

Impax Asset Management Group plc
Annual Report and Accounts 2012



Highlights 2012

> Financial performance

- Revenue £18.6 million
- Operating earnings £4.6 million¹
- Loss before tax of £4.7 million²
- Assets under management £1.83 billion
- Diluted earnings per share 2.57 pence (adjusted)³
- Cash reserves of £19.3 million
- Proposed dividend 0.75 pence per share

> Investment performance

- Principal listed equity strategies beat their environmental comparator indices
- Water strategy grew by 19.2%⁴
- Investee companies of the Private Equity funds continued to perform well

> Expansion

- Expansion of stock coverage to include Food & Agriculture sectors (fund to launch 1 December 2012)
- Opening of an office in New York City and appointment of a Head of Institutional Sales and Client Service in the United States

¹ revenue less operating costs excluding £8.7 million charge due to share incentive schemes

² includes £8.7 million charges associated with the Company's historical share-based incentive schemes

³ adjusted to exclude the IFRS2 charge for share schemes satisfied by primary shares

⁴ net asset value per share from 1 October 2011 to 30 September 2012

Key facts 2012

> Attractive investment themes

- Rapidly growing markets
- Large population of dynamic companies
- Market complexity leads to mis-pricing

> Experienced team

- 56 people, including 28 specialist investment professionals
- No changes to senior investment team since inception
- Significant staff share ownership

> Extensive distribution networks

- In-house and committed third party distributors
- Access to over 20 markets

> Stable investor base

- 95% of investors in “Impax label” funds are institutional

> Scalable business model

- High capacity investment strategies
- Proven investment processes
- Established infrastructure

Chairman's Statement

For the Year Ended 30 September 2012

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

Keith Falconer
Chairman



Sector overview

- > Drivers of resource scarcity are fundamental and are creating unprecedented opportunities for long-term investors
- > Underlying markets growing rapidly
- > Our investment universe now numbers some 2,000 stocks with a combined market capitalisation in excess of £4.25 trillion
- > Companies often mis-priced as investors misunderstand technology change and the impact of regulations
- > Successful investing requires a deep understanding of the industries in which these companies operate, including the entire value chain

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

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

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

Institutional investors are increasingly interested in analysing the risks and opportunities arising from these changes, providing us with further opportunity for dialogue and, we believe, the potential for

increased commitment of capital to our funds and accounts. Accordingly, we have continued to invest incrementally in our capabilities, particularly in the areas of client service in the United States and the development of investment management expertise across the food and agriculture sectors.

Results for the year and proposed dividend

Revenue to 30 September 2012 was £18.6 million (2011: £20.9 million). Operating earnings¹ for the year were £4.6 million (2011: £6.2 million) and the associated operating margin was 24 per cent (2011: 30 per cent). The decrease in revenue and profits compared to the corresponding 2011 financial year reflect a combination of lower average AUM for the year and a moderately higher fixed cost base arising from the investment we have made in further strengthening the Company's platform to prepare for further growth. Profit before tax ("PBT") for the Period was a loss of £4.7 million (2011: profit of £1.7 million). PBT was impacted by £8.7 million (2011: £5.4 million) of charges associated with the Company's historical share-based incentive schemes. £1.0 million of this charge is directly offset by a corresponding tax gain. PBT also included fair value losses of £0.7 million arising primarily from the Company's investments into the Impax Green Markets Fund which we have set up in the United States for domestic investors, and our first private equity fund, in part due to the strengthening of Sterling against the Euro and the Dollar.

The Board regards the most relevant measure of the year's earnings to be diluted earnings per share ("EPS"). On this basis diluted EPS for the year was 2.57 pence (adjusted²), including

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

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

Revenue £ million	
08	11.39
09	10.39
10	15.34
11	20.93
12	18.62

Operating Earnings £ million	
08	4.15
09	2.88
10	3.83
11	6.24
12	4.55

Earnings per share (diluted adjusted) pence	
08	3.07
09	2.58
10	3.49
11	3.74
12	2.57

Dividend pence	
08	0.35
09	0.40
10	0.60
11	0.70
12	0.75

AUM £ billion	
08	1.09
09	1.26
10	1.82
11	1.90
12	1.83

0.42 pence due to the fair value losses. For 2011, diluted EPS was 3.74 pence (adjusted²). Diluted EPS before adjustment was (4.32) pence in 2012 and 0.93 pence in 2011.

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

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

Remuneration

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

Share Buy-backs and Share Issuance

During the Period the Board commenced the buy-back of the Company's shares into Treasury, with the aim of reducing the requirement to issue new shares to satisfy the exercise of options awarded

under the ESOP. To date, 3.5 million shares have been purchased since the start of the buy-back programme, and the Company expects further purchases to be made from time to time while continuing to evaluate attractive alternative uses of the Company's cash resources. Separately, in accordance with the approval given by Shareholders in January 2008, the Company plans shortly to issue 12.2 million shares which will be available to satisfy exercises of vested option schemes, taking the total shares in issue to 127.7 million.

Prospects

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

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

J Keith R Falconer
28 November 2012

Chief Executive's Report

For the Year Ended 30 September 2012

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

Ian Simm
Chief Executive



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

Sector developments

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

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

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

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

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

Impax's target markets

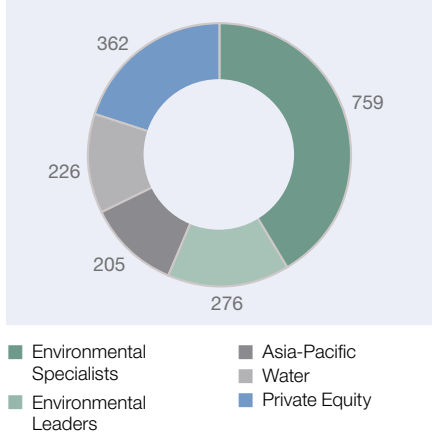
The weakness of environmental stocks is illustrated by the performance of the FTSE Environmental Opportunities All Share Index, which returned 3.4 per cent (net, total return) between 1 January 2012 and 30 September 2012, compared to the MSCI World Index which was up 8.8 per cent (net, total return)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

During 2012, taking into account feedback from a range of our clients and prospective investors, we have slightly broadened the definition of Impax's target markets to encompass "resource efficiency", comprising environmental markets and the wider food and agriculture value chain. Companies providing products and services in the food and agriculture sectors have many similar characteristics to those in alternative energy, water and waste management, particularly growth

Table 1: Assets under management and fund flows

£ million	AUM 1 Oct 2011	H1	H2	AUM 30 Sept 2012
"Impax-Label" listed equity products	712	–	–	637
Inflows	–	23	8	–
Outflows	–	(76)	(52)	–
Market movements & currency	–	85	(63)	–
Third party listed equity funds & accounts	792	–	–	829
Inflows	–	71	41	–
Outflows	–	(85)	(66)	–
Market movements & currency	–	122	(46)	–
Private Equity	392	(13)	(17)	362
Total	1,896	127	(195)	1,828

Range of investment strategies
AUM (£m)
(as at 30 September 2012)



linked to the rising demands of an expanding population, limited resources and broad evidence of mis-pricing as a result of rapidly changing technology, regulations and market structure.

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

expanding to US\$52 million at the end of the Period. As previously announced, in December 2011 we established Impax Green Markets Fund, a Delaware-based private fund, as a wrapper for our Specialists strategy.

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

Investment Performance
Listed Equity

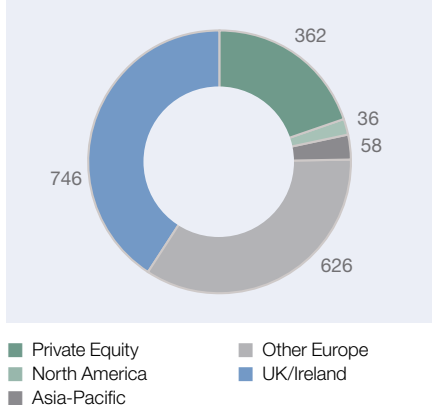
During the Period our listed equity strategies generally beat their comparator indices of environmental stocks, but some have trailed global indices.

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

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

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

AUM by geographic region
(client domicile)
(as at 30 September 2012)



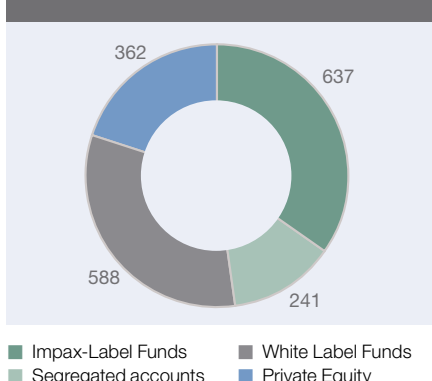
We are excited about the potential for offering additional investment services and products in the broader resource efficiency area. As reported in the interims, during 2012 we have recruited two experienced investment professionals focused on global food and agriculture and, on 1 December 2012, following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

Assets under management and fund flows

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

We saw continued progress in building our franchise in the United States. The Pax World Global Green Fund (recently renamed the Pax World Global Environmental Fund), which we sub-advise, attracted net inflows over the Period

Stable, diverse, client base
"Impax-Label" funds
(as at 30 September 2012)



Chief Executive's Report continued

Environmental Opportunities All Share Index gained 16.5 per cent (total return, GBP).

Private Equity

Our private equity business made solid progress during the Period.

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

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

Distribution

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

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

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

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

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

Infrastructure and support

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

In recent years we have consciously invested in operations, IT, finance, legal, compliance and HR capabilities in order to establish a scalable platform for growth. In principle, we are now adequately resourced in these areas and can manage

a significant volume of additional assets on this base. At the time of writing, alongside other investment managers, we are working with our clients to ensure appropriate compliance with the emerging requirements of the European Union's Alternative Investment Fund Managers Directive, and are also closely monitoring the implications of regulatory developments in the other markets in which we operate.

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

Outlook

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

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

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

Ian R Simm
28 November 2012

Overview of Our Resource Efficiency Markets

Impax invests in sectors where the need to make efficient use of scarce resources and mitigate negative environmental effects is creating a broad range of long-term growth opportunities.

Energy	
	Energy Efficiency
	Alternative Energy

Global demand for energy continues to grow and energy prices for most of the world's population look set to rise. Over the next two decades, annual investment in the energy sector is expected to average US\$1.5 trillion, of which 50% will be in the electrical power sector. By 2035 it is estimated that China will consume 70% more energy in total than the USA; yet per capita consumption will still only be 50% of US levels. The increasing cost of energy in many countries provides a strong incentive to use sources as efficiently as possible and to develop new sources and methods of generation.

We categorise Energy investment opportunities into two sectors:

Energy Efficiency which is focused on services and technologies to minimise energy wastage. The investment universe in this sector includes companies in power generation and storage, industrials, buildings and transport. **Alternative Energy** includes the independent power producers, solar, wind, biofuels and equipment companies.

