prior year adjustments
The Group has made the following prior year adjustments:

The fair value of employee services received in exchange for the grant of shares is recognised as an expense. The total amount to be expensed over the performance period is determined by reference to the fair value of the shares determined at the date the employee is deemed to be fully aware of their entitlement and all conditions of vesting, the "Grant Date". As the Grant Date is now deemed to be later than previously recognised, the timing and quantum of charges arising from the EBT has changed and it has been necessary to restate prior periods through a prior year adjustment.

In addition shares within the EBT that had fully vested but were still held by the EBT were previously consolidated as part of the Trust assets at year end. This treatment was incorrect and vested shares are no longer consolidated as Trust assets as these shares have been transferred to sub-funds in which the employees and their families may benefit.

Notes to the Financial Statements continued

For the Year Ended 30 September 2009

1 Accounting policies (continued)

The impact of these changes on the 2008 financial statements is as follows:

	Group		Company	
	Effect on the income statement Dr/(Cr) £	Effect on the balance sheet Dr/(Cr) £	Effect on the income statement Dr/(Cr) £	Effect on the balance sheet Dr/(Cr) £
Other receivables	–	(163,416)	–	(163,416)
Share premium	–	161,837	–	161,837
Own shares	–	(144,238)	–	(144,238)
Retained earnings	–	(344,515)	–	(50,928)
2008 EBT charge	490,332	–	196,745	–

Foreign exchange differences on long-term inter-company loans were previously treated as equity investments and translated at year-end rates with differences taken to reserves. However following a correction to the accounting policy, the exchange differences arising on long-term inter-company loans are now recognised in the Income Statement. The effect of the change in accounting policy on the 2008 comparative figures is as follows:

	Group		Company	
	Effect on the income statement Dr/(Cr) £	Effect on the balance sheet Dr/(Cr) £	Effect on the income statement Dr/(Cr) £	Effect on the balance sheet Dr/(Cr) £
Operating costs	(149,003)	–	(118,526)	–
Exchange translation reserve	–	(707,213)	–	(737,690)
Retained earnings	–	856,216	–	856,216

On 3 March 2008, the Company made an investment of £1,500,000 in the IFSL Impax Environmental Leaders Fund ("IEL"). The Group investment in IEL at September 2008 amounted to 53.8 per cent of the NAV of IEL but as the Directors were of the opinion that as this investment was not controlled by the Group it was not reported as a subsidiary undertaking. The Directors are now of the opinion that this treatment was inappropriate and as a consequence there is a prior year adjustment to show this investment as a subsidiary. The effect of this adjustment on the 2008 comparative figures is as follows:

	Group		Company	
	Effect on the income statement Dr/(Cr) £	Effect on the balance sheet Dr/(Cr) £	Effect on the income statement Dr/(Cr) £	Effect on the balance sheet Dr/(Cr) £
Investment in non-current asset investments	–	–	–	1,310,100
Current asset investments	–	1,165,705	–	(1,310,100)
Minority interest	–	(1,165,705)	–	–
Retained earnings	–	–	–	–

Charges relating to shares in the Company granted by the trustees of the Impax Group EBT to employees of subsidiary undertakings are accounted for in the subsidiary undertaking. The charge in the Company's books had previously been taken to reserves. However, following a correction to accounting policy, this is now shown as an increase in investment in subsidiaries. The effect of this adjustment on the 2008 comparative figures is as follows:

	Group		Company	
	Effect on the income statement Dr/(Cr) £	Effect on the balance sheet Dr/(Cr) £	Effect on the income statement Dr/(Cr) £	Effect on the balance sheet Dr/(Cr) £
Investment in non-current asset investments	–	–	–	726,923
Retained earnings	–	–	–	(726,923)

Share based payments – other goods and services

Goods or services (other than employee services) received in exchange for share-based payments are measured directly at the fair value of the goods and services received and are recognised as an expense. Proceeds received on exercise of options, net of any directly attributable transaction costs, are credited to equity.

1 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

Share-based payments

A number of accounting estimates and judgements are incorporated within the calculations of the charge to the Income Statement in respect of share-based payments. These are described in note 26 of the financial statements.

Determining the value of unlisted investments

A number of accounting estimates and judgements are incorporated within current asset investments in respect of the valuation of unlisted investments. The methodology used is described in note 15.

2 Analysis of revenue, operating profit and net assets

Revenue relates solely to the principal activities of the Group as follows:

	Consolidated revenue	
	2009	2008
	£	£
Investment management (including Private Equity)	**10,017,085**	9,726,475
Transaction fees	**66,255**	1,045,147
Advisory fees	**307,856**	617,642
	10,391,196	11,389,264

Revenue of £10,391,196 includes £945,620 of exceptional management fees relating to Impax New Energy Investors, billed in the current financial year in accordance with the Limited Partnership Agreement.

	Consolidated revenue	
	2009	2008
	£	£
UK	**9,824,173**	10,998,245
Europe	**567,023**	391,019
	10,391,196	11,389,264

The USA operation does not generate any revenue.

	Consolidated operating profit	
	2009	2008 (restated)
	£	£
UK	**2,300,909**	3,241,315
Europe	**(4,650)**	(379)
USA	**27,432**	(6,649)
	2,323,691	3,234,287

	Consolidated net assets attributable to equity shareholders	
	2009	2008 (restated)
	£	£
UK	**12,609,099**	10,103,794
Europe	**(3,857)**	687
USA	**1,244,297**	1,293,289
	13,849,539	11,397,770

Notes to the Financial Statements continued

For the Year Ended 30 September 2009

3 Operating profit

	2009 £	2008 (restated) £
Operating profit is stated after charging/(crediting):		
Staff costs and other operating charges	**7,238,031**	6,857,942
Long-term incentive scheme charge*	**551,579**	917,665
Operating leases, property rental	**455,458**	390,300
Depreciation of property, fixtures and equipment	**185,716**	45,631
Amortisation of intangible assets	**50,759**	21,355
Auditors' remuneration – Parent Company audit fees	**30,000**	25,000
Auditors' remuneration – subsidiary undertakings' audit fees	**40,000**	40,000
Auditors' remuneration – tax compliance	**32,258**	29,961
Auditors' remuneration – other	**34,073**	–
Exchange differences	**(224,296)**	(164,648)
Fair value movements in investments	**(326,077)**	38,617
Profit on disposal of current asset investment	**–**	(46,846)

* Further details are set out in note 26.

