Interactive PDF user guide

This year we have produced a Strategic Report and separate Governance and Financial Report. Both documents are contained within this interactive pdf.

This interactive pdf allows you to access the information that you want easily, whether printing, searching for a specific item or going directly to another page, section or website.

The different features are explained below.

Search

Print
Please ensure your printer orientation settings are set to 'Auto portrait/landscape'

Contents

Previous page

Next page

Section navigation
Use the links on the Contents page to navigate to the start of a statement. Use the Contents button to return to the Contents.

Contents

Click here to go directly to the Governance and Financial Report.

Links
Throughout this report there are links to pages, other sections and web addresses for additional information.

Examples: This is an example of how the links appear within this document. They are recognisable by the blue underline, simply click to go to the relevant page or web URL (www.impaxam.com).

Impax

THE QUEEN'S AWARDS FOR ENTERPRISE: SUSTAINABLE DEVELOPMENT 2014

Impax Asset Management Group plc

STRATEGIC REPORT

For the year ended 30 September 2016

CLEAR INVESTMENT

Contents

The separate Governance and Financial Report explains the way we operate, our approach to corporate governance and how we remunerate our staff. It details our financial performance for 2016. A copy of the Governance and Financial Report can be downloaded here.

Impax at a glance

Impax is a leading investment firm offering listed and private equity strategies primarily to institutional clients, with assets under management and advice ("AUM") of £4.5 billion[1].

We believe that demographic change, resource scarcity, inadequate infrastructure and environmental constraints will shape markets profoundly. These trends, which will progressively drive the transition towards a more sustainable global economy, will lead well-positioned companies to out-perform. To succeed, an investment manager should take a long-term view of opportunity and risk, and also seek to exploit valuation anomalies over the shorter term.

We are a proud holder of a Queen's Award for Enterprise: Sustainable Development and numerous other investment management industry awards.

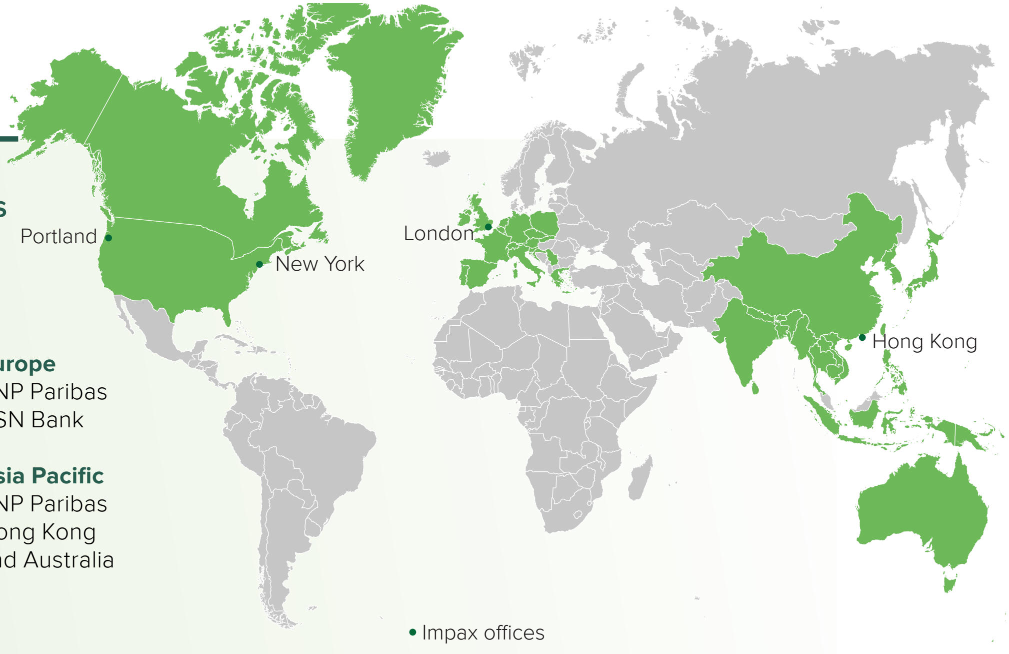
[1] As at 30 September 2016. Assets under advice represent ~3 per cent of total AUM

Financial performance

	2016	2015
AUM[1]	**£4.5bn**	£2.8bn
Revenue	**£21.1m**	£19.7m
Operating earnings[2]	**£4.2m**	£3.1m
Profit before tax	**£5.2m**	£5.1m
Shareholders' equity	**£26.7m**	£25.9m
Cash reserves	**£15.4m**	£19.3m
Seed investments	**£10.5m**	£7.0m
Dividend per share	**2.1p[3]**	1.6p[4]

Figure 1: Global distribution capabilities

Combination of direct and third-party marketing



North America
Pax World
NEI Investments
Desjardins
Delaware funds platform

UK/Ireland
IEM plc
UCITS platform

Europe
BNP Paribas
ASN Bank

Asia Pacific
BNP Paribas
Hong Kong
and Australia

Business performance

AUM increased by 59 per cent to a new peak over the Period[5]

Record net inflows of £496 million

Successful launch of third private equity renewable infrastructure fund[6]

Strong growth in North American business

Expansion of product offering for the UK market

Encouraging mandate pipeline

Figure 2: Growth in our AUM

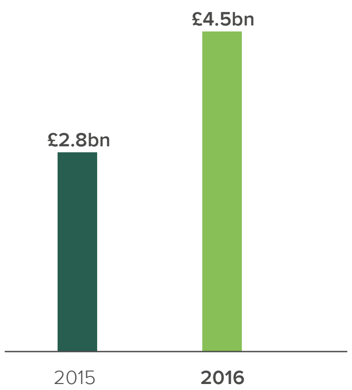
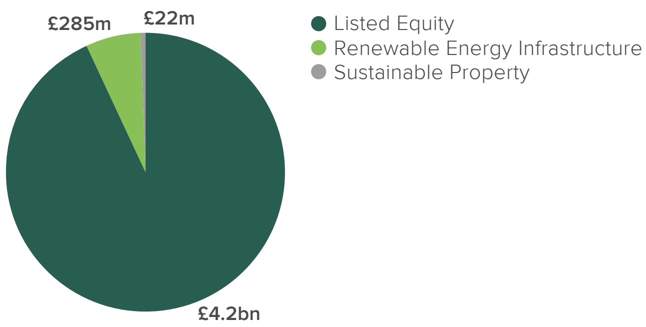


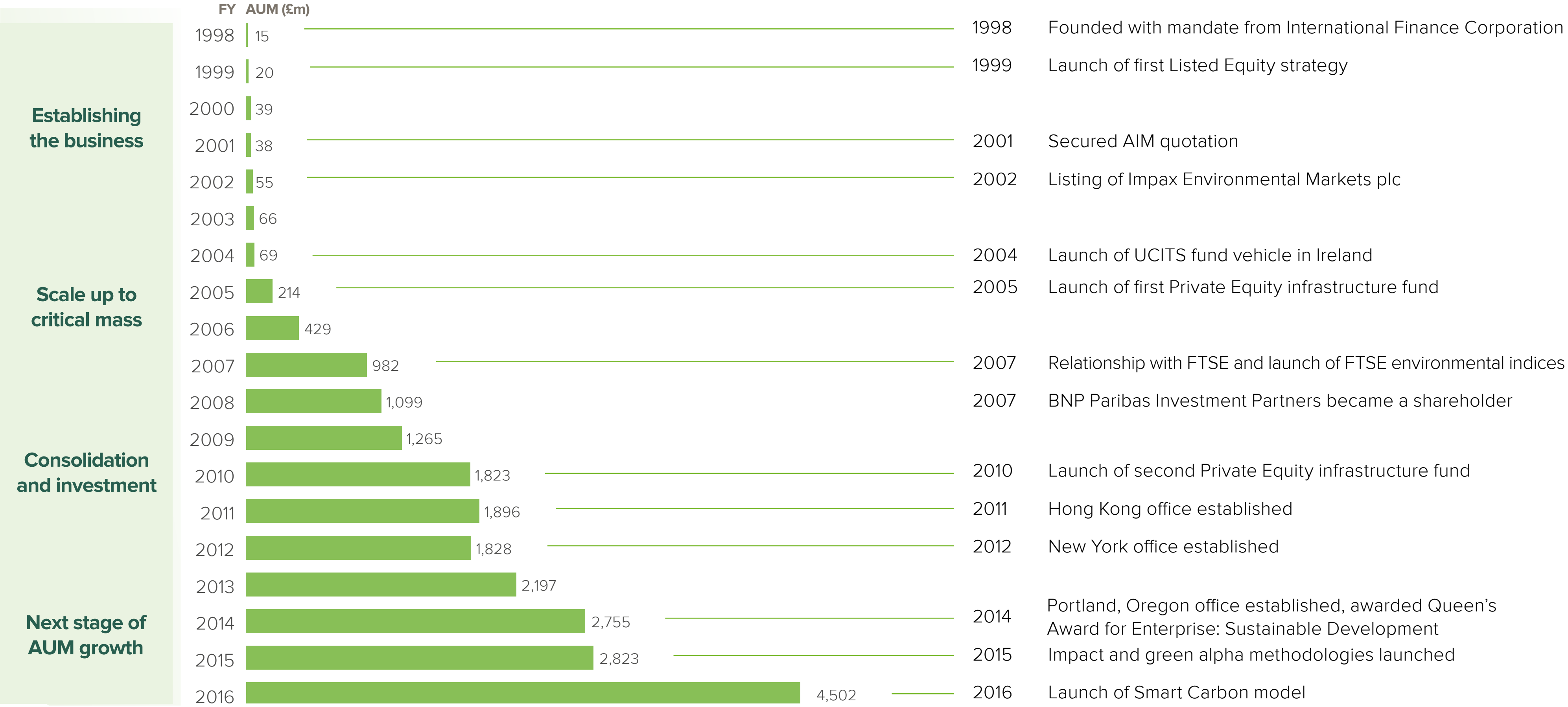
Figure 3: Breakdowns by assets for 2016



1 AUM as at 30 September 2016
2 Revenue less operating costs, excluding credits/charges related to legacy long-term incentive schemes
3 Proposed
4 Excludes special dividend of 0.5 pence per share
5 Twelve months ended 30 September 2016
6 30 November 2016

Impax at a glance continued

Figure 4: Our business growth and milestones



Our Mission, Values and Culture

Our Mission

To produce superior investment returns for our clients by consistently applying specialist expertise, taking a long-term perspective and, as asset owners or managers, acting responsibly.

To provide excellent careers for those who work at Impax, ensuring a stimulating, supportive working culture underpinned by our Values.

To have a positive impact on our society and the environment, by helping mobilise capital to drive the transition towards a more sustainable, global economy, and by supporting relevant charitable activity.

Our Values

COMMITMENT TO OUR CLIENTS:

The interests of our clients are our priority.

We work in partnership with our clients. We endeavour to deliver on their specific investment objectives through hard work, understanding, integrity, discretion, transparency and clear communication.

COMMITMENT TO OUR STAFF:

We recognise that our colleagues' 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 culture.

We believe that the diversity of our team and the promotion of equal opportunities are key to enhancing our success.

COMMITMENT TO PURSUING SUCCESSFUL INVESTMENT STRATEGIES:

We invest for the long-term.

We employ a robust, repeatable investment process.

Our investment decisions are based on strong teamwork.

Our focus on investments which are driving the transition towards a more global economy is based on our confidence that these are in areas of high growth areas and are likely to deliver superior performance.

We believe that a thorough approach to the management of risk, including environmental and social risks, will enhance long-term investment returns. We seek to focus our investment in companies with strong governance.

COMMITMENT TO RESPONSIBLE CITIZENSHIP:

We aspire to the highest standards of corporate responsibility in the communities in which we work and invest.

We are committed to minimising our direct impact on the environment through the effective management of energy and resources.

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. We support charities and encourage our staff to volunteer with organisations that are also involved in these areas and where we can have a measurable impact.

Our Culture statements

We are dedicated and ambitious, and strive for excellence as individuals and as an overall team.

We prioritise investment in our people, and empower colleagues to reach their full potential.

We listen to and value the views of all our colleagues, and are open to and welcome challenge.

We value clarity, transparency and mutual trust.

We encourage, reward and celebrate success.

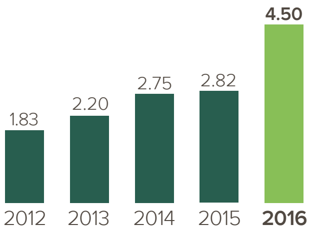
We aim to make our working environment enjoyable, flexible, dynamic and collegial.

Our key performance indicators

We use a number of key performance indicators to measure our performance.

AUM (£bn)

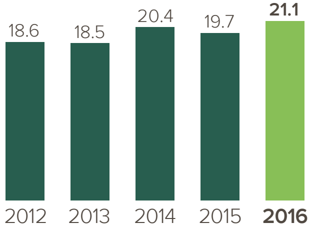
£4.50bn



AUM represents our total assets under management and advice. The movement between opening and closing AUM provides an indication of the overall success of the business during the year in terms of both net subscriptions and investment performance. It also provides a good lead indicator of revenue and profitability.

