

Impax Asset Management Group plc

Interim Report 2010



**The Environmental
Investment Specialist**

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

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

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

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Highlights (for the six months ended 31 March 2010)

- > **Increase in AUM¹ of 40% to £1.77 billion (31 March 2010)**
Further increase to £1.91 billion (30 April 2010)
- > **Strong first half revenue and profit**
Revenue: £6.31 million (2009: £4.50 million²)
Profit before tax (unaudited): £1.67 million (2009: £1.02 million³)
- > **Successful fundraising for second private equity fund**
€141 million of capital raised on 23 March 2010

¹ Assets under discretionary and advisory management.

² Plus £0.95 million of exceptional, non-recurring fees.

³ Plus £0.52 million from exceptional, non-recurring fees.

Breakdown of growth in AUM

	Quoted equities £Million	Private equity £Million	Total £Million
Total assets 30 September 2009	1,133	130	1,263
Inflows	317	126	443
Outflows	(47)	–	(47)
Performance and currency movements	110	(2)	108
Total assets 31 March 2010	1,513	254	1,767

Chief Executive's Statement

Evidence of improving macroeconomic conditions, particularly in the United States and in the Asia-Pacific region, has resulted in continued recovery in equity markets in recent months and strengthening investor confidence.

In this context, I am pleased to report that Impax Asset Management Group plc ("Impax" or the "Company") has made further significant progress during the first half of its financial year (the "Period" between 1 October 2009 and 31 March 2010) and our proven business model of investing in high growth, inefficiently priced environmental markets has gained further traction.

The legislative backdrop to environmental markets has continued to advance. Notwithstanding the inconclusive outcome to December's international negotiation in Copenhagen on global warming policy, many governments have moved ahead to implement targets for the adoption of renewable energy technologies; for example, China reconfirmed its commitment to sourcing 15 per cent of its electric power from renewable energy by 2020, laying the foundation for a capital expenditure programme of ca. US\$180 billion. In parallel, the Obama administration announced several policies to improve energy efficiency throughout the economy, particularly in the areas of vehicle fuel consumption and energy management in buildings.

AUM and financial results for the Period

Impax's assets under management and advisory ("AUM") increased 40 per cent from £1,263 million on 30 September 2009 to £1,767 million on 31 March 2010. By 30 April 2010, AUM had increased further to £1,909 million.

Revenue for the six months to 31 March 2010, which does not yet include the full effect of significant AUM inflows occurring towards the end of the Period, increased to £6.31 million (2009: £4.50

million plus £0.95 million of exceptional, non-recurring private equity management fees). The unaudited net result for the Period was a profit before tax of £1.67 million (2009: £1.02 million (restated) plus £0.52 million profit from exceptional, non-recurring fees).

At the Annual General Meeting on 10 February 2010, Impax shareholders approved payment of a dividend of 0.4 pence per share (2009: 0.35 pence). In line with previous statements, the Board expects to continue to recommend annual dividend payments in the future.

Quoted equities

During the Period, funds and accounts under our management that were invested in quoted equities continued to perform well relative to benchmarks. We are now managing four distinct "quoted equity" strategies: a "Specialists" strategy focusing on small and mid cap stocks that have a majority of their business activity in environmental markets; a "Leaders" strategy that includes both larger companies and more diversified businesses where we believe that their exposure to environmental markets should lead to earnings outperformance; a "Water" strategy encompassing technology providers, service companies and utilities; and lastly an "Asia-Pacific" strategy targeting the rapid and sustained growth anticipated from companies active in the environmental sector that are based in the region.

Funds and accounts following these strategies have continued to deliver strong investment performance. In the 12 months to 31 March 2010, the Specialists strategy returned 53.7 per cent and the Water strategy gained 48.3 per cent,

outperforming the MSCI World Index, which increased by 44.0 per cent. The Leaders strategy, which was up 38.7 per cent over the same period, has performed strongly in the first four months of 2010. These funds also have compelling longer term performance; for example, in the five years to 31 March 2010, the Specialists strategy returned 88.3 per cent while the MSCI World Index was up 43.7 per cent.