4 Investment income

	2009 £	2008 (restated) £
Bank interest	**149,301**	281,832
Other investment income	**113,182**	171,068
	262,483	452,900

5 Taxation

(a) Analysis of charge for the year

	2009 £	2008 (restated) £
Current tax expense:		
UK corporation tax	**423,317**	942,000
Adjustment in respect of previous years	**133,037**	(18,149)
	556,354	923,851
Deferred tax expense:		
(Credit)/charge for the year	**(364,208)**	157,648
Under/(over) provision in respect of prior periods	**–**	(12,450)
Total deferred tax	**(364,208)**	145,198
Total income tax expense from continuing operations	**192,146**	1,069,049

5 Taxation (continued)

(b) Factors affecting the tax charge for the year

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

	2009 £	2008 (restated) £
Profit before tax	**2,586,174**	3,687,187
Effective tax charge at 28 per cent	**724,129**	1,032,412
Effect of difference in tax rate compared with 28 per cent	**–**	84,927
Effects of:		
Non-taxable income/(non-deductible expenses)	**115,576**	151,869
Tax effect of previously unrecognised tax losses	**(622,977)**	(134,645)
Tax effect of other previously unrecognised deferred tax assets	**(157,619)**	(47,365)
Adjustment in respect of previous years	**133,037**	(18,149)
Current tax charge	**192,146**	1,069,049

(c) Deferred tax

The deferred tax asset included in the Balance Sheet is as follows:

	Accelerated capital allowances £	Other temporary differences £	Excess management charges £	Total £
As at 1 October 2007	4,668	4,114	136,416	145,198
Charge to the Income Statement	(4,668)	(4,114)	(148,866)	(157,648)
Prior year credit	–	–	12,450	12,450
As at 30 September 2008	–	–	–	–
Credit to the Income Statement	30,569	63,966	269,673	364,208
As at 30 September 2009	30,569	63,966	269,673	364,208

The Group has tax losses of approximately £0.96 million (2008: £1.6 million) available for offset against future taxable profits in the UK which have been fully recognised because forecasts indicate these will be fully recoverable within two years.

6 Parent company

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own Income Statement in these Financial Statements. The Company's profit for the year amounted to £1,400,650 (2008 restated: £34,313).

7 Earnings per share

Earnings per share ("EPS") on a basic and diluted basis are as follows:

	Profit for the year	Ordinary shares in issue (weighted average)	Earnings per share
2009			
Basic	2,280,846	107,799,158	2.12p
Diluted	2,280,846	115,582,431	1.97p
2008 (as restated)			
Basic	2,447,070	99,995,832	2.45p
Diluted	2,447,070	115,582,431	2.12p

7 Earnings per share (continued)

The 2008 comparatives are restated for the reasons disclosed in the "Accounting Policies Prior Year Adjustments" (note 1). The effect of these restatements is that basic EPS for 2008 has reduced from 2.54p to 2.45p and on a diluted EPS has reduced from 2.93p to 2.12p.

Shares allocated to the EBT, but not yet vested, are classified as "own shares" on consolidation and are considered to have a dilutive effect on EPS.

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

	2009	2008
Weighted average number of ordinary shares used in the calculation of basic EPS	**107,799,158**	99,995,832
Weighted average EBT shares not yet vested	**7,783,273**	15,586,599
Weighted average number of ordinary shares used in the calculation of diluted EPS	**115,582,431**	115,582,431

In order to show results from operating activities on a comparable basis, an adjusted profit after tax per share has been calculated which excludes the long-term incentive scheme charge:

	2009 £	2008 £
Profit after tax attributable to owners of the parent	**2,280,846**	2,447,070
Long-term incentive scheme charge	**551,579**	917,665
Adjusted profit for the year	**2,832,425**	3,364,735

	Adjusted profit for the year	Ordinary shares in issue (weighted average)	Earnings per share
2009			
Basic adjusted	2,832,425	107,799,158	2.63p
Diluted adjusted	2,832,425	115,582,431	2.45p
2008 (as restated)			
Basic adjusted	3,364,735	99,995,832	3.36p
Diluted adjusted	3,364,735	115,582,431	2.91p

8 Dividend

The Directors propose a dividend of 0.40p per share (totalling £438,777) for the year ended 30 September 2009 (2008: 0.35p per share, totalling £377,293). The dividend will be submitted for formal approval at the Annual General Meeting to be held on 10 February 2010. 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 ending 30 September 2010.

The dividend for the year ended 30 September 2008 was paid on 20 February 2009, being 0.35p per share. The trustees of the Employee Benefit Trust waived their rights to part of this dividend, leading to a total dividend payment of £377,297. This payment is reflected in the Statement of Changes in Equity.

9 Goodwill

Group	Goodwill £
Cost	
At 1 October 2007, 30 September 2008 and 30 September 2009	1,629,097

Goodwill arose on the acquisition of Impax Capital Limited on 18 June 2001. Following the transfer of all Impax Capital's assets, liabilities and trading activities to Impax Asset Management Limited on 30 September 2009 the goodwill amount arising on consolidation is deemed to remain within the Group.

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

The Group has determined its recoverable amount on a value in use basis using discounted future cash flows. The discounted cash flows are based upon management's three year plan and the following key assumptions are used:

> Growth rates – The forecasts are based on growth of between 2 per cent and 4 per cent which takes into account management's views of the industry sector in which the Group operates.

> Discount rates – The discount rate applied of 7 per cent is based upon commercial lending rates.

Sensitivity analysis of key assumptions and forecasted future profitability and cash flow indicates that there is no expectation that any impairment of goodwill is appropriate.

10 Other intangible assets

Group	Software licences and implementation costs £
Cost	
As at 1 October 2007	40,543
Additions	59,626
As at 30 September 2008	100,169
Additions	120,761
As at 30 September 2009	220,930
Amortisation	
As at 1 October 2007	5,998
Charge for the year	21,355
As at 1 October 2008	27,353
Charge for the year	50,759
As at 30 September 2009	78,112
Net book value	
As at 30 September 2009	142,818
As at 30 September 2008	72,816
As at 30 September 2007	34,545

The Company had no intangible assets.

The amortisation charge is included in operating costs.