We identify interesting investment opportunities arising from the effective roll-out of proven technologies in established but expanding markets, for example insulation materials. We are also seeing rapid substitution by relatively new technologies, such as light-emitting diodes (LEDs) in conventional lighting, and brisk growth in a number of new markets, for example in smart meters.

Energy efficiency is the largest sub-sector in which we invest, both in terms of portfolio weighting and our investable universe.


We invest in both the providers of alternative energy technologies, the operators of energy assets and in companies active across the entire value chain.

Water	
	Infrastructure & Technologies
	Pollution Control

The global market for water products and services is currently estimated to be worth some US\$500bn. The United Nations predicts that two-thirds of the world's population will be 'water stressed' by 2050, with over 2 billion people living in countries facing water scarcity. The cleaning up and recycling or disposal of waste water is also proving a major worldwide challenge. We see the growing imbalance between supply and demand for water as being underpinned by four key factors: population growth, ageing infrastructure, regulation and an increasing incidence of extreme weather events.

We divide the Water sector into **Infrastructure & Technologies** which includes both the treatment and equipment companies as well as utilities; and **Pollution Control** which covers companies involved in emissions abatement and the supply of testing equipment.

We invest in opportunities across the entire water value chain. In infrastructure we see steady demand for pumps, pipes and valves in developed countries and much higher rates of growth for these products in developing regions. Companies active in water re-use, conservation and irrigation equipment markets are particularly attractive. In water treatment we see a wide array of opportunities in physical and chemical water treatments, filtration, membrane technology and desalination as well as pollution monitoring and testing. Our portfolios generally have exposure to companies with early stage, late cycle and defensive business models.

Waste	
	Waste Management & Technologies
	Environmental Support Services

Waste management companies are involved in the handling and disposal of both general and hazardous waste from individuals and industry as well as the associated technologies for the sorting and processing of materials. Recycling and reuse of materials is now estimated

to be a US\$200bn market, driven by the increasing scarcity and cost of the primary materials.

We categorise this sector into **Waste Management & Technologies**, comprising technology equipment companies, recycling and processing, and companies involved in the handling and disposal of hazardous and general waste; and **Environmental Support Services** which includes environmental consultants and the trading of environmental assets such as pollution permits.

We invest across the waste sector in general waste management, in hazardous waste management which is attractive as it is a defensive, non-cyclical market, in the more cyclical recycling companies particularly those active in rapidly growing developing markets, and also in companies supplying innovative waste technologies.

Food & Agriculture	
	Food
	Agriculture

The global population is estimated to reach 9 billion by 2050 which will mean an additional 80 million people to feed each year. To achieve this, food production must rise by 70%, necessitating a significant increase in the area of agricultural land and substantial increases in the use of energy and water. The key drivers for change are the shifts in global demand, environmental regulations and technological innovations.

We sub-divide our **Food** sector into basic foods, packaging and food safety, packaged food and ingredients, beverages, distribution and commercial services and diversified food and agriculture companies. Under **Agriculture** we include companies involved in agricultural inputs (such as fertiliser, pesticides, animal feeds and animal health products), machinery and equipment, growers and processors and agricultural logistics companies which are involved in haulage, shipping and upstream supply-chain solutions to the sector.

We invest in companies that are exploiting inefficiencies arising from the revolution in global supply-chains and new opportunities to supply ancillary goods and services.

Directors



Keith Falconer
Chairman

Keith Falconer, 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, is the Founder and Chief Executive of Impax Asset Management Group plc. Ian has been responsible for building IAM since launch in 1998, particularly the firm's listed equity and infrastructure teams and investment products. In addition to his role as Chief Executive, Ian heads the firm's investment committees. Prior to Impax, Ian was an engagement manager at McKinsey & Company in the Netherlands where he led teams to provide advice to clients in a range of environmentally sensitive industries. He has a first class honours degree in physics from Cambridge University and a Master's in Public Administration from Harvard University.



Guy de Froment
Non-Executive Director

Guy de Froment, is a Non-Executive Director of Impax Asset Management Group plc. He was previously Vice Chairman of BNP Paribas Asset Management and 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 24 years in the Indosuez Group during which time he was Chief Executive of W. I. Carr and CEO of Indosuez Asset Management.



Peter Gibbs
Non-Executive Director

Peter Gibbs, is a Non-Executive Director of Impax Asset Management Group plc. Peter has spent his career in the asset management industry at Bankers Trust, Mercury Asset Management and Merrill Lynch Investment Management. He is currently a Non-Executive Director of United Kingdom Investment Ltd, Friends Life Group plc, the Merrill Lynch UK Pension Plan and Intermediate Capital Group plc.



Vince O'Brien
Non-Executive Director

Vincent O'Brien, is a Non-Executive Director of Impax Asset Management Group plc. 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.



Mark White
Non-Executive Director

Mark White, is a Non-Executive Director of Impax Asset Management Group plc. He is the CEO of LGT Capital Partners (UK) Ltd following LGT Capital Partners' acquisition of KGR Capital. From 2001 to 2005, he was Chief Executive Officer of JP Morgan Fleming Asset Management (UK) Ltd. 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 also a Non-Executive Director of EB Asia Absolute Return Fund and F&C Global Smaller Companies plc.

Senior Personnel



Ominder Dhillon

Ominder Dhillon, is Head of Distribution for Impax. Ominder joined Impax in October 2011 from Fidelity International where he was Head of UK Institutional Distribution for three years. Ominder previously spent nine years as Director of Institutional Sales at Scottish Widows Investment Partnership and, prior to that, nine years at John Morrell & Associates and Johnson Fry plc (later acquired by Legg Mason).



Kaye Forrest

Kaye Forrest, joined Impax in May 2011, on a part-time basis, as Director of Human Resources. She has over 20 years' HR experience and expertise in coaching, talent management, organisational development and business transformation. Kaye previously held the role of HR Director at Legal and General and Sensormatic Ltd before setting up her own consultancy business in 2007. She has an MA in International HRM and is a Fellow of the Chartered Institute of Personnel and Development.



Bruce Jenkyn-Jones

Bruce Jenkyn-Jones, is a Director of IAM and Managing Director for the Listed Equity business. He has 19 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).



Charlie Ridge

Charlie Ridge, is a Director of IAM and Chief Financial Officer of Impax Asset Management Group plc. Charlie has 25 years' experience working in financial services. Charlie joined Impax from Deutsche Bank, where he was a Managing Director within the Finance Division. Prior to this he was UK Asset and Wealth Management Chief Financial Officer, having previously used his technical expertise in financial and market risk related roles for the Global Markets Division. Charlie has a degree in Engineering Science from Durham University and qualified as a Chartered Accountant at Ernst & Young.



Peter Rossbach

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

Directors' Report

For the Year Ended 30 September 2012

The Directors present their Report and the financial statements for the year ended 30 September 2012.

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 the Group's business is contained in the Chairman's Statement and Chief Executive's Report on pages 2 to 6 which are incorporated into this report by reference. The Corporate Governance Statement, set out on pages 13 to 14, forms part of this report.

The Directors consider Assets Under Management ("AUM"), revenue and profitability to be the key performance indicators of the Group. AUM fell from £1,896m at 30 September 2011 to £1,828m at 30 September 2012. Revenue for the year was £18,621,000 (2011: £20,931,000) and loss before tax was £4,735,000 (2011: profit of £1,718,000).

Dividends

The Directors propose a dividend of 0.75 pence per share (totalling £825,000) for the year ended 30 September 2012 (2011: 0.70p per share, totalling £759,000). The dividend will be submitted for formal approval at the Annual General Meeting. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 30 September 2013.

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

Directors and their interests 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 2012 and 30 September 2011 were:

	30 September 2012	30 September 2011
J Keith R Falconer ¹	10,489,290	10,489,290
Ian R Simm ¹	9,486,261	5,486,261
Peter J Gibbs	200,000	200,000
Mark B E White	300,000	300,000
Vince O'Brien	110,000	110,000
Guy de Froment	–	–

¹ includes vested shares within sub-funds of the Impax Group Employee Benefit Trust ("EBT") from which the individual may benefit

There have been no changes to the above holdings since 30 September 2012.

Ian Simm has a 5.88% interest in the capital of Impax Carried Interest Partner LP, and a 5% interest in the capital of Impax Carried Interest Partner II LP, entities in which the Company holds an investment.

Ian Simm has also been granted options to acquire a further 450,000 ordinary shares at a strike price of 49.6p. These will vest subject to his continued employment by the Group on 31 December 2014.

Substantial share interests

The following interests in three per cent or more of the issued ordinary share capital excluding Treasury shares have been notified to the Company as at 28 November 2012:

	Number	Percentage
BNP Paribas Investment Partners	32,220,000	29.1
J Keith R Falconer ²	10,489,290	9.5
Ian R Simm ²	9,486,261	8.6
Rathbone Investment Managers	7,092,080	6.4
DIAM Company	5,474,955	4.9
UBS Private Banking nominees	4,516,050	4.1
Bruce Jenkyn-Jones ²	3,750,000	3.4

² includes vested shares within sub-funds of the EBT from which the individual may benefit

In addition the EBT has a legal interest in a further 16,228,781 shares which have transferred to sub funds from which individuals may benefit and holds 1,888,273 shares directly.

Share management

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

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

People

Through our robust people management policies we aim to attract and develop the best people. Our performance management processes comprise a twice yearly performance appraisal against agreed objectives and our core values. Output from this performance process is used to inform decisions on remuneration, career development and progression.

As part of creating a high-performance organisation, we encourage all of our employees to fulfil their potential. We provide our employees with access to a range of training and development opportunities that are relevant to our business.

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 has a cycle scheme; and
- > Paper and materials use: the Group has a system to recover office paper and encourages staff to avoid wastage of other materials.

During the year we were awarded a Bronze Ska rating for the fit out of our new office premises. Ska Ratings is an environmental assessment method developed by RICS which rates the environmental performance of a fit-out.

Corporate social responsibility

The Group, either directly or through individual members of staff aims to support a number of charities or other non-profit making organisations by contributing funds or volunteering services. The Group seeks to focus such activity on areas directly relating to or having an impact on the environment.

The following are ways the Company seeks to achieve this aim:

- > Giving to Charity – the company operates a Give as You Earn Scheme;
- > Employee Volunteering – wherever possible we look for opportunities to give employees a chance to make a positive impact in the community; and
- > Community and Industry Involvement – where an employee has the opportunity to give some time to a local organisation or a trade body the Company will give due consideration to such requests.

Statement of disclosure to auditor

Each of the persons who are 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 auditor are aware of that information.

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

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 2012 were 30 (2011: 15).

By order of the Board

Zack Wilson

Company Secretary
28 November 2012

Registered office:

Norfolk House
31 St James's Square
London SW1Y 4JR

Statement of Directors' Responsibilities

in Respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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 state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgments and estimates that are reasonable and prudent;
- > state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Corporate Governance Report

For the Year Ended 30 September 2012

The Group is committed to maintaining good standards of Corporate Governance. As an AIM quoted company, compliance with the Finance Reporting Council's UK Corporate Governance Code ('the Code') is not mandatory. However the Board of Directors ('the Board') seeks to comply with the principles of the Code in so far as appropriate to the Group's size and complexity. This report describes how the Group has applied the principles throughout the year.