We have been particularly encouraged by the performance of our Asia-Pacific portfolio. As noted in the Annual Report, we commenced management of Impax Asian Environmental Markets plc ("IAEM plc") on 23 October 2009, following a successful initial public offering that attracted £104.5 million of capital from UK investors. Between launch and 31 March 2010, this trust's net asset value per share increased by 18.8 per cent, a significant outperformance against the MSCI AC Asia-Pacific ex Japan Index, which was up by 14.1 per cent. We have recently launched an open-ended sister fund to IAEM plc on our open-ended funds platform in Ireland.

Private equity

Impax's private equity team has also achieved an important milestone during the Period. On 23 March 2010, we announced the launch and fund raising (with €141 million of capital commitments) for Impax New Energy Investors II LP ("Fund II"), our second private equity fund, which will invest equity capital in renewable energy power generation facilities and related assets in Europe. Impax became a limited partner in Fund II with a commitment of €2 million. This fund raising was supported by institutional investors, the majority of whom had invested in our first fund

Revenue

£Million

06		3.84
07		7.11
08		11.39
09	H1 5.45	10.39
10	H1 6.31	

Profit before tax

£Million

06		0.50
07		1.82
08		3.52
09	H1 1.54	2.47
10	H1 1.67	

Earnings per share (basic)*

pence

06		1.59
07		1.20
08		3.36
09	H1 1.36	2.63
10	H1 1.10	

* 08, 09 and 10 – adjusted basis

AUM

£Billion

06		0.43
07		0.98
08		1.09
09		1.26
10	H1	1.77

(Impax New Energy Investors LP, "Fund I"), which raised €125 million during 2005 and 2006. We expect to attract additional capital into Fund II in due course.

During the Period, the Company disbursed additional funds to Fund I, and has now made cumulative disbursements from the Company's cash reserves of €2.75 million out of its overall €3.76 million commitment.

Fund flows

In addition to funds raised for IAEM plc and for Impax New Energy Investors II LP, we received net inflows during the Period of £165 million of which £21 million came into "Impax Label" funds, which we typically manage for UK investors, attracting annual fees in the region of 0.9 to 1.5 per cent. Third party funds/accounts, where fees tend to be lower, received net inflows of £144 million.

Infrastructure and support

Our policy is to expand our capabilities in compliance, risk management, finance, operations and marketing in line with regulatory requirements and the anticipated short-to-medium-term development of the Impax business. During the Period, our headcount of permanent staff increased from 34 to 39, including two new hires into the marketing team.

Fund distribution

Our network of distribution partners continues to strengthen. In April 2010, the merger of BNP Paribas Investment Partners and Fortis Investment Management was completed, and the combined entity, which retains the BNP Paribas Investment Partners name, has already produced notable inflows for us in the Benelux and Australia, and has generated strong prospects elsewhere.

As reported in the 2009 Annual Report, we have increased our focus on the marketing of our products in North America with the appointment of Titanium Asset Management as a third party distributor. We are currently servicing this relationship, and other clients such as Pax World, from London,

but will review in due course whether to establish a client service presence in the United States.

In the UK, we have extended our distribution through a new agreement with Skandia Investment Group to take over the management of Skandia Investment Management Limited's Ethical Fund in June, subject to FSA approval. Skandia has asked us to reorient this fund, which had net assets of ca. £77 million on 30 April 2010, to follow a strategy based on our Leaders portfolio.

Business Property Relief

We understand that shares in Impax Asset Management Group plc are "relevant business property" for UK Inheritance Tax Business Property Relief purposes (noting that any application is a matter between the investor, or their advisor, and HMRC).

Prospects

At the time of writing, European sovereign debt markets are volatile and equities are showing signs of contagion. Nevertheless, the companies in which we invest will typically benefit from further recovery in the world economy, while some will also gain from the fiscal stimulus spending that was announced during 2008 and 2009 to accelerate the adoption of cleaner, more efficient infrastructure, products and services.

Over the past few years, Impax has been able to consolidate its position as one of the leading investment managers in the environmental markets sector, focusing on designing and delivering strong returns from institutional quality investment products and mapping out a distribution strategy to target pockets of demand around the world. With an experienced, committed management team, a broad network of clients and partners and a business model that is already generating rapidly rising earnings, I am confident that Impax is well positioned for further long-term profitable expansion.