11 Property, plant and equipment

Group	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
As at 1 October 2007	15,760	179,369	195,129
Additions	441,244	94,185	535,429
As at 30 September 2008	457,004	273,554	730,558
Additions	3,268	67,048	70,316
As at 30 September 2009	460,272	340,602	800,874
Depreciation			
As at 1 October 2007	7,288	140,635	147,923
Charge for the year	24,626	21,005	45,631
As at 30 September 2008	31,914	161,640	193,554
Charge for the year	131,280	54,436	185,716
As at 30 September 2009	163,194	216,076	379,270
Net book value			
As at 30 September 2009	297,078	124,526	421,604
As at 30 September 2008	425,090	111,914	537,004
As at 30 September 2007	8,472	38,734	47,206

Company	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
As at 1 October 2007	15,760	61,287	77,047
Additions	441,244	94,185	535,429
As at 30 September 2008	457,004	155,472	612,476
Additions	3,268	67,048	70,316
As at 30 September 2009	460,272	222,520	682,792
Depreciation			
As at 1 October 2007	7,288	22,553	29,841
Charge for the year	24,626	21,005	45,631
As at 30 September 2008	31,914	43,558	75,472
Charge for the year	131,280	54,436	185,716
As at 30 September 2009	163,194	97,994	261,188
Net book value			
As at 30 September 2009	297,078	124,526	421,604
As at 30 September 2008	425,090	111,914	537,004
As at 30 September 2007	8,472	38,734	47,206

12 Other financial assets

Group	2009 £	2008 £
Loan receivable		
Due after one year	**792,093**	1,045,618
Due within one year	**452,204**	247,671
	1,244,297	1,293,289

The maximum exposure to credit risk for this loan receivable is represented by its carrying amount. The Directors do not consider that this balance at the year end is impaired – refer to note 24 for further details. The weighted average interest charged on this loan is 2 per cent (2008: 2 per cent). The Group holds the assets of the Nukern Oil Field as security in respect of this loan as also disclosed in note 24.

13 Investments

Group	Other investments £
Cost	
At 1 October 2008 and 30 September 2009	13,567

This investment is held in unlisted shares that are not traded in an active market and therefore the Group considers that it is not possible to reliably determine a fair value and accordingly the investment is held at cost. The Group does not consider this investment to be impaired at the Balance Sheet date.

Company	Other investments £	Subsidiary undertakings £	Total £
At 1 October 2007 and 30 September 2008 (as previously reported)	13,362	3,215,428	3,228,790
Prior year adjustment note 1 – capital contribution	–	726,923	726,923
Prior year adjustment note 1 – reclassify investment as subsidiary undertaking	–	1,310,100	1,310,100
At 30 September 2008 as restated	13,362	5,252,451	5,265,813
Capital contribution	–	408,531	408,531
Reclassification of subsidiary undertaking to investment	–	(1,310,100)	(1,310,100)
Reclassification of investment to subsidiary undertaking	–	1,816,774	1,816,774
At 30 September 2009	13,362	6,167,656	6,181,018

The principal subsidiary undertakings are:

	Country of incorporation	Proportion of ordinary capital held	Nature of business
Impax Asset Management Limited	UK	100%	Financial services
Impax Capital Limited	UK	100%	Financial services
Kern USA Inc*	USA	100%	Holding company
Impax Absolute Return Fund	Cayman Islands	52.98%	Hedge fund

*Indirectly held

Investments in subsidiary undertakings are divided between interest in shares and capital contributions as follows:

	2009 £	2008 £
Interest in shares	**5,032,202**	4,525,528
Capital contributions	**1,135,454**	726,923
	6,167,656	5,252,451

13 Investments (continued)

Other investments are:

	Country of incorporation	Proportion of ordinary capital held	Nature of business
Impax New Energy Investors SCA	Luxembourg	14.24%	Financial services

The investment in Impax New Energy Investors SCA represents the Company's subscription share capital to this fund.

Other investments are categorised as available-for-sale financial assets as they relate to trade investments held, are non-derivatives and are not classified in any of the other categories.

Gains and losses arising from changes in fair value are recognised directly in equity with the exception of impairment losses and interest calculated using the effective interest method, which are measured directly in profit or loss or where it is considered not possible to reliably determine a fair value, in which case the investments are held at cost less any impairment losses.

Dividends on investments are recognised in profit or loss when the Group's right to receive the dividends is established.

14 Trade and other receivables

	Group 2009 £	Group 2008 (restated) £	**Company 2009 £**	Company 2008 (restated) £
Trade receivables	**1,976,134**	1,121,463	**5,366**	–
Amounts owed by Group undertakings	**–**	–	**1,083,090**	1,774,184
Other receivables	**409,114**	354,183	**132,862**	105,227
Prepayments and accrued income	**395,943**	522,652	**157,556**	182,715
	2,781,191	1,998,298	**1,378,874**	2,062,126
Due:				
After one year	**65,094**	65,094	**1,083,089**	1,030,185
Within one year	**2,716,097**	1,933,204	**295,785**	1,031,941
	2,781,191	1,998,298	**1,378,874**	2,062,126

Other receivables have been restated to remove assets of the Employee Benefit Trust that had previously been consolidated. Full details are provided in the prior year adjustments section of note 1 – Accounting Policies.

An analysis of the ageing of Group trade receivables is provided below:

	Group 2009 £	Group 2008 £
Not past due	**1,461,243**	1,113,024
Past due but not impaired:		
31–60 days	**358,919**	–
61–90 days	**–**	8,439
More than 90 days	**155,972**	–
	1,976,134	1,121,463

15 Current asset investments

Group	Unlisted investments £	Listed investments (restated) £	Total (restated) £
At 1 October 2007 as previously reported	11,344	1,608,510	1,619,854
Additions as restated	–	4,165,705	4,165,705
Revaluations	–	(38,617)	(38,617)
Disposals	–	(1,575,392)	(1,575,392)
At 30 September 2008 as restated	11,344	4,160,206	4,171,550
Additions	288,892	–	288,892
Disposal of current asset investments	–	(1,165,705)	(1,165,705)
Transfer to subsidiary undertaking (note 13)	–	(1,816,474)	(1,816,474)
Acquisition of listed investments on consolidation of subsidiary	–	2,122,652	2,122,652
Fair value movements	–	326,077	326,077
At 30 September 2009	300,236	3,626,756	3,926,992

On 21 May 2007, the Company made an investment of €2,200,000 (£1,506,851) in the Impax Absolute Return Fund ("IARF"). The investment took the form of a subscription of 22,000 Euro Class A shares in the IARF, at €100 per share. The IARF, which is managed by a subsidiary undertaking of the Company had a total net asset value ("NAV") of €4,012,000 at 30 September 2009. The Group's investment in the IARF represents 52.98 per cent of the NAV at 30 September 2009 (2008: 44.2 per cent). At 30 September 2009 this investment has been reported as a subsidiary and the underlying investments consolidated.

The consolidation of IARF at April 2009, the date ownership exceeded 50 per cent, has been accounted for as follows:

	Fair value £
Listed investments	306,178
Bank balances	2,906,273
Trade and other payables	(1,525,650)
Minority interest	(1,686,801)
	–

As the deemed purchase price at acquisition was the net asset value, no goodwill arose. Since acquisition the investment in IARF has contributed £113,182 to profit before tax. If the investment in IARF had been acquired on 1 October 2008, the impact on the results for the year would have been to increase profit before tax by £49,685.