Revenue (£m)

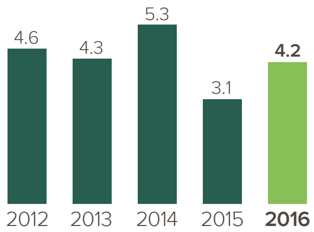
£21.1m



Revenue represents the fees we have earned for services provided in the year.

Operating earnings (£m)

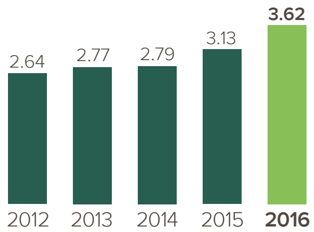
£4.2m



Operating earnings reflects the performance of our core business. It takes into account our operating efficiency, investments made to grow our business and how we reward and retain our staff.

Diluted earnings per share (p)

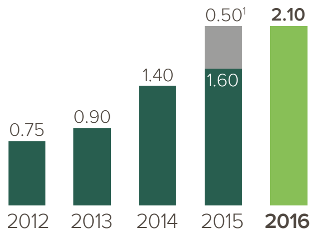
3.62p



Diluted earnings per share ("EPS") reflects the overall financial performance of the Company for the year and takes into account the dilutive effect of our share option and restricted share awards.

Dividend (p)

2.10p



[1] Special

The Company is committed to a progressive dividend policy as a demonstration of commitment to increasing shareholder value.

HOW WE PERFORMED IN 2016

AUM grew by 59 per cent during the year to £4.5 billion, our highest ever AUM.

Revenue grew by 7 per cent to £21.1 million.

Operating earnings grew by 34 per cent to £4.2 million.

Diluted EPS grew by 16 per cent to 3.62 pence.

The Board is recommending a final dividend of 1.6 pence per share bringing the total dividend for the year to 2.1 pence per share. This represents growth of 31 per cent (excluding the special dividend from last year) and is the eighth consecutive year that we have grown the dividend.

Chairman's statement

With a clear vision and a comprehensive strategy, the Company has had a strong year despite the backdrop of a fragile global economy and heightened political uncertainty.

Having recently embarked on our 19th year in business, Impax Asset Management Group plc ("Impax" or the "Company") is seeing rapid expansion of demand for investment management services targeting environmental and resource efficiency markets.

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

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

FINANCIAL RESULTS FOR THE YEAR

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

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

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

PROPOSED DIVIDEND FOR THE PERIOD

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

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

SHARE MANAGEMENT

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

AWARDS

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

PROSPECTS

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

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

J KEITH R FALCONER
30 November 2016

Chief Executive's report

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

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

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

MARKET DEVELOPMENTS

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

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

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

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

Figure 5: AUM and advice and fund flows

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

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

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

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

FUND FLOWS AND DISTRIBUTION

The increase in Impax's AUM over the Period was particularly encouraging. As set out further in Figure 5, this uplift comprised net inflows of £496 million and market effects (including investment performance) of £1,183 million. The £79 million reduction in our Private Equity AUM largely reflects exits from Impax New Energy Investors II which were made in line with this fund's business plan.

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

Chief Executive's report
continued

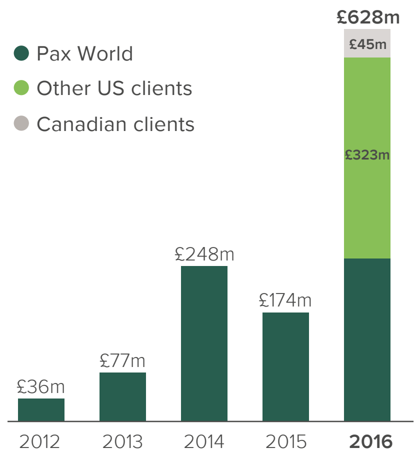
Figure 6: Performance of Impax Listed Equity strategies versus global and environmental benchmarks[1]

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

North American investors are increasingly interested in Impax's offering. This region represented over 60 per cent of net inflows over the Period, and the AUM increase was significantly higher than in prior years (Figure 7). In April we commenced management of a US$250 million segregated account on behalf of a US pension plan, while during the year we've seen continued investment into both the Impax-labelled private fund and the mutual fund that we sub-advise on behalf of Pax World. Also during the Period we established our first commercial relationships in Canada, with sub-advisory mandates at the launch of new funds with NEI Investments and Desjardins.

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

Figure 7: Growth in our North American assets[2]



OUR INVESTMENT STRATEGIES

Listed Equity

Over the Period, all our Listed Equity strategies have out-performed their global benchmark, the MSCI All Country World Index ("ACWI"), which returned 30.6 per cent (in Sterling) over the Period. All the strategies also out-performed their respective environmental benchmarks.

We provide more details on our Listed Equity strategies on pages 18–19.

Real Assets

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

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

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

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

2 Years ended 30 September

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

FINANCIAL PERFORMANCE

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

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

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

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

OUR STAKEHOLDERS

We are committed to the highest standards of responsible business practice and open communication and engagement with all our stakeholders. This is embedded in our Culture and Values statement (see pages 4–5), for example:

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

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

Further details on our stakeholder engagement and how we contribute to our wider community are described on pages 22–23.

OUTLOOK

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

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

IAN R SIMM
30 November 2016

Our people

We prioritise investment in our staff, and aim to empower colleagues to reach their full potential. In particular, we seek to provide excellent careers for those who work at Impax, ensuring a stimulating, supportive working culture underpinned by our Values.

We encourage our staff to take a long-term view. Staff performance is measured as much on their contribution to the Company's long-term development as to its shorter term performance. To achieve this balance, we focus on six core areas.

WORKPLACE CULTURE

We have developed a strong collegial culture which we continue to evolve. We value meritocracy, openness, fairness and transparency. The Culture and Values Committee, which has a rotating membership open to all staff, meets regularly to assess progress and advance new initiatives. This group reports to the senior management team on a regular basis.

EMPLOYEE BENEFITS

We regularly benchmark our staff remuneration, including benefits, with other asset managers of similar size.

DIVERSITY AND INCLUSION

We are committed to promoting inclusion and diversity. We will not discriminate because of age, disability, gender, marital status, pregnancy and maternity, race (including colour, nationality and ethnic or national origins), religion or belief, sexual orientation or any other factor. We believe it is fundamental to our long-term success to create and nurture an environment in which difference and diversity are actively sought, considered, respected and welcomed.

EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT

Effective employee development is based on a clear understanding of our current and future business strategy. We create a personal development plan with each member of staff. Individual and team goals are clearly linked to Company goals in order to give clear expectations and feedback to manage performance.

In 2015 we set up a staff-managed People Development Working Group. Three streams within this group are working on personal development, staff appraisals and recruitment initiatives and these are now being rolled out.

LEADERSHIP DEVELOPMENT

Effective leadership is about setting direction and helping people to work independently. We prioritise our investment in relationship development and recognise that this is a long-term, dynamic process. We are committed to providing regular and comprehensive feedback to all staff.

RECRUITING TALENT

We seek to identify where we need to recruit additional skills to drive business success and we dedicate significant time to our hiring process and promotion decisions. We have developed effective hiring and on-boarding processes and endeavour to ensure that new hires are given all the resources they need to become engaged employees who can look forward to a successful and lasting career within the Company.

Figure 8: Staff numbers[1]

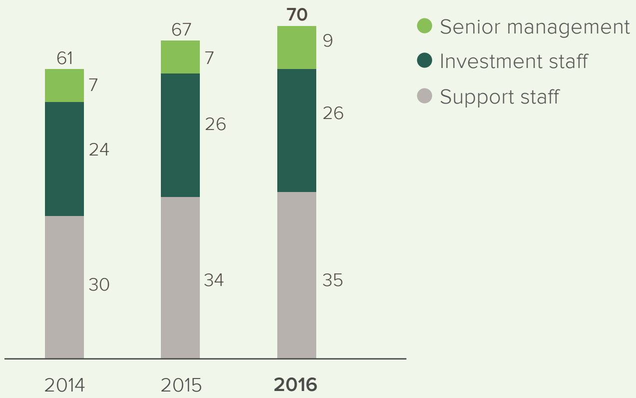
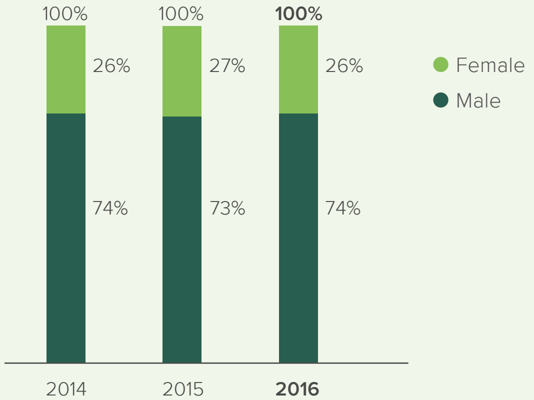


Figure 9: Gender diversity[1]



[1] Years ended 30 September

Our senior management team

In January 2016 we expanded the senior management team and appointed co-heads for our Listed Equity and Private Equity businesses.

From left to right: Ian Simm, Peter Rossbach, Charlie Ridge, Daniel Von Preyss, Roz Reid, Hubert Aarts, Bruce Jenkyn-Jones, Zack Wilson (David Richardson, based in the US, is not pictured)

Information and biographies on our Board can be found in the Governance section

IAN SIMM
Chief Executive

Ian is the Founder and Chief Executive of Impax Asset Management Group plc. He has been responsible for building the Company since its launch in 1998, and continues to head the Listed Equities and Real Assets 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 (Senior Minister) for Business, Innovation and Skills as a member of the Natural Environment Research Council ("NERC"), the UK's leading funding agency for environmental science. He has a first class honours degree in physics from Cambridge University and a Master's in Public Administration from Harvard University.

HUBERT AARTS
Co-head of the Listed Equity team

Hubert started his career in the investment industry in 1990 and joined Impax in January 2007. He has extensive experience investing in Pan-European equities as a portfolio manager at MeesPierson and Merrill Lynch Investment Managers, where he chaired the European Sector Strategy Group. Hubert joined Impax from Cambrian Capital Partners LLP where he was a partner and portfolio manager of the Curalium fund, and Incremental Leveraged hedge funds. He has a Master's degree in Economics and Business Administration from Maastricht University.

BRUCE JENKYN-JONES
Co-head of the Listed Equity team

Bruce is a Director of IAM[1] and IAIFM[2], and Managing Director for the Listed Equity business. He has 22 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).

ROZ REID
Head of Human Resources

Roz joined Impax in October 2014 and is responsible for all staff matters and HR strategic initiatives in the UK and overseas. She has over 20 years' experience in financial services having worked for Westpac, BNP Paribas and Chase JP Morgan. Roz has a BSc in Clinical Psychology from Oxford University and an MSc in Human Resource Management.

DAVID RICHARDSON
Global Head of Marketing and Client Service

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.

CHARLIE RIDGE
Chief Financial Officer

Charlie is a Director of IAM[1] and IAIFM[2], and Chief Financial Officer of Impax Asset Management Group plc. Charlie has more than 27 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.

PETER ROSSBACH
Co-head and Managing Director for the Private Equity team

Peter is a Director of IAM[1] and IAIFM[2], and co-head of 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, and within the energy project finance teams at Catalyst Energy, Lowrey Lazard and Standard and Poor's utility debt ratings services. Peter holds a Bachelor's degree and a Master's in Public Policy from Harvard University.

DANIEL VON PREYSS
Co-head and Managing Director for the Private Equity team

Daniel is both involved in investments and is Head of Asset Management for the Private Equity business. Prior to joining Impax he was responsible for Babcock & Brown's Northern European infrastructure activities where he focused on regulated utilities, gas storage and broader power generation.

Previously, Daniel was Director of Corporate Finance for the European Energy and Utilities team at Deutsche Bank with a strong focus on M&A activity in Europe. He has also worked in Citigroup's utilities team.

ZACK WILSON
Group General Counsel

Zack serves as Group General Counsel for Impax Asset Management Group plc and is also Company Secretary. He is a Non-Executive Director of Impax Funds (Ireland) plc. Prior to joining Impax in 2011, Zack was Director & General Counsel for the investment management group Development Capital Management.

Previously he was Corporate Counsel for Telewest Global Inc (renamed Virgin Media Inc), where he played a leading role in managing the successful execution of high profile 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.

