Impax Asset Management Group plc

Results for the year ended 30 September 2015

London, 3 December 2015 - Impax Asset Management Group plc ("Impax" or the "Company"), the AIM quoted investment manager focused on environmental markets and related resource efficiency sectors, today reports final audited results for the year ending 30 September 2015 (the “Period”).

Business update

- *Net inflows of £77 million for the year*
- *Investing for continued growth*
- *Strong listed equities performance and progress with product development*
- *Fund raising for renewable power infrastructure and sustainable property funds on track*

Financial performance

- *Assets under management and advice (“AUM”) at year end: £2.8 billion (2014: £2.8 billion), rising to £3.0 billion by 31 October 2015*
- *Revenue: £19.7 million (2014: £20.4 million)*
- *Operating Earnings[1] : £3.1 million (2014: £5.3 million)*
- *Profit before tax: £5.1 million (2014: £3.5 million)*
- *Shareholders’ equity £25.9 million (2014: £24.9 million)*

Dividend and special dividend

- *Proposed final dividend of 1.2 pence per share (2014: 1.1 pence), augmenting the interim dividend of 0.4 pence per share (2014: 0.3 pence per share)*
- *Board recommending a special dividend of 0.5 pence per share*

Keith Falconer, Chairman, commented:

“In addition to an increased dividend for the year, the Board is pleased to recommend a special dividend of 0.5 pence per share reflecting the Company’s healthy cash flow generation and strong prospects.

Investors are showing strong interest in climate change, and the COP21 talks currently underway in Paris should be a further strong catalyst for the markets where Impax focuses its investments.”

Ian Simm, Chief Executive said:

Impax is one of the leading investment management brands targeting environmental and resource efficiency markets. We are making strong progress at building our product range and our relationships with investors around the world. I believe that the Company is well-positioned to deliver future value for shareholders."

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

Notes to Editors - About Impax Asset Management

Impax Asset Management is a leading investment firm, managing approximately £3.0bn* primarily for institutional clients through both listed and private equity strategies.

Our investments are based on our strong conviction that population dynamics, resource scarcity, inadequate infrastructure and environmental constraints will profoundly shape global markets, creating investment risks and opportunities. We expect that these trends, reflecting the transition towards a more sustainable global economy, will drive earnings growth for well-positioned companies. Our proprietary investment framework identifies and calibrates the rising risks and expanding opportunities from this transition, and guides our search for investments that will deliver long term outperformance.

*As of 31 October 2015

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Chairman's statement

During the twelve months ending 30 September 2015 ("the Period"), equity market strength was followed by significant market volatility which created difficult conditions for investment managers. The worst of the financial crisis appears to be well behind us but investors now have two overarching concerns: the rate of economic growth over the medium term, particularly in developing markets, and the timing of the expected rise in interest rates in the US and UK.

In spite of recent headwinds, we are seeing sustained, high investor interest in the resource efficiency and environmental markets where Impax Asset Management focuses its investments. The drivers of these markets have never been more compelling, and we are seeing strong market growth in many areas. In particular, a positive outcome from the UN-sponsored global climate negotiations in Paris should be an effective catalyst for many of the sectors in which we invest.

During the Period, assets under discretionary and advisory management ("AUM") rose 2.5 per cent from £2.75 billion to £2.82 billion, inclusive of net inflows of £77 million, and notwithstanding the effect of a sharp market correction in September. During the first month of the new financial year we received £67 million of net inflows, and, as at 31 October 2015, AUM had increased to £3.01 billion.

Over the year, we have made good progress across the business, with strong performance from our listed equity strategies and the further development of our renewable energy infrastructure strategy where we commenced distribution to investors from our second fund and are implementing plans to raise new monies. The sustainable property business that we acquired in 2014 has advanced steadily over the Period and our efforts to mobilise additional capital are progressing.

Results for the year

Revenue over the Period was £19.7 million (2014: £20.4 million) and profit before tax ("PBT") was £5.1 million (2014: £3.5 million). PBT benefitted from a £1.2m reserve release due to the Company reaching agreement with HMRC in respect of the previously reported uncertainty around the taxation of historical share-based incentive schemes.

Operating earnings[1] for the Period were £3.1 million (2014: £5.3 million) and the associated operating margin was 15.8 per cent (2014: 26.1 per cent).

During the Period, we continued to implement a plan to scale up the business, incurring the cost of the additional team members and distribution resources to raise new monies in our real assets and listed equities businesses. At the same time, revenue from our private equity business declined in line with expectations as our second fund reached the end of its investment period. Following these developments, our private equity business is well positioned for future expansion.

The Board regards the most relevant measure of the year's earnings to be diluted earnings per share ("EPS"). On this basis, EPS was 3.13 pence (2014: 2.76 pence).