On 3 March 2008, the Group made an investment of £1,500,000 in the IFSL Impax Environmental Leaders Fund ("IEL"). The 53.8 per cent investment in IEL at 30 September 2008 has been restated as a consolidated subsidiary for 2008. During October 2008 the holding reduced below 50 per cent to 28.11 per cent and has remained below 50 per cent and therefore has not been consolidated at year end. Instead the Group has applied exemptions from IAS 28 "Associates" available to venture capital and hedge fund businesses not to equity account for this investment as an associate.

The disposal of IEL at the date ownership reduced below 50 per cent has been accounted for as follows:

	Fair value £
Listed investments	(1,165,705)
Minority interest	1,165,705
	–

These listed investments are revalued to market value using quoted market prices that are available at the Balance Sheet date. The quoted market price is the current bid price.

The Group has a €3.76 million commitment to Impax New Energy Investors LP, a partnership based in England and Wales. The addition in unlisted investments in the year of £288,892 represents the first loan call of €338,040 (9 per cent of the Group commitment) on this investment. Further details of this commitment are disclosed in note 25 "Capital Commitments".

15 Current asset investments (continued)

The unlisted investment is valued at fair market value using open market prices of similar financial instruments.

Company

	Listed investments £
Cost or valuation	
At 1 October 2007 as previously reported	1,533,120
Additions	3,000,000
Revaluations	(38,619)
Disposals	(1,500,000)
Transfer to investments in subsidiaries (notes 1 and 13)	(1,310,100)
At 30 September 2008 as restated	1,684,401
Additions	288,892
Transfer from investment in subsidiaries	1,310,100
Transfer to investment in subsidiaries	(1,816,774)
Revaluations	326,077
At 30 September 2009	1,792,696
Net book value	
At 30 September 2009	1,792,696
At 30 September 2008 as restated	1,684,401

16 Trade and other payables

	Group 2009 £	Group 2008 £	**Company 2009 £**	Company 2008 £
Trade payables	**239,180**	117,571	**55,601**	76,260
Amounts owed to Group undertakings	**–**	–	**4,194,089**	2,056,852
Taxation and other social security	**111,397**	223,322	**–**	–
Other payables	**1,599,997**	117,826	**6,505**	45,042
Accruals and deferred income	**2,659,644**	3,466,607	**710,105**	1,124,464
	4,610,218	3,925,326	**4,966,300**	3,302,618

Included within other payables are financial liabilities that are held for trading by the Group amounting to £1,394,793 (2008: £nil). These financial instruments relate to listed equity investments which have been sold short at the Balance Sheet date by IARF. The net gain of £132,373 (2008: £nil) relating to the change in the fair value of these investments has been recognised in the Income Statement. The Company does not hold any financial liabilities that are held for trading.

17 Ordinary shares

	2009 £	2008 £
Authorised		
248,341,664 ordinary shares of 1p each	**2,483,417**	2,483,417
Allotted and fully paid		
115,582,431 ordinary shares of 1p each	**1,155,824**	1,155,824

18 Reserves

In accordance with the requirements of SIC 12 "Consolidation – special purpose entities" and IAS 32 "Financial Instruments: Presentation", certain of the assets and liabilities of the EBT have been included in the Company's and Group's accounts resulting in the inclusion of £58,863 (2008: £77,833) own shares and £77,833 (2008: £77,833) share premium. This represents shares that were held by the EBT that had not vested to employees. (2009: 5,886,308 ordinary shares; 2008: 7,783,273 ordinary shares).

In 2009, £nil (2008: £33,336) was charged to the Income Statement and credited to other reserve to reflect the cash equivalent cost of share options granted to the previous nominated advisor and broker, Landsbanki Securities (UK) Limited.

19 Financial commitments

At 30 September 2009 the Group and Company had commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2009 £	2008 £	**2009 £**	2008 £
Expiry date:				
Within one year	**324,433**	383,812	**16,095**	6,488
Between one and two years	**264,600**	324,206	**16,095**	–
Between two and five years	**42,771**	264,600	**970**	–
Over five years	**–**	44,100	**–**	–
	631,804	1,016,718	**33,160**	6,488

The operating lease on the office address of the Group has a break clause in November 2011 after which time the Group has the option to renew.

20 Directors' emoluments

The emoluments of all the Directors who held office during the year were as follows:

	Fees/ salary £	Benefits in kind £	Pension £	Bonus £	**2009 Total** £	2008 Total £
J Keith R Falconer	65,000	–	–	–	**65,000**	317,500
Ian R Simm	200,000	7,274	19,000	241,000	**467,274**	572,657
David L Kempton**	10,623	–	–	–	**10,623**	27,500
Peter J Gibbs	30,000	–	–	–	**30,000**	21,705
Mark B E White	30,000	–	–	–	**30,000**	21,705
Guy de Froment	30,000	–	–	–	**30,000**	21,250
Nigel D W Taunt *	–	–	–	–	**–**	108,643
Vince O'Brien	2,308	–	–	–	**2,308**	–
	367,931	7,274	19,000	241,000	**635,205**	1,090,960

All amounts relate to the period served as a Director.

* Resigned 27 February 2008.
** Resigned 2 February 2009.

During the year ended 30 September 2008 490,000 ordinary shares in the Company were allocated to a sub-fund, from which J Keith R Falconer and his family may benefit in accordance with the terms of the EBT. No other amounts were paid to or receivable by Directors under long-term incentive schemes.

Other than as set out above, no other emoluments or benefits were paid to any of the Directors.

Only one Director accrued pension benefits (2008: 1).

Short-term employee benefits, compromising salaries and benefits paid to other key management personnel in the year, amounted to £1,297,129 (2008: £1,286,708).

21 Employees
Number of employees

The average number of persons (including Directors) employed during the year was 34 (2008: 27).

	2009 No.	2008 No.
Quoted equity	**9**	7
Private equity	**5**	5
Operations	**7**	5
Marketing	**4**	3
Finance and compliance	**4**	3
Administration and support	**5**	4
	34	27

Employment costs

	2009 £	2008 £
Wages and salaries	**4,302,458**	4,024,765
Social security costs	**524,543**	487,293
Pensions	**311,456**	684,439
	5,138,457	5,196,497

22 Pension costs
The Group operates two defined contribution 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 and amounted to £311,456 (2008: £684,439). Contributions totalling £194,600 (2008: £610,199) were payable to the funds at the year end and are included in trade and other payables.

23 Financial instruments
Risk management is integral to the business of the Group and the Company. There is a system of controls in place to create an acceptable balance between the potential cost should such a risk occur and the cost of managing those risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. This section provides details of the Group's and Company's exposure to financial risks and describes the methods used by management to control such risk.

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

The Group's and Company's financial instruments comprise cash and various items, such as loans receivable, current asset investments, trade receivables and trade payables that arise directly from its operations.