Information and biographies on our Board can be found in the Governance section

[1] Impax Asset Management Limited
[2] Impax Asset Management (AIFM) Limited

Our approach to creating shareholder value

Strategy component	Our approach	Progress this year	Our plans for the future
INVEST BY SEEKING PRICE INEFFICIENCIES IN HIGH GROWTH MARKETS	Development of deep investment expertise in environmental and resource efficiency markets. On-going search for investment opportunities and close review of trends shaping the global economy.	All our Listed Equity strategies have out-performed the MSCI ACWI global benchmark this year and our three key strategies have out-performed this benchmark over one, three, and five years. The successful realisation of our second Private Equity renewable energy infrastructure fund and launch of our third fund, positions this business well for the next fund raising.	Look selectively for new, related markets impacted by long-term trends, and further refine our analysis and investment processes as environmental markets develop.
FOCUS ON SCALABLE INVESTMENT STRATEGIES	We offer a suite of six long-only and two real assets strategies and are open to launching or providing a platform for additional strategies.	Record inflows, and further development of new strategies, in particular Global Opportunities.	Concentrate on the further development of our more recent investment strategies.
BUILD AND EXTEND A FLEXIBLE DISTRIBUTION ARCHITECTURE	Maintenance and the continuous development of our marketing and client service teams in the UK and US to provide excellent service to our clients and maximise opportunities for new business.	We have strengthened and expanded our teams in London and New York and recorded a 260 per cent increase in our North American assets.	Selectively expand sales, marketing, communications and client service teams to support our clients and optimise new business generation.
	We provide investment sub-management services to several third parties with strong brands in various channels.	Addition of two new distribution partners in North America. Further scaling of BNPP and ASN funds.	Establish new partnerships provided to complement our successful, existing relationships.
ATTRACT AND RETAIN HIGHLY QUALIFIED INDIVIDUALS	We prioritise investment in our staff, and aim to empower team members to reach their full potential.	Successful implementation of three initiatives around development and talent management from our People Development Working Group. Staff equity interests now represent 38 per cent of the Company[1].	Develop these initiatives, further improve staff engagement and investigate the potential for additional HR innovation.
BALANCE TIGHT COST CONTROL WITH THE NEEDS OF AN EXPANDING BUSINESS	To manage and optimise a scalable platform for growth, including a core team, business systems and processes, and infrastructure.	Strong cost control and a rising operating margin.	Consider incremental investments to support business expansion, particularly in the areas of investment analysis, distribution, client service and regulatory compliance.

This Strategic Report has been approved by the Board and signed on its behalf by:

ZACK WILSON
Company Secretary
30 November 2016

[1] Staff ownership was 38 per cent as at 30 September 2016. Includes vested shares within sub-funds of the Employee Benefit Trusts ("EBTs") from which the individuals and their families may benefit and other shares held by EBTs in respect of vested Long Term Incentive Plan ("LTIP") option awards and other employee incentive schemes

Insight into our investment strategies

We seek to produce superior investment returns for our clients by consistently applying specialist expertise, taking a long-term perspective and, as asset owners or managers, acting responsibly. We have six Listed Equity strategies and our real assets business comprises renewable power generation and sustainable property Private Equity funds.

LISTED EQUITY

We invest in companies with sustainable competitive advantages, track records of consistent returns on investment, and where we believe a company's attractive, bottom-up, financial characteristics and long-term opportunities are not reflected in its share price.

Our Specialists, Leaders, Water, Asia-Pacific and Food and Agriculture strategies are focused on environmental and resource efficiency markets. This is a large and diverse investment universe, currently comprising some 1,500 companies globally with a combined market capitalisation of approximately US$4.4 trillion. The strong growth of these markets is propelled by a compelling set of drivers including: an expanding global population, rising living standards, infrastructure deficits, finite natural resources and pollution.

We launched and seeded our Global Opportunities strategy in January 2015. This strategy invests in companies which will facilitate the transition to a more sustainable economy. We are already seeing strong investor interest in the strategy and plan to market it proactively once it has a three year record. Longer term, we expect the Global Opportunities strategy to become a significant future contributor to the business.

OUR INVESTMENT PROCESS

Our investment universe is the starting point for our portfolio construction. We then implement quantitative and qualitative filters to identify the top quality companies with the best growth prospects in which to invest. Our portfolio management and construction reflects our highest conviction companies with the highest upside to "fair value". We also use a macro-economic and thematic overlay and undertake an in-depth review of risk including Environmental, Social and Governance criteria which is a critical step in our rigorous investment process.

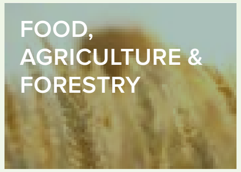
Figure 10: Our investment universe

Energy Efficiency
- Power Network
- Industrials
- Buildings
- Transport
- Consumer

Alternative Energy
- Development/PPS
- Solar
- Wind
- Biofuels
- Other

Water infrastructure/ Technologies
- Infrastructure
- Treatment
- Utilities

Pollution Control
- Pollution Control Solutions
- Testing and Gas Sensing
- Public Transportation



- Sustainable & Efficient Agriculture
- Logistics, Food Safety & Packaging
- Sustainable Forestry

Waste Management & Technologies
- Tech Equipment
- Recycling & Processing
- Hazardous
- General

Environmental Support Services
- Consultancies
- Carbon & Asset Trading
- Diversified Environmental

Figure 11: Overview of our Listed Equity strategies

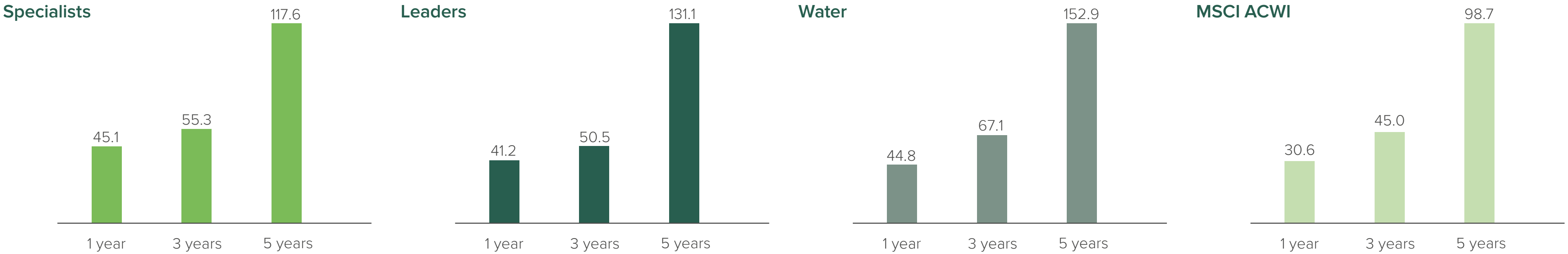
	AUM[1]	INCEPTION DATE
LEADERS	£893m	Mar 2008
SPECIALISTS	£1,427m	Mar 2002
ASIA-PACIFIC	£28m	Nov 2009
FOOD AND AGRICULTURE	£165m	Dec 2012
WATER	£1,679m	Jan 2009

[1] As at 30 September 2016

Performance

We invest for the long-term. Our three largest strategies have all delivered out-performance against their global benchmark, the MSCI ACWI over one, three and five years.

Figure 12: Percentage returns for one, three and five years for our three largest Listed Equity strategies[1]



Case studies

In April 2015, BNPP launched a sustainable food fund (SMaRT Food) based on our Food and Agriculture strategy. This fund has attracted strong demand from wealth managers in Continental Europe and at the end of the Period the AUM had reached £162 million. The fund invests in solution providers across the food production chain, providing access to the value added at each stage from "field to fork". High levels of innovation are underpinning compelling investment opportunities.

We launched Impax Environmental Markets plc in 2002 and it is now the largest investment trust investing in environmental markets.

2016 was the second year we published our net environmental impact metrics for IEM plc, which are detailed on page 21. These non-financial metrics have been well received and appeal to many investors. They provide a clearer understanding of the positive outcomes of their investment in the fund.

In January 2016, we announced the launch of the Impax Environmental Leaders Fund for UK investors under our existing Irish UCITS umbrella structure. This global all cap fund is based on our Leaders strategy which has an eight year track record. We believe the Impax Environmental Leaders fund is well aligned with rapidly growing investor interest in positive climate and environmental solutions.

[1] As at 30 September 2016, gross cumulative returns in Sterling

Figure 13: Real Assets: renewable energy infrastructure[1]

Figure 14: Real Assets: sustainable property[1]

Impax is one of the longest established Private Equity fund managers in the large and rapidly growing renewable energy sector. Our Private Equity infrastructure funds follow an industrially-focused value-add strategy, investing in renewable power generation and related assets.

Investment in renewable energy assets can offer predictable, low-risk returns. Throughout Europe there is a strong commitment to new construction and the high demand for investment creates an attractive investment opportunity for private capital. Furthermore, the industry remains fragmented at many levels, creating a compelling opportunity for experienced developers. It is a market ripe for investment as large financial investors and utility power generation companies look to buy scaled renewable energy portfolios with operating histories.

Our investment model seeks to add real value and minimise risk. Our team has specialist technical and operational knowledge and invests in commercially proven technology with short construction periods. Returns are driven by creation of intrinsic asset quality rather than financial leverage.

The exit markets for Impax's "buy, build, sell", business model are well established and we have generated a strong track record of successful asset realisations, which have produced attractive returns to investors. We intend to continue employing this proven and successful strategy with the launch of our third fund.

Wind turbine at our Kuolavaara-Keulakkopaa site in Lapland

In 2014 we acquired a small sustainable property investment business focused on the opportunities to create significant out-performance or "green alpha", by improving the energy efficiency in the UK commercial property. Green alpha is a relatively new concept that is becoming an important metric for investors in sustainable property. Green alpha quantifies the proportion of total, ungeared, differential returns from an individual investment that can be attributed to sustainability and energy efficiency initiatives.

As policy makers raise buildings energy efficiency regulations and regulations demand increasingly strict minimum energy performance standards, asset owners are more focused on energy efficiency performance. We also see rising demand from tenants seeking higher quality buildings with lower running costs.

We believe that the opportunities to generate attractive returns from sustainable property are likely to expand rapidly.

40 Spring Gardens, Manchester

[1] As at 30 September 2016

Impact @ Impax

“Impact investing” is gaining traction as an allocation style, particularly within the wealth market, as families and younger inheritors of wealth seek to align their investments with their values.

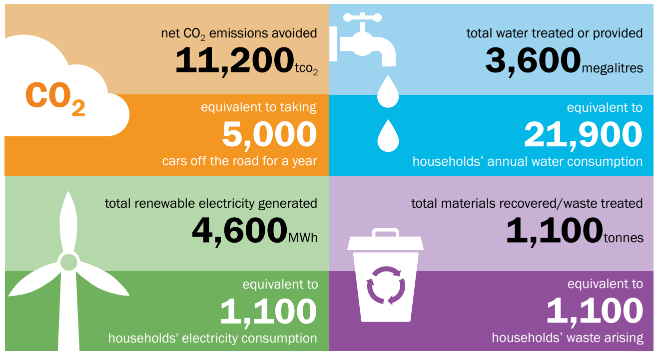
We have three strategies which appeal to this growing audience. Our investment process directs capital towards companies and/or real assets with quantifiable environmental benefits, alongside financial returns.

LISTED EQUITIES: SPECIALISTS STRATEGY

The investment industry has been slow to adopt a sophisticated approach to positive impact measurement for listed equity products and typically only looks at risk control, whether through negative screening or incorporating ESG information. Impax is one of the first investment managers to apply quantitative evidence of impact to a listed equity strategy. The first step in our investment process is to establish that a company generates at least 50 per cent of its revenues from environmental market exposure (currently portfolio exposure is approximately 80 per cent). It is this pure play approach that enables us to measure the positive impact of the portfolio. In 2016 we repeated our analysis for the second year for our Specialists strategy (known as Impax Environmental Markets in the UK). Our analysis has again been assured by EY, a leading provider of climate change and sustainability services.

Figure 15: Specialists strategy

Positive impact per annum of £10 million investment[1]



REAL ASSETS STRATEGIES

Renewable power generation: Impax New Energy Investors II

Renewable energy in Europe is replacing fossil fuel power generation capacity, resulting in CO_2 abatement. Figure 16 below shows the renewable energy generated and CO_2 avoided by the operating wind and solar assets in our fund.

Figure 16: NEFII: CO_2 emissions avoided to date

CO_2 avoided

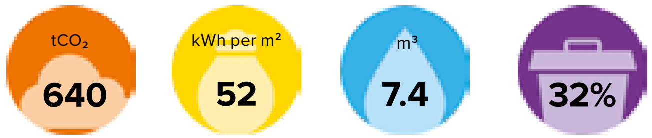
Renewable energy generated

Green alpha in commercial real estate: Impax Climate Property Fund

We believe that retrofitting commercial real estate to the highest energy efficiency and environmental standards enables us to generate alpha returns in our Sustainable Property strategy.

Figure 17: Environmental improvements over the lifetime of the fund[2]

Net CO_2 emissions avoided | **Energy efficiency improvement** | **Water efficiency improvement per occupant** | **Increase in waste recycled**



1 Impact of £10 million invested in the strategy for one year. The UK Green Investment Bank’s calculator was used to translate the impact into everyday equivalents (eg cars on the road, household energy use). Based on most recently reported annual impact data for holdings in the strategy as of 31 December 2015. Methodology has been assured by Ernst & Young LLP

2 Impact of £67 million equity invested in four properties within the Fund over a five year period up to 31 December 2015. All environmental data is third-party validated by JLL Upstream Sustainability Services, and represents average improvements across properties during the ownership period

Our commitment to corporate responsibility

Impax is committed to the highest standards of responsible business practice and this is embedded in our Values (see pages 4–5). We review our corporate responsibility under the categories of People (see pages 13–14), Community, Environment and Marketplace.

COMMUNITY

Charities we support

Impax aims to support organisations that are aligned with our values.