The Board of Directors

The Board has overall responsibility for the Group. The Board provides strategic direction to the executive management, monitoring the Group's operating and financial results, reviewing management performance, overseeing the adequacy of risk management and internal controls and ensuring the Company's obligations to its shareholders are met.

The Board has consisted of a Non-Executive Chairman, four Non-Executive Directors and the Chief Executive during the period. Details of the current Board members are given on page 8 of this report. Throughout the year the position of Chairman and Chief Executive were held by separate individuals. There is a clear division of responsibilities between the Chairman and Chief Executive. The Board has appointed one of the Non-Executive Directors (Peter Gibbs) to act as the Senior Independent Director. The Board considers that three of the Non-Executive Directors (Peter Gibbs, Mark White and Vince O'Brien) are independent as envisaged by the Code. Guy de Froment is not considered to be independent as he represents a significant shareholder. The Chairman is also not considered to be independent by nature of his significant shareholding and past service to the Group. The Non-Executive Directors and Chairman all have or have had senior executive experience and offer insightful judgement on Board matters. The Non-Executive Directors do not participate in any bonus schemes or share ownership schemes and their appointments are non-pensionable. There is a rigorous procedure to appoint new Directors to the Board which is led by the Chairman. At appropriate times the Board considers the balance of skills, experience, independence and knowledge of the Group on the Board and its diversity, including gender, how the board works as a unit and other factors relevant to its effectiveness.

The Board meets regularly throughout the year. It met six times in the year ended 30 September 2012 to consider strategic development and to review trading results and operational and business issues. It has a formal agenda of items for consideration at each meeting but also convenes at additional times when required. Operational decisions are delegated to the executive directors and senior management.

All Directors receive detailed Board papers and reports one week prior to the regular Board meetings and have unlimited access to the advice and services of senior management should further information be required. There is provision for Board members to solicit professional advice on Board matters at the Company's expense.

The Board has carried out a formal evaluation of its own performance and individual Directors which was led by the Chairman. The Board also completed an evaluation of the Chairman's performance which was led by the Senior Independent Director. The evaluations confirmed a high rating for performance.

All Directors are subject to reappointment by shareholders at the first opportunity after their appointment and thereafter at intervals of no more than three years.

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.

Board committees

The Board is assisted by two standing committees of the Board which report to it on a regular basis. These committees have clearly defined terms of reference.

Audit and Risk Committee

The Audit and Risk Committee is comprised of the following Non-Executive Directors: Mark White (Chairman), Peter Gibbs, Guy de Froment and Vince O'Brien. The Committee has met four times in the year.

The Committee's responsibilities include:

- > monitoring the integrity of the financial statements and formal announcements relating to the Company's and Group's financial performance;
- > reviewing the Group's risk management processes and risk reports;
- > monitoring of the internal financial control procedures;
- > making 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;
- > the implementation of new accounting standards and policies;
- > reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters;
- > reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process;
- > ensuring the objectivity and independence of the external auditor 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 directly from the external auditors; and
- > reporting to the Board on how it has discharged its responsibilities.

Details of fees paid to the Company's auditor are shown in note 2 to the financial statements. In the opinion of the Board, none of the non-audit services provided caused any concern as to the auditor's independence or objectivity. To ensure that the independence and objectivity of the auditor is maintained, the Committee monitors the scope of all work performed.

Corporate Governance Report continued

For the Year Ended 30 September 2012

Remuneration Committee

The Remuneration Committee is comprised of the four Non-Executive Directors: Peter Gibbs (Chairman), Mark White, Guy de Froment and Vince O'Brien. The Committee has met two times this year.

The purpose of the Remuneration Committee is to ensure that the Chief Executive and other senior employees are fairly rewarded for their individual contribution to the overall performance of the Group and that remuneration packages provided do not promote undue risk taking. The Remuneration Committee responds to this requirement in the way that meets the best interest of shareholders. Further details regarding the remuneration policy and payments made can be found in the Remuneration Report on page 16-17.

Internal control

The Board has overall responsibility for the Group's system of internal controls including financial, operational, compliance and risk management controls.

The Group's fund management activities are regulated by the Financial Services Authority, the US Securities and Exchange Commission and in respect of its Hong Kong activities, the Securities and Futures Commission. The Board has adopted procedures and controls designed to ensure its obligations are met.

Details of the key risks facing the group and internal controls acting to control or mitigate the risks are set out on page 15.

The Audit Committee and Board has concluded that there is no need for an internal audit function given the Group's existing system of internal controls. This position will continue to be reviewed.

Dialogue with institutional shareholders

The Company reports formally to shareholders at the half-year and year end. At the Annual General Meeting of the Company, a presentation is given and Directors are available to take questions, both formally during the meeting, and informally after the meeting. The Chairman, Chief Executive and Senior Independent Director are available for dialogue with major shareholders on the Company's plans and objectives and from time to time will meet with them.

Key Risks

The principal risks that the Group faces are described below. Further information on financial risk is given in note 19 to the financial statements. The Chief Financial Officer is responsible for maintaining a risk register and for an on-going program to monitor internal controls and processes put in place to control or mitigate the risks identified. This includes reporting to the Group's Audit and Risk Committee on a quarterly basis.

Market risk

The Group's Listed Equity business charges management fees based on assets under management and accordingly its revenue is exposed to market risk. The Group has chosen not to hedge this risk.

The Group seeds investments in its own Listed Equity funds in order to build a track record to market those funds more effectively and is therefore directly exposed to the market performance of the funds. The Group attempts to mitigate this risk through the use of hedging instruments where appropriate and intends to divest from these investments as commercial and market conditions allow.

The Group also invests in its own private equity funds and is therefore exposed to the performance of these funds.

Currency risk

A significant amount of the Group's income is based on assets denominated in foreign currencies. For the year ended 30 September 2012 and on an on-going basis the Group's strategy has been to put in place hedges, in the form of forward rate contracts, where there was sufficient predictability over the income to allow for an effective and efficient hedge. Otherwise the Group converts foreign currency income to Sterling as soon as practically possible after receipt.

The amount of the Group's expenses denominated in foreign currencies is not significant.

A 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.

Liquidity and cash flow risk

The Group's approach to managing liquidity risk is to ensure that it has sufficient cash on hand to meet liabilities when due under both normal and stressed conditions and to satisfy regulatory requirements. The Group produces cash flow forecasts covering a twelve month period. The Group's management and Board review these forecasts. As shown in the note 19 to the financial statements the group has significant cash reserves.

The Group is also exposed to the risk of default of counterparties including banks and other institutions holding the Group's cash reserves. The Group seeks to manage this risk by only depositing cash in institutions with high credit ratings and by spreading cash holdings across at least 4 institutions.

Interest rate risk

The Group has interest bearing assets including cash balances that earn interest at a floating rate. Interest rate fluctuations do not have a significant impact on the Group.

Financial regulations

The Group's operations are subject to financial regulations including minimum capital requirements and compliance procedures in each of the jurisdictions in which it operates. The Group seeks to manage the risks associated with these regulations by ensuring close monitoring of compliance with the regulations and by tracking proposed changes and reacting immediately when changes are required. The Group has a dedicated Compliance Officer.

Key clients

The loss of a client or a significant investor in a large fund could damage the financial position of the Group. The Group seeks to manage this risk by maintaining regular contact with clients and fund investors and by attempting to diversify earnings streams so that it is less susceptible to such events.

Key employees

The success of the Group depends on the support and experience of its key employees and in particular senior managers and fund managers. The loss of key employees could have a material adverse effect on its result or operations. The Group seeks to manage this risk by offering competitive remuneration packages, including share schemes and carried interest in private equity funds, and by creating a supportive and enjoyable working environment. During the year the Group retained all of its key employees.

Operational risks

The Group has established a control framework so that the risk of financial loss to the Group through operational failure is minimised. As part of this the Group has obtained full 'ISAE 3402' (formerly known as SAS 70) certification, for the twelve months ended 30 September 2012, of its Listed Equity business.

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 has comprehensive insurance cover which is reviewed each year prior to policy renewal.

Remuneration Report

For the Year Ended 30 September 2012

Policy on chief executive and senior employees' remuneration

The remuneration and terms and conditions of service of the Directors and senior employees are determined by the Board, based on recommendations made by the Remuneration Committee.

For the year ended 30 September 2012 there are potentially four main elements of the remuneration packages for the Chief Executive and senior employees.

(i) Basic salary and benefits in kind

Basic salaries are recommended to the Board by the Remuneration Committee taking into account the performance of the individual and the rate for similar positions in comparable companies. Benefits in kind include income protection, critical illness insurance, life assurance and private medical insurance.

(ii) Variable remuneration

Variable Remuneration consists of a cash bonus and share-based payments. Aggregate Variable Remuneration across the Group will typically be capped at 45 per cent of earnings before Variable Remuneration, interest and taxes; as the Group's profitability increases, this percentage is likely to fall in line with market norms.

(a) Cash bonus

The cash bonus is determined based on the profitability of the relevant area where the employee works and on the individual's personal performance.

(b) Share-based payment awards

As reported in the 2011 Annual Report for the years ended 30 September 2011 to 30 September 2014 the Board has approved an Employee Share Option Plan ('ESOP') under which the Chief Executive and senior employees are eligible to receive up to 14 million share options over a four year period. The options will have an exercise price set at a 10% premium to the average share price of the 30 business days following the announcement of results for the respective year. 5 million option awards were made in respect of the year ended 30 September 2011. Option awards in respect of the year ended 30 September 2012 have been approved by the Board and will be communicated to employees shortly after the date of this report.

The Chief Executive and other employees also continue to benefit from share-based payment awards made under the previous share-based incentive plan (the EIA Extension) as more fully described in note 3 to the financial statements. These awards vested on 30 September 2012.

(iii) Pensions

The Group pays a defined contribution to the pension schemes of certain employees. The individual pension schemes are private and their assets are held separately from those of the Group.

In addition the Chief Executive and certain senior employees have been awarded interests in the Impax Carried Interest Partner LP and Impax Carried Interest Partner II LP. These partnerships will receive payments from the Group's private equity funds depending on the fund's performance. No such payments were made during the year. The amounts will be accounted for at the point they become payable.

Directors remuneration during the year

Details of each Director's remuneration are shown below.

