Impax ASSET MANAGEMENT

Impax Asset Management Group plc

Interim Report 2015

CLEAR INVESTMENT

THE QUEEN'S AWARDS
FOR ENTERPRISE:
SUSTAINABLE DEVELOPMENT
2014

Impax Asset Management Group plc is a leading specialist investment manager dedicated to investing in the opportunities created by the scarcity of natural resources and the growing demand for cleaner, more efficient products and services.

We manage £3.1 billion[1] for investors globally, and are committed to providing strong long-term, risk-adjusted returns for our clients.

Our listed equity funds seek out mis-priced companies that are set to benefit from the long-term trends of changing demographics, urbanisation, rising consumption and the resultant increases in resource scarcity. Investment is focused on a small number of deeply researched equity strategies across markets related to alternative energy, energy efficiency, water, waste, and food and agriculture.

The private equity infrastructure funds that we manage follow an operationally focused, value-add strategy, investing in renewable power generation and related assets throughout Europe.

Our sustainable property business, acquired in July 2014, focuses on developing sustainable and energy efficient commercial property in the UK.

We have a long track record of innovation in environmental investments and are a thought leader in defining the markets in which we invest: for example, through our partnership with FTSE to develop and manage the classification system underpinning the FTSE Environmental Markets Index Series.

Impax employs 65 staff of which 28 work in our investment teams. The Company is headquartered in London and has established offices in Hong Kong, New York and Portland, Oregon.

In April 2014, Impax received a Queen's Award for Enterprise: Sustainable Development.

[1] As at 31 March 2015.

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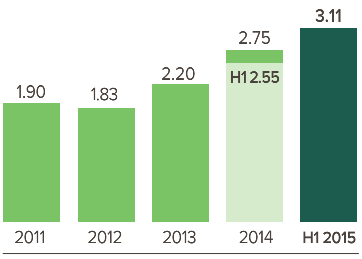
Performance and key developments

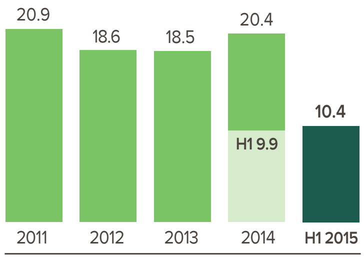
For the six months ended 31 March 2015

FINANCIAL PERFORMANCE	Six months ended 31 March 2015	Six months ended 31 March 2014
Assets under management	**£3.1bn**	£2.6bn
Revenue	**£10.4m**	£9.9m
Operating earnings[1]	**£2.3m**	£2.7m
Unaudited profit before tax[2]	**£1.9m**	£1.4m
Diluted earnings per share[3]	**1.62p**	1.20p
Shareholders' equity	**£25.2m**	£23.5m
Interim dividend per share	**0.4p**	0.3p

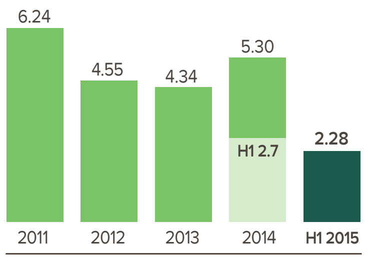
AUM
£3.1bn



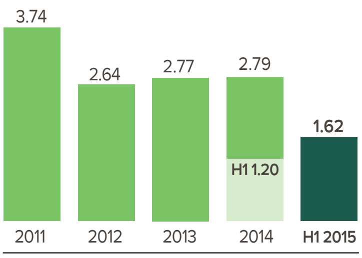
REVENUE
£10.4m



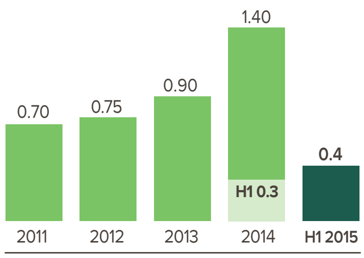
OPERATING EARNINGS[1]
£2.3m



EARNINGS PER SHARE[3]
1.62p



DIVIDEND
0.4p



BUSINESS UPDATE

- AUM increased 13% since year end to new peak of £3.1bn
- Net inflows of £96m, predominantly from US and Continental Europe
- Strong balance sheet maintained
- Interim dividend increased by 33% to 0.4 pence per share
- Robust performance and new product development
- In discussions with investors on raising new monies in real assets strategies

1 Revenue less operating costs.
2 Profit before tax in the Period was impacted inter alia by £0.16 million of charges (H1 2014: £0.71 million) associated with the Company's share-based incentive schemes.
3 Adjusted to exclude IFRS2 charges for shares schemes intended to be satisfied by primary shares, and includes the related tax benefit reported in Other Comprehensive Income and the dilution effect of unvested share awards.

Chief Executive's statement

During the Period Impax's AUM reached a new peak of £3.1 billion with continuing robust inflows and a promising mandate pipeline.