In the UK Impax promotes tax efficient payroll giving for staff through the Charities Aid Foundation Give as You Earn scheme. In 2016 we maintained our gold status with more than 10 per cent staff participating in the scheme, donating to seven charities on a regular basis. Impax matches staff donations.

This year we continued our support of Ashden and ClientEarth.

We are now in our fifth year of partnership with Ashden and are proud supporters of the Impax Ashden Award for Energy Innovation. Ashden champions practical, local energy solutions that cut greenhouse gas emissions, protect the environment, reduce poverty and improve people's lives. Several of our staff are involved in the evaluation and judging of the award submissions, as well as on-going mentoring and support work with previous award winners. The winner of our award in 2016 was Open Energi, a rapidly growing innovative UK company that works with large energy users to decrease their consumption within agreed parameters.

ClientEarth is a legal firm which is "committed to ensuring a healthy planet". ClientEarth's lawyers are pushing the UK to implement strong environmental laws at home and push forward action on the globe stage.

Our volunteering programme

We encourage staff to play an active role in the community for the benefit of both our business and society. We give all staff the opportunity to participate in an environment-related volunteering activity organised by the Company. This year a staff team was involved with the Paradise Co-Operative, an urban farming cooperative based in Wandsworth, while another team returned to the Brayards Estate in Peckham to assist with environmental and social projects.

ENVIRONMENT

We acknowledge and measure our impacts, recognise our responsibilities and take action to improve wherever possible.

Our direct environmental impact is relatively limited. As an office-based business, the main impact of our operations is energy consumption, water use, travel and materials use. We are committed to reducing these through a culture of energy and resource efficiency and optimisation of our working practices.

We have a comprehensive Environmental Policy which is communicated to all staff. 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 Environmental Policy.

The Environment Committee continues to develop the Company's Energy Management System for our UK operations. This was launched in 2014 and is based on the ISO 14001 standard. Impax has reported its CO_2 emissions to the Carbon Disclosure Project since 2009.

For the Period, the Company's Scope 2 emissions[1] (energy consumption) were 0.8 tonnes CO_2 per capita (2015: 0.8 tonnes per capita) and Scope 3 emissions (air travel) were 1.6 tonnes CO_2 per capita (2015: 1.4 tonnes per capita). Our Scope 3 emissions fluctuate considerably year on year, depending on the level of travel required to support our overseas activities.

Meeting our targets

We consider that greenhouse gas emissions from our air travel are the most significant environmental impact of our business. In setting a target to address this impact, we believe it is important to include the positive impact of our business activities; specifically, Impax's direct equity holdings in our Private Equity renewable energy infrastructure funds, which predominantly comprise European onshore wind farms.

These holdings have facilitated the avoidance of significantly more greenhouse gas emissions than the Company's business activities have produced during the year. During the Period, 2,554 tonnes of CO_2 (tCO_2) were avoided through these holdings (2015: 2,031 tCO_2). **Our target is to ensure our avoided CO_2 significantly exceeds our emissions**. This year we again significantly exceeded this target.

[1] Calculated using DEFRA UK Electricity Scope 2 carbon conversion factor for 2016

Our commitment to corporate responsibility
continued

MARKETPLACE

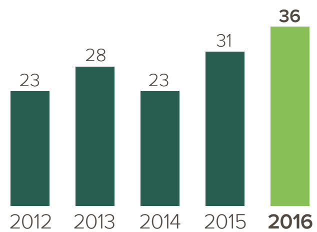
Impax aspires to best practice across all aspects of the management of its listed and real asset investments.

Engagement and voting

We focus our investment in companies with robust governance. Environmental Social and Governance ("ESG") considerations are embedded within our rigorous investment processes for all our investments. For listed equity investments we have a ten step investment process and failure of a company to reach the required level of ESG quality will prevent our investment.

Impax engages with investee companies and is committed to long-term dialogue to improve practices and disclosure across their governance and business activities. We measure our success by outcomes rather than the number of engagements. However, the work in this area is increasing, as shown in Figure 18 below.

Figure 18: Our engagement initiatives



We often collaborate with other shareholders on corporate engagements. For example in the solar sector, we engaged with solar panel manufacturers to improve environmental and social practices in the manufacturing process, and with food manufacturers to improve sustainable protein production in the food supply chain. We are also focused on engagement initiatives with companies with entrenched boards, which is often correlated with a lack of sustainability processes and have also been engaging on water risk and with smaller companies which lack adequate sustainability processes and disclosures.

Impax has received an A+ rating for its approach to ESG for listed equities and an A rating for our real assets funds from the UN Principles for Responsible Investment.

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 many of 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. We disclose a summary of our proxy voting activity on our website on a quarterly basis.

Impax was recently ranked as a Tier 1 signatory to the Financial Reporting Council's recently revised three tier UK Stewardship Code.

Impax staff working at the Paradise Co-Operative, Wandsworth

Participation and memberships

We are active members of trade and industry organisations that are dedicated to promoting sustainable investment 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, the Intentional Endowments Network and the Global Impact Investing Network (GIIN).

PRI Montreal PLEDGE

In addition, this year we were an early signatory to the Montreal Pledge which requires investors to commit to measure and publicly disclose the carbon footprint of their investment portfolios on annual basis. We believe our positive impact measurement for some of our Listed Equities products and Real Assets exceeds this level of disclosure and takes measurement to the next level.

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. The Board 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 on-going 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 face are described below. Further information on financial risk is given in note 27 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. The below controls help mitigate this risk, 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 Real Assets 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 2016, and on an on-going basis, the Group's strategy has been to put in place hedges, in the form of forward rate contracts, where there 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.

Key risks
continued

Key risk	Description	How we manage the risk
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. The Group's management and Board review these forecasts. As shown in the note 26 to the financial statements the Group has significant cash reserves.
CREDIT RISK	The Group is exposed to the risk 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 with 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. In particular, we are monitoring the negotiations around Brexit. Impax Listed Equity and Private Equity funds have limited UK exposure and we currently consider that the operational implications will be manageable.
PEOPLE RISK	The success of the Group depends on the support and experience of its key employees, and in particular the most senior managers. The loss of key employees could have a material adverse effect on its result or operations.	The Group seeks to manage this risk by offering competitive remuneration packages, including share schemes and carried interest in Private Equity funds, and by creating a supportive and enjoyable working environment. 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 2016, 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.

Auditors' statement

The auditors' report on the financial statements and the auditors' statement under section 496 of the Companies Act on whether the information given in the Strategic Report and Directors' report (for the financial year ended 30 September 2016) is consistent with the Group financial statements were both unqualified and can be found on page 8 of the Governance and Financial Report.

Contact details

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Impax

THE QUEEN'S AWARDS
FOR ENTERPRISE:
SUSTAINABLE DEVELOPMENT
2014

Impax Asset Management Group plc

GOVERNANCE AND FINANCIAL REPORT

For the year ended 30 September 2016

CLEAR INVESTMENT

Introduction

Impax is a leading investment firm offering listed and private equity strategies primarily to institutional clients, with assets under management and advice ("AUM") of £4.5 billion[1].

We believe that demographic change, resource scarcity, inadequate infrastructure and environmental constraints will shape markets profoundly. These trends, which will progressively drive the transition towards a more sustainable global economy, will lead well-positioned companies to out-perform. To succeed, an investment manager should take both a long-term view of opportunity and risk and also seek to exploit valuation anomalies over the shorter term.

We are a proud holder of a Queen's Award for Enterprise: Sustainable Development and numerous other investment management industry awards.

CONTENTS

GOVERNANCE

FINANCIAL REPORT

This report contains details of members of the Board of Directors, reports on the Group's corporate governance and remuneration and presents the full financial statements including the independent auditor's report.

Our separate Strategic Report contains information about Impax, how we make money and how we run the business. It includes an overview of our main markets, our strategy, business model, key performance indicators and main areas of risk, as well as our progress during 2016. The report also describes our approach to organisation and culture, governance and sustainability, and includes a summary of our financial strategy. A copy of the Strategic Report can be downloaded from www.impaxam.com.

1 As at 30.09.2016

Board of Directors

(Left to right): Keith Falconer, Zack Wilson, Sally Bridgeland, Vince O'Brien, Lindsey Brace Martinez, Ian Simm, Guy de Froment.

KEITH FALCONER

Keith 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 is the Founder and Chief Executive of Impax Asset Management Group plc. He has been responsible for building the Company since its launch in 1998, and continues to head the listed equities and real assets 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 (Senior Minister) for Business, Innovation and Skills as a member of the Natural Environment Research Council (NERC), the UK's leading funding agency for environmental science. He has a first class honours degree in physics from Cambridge University and a Master's in Public Administration from Harvard University.

LINDSEY BRACE MARTINEZ

Lindsey was appointed Non-Executive Director of Impax Asset Management Group plc in July 2015. She is the President of StarPoint Advisors, LLC and has over 25 years of experience in institutional investing. Lindsey served as a member of the Executive team at Cambridge Associates and held multiple roles during her 15-year tenure, including, Managing Director of Global Client Service and Relations and Head of Consulting for the firm. Prior to this, Lindsey worked as a portfolio manager for the Hancock Natural Resource Group and was a management consultant at Booz Allen. She currently serves on the Board at Novatus Energy, LLC and the Advisory Board for the Yale Center for Business and the Environment. She also serves on the Investment Committee for the National Geographic Society.

SALLY BRIDGELAND

Sally was appointed Non-Executive Director of Impax Asset Management Group plc in July 2015. She is currently a non-executive director of Royal London, Lloyds Banking Group Pensions Trustees Limited and the Local Pensions Partnership Ltd and a trustee of NEST Corporation, having worked in the UK pensions industry for 30 years. Originally qualifying as a fellow of the Institute of Actuaries with consultants Bacon & Woodrow (now Aon Hewitt), she was CEO of the BP Pension Fund from 2007 to 2014. Sally held a number of voluntary roles with the actuarial profession and is currently Master of the Worshipful Company of Actuaries.

GUY DE FROMENT

Guy 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

Vince is a Non-Executive Director of Impax Asset Management Group plc. He has worked in the private equity industry for over 30 years, 22 of these as a director of Montagu Private Equity. Vince is a chartered accountant, he is currently chairing or advising a number of private equity companies including Quest Fund Placement and Nesta Impact Investments. He is a former chairman of the BVCA and served on its council for seven years.

ZACK WILSON

Zack serves as Group General Counsel for Impax and is also Company Secretary. He is a Non-Executive Director of Impax Funds (Ireland). Prior to joining Impax in 2011, he was director and 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 MA in Jurisprudence from Oxford University.

Governance

Corporate governance report

For the year ended 30 September 2016

The Company is committed to maintaining good standards of corporate governance. As an AIM quoted company, compliance with the Financial 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, four Non-Executive Directors and the Chief Executive. Details of the current Board members are given on page 1 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 (Vince O'Brien) to act as the Senior Independent Director. The Board considers that three of the Non-Executive Directors (Vince O'Brien, Sally Bridgeland, Lindsey Brace Martinez) 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 six times in the year ended 30 September 2016 to consider strategic development and to review trading results and operational and business matters.

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 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: Sally Bridgeland (Chairman), Vince O'Brien and Guy de Froment. 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, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors;
- the implementation of new accounting standards and policies;
- reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process;
- ensuring the objectivity and independence of the external auditor by acting as primary contact with the external auditors, meeting the external auditors without the presence of management where considered necessary and receiving all reports directly from the external auditors; and
- reporting to the Board on how it has discharged its responsibilities.

KPMG LLP has acted as auditor of the Group since 2010 when it was appointed following a competitive tender. Richard Hinton is the current audit partner; he first signed the audit report for the year ended 30 September 2015, ethical standards would require him to rotate off following the audit of the year ended 30 September 2019.

Details of fees paid to the Company's auditor are shown in note 5 to the financial statements. Total fees paid for non-audit services were £36,000 and mainly related to tax compliance. Non-audit fees as a percentage of total fees paid were 27 per cent. 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.

REMUNERATION COMMITTEE

The Remuneration Committee is comprised of the four Non-Executive Directors: Vince O'Brien (Chairman), Sally Bridgeland, Lindsey Brace Martinez and Guy de Froment. The Committee has met four times this year.

The purpose of the Remuneration Committee is to ensure that the Chief Executive and other senior employees are fairly rewarded for their individual contribution to the overall performance of the Group and that remuneration packages provided do not promote undue risk taking. The Remuneration Committee responds to this requirement in the way that meets the best interest of shareholders. Further details regarding the remuneration policy and payments made can be found in the Remuneration Report on page 6.

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 "FCA"), 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 24–25 of the Strategic Report.

Grant Thornton provide internal audit services to the Group.

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.

Governance

Directors' report

For the year ended 30 September 2016

DIVIDENDS

The Directors propose a final dividend of 1.6 pence per share (2015: 1.2 pence) which together with the interim dividend of 0.5 pence per share (2015: 0.4 pence) already declared and paid, makes a total for the year ended 30 September 2016 of 2.1 pence per share (2015: 1.6 pence). A special dividend of 0.5 pence was also paid in respect of the year ended 30 September 2015. The dividend will be submitted for formal approval at the Annual General Meeting. These financial statements do not reflect the final dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 30 September 2017.