	Fees/ salary £	Benefits in kind £	Pension £	Bonus £	2012 Total £	2011 Total £
J Keith R Falconer	65,000	–	–	–	65,000	65,000
Ian R Simm	211,538	6,022	5,250	234,000	456,810	667,908
Peter J Gibbs	30,000	–	–	–	30,000	30,000
Mark B E White	30,000	–	–	–	30,000	30,000
Guy de Froment	30,000	–	–	–	30,000	30,000
Vince O'Brien	30,000	–	–	–	30,000	30,000
	396,538	6,022	5,250	234,000	641,810	852,908

On 30 September 2012 4,000,000 Ordinary Shares of the Company, which were allocated to a sub fund of the Impax Employee Benefit Trust of which Ian Simm and his family are beneficiaries, ceased to be subject to the risk of revocation arising from Ian Simm ceasing to be employed by the Company. Based on the quoted share price of 38p on 30 September 2012 these shares had a value of £1,520,000.

During the year Ian Simm was granted 450,000 options over the Company's shares under the 2011 Employee Share Option Plan. These options vest subject to him remaining employed on 31 December 2014 and have an exercise price of 49.6p.

The above disclosure does not include options that may be awarded to Ian Simm pursuant to the 2012 Employee Share Option Plan in respect of his service for the year ended 30 September 2012.

Service contracts

The Chief Executive is employed under a contract requiring one year's notice from either party. The Chairman and Non-Executive Directors each receive payments under appointment letters which are terminable by up to six months' notice from either party.

Policy on non-executive directors' remuneration

The Chairman and Non-Executive Directors each receive a fee for their services. The fee is approved by the Board, mindful of the individual's time commitment and responsibilities and of current market rates for comparable organisations and appointments. The Non-Executive Directors and the Chairman are reimbursed for their travelling and other minor expenses incurred.

By Order of the Board

Peter Gibbs**Chairman, Remuneration Committee**

28 November 2012

Independent auditor's 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 30th September 2012 set out on pages 19 to 50. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 12, 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, and express an opinion on, 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.

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/private.cfm.

Opinion on 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 30th September 2012 and of the group's loss for the year then ended;
- > the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- > the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU 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 matter 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

J M Mills (senior statutory auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
28 November 2012

Consolidated Statement of Comprehensive Income

For the Year Ended 30 September 2012

	Notes	2012 £000	2011 £000
Revenue	1	18,621	20,931
Operating costs	2	(14,068)	(14,696)
Share-based payment charge for EIA extension scheme	3	(7,757)	(3,647)
Exceptional long-term incentive scheme NIC charge	3	112	(1,090)
Other long-term incentive scheme related charges	3	(1,091)	(619)
Fair value (loss)/gain on investments		(722)	785
Change in third party interest in consolidated fund		(25)	(117)
Investment income	5	195	171
(Loss)/Profit before taxation		(4,735)	1,718
Taxation	6	86	(652)
(Loss)/Profit for the year		(4,649)	1,066
Other comprehensive income			
Tax benefit on long-term incentive schemes		178	46
(Decrease)/Increase in value of cashflow hedges		(210)	213
Tax on change in value of cashflow hedges		54	(55)
Exchange differences on translation of foreign operations		(271)	20
Exchange differences on translation of foreign operations attributable to third party interests		124	–
Total other comprehensive income		(125)	224
Total comprehensive income for the period attributable to equity holders of the Parent Company		(4,744)	1,290
Basic earnings per share	7	(4.32)p	0.98p
Diluted earnings per share	7	(4.32)p	0.93p

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

The notes on pages 23 to 41 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 September 2012

	Notes	2012		2011	
		£000	£000	£000	£000
Assets					
Goodwill	9	1,629		1,629	
Intangible assets		146		39	
Property, plant and equipment	10	703		491	
Investments		17		18	
Total non-current assets			2,495		2,177
Trade and other receivables	11	2,814		3,173	
Derivative asset		3		213	
Investments	12	8,710		3,930	
Current tax asset		25		47	
Margin account		156			
Cash invested in money market funds and long-term deposit accounts	13	14,094		8,546	
long-term deposit accounts					
Cash and cash equivalents	13	5,577		12,870	
Total current assets			31,379		28,779
Total assets			33,874		30,956
Equity and Liabilities					
Ordinary shares	16	1,156		1,156	
Share premium		78		78	
Exchange translation reserve		(283)		(136)	
Own shares	17	(19)		(59)	
Treasury shares	17	(1,932)		(453)	
Hedging reserve		2		158	
Retained earnings		23,567		20,756	
Total equity			22,569		21,500
Trade and other payables	14	7,364		7,858	
Third party interest in consolidated fund	15	2,682			
Current tax liability		46		12	
Total current liabilities			10,092		7,870
Deferred tax liability	6	1,213		1,586	
Total non-current liabilities			1,213		1,586
Total equity and liabilities			33,874		30,956

Authorised for issue and approved by the Board on 28 November 2012. The notes on pages 23 to 41 form part of these financial statements.

Ian R Simm
Chief Executive

Consolidated Statement of Changes in Equity

For the Year Ended 30 September 2012

	Note	Share capital £000	Share premium £000	Exchange translation reserve £000	Own shares £000	Treasury shares £000	Hedging reserve £000	Retained earnings £000	Total Equity £000
Balance at 1 October 2010		1,156	78	(156)	(59)	(453)	–	16,337	16,903
Dividends paid		–	–	–	–	–	–	(651)	(651)
Long-term incentive scheme charge		–	–	–	–	–	–	3,958	3,958
Tax benefit on long-term incentive schemes		–	–	–	–	–	–	46	46
Cash flow hedge		–	–	–	–	–	213	–	213
Tax benefit on cash flow hedge		–	–	–	–	–	(55)	–	(55)
Exchange differences on translation of foreign operations		–	–	20	–	–	–	–	20
Profit for the year		–	–	–	–	–	–	1,066	1,066
Balance at 30 September 2011		1,156	78	(136)	(59)	(453)	158	20,756	21,500
Dividends paid	8	–	–	–	–	–	–	(759)	(759)
Share buy-back	17	–	–	–	–	(1,479)	–	–	(1,479)
Long-term incentive scheme charge		–	–	–	–	–	–	8,081	8,081
Tax benefit on long-term incentive schemes		–	–	–	–	–	–	178	178
Cash flow hedge		–	–	–	–	–	(210)	–	(210)
Tax benefit on cash flow hedge		–	–	–	–	–	54	–	54
Exchange differences on translation of foreign operations		–	–	(271)	–	–	–	–	(271)
Exchange differences on translation of foreign operations attributable to 3rd party interests		–	–	124	–	–	–	–	124
Share awards		–	–	–	40	–	–	(40)	–
(Loss) for the year		–	–	–	–	–	–	(4,649)	(4,649)
Balance at 30 September 2012		1,156	78	(283)	(19)	(1,932)	2	23,567	22,569

The notes on pages 23 to 41 form part of these financial statements.

Consolidated Cash Flow Statement

For the Year Ended 30 September 2012

	Note	2012 £000	2011 £000
Operating Activities:			
(Loss)/Profit before taxation		(4,735)	1,718
Adjustments for:			
Investment income		(195)	(171)
Depreciation of property, plant and equipment		308	243
Amortisation of intangible assets		59	53
Fair value losses/(gains)		722	(785)
Share-based payment		8,081	3,958
Exceptional long-term incentive scheme NIC charge		(112)	1,054
Other long-term incentive scheme related charges		1,091	619
Change in third party interest in consolidated fund		25	117
Operating cash flows before movement in working capital		5,244	6,806
Decrease in receivables		357	741
(Increase) in margin account		(156)	–
(Decrease) in payables		(1,441)	(931)
Cash generated from operations		4,004	6,616
Corporation tax refunded		2	162
Net cash generated from operating activities		4,006	6,778
Investing activities:			
Investment income received		196	77
Settlement of loans receivable		–	2,337
Settlement of investment related hedges		(388)	–
Proceeds on sale/redemption of investments		28	426
Purchase of investments held by the consolidated funds		(7,336)	–
Sale of investments held by the consolidated funds		1,797	3,489
Purchase of investments		(355)	(53)
Purchase of intangible assets		(167)	(16)
Purchase of property, plant and equipment		(523)	(437)
Net cash (used in)/generated from investing activities		(6,748)	5,823
Financing activities:			
Dividends paid		(759)	(651)
Treasury shares acquired		(1,023)	–
Increase in cash held in money market funds and long-term deposit accounts		(5,548)	(6,028)
Investment by third party into consolidated fund		2,781	–
Redemption of preference shares issued by the consolidated fund		–	(1,623)
Net cash (used in) financing activities		(4,549)	(8,302)
Net (decrease)/increase in cash and cash equivalents		(7,291)	4,299
Cash and cash equivalents at beginning of year		12,870	8,563
Effect of foreign exchange rate changes		(2)	8
Cash and cash equivalents at end of year	13	5,577	12,870

Notes to the Financial Statements

For the Year Ended 30 September 2012

1 Analysis of revenue and assets

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

Analysis of revenue by type of service:

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

Analysis of revenue by the location of customers:

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

Analysis of 'Rest of the world' customer location:

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

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

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

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

2 Operating costs

	2012 £000	2011 £000
Wages and salaries, social security and pension costs and variable bonuses (see note 4)	8,736	9,214
2009 Share option plan share-based payment charge (see note 3)	179	179
Employee share option plan share-based payment charge (see note 3)	145	132
Other staff costs including contractors and Non-Executive Directors' fees	910	668
Depreciation of property, plant and equipment (see note 10)	308	243
Amortisation of intangible assets	59	53
Auditor's remuneration – subsidiary undertakings audit fees	43	43
Auditor's remuneration – parent company audit fees	45	45
Auditor's remuneration – tax compliance	14	14
Auditor's remuneration – other	38	92
Premises related	972	519
Travel	328	277
Information technology and communication	726	704
Other costs	1,565	2,513
	14,068	14,696

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

3 Share-based payment charges and other long-term incentive scheme charges

Share-based payment charges

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

Under this scheme, share-based payment awards were granted in April 2011 to employees when the Trustee of the Impax Group Employee Benefit Trust 2004 ("the EBT") agreed to allocate four million ordinary shares to a sub-fund of the EBT of which Ian Simm, the Company's Chief Executive, and his family are beneficiaries and when 14.05 million Long-term Incentive Plan ("LTIP") options were awarded to other employees.

The awards allocated to the EBT sub-fund for Ian Simm and his family ceased to be subject to revocation due to Ian Simm's continued employment by the Company on 30 September 2012.

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

The Group accrues for the International Financial Reporting Standard ("IFRS") 2 Share-Based Payment charge for shares allocated under the EBT and LTIP options from the date of grant, to the date of vesting. This charge, which totalled £7,757,000 for the year (2011: £3,647,000) is excluded from the Group's definition of adjusted earnings as explained in note 7. The awards granted were valued at a weighted average price of 64p using the Black Scholes Merton model with the following inputs:

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

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

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

2009 Share Option Plan

In December 2009 1,240,000 zero exercise price options over the Company's shares were granted to certain employees. The awards vested on 30 September 2012 subject to the continued employment of the participant. The charge for the year in relation to this scheme is offset by an equal reduction in the total cash bonus pool paid to employees.