Over the first half year for Impax Asset Management Group plc ("Impax" or the "Company"), i.e. the Period from 1 October 2014 to 31 March 2015, equity markets continued their recovery but also showed signs of volatility, with further geopolitical risk and softer economic growth in several regions. The environmental and resource efficiency markets in which Impax seeks investments made robust progress, generally in line with or slightly ahead of broader equity markets.

During the Period, the Company's assets under management and advisory ("AUM") increased by 13 per cent to a new peak of £3,108 million, inclusive of net inflows of ca. £96 million. On 30 April 2015, AUM were £3,110 million.

DEVELOPMENTS IN RESOURCE EFFICIENCY AND ENVIRONMENTAL MARKETS

Against the backdrop of a buoyant economy, investment in infrastructure and capital goods continued to expand across major economies, underpinning strong demand for the products and services of companies in Impax's target markets.

The sharp fall in oil prices had only a limited impact on the energy efficiency sector, a core component of our universe. Furthermore, the lower cost of oil has proved positive for sectors with high exposure to consumer spending and for those where oil is a major input cost. The exception was the renewables sector which underperformed in the last quarter of 2014 due to a perceived risk from lower oil prices, but which has since recovered.

The prospects for our target markets in Asia have strengthened further. In early March, the "Under the Dome" documentary on China's air pollution triggered a high profile debate in the country, and the share prices of many domestic environmental companies shot up. China is approaching the completion of its 12th Five Year Plan at the end of 2015, under which ca. $1 trillion of capital is being deployed to further environmental protection and the provision of "low environmental impact" infrastructure. Government announcements indicate that environmental protection will feature even more prominently in the next Five Year Plan, details of which are due to be announced later this year.

Climate change continues to appear frequently in media headlines as we approach the final negotiations at the United Nations Climate Change Conference in Paris this December. Although there are still significant differences between the negotiating positions of developed and developing countries, pledges from China and the United States bode well for a limited global agreement. Last year the global economy expanded by three per cent while global emissions of carbon dioxide ("CO_2") stood unchanged from the preceding year, challenging the widely held assumption that CO_2 reduction is incompatible with economic growth. We continue to focus on investment opportunities linked to policies to reduce greenhouse gas emissions.

There were further signs during the Period that major investors are concerned about environmental risk and interested in opportunities to deploy capital into related markets. As a result of the campaign which began on college campuses in the US three years ago, "fossil fuel divestment" has become a particularly prominent issue. As of last month, more than 800 investors, including foundations such as the Rockefeller Brothers, religious groups, healthcare organisations, universities and local governments, have pledged to withdraw a total of US$50 billion from fossil fuel investments over the next five years.

Although analysis of climate change investment risk is complex, we believe that long-term investors should consider initiating some level of partial divestment of fossil fuel assets to reflect the higher probability that governments will impose a tax or equivalent limit on greenhouse gas emissions, potentially rendering a number of assets "stranded". We continue to research these issues and discuss with asset owners rational approaches to managing this investment risk. Investment in companies providing products and services linked to clean energy and energy efficiency can provide mitigation while also offering superior long-term growth prospects.

FINANCIAL RESULTS FOR THE PERIOD

Revenue for the six months to 31 March 2015 was £10.4 million (H1 2014: £9.9 million). Operating earnings[1] for the Period were £2.3 million (H1 2014: £2.7 million) and the associated operating margin was 22 per cent (H1 2014: 27 per cent).

The unaudited result for the Period was a profit before tax[2] ("PBT") of £1.9 million (H1 2014: £1.4 million) and the diluted adjusted[3] earnings per share for the Period were 1.62 pence (2014: 1.20 pence).

Notwithstanding the material top-line growth, the drop in operating earnings and margin reflect the investments we have made to pursue new business, particularly in the area of real assets, as described below.

INTERIM DIVIDEND

At the Annual General Meeting on 4 February 2015, Impax shareholders approved payment of a dividend of 1.1 pence per share, taking the total dividend for the year ended 30 September 2014 to 1.4 pence per share (2013: 0.90 pence). Further to the initiation of an interim dividend of 0.3 pence per share during the previous financial year, and in line with the Company's progressive dividend policy, the Board has now declared an interim dividend for the Period of 0.4 pence per share. This will be paid on 26 June 2015 to ordinary shareholders on the shareholder register at close of business on 29 May 2015.

LISTED EQUITIES

During the Period, Impax's Listed Equity strategies[4] delivered robust performance, with the majority in line with or slightly ahead of the MSCI All Country World Index ("ACWI")[5], which returned 12.2 per cent. Our global all-cap strategy (Leaders) delivered 13.4 per cent, the Water strategy returned 15.1 per cent and the Asia-Pacific and Food & Agriculture strategies posted 12.5 and 17.8 per cent respectively. The Specialists strategy, which focuses on small and mid-cap stocks, lagged as a result of its small-cap bias and avoidance of two particularly volatile stocks (Hanergy and Tesla), returning 10.7 per cent for the period. However, over the last ten years, the Specialists strategy has outperformed the ACWI by a significant margin, returning 171 per cent versus 138 per cent.

