Impax

Impax Asset Management Group plc
Annual Report and Accounts 2014

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 £2.8 billion[1] for institutional and high net worth 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, primarily 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 61 staff of which 30 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 30 September 2014.

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Performance and key facts

FINANCIAL PERFORMANCE

	2014	2013
Assets under management	£2.8bn	£2.2bn
Revenue	£20.4m	£18.5m
Operating earnings[1]	£5.3m	£4.3m
Profit before tax[2]	£3.5m	£3.4m
Shareholders' equity	£24.9m	£22.9m
Cash reserves	£17.2m	£16.5m
Seed investments	£10.2m	£8.5m
Dividend per share[3]	1.40p	0.90p

BUSINESS PERFORMANCE

- Strong growth in assets from investors based in the US and Continental Europe
- Water strategy passes £1 billion milestone
- Encouraging mandate pipeline
- Addition of sustainable property capability
- Queen's Award for Enterprise: Sustainable Development

KEY FACTS 2014

ATTRACTIVE INVESTMENT THEMES

- Rapidly growing markets and investment universe
- Market complexity leads to mispricing
- Benefits to investors seeking to reduce exposure to fossil fuels

EXPERIENCED TEAM

- 61 people, including 30 investment professionals
- Stable senior investment team
- Significant staff ownership

EXTENSIVE DISTRIBUTION NETWORKS

- In-house sales
- Committed third-party distributors
- Access to over 20 markets

SCALABLE BUSINESS MODEL

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

[1] Revenue less operating costs excluding £0.5 million (2013: £0.2 million) charges due to EIA share schemes.
[2] Adjusted to exclude the IFRS2 charge for share schemes satisfied by primary shares, and to include the full effect of share buybacks and the dilutive effect of option schemes.
[3] 0.3p paid as interim dividend, 1.1p proposed final dividend.

Strategic report

Chairman's statement

At a time when investors are seeking to direct capital to markets with strong growth prospects and/or anomalous valuations, Impax's Target Markets are particularly attractive.

When I last reported to shareholders in November 2013, there were tangible signs of a sustained recovery in the global economy and investor sentiment was strengthening. 12 months on, signals from central banks and major corporations are more mixed, and investor caution has increased. Nevertheless, prospects for resource efficiency and environmental markets, where Impax focuses its expertise ("Target Markets"), remain healthy, and the Company has once again delivered significant growth in assets and operating profit.

During the Company's financial year from 1 October 2013 to 30 September 2014 (the "Period"), assets under discretionary and advisory management ("AUM") rose 25 per cent from £2.20 billion to £2.75 billion. As at 31 October 2014, AUM had increased further to £2.89 billion.

The case for investing in our Target Markets has strengthened considerably in the past year. Water has once again attracted attention as policymakers announced measures to address the chronic drought in the western United States; meanwhile, extreme rainfall has affected many countries, particularly the UK, prompting the need for improved flood defences and stormwater management. Although the price of oil has recently fallen, demand for energy efficiency products and services continues to build, underpinned by the long-term regulatory frameworks and related investment programmes, for example in the automobile sector. Similarly, capital flows to provide new energy efficient transportation and basic needs infrastructure in emerging markets have remained buoyant.

At a time when investors are seeking to direct capital to markets with strong growth prospects and/or anomalous valuations, Impax's Target Markets are particularly attractive in this respect, and we have been able to attract a record level of inflows into our listed equity products and strategies, notably from Continental Europe and the US. We have also made good progress in further extending our capabilities in "real assets" with the acquisition in July of a team with investment expertise in improving the sustainability of commercial property.

RESULTS FOR THE YEAR

Revenue for the Period was £20.4 million (2013: £18.5 million). Operating earnings[1] for the year were £5.3 million (2013: £4.3 million) and the associated operating margin was 26.1 per cent (2013: 23.5 per cent).

Profit before tax ("PBT") for the year was £3.5 million (2013: £3.4 million). PBT included a £0.5 million employer's National Insurance charge related to the Company's legacy Employee Incentive Arrangement ("EIA") arising from an increase in the Company's share price and £1.5 million of fair value losses on the Group's investments. Fair value losses mainly comprise a write down, as stated in the Company's Interim Report, of the Company's holding in its first private equity fund reflecting regulatory changes in Spain, and net losses in the Period related to index future hedges for the Company's seed investments in listed equity funds.

Diluted earnings per share was 2.79 pence (adjusted[2]) (2013: 2.77 pence (adjusted[2]).

As of 30 September 2014, cash reserves held by operating entities of the Group were £17.2 million (2013: £16.5 million), seed investments were £10.2 million (2013: £8.5 million) and shareholders' equity had increased to £24.9 million (2013: £22.9 million). The Company remained debt free during the Period.

Operating cash flow for the Period was £6.0 million (2013: £4.9 million). During the Period the Company spent £0.6 million buying back 1.2 million of its own shares.

QUEEN'S AWARD FOR ENTERPRISE: SUSTAINABLE DEVELOPMENT

In the Interim Report, we announced that Impax had been honoured to receive the prestigious Queen's Award for Enterprise: Sustainable Development. This award recognises Impax's long, successful track record, our thought leadership in categorising resource efficiency markets, our contribution to facilitating the flow of capital to sustainable development projects and the achievements of our corporate responsibility and sustainability programmes. I would like to thank everyone who works at Impax on this tremendous achievement.

PROPOSED DIVIDEND FOR THE PERIOD

The Company is committed to a progressive dividend policy as a demonstration of commitment to increasing shareholder value. This year, the Company initiated the payment of an interim dividend of 0.3 pence per share, which was paid in June.

[1] Revenue less operating costs excluding £0.5 million (2013: £0.2 million) charges due to EIA share schemes.
[2] Adjusted to exclude the IFRS2 charge for share schemes satisfied by primary shares, and to include the full effect of share buybacks and the dilutive effect of option schemes.

Given the encouraging progress this year, the Board recommends a final dividend of 1.1 pence per share. If approved by shareholders, the aggregated dividend payment for the full year would be 1.4 pence per share, which would represent a 56 per cent increase over the dividend for the previous year (2013: 0.9 pence).

The dividend proposal will be submitted for formal approval by shareholders at the Annual General Meeting on 4 February 2015. If approved, the dividend will be paid on or around 20 February 2015. The record date for the payment of the proposed dividend will be 23 January 2015 and the ex-dividend date will be 22 January 2015.

REMUNERATION AND SHARE MANAGEMENT

In accordance with the Company's remuneration policy, during the Period the Board granted 2.7 million ESOP options to management and staff in respect of their performance for the year ended 30 September 2013. The strike price was set at 47.9 pence and the options will vest on 31 December 2016.

Following a review of remuneration policy, the Remuneration Committee has decided to continue the practice of capping aggregate variable remuneration ("Variable Remuneration") across the Company at 45 per cent of operating earnings and variable remuneration. Cash bonuses payable in any year (grossed up by applicable employer's National Insurance) are equal to the Variable Remuneration less the fair value charge arising from employee share-based incentive schemes. The Company will continue to aim to pay market-median salaries.

Awards under the Company's Employee Share Option Plan ("ESOP") will cease in January 2015 with the grant of 3.7 million options. The Board continues to believe that equity incentives are an effective means to align interests between staff and shareholders, and following the success of the ESOP has decided to put in place a new Restricted Share Scheme ("RSS") under which modest amounts of shares are to be awarded to high performing staff. The RSS will initially run in parallel with the ESOP, with the award of 1.25 million Restricted Shares made in respect of individuals' performance for the Period. The RSS will then become the principal scheme for the award of share-based incentives.

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

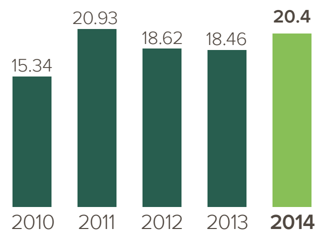
PROSPECTS

Since the end of the Period, economic indicators have continued to reflect an uncertain business climate, and investor sentiment is fragile. Nevertheless, interest in Impax's Target Markets has remained high, and our pipeline of new business indicates that we can continue to build our client base and value for shareholders.

J Keith R Falconer
26 November 2014

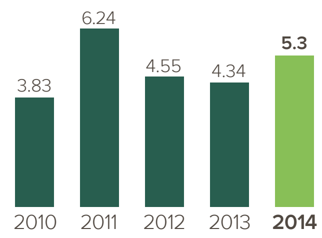
REVENUE

£20.4m



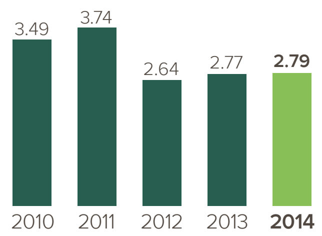
OPERATING EARNINGS

£5.3m



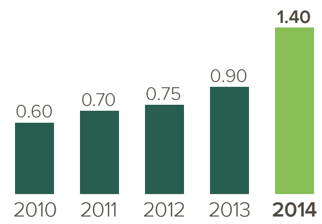
EARNINGS PER SHARE

2.79p



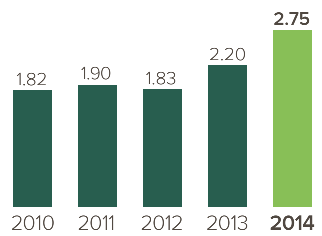
DIVIDEND

1.40p



AUM

£2.75bn



Strategic report

Chief Executive's report

The drivers behind resource efficiency and environmental markets maintained momentum during the Period, with further news on climate change policy, the development of new technologies and stricter regulations.

Since Impax's interim statement, volatility has returned to financial markets as investors have compared the impact of increased geopolitical tension and weak economic growth prospects on the one hand against the potential benefits of low energy prices and the likelihood of effective intervention by central banks on the other. Nevertheless, Impax's prospects have continued to strengthen, providing reassurance that the Company is well positioned to deliver attractive returns to current and potential future clients.

MARKET DEVELOPMENTS AND PERFORMANCE

The drivers behind resource efficiency and environmental markets maintained momentum during the Period, with further news on climate change policy, the development of new technologies and stricter regulations.

Over the past year we have witnessed severe heatwaves and drought in Australia and California, snow in Vietnam and the return of the polar vortex to North America. While the UK endured its wettest winter in 250 years, temperatures in parts of Russia and the Arctic have been 10 degrees centigrade above normal. This has coincided with a discernible shift in investors' expectations that policymakers around the world would take material action to address climate change. In particular, the United States and China have recently joined the European Union in announcing further commitments to limiting greenhouse gas ("GHG") emissions, and optimism is building that the next major climate change conference, which is set for December 2015 in Paris, could lead to agreement on binding targets.

Although the extreme weather and policy interventions associated with climate change are likely to impact many sectors, portfolios with significant allocations to fossil fuels carry the highest risk. Mark Carney, the Governor of the Bank of England, recently reiterated his warning that the owners of some fossil fuel assets may not be able to burn all of their reserves if the world is to avoid catastrophic climate change, and called for investors to consider the implications of this analysis. Over the past 12 months, many endowments, public sector investors and religious institutions have committed to reduce or sell out of their fossil fuel holdings, with Stanford University, the Rockefeller Brothers Fund and the World Council of Churches being among the highest profile investors to take this step.

Full divestment is a major decision, and not one that most investors can or should make in haste. However, for those investors inclined to reduce their exposure to fossil fuels, several of Impax's strategies offer exposure to (retail) energy prices through companies active in renewable energy and energy efficiency markets while reducing the risk of adverse policy changes.

Our investment universe continues to expand as advances in technologies that improve the efficiency of resource use become commercially successful. Particularly interesting developments include improved motors and systems for hybrid vehicles. We believe vehicle hybridisation offers more compelling investment prospects than electric vehicles, which are likely to remain a niche market in the near term. We are also witnessing increasing technological sophistication in energy efficiency markets, for example in power network efficiency, including batteries, standby generators, smart metering and demand response systems, and related software.

Around the world, regulators have continued to implement stringent environmental regulations. For example, in June the US Environmental Protection Agency announced a series of state-by-state GHG emission reduction targets for existing power plants, targeting a 30 per cent reduction in national CO_2 emissions from the power sector by 2030 compared to 2005 levels. In China, the government announced a US$330 billion investment programme to tackle pollution of its scarce water resources, with the aim of improving the water quality by up to 50 per cent through investments in waste water treatment systems.

The demand for clean water will inevitably outstrip supply unless substantial long-term commitments are made to improving water infrastructure and maximising the effective use of water, for example in agricultural irrigation. Calendar year 2013 was the driest year on record in California, the most hydrologically altered region of the planet, while this summer many farmers have destroyed vast areas of perennial crops such as almonds simply because there is no water available for irrigation. Currently, the water value chain offers many compelling investment opportunities, for example companies that are set to benefit from the steady, long-term growth of the US construction industry and in the clean-up of water used for fracking. Developments in desalination technologies and water re-use in the drought affected states of the US are also presenting interesting investment prospects.

Notwithstanding the strong fundamentals, stocks active in Impax's Target Markets sold off in the second half of the Period as investors switched into sectors with more defensive characteristics. In the six months to 31 March 2014, the FTSE Environmental Opportunities All Share Index ("EOAS") rose by 6.8 per cent, compared to 5.4 per cent for the MSCI AC World Index ("ACWI"); however, by 30 September 2014 the one year numbers for the EOAS and ACWI indices were 7.3 and 11.2 per cent respectively. Over the five years to 30 September 2014, the two indices had increased by 59.7 and 59.4 per cent respectively.