Ian Simm

18 May 2010

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 31 March 2010

	Note	Six months ended 31 March 2010 £'000	Six months ended 31 March 2009 (restated) £'000	Year ended 30 September 2009 (restated) £'000
Revenue	6	6,313	5,452	10,391
Operating costs:				
Long-term incentive scheme charge		–	(275)	(551)
Other operating costs		(4,787)	(3,722)	(7,842)
Fair value gains/(losses) on investments		168	(26)	326
Change in third party interest in consolidated funds		(55)	–	(113)
Profit from operations		1,639	1,429	2,211
Investment income		31	110	262
Profit before taxation		1,670	1,539	2,473
Taxation		(468)	(352)	(192)
Profit for the period		1,202	1,187	2,281
Other comprehensive income				
Exchange differences on consolidation		(4)	–	(3)
Total other comprehensive income		(4)	–	(3)
Total comprehensive income for the period attributable to equity holders of the parent		1,198	1,187	2,278
Basic earnings per share	7	1.10p	1.10p	2.12p
Diluted earnings per share	7	1.05p	1.03p	1.97p

All profit for the period is derived from continuing operations.

The notes on pages 8 to 14 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

as at 31 March 2010

	Note	As at 31 March 2010 £'000	As at 31 March 2009 (restated) £'000	As at 30 September 2009 (restated) £'000
ASSETS				
Non-current assets				
Goodwill	9	1,629	1,629	1,629
Intangible assets		108	148	143
Property, plant and equipment		354	460	422
Other financial assets	10	759	1,178	792
Investments		17	14	14
Trade and other receivables		65	65	65
Deferred tax asset		279	–	364
		3,211	3,494	3,429
Current assets				
Trade and other receivables		3,957	2,423	2,716
Other financial assets	10	478	380	452
Investments	11	5,043	2,979	3,927
Current tax asset		–	–	22
Cash and cash equivalents	12	6,054	5,564	10,284
		15,532	11,346	17,401
TOTAL ASSETS		18,743	14,840	20,830
EQUITY AND LIABILITIES				
Equity				
Ordinary shares		1,156	1,156	1,156
Share premium		78	78	78
Exchange translation reserve		(161)	(154)	(157)
Own shares		(59)	(78)	(59)
Treasury shares		(453)	–	–
Retained earnings		13,600	11,482	12,832
TOTAL EQUITY		14,161	12,484	13,850
Current liabilities				
Trade and other payables		1,484	2,024	4,609
Third party interest in consolidated funds		1,987	–	1,687
Short-term borrowings	12	1,065	–	684
Current tax liability		46	332	–
		4,582	2,356	6,980
TOTAL EQUITY AND LIABILITIES		18,743	14,840	20,830

The notes on pages 8 to 14 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 March 2010

	Share capital £'000	Share premium £'000	Exchange translation reserve £'000	Own shares £'000	Treasury shares £'000	Retained earnings £'000	Minority interest £'000	Total Equity £'000
As at 1 October 2008 as previously reported	1,156	78	(154)	(78)	–	10,396	1,168	12,566
Prior year adjustment	–	–	–	–	–	–	(1,168)	(1,168)
As at 1 October 2008 as restated	1,156	78	(154)	(78)	–	10,396	–	11,398
Profit for the period	–	–	–	–	–	1,187	–	1,187
Other comprehensive income for the period: exchange differences on consolidation	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	–	1,187	–	1,187
Long-term incentive scheme charge	–	–	–	–	–	276	–	276
Transactions with equity holders:								
Dividends paid	–	–	–	–	–	(377)	–	(377)
As at 31 March 2009	1,156	78	(154)	(78)	–	11,482	–	12,484
Profit for the period	–	–	–	–	–	1,094	–	1,094
Other comprehensive income for the period: exchange differences on consolidation	–	–	(3)	–	–	–	–	(3)
Total comprehensive income for the period	–	–	(3)	–	–	1,094	–	1,091
Long-term incentive scheme charge	–	–	–	–	–	275	–	275
Shares vested to employees from Employee Benefit Trust	–	–	–	19	–	(19)	–	–
As at 30 September 2009	1,156	78	(157)	(59)	–	12,832	–	13,850
Profit for the period	–	–	–	–	–	1,202	–	1,202
Other comprehensive income for the period: exchange differences on consolidation	–	–	(4)	–	–	–	–	(4)
Total comprehensive income for the period	–	–	(4)	–	–	1,202	–	1,198
Transactions with equity holders:								
Share buy back	–	–	–	–	(453)	–	–	(453)
Dividends paid	–	–	–	–	–	(434)	–	(434)
As at 31 March 2010	1,156	78	(161)	(59)	(453)	13,600	–	14,161

The notes on pages 8 to 14 are an integral part of the condensed consolidated financial statements.