Over the Period, we accelerated a programme to extend our stock research to cover a broader range of markets within the themes of population dynamics, inadequate infrastructure, environmental constraints and resource scarcity, and seeded a new strategy which is designed to compete with unconstrained global equity funds.

PRIVATE EQUITY

Impax New Energy Investors II, our fund targeting the construction of assets providing renewable power generation, reached the end of its investment period on 31 March and we are preparing to exit a number of this fund's investments. The opportunity to secure superior, risk-adjusted returns from our investment model in this sector remains compelling, and we are currently in discussions with our investor base about their appetite for making further allocations to this strategy in due course.

SUSTAINABLE PROPERTY

Strengthening regulation, tenant demand and a shortage of suitable stock has created an opportunity to generate attractive returns in UK commercial property through a value-add strategy focused on significantly increasing energy efficiency and other "sustainability" factors. Since joining Impax last July, our investment team in this area has been working on the letting and sale of the remaining asset in their first fund, and we are now in discussions with investors over the management of new monies.

FUND FLOWS AND DISTRIBUTION

At a time of sustained investor interest in the growth opportunities in environmental and resource efficiency markets, our distribution through third parties was particularly successful during the Period: the table below sets out the AUM movements.

AUM MOVEMENT FOR SIX MONTHS TO 31 MARCH 2015

AUM movement 6 months to 31 March 2015	Impax label listed equity funds £m	Third party listed equity funds and accounts £m	Private equity funds £m	Property funds £m	Total £m
Total AUM at 30 September 2014	511	1,867	354	22	2,755
Net inflows/outflows	(5)	100	–	–	96
Market movement and performance	53	230	(25)	–	258
Total AUM at 31 March 2015	**559**	**2,198**	**329**	**22**	**3,108**

Funds and accounts run by BNP Paribas were major contributors to net inflows; the BNP Paribas Aqua fund, which has been one of the top performing pure-play water funds over the six years since its inception, surpassed €1 billion.

A significant percentage of net inflows arose in the United States, where the Company's pipeline and prospects are healthy. Our Leaders strategy was recently approved by two leading brokerage firms that are building their offering of strategies focused on resource efficiency, and we are starting to see flows from these new channels. The Impax-label fund that wraps our Specialists strategy saw further inflows from the family office sector, allowing us to complete the withdrawal of our seed capital; meanwhile, interest in our Water strategy is gathering momentum, particularly amongst West Coast prospects, for whom drought continues to be a topical issue.

In 2012 we hired an investment team to expand our resource efficiency expertise into the food and agriculture sectors, and launched a fund in December of that year. Since then, the team has built a robust track record and the strategy has attracted considerable investor interest. Last month, we were pleased to extend the range of listed equity funds that we manage on behalf of BNP Paribas with the launch of a fund based on a sustainable food strategy.

INFRASTRUCTURE AND SUPPORT

Over the Period, our headcount rose by four to 65 staff. In line with previous statements, our core team is now in place, and additional hires will typically support new business.

Chief Executive's statement
continued

REMUNERATION AND SHARE MANAGEMENT

During the Period, the Board confirmed the grant of 3.4 million options under the Employee Share Option Plan ("ESOP") and 1.25 million Restricted Shares to management and staff in respect of their performance for the financial year ended 30 September 2014. The ESOP strike price was set at 56.9 pence, and the options will vest on 31 December 2017. The Restricted Shares will vest in equal instalments after three, four and five years.

The Board intends to continue to buy back the Company's shares from time to time after giving due consideration to alternative uses of the Company's cash resources. Shares purchased may be used to satisfy obligations to employees for share-based awards, thus reducing the requirement to issue new shares.

During the Period 1,655,455 shares were bought back to give a total to date of 13,060,120. 14.7 million options and restricted shares have been issued to date.

PROSPECTS

We retain our positive outlook for global equities and believe markets will continue to edge higher, albeit with periods of volatility. Interest in resource efficiency is gaining additional momentum as investors allocate further assets to environmental and resource efficiency markets and our products are integrated within a widening range of asset categories including socially responsible and impact investments, high growth global equities and liquid alternatives.

We continue to develop our business in response to rising investor demand and our mandate pipeline is promising, with interest in both our listed equity products and real asset strategies. Impax remains well placed to build further long-term shareholder value.

Ian Simm
18 May 2015

1 Revenue less operating costs.
2 Profit before tax in the Period was impacted inter alia by £0.16 million of charges (H1 2014: £0.71 million) associated with the Company's share-based incentive schemes.
3 Adjusted to exclude IFRS2 charges for shares schemes intended to be satisfied by primary shares, and includes the related tax benefit reported in Other Comprehensive Income and the dilution effect of unvested share awards.
4 In line with market standards the Impax strategy returns (source: Factset) are calculated including the dividends reinvested, net of withholding taxes, gross of management fee and are represented in GBP.
5 The returns for the MSCI ACWI are net, calculated including the dividends reinvested, net of withholding taxes.