The final and special dividend for the year ended 30 September 2015 were paid on 11 March 2016, being 1.2 pence and 0.5 pence per share. The trustees of the Impax Employee Benefit Trusts' waived their rights to part of these dividends, leading to a total dividend payment of £1,905,000. The interim dividend of 0.5 pence for the year ended 30 September 2016 was paid on 23 June 2016 and totalled £557,000. These payments are reflected in the statements of changes in equity.

SHARES

The Impax Asset Management Group plc Employee Benefit Trust 2012 ("EBT 2012") made market purchases of 3,598,219 of the Company's shares during the year and satisfied option exercises in respect of 503,000 shares. The Directors expect that future options exercises will primarily be satisfied by the EBT 2012.

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 2016 and 30 September 2015 were:

	30 September 2016	30 September 2015
Keith Falconer[1]	**10,489,290**	10,489,290
Ian Simm[1]	**9,486,002**	9,486,002
Vince O'Brien	**110,000**	110,000
Guy de Froment	**–**	–
Sally Bridgeland	**–**	–
Lindsey Brace Martinez	**–**	–

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 2016.

Ian Simm has a 5.88 per cent interest in the capital of Impax Carried Interest Partner LP, and a 5 per cent 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 over the Company's Ordinary Shares as shown in the table below.

Year granted	Options held	Exercise price	Earliest exercise date	Latest exercise date
2011	450,000	49.6p	31/12/14	31/12/17
2012	100,000	37.6p	31/12/15	31/12/18
2013	100,000	47.9p	31/12/16[1]	31/12/19
2014	100,000	56.9p	31/12/17[1]	31/12/20

1 The options will only vest subject to continuous employment to these dates.

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 30 November 2016:

	Number	Percentage
BNP Paribas Investment Partners	31,920,000	24.99
Impax Asset Management Group plc Employee Benefit Trust 2012	20,132,411	15.8
Keith Falconer[1]	10,489,290	8.2
Ian R Simm[1]	9,486,002	7.4
FIL Limited	9,333,654	7.3
Bruce Jenkyn-Jones[2]	6,220,000	4.9
Asset Management One	5,474,955	4.3
Rathbone Investment Managers	5,180,865	4.1

1 includes vested shares within sub-funds of the EBT 2004 from which the individual and their families 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 13,950,080 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 24–25 of the Group's Strategic report.

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.

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 2016 were 37 (2015: 30).

CHARITABLE DONATIONS

The Group operates a scheme whereby it matches donations made by employees to their own chosen charities. During the year the Group made total donations of £2,302 under this scheme.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("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.

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 the Company's auditors are aware of that information. This confirmation is given pursuant to the section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

By order of the Board

ZACK WILSON

COMPANY SECRETARY
30 November 2016

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

Governance

Remuneration report

For the year ended 30 September 2016

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 2016 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

No share-based payment awards were made in respect of the current period.

The Chief Executive and other employees continue to benefit from share-based payment awards made under the previous share-based incentive plans (the EIA Extension, ESOP 2011-15 and RSS 2014–2015) as more fully described in note 7 to the financial statements.

(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 £	Bonus £	2016 Total £	2015 Total £
Keith Falconer	65,000	–	–	65,000	65,000
Ian Simm	240,813	6,140	205,000	451,953	416,406
Guy de Froment	30,000	–	–	30,000	30,000
Vince O'Brien	31,667	–	–	31,667	30,000
Sally Bridgeland[1]	31,667	–	–	31,667	5,000
Lindsey Brace Martinez[1]	33,135	–	–	33,135	5,340
	432,282	6,140	205,000	643,422	576,746

1 Appointed on 31 July 2015

The Company also paid £3,373 to Lindsey Brace Martinez during the year for consultancy services provided.

SERVICE CONTRACTS

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

POLICY ON NON-EXECUTIVE DIRECTORS' REMUNERATION

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

By Order of the Board

VINCE O'BRIEN

CHAIRMAN, REMUNERATION COMMITTEE
30 November 2016

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 2016 set out on pages 9 to 39. The financial reporting framework that has been applied in their preparation is applicable law and IFRS 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 5, 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 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with IFRS 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

OPINION ON OTHER MATTER 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.

Richard Hinton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
30 November 2016

Consolidated income statement

For the year ended 30 September 2016

	Notes	2016 £000	2015 £000
Revenue	4	**21,067**	19,726
Operating costs	5	**(16,915)**	(16,616)
Credits related to legacy long-term incentive schemes	8	**27**	1,285
Fair value gains on investments and other financial income	9	**989**	615
Investment income	10	**319**	228
Change in third-party interests in consolidated funds	11	**(288)**	(101)
Profit before taxation		**5,199**	5,137
Taxation	12	**(1,022)**	(1,504)
Profit after taxation		**4,177**	3,633
Earnings per share			
Basic	13	**3.62p**	3.16p
Diluted	13	**3.62p**	3.13p
Dividends per share			
Interim dividend paid and final dividend declared for the year		**2.1p**	1.6p
Special dividend declared for the year		**–**	0.5p
	14	**2.1p**	2.1p

Consolidated statement of comprehensive income

For the year ended 30 September 2016

	2016 £000	2015 £000
Profit for the year	**4,177**	3,633
Decrease in valuation of cash flow hedges	**(193)**	(171)
Tax on change in valuation of cash flow hedges	**38**	38
Exchange differences on translation of foreign operations	**87**	(35)
Total other comprehensive income	**(68)**	(168)
Total comprehensive income for the year attributable to equity holders of the Parent Company	**4,109**	3,465

All 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 13 to 31 form part of these financial statements.

Financial statements

Consolidated statement of financial position

As at 30 September 2016

Company No: 03262305

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Assets					
Goodwill	15	1,681		1,681	
Intangible assets		61		73	
Property, plant and equipment	16	108		185	
Investments		14		16	
Total non-current assets			1,864		1,955
Trade and other receivables	17	6,931		4,754	
Derivative asset		–		49	
Investments	18	12,811		7,419	
Margin account		378		177	
Cash invested in money market funds and long-term deposit accounts	20	12,891		17,153	
Cash and cash equivalents	20	2,804		2,364	
Total current assets			35,815		31,916
Total assets			37,679		33,871
Equity and liabilities					
Ordinary shares	23	1,277		1,277	
Share premium		4,093		4,093	
Exchange translation reserve		(154)		(241)	
Hedging reserve		(116)		39	
Retained earnings		21,645		20,759	
Total equity			26,745		25,927
Trade and other payables	21	5,473		4,987	
Third-party interest in consolidated funds	22	2,125		144	
Derivative liability		265		74	
Current tax liability		2,135		305	
Total current liabilities			9,998		5,510
Accruals		180		197	
Deferred tax liability	12	756		2,237	
Total non-current liabilities			936		2,434
Total equity and liabilities			37,679		33,871

Authorised for issue and approved by the Board on 30 November 2016. The notes on pages 13 to 31 form part of these financial statements.

Ian R Simm
Chief Executive

Consolidated statement of changes in equity

For the year ended 30 September 2016

	Note	Share capital £000	Share premium £000	Exchange translation reserve £000	Hedging reserve £000	Retained earnings £000	Total equity £000
Balance at 1 October 2014		1,277	4,093	(206)	172	19,523	24,859
Transactions with owners:							
Dividends paid	14	–	–	–	–	(1,676)	(1,676)
Acquisition of own shares		–	–	–	–	(1,158)	(1,158)
Long-term incentive scheme charge		–	–	–	–	437	437
		–	–	–	–	(2,397)	(2,397)
Profit for the year		–	–	–	–	3,633	3,633
Other comprehensive income							
Cash flow hedge		–	–	–	(171)	–	(171)
Tax on cash flow hedge		–	–	–	38	–	38
Exchange differences on translation of foreign operations		–	–	(35)	–	–	(35)
		–	–	(35)	(133)	3,633	3,465
Balance at 30 September 2015		1,277	4,093	(241)	39	20,759	25,927
Transactions with owners:							
Dividends paid	14	–	–	–	–	(2,462)	(2,462)
Acquisition of own shares		–	–	–	–	(1,547)	(1,547)
Award of shares on option exercise		–	–	–	–	166	166
Long-term incentive scheme charge		–	–	–	–	552	552
		–	–	–	–	(3,291)	(3,291)
Profit for the year		–	–	–	–	4,177	4,177
Other comprehensive income							
Cash flow hedge		–	–	–	(193)	–	(193)
Tax on cash flow hedge		–	–	–	38	–	38
Exchange differences on translation of foreign operations		–	–	87	–	–	87
		–	–	87	(155)	4,177	4,109
Balance at 30 September 2016		**1,277**	**4,093**	**(154)**	**(116)**	**21,645**	**26,745**

The notes on pages 13 to 31 form part of these financial statements.

Financial statements

Consolidated cash flow statement

For the year ended 30 September 2016

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

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

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

	At beginning of the year £000	Cashflow £000s	Foreign exchange £000s	At end of the year £000s
Cash and cash equivalents	2,364	438	2	2,804
Cash invested in money market funds and long-term deposit accounts	17,153	(4,262)	–	12,891
Cash held by consolidated funds	(193)	(99)	–	(292)
	19,324	(3,923)	2	15,403

Notes to the financial statements

For the year ended 30 September 2016

1 REPORTING ENTITY

Impax Asset Management Group plc (the "Company") is incorporated and domiciled in the UK and is listed on the Alternative Investment Market ("AIM"). These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Company's separate financial statements are shown on pages 32 to 39.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS adopted for use by the EU.

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

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

Details of the significant accounting policies adopted by the Group are shown in note 28.

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

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements management has made judgements and estimates that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Revisions to estimates are recognised prospectively. The most significant judgements and estimates are described below.

– *Determining the value of unlisted investments (see note 18)*
A number of accounting estimates and judgements are incorporated within current asset investments in respect of the valuation of unlisted investments. The methodology used is described in note 18.

– *Consolidation of managed funds*
In determining whether managed funds should be consolidated, key judgements include whether returns received by the Group constitute an ownership interest and as to whether the Group controls the fund.

– *Determining the share-based payment charge (see note 7)*
In determining the value of share-based payments, key judgements include the volatility of Impax shares, Impax's dividend yield and the risk free rate.

– *Determining the value of NIC payments due in respect of share schemes (see note 8)*
In determining the value of amounts that will be payable for NIC 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 share price 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. (see note 12)*
We record share-based payment charges for option and restricted share awards. Tax deductions in respect of these will only be available in future years when the relevant individual exercises options, or when the restrictions over restricted share awards lapse 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 becomes payable and the tax rates prevalent at that date. The Group uses the price and the rate enacted at the statement of financial position date as its estimate.

– *Impairment of goodwill (see note 15)*
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 cash-generating units ("CGUs") by applying a discounted cash flow model.

– *Recoverability of fund raising costs*
We have incurred certain costs during the year in establishing our third private equity fund. These costs would be chargeable to the fund at its first close. We have judged at the balance sheet date that it is virtually certain that the fund will reach first close and therefore that the amounts spent will be rechargeable to the fund. The amounts incurred are therefore recognised within other receivables. As described in note 25 first close was achieved on 30 November 2016.

– *Taxation of fees received from private equity funds*
We have provided in full for taxation on fees received from private equity funds. Taxation of this area is however subject to uncertainty and we may not pay the full amounts accrued.

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2016

4 ANALYSIS OF REVENUE AND ASSETS

REVENUE

See accounting policy at note 28 (C) and note 28 (L)

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

Analysis of revenue by type of service:

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

Analysis of revenue by the location of customers:

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

Analysis of "Rest of the world" customer location:

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

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

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

ASSETS

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

5 OPERATING COSTS

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

See accounting policy at note 28 (D) for leases and note 28 (E) for placement fees

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

As described in note 18 we consolidate certain funds in which we invest and therefore include their operating costs in the table above. An analysis of the total cost between operating entities and consolidated funds is shown in the table below.

	2016 £000	2015 £000
Operating costs of operating entities of the fund	16,705	16,425
Operating costs of consolidated funds	210	191
	16,915	16,616

5 OPERATING COSTS CONTINUED

Other costs includes £131,000 (2015: £143,000) paid to the Group's auditors which is analysed below:

	2016 £000	2015 £000
Audit of the Group's Parent Company and consolidated financial statements	**44**	43
Audit of subsidiary undertakings	**51**	48
Tax compliance	**21**	19
Other non-audit services	**15**	33
	131	143

6 STAFF COSTS AND EMPLOYEES

	2016 £000	2015 £000
Salaries and variable bonuses	**9,523**	8,731
Social security costs	**1,207**	1,097
Pensions	**416**	356
Share-based payment charge (see note 7)	**512**	437
Other staff costs	**982**	1,593
	12,640	12,214

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

The Group contributes to employees' private pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to the funds. Contributions totalling £37,000 (2015, £35,000) were payable to the funds at the year end and are included in trade and other payables.

See accounting policy for pensions in note 28 (F)

Other staff costs include the cost of providing health and other insurances for staff, Non-Executive Directors' fees, contractor fees, recruitment fees and redundancy costs.