All equity is attributable to owners of the parent.

Condensed Consolidated Statement of Cash Flows

for the six months ended 31 March 2010

	Note	Six months ended 31 March 2010 £'000	Six months ended 31 March 2009 (restated) £'000	Year ended 30 September 2009 (restated) £'000
Cash flows from operating activities				
Profit before interest and taxation		1,639	1,429	2,211
Adjustments for:				
Depreciation of property, plant and equipment		100	91	186
Amortisation of intangible assets		35	18	51
Fair value movement in investments		(171)	26	(326)
Long-term incentive scheme charge		-	275	551
Translation differences		20	(82)	(87)
Increase in receivables		(1,241)	(857)	(726)
Decrease in payables		(2,825)	(1,799)	(737)
Interest received		31	110	149
Corporation tax paid		(315)	(274)	(834)
Net cash (used in)/generated by operating activities		(2,727)	(1,063)	438
Investing activities:				
Cash acquired on consolidation of investment		-	-	2,906
Proceeds on sale of investments		1,213	-	-
Purchase of investments		(2,161)	-	(289)
Purchase of intangible assets		-	(92)	(121)
Purchase of property, plant and equipment		(33)	(15)	(70)
Net cash (used in)/generated by investing activities		(981)	(107)	2,426
Financing activities:				
Dividends paid	8	(434)	(377)	(377)
Repurchase of share capital		(453)	-	-
Net cash used in financing activities		(887)	(377)	(377)
Net (decrease)/increase in cash and cash equivalents		(4,595)	(1,547)	2,487
Cash and cash equivalents at the beginning of the period		9,600	7,029	7,029
Effect of foreign exchange rate changes		(16)	82	84
Cash and cash equivalents at the end of the period	12	4,989	5,564	9,600

The notes on pages 8 to 14 are an integral part of the condensed consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

for the six months ended 31 March 2010

1 Reporting entity

Impax Asset Management Group plc (the "Company") is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company at and for the six months ended 31 March 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

2 Statement of compliance

The interim report is unaudited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. These condensed consolidated interim financial statements have been prepared in accordance with IFRS 34 – Interim Financial Reporting as adopted by the EU and the AIM rules. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 September 2009.

The comparative figures for the financial year ended 30 September 2009 are not the Company's statutory accounts for that financial year. Those accounts, prepared in accordance with IFRSs as adopted by the EU, have been reported on by the Company's auditors and delivered to Companies House. The report of the auditors was (i) unqualified, (ii) did not include a reference to matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. Copies of these accounts are available upon request from the Company's registered office at Mezzanine Floor, Pegasus House, 37–43 Sackville Street, London W1S 3EH or at the Company's website: www.impax.co.uk.

These condensed consolidated interim financial statements were approved by the Board of Directors on 18 May 2010.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2009, except that with effect from 1 October 2009 the Group adopted the following new standards and interpretations:

IAS 1 (revised) – Presentation of Financial Statements. IAS 1 (revised) has resulted in some of the titles of the financial statements changing. The "balance sheet" is now referred to as a "statement of financial position" and a "cash flow statement" is now a "statement of cash flows". The income statement has been replaced by a "statement of comprehensive income".

IFRS 8 – Operating Segments. The Group has two operating segments: "Quoted equities" and "Private equity". The results of these segments have been aggregated into a single operating segment for the purposes of these financial statements because they have characteristics so similar that they can be expected to have essentially the same future prospects. These segments have common investors, operate under the same regulatory regimes and their distribution channels are substantially the same. Additionally management allocates the resources of the Group as though there is one operating unit.