Condensed consolidated statement of comprehensive income

For the six months ended 31 March 2015

	Note	**Six months ended 31 March 2015 £000**	Six months ended 31 March 2014 £000	Year ended 30 September 2014 £000
Revenue		**10,422**	9,911	20,359
Operating costs		**(8,142)**	(7,239)	(15,039)
Charges related to legacy long-term incentive schemes	3	**(162)**	(707)	(539)
Fair value gains/(losses)	4	**(135)**	(624)	(1,460)
Change in third party interest in consolidated funds	5	**(115)**	(28)	7
Investment income		**73**	64	207
Profit before taxation		**1,941**	1,377	3,535
Taxation	6	**(66)**	36	(279)
Profit after taxation		**1,875**	1,413	3,256
Other comprehensive income				
Change in value of cash flow hedges		**41**	(8)	60
Tax on change in value of cash flow hedges		**(4)**	2	(14)
Exchange differences on translation of foreign operations		**365**	40	146
Third party interest's share of exchange differences on translation of foreign operations		**(61)**		
Total other comprehensive income		**341**	34	192
Total comprehensive income for the period attributable to equity holders of the parent		**2,216**	1,447	3,448
Basic earnings per share	7	**1.62p**	1.20 p	2.78 p
Diluted earnings per share	7	**1.61p**	1.20 p	2.76 p

All profit for the period is derived from continuing operations.

The notes on pages 9 to 15 are an integral part of the condensed consolidated financial statements.

Condensed consolidated statement of financial position

As at 31 March 2015

	Note	As at 31 March 2015 £000	As at 31 March 2014 £000	As at 30 September 2014 £000
ASSETS				
Non-current assets				
Goodwill	9	**1,665**	1,629	1,665
Intangible assets		**55**	67	107
Property, plant and equipment		**180**	339	246
Investments		**15**	17	16
		1,915	2,052	2,034
Current assets				
Trade and other receivables		**6,582**	5,168	3,097
Derivative asset		**152**	152	178
Investments	10	**11,774**	11,647	11,640
Current tax asset		**–**	–	–
Margin account		**307**	233	293
Cash invested in money market funds and long-term deposit accounts	11	**10,623**	8,609	10,615
Cash and cash equivalents	11	**1,826**	4,174	6,634
		31,264	29,983	32,457
TOTAL ASSETS		**33,179**	32,035	34,491
EQUITY AND LIABILITIES				
Equity				
Ordinary shares		**1,277**	1,277	1,277
Share premium		**4,093**	4,093	4,093
Exchange translation reserve		**98**	(312)	(206)
Hedging reserve		**209**	120	172
Retained earnings		**19,494**	18,347	19,523
TOTAL EQUITY		**25,171**	23,525	24,859
Current liabilities				
Trade and other payables		**5,343**	6,073	6,536
Third party interests in consolidated funds		**849**	539	1,119
Current tax liability		**34**	99	73
		6,226	6,711	7,728
Non-current liabilities				
Accruals		**225**	252	207
Deferred tax liability		**1,557**	1,547	1,697
Total non-current liabilities		**1,782**	1,799	1,904
TOTAL LIABILITIES		**8,008**	8,510	9,632
TOTAL EQUITY AND LIABILITIES		**33,179**	32,035	34,491

The notes on pages 9 to 15 are an integral part of the condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 31 March 2014

	Share capital £'000	Share premium £'000	Exchange translation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
As at 1 October 2013	1,277	4,093	(352)	126	17,800	22,944
Transactions with owners:						
Dividends paid	–	–	–	–	(1,004)	(1,004)
Award of shares on option exercises	–	–	–	–	38	38
Long-term incentive scheme charge	–	–	–	–	100	100
	–	–	–	–	(866)	(866)
Profit for the period	–	–	–	–	1,413	1,413
Other comprehensive income						
Cash flow hedge	–	–	–	(8)	–	(8)
Tax on cashflow hedge	–	–	–	2	–	2
Exchange differences on translation of foreign operations	–	–	40	–	–	40
	–	–	40	(6)	–	34
As at 31 March 2014	1,277	4,093	(312)	120	18,347	23,525
Transactions with owners:						
Dividends paid	–	–	–	–	(334)	(334)
Shares acquired by EBT 2012[1]	–	–	–	–	(619)	(619)
Award of shares on option exercises	–	–	–	–	9	9
Long-term incentive scheme charge	–	–	–	–	277	277
	–	–	–	–	(667)	(667)
Profit for the period	–	–	–	–	1,843	1,843
Other comprehensive income						
Cash flow hedge	–	–	–	68	–	68
Tax on cashflow hedge	–	–	–	(16)	–	(16)
Exchange differences on translation of foreign operations	–	–	106	–	–	106
	–	–	106	52	–	158
As at 30 September 2014	1,277	4,093	(206)	172	19,523	24,859
Transactions with owners:						
Dividends paid	–	–	–	–	(1,231)	(1,231)
Shares acquired by EBT 2012[1]	–	–	–	–	(864)	(864)
Long-term incentive scheme charge	–	–	–	–	191	191
	–	–	–	–	(1,904)	(1,904)
Profit for the period	–	–	–	–	1,875	1,875
Other comprehensive income						
Cash flow hedge	–	–	–	41	–	41
Tax on cashflow hedge	–	–	–	(4)	–	(4)
Exchange differences on translation of foreign operations	–	–	365	–	–	365
Third party interest's share of exchange differences on translation of foreign operations	–	–	(61)	–	–	(61)
	–	–	304	37	–	341
As at 31 March 2015	1,277	4,093	98	209	19,494	25,171

The notes on pages 9 to 15 are an integral part of the condensed consolidated financial statements.