During the year the Group consolidated its investment in Impax Absolute Return Fund. By its nature the hedge fund aims to generate returns through its own investment activities (as opposed to earning management fees on AUM). The Company considers that the governance of the hedge fund is separate to that of the investment management activities and the hedge fund has its own Board of Directors which meets regularly to discuss its activities and strategy.

Credit risk
Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle their financial and contractual obligations to the Group, as and when they fall due.

The Group's primary exposure to credit risk relates to the financial assets of the Group including cash and deposits that are placed with regulated financial institutions.

At the Balance Sheet date, the credit risk regarding cash and cash equivalent balances of the asset management business held with counter-parties was spread over a variety of financial institutions including Lloyds TSB and BlackRock. The risk of default is considered minimal. Cash balances of IARF (in which the Group has a 52.98 per cent participation), were held by UBS and the risk of loss due to default by UBS is considered low.

23 Financial instruments (continued)

The Group is also exposed to credit risk in relation to its loan note with Kern River Holdings Inc. This is discussed further in note 24. The recoverability and carrying value of this asset is monitored regularly by the Board.

Currency risk

The Directors consider that whilst the Group is exposed to a variety of financial risks associated with currency exposure there are natural hedges in place across different markets and asset types in which the Group operates. Furthermore, whilst it may be possible to attempt to manage some of these exposures through the use of financial instruments it would not be possible to completely remove these risks and the costs of such a strategy would be uneconomic to the Group.

The Group and Company activities are principally conducted in GBP, EUR, USD and JPY. Foreign exchange risk arises from income received in these currencies together with a limited amount of exposure to costs payable.

Certain of the Group's assets and liabilities are denominated in Euros and US Dollars. These represent the Group's only material assets denominated in a currency other than Sterling.

The Group's exposure to foreign currency exchange rate risk at 30 September 2009 was:

	GBP £	EUR £	USD £	JPY £	Total £
Assets					
Other financial assets	–	–	1,244,296	–	1,244,296
Non-current asset investments	–	–	13,567	–	13,567
Current asset investments	1,504,883	288,892	2,133,217	–	3,926,992
Trade and other receivables	653,875	917,531	1,095,246	114,539	2,781,191
Cash and cash equivalents	5,490,035	4,653,232	104,906	36,217	10,284,390
	7,648,793	5,859,655	4,591,232	150,756	18,250,436
Liabilities					
Trade and other payables	3,038,116	1,538,490	33,611	–	4,610,218
Short-term borrowings	–	683,935	–	–	683,935
	3,038,116	2,222,425	33,611	–	5,294,153

The Group's exposure to foreign currency exchange rate risk at 30 September 2008 was:

	GBP (restated) £	EUR £	USD £	JPY £	Total (restated) £
Assets					
Other financial assets	–	–	1,293,289	–	1,293,289
Non-current asset investments	–	–	13,567	–	13,567
Current asset investments	2,489,370	1,682,180	–	–	4,171,550
Trade and other receivables	1,969,565	8,439	20,294	–	1,998,298
Cash and cash equivalents	7,000,410	20,479	7,730	–	7,028,619
	11,459,345	1,711,098	1,334,880	–	14,505,323
Liabilities					
Trade and other payables	3,797,449	50,653	66,498	10,726	3,925,326

Trade and other payables held at fair value through profit and loss includes equity investments sold short and held within IARF. Balances are denominated in currencies which match the currency exposures of the funds' assets, hence currency risk is managed within the fund and exposure to the Group is considered low.

23 Financial instruments (continued)

The Company's exposure to foreign currency exchange rate risk at 30 September 2009 was:

	GBP £	EUR £	USD £	JPY £	Total £
Assets					
Non-current asset investments	–	–	13,362	–	13,362
Current asset investments	–	288,892	1,503,804	–	1,792,696
Trade and other receivables	1,378,874	–	–	–	1,378,874
Cash and cash equivalents	2,547,778	42,749	94,301	36,217	2,721,045
	3,926,652	331,641	1,611,467	36,217	5,905,977
Liabilities					
Trade and other payables	4,966,300	–	–	–	4,966,300

The Company's exposure to foreign currency exchange rate risk at 30 September 2008 was:

	GBP (restated) £	EUR £	USD £	JPY £	Total (restated) £
Assets					
Non-current asset investments	–	–	13,362	–	13,362
Current asset investments	1,684,401	–	–	–	1,684,401
Trade and other receivables	2,062,126	–	–	–	2,062,126
Cash and cash equivalents	14,020	–	–	–	14,020
	2,076,146	1,684,401	13,362	–	3,773,909
Liabilities					
Trade and other payables	3,302,618	–	–	–	3,302,618

As the earnings of the overseas subsidiaries of the Group do not constitute a significant part of overall post-tax profit the effect of 5 per cent movement in the GBP/USD and/or GBP/EUR on the post-tax profit and equity of the Group is not material.

The following tables demonstrate the estimated impact on Group post-tax profit and net assets and Company post-tax profit and net assets caused by a 5 per cent increase/(decrease) in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant.

	Post-tax profit	
Group	**2009 £**	2008 £
Translation of significant foreign assets and liabilities		
GBP/USD up 5 per cent	**(116,438)**	(60,293)
GBP/USD down 5 per cent	**128,694**	66,240
GBP/EUR up 5 per cent	**(146,592)**	(79,175)
GBP/EUR down 5 per cent	**162,023**	87,509
GBP/JPY up 5 per cent	**(7,179)**	511
GBP/JPY down 5 per cent	**7,935**	(565)

23 Financial instruments (continued)

Company	Post-tax profit 2009 £	2008 £
Translation of significant foreign assets and liabilities		
GBP/USD up 5 per cent	**(91,004)**	–
GBP/USD down 5 per cent	**100,583**	–
GBP/EUR up 5 per cent	**(15,792)**	(80,210)
GBP/EUR down 5 per cent	**17,455**	88,653
GBP/JPY up 5 per cent	**(1,725)**	–
GBP/JPY down 5 per cent	**1,906**	–

Liquidity and capital risk management

It is the policy of the Group and the Company to finance its business activities through working capital in order to ensure that the Group's ability to continue as a going concern is safeguarded and hence the management of capital and liquidity is of prime importance. The Group is generally able to freely transfer capital between subsidiary undertakings and the Parent Company subject to meeting local statutory requirements over capital. The regulatory capital requirement of the Group's main operating entity, Impax Asset Management Ltd, is reviewed regularly by the Board and the last return filed with the FSA indicated that there were capital reserves comfortably in excess of the amount required.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors its liquidity requirements and risks through the use of detailed cash flow forecasts to ensure that it maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in its cash flows. Cash not required for immediate operations is placed on deposit but can be drawn down at any time.

The Group had no long-term borrowings at the year end but, as disclosed in note 29. Cash and cash equivalents, IARF has short-term borrowings from the same counter-party with which it deposits its funds.