DIRECTORS AND KEY MANAGEMENT PERSONNEL

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

Key management personnel are related parties and are defined as members of the Board and/or the Executive Committee. The remuneration of key management personnel during the year was £3,082,047 with £241,654 of share-based payments (2015: £2,048,037 with £90,025 of share-based payments).

EMPLOYEES

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

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

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2016

7 SHARE-BASED PAYMENT CHARGES

See accounting policy at note 28 (G)

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

RESTRICTED SHARE SCHEME ("RSS")

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

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

EMPLOYEE SHARE OPTION PLAN ("ESOP")

Under this plan options over the Group's shares were granted to employees in 2011, 2012, 2013, 2014 and 2015.

The strike price of these options was set at a 10 per cent premium to the average market price of the Company's shares for the 30 business days (2015 ESOP: five days) following the announcement of the results for each of the respective preceding financial years. The 2011 and 2012 ESOP options have vested. The options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment on 31 December 2016 (2013 ESOP) and 31 December 2017 (2014 and 2015 ESOP). The valuation was determined using the Black-Scholes-Merton model.

OPTIONS OUTSTANDING

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

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

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

RESTRICTED SHARES OUTSTANDING

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

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

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

LONG-TERM INCENTIVE PLAN NIC CHARGE ("LTIP")

The Group made option awards under its LTIP plan in 2011. These awards vested in 2012 but 4,484,500 remained outstanding at 30 September 2016. The Group pays Employer's NIC when individuals exercise their options and accordingly accrues for the estimated amount that would be payable on exercise using the year-end share price. The amount accrued therefore varies from period to period in line with the Group's share price with any adjustment recorded through the income statement.

LTIP ADDITIONAL PAYMENTS

Individuals receiving LTIP options are eligible for a retention payment payable after the end of the financial year in which each employee exercises his or her LTIP options. The payments are equal to the corporation tax benefit realised by the Group on the exercise of the LTIP options minus the amount of the Employer's NIC suffered by the Group on the exercise of the LTIP options. Payments totalling £222,000 were made during the year leaving £180,000 accrued at the year end.

EBT 2004 TAXATION

The EBT 2004 holds Impax shares and other assets in sub-funds for the benefit of certain of the Group's past and current employees. The Impax shares were awarded under the Group's Employee Incentive Arrangement Schemes in 2011 and prior years. Taxation of these schemes has historically been subject to uncertainty. In prior years the Group accrued for Employer's NIC payments that would have been payable on the value of any assets transferred out of the Trust, but did not recognise a deferred tax asset for the corporation tax deduction that would be available in the event the assets transferred out of the EBT were in the form of Impax shares. During 2015 the Group reached agreement with HMRC whereby it made a payment of £715,000 to HMRC in full settlement of income tax, NIC and corporation tax credits considered payable/due in respect of the awards. The EBT 2004 agreed to pay the Company £894,000 in respect of this settlement. The credit of £1,360,000 recorded in 2015 is made up of the release of the amounts previously accrued for Employer's NIC, payment of the £715,000 and the re-imbursement of the £894,000.

9 FAIR VALUE GAIN ON INVESTMENTS AND OTHER FINANCIAL INCOME/(EXPENSE)

Fair value gains for the year were £1,180,000, (2015: £615,000) and represent those arising on the revaluation of listed and unlisted investments held by the Group including those held by the Group's consolidated funds (see note 18) and any gains or losses arising on related hedge instruments held by the Group. The gain is comprised of £3,169,000 of unrealised gains (2015: £37,000) and £1,989,000 of realised losses (2015: £578,000 of gains). Other financial expense was £191,000 and represents foreign exchange losses.

10 INVESTMENT INCOME

See accounting policy at note 28 (H)

	2016 £000	2015 £000
Interest	100	111
Other investment income	219	117
	319	228

11 THIRD-PARTY INVESTOR'S SHARE OF CONSOLIDATED FUNDS

See accounting policy regarding consolidation at note 28 (A)

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

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2016

12 TAXATION

See accounting policy at note 28 (l)

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

(A) ANALYSIS OF CHARGE FOR THE YEAR

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

(B) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

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

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

(C) DEFERRED TAX

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

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

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

13 EARNINGS PER SHARE

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

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

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

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

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

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

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

14 DIVIDENDS

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

DIVIDENDS DECLARED/PROPOSED IN RESPECT OF THE YEAR

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

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

DIVIDENDS PAID IN THE YEAR

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

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2016

15 GOODWILL

See accounting policy at note 28 (J)

	2016
Cost	
At 1 October 2014	1,665
Additions	16
At 30 September 2015 and 30 September 2016	**1,681**

The goodwill balance within the Group at 1 October 2014 was £1,665,000 and arose from the acquisition of Impax Capital Limited on 18 June 2001 (Listed Equity operating segment) and the acquisition of a property fund management business in 2014 (Property operating segment). The addition to goodwill in 2015 resulted from an adjustment to the goodwill originally recorded on the acquisition of the property fund management business.

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 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 2017, which was approved by the Directors in October 2016 and thereafter using a growth rate of 5 per cent for revenue and 2 per cent for costs. The key assumptions used to calculate the cash flows in the budget were expected fund flows for each CGU (based on an aggregation of flows by product) and a post-tax discount rate of 11 per cent. The discount rate was derived from the Group's weighted average cost of capital which we consider is reflective of a market participant's discount rate.

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.

16 PROPERTY, PLANT AND EQUIPMENT

See accounting policy at note 28 (K)

Property, plant and equipment mainly represents the costs of fitting out the Group's leased London office (leasehold improvements) and office furniture and computers (fixtures, fitting and equipment).

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
As at 1 October 2014	669	523	1,192
Additions	44	70	114
As at 30 September 2015	713	593	1,306
Additions	–	71	71
As at 30 September 2016	**713**	**664**	**1,377**
Accumulated depreciation			
As at 1 October 2014	473	473	946
Charge for the year	136	39	175
As at 30 September 2015	609	512	1,121
Charge for the year	95	53	148
As at 30 September 2016	**704**	**565**	**1,269**
Net book value			
As at 30 September 2016	**9**	**99**	**108**
As at 30 September 2015	104	81	185
As at 30 September 2014	196	50	246

17 TRADE AND OTHER RECEIVABLES

See accounting policy at note 28 (L)

	2016 £000	2015 £000
Trade receivables	**283**	313
Other receivables	**1,997**	1,390
Prepayments and accrued income	**4,651**	3,051
	6,931	4,754

Accrued income relates to accrued management fees and arises where bills are raised in arrears.

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

	2016 £000	2015 £000
Not past due	**51**	123
Past due but not impaired:		
1–30 days	**42**	46
31–60 days	**190**	117
61–90 days	**–**	27
More than 90 days	**–**	–
	283	313

All outstanding amounts listed above have been received at the date of this report. There were no amounts that were impaired at the reporting date.

£6,370,000 of trade and other receivables and accrued income were due from related parties (2015: £3,258,000) in respect of investment management services. £523,000 included in other receivables, was due from non-consolidated sub-funds of the EBT 2004 (2015: £894,000).

18 CURRENT ASSET INVESTMENTS

See accounting policy at note 28 (M)

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

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

LISTED INVESTMENTS

IMPAX ENVIRONMENTAL LEADERS FUND (CONSOLIDATED)

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

IMPAX GLOBAL EQUITY OPPORTUNITIES FUND (CONSOLIDATED)

On 23 December 2014 the Group launched the Impax Global Equity Opportunities fund ("IGEO") and invested £2,000,000 from its own resources in the fund. IGEO invests in listed equities using the Group's Global Equity Strategy. The Group's investment represented more than 50 per cent of IGEO's NAV from the date of launch to 30 September 2016 and the fund has been consolidated throughout this period with its underlying investments included in listed investments in the table above.

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2016

18 CURRENT ASSET INVESTMENTS CONTINUED

LISTED INVESTMENTS CONTINUED

IMPAX FOOD AND AGRICULTURE FUND (CONSOLIDATED)

On 1 December 2012 the Group launched the Impax Food and Agriculture Fund ("IFAF") and invested £2,000,000 from its own resources into the fund. The IFAF invests in listed equities using the Group's Food and Agriculture Strategy. The Group's investment represented more than 50 per cent of the IFAF's NAV from the date of launch to 30 September 2016 and has been consolidated throughout this period with its underlying investments included in listed investments in the table above.

IMPAX FUNDAMENTAL LONG-TERM OPPORTUNITIES IN WATER FUND (CONSOLIDATED IN PRIOR YEAR)

On 31 January 2014 the Group launched the Impax Fundamental Long-Term Opportunities in Water Fund LP ("IFLOW") and invested $5,000,000 (£3,016,000) from its own resources into the fund. IFLOW invested in listed equities using the Group's Water Strategy. During the year ended 30 September 2015 the Group and third-party investors redeemed all of their investments in the fund. The Group's investment represented more than 50 per cent of IFLOW's NAV from the date of launch to the date of the last redemption and has been consolidated throughout this period with its underlying investments included in listed investments in the table above.

UNLISTED INVESTMENTS

PRIVATE EQUITY FUNDS (NOT CONSOLIDATED)

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

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

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

The unlisted investments include £1,114,000 in related parties of the Group (2015: £2,941,000).

HIERARCHICAL CLASSIFICATION OF INVESTMENTS

The hierarchical classification of the investments as considered by IFRS 13 *Financial Instruments: Disclosures* is shown below:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 30 September 2015	4,090	–	3,329	7,419
Additions	7,216	–	116	7,332
Fair value movements	2,604	–	566	3,170
Repayments/Disposals	(2,667)	–	(2,443)	(5,110)
At 30 September 2016	**11,243**	**–**	**1,568**	**12,811**

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

MARKET RISK AND INVESTMENT HEDGES

See accounting policy for derivatives at note 28 (N)

The investment in the IGEO, IEL and IFAF funds at 30 September 2016 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 2015 exposed to equity market price risk were the Group's holdings in the IGEO and IFAF funds.

19 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

See accounting policy at note 28 (A) and note 28 (U)

The Group's interest in structured entities is reflected in the Group's AUM. The Group is exposed to movements in AUM of structured entities through potential loss of fee income as a result of client withdrawals or market falls. Outflows from funds are dependent on market sentiment, asset performance and investor considerations. Further information on these risks can be found in the strategic review. Considering the potential for changes in AUM of structured entities, management has determined that the Group's unconsolidated structured entities include segregated mandates and pooled funds vehicles. Disclosure of the Group's exposure to unconsolidated structured entities has been made on this basis.

At 30 September 2016 AUM managed within unconsolidated structured entities was £4.4 billion (2015: £2.7 billion) and within consolidated structured entities was £11.6 million (2015: £4.3 million).

£20,675,000 in revenue was earned from unconsolidated structured entities.

The total exposure to unconsolidated structured entities in the statement of financial position is shown in the table below:

	2016 £000	2015 £000
Management fees receivable (including accrued income)	**4,070**	2,412
Investments	**1,114**	2,941
	5,184	5,353

The main risk the Group faces from its interest in unconsolidated structured entities are decreases in the value of seed capital investments. Details on this are provided in note 18.

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

See accounting policy for cash at note 28 (O)

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

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

The Group is exposed to interest rate risk on the above balances as interest income fluctuates according to the prevailing interest rates. The average interest rate on the cash balances during the year was 0.6 per cent (2015: 0.6 per cent). A 0.5 per cent increase in interest rates would have increased Group profit after tax by £86,000 (2015: £93,000). An equal change in the opposite direction would have decreased profit after tax by £86,000 (2015: £93,000).

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 (with Standard & Poor's credit rating A-2, A-1 and A-2 respectively) and the remainder in money market funds managed by BlackRock and Goldman Sachs (Standard & Poor's credit rating of AAA).

21 TRADE AND OTHER PAYABLES

See accounting policy at note 28 (P)

	2016 £000	2015 £000
Trade payables	**96**	50
Taxation and other social security	**416**	385
Other payables	**258**	293
Accruals	**4,703**	4,259
	5,473	4,987

The most significant accruals at the year end relate to bonuses and Employer's NIC on share schemes.

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2016

22 THIRD-PARTY INTEREST IN CONSOLIDATED FUNDS

	2016 £000	2015 £000
At fair value	**2,125**	144

Third-party interest in consolidated funds represents the net assets of the consolidated funds IFAF, IGEO and IEL which are not attributable to the Group. As described in note 18, IFAF, IGEO and IEL 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 2016 the Group's interest in IFAF was 95.2 per cent (2015: 95.0 per cent), the Group's interest in IGEO was 98.6 per cent (2015: 98.4 per cent) and in IEL was 67.3 per cent. This balance is classified as Level 1 for the hierarchical classification purposes of IFRS 13.

23 ORDINARY SHARES

See accounting policy at note 28 (Q)

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

24 OWN SHARES

See accounting policy at note 28 (R)

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

Included within own shares are 4,890,000 shares held in a nominee account in respect of the Restricted Share Scheme as described in note 7.

25 FINANCIAL COMMITMENTS

At 30 September 2016 the Group has outstanding commitments to invest up to €203,000 (2015: €203,000) into its private equity fund – INEI. This amount could be called on in the period to 19 August 2017.