2011 Employee Share Option Plan

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

2012 Employee Share Option Plan

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

3 Share-based payment charges and other long-term incentive scheme charges continued

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

	2012 Number of options	Weighted average exercise price p
Options outstanding at the start of the year	15,186,940	0.8
Options granted during the year ¹	5,108,000	48.6
Options forfeited during the year	–	NA
Options exercised during the year	–	NA
Options expired during the year	–	NA
Options outstanding at the end of the year	20,294,940	12.8
Options exercisable at the end of the year	11,779,940	0.8

¹ as noted above a further 3,000,000 options were approved for grant in November 2012

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

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

Exceptional long-term incentive scheme NIC charge

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

Under the EIA Original Scheme, a total of 16,777,045 shares were allocated to sub-funds for the benefit of employees and their families under the EBT. These shares ceased to be subject to the risk of revocation for the employee ceasing employment on 30 September 2007, 2008 and 2009. The Group recorded an IFRS 2 Share-Based Payment charge in the periods to 30 September 2009 in respect of these awards. During the year ended 31 December 2011, the Government made various changes to taxation of awards delivered and yet to be delivered under employee benefit trusts. In light of these changes the Group now expects that some or all of the EBT beneficiaries will, at some stage, request the EBT Trustee, at its discretion to transfer Impax ordinary shares or other assets held in the name of employees and their families from the EBT to one or more of the beneficiaries whereupon the Group would be required to pay Employer's NIC on the value of the shares or other assets removed. In line with the requirements of IFRS the Group has provided for these future payments. Given its one-off nature and size, the charge and any subsequent amendment to it are classified as exceptional.

If and when the EBT Trustee agrees to transfer assets held in the EBT to beneficiaries and if the assets transferred are in the form of the Company's ordinary shares, the Group also expects to be eligible for a corporation tax deduction equal to the value of those ordinary shares. Where the Trustee has transferred ordinary shares out of the Trust during the year, the benefit of the tax deduction has been recognised in these financial statements. If the amount of the tax deduction exceeds the cumulative share-based payment expense the excess of the associated tax benefit is recognised in Other Comprehensive Income. Any amount included in Other Comprehensive Income is included in the Group's definition of adjusted earnings as explained in note 7. During the year the Trustee transferred 2,850,000 shares out of the EBT giving rise to a total tax benefit of £335,000 (2011: £60,000) with £157,000 (2011: £15,000) recorded in loss for the period and £178,000 (2011: £46,000) in Other Comprehensive Income. At the date of this report 12,228,781 shares awarded under the EIA Original Scheme remained in the EBT.

Other long-term incentive scheme related charges

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

EIA Extension NIC charge

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

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

3 Share-based payment charges and other long-term incentive scheme charges continued

Additional payments

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

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

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

4 Employment Costs

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

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

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

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

Details related to emoluments paid to Directors and Directors rights to share awards are included in the Remuneration Report.

Key management personnel are defined as members of the Board and/or the Executive Committee. The remuneration of key management personnel during the year was £2,050,400 with £4,577,920 of share-based payments (2011: £2,566,194 with £2,117,971 of share-based payments).

5 Investment Income

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

6 Taxation

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

(b) Factors affecting the tax charge for the year

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

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

(c) Deferred Tax

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

	Accelerated capital allowances	Other temporary differences £000	Excess management charges £000	Income not yet taxable £000	Share-based payment scheme £000	Total £000
As at 1 October 2010	6	64	196	(1,110)	39	(805)
Charge to equity	–	55	–	–	–	55
Charge/(credit) to the income statement	(9)	(135)	196	1,178	(504)	726
As at 30 September 2011	15	144	–	(2,288)	543	(1,586)
(Credit) to equity	–	(54)	–	–	–	(54)
Charge/(credit) to the income statement	24	(8)	–	357	(692)	(319)
As at 30 September 2012	(9)	206	–	(2,645)	1,235	(1,213)

As described in note 3, if and when the EBT Trustee agrees to transfer assets held in the EBT to beneficiaries and if the assets transferred are in the form of the Company's ordinary shares, the Group expects to be eligible for a corporation tax deduction equal to the value of those ordinary shares. The Group has not recognised a deferred tax asset in respect of these amounts which totals £1,417,000. The Group also has unrecognised capital losses of £1,267,000 (2011: £1,498,000).

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

7 Earnings and earnings per share

Adjusted earnings

In order to better reflect the underlying economic performance of the Group, an adjusted earnings has been calculated. The adjustment i) excludes the IFRS 2 Share-Based Payment charge in respect of schemes where shares awarded are satisfied by the issue of new shares (EIA Original and EIA Extension Schemes), and ii) includes the tax benefit recognised in other comprehensive income in respect of transfers out of the EBT and the exercising of options over the Company's shares.

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

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

Adjusted earnings per share

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

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

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

7 Earnings and earnings per share continued

IFRS earnings per share

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

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

	2012 '000	2011 '000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	107,609	108,454
Additional dilutive shares re share schemes	– ¹	19,187
Adjustment to reflect future service from employees receiving awards	–	(13,208)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	107,609	114,433

¹ since there is a loss after tax for the period there are no dilutive shares

8 Dividend

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

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

9 Goodwill

	Goodwill £000
Cost	
At 1 October 2010, 30 September 2011 and 2012	1,629

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

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

The Group has determined the recoverable amount of its cash-generating units ("CGUs") by calculating their value in use using a discounted cash flow model. The cash flow forecasts were derived from the Group budget for the year ended 30 September 2013 and thereafter using a conservative growth rate of 2%. The key assumptions used to calculate the cash flows in the budget were expected fund flows (based on an aggregation of flows by product) and a post tax discount rate of 10.5%. The discount rate was derived from the Group's weighted average cost of capital ("WACC") which we consider is reflective of a market participants discount rate.

Consistent with the fact that the goodwill arose in respect of an acquisition made in 2001, there is significant headroom before an impairment would be required. As an indication, if the discount rate was increased by 3% there would be no impairment charge.

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

10 Property, plant and equipment

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
As at 1 October 2010	460	422	882
Additions	297	140	437
Disposals	–	(29)	(29)
As at 30 September 2011	757	533	1,290
Additions	373	150	523
Disposals	(468)	(176)	(644)
As at 30 September 2012	662	507	1,169
Accumulated Depreciation			
As at 1 October 2010	345	240	585
Charge for the year	147	96	243
Disposals	–	(29)	(29)
As at 30 September 2011	492	307	799
Charge for the year	183	125	308
Disposals	(516)	(125)	(641)
As at 30 September 2012	159	307	466
Net book value			
As at 30 September 2012	503	200	703
As at 30 September 2011	265	226	491
As at 30 September 2010	115	182	297

11 Trade and other receivables

	2012 £000	2011 £000
Trade receivables	486	904
Taxation and other social security	–	69
Other receivables	176	79
Prepayments and accrued income	2,152	2,121
	2,814	3,173

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

	2012 £000	2011 £000
Not past due	287	749
Past due but not impaired:		
31-60 days	199	12
61-90 days	–	69
More than 90 days	–	74
	486	904

All outstanding amounts listed above have been received at the date of this report. There was no significant concentration of fees owed by an individual client. There were no amounts that were impaired at reporting date.

A total of £1,863,000 trade and other receivables were due from related parties (2011: £2,669,000).

12 Current asset investments

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

Listed investments

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

Impax Green Markets Fund (“IGMF”)

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

Impax Absolute Return Fund (“IARF”)

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

Unlisted investments

The unlisted investments principally represent the Company’s investment in Impax New Energy Investors LP and Impax New Energy Investors II LP (“INEI” and “INEI II”). Further details of the Group’s commitments to these partnerships are disclosed in note 18.

The unlisted investments include £2,665,000 in related parties of the Group (2011: £2,797,000)

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

13 Cash and cash equivalents and cash invested in money market funds and long-term deposit accounts

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

Cash reserves:

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

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

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

14 Trade and other payables

	2012 £000	2011 £000
Trade payables	94	142
Taxation and other social security	2,591	643
Financial liabilities held for trading	–	541
Other payables	553	121
Accruals and deferred income	4,126	6,411
	7,364	7,858

The financial instruments held for trading relate to Listed Equity investments which were sold short by the IARF during the year ended 30 September 2011.

Trade payables includes £nil owed to related parties of the Group (2011: £22,000)

15 Third party interest in consolidated fund

	2012 £000	2011 £000
At fair value	2,682	–

Third party interest is representative of the net assets of IGMF which are not attributable to the Group. As described in note 12, IGMF is a subsidiary of the Group and its net assets and operating results are consolidated into the Group's results at year end. The Group's interest in the subsidiary is 53.8% at 30 September 2012 (2011: nil).

16 Ordinary shares

	2012 £000	2011 £000
Allotted and fully paid		
115,582,431 ordinary shares of 1p each	1,156	1,156

17 Own shares and treasury shares

On 30 September 2012 the employment conditions for Ian Simm in respect of the 4,000,000 shares held in sub-trusts of the EBT for him and his beneficiaries were met. Accordingly the value of Own Shares held reduced by £40,000.

During the period ended 30 September 2012, the Company purchased 3,459,000 of its own shares at an average price of 42 pence. Total shares held in Treasury at 30 September 2012 were 4,699,000 (2011: 1,240,000).

18 Financial commitments

The Group has committed to invest up to €3,756,000 into Impax New Energy Investors LP. At 30 September 2012 the outstanding commitment was €1,014,000 (2011: €1,011,000) which could be called on in the period to 19 August 2015.

The Group has committed to invest up to €3,298,000 into Impax New Energy Investors II LP. At 30 September 2012 the outstanding commitment was €2,782,000 (2011: €3,187,000) which could be called on in the period to 22 March 2020.

At 30 September 2012 the Group had commitments under non-cancellable operating leases as follows:

	Offices		Other	
	2012 £000	2011 £000	2012 £000	2011 £000
Within one year	440	483	15	15
Between one and two years	440	440	14	29
Between two and five years	541	985	1	–
	1,421	1,908	30	44

19 Financial risk management

Risk management is integral to the business of the Group. There are systems 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 exposure to financial risks and describes the methods used by management to control such risk.

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

Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle their financial and contractual obligations to the Group, as and when they fall due. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

The Group's primary exposure to credit risk relates to its cash and cash equivalents and cash in money market funds and long-term deposits that are placed with regulated financial institutions. At the balance sheet date, the credit risk regarding cash balances of the operating entities of the Group was spread by holding part of the balance with RBS (Standard & Poor's credit rating A-1), part with Lloyds (Standard & Poor's credit rating A-1) and the remainder in money market funds managed by Blackrock and Goldman Sachs (Standard & Poor's credit rating of AAA).

The Group is exposed to credit risk on trade receivables, representing investment management fees due. An analysis of the aging of these is provided in note 11.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. A significant amount of the Group's income is denominated in GBP, EUR and USD. The Group's foreign exchange risk arises from income received in these currencies, together with a limited amount of exposure to expenses in foreign currencies.