All equity is attributable to owners of the parent.

[1] EBT 2012 = Impax Asset Management Group plc Employee Benefit Trust 2012.

Condensed consolidated statement of cash flows

For the six months ended 31 March 2015

	Note	Six months ended 31 March 2015 £000	Six months ended 31 March 2014 £000	Year ended 30 September 2014 £000
Cashflows from operating activities				
Profit before taxation		**1,941**	1,377	3,535
Adjustments for:				
Investment income		**(73)**	(64)	(207)
Depreciation of property, plant and equipment		**104**	126	243
Amortisation of intangible assets		**59**	32	83
Fair value losses		**135**	624	1,460
Share-based payment charges		**191**	100	377
Other charges related to EIA schemes		**162**	707	539
Change in third party interest in consolidated funds		**115**	28	(7)
Operating cash flows before movement in working capital		**2,634**	2,930	6,023
(Increase)/decrease in receivables		**(2,211)**	(2,023)	48
Increase in margin account		**(17)**	(49)	(107)
Decrease in payables		**(1,512)**	(747)	(178)
Cash (used by)/generated from operations		**(1,106)**	111	5,786
Corporation tax paid		**(42)**	(10)	(96)
Net cash (used by)/generated from operating activities		**(1,148)**	101	5,690
Investing activities:				
Investment income received		**73**	64	207
Settlement of investment related hedges		**(931)**	(771)	(1,244)
Proceeds on sale/redemption of investments		**1,259**	1,223	1,809
Purchase of investments held by consolidated funds		**(1,936)**	(2,916)	(5,263)
Sale of investments held by consolidated funds		**524**	17	1,553
Purchase of investments		**(38)**	(473)	(638)
Purchase of intangible assets		**(7)**	(5)	(28)
Purchase of property, plant and equipment		**(38)**	(9)	(33)
Net cash used by investment activities		**(1,094)**	(2,870)	(3,637)
Financing activities:				
Dividends paid	8	**(1,231)**	(1,004)	(1,338)
Impax shares acquired by EBT 2012/Treasury		**(864)**	–	(619)
Cash received on exercise of Impax share options		**–**	38	47
(Redemptions)/Investments by third parties from/into consolidated funds		**(466)**	(38)	2,257
(Increase)/decrease in cash held in money market funds and long-term deposit accounts		**(8)**	4,264	554
Net cash (used by)/generated from financing activities		**(2,569)**	3,260	901
Net (decrease)/increase in cash and cash equivalents		**(4,811)**	491	2,954
Cash and cash equivalents at the beginning of the period		**6,634**	3,680	3,680
Effect of foreign exchange rate changes		**3**	3	–
Cash and cash equivalents at the end of the period	11	**1,826**	4,174	6,634

The notes on pages 9 to 15 are an integral part of the condensed consolidated financial statements.

Notes to the condensed consolidated interim financial statements

For the six months ended 31 March 2015

1 BASIS OF PREPARATION

This interim report is unaudited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and the AIM rules. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2014.

The comparative figures for the financial year ended 30 September 2014 are not the Company's statutory accounts for that financial year. Those accounts, prepared in accordance with IFRSs as adopted by the EU, have been reported on by the Company's auditors and delivered to Companies House. The report of the auditors was (i) unqualified, (ii) did not include a reference to matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Copies of these accounts are available upon request from the Company's registered office at Norfolk House, 31 St James's Square, London, SW1Y 4JR or at the Company's website: www.impaxam.com.

This interim report is prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and the AIM rules.

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

With effect from 1 October 2014 the Group has adopted IFRS 10, Consolidated Financial Statements and IFRS 12, Disclosure of Interests in Other Entities. The adoption of IFRS 10, which determines when entities should be consolidated and in particular changes the definition of control, has not had an impact on these financial statements. IFRS 12 requires certain disclosure to be made in respect of the Group's investments in the funds it manages. These disclosures are not required to be presented in interim financial statements and will be presented in the 2015 Annual Report and Accounts. With the exception of the adoption of IFRS 10 and 12 the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 September 2014.

2 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were: i) judgements and estimates made in the valuation of unlisted current asset investments (see note 9); ii) determining whether managed funds should be consolidated; iii) determining the size of the charge for National Insurance Contributions payable on long-term incentive schemes and iv) determining the value of deferred tax assets.