IFRS 3 – Business Combinations (2008) and IAS 27 – Consolidated and Separate Financial Statements (2008) for business combinations occurring in the financial year commencing 1 October 2009. All business combinations occurring on or after 1 October 2009 are accounted for by applying the acquisition method. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

Adjustment for the year ended 30 September 2009

The Group has made the following adjustment for the year ended 30 September 2009:

Amounts previously classified in the Income Statement and the Statement of Financial Position as "Minority interest" have been classified as "Third party interest in consolidated funds" as they represent investments by third parties in puttable instruments as defined by IAS 32 – Financial Instruments: Presentation. The effect of this adjustment on the 30 September 2009 comparative figures is as follows:

	Effect on the statement of comprehensive income Dr/(Cr) £'000	Effect on the statement of financial position Dr/(Cr) £'000
Minority interest	–	1,687
Third party interest in consolidated funds	–	(1,687)
Minority interest	113	–
Change in third party interest in consolidated funds	(113)	–

3 Significant accounting policies *continued*

Adjustments for the period ended 31 March 2009

In addition to the adjustment above for the year ended 30 September 2009 the Group has made the following prior period adjustments in order to reflect those prior year adjustments that were applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2009.

Foreign exchange differences arising on long-term inter-company loans were previously treated as equity investments and translated at period-end rates with differences taken to reserves. However this treatment was incorrect and the exchange differences arising on long-term inter-company loans are now recognised in the Statement of Comprehensive Income. The effect of this adjustment on the 31 March 2009 comparative figures is as follows:

	Effect on the statement of comprehensive income Dr/(Cr) £'000	Effect on the statement of financial position Dr/(Cr) £'000
Operating costs	(328)	–
Exchange translation reserve	–	(379)
Retained earnings	–	707

The fair value of employee services received in exchange for the grant of shares is recognised as an expense. The total amount to be expensed over the performance period is determined by reference to the fair value of the shares determined at the date the employee is deemed to be fully aware of their entitlement and all conditions of vesting, the "Grant Date". As the Grant Date is now deemed to be later than previously recognised, the timing and quantum of charges arising from the Employee Benefit Trust ("EBT") has changed and it has been necessary to restate prior periods. The impact of this change on the 31 March 2009 comparative figures is as follows:

	Effect on the statement of comprehensive income Dr/(Cr) £'000	Effect on the statement of financial position Dr/(Cr) £'000
Retained earnings	–	(105)
Long-term incentive scheme charge	105	–

In addition shares within the Employee Benefit Trust that had fully vested but were still held by the EBT were previously consolidated as part of the Trust assets at the end of the interim period. This treatment was incorrect and vested shares are no longer consolidated as Trust assets as these shares have been transferred to sub funds in which the employees and their families may benefit. The impact of this change on the 31 March 2009 comparative figures is as follows:

	Effect on the statement of comprehensive income Dr/(Cr) £'000	Effect on the statement of financial position Dr/(Cr) £'000
Other receivables	–	(163)
Share premium	–	162
Own shares	–	(144)
Retained earnings	–	145

4 Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2009. They include judgements made in the valuing of unlisted current asset investments, potential impairment of goodwill and assumptions regarding the recoverability of loans.

Notes to the Condensed Consolidated Interim Financial Statements continued

for the six months ended 31 March 2010

5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 September 2009.

6 Revenue

Revenue for the six months ended 31 March 2009 includes an exceptional management fee of £946,000 relating to Impax New Energy Investors, billed in that financial period in accordance with the Limited Partnership Agreement.

7 Earnings per share

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

	Profit for the period £'000	Ordinary shares in issue (weighted average)	Earnings per share
Six months ended 31 March 2010			
Basic	1,202	108,809,749	1.10p
Diluted	1,202	114,696,057	1.05p
Six months ended 31 March 2009 (as restated)			
Basic	1,187	107,799,158	1.10p
Diluted	1,187	115,582,431	1.03p
Year ended 30 September 2009			
Basic	2,281	107,799,158	2.12p
Diluted	2,281	115,582,431	1.97p

The comparatives for the six months ended 31 March 2009 are restated for the reasons disclosed in note 3 "Significant Accounting Policies". The effect of these restatements is that Basic EPS for the six months ended 31 March 2009 has increased from 0.89p to 1.10p and Diluted EPS has increased from 0.84p to 1.03p. The reclassification of minority interests at September 2009 as described in note 3 has no impact on EPS.

Shares allocated to the EBT, but not yet vested, are classified as "own shares" on consolidation.