Trade and other payables held at fair value through profit and loss includes equity investments sold short and held within IARF. Settlement on these trades is typically three days after the trade date and the fund has sufficient cash and liquid positions to meet its liabilities at all times.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet investment programmes and corporate overheads.

The working capital position of the Group at the Balance Sheet date is as follows:

Group	2009 £	2008 £
Trade and other receivables	**2,781,191**	1,998,298
Cash and cash equivalents	**10,284,390**	7,028,619
Trade and other payables	**(4,610,218)**	(3,925,326)
Working capital position	**8,455,363**	5,101,591

The working capital position of the Company at the Balance Sheet date is as follows:

Company	2009 £	2008 £
Trade and other receivables	**1,378,874**	2,062,126
Cash and cash equivalents	**2,721,045**	14,020
Trade and other payables	**(4,966,300)**	(3,302,618)
Working capital position	**(866,381)**	(1,226,472)

23 Financial instruments (continued)

The tables below analyse the financial liabilities of both the Group and the Company into relevant maturity groupings based on the remaining period at the Balance Sheet date.

Group – 2009	Less than 1 month £	1–12 months £	More than 12 months £	No stated maturity £	Total £
Trade payables	239,180	–	–	–	239,180
Taxation and other social security	111,397	–	–	–	111,397
Other payables	–	1,599,997	–	–	1,599,997
Accruals and deferred income	–	2,659,644	–	–	2,659,644
	350,577	4,259,641	–	–	4,610,218

Group – 2008	Less than 1 month £	1– 2 months £	More than 12 months £	No stated maturity £	Total £
Trade payables	117,571	–	–	–	117,571
Taxation and other social security	223,322	–	–	–	223,322
Other payables	–	117,826	–	–	117,826
Accruals and deferred income	–	3,466,607	–	–	3,466,607
	340,893	3,584,433	–	–	3,925,326

Company – 2009	Less than 1 month £	1–12 months £	More than 12 months £	No stated maturity £	Total £
Trade payables	55,601	–	–	–	55,601
Amounts owed to Group undertakings	–	–	–	4,194,089	4,194,089
Other payables	–	–	6,505	–	6,505
Accruals and deferred income	–	710,105	–	–	710,105
	55,601	710,105	6,505	4,194,089	4,966,300

Company – 2008	Less than 1 month £	1–12 months £	More than 12 months £	No stated maturity £	Total £
Trade payables	76,260	–	–	–	76,260
Amounts owed to Group undertakings	–	–	–	2,056,852	2,056,852
Other payables	–	35,277	9,765	–	45,042
Accruals and deferred income	–	1,124,464	–	–	1,124,464
	76,260	1,159,741	9,765	2,056,852	3,302,618

Interest rate risk

The Group has both interest bearing assets and liabilities. Interest bearing assets include cash balances that earn interest at a floating rate and a loan note earning interest at a fixed rate. The average interest rate on the cash balances during the year was 0.79 per cent (2008: 4.75 per cent). The interest rate on the loan note was 2 per cent (2008: 2 per cent).

At the Balance Sheet date the Group had the following significant financial assets exposed to variable interest rate risk.

	2009 £	2008 £
Cash at bank and in hand:		
Readily available for the principal operating activities of the Group	**6,694,182**	7,028,619
Other	**3,590,208**	–
	10,284,390	7,028,619

Other amounts relate to cash acquired on consolidation of the hedge fund, see note 29.

23 Financial instruments (continued)

The following table demonstrates the estimated sensitivity of the Group's post-tax profit to a 0.5 per cent absolute change in interest rates, assuming all other variables are held constant.

Group	Effect on post-tax profit 2009 £	2008 £
Interest rates up 0.5 per cent	**19,766**	22,245
Interest rates down 0.5 per cent	**(19,766)**	(22,245)

The impact of a 0.5 per cent movement in an interest rate on the Group's post-tax profit (after deducting minority interest) is immaterial to the Group and therefore this risk is considered to be both low and manageable.

At the Balance Sheet date the Company had the following significant financial assets exposed to variable interest rate risk.

Company	2009 £	2008 £
Cash at bank and in hand	**2,721,045**	14,020

The following table demonstrates the estimated sensitivity of the Company's post-tax profit to a 0.5 per cent absolute change in interest rates, assuming all other variables are held constant.

	Effect on post-tax profit 2009 £	2008 £
Interest rates up 0.5 per cent	**6,612**	890
Interest rates down 0.5 per cent	**(6,612)**	(890)

The hedge fund holds cash positions and as a result is exposed to interest rate risk. Cash balances of the hedge fund at the year end were as follows:

	2009 £	2008 £
Cash at bank	**3,590,208**	–
Short-term borrowings	**(683,935)**	–
	2,906,273	–

The impact of a 0.5 per cent movement in interest rates on the results of the hedge fund is immaterial to the post-tax results of the Group.

Equity market pricing risk

The Group and Company have made investments within its own managed funds and the valuations placed on these investments are subject to market risk and price risk attached to the underlying assets of those funds. The significant holdings at 30 September 2009 were as follows:

Impax New Energy Investors – As the underlying assets of this fund are large scale energy producing infrastructure assets, this investment, whilst exposed to market risks, is not considered to be high risk.

IFSL Impax Environmental Leaders Fund – The Group has mitigated its market exposure by using a basket of futures instruments. Exposure to market risk is therefore considered low.

Impax Absolute Return Fund – The hedge fund, through its own investment strategy mitigates market risk. As a result, a 5 per cent fall in equity markets would be expected to result in only a 1 per cent reduction in the fund. Similarly, a 5 per cent rise in equity markets would be expected to result in only a 1 per cent increase in the fund.

23 Financial instruments (continued)

A 5 per cent fall in equity markets around the world would therefore be expected to result in changes on the results of the Group as follows:

	2009 £	2008 £
Balance Sheet reduction in net assets	**(147,450)**	(128,000)
Income Statement loss on investments	**(147,450)**	(128,000)

A 5 per cent rise in equity markets around the world would therefore be expected to result in changes to the results of the Group as follows:

	2009 £	2008 £
Balance Sheet increase in net assets	**147,450**	128,000
Income Statement gain on investments	**147,450**	128,000

Fair values of financial assets and liabilities

The Directors consider there to be no difference between the carrying value of the Group's financial assets and liabilities and their fair value.