3 CHARGES RELATED TO LEGACY LONG-TERM INCENTIVE SCHEMES

	Six months ended 31 March 2015 £000	Six months ended 31 March 2014 £000	Year ended 30 September 2014 £000
EIA charge	**93**	303	223
EIA Extension NIC charge[1]	**51**	274	207
EIA Additional payments	**18**	130	109
Other long-term incentive scheme related charges	**162**	707	539

[1] NIC = Employers National Insurance Charge

Notes to the condensed consolidated interim financial statements continued

For the six months ended 31 March 2015

3 CHARGES RELATED TO LEGACY LONG-TERM INCENTIVE SCHEMES CONTINUED

EIA NIC Charge

The Impax Employee Benefit Trust 2004 ("EBT 2004") holds Impax shares and other assets in sub-funds for the benefit of certain of the Group's past and current employees. The Impax shares were awarded under the Group's Employee Incentive Arrangement ("EIA"). The Group is required to pay Employers National Insurance Charge ("NIC") on the value of any assets that are transferred out of the Trust and has accrued for the estimated amount payable using the relevant share prices at the balance sheet date. The amount payable will fluctuate in line with the Impax share price, such fluctuations being recorded in the current period income statement.

If and when the EBT 2004 Trustee agrees to transfer assets held in the EBT 2004 to beneficiaries and if the assets transferred are in the form of the Group's Ordinary Shares, the Group also expects to be eligible for a corporation tax deduction equal to the value of those Ordinary Shares. The Group expects this tax benefit will be up to £1,257,000 but has not recognised this to date.

EIA extension NIC charge

The Group accrues for the NIC payable in respect of the options and share awards made under the EIA Extension over the same period as the related share-based payment charge. The amount payable will fluctuate in line with the Impax share price, such fluctuations being recorded in the current period income statement. The Group also receives a corporation tax deduction on the exercise of the options equal to the gain made on these options. This deduction has been recognised as a deferred tax asset and its value will also fluctuate in line with the share price with the fluctuation being recorded in the current year tax charge.

EIA additional payments

Individuals receiving Impax Long Term Incentive Plan ("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 has accrued for these payment over the same period as the related share-based payment charge. The amount payable will fluctuate inline with the Impax share price, such fluctuations are recorded in the current period income statement.

4 FAIR VALUE LOSSES

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

5 CHANGE IN THIRD PARTY INTEREST IN CONSOLIDATED FUNDS

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

6 TAXATION

The tax assessment for the period is lower than the standard rate of corporation tax in the UK for the period (20.5%). The differences are explained below:

	Six months ended 31 March 2015 £000	Six months ended 31 March 2014 £000	Year ended 30 September 2014 £000
Profit before tax	**1,941**	1,377	3,535
Tax charge at 20.5%,22%,22%	**398**	303	778
Effects of:			
Non-deductible expenses and charges	**14**	9	40
Increases in value of deductions re share based payments	**(206)**	(322)	(241)
Foreign exchange	**(137)**	27	(247)
Tax effect of previously unrecognised tax losses	**–**	(52)	(61)
Adjustment in respect of prior years	**–**	–	8
Change in UK tax rates	**(9)**	(6)	(16)
Effect of higher tax rates in foreign jurisdictions	**6**	5	18
Total income tax expense/(credit)	**66**	(36)	279

Notes to the condensed consolidated interim financial statements continued

For the six months ended 31 March 2015

7 EARNINGS AND EARNINGS PER SHARE

Earnings and 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 expected to be satisfied by the issue of new shares, and ii) includes the tax benefit recognised in Other Comprehensive Income in respect of transfers out of the EBT and the exercising of LTIP options.

	Six months ended 31 March 2015 £000	Six months ended 31 March 2014 £000	Year ended 30 September 2014 £000
Earnings	**1,875**	1,413	3,256
IFRS 2 Share-based payment charge	**–**	–	–
Tax benefit on long-term incentive scheme included in Other Comprehensive Income	**–**	–	–
Adjusted earnings	**1,875**	1,413	3,256

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

Adjusted earnings per share

	Adjusted earnings for the period £000	Shares 000	Adjusted earnings per share
Six months ended 31 March 2015			
Basic adjusted	1,875	114,689	1.63p
Diluted adjusted	1,875	115,489	1.62p
Six months ended 31 March 2014			
Basic adjusted	1,413	117,463	1.20p
Diluted adjusted	1,413	117,856	1.20p
Year ended 30 September 2014			
Basic adjusted	3,256	116,199	2.80p
Diluted adjusted	3,256	116,658	2.79p

The number of ordinary shares used in the calculation of diluted adjusted earnings per share excludes the number of shares held in Treasury or the EBTs at the end of the period and includes an adjustment for the dilutive impact of the ESOP share schemes. The dilutive impact is calculated in the same way as for the IFRS earnings per share.