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

	Six months ended 31 March 2010	Six months ended 31 March 2009	Year ended 30 September 2009
Weighted average number of ordinary shares used in the calculation of basic earnings per share	108,809,749	107,799,158	107,799,158
Weighted average EBT shares not yet vested	5,886,308	7,783,273	7,783,273
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	114,696,057	115,582,431	115,582,431

7 Earnings per share continued

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

	Six months ended 31 March 2010 £'000	Six months ended 31 March 2009 £'000	Year ended 30 September 2009 £'000
Profit after tax	1,202	1,187	2,281
Long-term incentive scheme charge	–	275	551
Adjusted profit after tax	1,202	1,462	2,832

	Adjusted profit for the period £'000	Ordinary shares in issue (weighted average)	Earnings per share
Six months ended 31 March 2010			
Basic adjusted	1,202	108,809,749	1.10p
Diluted adjusted	1,202	114,696,057	1.05p
Six months ended 31 March 2009			
Basic adjusted	1,462	107,799,158	1.36p
Diluted adjusted	1,462	115,582,431	1.26p
Year ended 30 September 2009			
Basic adjusted	2,832	107,799,158	2.63p
Diluted adjusted	2,832	115,582,431	2.45p

8 Dividends

On 10 February 2010 at the Group's Annual General Meeting, the Board approved payment of a dividend, being 0.40p per share in respect of the year ended 30 September 2009 (2008: 0.35p per share, totalling £377,293). The trustees of the Employee Benefit Trust waived their rights to part of this dividend, leading to a total dividend payment of £433,817. This was paid on 11 February 2010.

The Directors do not propose an interim dividend for the six months ended 31 March 2010.

9 Goodwill

Cost	£'000
At 1 April 2009, 30 September 2009 and 31 March 2010	1,629

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

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

10 Other financial assets

	31 March 2010 £'000	31 March 2009 £'000	30 September 2009 £'000
Loan receivable			
Due after one year	759	1,178	792
Due within one year	478	380	452
	1,237	1,558	1,244

Notes to the Condensed Consolidated Interim Financial Statements continued

for the six months ended 31 March 2010

10 Other financial assets continued

The maximum exposure to credit risk for this loan receivable is represented by its carrying amount. The Directors do not consider that this balance is impaired at the date of these interim financial statements. The weighted average interest charged on this loan is 2 per cent (2009: 2 per cent). The Group holds a part of the Nukern Oil Field as security in respect of this loan. Further details are provided in the consolidated financial statements of the Group as at and for the year ended 30 September 2009.

11 Current asset investments

	Investments in consolidated funds – held for trading £'000	Other investments – held for trading £'000	Total £'000
At 1 October 2008	2,523	1,648	4,171
Transfer to other investments	(1,357)	1,357	–
Disposal of current asset investments	(1,166)	–	(1,166)
Fair value movements	–	(26)	(26)
At 31 March 2009	–	2,979	2,979
Additions	–	289	289
Acquisition of listed investments on consolidation of subsidiary	2,123	(1,816)	307
Fair value movements	–	352	352
At 30 September 2009	2,123	1,804	3,927
Additions	–	2,161	2,161
Disposal of current asset investments	(1,213)	–	(1,213)
Fair value movements	38	130	168
At 31 March 2010	948	4,095	5,043

On 21 May 2007, the Group made an investment of €2,200,000 (£1,506,851) in the Impax Absolute Return Fund ("IARF"). The investment took the form of a subscription of 22,000 Euro Class A shares in the IARF, at €100 per share. The IARF, which is managed by a subsidiary undertaking of the Company had a total net asset value ("NAV") of €3,560,856 at 31 March 2010. The Group's investment in the IARF represents 52.08 per cent of the NAV at 31 March 2010 (30 September 2009: 52.98 per cent; 31 March 2009: 42.7 per cent). At 31 March 2010 this investment has been reported as a subsidiary and the underlying investments consolidated.

On 3 March 2008, the Group made an investment of £1,500,000 in the IFSL Impax Environmental Leaders Fund ("IEL"). During October 2008 the holding reduced below 50 per cent and has remained below 50 per cent ever since. As at the date of these interim financial statements the holding was 25.44 per cent and because the Group is not deemed to control the fund due to it having independent directors who have the authority to remove Impax as investment managers at their own discretion, this investment is not consolidated. Instead the Group has applied exemptions from IAS 28 "Associates" available to venture capital and hedge fund businesses not to equity account for this investment as an associate.