ASSETS UNDER MANAGEMENT AND FUND FLOWS

During the Period, as set out in Figure 1, we received record net inflows of £466 million into the Listed Equity funds that we manage or advise. The majority of inflows were from Continental European and US investors into our third-party listed equity funds, and our mandate pipeline from these regions remains promising. The value in sterling of our private equity funds fell slightly due to foreign exchange effects, while we added ca. £22 million by acquiring a mandate to run a fund in the Property sector as set out below.

INVESTMENT PERFORMANCE

Listed Equity

Impax has some 15 years of investing in global resource efficiency equity markets, following a high conviction, bottom-up, stock-picking approach to portfolio construction. As set out in Figure 2, we currently manage five distinct long-only investment strategies, covering global small and mid cap, global all cap and more specialised strategies focusing on resource efficiency and environmental markets in Water, Asia-Pacific and Food & Agriculture.

Although our listed equity strategies were considerably ahead of global markets during 2013 and beat the MSCI ACWI during the first half of the Period, the second half sell off in resource efficiency and environmental markets stocks impacted annual performance. Reassuringly, over the same time period our target companies generally delivered on earnings expectations.

Our "small and mid-cap" Specialists strategy returned 5.0 per cent[1] over the Period, compared to 11.2 per cent[2] for the MSCI ACWI. Nevertheless, over the ten years to 30 September 2014, Specialists returned 166.6 per cent[1] while the MSCI ACWI rose 102.8 per cent[2].

FIGURE 1.
AUM MOVEMENT YEAR TO 30 SEPTEMBER 2014

	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 2013	503	1,314	380	–	2,197
Net inflows	(17)	483	–	22	489
Market movement and performance	24	70	(26)	–	69
Total AUM at 30 September 2014	**511**	**1,867**	**354**	**22**	**2,755**

FIGURE 2.
IMPAX'S LISTED EQUITY INVESTMENT STRATEGIES

	Global	All cap	Market cap relative to MSCI ACWI (Median)	AUM	Inception date
Specialists Universe: 1,100 companies Universe size: $1.6 T market cap	✓	Small-Mid		£790m	Mar 2002
Leaders Universe: 1,500 companies Universe size: $4.2 T market cap	✓	✓		£514m	Mar 2008
Water Universe: 250 companies Universe size: $0.8 T market cap	✓	✓		£1.0bn	Jan 2009
Asia-Pacific Universe: 630 companies Universe size: $1.4 T market cap	Asia-Pacific	✓		£22m	Nov 2009
Food & Agriculture Universe: 1,200 companies Universe size: $4.9 T market cap	✓	✓		£3m	Dec 2012

In line with market standards the strategy returns[1] are calculated including the dividends reinvested, net of withholding taxes, gross of management fee and are represented in GBP; the returns for the MSCI ACWI[2] are net calculated including the dividends reinvested, net of withholding taxes (Source: FactSet).

Strategic report

Chief Executive's report
continued

Our "all cap" Leaders strategy had similar performance, returning 5.4% per cent[1] over the Period. Between inception in March 2008 and the end of the Period, Leaders has returned 66.4%[1], outperforming ACWI which has returned 60.2 per cent.

The Water strategy returned 9.3 per cent[1] over the Period. Over the period between inception in January 2009 and 30 September 2014, this strategy returned 112.6 per cent[1] compared to 84.4 per cent[2] for the MSCI ACWI.

During the Period our Asia-Pacific strategy returned 22.5 per cent[1], a strong performance versus the MSCI AC Asia Pacific Ex Japan Index which rose 5.8 per cent[2].

Food & Agriculture stocks generally had a challenging year and our strategy, which is approaching its second anniversary, returned 0.4% over the Period.

In November 2014, Impax was named Best Environmental Fund Management Group, and also won Best Environmental Fund for Impax Environmental Markets (Ireland), at the Investment Week Sustainable Investment Awards. These prestigious industry awards are further recognition of our track record and the rigour of our investment process.

Private Equity

Our private equity business has made further progress. Impax New Energy Investors II ("NEF II") now has over 370 Megawatts ("MW") of wind projects in operation or construction across Europe and some 20MW of solar assets operating in Italy. During the Period, NEF II invested in further projects in Ireland, Finland, Germany and Italy, with a sizeable commitment to onshore wind projects; the fund retains a material pipeline, both in these countries and in France, for construction in 2015 and beyond. At the end of the Period, the fund was 73 per cent invested or committed.

The assets held by Impax New Energy Investors I ("NEF I") continue to operate in line with or ahead of expectations. However, in June 2014, as part of a sequence of adverse regulatory changes, the Spanish government announced some further amendments, which are expected to represent the final changes to the legislation governing the revenue received by this fund's assets. We remain focused on cost cutting and debt restructuring for these assets, while continuing to pursue our complex arbitration case against the Spanish government alongside other major investors in the Spanish solar sector.

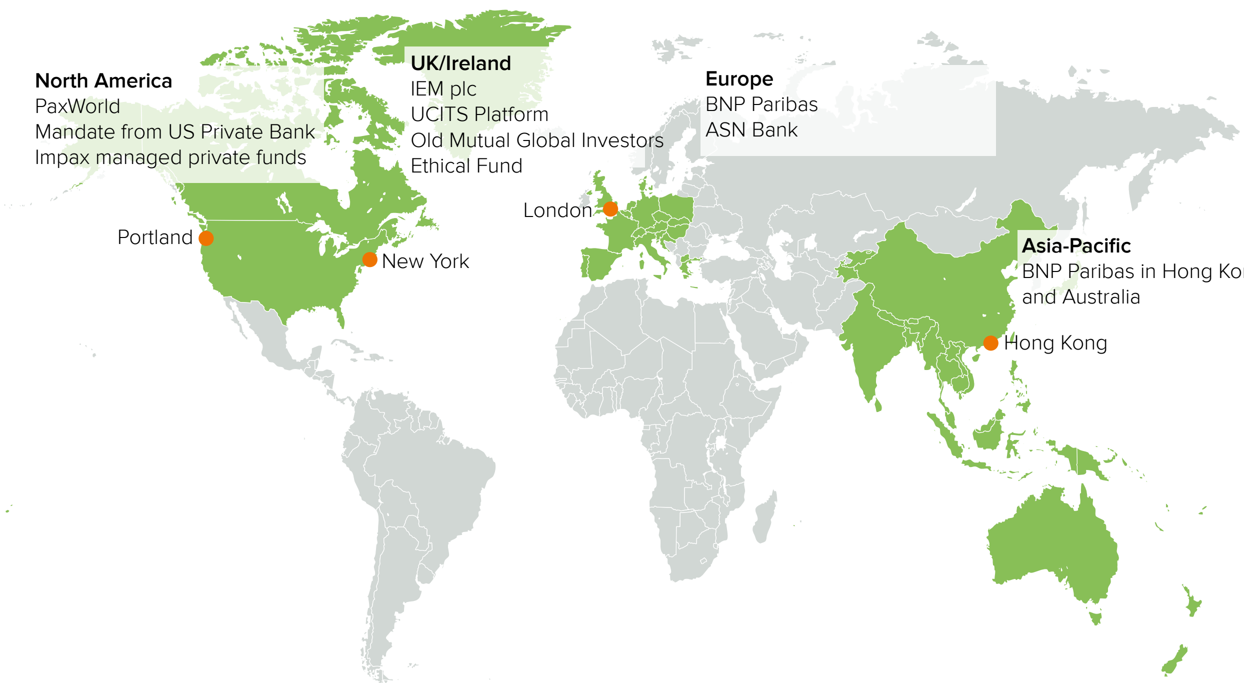
DISTRIBUTION

As previously reported, Impax pursues different routes to market in each region in order to balance cost effective and scalable distribution with demanding growth targets (Figure 3). In Continental Europe, our key distribution partners are ASN Bank, which is based in the Netherlands, and BNP Paribas Investment Partners ("BNPP"), which promotes our Specialists, Leaders and Water strategies. A notable success during the Period was the BNP Paribas Aqua fund whose net assets increased by 62 per cent to £591 million. The BNPP team has also developed and sold a structured product, based on the Aqua portfolio in the French and Italian markets, which generates solid revenues at minimal cost. Our Leaders strategy also benefited from robust long-term performance and had net inflows of £85.5 million over the Period.

In the UK, Impax Environmental Markets plc, our flagship client, boasts a strong ten-year track record and is well positioned as one of the leading closed end resource efficiency funds. In addition to our UCITS platform of funds, which is domiciled in Ireland, we continue to sub-manage the Old Mutual Global Investors Ethical Fund.

Our client base in the US has developed rapidly over the last 12 months, and AUM have increased by some 220 per cent, reaching £248 million by the end of the Period. The principal contributors to this growth were the Pax World Global

FIGURE 3.
OUR OFFICES AND PARTNERS

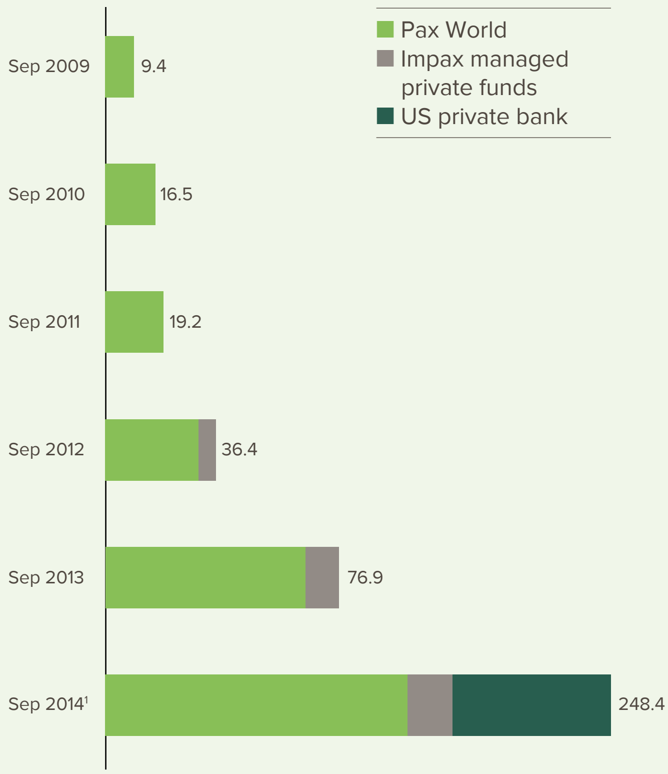


Inflows to our water strategy

Our water strategy seeks to achieve sustainable, above market returns over the longer term by investing globally in companies active in the rapidly growing water value chain.

Water is our fastest growing listed equity strategy and recently passed the £1 billion AUM milestone. We see particularly strong interest from investors in Continental Europe and the US.

FIGURE 4.
AUM FROM US INVESTORS



[1] Not to scale.

Environmental Markets fund, which follows our Leaders strategy, and a new advisory mandate from a large American private bank, which reached £116 million by 30 September. We have also had further flows into our US private funds, including a commitment from a leading US endowment which was made after the end of the Period. We have an encouraging mandate pipeline from investors in the region.

BUSINESS DEVELOPMENT – NEW PROPERTY INVESTMENT BUSINESS

In order to respond to current and anticipated future client demand, we continue to search for new additions to our product range. Of particular interest in the current investment climate are “real assets”, which can offer investors low correlation to equities and bonds, protection against inflation and the potential for predictable income.

In July 2014 we announced the addition of a new asset class with the acquisition of a business investing in the commercial property sector. This comprised the management responsibility for the Climate Property Fund LP, which is in the latter stages of exiting its successful portfolio, and a two person team of experienced investment professionals.

Increasingly strict building regulations are driving demand for commercial property to be built or refurbished to exacting environmental standards, and sustainable buildings typically attract premium rents. Sustainable property appeals to many investors looking to generate higher returns or “green alpha”, and to invest in an effectively future-proofed property portfolio. At a time of sustained investor interest in the property sector and increasing evidence that strong environmental performance can be a material driver of valuation, we believe that this business is highly complementary to our current product range, and we are exploring opportunities to raise additional assets for the team to manage.

Strategic report

Chief Executive's report

continued

Sustainable property

We see interesting investment opportunities in the sustainable commercial property market where supply is low and demand is increasing, driven by tightening regulation and occupier preferences.

We define "green alpha" as the premium that can be generated by successful investment in sustainable property over and above the "normal" market return. Sustainable buildings are increasingly commanding a rental premium, have shorter vacant periods, slower depreciation, reduced obsolescence, and typically command higher capital values.

INFRASTRUCTURE AND SUPPORT

At the end of the Period our headcount was 61 full time equivalent staff compared to 57 at the same time last year. Staff numbers in our existing business areas continue to be stable; in addition to the two members of the property investment team, we expanded our client service capability in the US, including a marketing professional in the Portland, Oregon office which we opened in May, to service our growing client base and development prospects on the US West Coast. We do not anticipate significant headcount expansion in the near term, but may need a small number of additional staff to service new business in due course.

REGULATORY ENVIRONMENT

We continue to monitor the evolving requirements of global financial services regulation closely. Further to the requirements of the Alternative Investment Fund Managers Directive, during the Period we submitted our application for authorisation as an Alternative Investment Fund Manager ("AIFM") to the Financial Conduct Authority ("FCA"). In July we received full scope authorisation from the FCA to act as an AIFM for our clients.