At 30 September 2015 the Group also has outstanding commitments to invest up to €1,103,000 (2015: €1,260,000) into its second private equity fund – INEI II. This amount could be called on in the period to 22 March 2020.

On 30 November 2016 the Group completed the first close for its third renewable energy infrastructure private equity fund, Impax New Energy Investors III ("NEFIII"), raising €149 million. As part of this fund raising the Group has committed to invest €4 million in NEFIII.

At 30 September 2016 the Group had commitments under non-cancellable operating leases as follows:

	Offices		Other	
	2016 £000	2015 £000	2016 £000	2015 £000
Within one year	**431**	352	**11**	10
Between one and two years	**67**	75	**11**	10
Between two and five years	**215**	–	**31**	30
	713	**427**	**53**	**50**

26 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.

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 (see note 20). 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 17.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that the fair value of 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 euros and US dollars. The Group's foreign exchange risk arises from income received in these currencies, together with an exposure to expenses in foreign currencies, principally US dollars.

The strategy of the Group for the year ended 30 September 2016 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 euros and buy sterling. These have been designated as cash flow hedges against euro income, and will be recognised in profit in October 2016, January and April 2017. The fair value of these instruments at 30 September 2016 was £(144,000) which is recognised in equity. £193,000 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, including that arising from consolidated funds, at 30 September 2016 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Non-current asset investments	14	–	–
Current asset investments	3,087	6,364	2,625
Trade and other receivables	2,707	935	110
Cash and cash equivalents	79	283	–
	5,887	**7,582**	**2,735**
Liabilities			
Trade and other payables	4,145	2,434	21
Third-party interests in consolidated funds	370	1,202	426
	4,515	**3,636**	**447**
Net exposure	**1,372**	**3,946**	**2,288**

The Group's exposure to foreign exchange rate risk at 30 September 2015 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Non-current asset investments	16	–	–
Current asset investments	3,606	2,119	1,694
Trade and other receivables	1,758	317	155
Cash and cash equivalents	76	442	1
	5,456	2,878	1,850
Liabilities			
Trade and other payables	4,340	797	95
Third-party interest in consolidated funds	27	57	61
	4,367	854	156
Net exposure	**1,089**	**2,024**	**1,694**

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2016

26 FINANCIAL RISK MANAGEMENT CONTINUED

FOREIGN EXCHANGE RISK 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 profits 2016 £000	Post-tax profits 2015 £000
Translation of significant foreign assets and liabilities		
Sterling strengthens against the US dollar, up 5%	**(158)**	(80)
Sterling weakens against the US dollar, down 5%	**158**	80
Sterling strengthens against the euro, up 5%	**(55)**	(43)
Sterling weakens against the euro, down 5%	**55**	43

LIQUIDITY RISK AND REGULATORY CAPITAL REQUIREMENTS

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet 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 25) 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 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 2016, the Group had cash and cash equivalents and cash in money market funds and long-term deposit accounts of £15,695,000. This is £10,222,000 in excess of trade and other payables. The Group in addition had other current assets of £20,120,000.

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 are the Group's investments in its managed funds. See note 18 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 2016	Available for sale £000	FVTPL[1] – 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	–	–	–	2,804	–
Cash held in money market funds and long-term deposits	–	–	–	12,891	–
Trade and other receivables	–	–	–	2,280	–
Investments	14	1,568	11,243	–	
Total financial assets	**14**	**1,568**	**11,243**	**17,975**	**–**
Financial liabilities					
Trade and other payables	–	–	–	–	354
Third-party interest in consolidated funds	–	2,125	–	–	–
Total financial liabilities	**–**	**2,125**	**–**	**–**	**354**

1 FVTPL = Fair value through profit and loss

26 FINANCIAL RISK MANAGEMENT CONTINUED

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY CONTINUED

30 September 2015	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	–	–	–	2,364	–
Cash held in money market funds and long-term deposits	–	–	–	17,153	–
Trade and other receivables	–	–	–	1,703	
Investments	16	3,329	4,090	–	–
Total financial assets	16	3,329	4,090	21,220	–
Financial liabilities					
Trade and other payables	–	–	–	–	342
Third-party interest in consolidated funds	–	144	–	–	–
Total financial liabilities	–	144	–	–	342

27 RELATED PARTY TRANSACTIONS

INEI, INEI II, Impax New Energy Investors II-B LP, Impax New Energy Investors SCA, Impax Carried Interest Partners LP, Impax Carried Interest Partners II LP, Impax Fundamental Long-Term Opportunities in Water Fund LP, Impax Climate Property Fund LP and Impax Global Resource Optimization Fund LP and entities controlled by these funds are related parties of the Group by virtue of subsidiaries being the General Partners to these funds. The Group earns management fees from these entities.

BNP Paribas Investment Partners is a related party of the Group by virtue of owning a 24.99 per cent equity holding. The Group sub-manages certain funds for BNP for which it earns fees.

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

Fees earned from the above related parties have been disclosed in note 4 and amounts receivable are disclosed in note 17. The Group also invests in certain funds that it manages which are disclosed in note 18.

The transactions with the EBT 2004 described in note 8 and note 17 are also considered to be related party transactions.

28 ACCOUNTING POLICIES

(A) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. All intra-Group transactions and balances are eliminated in full on consolidation.

Subsidiaries are those entities, including investment funds, over which the Group has control. The Group is deemed to have control if it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through its power over the entity.

The entities included in the consolidation may vary year on year due to restructuring of the Group (including acquisition and disposals) and the level of investments made in investment funds (see below).

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.

The Company includes certain assets and liabilities of the EBT 2004 and EBT 2012 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.

INVESTMENT FUNDS AND STRUCTURED ENTITIES

The Group acts as a fund manager to investment funds that are considered to be structured entities under IFRS. Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding which party has control: for example, when any voting rights relate to administrative tasks only and the relevant activities of the entity are directed by means of contractual arrangements. The Group has interests in structured entities as a result of the management of these investment funds.

Where the Group holds a direct interest in an investment funds it manages, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not. Control is determined in accordance with IFRS 10, based on an assessment of the level of power and aggregate economic interest that the Group has over the fund, relative to third-party investors. Power is normally conveyed to the Group through the existence of an investment management agreement and/or other contractual arrangements. Aggregate economic interest is a measure of the Group's exposure to variable returns in the fund through a combination of direct interest, carried interest and expected management fees (including performance fees).

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2016

28 ACCOUNTING POLICIES CONTINUED

The Group concludes that it acts as a principal when the power it has over the fund is deemed to be exercised for self-benefit, considering the level of aggregate economic exposure in the fund and the assessed strength of third-party investors' kick-out rights. The Group concludes that it acts as an agent when the power it has over the fund is deemed to be exercised for the benefit of third-party investors. The Group concludes that it has control and, therefore, will consolidate a fund as if it were a subsidiary where the Group acts as a principal. If the Group concludes that it does not have control over the fund, the Group accounts for its interest in the fund as a financial asset.

In cases where investment funds are consolidated, the third-party interest is recorded as a financial liability. The consolidation has no net effect on the income statement. The treatment continues until the Group loses control as defined by IFRS.

Details of funds that are recorded as a financial asset are provided in note 18.

(B) FOREIGN CURRENCY

(i) FUNCTIONAL AND PRESENTATIONAL CURRENCY

The financial information of each of the Group's entities are initially recorded in the currency of the primary economic environment in which the entity operates (the "functional currency"). This is mainly sterling but for some entities it is the euro and the US dollar. The consolidated financial statements are presented in sterling which is both the Company's functional and presentational currency as well as the currency in which the majority of the Group's revenue streams, assets and liabilities are recorded.

(ii) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency 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. Foreign currency gains or losses resulting from the settlement of such transactions and their translation at year-end rates are recorded in the income statement.

(iii) CONSOLIDATION

On consolidation, the results and financial position of all Group entities that have a functional currency different from sterling (the "presentational currency") are translated into sterling as follows:

- assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- income and expenses are translated at the date of the transaction or at average exchange rate for the year; and
- any resulting exchange differences are recognised as a separate component of the statement of comprehensive income.

(C) REVENUE

Management fee revenue is recognised as the service is provided and it is probable that the fee will be received. Where fees are calculated and billed in arrears amounts are accrued and estimated based on the statement of financial position date.

Revenue also includes transaction based fees. These fees are recorded as income as the service is provided and the receipt of income is almost certain.

Performance fees arising upon the achievement of the specified targets are recognised when the fees are confirmed as receivable.

(D) LEASES

Rental payments on operating leases are charged to the income statement on a straight-line basis over the lease term. The Group has no finance leases.

(E) 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. Such charges are included in other costs in note 5 – operating costs.

(F) PENSIONS

Pension contributions made to defined contribution schemes by the Group are charged to the consolidated income statement as they become payable.

(G) SHARE-BASED PAYMENTS

The fair value of employee services received in exchange for the grant of restricted 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.

(H) INVESTMENT INCOME

Interest income is accrued on a time basis by reference to the principal outstanding and the interest rate applicable. Other investment income is recognised when the right to receive payment is established.

28 ACCOUNTING POLICIES CONTINUED

(I) 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 income statement 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 equity.

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.

(J) 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.

(K) 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

(L) 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.

(M) 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 transaction costs are recognised in the income statement. 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.

(N) DERIVATIVES

The Group uses foreign exchange contracts as a hedge against 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 (disclosed as derivative asset or liability) on the statement of financial position. In instances where the hedge accounting criteria is met, changes in the fair value are recorded in other comprehensive income. The amounts recognised in other comprehensive income are reclassified to income when the hedged item (such as the relevant foreign exchange income) is recorded.

The Group also uses forward derivative contracts to hedge the market risk on investments made. These are also recorded at their fair value in the statement of financial position with any changes recorded in the income statement as part of fair value gains and losses.

Financial statements

Notes to the financial statements continued

For the year ended 30 September 2016

28 ACCOUNTING POLICIES CONTINUED

(O) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity period of three months or less.

(P) TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at cost and subsequently remeasured at amortised cost using the effective interest rate method. Accruals are based on the latest information and therefore require a degree of estimation.

(Q) ORDINARY SHARES

Ordinary shares issued by the Group are recorded at the proceeds received, net of direct issue costs.

(R) OWN SHARES

Company shares held by the Group's EBTs are deducted from shareholder's funds and classified as own shares until such time as they vest unconditionally to participating employees and their families.

(S) 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 CGU 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.

(T) SEGMENTAL INFORMATION

The Group has three operating segments: "Listed Equity", "Private Equity" and "Property". The results of these segments have been aggregated into a single reportable segment (see note 4) 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.

(U) INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group classifies the following investment funds as unconsolidated structured entities:

- Segregated mandates and pooled funds managed where the Group does not hold any direct interest. In this case, the Group considers that its aggregate economic exposure is insignificant, and, in relation to segregated mandates, the third-party investor has the practical ability to remove the Group from acting as fund manager, without cause. As a result, the Group concludes that it acts as an agent for third-party investors.

- Pooled funds managed by the Group where the Group holds a direct interest, for example seed capital investments, and the Group's aggregate economic exposure in the fund relative to third-party investors is less than 20 per cent (ie the threshold established by the Group for determining agent versus principal classification). Here, the Group concludes that it is an agent for third-party investors and therefore accounts for its beneficial interest in the fund as a financial asset. The disclosure of the AUM in respect of consolidated and unconsolidated structured entities is provided in note 19 and note 22.

29 NEW ACCOUNTING STANDARDS

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE YEAR

No new accounting standards, interpretation or amendments were adopted during the year.

NEW STANDARDS NOT YET ADOPTED

The following new standards and amendments issued have not been early adopted. The Group is currently assessing their impact on its consolidated financial statements.

– *IFRS 9 Financial Instruments* was originally issued in November 2009, and the finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition, was issued in July 2014. IFRS 9 replaces the classification and measurement models for financial instruments in IAS 39 with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. Under IFRS 9, the Group's business model and the contractual cash flows arising from its investments in financial instruments will determine the appropriate classification. All equity investments within the scope of IFRS 9 are to be measured at fair value, with gains or losses reported either in the statement of comprehensive income or, by election, through other comprehensive income. However, where fair value gains and losses are recorded through other comprehensive income there will no longer be a requirement to transfer gains or losses to the statement of comprehensive income on impairment or disposal. In addition, IFRS 9 introduces an expected loss model for the assessment of impairment. The current model under IAS 39 (incurred loss model) requires the Group to recognise impairment losses when there is objective evidence that an asset is impaired. Under the expected loss model, impairment losses are recorded if there is an expectation of credit losses, even in the absence of a default event. The Group does not anticipate that this will have a material impact on its results. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and has yet to be endorsed for use in the EU.

– *IFRS 15 Revenue from Contracts with Customers* deals with revenue recognition and establishes a single, principles-based model to be applied to all contracts with customers. Revenue is recognised when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. IFRS 15 replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and related interpretations. The standard provides guidance on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and has yet to be endorsed for use in the EU.

– *IFRS 16 Leases* was issued on 13 January 2016 and replaces IAS 17 *Leases*. IFRS 16 requires all operating leases in excess of one year, where the Group is the lessee, to be included on the Group's statement of financial position, and recognised as a right-of-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset will be amortised on a straight-line basis with the lease liability being amortised using the effective interest method. Certain optional exemptions are available under IFRS 16 for short-term leases (lease term of less than 12 months) and for small-value leases. The Group does not anticipate that IFRS 16 will have a material impact on its reported results. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement.