The strategy of the Group for the year ended 30 September 2012 has been to convert earned income back to sterling and to use hedges where there is sufficient predictability over inflows to allow for an effective and efficient hedge. At the year end the Group had outstanding forward rate foreign currency contracts to sell Euro and buy sterling. These have been designated as cashflow hedges against Euro income and recognised in profit in October 2012 and January 2013. The fair value of these instruments at 30 September 2012 was £3,000 which is recognised in equity. £409,000 was reclassified from equity to the income statement during the year on maturity of the hedges.

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

19 Financial risk management continued

Foreign exchange risk continued

The Group's exposure to foreign exchange rate risk at 30 September 2012 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000	EUR/USD £000	Other/USD £000
Assets					
Non current asset investments	17	–	–	–	–
Current asset investments	2,665	364	–	1,115 ¹	2,250 ¹
Trade and other receivables	785	59	135	–	–
Cash and cash equivalents	52	248	1	–	–
	3,519	671	136	1,115	2,250
Liabilities					
Trade and other payables	7	36	25	–	–
Third party interest in consolidated funds	–	–	–	515	1,040
	7	36	25	515	1,040
Net exposure	3,512	635	111	600	1,210

¹ these amounts relate only to the consolidation fund and do not take account of any offsetting benefit or charge from the market value hedges held (see below)

The Group's exposure to foreign exchange rate risk at 30 September 2011 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000	EUR/USD £000	Other/USD £000
Assets					
Non current asset investments	18	–	–	–	–
Current asset investments	2,797	323	–	272	179
Trade and other receivables	1,041	559	253	–	–
Cash and cash equivalents	31	19	–	–	–
	3,887	901	253	272	179
Liabilities					
Trade and other payables	–	550	–	–	226
	–	550	–	–	226
Net exposure	3,887	351	253	272	(47)

The following table demonstrates the estimated impact on Group post-tax profit and net assets caused by a 5% movement in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. Post-tax profit will either increase or (decrease) as shown.

	Post-tax profit	
	2012 £000	2011 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5%	(24)	(13)
GBP weakens against the USD, down 5%	24	13
GBP strengthens against the EUR, up 5%	(133)	(144)
GBP weakens against the EUR, down 5%	133	144

Liquidity risk and regulatory capital requirements

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at a cost. The Group monitors its liquidity risk using cash flow forecasts taking into account the commitments made to its private equity funds (see note 18) and the cash required to meet the Group's investment plans and its regulatory capital requirements.

19 Financial risk management continued

Liquidity risk and regulatory capital requirements continued

The Group considers its share capital, share premium and retained earnings to constitute its total capital. These are shown in the Statement of Changes in Equity. Certain companies of the Group are regulated and must maintain liquid capital resources to comply with the capital requirements of the Financial Services Authority ("the FSA"). Throughout the period the companies have significantly exceeded these requirements. The policy of the Group is to retain sufficient capital to enable it to meet its growth objectives and to satisfy regulatory requirements. The Group has no borrowings but may seek to borrow cash if sufficiently attractive business opportunities arise which cannot be met from internal resources. The Company has no plans to raise additional equity and is currently buying back shares to enable it to meet commitments under its Employee Share Ownership Plan.

At 30 September 2012, the Group had cash and cash equivalents and cash in money market funds and long-term deposit accounts of £19,671,000. This is £12,307,000 in excess of trade and other payables. The Group in addition had other current assets of £11,708,000.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk on its interest-bearing assets, specifically cash balances that earn interest at a floating rate. The average interest rate on the cash balances during the year was 0.6% (2011: 0.6%).

A 0.5% increase in interest rates would have increased group profit after tax by £92,000 (2011: £57,000). An equal change in the opposite direction would have decreased profit after tax by £92,000 (2011: £57,000).

Market risk

The significant holding at 30 September 2012 that is exposed to equity market price risk is the Group's investment in the IGMF fund. The Group has attempted to hedge against the risk of market falls by the use of derivative contracts. The derivative contracts consists of short positions against a global equity index and are arranged through BNP Paribas, a related party. Any outstanding amounts on the short positions are settled daily.

The significant holdings at 30 September 2011 exposed to equity market price risk were the Group's holdings in IARF.

As noted in note 12, the investment in the unlisted Private Equity funds are recorded at fair value, with fair value being calculated using the discounted cashflow method. The key assumptions for this valuation were the discount rate and the inflation rate. The discount rate was determined by reference to market transactions for equivalent assets. The inflation rate was determined based on historical data. A rise of 1% in the discount rate applied to cashflows would result in a decrease in profit from operations and net assets of £248,000. A 1% reduction in the discount rate would result in a corresponding increase of £295,000 in profit from operations and net assets. A rise of 0.5% in the inflation rate applied in the calculations would increase profit from operations and net assets by £215,000. A fall of 0.5% in the inflation rate would decrease profit from operation and net assets by £202,000.

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.

The hierarchical classification of financial assets and liabilities measured at fair value are as follows:

30 September 2012	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Current investments	5,681	–	3,029	8,710
Third party interest in consolidated Funds	(2,682)	–	–	(2,682)

There were no movements between any of the levels in the year.

30 September 2011	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Current investments	810	–	3,120	3,930
Trade and other payables	(541)	–	–	(541)

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

19 Financial risk management continued

Financial assets and liabilities by category

	Available for sale £000	¹ FVTPL – designated on initial recognition £000	¹ FVTPL – Held for trading £000	Loans and receivables £000	Financial liabilities measured at amortised cost £000
30 September 2012					
Financial assets					
Cash and cash equivalents	–	–	–	5,577	–
Cash held in money market funds and long-term deposits	–	–	–	14,094	–
Trade and other receivables	–	–	–	662	–
Investments	17	3,029	5,681	–	–
Total financial assets	17	3,029	5,681	20,333	–
Financial liabilities					
Trade and other payables	–	–	–	–	647
Third party interest in consolidated funds	–	–	–	–	2,682
Total financial liabilities	–	–	–	–	3,329

¹ FVTPL = Fair value through profit and loss

	Available for sale £000	*FVTPL – designated on initial recognition £000	*FVTPL – Held for trading £000	Loans and receivables £000	Financial liabilities measured at amortised cost £000
30 September 2011					
Financial assets					
Cash and cash equivalents	–	–	–	12,870	–
Cash held in money market funds	–	–	–	8,546	–
Trade and other receivables	–	–	–	983	–
Investments	18	3,120	810	–	–
Total financial assets	18	3,120	810	22,399	–
Financial liabilities					
Trade and other payables	–	–	541	–	263
Total financial liabilities	–	–	541	–	263

20 Ultimate controlling party

The Group has no ultimate controlling party.

21 Related party transactions

Impax New Energy Investors LP, Impax New Energy Investors II LP, Impax New Energy Investors II-B LP, Impax New Energy Investors SCA, Impax Carried Interest Partners LP and Impax Carried Interest Partners II LP are related parties of the Group by virtue of subsidiaries being the General Partners to these funds.

BNP Paribas Investment Partners is a related party of the Group by virtue of owning a 29.1% equity holding.

Other funds managed by subsidiaries of the group are also related parties by virtue of its management contracts.

Transactions with related parties have been included in the relevant notes where appropriate.

22 Accounting policies

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 Investment Market ("AIM"). The address of the registered office is given on the last page of these financial statements. The nature of the Group's operations and its principal activities are set out in the Directors' Report on pages 10 to 11.

Basis of accounting

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

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

The financial statements have been prepared under the historical cost convention, with the exception of the revaluation of certain investments and derivatives being measured at fair value.

The Group and Company adopted the following new standards in the year:

- > IFRS 7 Financial Instruments: Disclosures (Amendment): Part of IASB's annual improvement project published in May 2010, the amendment reduced the volume of disclosures regarding collateral held and clarified requirements when carrying amounts of financial assets do not reflect the maximum exposure to credit risk. A further amendment clarified that an entity may present an analysis of each component of other comprehensive income whether in the statement of changes in equity or in the notes to the financial statements.
- > IAS 24 Related Party Disclosures (Amendment): This amendment clarified the definition of a related party to simplify the identification of related party relationships.

The following new standards and amendments issued are effective from 1 January 2013 unless stated otherwise and have not been early adopted:

- > Amendment to IAS 1 Presentation of Items of Other Comprehensive Income changes the grouping of items presented in the other comprehensive income based on whether they will be reclassified to profit or loss in future or not. Effective from 1 July 2012;
- > Amendment to IAS 32 Financial instruments: Presentation (Effective from 1 January 2014) provides additional guidance for offsetting financial assets and liabilities while amendments to IFRS 7 Financial instruments: Disclosures set out the corresponding new disclosure requirements;
- > IAS 19 Employee Benefits (Revised) primarily results in changes to the measurement, recognition and disclosure of post-employment benefit plans and termination costs;
- > IAS 27 Separate Financial Statements (Revised) and IAS 28 Investments in Associates and Joint Ventures (Revised) are revised accordingly as they are largely replaced by IFRS 10 and 11, respectively;
- > IFRS 9 Financial Instruments: Classification and Measurement replaces the current models for classification and measurement of financial instruments. Financial assets are to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. Classification depends on an entity's business model and the contractual cash flow characteristics of the instrument. Financial liabilities are not affected by the changes. Effective from 1 January 2015;
- > IFRS 10 Consolidated Financial Statements revises the concept of control to relate it to whether an investor has exercisable power over an investee and consequently has exposure or rights to variable returns. Consolidation procedures remain unchanged;
- > IFRS 11 Joint Arrangements requires joint ventures to be accounted for using the equity accounting method while joint operations are accounted for based on the rights and obligations of each party in the arrangement;
- > IFRS 12 Disclosure of Interests in Other Entities consolidates and enhances disclosure requirements relating to interests of an entity in other entities;
- > IFRS 13 Fair Value Measurement provides guidance on how to measure fair value where fair value is required or permitted under IFRS and enhances disclosures requirements.

IAS 27 (Revised) and IFRSs 9 to 13 are subject to endorsement by the European Union.

Adoption of IFRS 9, 10, 11, 12 and 13 could have a significant effect on the Group's financial statements, the impact of which is still being considered by management.

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

22 Accounting policies continued

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 so as to obtain benefits from its activities.

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 until the date of disposal.

All intra-Group transactions and balances are eliminated in full on consolidation.

Investments in funds in which the Group has more than 50% 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. The Group's investment holding instrument in its consolidated fund is classified as a liability in the fund's own financial statements. This is on the basis that the instruments may be redeemed by the Investor at any time, or subject to a notice period, such that the fund is required to utilise its assets to buy out the Investor's share and thereby reduce the net assets of the fund; such an investment is classified as a puttable interest under IFRS and recorded as a liability (equal to the fair value of the fund's assets and other liabilities). Upon consolidation the proportion of the fund attributable to the non-controlling interest is classified as a current liability and shown as 'Third party interest in consolidated fund' in the Statement of Financial Position and the corresponding profit/loss attributable to the non-controlling interest as a 'Change in third party interest in consolidated funds'.