OUTLOOK

Last November I suggested that "investors may look back on 2013 as the high point of cheap money" and that, at a time of inflated asset prices, investment managers needed to pay particular attention to the quality of company earnings. One year on, with the possible exception of the US, most national or regional economies have yet to demonstrate that signs of recovery are robust, while corporate earnings are fragile in many areas.

Against this backdrop, it is encouraging that the companies targeted for investment by Impax are generally reporting solid results and an improving outlook, and investor interest in resource efficiency and environmental markets is growing. We plan to build further on the Company's strong foundations, ensuring that our staff remain excited by the opportunities we can offer, our clients remain pleased with the service we provide, and conversations with prospective clients continue to develop.

Ian R Simm
26 November 2014

Investing globally in resource efficiency markets

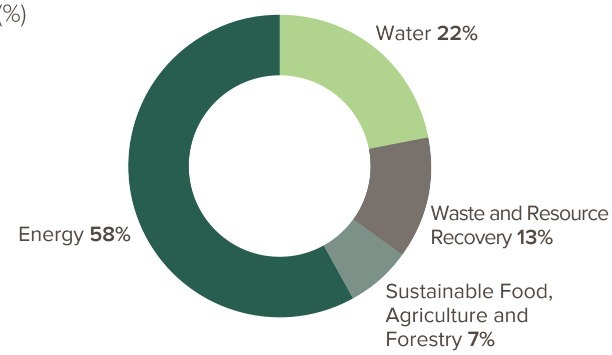
A WELL-POPULATED AND RAPIDLY EXPANDING UNIVERSE

Our investment universe comprises some 1,500 companies operating across resource efficiency markets. These markets are expanding rapidly as companies respond to rising consumer demand, and the ratchet of environmental regulation continues to tighten across all regions.

The aggregate market capitalisation of our universe now totals some $4 trillion across the sectors of Energy, Water, Waste and Resource Recovery and Sustainable Food, Agriculture and Forestry. Impax's proven strategies provide investors with broad access to these diverse markets.

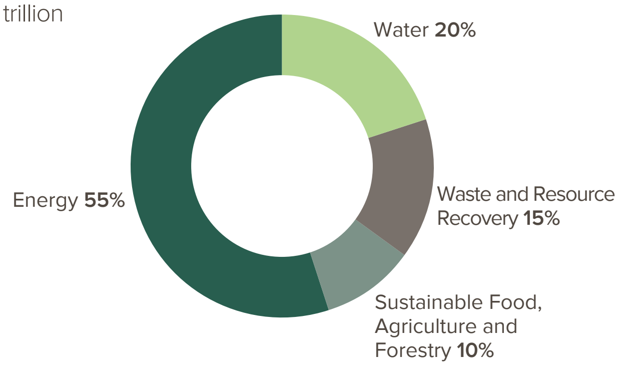
COMPANIES BY SECTOR

AUM (%)



AGGREGATE MARKET CAP

ca.$4 trillion



ALLOCATING TO RESOURCE EFFICIENCY

Resource efficiency remains an under allocated growth opportunity for many institutional investors. Historically, many investors have assigned resource efficiency and environmental markets holdings to their environmental, social and governance ("ESG") or socially responsible investment ("SRI") holdings. Some will continue to do so, but the appeal of these markets is becoming much broader. We are now seeing investors considering Impax strategies for different asset buckets in their portfolios: for example, some investors see resource efficiency holdings as a diversifier to global equities, typically providing higher growth opportunities from a universe of stocks that is not typically found elsewhere in a global equity portfolio. Resource efficiency investments may also be considered to be a hedge for natural resources or fossil energy exposure, or as a complement to liquid real assets (as they typically have a high exposure to infrastructure and related markets).

DRIVERS AND CATALYSTS

We continue to see momentum building and new catalysts emerging which underpin existing investments, and trigger additional opportunities across our markets.

RAPIDLY GROWING DEMAND FOR RESOURCES

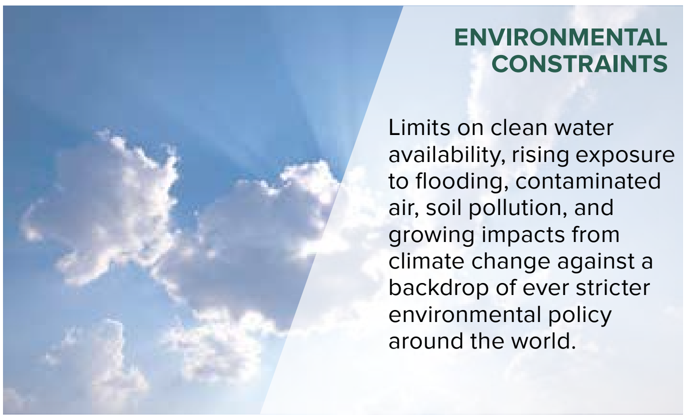
Driven by an expanding global population and rising standards of living and urbanisation, particularly in developing markets.

LIMITATIONS TO COST-EFFECTIVE RESOURCE SUPPLY

Higher marginal costs of production for many key resources including oil and rare earth minerals.

INADEQUATE INFRASTRUCTURE

Greater demand for new infrastructure in developing economies alongside repair and replacement in developed economies.



ENVIRONMENTAL CONSTRAINTS

Limits on clean water availability, rising exposure to flooding, contaminated air, soil pollution, and growing impacts from climate change against a backdrop of ever stricter environmental policy around the world.

Strategic report

Investing globally in resource efficiency markets
continued

RESOURCE EFFICIENCY ALLOCATION WITHIN AN INVESTMENT PORTFOLIO

HIGH GROWTH GLOBAL EQUITIES
- Unconstrained
- Highly differentiated
- Thematic
- Opportunistic

NATURAL RESOURCES
- Resource demand
- Resource scarcity
- Resource efficiency

IMPAX STRATEGIES INTEGRATE WELL WITHIN MANY ASSET CATEGORIES

ESG/SRI INVESTMENTS
- Impact/mission related
- Low carbon/fossil fuel free
- Environmental solutions
- Climate change solutions

ALTERNATIVES
- Liquid real assets
- Infrastructure
- Alternative growth

DIVERSE SECTORS
Impax designed and continues to utilise and develop the FTSE Environmental Markets Classification System[1].

ENERGY

ENERGY EFFICIENCY
- Power network
- Industrials
- Buildings
- Transport
- Consumer

ALTERNATIVE ENERGY
- Developers and IPPs
- Solar
- Wind
- Biofuels
- Other

WATER

WATER INFRASTRUCTURE AND TECHNOLOGIES
- Infrastructure
- Treatment
- Utilities

POLLUTION CONTROL
- Pollution control solutions
- Testing and gas sensing

WASTE/ RESOURCE RECOVERY

WASTE MANAGEMENT AND TECHNOLOGIES
- Tech equipment
- Recycling and processing
- Hazardous
- General

ENVIRONMENTAL SUPPORT SERVICES
- Consultancies
- Carbon and asset trading
- Diversified environmental

FOOD, AGRICULTURE AND FORESTRY
- Sustainable and efficient agriculture
- Logistics, food safety and packaging
- Sustainable forestry and plantations

[1] Some sub-sectors have an additional "diversified" category.

Our approach and creating shareholder value

MISSION

We are in business to deliver the highest quality investment management services and solutions in resource efficiency and environmental markets globally.

INVESTMENT PHILOSOPHY

We believe that a highly motivated team with a broad range of expertise can generate superior investment returns by managing portfolios of assets in our target markets.

Strategy component	Our progress to date	Our plans for the future
Invest in high growth markets seeking price inefficiencies.	We have over 16 years' experience of exploiting investment opportunities in rapidly expanding resource efficiency and environmental markets. We have partnered with FTSE and others to define the markets in which we invest.	Look selectively for new, related markets impacted by long-term trends.
Focus on scalable investment strategies where we can add value.	We have built a robust suite of five long only and two real assets strategies.	Concentrate our investment expertise on our current range of investment strategies, but are open to launching or providing a platform for additional strategies.
Build and extend a flexible distribution architecture.	Our marketing and client services teams in the UK and US are well established. We provide investment "white label" management services to several third parties with strong brands in particular channels.	Expand our direct marketing and client service teams selectively, in line with the growth of our business. Establish new partnerships provided these don't conflict with successful, existing relationships.
Attract and retain highly qualified individuals.	We have assembled an experienced team, which in aggregate owns 25.6 per cent of the Company.	We have recently reviewed our remuneration policy and are implementing a new long-term share incentive programme for our staff.
Balance tight cost control with the needs of an expanding business.	We have already invested to create a scalable platform for growth, including a core team, business systems and processes, and infrastructure.	Consider incremental investments to support business expansion, particularly in the areas of investment analysis, distribution, client service and regulatory compliance.

The Strategic report on pages 1 to 15 of this document has been approved by the Board and signed on its behalf by:

Zack Wilson
Company Secretary
26 November 2014

Strategic report

Key risks

Impax has adopted an ongoing risk management framework taking into account the key principles of risk identification, risk measurement, risk mitigation, risk monitoring and reporting. Impax strives to achieve a balance between appropriate levels of risk and return and to ensure that the risks taken by the firm are appropriately managed.

Although the Board sets the overall business risk strategy and appetite, all staff are responsible for identifying, monitoring and reviewing risks across their team and the Group. The Chief Financial Officer is responsible for maintaining a risk register and for an ongoing programme 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.

The principal risks that the Group faces are described below. Further information on financial risk is given in note 19 to the financial statements.

Key risk	Description	How we manage the risk
Reputational risk	Reputational risk can arise from any of the key risks described below and relates to the Impax brand and relationships with our stakeholders.	Integrity and appropriate conduct are an integral part of the Impax culture and values. Our values are reviewed regularly and we are committed to maintaining an ethical culture across all our activities.
Market risk	The Group's Listed Equity business charges management fees based on AUM and accordingly its revenue is exposed to market risk.	The Group operates a number of different strategies which themselves are diversified by geography and industry. The Group has a defined investment process that has to be followed. All investments are overseen by the Listed Equity Investment Committee.
	The Group seeds investments in its own Listed Equity funds in order to build a track record to market those funds more effectively. It 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 when 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.	The Group has a defined investment process that has to be followed. All investments are overseen by the Private Equity Investment Committee.
Currency risk	A significant percentage of the Group's income is based on assets denominated in foreign currencies and an element of the Group's costs is incurred in foreign currencies. A proportion of the Group's assets and liabilities is denominated in foreign currency. The Group also owns a small number of minor subsidiaries denominated in foreign currency.	For the year ended 30 September 2014, and on an ongoing basis, the Group's strategy has been to put in place hedges, in the form of forward rate contracts, where there is sufficient predictability over the income to allow for an effective and cost efficient hedge. Otherwise the Group converts foreign currency income to sterling as soon as practically possible after receipt.
Liquidity risk	Liquidity risk in relation to client portfolios is the risk that funds cannot be generated to meet redemptions or other obligations as they arise. Liquidity issues can arise as a result of market conditions or through holdings of illiquid investments. Liquidity risk also applies to the Group's own financial obligations.	We actively monitor the liquidity of individual stocks and will adjust fund holdings where necessary to ensure that we are able to meet fund redemptions. The Group's approach to managing its own 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 12-month period which are reviewed by the Group's management and Board. As shown in note 13 to the financial statements the Group has significant cash reserves.

Key risks
continued

Key risk	Description	How we manage the risk
Credit risk	The Group is exposed to the risk of counterparty default. Our counterparties include 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 allocating its cash holdings to at least four institutions at any time.
Legal, regulatory and compliance risk	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 team.
People risk	The success of the Group depends on the support and experience of its employees. 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, collegial and enjoyable working environment. We also seek to put in place sustainable succession and development plans. The senior investment team has been stable since the Company's inception.
Operational risk	Operational risk arises in our investment management activities, distribution activities, and in the operation of our IT and operations infrastructure.	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 12 months ended 30 September 2014, for 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 in the case of an emergency 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 insurance cover which is reviewed each year prior to policy renewal.

Strategic report

Our values and commitment to corporate responsibility

We are committed to operating in accordance with our values and to integrating the highest standards of responsible practice throughout our business.

PEOPLE AND WORKPLACE

Our people are key to our success and we recognise that their skills, experience and commitment are both our greatest assets and the cornerstone of our business. We seek to attract and retain the best people for each specific role and to foster a supportive and empowering working environment in which staff can prosper. We are committed to the provision of training and opportunities for staff to develop. We believe that the diversity of our team and the promotion of equal opportunity are fundamental to enhancing our success. Impax is committed to best governance, HR practices and employee communications and to a process of continual review and improvement.

COMMUNITY

Impax aims to support charities that are aligned with our culture and values and are dedicated to the environment and the most efficient use of our finite natural resources. We encourage staff to play an active role in the community for the benefit of both our business and society.

Ashden
Sustainable solutions, better lives

We are now in our third year of partnership with Ashden and our support of the Impax Ashden Award for Energy Innovation. Ashden is a charity that champions practical, local energy solutions that cut GHG emissions, protect the environment, reduce poverty and improve people's lives. Several of our staff are involved in volunteering opportunities and the evaluation of the award submissions, as well as ongoing mentoring and support work with previous award winners.

In 2015, we are embarking on a Company volunteering programme and will encourage staff to participate in an environmental volunteering activity organised by the Company.

In the UK Impax promotes tax efficient payroll giving to staff through the Charities Aid Foundation Give as You Earn scheme. In 2014 we maintained our Gold status, with more than 20 per cent of staff involved in the scheme. Impax matches staff donations.