	Six months ended 31 March 2015 000	Six months ended 31 March 2014 000	Year ended 30 September 2014 000
Shares in issue	**127,749**	127,749	127,749
Shares held in Treasury or EBT 2012 (excluding those held to satisfy awards under the EIA Extension share scheme)	**(13,060)**	(10,286)	(11,550)
Number of shares used in the calculation of basic adjusted earnings per share	**114,689**	117,463	116,199
Dilutive effect of ESOP share scheme	**800**	393	459
Number of shares used in the calculation of diluted adjusted earnings per share	**115,489**	117,856	116,658

Notes to the condensed consolidated interim financial statements continued

For the six months ended 31 March 2015

7 EARNINGS AND EARNINGS PER SHARE CONTINUED

IFRS earnings per share

	Earnings for the period £000	Shares 000	Earnings per share
Six months ended 31 March 2015			
Basic	1,875	**115,738**	1.62p
Diluted	1,875	**116,538**	1.61p
Six months ended 31 March 2014			
Basic	1,413	117,598	1.20p
Diluted	1,413	117,991	1.20p
Year ended 30 September 2014			
Basic	3,256	117,314	2.78p
Diluted	3,256	117,773	2.76p

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

	Six months ended 31 March 2015 £000	Six months ended 31 March 2014 £000	Year ended 30 September 2014 £000
Number of ordinary shares used in the calculation of basic earnings per share	**115,738**	117,598	117,314
Additional dilutive shares re 2011, 2012 and 2013 ESOP	**10,990**	3,250	5,350
Adjustment to reflect future contributions from employees receiving awards and option exercise proceeds	**(10,190)**	(2,857)	(4,891)
Number of ordinary shares used in the calculation of diluted earnings per share	**116,538**	117,991	117,773

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

8 DIVIDENDS

On 4 February 2015, at the Company's Annual General Meeting, payment of a 1.1p per share dividend in respect of the year ended 30 September 2014 (2013: 0.9p per share) was approved. The Trustee of the Impax Employee Benefit Trusts waived the Trusts' rights to part of this dividend, leading to a total dividend payment of £1,231,000. This was paid on 20 February 2015.

The Board has declared an interim dividend for the period of 0.4p per ordinary share (2014: 0.3p). This dividend will be paid on 26 June to ordinary shareholders on the register at close of business on 29 May 2015.

9 GOODWILL

Cost	£'000
At 31 March 2014	1,629
Addition	36
At 30 September 2014 and 31 March 2015	1,665

Goodwill arose on the acquisition of Impax Capital Limited on 18 June 2001 and on the acquisition of a property fund business from Climate Change Capital in July 2014.

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

Notes to the condensed consolidated interim financial statements continued

For the six months ended 31 March 2015

10 CURRENT ASSET INVESTMENTS

	Unlisted investments £'000	Listed investments £'000	Total £'000
At 1 October 2013	6,624	2,712	9,336
Additions	475	2,916	3,391
Fair value movements	(177)	322	145
Repayments/disposals	(1,223)	(17)	(1,240)
Foreign exchange	–	15	15
At 31 March 2014	5,699	5,948	11,647
Additions	163	2,347	2,510
Fair value movements	(84)	(234)	(318)
Repayments/disposals	(586)	(1,536)	(2,122)
Foreign exchange	–	(77)	(77)
At 30 September 2014	5,192	6,448	11,640
Additions	39	1,935	1,974
Fair value movements	124	720	845
Repayments/disposals	(2,534)	(524)	(3,058)
Foreign exchange	–	372	372
At 31 March 2015	**2,822**	**8,952**	**11,774**

Impax Food and Agriculture Fund ("IFAF")

On 1 December 2012 the Group launched the Impax Food and Agricuture Fund and invested, from its own resources £2,000,000 into the fund. IFAF invests in listed equities using the Group's Food and Agriculture Strategy. The Group's investment represented more than 50% of IFAF's NAV from the date of launch to 31 March 2015 and accordingly has been consolidated throughout this period with its underlying investments included in listed equities in the table above.

Impax Fundamental Long Term Opportunities in Water Fund ("IFLOW")

On 31 January 2014 the Group launched the IFLOW fund and invested, from its own resources $5,000,000 (£3,016,000) into the fund. IFLOW invests in listed equities using the Group's Water Strategy. The Group's investment represented more than 50% of IFLOW's NAV from the date of launch to 31 March 2015 and has been consolidated throughout this period with its underlying investments included in listed equities in the table above.

Impax Global Equity Opportunities Fund ("IGEO")

On 23 December 2014 the Group launched the IGEO Fund and invested, from its own resources £2,000,000 into the fund. IGEO invests in listed equities using the Group's Global Equity Strategy. The Group's investment represented more than 50% of IGEO's NAV from the date of launch to 31 March 2015 and has been consolidated throughout this period with its underlying investments included in listed equities in the table above.