Financial assets and liabilities by category

Group – 2009	Available for sale £	Fair value through profit and loss – held for trading £	Loans and receivables £	Financial liabilities measured at amortised cost £
Financial assets:				
Cash and cash equivalents	–	–	10,284,390	–
Trade and other receivables	–	–	2,385,248	–
Other financial assets – FVTPL	–	1,244,297	–	–
Other investments	13,597	–	–	–
	13,597	1,244,297	12,669,639	–
Financial liabilities:				
Trade and other payables	–	1,394,743	–	444,434
Short-term borrowings	–	–	–	683,935
	–	1,394,743	–	1,128,369

Group – 2008	Available for sale £	Fair value through profit and loss – held for trading £	Loans and receivables £	Financial liabilities measured at amortised cost £
Financial assets:				
Cash and cash equivalents	–	–	7,028,619	–
Trade and other receivables	–	–	1,475,646	–
Other financial assets – FVTPL	–	1,293,289	–	–
Other investments	13,597	–	–	–
	13,597	1,293,289	8,504,265	–
Financial liabilities:				
Trade and other payables	–	–	–	235,397
	–	–	–	235,397

23 Financial instruments (continued)

The only amounts past due are £150,943 ($240,000) of other financial assets. No financial assets are considered to be impaired at 30 September 2009. All financial liabilities are payable within one year.

Cash and cash equivalents are due within three months. Included in trade and other receivables is an amount of £65,094 due after more than one year (2008: £65,094). Other financial assets include £452,204 (2008: £247,671) due within one year and £792,093 (2008: £1,045,618) due for repayment within three years.

No amounts are impaired.

Company – 2009	Available for sale £	Fair value through profit and loss – held for trading £	Loans and receivables £	Financial liabilities measured at amortised cost £
Financial assets:				
Cash and cash equivalents	–	–	2,721,045	–
Trade and other receivables	–	–	138,228	–
Current asset investments	–	1,792,696	–	–
Other investments	13,362	–	–	–
	13,362	1,792,696	2,859,273	–
Financial liabilities:				
Trade and other payables	–	–	–	62,106
	–	–	–	62,106

Company – 2008	Available for sale £	Fair value through profit and loss – held for trading £	Loans and receivables £	Financial liabilities measured at amortised cost £
Financial assets:				
Cash and cash equivalents	–	–	14,020	–
Trade and other receivables	–	–	105,227	–
Current asset investments	–	1,684,401	–	–
Other investments	13,362	–	–	–
	13,362	1,684,401	119,247	–
Financial liabilities:				
Trade and other payables	–	–	–	121,302
	–	–	–	121,302

Cash and cash equivalents are due within three months.

Financial liabilities at fair value through profit and loss
Group

	2009 £	2008 £
Financial liabilities held for trading:		
Listed equity securities sold short	**1,394,743**	–
Total net gains	**132,373**	–

The fair value of financial liabilities held for trading has been determined by reference to the current bid price at the Balance Sheet date of the listed investments which are traded in active markets.

24 Contingent assets
In 2004, a production note of US$5,400,000 was issued as part of the consideration for the disposal of the Company's US subsidiary, Kern River Holdings Inc. Kern River Holdings Inc. held and operated the Nukern oil field. The production note is based on payments of US$4 per barrel, with minimum quarterly payments of currently US$120,000. Any remaining balance on the note is repayable in full on 3 July 2011. At the time of the transaction a loan was recognised equivalent to the carrying value of the Nukern field prior to disposal. The carrying value of this loan at 30 September 2009 of US$1,981,169 (£1,244,297) is disclosed in note 12. The Directors believe the Company will receive consideration over the term of the production note, equivalent to the carrying value of the Nukern field prior to disposal but are of the opinion that, due to the nature of part of the consideration, it would not be appropriate to recognise all future contingent revenues.

25 Commitments
On 19 August 2005, the Company became a limited partner in Impax New Energy Investors LP (the "New Energy Fund"), a ten year fund investing in projects in the renewable energy and related sectors, predominantly in Western Europe. Impax Asset Management Group plc has committed to invest up to €3.76 million (£3.44 million) in the fund.

During August 2009 the New Energy Fund made its first loan call equivalent to 9 per cent of committed funds and accordingly the Company invested €338,040. The Directors now anticipate that on maturity of the New Energy Fund's bridge facility provided by a bank, expected in January 2010, the Company will be required to invest a further amount in the region of €2,800,000. Up to €612,500 of additional amounts may also be called by the New Energy Fund before September 2010. The Company has sufficient funds to meet these commitments as they fall due.

At 30 September 2009, the Group had four exchange traded futures contracts with a notional value of £1.5 million. These futures are used to hedge the Group's seed investment in equity funds managed by Impax Asset Management Limited.

26 Employee Benefit Trust
On 4 February 2005 shareholders approved the establishment by the Company of the Impax Group Employee Benefit Trust (the "EBT") as part of the Company's employee incentive arrangements. The scheme provided for the issue of up to 18.25 million shares to employees in respect of the three years ended 30 September 2007. On 30 September 2009 1,896,965 ordinary shares were allocated to sub-funds from which employees and their families may benefit in accordance with the terms of the EBT (herein referred to as "vested").

On 31 January 2008 shareholders approved an extension to the existing EBT whereby a further 18.25 million shares can be issued to employees in respect of the three years ended 30 September 2010.

The number of ordinary shares that the EBT holds that have not vested is 5,886,308 representing 5.1 per cent of the ordinary shares in issue at 30 September 2009. The potential beneficiaries of the EBT include the present and former Directors and employees of the Group and their respective families.

During the year ended 30 September 2009 the number of shares bought and sold by the EBT was nil.

Income Statement charge – original scheme (for the three years ended 30 September 2007)
The allocation of ordinary shares to employees and their families via the EBT by the Company for the three years ended 30 September 2007 as part of the long-term incentive scheme has given rise to a charge of £551,579 in the current year, representing shares that vested on 30 September 2009.

A prior year adjustment of £490,332 has been made to the previous year's charge, increasing it from £427,333 to £917,665 (see note 1 for further information). This represents:

– a £45,965 charge for shares granted September 2008 that vested September 2009
– a £871,700 charge for shares granted December 2006 that vested September 2008

This charge has been calculated in accordance with the requirements of IFRS 2 "Share-based payments". The total amount to be expensed over the performance period, from grant date to vesting date, is determined by reference to the fair value of the shares determined at the date the employee is deemed to be fully aware of their potential entitlement and all conditions of vesting.

26 Employee Benefit Trust (continued)

Income Statement charge – scheme extension (for the three years ended 30 September 2010)

The allocation of ordinary shares to employees and their families via the EBT by the Company for the three years ended 30 September 2010 as part of the long-term incentive scheme will only give rise to a charge if and when shares are allocated to employees.

Consequently, because no shares were allocated in the year ended 30 September 2009 the charge to the Income Statement that relates to the scheme extension was £nil.

In accordance with the requirements of SIC 12 "Consolidation – special purpose entities" and IAS 32, the assets and liabilities of the EBT that have not yet been allocated to sub-funds from which employees may benefit have been included in the Company's and Group's accounts resulting in the inclusion of £58,863 own shares and £77,833 share premium.