ENVIRONMENT

While our direct environmental impact is relatively limited, we strive to minimise this across our working practices through a culture of energy and resource efficiency and to demonstrate our leadership in this field. We have a comprehensive Environmental Policy which is rigorously enforced and communicated to all staff. We acknowledge and measure our impacts, recognise our responsibilities and take action to improve wherever possible.

As an office-based business, the main impacts of our operations are in energy consumption, water use, travel and materials use. We have made substantial investments in the energy efficiency of our London office. Our Environment Committee, which reports to the Board, has responsibility for coordinating environmental activities and ensuring that our activities are carried out in line with our Environment Policy. We implemented an Energy Management System for our UK operations in 2014 and are working towards ISO 14001 standards. Impax has reported its CO_2 emissions to the Carbon Disclosure Project since 2009, and has chosen to report its GHG in this Annual Report.

For the Period, the Company's Scope 2 emissions[1] (energy consumption) were 1,059 kg CO_2 per capita (2013: 1,089 kg per capita) and Scope 3 emissions (air travel) were 2,121 kg CO_2 per capita (2013: 2,399 kg per capita). Our Scope 3 emissions show considerable fluctuation year on year, depending on the level of travel required to support our overseas activities. We plan to set future reduction targets for our energy and water consumption and for waste reduction.

MARKETPLACE

Impax aspires to best practice across all aspects of the management of its listed and private equity investments. We take a long-term approach to investment management and employ a robust, repeatable investment process. Our investment decisions are based on strong teamwork. Our focus on resource efficiency and environmental markets is based on our confidence that these high growth areas of the economy are the key to future sustainable economic growth, and are likely to deliver superior long-term performance.

We work in partnership with our clients and endeavour to deliver on their specific investment objectives through hard work, understanding, integrity, discretion, transparency and clear communication. We believe that a thorough approach to the management of risk, including environmental and social risks, will enhance investment returns for our clients.

We seek to focus our investment in companies with strong governance. Environmental Social and Governance ("ESG") considerations are embedded within our rigorous investment processes for all our investments. For listed equity investments, failure of a company to reach a minimum ESG score will prevent our investment.

Impax engages with investee companies to improve practice and disclosure in governance and across their sustainability activities. During the Period Impax undertook 23 proactive ESG engagement initiatives (2013: 28). A particular focus of our engagement activity this year has been to encourage some of the US and Asian companies in which we invest, to measure and disclose their CO_2 emissions. Encouragingly, several of these companies have agreed to initiate this process.

We view proxy voting as a key activity in the ongoing dialogue with companies in which we invest and it is often the catalyst for our governance engagements. We are committed to ensuring the consistent exercise of voting rights associated with shares held in investment mandates where proxy voting has been delegated to us. Impax supports the UK Stewardship Code and complies with its guidelines regarding proxy voting and engagement. We publicly disclose a summary of our proxy voting activity on a quarterly basis.

We aim to be an active member of trade and industry organisations that are dedicated to promoting investment in the environment and the more efficient use of natural resources. Impax is member of, or signatory to: the UN Principles for Responsible Investment ("UNPRI"), Institutional Investors Group on Climate Change ("IIGCC"), Investor Network on Climate Risk ("INCR"), Carbon Disclosure Project ("CDP"), UK Sustainable Investment and Finance Association ("UKSIF"), US Sustainable Investment and Finance Association ("USSIF"), Low Carbon Finance Group, UK Stewardship Code and the Association for Sustainable & Responsible Investment in Asia ("ASrIA").

THE QUEEN'S AWARD FOR ENTERPRISE: SUSTAINABLE DEVELOPMENT

In April 2014, Impax was honoured to receive a Queen's Award for Enterprise in recognition of our philosophy, corporate behaviour and commitment to the highest operating standards across our business operations. We believe we are the first financial services company to be granted this award in the Sustainable Development category.

Ian Simm, Chief Executive, receives the Queen's Award from Dr Paul Knapman, Deputy Lieutenant of Greater London.

[1] Calculated using DEFRA UK Electricity Scope 2 carbon conversion factor for 2014.

Governance

Board of Directors and Company Secretary

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. Keith retired from Martin Currie at the end of 2003 and is now a director of the China A Share Fund, Baillie Gifford Japan Trust, Asian Opportunities Absolute Return Fund, Asian Equity Special Opportunities Fund 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 Impax since launch in 1998, and he continues to head the firm's investment committees. Prior to Impax, Ian was an engagement manager at McKinsey & Company advising clients on resource efficiency issues. In 2013 he was appointed by the Secretary of State for Business, Innovation and Skills as a member of the UK's Natural Environment Research Council ("NERC"). 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.

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. From 2001 to 2005, he was chief executive officer of JP Morgan Fleming Asset Management (UK) Ltd. Prior to that, Mark 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, F&C Global Smaller Companies plc and Standard Life Equity Income Trust plc.

Zack Wilson
Group General Counsel & Company Secretary

Zack Wilson serves as Group General Counsel for Impax and is also Company Secretary. He is a Non-Executive Director of Impax Funds (Ireland) plc. Prior to joining Impax in 2011, he was director & general counsel for the investment management group Development Capital Management. Previously he was corporate counsel for Telewest Global Inc, where he played a leading role in managing the successful execution of transactions including the Group's $10 billion financial restructuring. Zack qualified as a solicitor at the global law firm Norton Rose. He holds a Master of Arts in Jurisprudence from Oxford University.

Governance

Senior personnel

Ominder Dhillon
Head of Distribution

Ominder Dhillon is Head of Distribution for Impax. He joined Impax in October 2011 from Fidelity International where he was head of UK institutional distribution. 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). He holds a degree in Physics from the University of Kent.

Charlie Ridge
Chief Financial Officer

Charlie Ridge is a Director of IAM and Chief Financial Officer of Impax Asset Management Group plc. Charlie has more than 25 years' experience working in financial services. He joined Impax from Deutsche Bank, where he was a managing director within the finance division serving as the UK asset and wealth management chief financial officer, and previously in a variety of 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.

Bruce Jenkyn-Jones
Managing Director for the Listed Equity business

Bruce Jenkyn-Jones is a Director of IAM and Managing Director for the Listed Equity business. He has 20 years' experience working in environmental markets. Prior to joining Impax in 1999 he was a utilities analyst with BT Alex Brown and before that a senior consultant at Environmental Resources Management Ltd. Bruce is a graduate of Oxford University and has a Master's in Environmental Technology from Imperial College and an MBA from IESE (Barcelona).

Peter Rossbach
Managing Director for the Private Equity team

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.

David Richardson
Head of Business Development and Client Service for North America

David Richardson is the Head of Business Development and Client Service for North America. David joined Impax in 2012 from Global Energy Investors where he was a managing partner. He was previously managing director of Business Development at Dwight Asset Management Company (acquired by Goldman Sachs Asset Management). Prior to this he headed project development at Mark Technologies Corporation and successfully developed a number of large scale wind energy projects. David holds a BS in Mechanical Engineering from the University of California and is a chartered financial analyst.

Kaye Forrest
Non-Executive Adviser

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. Kaye stepped down in October 2014 but remains a Non-Executive Adviser to the Group.

Governance

Directors' report

For the year ended 30 September 2014

DIVIDENDS

The Directors propose a final dividend of 1.1 pence per share (2013: 0.9 pence) which together with the interim dividend of 0.3 pence per share (2013: nil) already declared and paid, makes a total for the year ended 30 September 2014 of 1.4 pence per share (2013: 0.9 pence). 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 2015.

The dividend for the year ended 30 September 2013 was paid on 17 February 2014, being 0.9 pence per share. The trustees of the Impax Employee Benefit Trusts' waived their rights to part of this dividend, leading to a total dividend payment of £1,004,000. The interim dividend of 0.3 pence for the year ended 30 September 2014 was paid on 20 June 2014 and totalled £335,000. These payments are reflected in the statements of changes in equity.

SHARES

The Impax Employee Benefit Trusts ("EBTs") made market purchases of 1,263,791 of the Company's shares during the year and satisfied option exercises in respect of 5,310,940 shares. The Directors expect that future options exercises will primarily be satisfied by the EBTs.

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 2014 and 30 September 2013 were:

	30 September 2014	30 September 2013
J Keith R Falconer[1]	**10,489,290**	10,489,290
Ian R Simm[1]	**9,486,261**	9,486,261
Mark B E White	**400,000**	400,000
Vince O'Brien	**110,000**	110,000
Guy de Froment	**–**	–

[1] Includes vested shares within sub-funds of the Impax Group Employee Benefit Trust 2004 ('EBT 2004') from which the individual and their families may benefit.

There have been no changes to the above holdings since 30 September 2014.

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 also has been granted options to acquire a further 450,000 Ordinary Shares at a strike price of 49.6 pence, 100,000 Ordinary Shares at a strike price of 37.6 pence and 100,000 options at a strike price of 47.9 pence. These will vest subject to his continued employment by the Group on 31 December 2014, 31 December 2015 and 31 December 2016 respectively.

SUBSTANTIAL SHARE INTERESTS

The following interests in 3 per cent or more of the issued ordinary share capital have been notified to the Company as at 26 November 2014:

	Number	Percentage
BNP Paribas Investment Partners	32,220,000	25.2
Impax Asset Management Group plc Employee Benefit Trust 2012	14,754,347	11.5
J Keith R Falconer[1]	10,489,290	8.2
Ian R Simm[1]	9,486,261	7.4
Rathbone Investment Managers	7,092,080	5.6
Bruce Jenkyn-Jones[2]	6,220,000	4.9
DIAM Company	5,474,955	4.3

[1] Includes vested shares within sub-funds of the Impax Group Employee Benefit Trust 2004 ("2004 EBT"), from which the individual and his family may benefit.
[2] Includes vested shares within sub-funds of the EBT 2004 from which the individual and his family may benefit and vested but unexercised options.

In addition the EBT 2004 has a legal interest in a further 15,858,781 shares which have transferred to sub funds from which individuals and their families may benefit and holds 1,438,273 shares directly.

RISK

A description of the key risks facing the Group and policies and procedures in place to monitor or mitigate the risk including the use of hedging instruments is provided on pages 12 to 13.

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.

AUDITORS

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Director has taken all the steps that he or she ought to have taken as Director in order to make himself aware of any relevant information and to establish that the Company's auditors are aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

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 2014 were 27 (2013: 30).

By order of the Board

Zack Wilson
Company Secretary
26 November 2014

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

Corporate governance report

For the year ended 30 September 2014

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 deals with all aspects of the Company's affairs including setting and monitoring strategy, reviewing performance, ensuring adequate financial resources are in place and reporting to shareholders. The Board reserves these and other specific matters for its own decision. Operational decisions are delegated to the Chief Executive and senior management.

The Board consists of a Non-Executive Chairman, three Non-Executive Directors and the Chief Executive. Details of the current Board members are given on page 16 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 (Mark White) to act as the Senior Independent Director. The Board considers that two of the Non-Executive Directors (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, how the Board works as a unit and other factors relevant to its effectiveness.

The Board meets regularly throughout the year. It met five times in the year ended 30 September 2014 to consider strategic development and to review trading results and operational and business issues.

The Board has a formal agenda of items for consideration at each meeting but also convenes at additional times when required.

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), Guy de Froment and Vince O'Brien. The Committee has met four times this 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, reappointment 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.

Governance

Corporate governance report continued

For the year ended 30 September 2014

REMUNERATION COMMITTEE

The Remuneration Committee is comprised of the three Non-Executive Directors: Vince O'Brien (Chairman), Mark White and Guy de Froment. The Committee has met five 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 pages 22 to 23.

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 Conduct 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 pages 12 to 13.

The Audit Committee and Risk Committee and the Board has concluded that, given the growth in the size and complexity of the Group, it is appropriate to set up an Internal Audit Function. The Group is currently planning for this and expects that the function will commence operation in 2015.

DIALOGUE WITH 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 Chief Executive and Senior Independent Director are available for dialogue with major shareholders on the Company's plans and objectives and meet with them at appropriate times.

Statement of Directors' responsibilities

In respect of the Directors' report, the Strategic report and the financial statements

The Directors are responsible for preparing the Strategic report, 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 judgements 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.

Governance

Remuneration report

For the year ended 30 September 2014

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 2014 there are potentially four main elements of the remuneration packages for the Chief Executive and senior employees.

(i) Basic salary and benefits

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 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 awards

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 ending 30 September 2014. The options will have an exercise price set at a 10 per cent premium to the average share price of the 30 business days following the announcement of results for the respective year. A total of 10,296,000 option awards have been made in respect of the years ended 30 September 2011, 2012 and 2013. Option awards in respect of the year ended 30 September 2014 have been approved by the Board and will be communicated to employees shortly after the announcement of results for the year ended 30 September 2014.

The Board has also approved the award of 1,250,000 million awards under a new Restricted Share Scheme ("RSS"). This scheme will run in parallel with the ESOP plan for awards made in respect of individuals' performance in the current year, and then will become the principal scheme for the award of new equity. The RSS has been designed to align the interests of staff and shareholders more effectively. The awards will initially be held by a nominee for the employees and they will gain unfettered access to the shares after a three, four and five-year period (one third at each stage) subject to continued employment. During the period that the shares are held by the nominee, the employee will receive dividends and be able to vote on the shares.