Impax Global Resource Optimization Fund ("IGRO")

In December 2011 the Group launched the Impax Green Markets Fund LP. The Group invested $5,000,000 (£3,184,000) at launch. In prior years the Group has redeemed $3,000,000 (£1,809,000) and in the current half year the Group redeemed a further $3,894,000 (£2,534,000) to exit the Fund fully. Subsequent to launch the fund's name was changed to the Impax Global Resource Optimization Fund. IGRO invests in listed equities using the Group's Environmental Specialists Strategy. The Group's share of the assets of the NAV of the fund was such that consolidation has not been required throughout the period covered by this Report and the Group's investment in the fund is included in Unlisted investments. Its underlying investments are however listed and the fund is valued based on the market value of those investments.

The investments held by the funds described above are revalued to market value using quoted market prices that are available at the date of these financial statements. The quoted market price is the current bid price.

Notes to the condensed consolidated interim financial statements continued

For the six months ended 31 March 2015

10 CURRENT ASSET INVESTMENTS CONTINUED

Unlisted investments

The Group has a 3.76% partnership share of Impax New Energy Investors LP, a private equity partnership managed by the Group. At the period end the carrying value of the investment was £656,000. The carrying value represents the Board's assessment of the investment's fair value which was determined using a discounted cashflow approach. 74% of the partnership's valuation is represented by investments in Spanish solar parks. These investments have been adversely impacted by the significant retroactive reforms of the Spanish energy markets and covenants for loans held by the investment have been breached. The partnership has begun negotiations with the relevant banks to restructure the loans and is also in the process of pursuing a claim, together with a number of other parties, for compensation from the Spanish government. In the event that the banks take posession of the assets and the claims for compensation are unsuccesful the investment would be written down by £485,000.

The Group also has a commitment of €3.3m to Impax New Energy Investors II LP, a private equity partnership managed by the Group which was established on 22 March 2010. At the period end the Group had invested a total of €1,916,000 (£1,615,000) of this commitment. The Group's commitment of €3.3m is equal to 1% of the total commitments made to the fund. The investment is included at the Board's assessment of its fair value, which is determined by valuing the underlying investments. The main valuation techniques used are discounted cash flow, price of recent investment and market bids.

11 CASH AND CASH EQUIVALENTS

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

	31 March 2015 £000	31 March 2014 £000	30 September 2014 £000
Cash at bank and in hand			
Held by operating entities of the Group	**1,611**	4,157	6,560
Held by the consolidated funds	**215**	17	74
	1,826	4,174	6,634

In order to mitigate bank default risk and to access favourable interest rates the Group invests part of its surplus cash in money market funds and long-term deposit accounts. Amounts held in money market funds and long-term deposit accounts are as shown below. The Group considers the total of its cash and cash equivalents held by operating entities of the Group and cash invested in money market funds and in long-term deposit accounts to be its cash reserves.

	31 March 2015 £000	31 March 2014 £000	30 September 2014 £000
Cash and cash equivalents	**1,611**	4,157	6,560
Cash held in money market funds and long-term deposit accounts	**10,623**	8,609	10,615
Total cash reserves	**12,234**	12,766	17,175

12 SHARE CAPITAL AND OWN SHARES

	31 March 2015	31 March 2014	30 September 2014
Issued and fully paid ordinary shares of 1p each			
Number	**127,749,098**	127,749,098	127,749,098
£000s	**1,277**	1,277	1,277

	31 March 2015	31 March 2014	30 September 2014
Own shares			
Number	**17,702,620**	16,243,769	16,192,620
£000s	**5,958**	5,093	5,144

Own shares represents certain of the Group's shares held in the EBT 2012 and EBT 2004. 1,655,455 shares were acquired in the six months ended 31 March 2015, (period ended 31 March 2014: nil). 145,455 shares were awarded to option holders on exercise of options (period ended 31 March 2014: 3,966,000). As at 31 March 2015 the Company had a total of 19,487,955 options outstanding of which 9,182,500 were exercisable.

Notes to the condensed consolidated interim financial statements continued

For the six months ended 31 March 2015

13 RELATED PARTY TRANSACTIONS

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

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

	Six months ended 31 March 2015 £000	Six months ended 31 March 2014 £000	Year ended 30 September 2014 £000
Statement of comprehensive income			
Revenue	**9,939**	9,819	19,966

	31 March 2015 £000	31 March 2014 £000	30 September 2014 £000
Statement of financial position			
Non-current asset investments	15	17	16
Current asset investments	2,822	5,346	4,830
Trade and other receivables	5,754	3,970	2,371

The Group also conducts hedging of its seed investments with a member of the BNP Paribas Group. Payments made under these hedges are disclosed in the cashflow statement.

14 GROUP RISKS

The Group's principal risks remain as detailed within the Directors' report of the Group's 2014 Annual Report and Accounts and are categorised as financial, investment, and operational.

Independent review report to Impax Asset Management Group plc

INTRODUCTION

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2015 which comprise the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

DIRECTORS' RESPONSIBILITIES

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM rules

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the AIM Rules.

Richard Hinton
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

18 May 2015

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Ian R Simm (Chief Executive)
Guy de Froment (Non-Executive)
Vincent O'Brien (Non-Executive)
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