In instances where the Group acts as the Manager and General Partner of a fund in a Limited Partnership structure, the Group only receives compensation for its performance as Manager which is on market terms. Accordingly the Group does not consolidate these funds as it receives no ownership benefits.

The Company includes the assets and liabilities of the EBT within its Statement of Financial Position. In the event of the winding up of the Company, neither the shareholders nor the creditors would be entitled to the assets of the EBT.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 Statement of Financial Position at fair value, a treatment permitted by IAS 28 Investment in Associates. IAS 28 allows investments held by venture capital and similar organisations to be excluded from the scope of the standard, 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 Statement of Comprehensive Income 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) Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

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

Leases

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

22 Accounting policies continued

Long-term incentive scheme charge

The fair value of employee services received in exchange for the grant of shares or share options is recognised as an expense. The fair value of the shares and share options awarded is determined at the date the employee is deemed to be fully aware of their potential entitlement and all conditions of vesting (termed the 'grant date'). The expense is charged over the period starting when the employee commenced the relevant services (termed 'the service commencement date') to the vesting date. In instances where the grant date occurs after the date of signing these financial statements the fair value is initially estimated by assuming that the grant date is the reporting date.

Pensions

The Group and Company operate 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 Statement of Comprehensive Income when they are due.

Taxation

Current tax is based on taxable profits for the year after all potential reliefs available have been utilised. Taxable profits differ from 'profit before tax' as reported in the Statement of Comprehensive Income because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible in the current year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date. In the United Kingdom tax deductions are available in respect of the award of the Company's shares. In instances where the tax deduction is greater than the associated share-based payment charge due to differences in the Company's share price that amount, tax effected, is recognised in other comprehensive income.

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 Statement of Financial Position 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.

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 goodwill is included in the determination of the profit or loss on disposal.

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

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis over the estimated useful lives shown below:

- > Leasehold improvements life of the lease
- > Fixtures, fittings and equipment three years

Intangible fixed assets - software licences

Purchased licences are stated at cost less accumulated depreciation and any accumulated impairment losses and associated implementation costs.

Amortisation is provided on a straight-line basis over the life of the licence up to a maximum of three years.

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

22 Accounting policies continued

Impairment of assets

At the Statement of Financial Position date, the Group reviews the carrying amount of 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.

Current asset investments

Current asset investments are categorised as financial assets at fair value through profit or loss and are designated at fair value through profit and loss on initial recognition or as held for trading. All gains or losses together with transactions costs are recognised in the Statement of Comprehensive Income. The 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 Statement of Financial Position 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 an active market 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.

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.

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 twelve months after the end of the reporting period. These are classified as non-current assets.

Interest income is recognised by applying the effective interest rate and included within 'Investment income'.

Placement fees

Placement fees incurred that are directly attributable to securing an investment management contract are deferred and amortised over the investment period of the related fund.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, short-term deposits 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.

Equity instruments

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

Own shares

Company shares held by the EBT are deducted from the shareholders' funds and classified as Own Shares until such time as they vest unconditionally to participating employees and their families.

Trade payables

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

22 Accounting policies continued

Other payables

The Group's consolidated funds may make short sales in which an investment is sold in anticipation of a decline in the market value of that investment. Short sales are categorised as financial liabilities held at fair value through profit or loss, classified as held for trading and are recorded at fair value.

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 Statement of Financial Position date. Any differences are taken to the Statement of Comprehensive Income.

On consolidation, the results of overseas operations are translated at the average rates of exchange during the year and their Statement of Financial Positions are translated into sterling at the rates of exchange ruling on the Statement of Financial Position date. Exchange differences that arise from translation of the opening net assets and results of foreign subsidiary undertakings are charged to the exchange translation reserve.

The average rate ruling in the accounting period for US Dollars was US\$1.58: £1 (2011: US\$1.60: £1); the rate ruling at the Statement of Financial Position date was US\$1.62: £1 (2011: US\$1.56: £1). The average rate ruling in the accounting period for Euros was €1.21: £1 (2011: €1.15: £1); the rate ruling at the Statement of Financial Position date was €1.26: £1 (2011: €1.15: £1).

Derivatives

The group uses foreign exchange futures contracts as a hedge against the foreign exchange risk on future income denominated in foreign currencies. At the Statement of Financial Position date these derivative contracts are recorded at their fair value. In instances where the hedge accounting criteria are met changes in the fair value are recorded in other comprehensive income. The amounts recognised in other comprehensive income are reclassified to profit or loss when the hedged item (such as the relevant foreign exchange income) is recorded in profit.

Critical accounting judgements and key sources of estimation uncertainty

- > 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 19.
- > Consolidation of managed funds
In determining whether managed funds should be consolidated key judgements include whether returns received by the Group constitute an ownership interest and as to whether the Group controls the fund.
- > Determining the share-based payment charge
In determining the value of share-based payments, key judgements include the volatility of Impax shares, Impax's dividend yield and the risk free rate.
- > Determining the value of NIC payments due in respect of share schemes
In determining the amount of NIC that will be payable in respect of the Group's share schemes the key estimates are the price of the shares at the date when the NIC becomes payable and the NIC rate prevalent at that date. The Group uses the rate at the Statement of Financial Position date as its estimate.
- > Determining the value of deferred tax assets for tax deductions that will become deductible in respect of share-based payment charges.
A share-based payment charge and associated NIC charges are recorded in the current year. Tax deductions in respect of these will only be available in future years when the relevant individual exercises options or requests the Trustees of the Impax Employee Benefit Trust to move their shares out of the Trust and accordingly a corresponding deferred tax asset is recognised. In determining the size of the deferred tax asset the key judgements are the price of the shares at the date when the tax or NIC becomes payable and the tax and NIC rates prevalent at that date. The Group uses the price/rates enacted at the Statement of Financial Position date as its estimate.
- > Impairment of goodwill
Goodwill has an indefinite useful life, is not subject to amortisation and is tested annually for impairment. In determining if goodwill is impaired, the Group determines the recoverable amount of its CGUs by applying a discounted cash flow model. The Group's budgeted cash flows were approved by the Directors and use a growth rate of 2%.

Company Statement of Financial Position

As at 30 September 2012

Company No: 03262305

	Notes	2012		2011	
		£000	£000	£000	£000
Assets					
Property, plant and equipment	24	686		479	
Investments	25	14,609		7,326	
Deferred tax asset	29	105		56	
Total non-current assets			15,400		7,861
Trade and other receivables	26	312		428	
Investments	27	2,665		2,797	
Cash invested in money market funds		9,594		8,546	
Cash and cash equivalents		16		1,172	
Total current assets			12,587		12,943
Total assets			27,987		20,804
Equity and Liabilities					
Ordinary shares	30	1,156		1,156	
Share premium		78		78	
Own shares	31	(19)		(59)	
Treasury shares	31	(1,932)		(453)	
Retained earnings		16,187		8,955	
Total equity			15,470		9,677
Liabilities					
Trade and other payables	28	12,484		11,127	
Bank overdraft		33			
Total current liabilities			12,517		11,127
Total equity and liabilities			27,987		20,804

Authorised for issue and approved by the Board on 28 November 2012. The notes on pages 45 to 50 form part of these financial statements.

Ian R Simm
Chief Executive

Company Statement of Changes in Equity

For the Year Ended 30 September 2012

	Note	Share capital £'000	Share premium £'000	Own shares £'000	Treasury shares £'000	Retained earnings £'000	Total £'000
As at 1 October 2010		1,156	78	(59)	(453)	6,257	6,979
Long-term-incentive scheme		–	–	–	–	3,958	3,958
Loss for the year		–	–	–	–	(609)	(609)
Dividends paid		–	–	–	–	(651)	(651)
As at 30 September 2011		1,156	78	(59)	(453)	8,955	9,677
Long-term incentive scheme		–	–	–	–	8,081	8,081
Loss for the year		–	–	–	–	(50)	(50)
Dividends paid	8	–	–	–	–	(759)	(759)
Share buyback	31	–	–	–	(1,479)	–	(1,479)
Share awards	31	–	–	40	–	(40)	–
As at 30 September 2012		1,156	78	(19)	(1,932)	16,187	15,470

The total of own shares and treasury shares is deducted from Retained earnings when calculating distributable profits.

The notes on pages 45 to 50 form part of these financial statements.

Company Statement of Cash Flows

For the Year Ended 30 September 2012

	2012 £000	2011 £000
Operating Activities:		
(Loss) before taxation	(98)	(458)
Adjustments for:		
Investment income	(2,036)	(546)
Depreciation of property, plant and equipment	295	243
Fair value movements in investments	462	(512)
Impairment of investment	77	592
Share-based payment	2,453	1,282
Exceptional long-term incentive scheme charge	(71)	453
Other long-term incentive scheme related charges	193	110
Operating cash flows before movement in working capital	1,275	1,164
Decrease in receivables	116	1,510
Increase in payables	758	2,940
Cash generated from operations	2,149	5,614
Corporation tax	–	–
Net cash generated from operating activities	2,149	5,614
Investing activities:		
Interest received	36	52
Dividend received	2,000	497
Repayments/Proceeds on sale of investments	1,501	1,247
Purchase of investments	(3,572)	(83)
Disposal of investments	29	–
Purchase of property, plant and equipment	(502)	(424)
Net cash (used in)/generated from investing activities	(508)	1,289
Financing activities:		
Dividends paid	(759)	(651)
Increase in cash held in money market funds	(1,048)	(6,028)
Proceeds from borrowings	33	–
Share buy back	(1,023)	–
Net cash (used in) financing activities	(2,797)	(6,679)
Net (decrease)/increase in cash and cash equivalents	(1,156)	224
Cash and cash equivalents at beginning of year	1,172	948
Effect of foreign exchange rate changes	–	–
Cash and cash equivalents at end of year	16	1,172

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

23 Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The principal accounting policies adopted are the same as those set out in the Group's financial statements disclosures. In addition note 25 sets out the accounting policy in respect of investments in subsidiary undertakings.

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The Company's loss after tax for the year amounted to £50,000 (2011: loss of £609,000).

24 Property, plant and equipment

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
As at 1 October 2010	445	304	749
Additions	296	128	424
Disposal	–	(29)	(29)
As at 30 September 2011	741	403	1,144
Additions	368	137	505
Disposals	(452)	(58)	(510)
As at 30 September 2012	657	482	1,139
Depreciation			
As at 1 October 2010	281	170	451
Charge for the year	147	96	243
Disposals	–	(29)	(29)
As at 30 September 2011	428	237	665
Charge for year	178	117	295
Disposals	(452)	(55)	(507)
As at 30 September 2012	154	299	453
Net book value			
As at 30 September 2012	503	183	686
As at 30 September 2011	313	166	479
As at 30 September 2010	115	182	297

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

25 Non-current investments

Investments held by the Company in subsidiary undertakings are held at cost less any provision for impairment.