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 £	**2014 Total £**	2013 Total £
J Keith R Falconer	65,000	–	–	–	**65,000**	65,000
Ian R Simm	220,610	6,559	–	225,000	**452,160**	403,924
Peter J Gibbs[1]	–	–	–	–	**–**	18,769
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
	375,610	6,559	–	225,000	**607,169**	577,693

[1] Retired on 15 May 2013.

During the year Ian Simm was granted 100,000 options over the Company's shares under the 2013 Employee Share Option Plan. These options vest subject to him remaining employed on 31 December 2016 and have an exercise price of 47.9 pence. Ian Simm did not exercise any share options during the year.

The above disclosure does not include options that may be awarded to Ian Simm pursuant to the 2014 Employee Share Option Plan in respect of his service for the year ended 30 September 2014.

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 can be terminated 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

Vince O'Brien
Chairman, Remuneration Committee
26 November 2014

Financial statements

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 30 September 2014 set out on pages 25 to 56. 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 21, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 30 September 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and 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.

Jonathan Mills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London
26 November 2014

Consolidated statement of comprehensive income

For the year ended 30 September 2014

	Notes	2014 £000	2013 £000
Revenue	1	**20,359**	18,463
Operating costs	2	**(15,039)**	(14,124)
Share-based payment charge for EIA extension scheme	3	**–**	(280)
Other charges related to EIA schemes	3	**(539)**	111
Fair value loss on investments		**(1,460)**	(947)
Change in third-party interest in consolidated funds		**7**	(32)
Investment income	5	**207**	163
Profit before taxation		**3,535**	3,354
Taxation	6	**(279)**	(397)
Profit for the year		**3,256**	2,957
Other comprehensive income			
Tax benefit on long-term incentive schemes		**–**	20[1]
Increase in value of cash flow hedges		**60**	158
Tax on change in value of cash flow hedges		**(14)**	(34)
Exchange differences on translation of foreign operations		**146**	55
Third-party interest share of exchange differences on translation of foreign operations		**–**	(124)
Total other comprehensive income		**192**	75
Total comprehensive income for the Period attributable to equity holders of the Parent Company		**3,448**	3,032
Basic earnings per share	7	**2.78p**	2.44p
Diluted earnings per share	7	**2.76p**	2.44p

[1] This amount will never be reclassified to the profit or loss in the future. All other amounts in other comprehensive income may be reclassified to income in the future.

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

The notes on pages 29 to 47 form part of these financial statements.

Financial statements

Consolidated statement of financial position

As at 30 September 2014
Company No: 03262305

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
Assets					
Goodwill	9	**1,665**		1,629	
Intangible assets		**107**		95	
Property, plant and equipment	10	**246**		456	
Investments		**16**		17	
Total non-current assets			**2,034**		2,197
Trade and other receivables	11	**3,097**		3,145	
Derivative asset		**178**		159	
Investments	12	**11,640**		9,336	
Current tax asset		**–**		19	
Margin account		**293**		186	
Cash invested in money market funds and long-term deposit accounts	13	**10,615**		12,873	
Cash and cash equivalents	13	**6,634**		3,680	
Total current assets			**32,457**		29,398
Total assets			**34,491**		31,595
Equity and liabilities					
Ordinary Shares	16	**1,277**		1,277	
Share premium		**4,093**		4,093	
Exchange translation reserve		**(206)**		(352)	
Hedging reserve		**172**		126	
Retained earnings		**19,523**		17,800	
Total equity			**24,859**		22,944
Trade and other payables	14	**6,536**		5,948	
Third-party interest in consolidated funds	15	**1,119**		549	
Current tax liability		**73**		103	
Total current liabilities			**7,728**		6,600
Accruals		**207**		399	
Deferred tax liability	6	**1,697**		1,652	
Total non-current liabilities			**1,904**		2,051
Total equity and liabilities			**34,491**		31,595

Authorised for issue and approved by the Board on 26 November 2014. The notes on pages 29 to 47 form part of these financial statements.

Ian R Simm
Chief Executive

Consolidated statement of changes in equity

For the year ended 30 September 2014

	Note	Share capital £000	Share premium £000	Exchange translation reserve £000	Hedging reserve £000	Retained earnings £000	Total equity £000
Balance at 1 October 2012		1,156	78	(283)	2	21,616	22,569
Transactions with owners:							
Dividends paid	8	–	–	–	–	(816)	(816)
Issue of shares to EBT 2012		121	4,015	–	–	(4,136)	–
Shares acquired by Treasury and EBT 2012		–	–	–	–	(2,397)	(2,397)
Award of shares on option exercise						41	41
Long-term incentive scheme charge		–	–	–	–	515	515
Tax benefit on long-term incentive schemes		–	–	–	–	20	20
		121	4,015	–	–	(6,773)	(2,637)
Profit for the year		–	–	–	–	2,957	2,957
Other comprehensive income							
Cash flow hedge		–	–	–	158	–	158
Tax on cash flow hedge		–	–	–	(34)	–	(34)
Exchange differences on translation of foreign operations		–	–	55	–	–	55
Third-party interest's share of exchange differences on translation of foreign operations		–	–	(124)	–	–	(124)
		–	–	(69)	124	2,957	3,012
Balance at 30 September 2013		1,277	4,093	(352)	126	17,800	22,944
Transactions with owners:							
Dividends paid	8	–	–	–	–	(1,338)	(1,338)
Shares acquired by Treasury and EBT 2012		–	–	–	–	(619)	(619)
Award of shares on option exercise		–	–	–	–	47	47
Long-term incentive scheme charge		–	–	–	–	377	377
		–	–	–	–	(1,533)	(1,533)
Profit for the year		–	–	–	–	3,256	3,256
Other comprehensive income							
Cash flow hedge		–	–	–	60	–	60
Tax on cash flow hedge		–	–	–	(14)	–	(14)
Exchange differences on translation of foreign operations		–	–	146	–	–	146
		–	–	146	46	3,256	3,448
Balance at 30 September 2014		**1,277**	**4,093**	**(206)**	**172**	**19,523**	**24,859**

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

The notes on pages 29 to 47 form part of these financial statements.

Financial statements

Consolidated cash flow statement

For the year ended 30 September 2014

	Note	2014 £000	2013 £000
Operating activities:			
Profit before taxation		**3,535**	3,354
Adjustments for:			
Investment income		**(207)**	(163)
Depreciation of property, plant and equipment		**243**	275
Amortisation of intangible assets		**83**	65
Fair value losses		**1,460**	947
Share-based payment		**377**	472
Other charges related to EIA schemes		**539**	(111)
Change in third-party interest in consolidated funds		**(7)**	32
Operating cash flows before movement in working capital		**6,023**	4,871
Decrease/(increase) in receivables		**48**	(338)
(Increase) in margin account		**(107)**	(31)
(Decrease) in payables		**(178)**	(567)
Cash generated from operations		**5,786**	3,935
Corporation tax (paid)/refunded		**(96)**	(54)
Net cash generated from operating activities		**5,690**	3,881
Investing activities:			
Investment income received		**207**	163
Settlement of investment related hedges		**(1,244)**	(1,115)
Proceeds on sale/redemption of investments		**1,809**	47
Purchase of investments held by the consolidated funds[1]		**(5,263)**	(3,099)
Sale of investments held by the consolidated funds[1]		**1,553**	612
Purchase of investments		**(638)**	(496)
Purchase of intangible assets		**(28)**	(14)
Purchase of property, plant and equipment		**(33)**	(28)
Net cash used in investing activities		**(3,637)**	(3,930)
Financing activities:			
Dividends paid		**(1,338)**	(816)
Impax shares acquired by Treasury/EBT 2012		**(619)**	(2,853)
Cash received on exercise of Impax share options		**47**	41
Decrease in cash held in money market funds and long-term deposit accounts		**2,257**	1,222
Investment by third-party into consolidated funds		**554**	559
Net cash generated from/(used in) financing activities		**901**	(1,847)
Net increase/(decrease) in cash and cash equivalents		**2,954**	(1,896)
Cash and cash equivalents at beginning of year		**3,680**	5,577
Effect of foreign exchange rate changes		**–**	(1)
Cash and cash equivalents at end of year	13	**6,634**	3,680

[1] The consolidated funds are the Impax Food & Agriculture Fund and the Impax Fundamental Long-term Opportunities in Water Fund (see Note 12 for further information).

Notes to the financial statements

For the year ended 30 September 2014

1 ANALYSIS OF REVENUE AND ASSETS

The Group has three reportable segments: "Listed Equity", "Private Equity" and "Property". 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:

	2014 £000	2013 £000
Investment management	**18,514**	17,769
Transaction fees	**1,452**	449
Advisory fees	**393**	245
	20,359	18,463

Analysis of revenue by the location of customers:

	2014 £000	2013 £000
UK	**11,602**	12,741
Rest of the world	**8,757**	5,722
	20,359	18,463

Analysis of "Rest of the world" customer location:

	2014 £000	2013 £000
Ireland	**1,261**	969
France	**2,726**	1,636
Luxembourg	**1,212**	1,189
Netherlands	**1,063**	850
US	**713**	242
Other	**1,782**	836
	8,757	5,722

Revenue from two of the Group's customers individually represented more than 10 per cent of Group revenue (2013: three), equating to £3,529,000 and £5,474,000 (2013: £2,062,000, £3,380,000 and £5,289,000).

Revenue includes £19,966,000 (2013: £18,218,000) from related parties.

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

2 OPERATING COSTS

	2014 £000	2013 £000
Wages and salaries, social security and pension costs and variable bonuses (see note 4)	**9,659**	9,103
Share-based payment charge (see note 3)	**377**	192
Other staff costs including contractors and Non-Executive Directors' fees	**864**	693
Depreciation of property, fixtures and equipment (see note 10)	**243**	275
Amortisation of intangible assets	**83**	65
Auditor's remuneration – subsidiary undertakings audit fees	**48**	38
Auditor's remuneration – Parent Company audit fees	**42**	40
Auditor's remuneration – tax compliance	**22**	14
Auditor's remuneration – other	**21**	31
Premises related	**1,097**	1,020
Travel	**267**	238
Information technology and communications	**686**	654
Other costs	**1,630**	1,761
	15,039	14,124

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2014

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 4 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 1 pence or nil exercise price and have vested to individuals who remained employed on 30 September 2012 or in respect of one individual only 15 January 2013. They are exercisable over a period from 1 October 2012 to 31 December 2020.

The Group accrued 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 dates of vesting. This charge is excluded from the Group's definition of adjusted earnings as explained in note 7.

The awards made to Ian Simm and his family were valued at 68 pence using the same model and assumptions as described under LTIP in the table below except that the option life was 1.5 years.

2011, 2012, 2013 and 2014 Employee Share Option Plan

The number of options over the Company's shares granted under the 2011 Employee Share Option Plan ("2011 ESOP"), 2012 Employee Share Option Plan ("2012 ESOP") and 2013 Employee Share Option Plan ("2013 ESOP") are shown in the table below.

The strike price of these options was set at a 10 per cent premium to the average market price of the Company's shares for the 30 business days following the announcement of the results for each of the respective preceding financial year. 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 (2011 ESOP), 31 December 2015 (2012 ESOP) and 31 December 2016 (2013 ESOP).

In November 2014, the Board approved the grant of 3,704,000 options under the 2014 Employee Share Option Plan ("2014 ESOP") to certain employees in respect of services provided from 1 October 2013. The strike price of the options will be set at a 10 per cent 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 2014. The options will not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment on 31 December 2017. 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 2014.

2014 Restricted Share Scheme

In November 2014 the Board also approved the award of 1,250,000 shares under the 2014 Restricted Share Scheme ("2014 RSS") to certain employees in respect of services provided from 1 October 2013. The Shares will be held by a nominee for employees – they will receive dividends on the shares but will not be allowed to sell the shares. After a period of three years the employees will be gain unfettered access to one third of the shares, after four years a further third and after five years the final third.

The charges for the year in relation to these schemes are offset by an equal reduction in the total cash bonus pool paid to employees.

The fair value of the share options mentioned above is estimated using the Black-Scholes Merton model. The following table lists the inputs to the model.

	LTIP	2011 ESOP	2012 ESOP	2013 ESOP	2014 ESOP[1]
Options originally granted	14,054,940	5,000,000	3,000,000	3,056,000	3,704,000
In respect of services provided for period from		1 Oct 2010	1 Oct 2011	1 Oct 2012	1 Oct 2013
Option/award value	64p	9.1p	7.0p	8.3p	8.8p
Weighted average share price on grant	68p	45p	34.2p	43.5p	48.8p
Exercise price	1p/0p	49.6p	37.6p	47.9p/54.0p	53.6p
Expected volatility	35%	35%	35%	35%	34%
Weighted average option life	5.2yrs	6.1yrs	6.1yrs	6.1yrs	6.1yrs
Expected dividend rate	1.00%	1.00%	1.00%	2.00%	2.00%
Risk free interest rate	1.68%	1.68%	1.68%	1.54%	1.50%

[1] 2014 ESOP figures for weighted average share price is estimated using the year end share price.

The fair value of the RSS awards is deemed to equal the market price of the shares awarded on the date of grant.

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

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:

	2014	Weighted average exercise price (pence)
Options outstanding at the start of the year	**18,128,895**	20.3
Options granted during the year[1]	**3,056,000**	48.7
Options forfeited during the year	**(790,000)**	45.8
Options exercised during the year	**(5,310,940)**	1.0
Options expired during the year	**–**	NA
Options outstanding at the end of the year	**15,083,955**	31.5
Options exercisable at the end of the year	**4,642,500**	0.6

[1] As noted above a further 3,704,000 options were approved for grant in November 2014.