Summary of transactions undertaken by the Employee Benefit Trust

A summary of transactions undertaken by the EBT is as follows:

	Ordinary shares allotted to the EBT	Ordinary shares sold by the EBT	Total ordinary shares
5 September 2005	8,200,000	(930,000)	7,270,000
14 August 2006	8,075,000	(464,920)	7,610,080
14 September 2007	1,975,000	(78,035)	1,896,965
24 September 2008	6,083,333	(197,025)	5,886,308
	24,333,333	(1,669,980)	22,663,353*
Vested on 30 September 2007			(7,270,000)
Vested on 30 September 2008			(7,610,080)
Vested on 30 September 2009			(1,896,965)
Own shares as at 30 September 2009			5,886,308

This shareholding of 5,886,308 ordinary shares is represented in the Statement of Changes In Equity as Own Shares (£58,863).

* Of this total, 456,299 shares have been transferred to a sub trust.

27 Ultimate controlling party

The Company has no ultimate controlling party.

28 Related party transactions – Group and Company

Impax New Energy Investors LP is a related party of the Group by virtue of the Company being a limited partner in the fund and a subsidiary undertaking, Impax Asset Management Limited, acting as the fund's manager.

Impax New Energy Investors SCA is a related party of the Group by virtue of a subsidiary undertaking, Impax Asset Management Limited, acting as the fund's manager.

IFSL Impax Environmental Leaders is a related party of the Group by virtue of a subsidiary undertaking, Impax Asset Management Limited, acting as the fund's manager. The Group held an equity stake of 28.1 per cent as at 30 September 2009.

Impax Absolute Return Fund is a related party of the Group by virtue of a subsidiary undertaking, Impax Asset Management Limited, acting as the fund's manager. The Group held an equity stake of 53.0 per cent as at 30 September 2009.

BNP Paribas Investment Partners is a related party of the Group by virtue of owning a 27.9 per cent equity holding.

All balances were unsecured.

28 Related party transactions – Group and Company (continued)

The aggregate related party transactions during the period, and holdings as at the year end, were as follows:

Group

	2009 £	2008 £
Income Statement		
Revenue income from other related parties	**4,158,628**	2,817,456
Balance Sheet		
Current asset investments – other related parties	**300,236**	11,344
Trade and other receivables – associates	**11,060**	34,292
Trade and other payables – associates	**28,474**	–

Company

	2009 £	2008 £
Income Statement		
Revenue income	**–**	–
Balance Sheet		
Current asset investments in associates	**1,792,696**	1,684,401

29 Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include the following:

Group

	2009 £	2008 £
Cash at bank and in hand		
Readily available for the principal operating activities of the Group	**6,694,182**	7,028,619
Not available for the Group	**3,590,208**	–
	10,284,390	7,028,619
Short-term borrowings		
Readily available for the principal operating activities of the Group	**–**	–
Not available for the Group	**(683,935)**	–
	(683,935)	–
Cash and cash equivalents	**9,600,455**	7,028,619

Cash balances of the Group at 30 September 2009 included £3,590,208 (2008: £nil) of cash held and £683,935 (2008: £nil) of short-term borrowings acquired on consolidation of the hedge fund, IARF. These amounts (net total: £2,906,273; 2008: £nil) are held with the same counter-party and are subject to full right of offset. The Group exercises no direct control over these funds.

Company

	2009 £	2008 £
Cash at bank and in hand	**2,721,045**	14,020

30 Post Balance Sheet events

Since the year end the Company has purchased 1,240,000 of its own shares at an average price of 36.33 pence which are currently held in Treasury.

On 22 October 2009, the Group commenced management of a new investment fund, Impax Asian Environmental Markets plc, which raised £104.5 million of capital.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Impax Asset Management Group plc ("the Company") will be held at the offices of Mazars LLP, Tower Bridge House, St Katharine's Way, London E1W 1DD at 10.30 a.m. on 10 February 2010 for the following purposes:

As ordinary business
To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the Company's annual accounts for the financial year ended 30 September 2009 together with the Directors' Report and the Auditor's Report on those accounts.

2. To elect Mr Vince O'Brien as a Director.

3. To re-elect Mr Ian R Simm as a Director.

4. To re-appoint Mazars LLP as auditors of the Company and to authorise the Directors to fix their remuneration.

5. To declare a final dividend in respect of the financial year ended 30 September 2009 of 0.4 pence per ordinary share payable to the holders of ordinary shares on the register of members at the close of business on 22 January 2010.

As special business
To consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions:

6. THAT the Directors of the Company be and are hereby empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by an ordinary resolution passed on 2 February 2009 or by way of a sale of treasury shares, as if section 561 of the Act did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to:

   (a) the allotment or sale of equity securities, either in connection with an issue or offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of equity securities, subject only to such exclusions or other arrangements as the Directors of the Company may consider necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange in any territory; and

   (b) the allotment or sale (otherwise than pursuant to resolution 6(a)) of equity securities up to an aggregate nominal value of £115,582.43.

The power conferred by this resolution shall expire (unless previously renewed, revoked or varied by the Company in general meeting) at the conclusion of the Company's next annual general meeting, except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors of the Company may allot or sell equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

7. THAT the Company be and is generally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares of 1 pence each provided that:

   (a) the maximum aggregate number of ordinary shares that may be purchased is 5,779,122;

   (b) the minimum price which may be paid for each ordinary share is 10 pence;

   (c) the maximum price which may be paid for each ordinary share is not more than 105 per cent. of the average of the middle market quotations for an ordinary share taken from the London Stock Exchange for the five business days immediately preceding the day of purchase; and

   (d) unless previously renewed, varied or revoked, the authority conferred by this resolution shall expire at the conclusion of the Company's next annual general meeting save that the Company may make a contract or contracts to purchase ordinary shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

Notice of Annual General Meeting continued

8. THAT:

(a) the articles of association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Act, are to be treated as provisions of the Company's articles of association; and

(b) the articles of association produced to the meeting and initialled by the chairman of the meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board
Michael Knight
Company Secretary
7 January 2010

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space provided on your proxy form. If you sign and return your proxy form with no name inserted in the space provided, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you should contact Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
5. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an "X". To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using this form, your proxy form must be:
   - completed and signed;
   - sent or delivered to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU; and
   - received by Capita Registrars no later than 10.30 a.m. on 8 February 2010.
7. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.
8. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
10. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 10.30am on 10 February 2010 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

    CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered on the register of members of the Company at 6.00 p.m. on 8 February 2010 or, in the event that this meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after the close of business on 8 February 2010 or, in the event that this meeting is adjourned, in the register of members after the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

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