	Other investments £000	Subsidiary undertakings £000	Total £000
At 1 October 2010	13	6,023	6,036
Additions	5	21	26
Capital contribution	–	2,676	2,676
Impairment of investments	–	(592)	(592)
Disposals/Repayment of invested capital	–	(820)	(820)
At 30 September 2011	18	7,308	7,326
Additions	–	3,234	3,234
Capital contribution	–	5,627	5,627
Impairment of investments	–	(77)	(77)
Disposals/Repayment of invested capital	(1)	(1,500)	(1,501)
At 30 September 2012	17	14,592	14,609

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 New Energy Investors (GP) Limited	UK	100%	Financial services
Impax New Energy Investors II (GP) Limited	UK	100%	Financial services
Impax New Energy Investors Management SARL	Luxembourg	100%	Financial services
Kern USA Inc	USA	100%	Holding company
Impax Asset Management (Hong Kong) Ltd	Hong Kong	100%	Financial services
Impax Asset Management (US) LLC	USA	100%	Financial services

A full list of subsidiaries will be attached to the Company's Annual Return filed with Company's House.

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 this capital contribution has been recognised as an increase in the investment in subsidiaries.

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

	2012 £000	2011 £000
Interest in shares	5,013	3,356
Capital contribution	9,579	3,952
	14,592	7,308

The principal other investment for the Company is in the fund Impax New Energy Investors SCA which is incorporated in Luxembourg. The Company holds 14.24% of the capital of this partnership which represents its subscription capital.

26 Trade and other receivables

	2012 £000	2011 £000
Amounts owed to Group undertakings – Receivables	6	71
Taxation and other social security	–	128
Other receivables	79	42
Prepayments and accrued income	227	187
	312	428
Due:		
After one year	–	–
Within one year	312	428
	312	428

27 Current asset investments

	Unlisted investments £000	Listed investments £000	Total £000
At 1 October 2010	2,323	332	2,655
Additions	57	–	57
Fair value movements	512	–	512
Repayments/disposals	(95)	(332)	(427)
At 30 September 2011	2,797	–	2,797
Additions	338	–	338
Fair value movements	(441)	–	(441)
Repayments/disposals	(29)	–	(29)
At 30 September 2012	2,665	–	2,665

28 Trade and other payables

	2012 £000	2011 £000
Trade payables	43	26
Amounts owed by Group undertakings	10,407	8,838
Taxation and other social security	716	643
Other payables	494	28
Accruals and deferred income	824	1,592
	12,484	11,127

29 Deferred tax

The deferred tax asset included in the Company Statement of Financial Position is as follows:

	Accelerated capital allowances £000	Other temporary differences £'000	Excess management charges £'000	Exceptional items £'000	Share-based payment scheme £'000	Total £'000
As at 30 September 2011	14	(121)	–	113	50	56
Charge/(credit) to the Income Statement	23	(120)	–	113	(65)	(49)
As at 30 September 2012	(9)	(1)	–	–	115	105

As described in note 3 if and when the EBT Trustee agrees to transfer assets held in the EBT to beneficiaries and if the assets transferred are in the form of the Company's ordinary shares, the Company expects to be eligible for a corporation tax deduction equal to the value of those ordinary shares. The Company has not recognised a deferred tax asset in respect of these amounts which would total £925,000. The Company also has unrecognised capital losses of £1,267,000 (2011: £1,498,000).

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

30 Ordinary shares

	2012 £000	2011 £000
Allotted and fully paid 115,582,431 ordinary shares of 1p each	1,156	1,156

31 Own shares and treasury shares

On 30 September 2012 the employment conditions for Ian Simm in respect of the 4,000,000 shares held in sub trusts of the EBT for him and his beneficiaries were met. Accordingly the value of Own shares held reduced by £40,000.

During the period ended 30 September 2012, the Company purchased 3,459,000 of its own shares at an average price of 42 pence. Total shares held in Treasury at 30 September 2012 were 4,699,000 (2011: 1,240,000).

32 Financial commitments

The Company has committed to invest up to €3,756,000 in Impax New Energy Investors LP. At 30 September 2012 the outstanding commitment was €1,014,000 (2011: €1,011,000) which could be called on in the period to 19 August 2015.

The Company has committed to invest up to €3,298,000 in Impax New Energy Investors II LP. At 30 September 2012 the outstanding commitment was €2,782,000 (2011: €3,187,000), which could be called on in the period to 22 March 2020.

At 30 September 2012 the Company had commitments under non-cancellable operating leases as follows:

	Offices		Other	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Within one year	440	483	15	15
Between one and two years	440	440	14	29
Between two and five years	541	985	1	–
	1,421	1,908	30	44

33 Financial risk management

The risk management processes of the Company are aligned to those of the Group as a whole. The Company's specific risk exposures are explained below.

Credit risk

The Company's primary exposure to credit risk relates to cash and deposits that are placed with regulated financial institutions and amounts due from subsidiaries.

At the Statement of Financial Position date, the credit risk regarding cash and cash equivalent balances of the asset management business was spread by holding part of the balance with RBS (Standard & Poor's credit rating A-1), and the remainder in a money market fund managed by Blackrock which has a Standard & Poor's credit rating of AAA. The risk of default is considered minimal.

Foreign exchange risk

The amount of the Company's expenses denominated in foreign currencies is minimal.

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

33 Financial risk management continued

Foreign exchange risk continued

The Company's exposure to foreign exchange rate risk at 30 September 2012 was:

	EUR/GBP £000	USD/GBP £000
Assets		
Non-current asset investments	17	3,121
Current asset investments	2,665	–
	2,682	3,121
Liabilities		
Trade and other payables	7	503
	7	503
Net exposure	2,675	2,618

The Company's exposure to foreign currency exchange rate risk at 30 September 2011 was:

	EUR/GBP £000	USD/GBP £000
Assets		
Non-current asset investments	18	–
Current asset investments	2,797	–
	2,815	–
Liabilities		
Trade and other payables	–	886
	–	886
Net exposure	2,815	(886)

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% movement in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. Post tax profit either increases or (decreases).

	Post-tax profit	
	2012 £000	2011 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5%	(31)	(104)
GBP weakens against the USD, down 5%	31	104
GBP strengthens against the EUR, up 5%	(32)	(33)
GBP weakens against the EUR, down 5%	32	33

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at cost. The Company can request to borrow cash through intragroup loans to maintain sufficient liquidity.

Interest rate risk

At reporting date the Company's cash and cash equivalents, including bank overdrafts and cash held in money market deposits balance of £9,594,000 (2011: £9,718,000) were its only financial instruments subject to variable interest rate risk. The impact of 0.5% increase or decrease in interest rate on the post tax profit is not material to the Company.

Market risk

The Company has made investments in its own managed funds and the value of these investments are subject to equity market risk. The significant holding at 30 September 2012 that is exposed to equity market price risk is in the Group's investment held by IGMF. If the valuation of the holdings in the fund fell by 5% this would have a £166,000 impact on the profit or loss statement.

The significant holdings at 30 September 2011 exposed to equity market price risk were the Group's holdings in IARF.

Notes to the Financial Statements continued

For the Year Ended 30 September 2012

33 Financial risk management continued

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.

The hierarchical classification of financial assets and liabilities measured at fair value are as follows:

30 September 2012	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Current investments	–	–	2,665	2,665

There were no movements between any of the levels in the year.

30 September 2011	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Current investments	–	–	2,797	2,797

The Company had no financial liabilities for 2012 or 2011.

Financial assets and liabilities by category

30 September 2012	Available for sale £000	¹ FVTPL – Held for trading £000	Loans and receivables £000	Financial liabilities measured at amortised cost £000
Financial assets				
Cash and cash equivalents	–	–	16	–
Cash held in money market funds	–	–	9,594	–
Trade and other receivables	–	–	79	–
Investments	17	2,665	–	–
Total financial assets	17	2,665	9,689	–
Financial liabilities				
Bank overdraft	–	–	–	(33)
Trade and other payables	–	–	–	(537)
Total financial liabilities	–	–	–	(570)

¹ Fair value through profit and loss

30 September 2011	Available for sale £000	¹ FVTPL – Held for trading £000	Loans and receivables £000	Financial liabilities measured at amortised cost £000
Financial assets				
Cash and cash equivalents	–	–	1,172	–
Cash held in money market funds	–	–	8,546	–
Trade and other receivables	–	–	42	–
Investments	18	2,797	–	–
Total financial assets	18	2,797	9,760	–
Financial liabilities				
Trade and other payables	–	–	–	(55)
Total financial liabilities	–	–	–	(55)

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 the Company, Norfolk House, 31 St James's Square, London SW1Y 4JR at 11.00am on 13 February 2013 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 2012 together with the Directors' Report and the Auditor's Report on those accounts.
2. To re-elect Vince O'Brien as a Director.
3. To re-elect Ian R Simm as a Director.
4. To reappoint KPMG Audit Plc as auditor of the Company.
5. To authorise the Directors to fix the remuneration of the auditor.
6. To declare a final dividend in respect of the financial year ended 30 September 2012 of 0.75 pence per ordinary share payable to the holders of ordinary shares on the register of members at the close of business on 25 January 2013.

As Special Business

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

7. 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 7(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.

8. 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 11,558,243;
 - (b) the minimum price which may be paid for each ordinary share is 1 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
 - (c) 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.

By order of the Board

Zack Wilson

Company Secretary

14 December 2012

Notice of Annual General Meeting continued

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his or her stead. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company. A form of proxy is enclosed for use of members. Completion and return of a form of proxy or CREST Proxy Instruction (as described in note 4) will not preclude a member from attending and voting in person at the meeting should he or she so decide. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. If you appoint a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
2. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power of authority) must be deposited at the offices of Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 11.00 a.m. on 11 February 2013. To change your proxy instructions simply submit a new proxy appointment using the methods set out above and in the notes to the form of proxy. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
3. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered in the Register of Members at 6.00 p.m. on 11 February 2013 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned meeting).
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting 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(s) 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 sponsors or voting service provider(s) 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(s), to procure that his CREST sponsor or voting service provider(s) take(s) 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 sponsors or voting service provider(s) are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.

Officers and Advisors

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

Zack Wilson

Registered Office

Norfolk House
31 St James's Square
London
SW1Y 4JR

Auditor

KPMG Audit Plc
15 Canada Square
London
E14 5GL

Bankers

The Royal Bank of Scotland Group plc
3rd Floor
280 Bishopsgate
London
EC2M 4RB

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Nominated Adviser and Broker

Execution Noble & Co Limited
10 Paternoster Square
London
EC4M 7AL

Solicitors

Stephenson Harwood
1 Finsbury Circus
London
EC4M 7SH

Impax Asset Management Group plc
Norfolk House
31 St James's Square
London
SW1Y 4JR
United Kingdom

T: +44 (0) 20 7434 1122
F: +44 (0) 20 7434 1123
E: info@impaxam.com
www.impaxam.com