For the options outstanding at the end of the period the exercise prices were nil or 1 pence for the LTIP, 49.6 pence for the ESOP 2011, 37.6 pence for the ESOP 2012 and 47.9 pence/54.0 pence for the ESOP 2013 and the weighted average remaining contractual life was 4.7 years.

The total expense recognised for the year arising from share-based payment transactions was 377,000 (2013: £472,000).

Other charges related to EIA schemes

	2014 £000	2013 £000
EIA NIC charge/(credit)	**223**	(7)
EIA Extension NIC charge/(credit)	**207**	(19)
Additional payments charge/(credit)	**109**	(85)
	539	(111)

EIA NIC charge

The Impax Group Employee Benefit Trust 2004 ("EBT 2004") holds Impax shares and other assets in sub-funds for the benefit of certain of the Group's past and current employees. The Impax shares were awarded under the Group's Employee Incentive Arrangement. The Group is required to pay employer's 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 are recorded in the current period income statement.

EIA Extension NIC charge

The Group pays employer's NIC when individuals exercise their share options and accordingly accrues for the estimated amount that would be payable on exercise of these options using the year end share price. The amount accrued therefore varies from period to period in line with the Group's share price with any adjustment recorded through the income statement.

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.

4 EMPLOYMENT COSTS

	2014 £000	2013 £000
Wages, salaries and variable bonuses	**8,185**	7,766
Social security costs	**1,015**	931
Pensions	**459**	406
	9,659	9,103

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 £226,000 (2013: £224,00) were payable to the funds at the year end and are included in trade and other payables.

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2014

4 EMPLOYMENT COSTS *continued*

The average number of persons (excluding Non-Executive Directors and including temporary staff), employed during the year was 56 (2013: 56).

	2014 Number	2013 Number
Listed Equity	**20**	22
Private Equity	**11**	12
Marketing	**12**	9
Group	**13**	13
	56	56

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 £2,055,123 with £77,709 of share-based payments (2013: £1,711,314 with £325,197 of share-based payments).

5 INVESTMENT INCOME

	2014 £000	2013 £000
Bank interest	**60**	96
Other investment income	**147**	67
	207	163

6 TAXATION

	2014 £000	2013 £000
(a) Analysis of charge for the year		
Current tax expense:		
UK corporation tax	**–**	20
Foreign taxes	**68**	124
Adjustment in respect of prior years	**17**	(5)
Total current tax	**85**	139
Deferred tax expense:		
Charge/(credit) for the year	**203**	142
Adjustment in respect of prior years	**(9)**	116
Total deferred tax	**194**	258
Total income tax expense	**279**	397

(b) Factors affecting the tax charge for the year

The tax assessment for the period is lower than the average rate of corporation tax in the UK of 22 per cent (2013: lower). The differences are explained below:

	2014 £000	2013 £000
Profit/(loss) before tax	**3,535**	3,354
Effective tax charge at 22% (2013: 23.5%)	**778**	788
Effects of:		
Non-deductible expenses and charges	**40**	235
Non-taxable income	**–**	(16)
Increase in tax deduction re share awards from share price increase	**(241)**	–
Tax effect of previously unrecognised tax losses	**(61)**	(267)
Adjustment in respect of previous years	**8**	111
Effect of higher tax rates in foreign jurisdictions	**18**	10
Exchange differences on consolidation	**(247)**	(147)
Change in UK tax rates	**(16)**	(317)
Total income tax expense	**279**	397

6 TAXATION *continued*

(c) Deferred tax

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

	Accelerated capital allowances £000	Other temporary differences £000	Income not yet taxable £000	Share-based payment scheme £000	Total £000
As at 1 October 2012	(9)	206	(2,645)	1,235	(1,213)
Charge to equity	–	(34)	–	–	(34)
Exchange differences on consolidation	–	–	(147)	–	(147)
Credit/(charge) to the income statement	46	(327)	495	(472)	(258)
As at 30 September 2013	37	(155)	(2,297)	763	(1,652)
Charge to equity	–	(13)	–	–	(13)
Exchange differences on consolidation	–	–	163	–	163
Credit/(charge) to the income statement	12	415	(369)	(253)	(195)
As at 30 September 2014	**49**	**247**	**(2,503)**	**510**	**(1,697)**

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 would amount to £1,623,000. The Group has nil capital losses carried forward (2013: £235,000).

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 intended to be 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.

	2014 £000	2013 £000
Earnings	**3,256**	2,957
Share-based payment charge (see note 3)	**–**	280
Tax benefit on long-term incentive scheme included in other comprehensive income	**–**	20
Adjusted earnings	**3,256**	3,257

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

Adjusted earnings per share

	Adjusted earnings for the year £000	Shares 000	Earnings per share
2014			
Basic adjusted	**3,256**	**116,199**	**2.80p**
Diluted adjusted	**3,256**	**116,658**	**2.79p**
2013			
Basic adjusted	3,257	117,463	2.77p
Diluted adjusted	3,257	117,463	2.77p

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7 EARNINGS AND EARNINGS PER SHARE *continued*

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

	2014 000	2013 000
Shares in issue	**127,749**	127,749
Shares held in Treasury or EBT (excluding those held to satisfy awards under the EIA Extension)	**(11,550)**	(10,286)
Number of shares used in the calculation of basic adjusted earnings per share	**116,199**	117,463
Dilutive effect of ESOP and RSS share schemes	**459**	–
Number of shares used in the calculation of diluted adjusted earnings per share	**116,658**	117,463

IFRS earnings per share

	Earnings for the year £000	Shares 000	Earnings per share
2014			
Basic	**3,256**	**117,314**	**2.78p**
Diluted	**3,256**	**117,773**	**2.76p**
2013			
Basic	2,957	121,318	2.44p
Diluted	2,957	121,318	2.44p

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:

	2014 000	2013 000
Weighted average number of Ordinary Shares used in the calculation of basic earnings per share	**117,314**	121,318
Additional dilutive shares re share schemes	**5,350**	–
Adjustment to reflect option exercise proceeds and future service from employees receiving awards	**(4,891)**	–
Weighted average number of Ordinary Shares used in the calculation of diluted earnings per share	**117,773**	121,318

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

8 DIVIDEND

The Directors propose a dividend of 1.1 pence per share for the year ended 30 September 2014 (2013: 0.9 pence per share). This, combined with the interim dividend of 0.3 pence (2013: nil) which was paid on 20 June 2014 gives a total dividend for the year of 1.4 pence (2013: 0.9 pence). The dividend will be submitted for formal approval at the Annual General Meeting to be held on 4 February 2015. 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 2015.

The dividend for the year ended 30 September 2013 was paid on 17 February 2014, being 0.9 pence per share. The Trustees of the EBT waived their rights to part of this dividend, leading to a total dividend payment of £1,004,000. This payment is reflected in the statement of changes in equity.

9 GOODWILL

	Goodwill £000
Cost	
At 1 October 2013	1,629
Additions	36
At 30 September 2014	**1,665**

The goodwill balance within the Group at the beginning of the year arose from the acquisition of Impax Capital Limited on 18 June 2001.

The addition to goodwill during the year resulted from the acquisition of a property fund from Climate Change Capital Limited. On 10 July 2014 Impax Asset Management Limited replaced Climate Change Capital Limited as the Manager of the fund, and the fund was subsequently renamed Impax Climate Property Fund LP. The two key executives of the property fund were immediately employed by Impax Asset Management Limited to ensure continuity of management.

As consideration for the contract to manage the Impax Climate Property Fund LP and associated goodwill, Impax Asset Management Limited will pay 30 per cent of the aggregate pre-tax management fees it receives under the agreement to Climate Change Property Limited. This is considered contingent consideration as it represents the potential fees payable each quarter which are dependent on Impax Asset Management Limited's management fee revenues for the year. The potential undiscounted value of all future payments to Climate Change Property Limited is estimated to be £103,000.

The goodwill of £36,000 arising from the acquisition represents the value expected from the acquisition of the property fund such as additional business from new clients and value of knowledge from new staff members. The intangible asset of £68,000 represents the valuation of the expected profits to be earned from the management contract and is determined by discounting the expected future cash flows.

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 2015, which was approved by the Directors in September 2014 and thereafter using a conservative growth rate of 2 per cent (2013: 2 per cent). 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 per cent (2013: 10.5 per cent). The discount rate was derived from the Group's weighted average cost of capital which we consider is reflective of a market participants discount rate.

The property fund acquisition made in July 2014 was also included in the value in use calculation. There has been no impairment of goodwill to date and there is significant headroom before an impairment would be required. As an indication, if the discount rate was increased by 3 per cent there would be no impairment charge.

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10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
As at 1 October 2012	662	507	1,169
Additions	7	21	28
As at 30 September 2013	669	528	1,197
Additions	–	33	33
Disposals	–	(38)	(38)
As at 30 September 2014	**669**	**523**	**1,192**
Accumulated depreciation			
As at 1 October 2012	159	307	466
Charge for the year	158	117	275
As at 30 September 2013	317	424	741
Charge for the year	156	87	243
Disposals	–	(38)	(38)
As at 30 September 2014	**473**	**473**	**946**
Net book value			
As at 30 September 2014	**196**	**50**	**246**
As at 30 September 2013	352	104	456
As at 30 September 2012	503	200	703

11 TRADE AND OTHER RECEIVABLES

	2014 £000	2013 £000
Trade receivables	**432**	523
Taxation and other social security	**15**	5
Other receivables	**197**	199
Prepayments and accrued income	**2,453**	2,418
	3,097	3,145

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

	2014 £000	2013 £000
Not past due	**302**	195
Past due but not impaired:		
1–30 days	**119**	–
31–60 days	**11**	195
61–90 days	**–**	–
More than 90 days	**–**	133
	432	523

All outstanding amounts listed above have been received at the date of this report. 43 per cent of the receivables were owed by Impax Environmental Markets (Ireland) and 27 per cent by Windpark Achmer Vinte GmbH & Co. There were no amounts that were impaired at the reporting date.

A total of £2,371,000 trade and other receivables were due from related parties (2013: £2,564,000).

12 CURRENT ASSET INVESTMENTS

	Unlisted investments £000	Listed investments £000	Total £000
At 1 October 2012	3,027	5,683	8,710
Additions	496	3,099	3,595
Fair value movements	(14)	409	395
Deconsolidation of IGRO	3,162	(5,867)	(2,705)
Repayments/disposals	(47)	(612)	(659)
At 30 September 2013	6,624	2,712	9,336
Additions	638	5,263	5,901
Fair value movements	(261)	88	(173)
Repayments/disposals	(1,809)	(1,553)	(3,362)
Foreign exchange	–	(62)	(62)
At 30 September 2014	**5,192**	**6,448**	**11,640**

Listed investments

Impax Fundamental Long-term Opportunities in Water Fund

On 31 January 2014 the Group launched the Impax Fundamental Long-term Opportunities in Water Fund LP ("IFLOW") and invested, from its own resources $5,000,000 into the fund. IFLOW invests in listed equities using the Group's Water Strategy. The Group's investment represented more than 50 per cent of IFLOW's NAV from the date of launch to 30 September 2014 and accordingly 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 and invested, from its cash reserves, $5,000,000 into the fund. The Fund's name was subsequently changed to the Impax Global Resource Optimization Fund. IGRO invests in listed equities using the Group's Environmental Specialists Strategy. The Group's investment represented more than 50 per cent of IGRO's NAV from the date of launch to 1 December 2012 and accordingly the IGRO has been consolidated until this date with its underlying investments included in listed investments in the table above. Thereafter the Group's investment in the fund is included in Unlisted investments.

Impax Food & Agriculture Fund

On 1 December 2012 the Group launched the Impax Food & Agriculture Fund ("IFAF") and invested, from its own resources, £2,000,000 into the fund. The IFAF invests in listed equities using the Group's Food & Agriculture Strategy. The Group's investment represented more than 50 per cent of the IFAF's NAV from the date of launch to 30 September 2014 and accordingly has been consolidated throughout this period with its underlying investments included in listed equities in the table above.

The investments held by the IFAF 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.

The investment in the IFAF, IGRO and IFLOW funds are subject to market risk. The Group has attempted to hedge against the risk of market falls by the use of derivative contracts. The derivative contracts consist 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 2013 exposed to equity market price risk were the Group's holdings in the IGRO and IFAF funds.

Unlisted investments

The unlisted investments principally represent the Group's investment in its private equity funds, 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 fair value of the investments in INEI II is calculated using the discounted cash flow method. The key assumptions for this valuation, which consists mainly of investments in wind farms, is the discount rate. The discount rate was determined by reference to market transactions for equivalent assets. A rise of 1 per cent in the discount rate applied to cash flows would result in a decrease in profit from operations and net assets of £127,000. A 1 per cent reduction in the discount rate would result in a corresponding increase of £136,000 in profit from operations and net assets.

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For the year ended 30 September 2014

12 CURRENT ASSET INVESTMENTS *continued*

The INEI I investment, which is recorded at a fair value of £708,000, consists mainly of investments in Spanish solar farms (accounting for 78 per cent of the partnership's valuation) which are reliant on tariff subsidies. The fair value of this investment was determined using a discounted cash flow approach. These investments have been adversely impacted by the significant retroactive reforms of the Spanish energy markets and covenants for loans held by the investment have been breached. The partnership is still in negotiations with the relevant banks to restructure the loans and is also in the process of pursuing a claim for compensation from the Spanish government. In the event that the banks take possession of the assets and the claims for compensation are unsuccessful the investment would be impaired by £504,000.