The investments in IARF and IEL are revalued to market value using quoted market prices that are available at the date of these financial statements. The quoted market price is the current bid price.

Disposals in the period represent sales of investments by the Impax Absolute Return Fund.

The Group has a €3.76 million commitment to Impax New Energy Investors LP, a partnership based in England and Wales. The addition in other investments in the period of £2,161,000 represents the second loan call of €2,406,000 (64 per cent of the Group commitment) on this investment. At the period end the Group has invested a total of €2,740,000 (73 per cent of the Group commitment). The Group commitment of €3.76 million represents 3.76 per cent of the total commitment of all the partners in Impax New Energy Investors LP.

The Group has a further commitment of €2 million to Impax New Energy Investors II LP, a partnership based in England and Wales which was established on 23 March 2010. At the period end no calls had been made on the commitment which remains outstanding. The Group commitment of €2 million represents 1.42 per cent of the total commitment of all the partners in Impax New Energy Investors II LP.

12 Cash and cash equivalents

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

	31 March 2010 £'000	31 March 2009 £'000	30 September 2009 £'000
Cash at bank and in hand			
Readily available for the principal operating activities of the Group	2,344	5,564	6,694
Not available for the Group	3,710	–	3,590
	6,054	5,564	10,284
Short-term borrowings			
Not available for the Group	(1,065)	–	(684)
	4,989	5,564	9,600

13 Group risks

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

14 Related party transactions

In the ordinary course of business, the Group undertakes transactions with related parties, as defined by IAS 24 – Related party disclosures. Material related party transactions are set out below. There are no significant changes in the type or nature of related party transactions from those disclosed in the 2009 Annual Report and Financial Statements.

All balances were unsecured. Unless stated otherwise balances outstanding were £nil.

Related party transactions with entities with significant influence over the Group

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

	Six months ended 31 March 2010 £'000	Six months ended 31 March 2009 £'000	Year ended 30 September 2009 £'000
Statement of comprehensive income			
Revenue	878	368	897

Related party transactions with subsidiaries and associates

Impax New Energy Investors LP and Impax New Energy Investors II LP are related parties of the Group by virtue of the Company being a limited partner in both funds and by virtue of a subsidiary undertaking, Impax Asset Management Limited, acting as the funds' manager.

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

Impax Absolute Return Fund is a related party of the Group by virtue of a subsidiary undertaking, Impax Asset Management Limited, acting as the fund's manager. The Group held an equity stake of 52.08 per cent as at 31 March 2010.

IFSL Impax Environmental Leaders is a related party of the Group by virtue of a subsidiary undertaking, Impax Asset Management Limited, acting as the fund's manager. The Group held an equity stake of 25.44 per cent as at 31 March 2010.

	Six months ended 31 March 2010 £'000	Six months ended 31 March 2009 £'000	Year ended 30 September 2009 £'000
Statement of comprehensive income			
Revenue – Impax New Energy Investors LP	891	1,836	2,600
Revenue – Impax New Energy Investors II LP	68	–	–
Revenue – Impax New Energy Investors SCA	229	229	586

Notes to the Condensed Consolidated Interim Financial Statements continued

for the six months ended 31 March 2010

14 Related party transactions continued

	Six months ended 31 March 2010 £'000	Six months ended 31 March 2009 £'000	Year ended 30 September 2009 £'000
Statement of financial position			
Current asset investments – Impax New Energy Investors LP	2,450	–	289
Trade and other receivables – Impax New Energy Investors LP	–	25	28
Trade and other payables – Impax New Energy Investors SCA	–	10	11

Related party transactions with key management personnel

Labhdal Associates is a related party of the Group by virtue of providing marketing services on behalf of J Keith R Falconer, who is both the chairman of Impax Asset Management Group plc and a director of Labhdal Associates.

	Six months ended 31 March 2010 £'000	Six months ended 31 March 2009 £'000	Year ended 30 September 2009 £'000
Statement of comprehensive income			
Marketing expenses	23	30	52

Notes

Notes

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