No other standards or interpretations issued and not yet effective are expected to have an impact on the Group's consolidated financial statements.

Financial statements

Company statement of financial position

As at 30 September 2016

Company No: 03262305

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Assets					
Property, plant and equipment	31	100		178	
Investments	32	22,242		18,738	
Deferred tax asset	36	–		70	
Total non-current assets			22,342		18,986
Trade and other receivables	33	3,836		2,848	
Investments	34	1,116		2,941	
Margin account		379		175	
Cash invested in money market funds		1,929		1,120	
Cash and cash equivalents		1,273		1,513	
Total current assets			8,533		8,597
Total assets			30,875		27,583
Equity and liabilities					
Ordinary shares	23	1,277		1,277	
Share premium		4,093		4,093	
Retained earnings		14,317		17,165	
Total equity			19,687		22,535
Current liabilities					
Trade and other payables	35	10,774		5,048	
Total current liabilities			10,774		5,048
Non-current liability					
Deferred tax liability	36	414		–	
Total non-current liabilities			414		–
Total equity and liabilities			30,875		27,583

Authorised for issue and approved by the Board on 30 November 2016. The notes on pages 35 to 39 form part of these financial statements.

Ian R Simm
Chief Executive

Company statement of changes in equity

For the year ended 30 September 2016

	Note	Share capital £000	Share premium £000	Retained earnings £000	Total £000
As at 1 October 2014		1,277	4,093	17,278	22,648
Profit for the year		–	–	2,284	2,284
Transactions with owners					
Dividends paid	14			(1,676)	(1,676)
Own shares acquired		–	–	(1,158)	(1,158)
Long-term incentive scheme charge		–	–	437	437
		–	–	(2,397)	(2,397)
As at 30 September 2015		1,277	4,093	17,165	22,535
Profit for the year		–	–	443	443
Transactions with owners					
Dividends paid	14	–	–	(2,462)	(2,462)
Own shares acquired	24	–	–	(1,547)	(1,547)
Award of shares on option exercise		–	–	166	166
Long-term incentive scheme charge		–	–	552	552
		–	–	(3,291)	(3,291)
As at 30 September 2016		**1,277**	**4,093**	**14,317**	**19,687**

The notes on pages 35 to 39 form part of these financial statements.

Governance

Financial statements

Financial statements

Company statement of cash flows

For the year ended 30 September 2016

	2016 £000	2015 £000
Operating activities:		
Profit before taxation	447	2,795
Adjustments for:		
Investment income	(2,504)	(1,009)
Depreciation of property, plant and equipment	139	171
Fair value movements in investments	1,490	(161)
Share-based payment	46	56
Operating cash flows before movement in working capital	(382)	1,852
(Increase) in receivables	(988)	(1,414)
(Increase)/decrease in margin account	(205)	119
(Decrease)/increase in payables	6,205	(5,148)
Cash generated from operations	4,630	(4,591)
Corporation tax	–	–
Net cash (used by)/generated from operating activities	4,630	(4,591)
Investing activities:		
Interest received	4	9
Dividend received	2,500	1,000
Repayments from/proceeds on sale of investments	2,445	5,610
Investments made into Impax managed funds	(3,116)	(2,124)
Settlement of investment related hedges	(1,990)	(359)
Decrease/(increase) in cash held in money market funds	(809)	2,494
Purchase of property, plant and equipment	(61)	(111)
Net cash (used in)/generated from investing activities	(1,027)	6,519
Financing activities:		
Dividends paid	(2,462)	(1,676)
Acquisition of Own shares	(1,547)	(1,158)
Cash received on exercise of Impax share options	166	–
Net cash (used in)/generated from financing activities	(3,843)	(2,834)
Net (decrease)/increase in cash and cash equivalents	(240)	(906)
Cash and cash equivalents at beginning of year	1,513	2,419
Cash and cash equivalents at end of year	1,273	1,513

Notes to the Company financial statements

For the year ended 30 September 2016

30 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 32 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 £443,000 (2015: £2,285,000).

31 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
As at 1 October 2014	664	492	1,156
Additions	44	67	111
As at 30 September 2015	708	559	1,267
Additions	1	60	61
As at 30 September 2016	**709**	**619**	**1,328**
Depreciation			
As at 1 October 2014	469	449	918
Charge for the year	136	35	171
Disposals	–		–
As at 30 September 2015	605	484	1,089
Charge for the year	93	46	139
As at 30 September 2016	**698**	**530**	**1,228**
Net book value			
As at 30 September 2016	**11**	**89**	**100**
As at 30 September 2015	103	75	178
As at 30 September 2014	195	43	238

32 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 2014	17	19,358	19,375
Additions	–	2,000	2,000
Capital contribution	–	381	381
Disposals/Repayment of invested capital	(1)	(3,017)	(3,018)
At 30 September 2015	16	18,722	18,738
Additions	–	3,000	3,000
Capital contribution	–	506	506
Disposals/Repayment of invested capital	(2)	–	(2)
At 30 September 2016	**14**	**22,228**	**22,242**

Financial statements

Notes to the Company financial statements continued

For the year ended 30 September 2016

32 NON-CURRENT INVESTMENTS CONTINUED

The subsidiary undertakings are:

	Country of incorporation	Proportion of ordinary capital held	Nature of business
Impax Asset Management Limited[1]	UK	100%	Fund management
Impax Asset Management (AIFM) Limited[1]	UK	100%	Fund management
INEI I GP (UK) LLP	UK	100%	General partner to private equity fund
INEI II GP (UK) LLP	UK	100%	General partner to private equity fund
INEI III GP (UK) LLP	UK	100%	General partner to private equity fund
Climate Property (GP) Limited	UK	100%	General partner to property fund
Impax Carried Interest Partner (GP) Limited	UK	100%	General partner to private equity fund
Impax Carried Interest Partner II (GP) Limited	UK	100%	General partner to private equity fund
Impax Global Resource Optimization Fund (GP) Limited	UK	100%	General partner to listed equity fund
Impax Flow (GP) Limited	UK	100%	General partner to listed equity fund
Impax US Holdings Limited	UK	100%	Holding company
Impax New Energy Investors (GP) Limited	UK	100%	Holding company
Impax New Energy Investors II (GP) Limited	UK	100%	Holding company
Impax Capital Limited	UK	100%	Dormant
Impax New Energy Investors Management SARL	Luxembourg	100%	General partner to private equity fund
Kern USA Inc	USA	100%	Holding company for legacy US oil assets
Impax Asset Management (Hong Kong) Ltd[2]	Hong Kong	100%	Fund management
Impax Asset Management (US) LLC	USA	100%	Fund management
Impax Food and Agriculture Fund	Ireland	95.2%	Investment fund
Impax Global Equity Opportunities Fund	Ireland	98.6%	Investment fund
Impax Environmental Leaders Fund	Ireland	67.3%	Investment fund

1 FCA regulated
2 Hong Kong SFC regulated

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:

	2016 £000	2015 £000
Interest in shares	**11,824**	8,443
Capital contribution	**10,364**	10,279
	22,188	18,722

The principal other investment for the Company is in the fund Impax New Energy Investors SCA which is incorporated in Luxembourg.

33 TRADE AND OTHER RECEIVABLES

	2015 £000	2014 £000
Amounts owed by Group undertakings	**2,483**	1,108
Taxation and other social security	**60**	304
Other receivables	**902**	1,095
Prepayments and accrued income	**391**	341
	3,836	2,848
Due:		
After one year	**–**	–
Within one year	**3,836**	2,848
	3,836	2,848

34 CURRENT ASSET INVESTMENTS

	Investments £000
At 1 October 2014	4,889
Additions	124
Fair value movements	521
Repayments/Disposals	(2,593)
At 30 September 2015	2,941
Additions	116
Fair value movements	502
Repayments/Disposals	(2,443)
At 30 September 2016	**1,116**

35 TRADE AND OTHER PAYABLES

	2016 £000	2015 £000
Trade payables	**34**	18
Amounts owed to Group undertakings	**9,563**	3,892
Taxation and other social security	**15**	9
Other payables	**181**	138
Accruals and deferred income	**981**	991
	10,774	5,048

36 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 2015	41	(140)	155	14	70
Credit/(charge) to the income statement	3	(392)	(103)	8	(484)
As at 30 September 2016	**44**	**(532)**	**52**	**22**	**(414)**

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

37 FINANCIAL COMMITMENTS

The Company has committed to invest up to €3,756,000 into INEI. At 30 September 2016 the outstanding commitment was €203,000 (2015: €203,000) which could be called on in the period to 19 August 2017.

The Group has committed to invest up to €3,298,000 into INEI II. At 30 September 2015 the outstanding commitment was €1,103,000 (2015: €1,260,000) which could be called on in the period to 22 March 2020.

At 30 September 2015 the Company had commitments under non-cancellable operating leases as follows:

	Offices		Other	
	2016 £000	2015 £000	2016 £000	2015 £000
Within one year	**75**	352	**11**	10
Between one and two years	**–**	75	**11**	10
Between two and five years	**–**	–	**31**	30
	75	427	**53**	50

Financial statements

Notes to the Company financial statements continued

For the year ended 30 September 2016

38 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-2), and the remainder in a money market funds managed by BlackRock and Goldman Sachs which have 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 sterling, euros and US dollars. 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 2016 was:

	EUR/GBP £000	USD/GBP £000
Assets		
Non-current asset investments	14	–
Current asset investments	1,116	–
	1,130	**–**
Liabilities		
Trade and other payables	929	884
	929	884
Net exposure	**201**	**(884)**

The Company's exposure to foreign currency exchange rate risk at 30 September 2015 was:

	EUR/GBP £000	USD/GBP £000
Assets		
Non-current asset investments	22	–
Current asset investments	2,941	–
	2,963	–
Liabilities		
Trade and other payables	–	–
	–	–
Net exposure	2,963	–

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	
	2016 £000	2015 £000
Translation of significant foreign assets and liabilities		
Sterling strengthens against the US dollar up 5%	35	–
Sterling weakens against the US dollar, down 5%	(35)	–
Sterling strengthens against the euro, up 5%	(8)	(186)
Sterling weakens against the euro, down 5%	8	186

38 FINANCIAL RISK MANAGEMENT CONTINUED

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.

INTEREST RATE RISK

At the reporting date the Company's cash and cash equivalents, including bank overdrafts and cash held in money market deposits with a balance of £3,202,000 (2015: £2,633,000) 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 2016	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Current investments	–	–	1,116	1,116

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

30 September 2015	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Current investments	–	–	2,941	2,941

The Company had no financial liabilities measured at fair value for 2016 or 2015.

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

30 September 2016	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	–	–	1,273	–
Cash held in money market funds	–	–	1,929	–
Trade and other receivables	–	–	902	–
Investments	–	1,116	–	–
Total financial assets	**–**	**1,116**	**4,104**	**–**
Financial liabilities				
Trade and other payables	–	–	–	(216)
Total financial liabilities	**–**	**–**	**–**	**(216)**

30 September 2015	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	–	–	1,513	–
Cash held in money market funds	–	–	1,120	–
Trade and other receivables	–	–	1,095	–
Investments	–	2,941	–	–
Total financial assets	**–**	**2,941**	**3,728**	**–**
Financial liabilities				
Trade and other payables	–	–	–	(157)
Total financial liabilities	**–**	**–**	**–**	**(157)**

Financial statements

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 8 March 2017 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 2016 together with the Directors' report and the auditor's report on those accounts.
2. To re-elect J Keith R Falconer as a Director.
3. To re-elect Guy de Froment 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 2016 of 1.6 pence per Ordinary Share payable to the holders of Ordinary Shares on the register of members at the close of business on 17 February 2017.

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, 9 and 10 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 8 June 2018) 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 dealing with the authority to allot pursuant to section 551 of the Companies Act 2006 (the "Act"), 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 or sale of Treasury Shares up to an aggregate nominal value of £63,874.54,

   the power conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 8 June 2018), 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 (and Treasury Shares to be sold) after such expiry and the Directors of the Company may allot equity securities (and sell Treasury Shares) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

9 THAT, subject to the passing of resolution 7 above, the Directors of the Company be and are hereby empowered in addition to any authority granted under resolution 8(b) to allot equity securities (within the meaning of section 560 of the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as Treasury Shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

(a) limited to the allotment of equity securities or sale of Treasury Shares up to a nominal amount of £63,874.54; and
(b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

the power conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 8 June 2018), 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 (and Treasury Shares to be sold) after such expiry and the Directors of the Company may allot equity securities (and sell Treasury Shares) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

10. 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
9 December 2016

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 6 March 2017. 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 6 March 2017 (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.

Financial statements

Officers and advisers

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J Keith R Falconer (Chairman)
Ian R Simm (Chief Executive)
Guy de Froment (Non-Executive)
Vincent O'Brien (Non-Executive)
Sally Bridgeland (Non-Executive)
Lindsey Brace Martinez (Non-Executive)

SECRETARY
Zack Wilson

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