The unlisted investments include £4,830,000 in related parties of the Group (2013: £6,261,000).

Hierarchical classification of investments

The hierarchical classification of the investments as considered by IFRS 13 *Fair Value Measurement:* is shown below.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 30 September 2013	6,650	–	2,686	9,336
Additions	5,263	–	638	5,901
Fair value movements	267	–	(440)	(173)
Repayments/disposals	(3,362)	–	–	(3,362)
Foreign exchange	(62)	–	–	(62)
At 30 September 2014	**8,756**	**–**	**2,884**	**11,640**

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

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

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 12 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:

	2014 £000	2013 £000
Cash and cash equivalents	**6,560**	3,620
Cash invested in money market funds and long-term deposit accounts	**10,615**	12,873
	17,175	16,493

Cash and cash equivalents includes the following:

	2014 £000	2013 £000
Cash at bank and in hand		
– Held by operating entities of the Group	**6,560**	3,620
– Held by the consolidated funds	**74**	60
	6,634	3,680

The Group is exposed to interest rate risk on the above cash balances as interest income fluctuates according to the prevailing interest rates. The average interest rate on the cash balances during the year was 0.4 per cent (2013: 0.5 per cent). A 0.5 per cent increase in interest rates would have increased Group profit after tax by £75,000 (2013: £96,000). An equal change in the opposite direction would have decreased profit after tax by £75,000 (2013: £92,000).

The credit risk regarding cash balances of the operating entities of the Group is spread by holding parts of the balance with RBS, Lloyds and Barclays (all with 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).

14 TRADE AND OTHER PAYABLES

	2014 £000	2013 £000
Trade payables	**75**	33
Taxation and other social security	**1,554**	1,419
Other payables	**197**	79
Accruals and deferred income	**4,710**	4,417
	6,536	5,948

15 THIRD-PARTY INTEREST IN CONSOLIDATED FUNDS

	2014 £000	2013 £000
At fair value	**1,119**	549

Third-party interest at 30 September 2014 is representative of the net assets of IFAF and IFLOW which are not attributable to the Group. As described in note 12, IFAF and IFLOW are subsidiaries of the Group and their net assets and operating results are consolidated into the Group's results at year end. At 30 September 2014 the Group's interest in IFAF is 81.1 per cent (2013: 80.2 per cent) and the Group's interest in IFLOW is 83.8 per cent (2013: nil). This balance is classified as Level 1 for the hierarchical classification purposes of IFRS 13.

16 ORDINARY SHARES

Issued and fully paid	2014 Number	2014 £000	2013 Number	2013 £000
Ordinary Shares of 1 pence each				
At 1 October	**127,749,098**	**1,277**	115,582,431	1,156
Issue of shares to EBT 2012	**–**	**–**	12,166,667	121
At 30 September	**127,749,098**	**1,277**	127,749,098	1,277

17 OWN SHARES AND TREASURY SHARES

	Treasury Shares Number	Treasury Shares £000	Own Shares Number	Own Shares £000
At 1 October 2012	4,699,000	1,932	1,888,273	19
Treasury purchases	275,000	92	–	–
Issue of shares to EBT 2012	–	–	12,166,667	4,136
EBT 2012 purchase of Treasury Shares	(4,974,000)	(2,024)	4,974,000	1,692
Satisfaction of option exercises	–	–	(5,341,500)	(1,814)
EBT 2012 purchases	–	–	6,552,329	2,298
At 30 September 2013	–	–	20,239,769	6,331
Satisfaction of option exercises	–	–	(5,310,940)	(1,806)
EBT 2012 purchases	–	–	1,263,791	619
At 30 September 2014	**–**	**–**	**16,192,620**	**5,144**

Own Shares are Company shares held by the Impax Employee Benefit Trusts which have not vested unconditionally to employees and their beneficiaries.

18 FINANCIAL COMMITMENTS

The Group has committed to invest up to €3,756,000 into Impax New Energy Investors LP. At 30 September 2014 the outstanding commitment was €1,014,000 (2013: €1,014,000) 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 2014 the outstanding commitment was €1,433,000 (2013: €2,194,000) which could be called on in the period to 22 March 2020.

At 30 September 2014 the Group had commitments under non-cancellable operating leases as follows:

	Offices		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Within one year	**440**	440	**15**	15
Between one and two years	**101**	440	**1**	1
Between two and five years	**–**	101	**–**	–
	541	981	**16**	16

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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.

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. Further consideration of credit risk in respect of cash holdings is provided in note 13.

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. The Group is also 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 2014 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 cash flow hedges against euro income and will be recognised in profit in October 2014, January, April and July 2015. The fair value of these instruments at 30 September 2014 was £221,000 which is recognised in equity. £63,000 was reclassified from equity to the income statement during the year on maturity of the hedges.

The Group's exposure to foreign exchange rate risk at 30 September 2014 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000	EUR/USD £000	Other/USD £000
Assets					
Non-current asset investments	**16**				
Current asset investments	**3,202**	**5,947**	**1,525**	**355**	**611**
Trade and other receivables	**1,337**	**301**	**89**	**–**	**–**
Cash and cash equivalents	**6**	**216**	**2**	**–**	**–**
	4,561	**6,464**	**1,616**	**355**	**611**
Liabilities					
Trade and other payables	**46**	**86**	**20**	**–**	**–**
Third-party interest in consolidated funds	**130**	**555**	**277**	**58**	**100**
	176	**641**	**297**	**58**	**100**
Net exposure	**4,385**	**5,823**	**1,319**	**297**	**511**

The Group's exposure to foreign exchange rate risk at 30 September 2013 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	3,092	5,342	902	–	–
Trade and other receivables	1,389	59	95	–	–
Cash and cash equivalents	127	87	–	–	–
	4,625	5,488	997	–	–
Liabilities					
Trade and other payables	38	58	13	–	–
Third-party interest in consolidated funds	159	208	181	–	–
	197	266	194	–	–
Net exposure	4,428	5,222	803	–	–

[1] These amounts related only to the consolidated fund and do not take account of any offsetting benefit or charge from the market value hedges held (see opposite).

19 FINANCIAL RISK MANAGEMENT *continued*

The following table demonstrates the estimated impact on Group post-tax profit and net assets caused by a 5 per cent variance 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 2014 £000	Post-tax profit 2013 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5 per cent	**(223)**	(200)
GBP weakens against the USD, down 5 per cent	**223**	200
GBP strengthens against the EUR, up 5 per cent	**(168)**	(169)
GBP weakens against the EUR, down 5 per cent	**168**	169

Liquidity risk and regulatory capital requirements

Liquidity risk is the risk that the Group does not have sufficient financial resources to meets it 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.

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 Conduct Authority (the "FCA"). 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 2014, the Group had cash and cash equivalents and cash in money market funds and long-term deposit accounts of £17,249,000. This is £10,713,000 in excess of trade and other payables. The Group in addition had other current assets of £15,208,000.

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.

Market risk

The significant holdings that are exposed to equity market price risk is the Group's investment in the IFAF, IFLOW and IGRO funds. See note 12 for further information.

Fair values of financial assets and liabilities

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

Financial assets and liabilities by category

30 September 2014	Available for sale £000	FVTPL[1] – designated on initial recognition £000	FVTPL[1] – held for trading £000	Loans and receivables £000	Financial liabilities measured at amortised cost £000
Financial assets					
Cash and cash equivalents	–	–	–	6,634	–
Cash held in money market funds and long-term deposits	–	–	–	10,615	–
Trade and other receivables	–	–	–	629	–
Investments	16	5,251	6,389	–	
Total financial assets	**16**	**5,251**	**6,389**	**17,878**	**–**
Financial liabilities					
Trade and other payables	–	–	–	–	272
Third-party interest in consolidated funds	–	1,119	–	–	–
Total financial liabilities	**–**	**1,119**	**–**	**–**	**272**

[1] FVTPL = Fair value through profit and loss.

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19 FINANCIAL RISK MANAGEMENT *continued*

30 September 2013	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
Financial assets					
Cash and cash equivalents	–	–	–	3,680	–
Cash held in money market funds and long-term deposits	–	–	–	12,873	–
Trade and other receivables	–	–	–	722	–
Investments	17	6,625	2,711	–	–
Total financial assets	17	6,625	2,711	17,275	–
Financial liabilities					
Trade and other payables	–	–	–	–	112
Third-party interest in consolidated funds	–	549	–	–	–
Total financial liabilities	–	549	–	–	112

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, Impax Carried Interest Partners II LP, Impax Global Resource Optimization Fund LP, Impax Climate Property Fund LP and Impax Fundamental Long-term Opportunities in Water Fund 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 25.2 per cent 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 UK, and is listed on the Alternative Investment Market ("AIM"). The address of the registered office is given on page 59 of these financial statements. The nature of the Group's operations and its principal activities are set out in the Strategic and Directors' reports on pages 1 to 15.

Basis of preparation

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 amended standards in the year. These standards and amendments did not have a material impact on the Group's consolidated financial statements:

- Amendment to IAS 32 *Financial instruments: Presentation* provides additional guidance for offsetting financial assets and liabilities while amendments to IFRS 7 *Financial instruments: Disclosures* set out the corresponding new disclosure requirements.
- IFRS 13 *Fair Value Measurement* does not give rise to any new requirements as to when fair value measurements are required, but aims to improve consistency and reduce complexity by providing guidance on how to measure fair value where fair value is required or permitted across IFRSs and enhances disclosures requirements. IFRS 13 has not had a material impact on the fair value measurements carried out by the Group.

22 ACCOUNTING POLICIES *continued*

The following new standards and amendments issued have not been early adopted:

Effective for the year ended 30 September 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 12 *Disclosure of Interests in Other Entities* consolidates and enhances disclosure requirements relating to interests of an entity in other entities.
- IAS 27 *Consolidated and separate financial statements* and IAS 28 *Investments in associates and joint ventures* the amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.
- Amendment to IAS 36 *Recoverable amount disclosures for non-financial assets* to reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

Effective for the year ended 30 September 2016

- 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 for the year ended 30 September 2017

- IFRS 15 *Revenue from Contracts with Customers* is a new standard that replaces revenue recognition guidance that currently exists under IFRS. The standard provides new qualitative and quantitative disclosure requirements and sets out a model to determine how much and when revenue is to be recognised.

Adoption of IFRSs 9, 10, 12 and 15 could have a significant effect on the Group's financial statements; the impact of which is still being considered by management.

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 per cent of the share of the net assets are consolidated from the date that control is gained until the date that control is lost due to dilution or sale of the fund holding. 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 certain assets and liabilities of the EBT 2004 and EBT 2012 (together the "EBTs") 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 EBTs.

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2014

22 ACCOUNTING POLICIES *continued*

Investments in associates

The Group, in common with industry standard practice, seeds new funds with its own resources in order to establish a track record so that the funds may then be marketed to external investors. As new investors join the fund the Group's interest will dilute and ultimately the Group may divest entirely as commercial considerations allow. Investments in associates that are held by the Group are carried in the statement of financial position at fair value, 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 and transaction 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.

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 UK 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.

22 ACCOUNTING POLICIES *continued*

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.

Intangible assets

The cost of acquiring a management contract is recognised and measured at its fair value at the acquisition date. The fair value represents the valuation of the expected profits to be earned from the management contract and is determined by discounting the expected future cash flows.

The intangible assets are carried at cost less accumulated amortisation and any impairments losses. Amortisation is provided on a straight-line basis over the expected life of the contract which has been assessed up to a maximum of one year.

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.

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 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.

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2014

22 ACCOUNTING POLICIES *continued*

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 12 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 EBTs are deducted from 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.

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$1.66: £1 (2013: US$1.56: £1); the rate ruling at the statement of financial position date was US$1.62: £1 (2013: US$1.62: £1). The average rate ruling in the accounting period for euros was €1.22: £1 (2013: €1.19: £1); the rate ruling at the statement of financial position date was €1.28: £1 (2013: €1.20: £1).

Derivatives

The Group uses foreign exchange forward 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, in particular in respect of the investment in Impax New Energy Investors LP, which is subject to significant uncertainty. The methodology used is described in note 12.

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.

22 ACCOUNTING POLICIES *continued*

Determining the share-based payment charge

In determining the value of share-based payments, key judgements include the volatility of Impax shares, Impax dividend yield and the risk free rate.

Determining the value of NIC payments due in respect of share schemes

In determining the value of amounts that will be payable in respect of NIC payments 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 price/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

We record, or have recorded, share-based payment charges in the current year or prior years. Tax deductions in respect of these will only be available in future years when the relevant individual exercises options or when the Trustees of the Impax Employee Benefit Trust decides to move their shares out of the Trust and accordingly we recognise a corresponding deferred tax asset.
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 per cent.

Financial statements

Company statement of financial position

As at 30 September 2014

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
Assets					
Property, plant and equipment	24	**238**		447	
Investments	25	**19,375**		13,539	
Deferred tax asset	29	**294**		183	
Total non-current assets			**19,907**		14,169
Trade and other receivables	26	**1,434**		581	
Investments	27	**4,889**		6,262	
Margin account		**294**		190	
Cash invested in money market funds		**3,614**		2,606	
Cash and cash equivalents		**2,419**		2,196	
Total current assets			**12,650**		11,835
Total assets			**32,557**		26,004
Equity and liabilities					
Ordinary Shares	30	**1,277**		1,277	
Share premium		**4,093**		4,093	
Retained earnings		**17,278**		15,747	
Total equity			**22,648**		21,117
Liabilities					
Trade and other payables	28	**9,909**		4,887	
Total current liabilities			**9,909**		4,887
Total equity and liabilities			**32,557**		26,004

Authorised for issue and approved by the Board on 26 November 2014. The notes on pages 51 to 56 form part of these financial statements.

Ian R Simm
Chief Executive

Company statement of changes in equity

For the year ended 30 September 2014

	Note	Share capital £000	Share premium £000	Retained earnings £000	Total £000
As at 1 October 2012		1,156	78	14,236	15,470
Profit for the year		–	–	8,284	8,284
Other comprehensive income – tax benefit on long-term incentive scheme		–	–	20	20
Transactions with owners					
Issue of shares		121	4,015	(4,136)	–
Dividends paid				(816)	(816)
Shares acquired by Treasury or EBT 2012		–	–	(2,397)	(2,397)
Award of shares on option exercise		–	–	41	41
Long-term incentive scheme charge		–	–	515	515
		121	4,015	(6,793)	(2,657)
As at 30 September 2013		1,277	4,093	15,747	21,117
Profit for the year		–	–	3,064	3,064
Transactions with owners					
Dividends paid	8	–	–	(1,338)	(1,338)
Shares acquired by EBT 2012	31	–	–	(619)	(619)
Award of Own Shares on option exercise		–	–	47	47
Long-term incentive scheme charge		–	–	377	377
		–	–	(1,533)	(1,533)
As at 30 September 2014		**1,277**	**4,093**	**17,278**	**22,648**

The notes on pages 51 to 56 form part of these financial statements.

Financial statements

Company statement of cash flows

For the year ended 30 September 2014

	2014 £000	2013 £000
Operating activities:		
Profit/(loss) before taxation	**3,012**	8,087
Adjustments for:		
Investment income	**(4,317)**	(8,524)
Depreciation of property, plant and equipment	**237**	266
Fair value movements in investments	**1,446**	1,103
Share-based payment	**57**	25
Other charges related to EIA schemes	**–**	32
Operating cash flows before movement in working capital	**435**	989
(Increase)/decrease in receivables	**(577)**	(269)
(Increase) in margin account	**(103)**	(189)
Increase/(decrease) in payables	**4,686**	(7,490)
Cash generated from operations	**4,441**	(6,959)
Corporation tax	**–**	–
Net cash generated/used by operating activities	**4,441**	(6,959)
Investing activities:		
Interest received	**18**	24
Dividend received	**4,300**	8,500
Repayments/proceeds on sale of investments	**–**	422
Purchase of investments	**(6,155)**	(2,496)
Disposal of investments	**1,809**	48
Settlement of investment related hedges	**(1,244)**	(1,115)
Purchase of property, plant and equipment	**(28)**	(27)
Net cash (used in)/generated from investing activities	**(1,300)**	5,356
Financing activities:		
Dividends paid	**(1,338)**	(816)
Cash received on exercise of Impax share options	**47**	41
(Increase) in cash held in money market funds	**(1,008)**	6,988
Proceeds from borrowings	**–**	(33)
Shares acquired by Treasury/EBT 2012	**(619)**	(2,397)
Net cash (used in)/generated from financing activities	**(2,918)**	3,783
Net increase in cash and cash equivalents	**223**	2,180
Cash and cash equivalents at beginning of year	**2,196**	16
Cash and cash equivalents at end of year	**2,419**	2,196

Notes to the Company financial statements

For the year ended 30 September 2014

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 net profit for the year amounted to £3,064,000 and included dividend income from subsidiaries of £4,300,000 (2013: £8,284,000 including dividend income of £8,500,000).

24 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
As at 1 October 2012	657	482	1,139
Additions	7	20	27
As at 30 September 2013	664	502	1,166
Additions	–	28	28
Disposals	–	(38)	(38)
As at 30 September 2014	**664**	**492**	**1,156**
Depreciation			
As at 1 October 2012	154	299	453
Charge for the year	158	108	266
As at 30 September 2013	312	407	719
Charge for the year	157	80	237
Disposals	–	(38)	(38)
As at 30 September 2014	**469**	**449**	**918**
Net book value			
As at 30 September 2014	**195**	**43**	**238**
As at 30 September 2013	352	95	447
As at 30 September 2012	503	183	686

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Notes to the Company financial statements continued

For the year ended 30 September 2014

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 2012	17	14,592	14,609
Additions	–	2,000	2,000
Capital contribution	–	473	473
IGRO deconsolidation	–	(3,121)	(3,121)
Disposals/repayment of invested capital	–	(422)	(422)
At 30 September 2013	17	13,522	13,539
Additions	–	5,517	5,517
Capital contribution	–	319	319
Disposals/repayment of invested capital	–		–
At 30 September 2014	**17**	**19,358**	**19,375**

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 Asset Management (AIFM) 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
Climate Property 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
Impax Food & Agriculture Fund	Ireland	81.1%	Investment fund
Impax Fundamental Long-term Opportunities in Water Fund	USA	83.8%	Investment fund

Charges relating to options over the Company's shares granted to employees of subsidiary undertakings are accounted for in the subsidiary undertaking. In the Company financial statements the capital contribution in respect of this charge 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:

	2014 £000	2013 £000
Interest in shares	**9,460**	3,892
Capital contribution	**9,898**	9,630
	19,358	13,522

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 per cent of the capital of this partnership which represents its subscription capital.

26 TRADE AND OTHER RECEIVABLES

	2014 £000	2013 £000
Amounts owed by Group undertakings	**1,075**	237
Taxation and other social security	**65**	57
Other receivables	**106**	55
Prepayments and accrued income	**188**	232
	1,434	581

Due:		
After one year	**–**	–
Within one year	**1,434**	581
	1,434	581

27 CURRENT ASSET INVESTMENTS

	Unlisted investments £000	Listed investments £000	Total £000
At 1 October 2012	2,665	–	2,665
Additions	496	3,121	3,617
Fair value movements	(790)	818	28
Repayments/disposals	(48)	–	(48)
At 30 September 2013	2,323	3,939	6,262
Additions	638	–	638
Fair value movements	(439)	237	(202)
Repayments/disposals	–	(1,809)	(1,809)
At 30 September 2014	**2,522**	**2,367**	**4,889**

28 TRADE AND OTHER PAYABLES

	2014 £000	2013 £000
Trade payables	**31**	19
Amounts owed to Group undertakings	**8,231**	3,554
Taxation and other social security	**759**	594
Other payables	**56**	32
Accruals and deferred income	**832**	688
	9,909	4,887

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	Share-based payment scheme £000	Total £000
As at 30 September 2013	35	(16)	83	81	183
Credit/(charge) to the income statement	14	(38)	156	(21)	111
As at 30 September 2014	**49**	**(54)**	**239**	**60**	**294**

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 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 £1,047,000. The Company has no unrecognised capital losses (2013: £235,000).

Financial statements

Notes to the Company financial statements continued

For the year ended 30 September 2014

30 ORDINARY SHARES

Issued and fully paid	Number	£000
Ordinary Shares of 1 pence each		
At 1 October 2013 and 30 September 2014	127,749,098	1,277

31 OWN SHARES AND TREASURY SHARES

	Treasury Shares Number	Treasury Shares £000	Own Shares Number	Own Shares £000
At 1 October 2012	4,699,000	1,932	1,888,273	19
Treasury purchases	275,000	92	–	–
Issue of shares to EBT 2012			12,166,667	4,136
EBT 2012 purchase of Treasury Shares	(4,974,000)	(2,024)	4,974,000	1,692
Option exercises	–	–	(5,341,500)	(1,814)
EBT 2012 purchases	–	–	6,552,329	2,298
At 30 September 2013	–	–	20,239,769	6,331
Option exercises	–	–	(5,310,940)	(1,806)
EBT 2012 purchases	–	–	1,263,791	619
At 30 September 2014	**–**	**–**	**16,192,620**	**5,144**

32 FINANCIAL COMMITMENTS

The Group has committed to invest up to €3,756,000 into Impax New Energy Investors LP. At 30 September 2014 the outstanding commitment was €1,014,000 (2013: €1,014,000) 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 2014 the outstanding commitment was €1,433,000 (2013: €2,194,000) which could be called on in the period to 22 March 2020.

At 30 September 2014 the Company had commitments under non-cancellable operating leases as follows:

	Offices		Other	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Within one year	**440**	440	**15**	15
Between one and two years	**101**	440	**1**	1
Between two and five years	**–**	101	**–**	–
	541	981	**16**	16

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 and part with Barclays (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.

The Company's exposure to foreign exchange rate risk at 30 September 2014 was:

	EUR/GBP £000	USD/GBP £000
Assets		
Non-current asset investments	23	–
Current asset investments	2,522	2,367
	2,545	2,367
Liabilities		
Trade and other payables	–	325
	–	325
Net exposure	**2,545**	**2,042**

The Company's exposure to foreign currency exchange rate risk at 30 September 2013 was:

	EUR/GBP £000	USD/GBP £000
Assets		
Non-current asset investments	24	–
Current asset investments	2,353	3,940
	2,377	3,940
Liabilities		
Trade and other payables	207	926
	207	926
Net exposure	2,170	3,014

The following tables demonstrate the estimated impact on Group post-tax profit and net assets and Company post-tax profit and net assets caused by a 5 per cent 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	
	2014 £000	2013 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5 per cent	**(80)**	(115)
GBP weakens against the USD, down 5 per cent	**80**	115
GBP strengthens against the EUR, up 5 per cent	**(163)**	(142)
GBP weakens against the EUR, down 5 per cent	**163**	142

Liquidity risk

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

Financial statements

Notes to the Company financial statements continued

For the year ended 30 September 2014

33 FINANCIAL RISK MANAGEMENT *continued*

Interest rate risk

At the reporting date the Company's cash and cash equivalents, including bank overdrafts and cash held in money market deposits balance of £6,033,000 (2013: £4,802,000) were its only financial instruments subject to variable interest rate risk. The impact of 0.5 per cent increase or decrease in interest rate on the post tax profit is not material to the Company.

Market pricing risk

The Company has made investments in its own managed funds and the value of these investments are subject to equity market risk.

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 2014	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Current investments	**2,367**	**–**	**2,522**	**4,889**

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

30 September 2013	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Current investments	3,939	–	2,323	6,262

The Company had no financial liabilities measured at fair value for 2014 or 2013.

Financial assets and liabilities by category

30 September 2014	**Available for sale £000**	**FVTPL[1] – designated on initial recognition £000**	**Loans and receivables £000**	**Financial liabilities measured at amortised cost £000**
Financial assets				
Cash and cash equivalents	**–**	**–**	**2,419**	**–**
Cash held in money market funds	**–**	**–**	**3,614**	**–**
Trade and other receivables	**–**	**–**	**106**	**–**
Investments	**–**	**4,889**	**–**	**–**
Total financial assets	**–**	**4,889**	**6,139**	**–**
Financial liabilities				
Trade and other payables	**–**	**–**	**–**	**(87)**
Total financial liabilities	**–**	**–**	**–**	**(87)**

[1] FVPTL = Fair value through profit and loss.

30 September 2013	Available for sale £000	FVTPL – designated on initial recognition £000	Loans and receivables £000	Financial liabilities measured at amortised cost £000
Financial assets				
Cash and cash equivalents	–	–	2,196	–
Cash held in money market funds	–	–	2,606	–
Trade and other receivables	–	–	55	–
Investments	–	6,262	–	–
Total financial assets	–	6,262	4,857	–
Financial liabilities				
Trade and other payables	–	–	–	(51)
Total financial liabilities	–	–	–	(51)

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 4 February 2015 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 2014 together with the Directors' report and the auditor's report on those accounts.
2. To re-elect Guy de Froment as a Director.
3. To re-elect Mark B E White as a Director.
4. To reappoint KPMG LLP 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 2014 of 1.1 pence per Ordinary Share payable to the holders of Ordinary Shares on the register of members at the close of business on 23 January 2015.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, resolution 7 of which will be proposed as an ordinary resolution and resolutions 8 and 9 of which will be proposed as special resolutions:

7. THAT, in substitution for any subsisting authorities to the extent unused, the Directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

   (a) up to an aggregate nominal amount of £425,830.32 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (b) below in excess of £425,830.32; and
   (b) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £851,660.65 (such amount to be reduced by the nominal amount of any shares allotted or rights granted pursuant to the authority in paragraph (a) above) in connection with an offer by way of a rights issue:
      (i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and
      (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

      but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to Treasury Shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange,

   provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, close of business on 30 April 2016) except that the Company may at any time before such expiry make any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

8. THAT, subject to the passing of resolution 7 above, the Directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by resolution 7 above 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 8(a)) of equity securities up to an aggregate nominal value of £127,749.09.

   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.

Notice of Annual General Meeting
continued

9. 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 12,774,909;
(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
(d) unless previously renewed, varied or revoked, the authority conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

Zack Wilson
Company Secretary
5 December 2014

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 Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 11.00am on 2 February 2015. 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 6.00pm on 2 February 2015 (or, in the event of any adjournment, 6.00pm 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 Asset Services (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 advisers

DIRECTORS
J Keith R Falconer (Chairman)
Ian R Simm (Chief Executive)
Guy de Froment (Non-Executive)
Vincent O'Brien (Non-Executive)
Mark B E White (Non-Executive)

SECRETARY
Zack Wilson

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Capita Asset Services
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Notes

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