By the end of the Period, shareholders' equity had increased to £25.9 million (2014: £24.9 million) and cash reserves held by operating entities of the Group were £19.3 million (2014: £17.2 million). The Company remained debt free during the Period.

Operating cash flow for the Period was £3.8 million (2014: £6.0 million).

Proposed dividend for the Period

The Company is committed to a progressive dividend policy as a demonstration of commitment to increasing shareholder value. Following the payment of an interim dividend of 0.4 pence per share, the Board recommends a final dividend of 1.2 pence per share. If this is approved by shareholders, the aggregated dividend payment for the full year would be 1.6 pence per share, which would represent a 14 per cent increase over the dividend for the previous year (2014: 1.4 pence).

In addition, in light of the Company's healthy cash flow generation and strong prospects, the Board recommends a special dividend of 0.5 pence per share. In making this recommendation the Board is also cognisant of the removal of the potential liability to HMRC which has enabled the £1.2 million reserve release, and believes it is appropriate to distribute a portion of this to shareholders. The dividend proposals will be submitted for formal approval by shareholders at the Annual General Meeting on 3 March 2016. If approved, the dividend will be paid on or around 11 March 2016. The record date for the payment of the proposed dividend will be 12 February 2016 and the ex-dividend date will be 11 February 2016.

Board

In July we announced that Mark White had stepped down from the Board in order to pursue other opportunities. Over the past seven years, Mark's experience and insights have been invaluable, and I would like to thank him for his dedication and significant contribution to steering Impax's successful development.

In July we also announced the appointment of Sally Bridgeland and Lindsey Brace Martinez as Non-Executive Directors. Sally has worked in the UK pensions sector for nearly thirty years and has a deep knowledge of governance, risk analysis, assessment and strategic planning. Lindsey brings extensive experience in investment advisory across a wide range of asset classes including natural resources and in sustainability strategies. Her knowledge of the US market will be invaluable as we continue to develop our business in the region.

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 £1.2 million buying back 2.2 million of its own shares.

Awards

This year Impax was awarded the Socially Responsible Investment Award by the Financial Times Pension and Investment Provider Awards ("PIPA"), and was also named Best Environmental Fund Manager, and Best Specialist Fund Management Group by Investment Week.

Prospects

Looking ahead to 2016, economic weakness and market volatility appear set to continue and present further challenges for investors. The consequence of an escalation in the conflicts in the Middle East could also have a considerable impact on market confidence. Against this backdrop, Impax is well positioned to benefit from the rapidly developing interest in environmental and resource efficiency markets, and we continue to develop both our suite of products and our distribution and client service infrastructure. The Board believes that the Company will continue to scale its business model and build further shareholder value.

J Keith R Falconer

2 December 2015

Chief Executive's report

The Period has been one of robust investment performance and progress for Impax across both our listed equity and real asset strategies. Environmental and resource efficiency markets continue to deliver compelling returns as drivers strengthen and new catalysts for growth emerge.

With a highly attractive opportunity to build the firm, profits and cash flow in the Period have been impacted by two factors linked to Impax's growth plans. Fees from our second private equity fund dropped as expected at the end of its investment period in March 2015, and we increased our focus on selling the fund's assets. These events are necessary components of our pitch to investors to raise additional capital and build this division. At the same time, we have modestly increased our headcount in order to support our offering to new clients, in both listed equities and real assets.

Market developments

Environmental markets continue their rapid expansion, driven by intensifying urbanisation, water scarcity, food and energy security concerns and the growing recognition of the serious impact of climate change.

At the time of writing, the United Nations Inter-governmental Climate Change Conference is underway in Paris and, with emissions reduction pledges from the largest economic blocs there is mounting optimism for a successful outcome. In June, Pope Francis's Encyclical on Climate Change dominated the headlines, and in September Mark Carney, the Governor of the Bank of England, issued another warning to investors about the potential for climate change to have a severe impact on long-term investments.

Faced with increased risk linked to climate change, many investors are reviewing their asset allocation, and there is a resurgence of interest in the markets in which we invest. The fossil fuel divestment movement continues to gain momentum with some 450 major institutions holding investments valued at US$2.6 trillion committing to divest their coal, oil and gas holdings.

The oil price has remained depressed over the Period and we expect this to continue over the medium-term. A low oil price has on balance proved positive for resource efficiency and environmental markets, particularly those with high transportation and/or logistics costs. Lower oil prices have also allowed governments of developing countries to reduce their spending on fuel subsidies and, in some cases, increase taxes on fossil fuels.

In the water sector, projects to desalinate sea water and recharge aquifers are being developed in response to severe drought, with California suffering its worst water shortages in forty years. The best way to access this growth opportunity is by investing in companies that supply specialist hardware and also in consultancies that advise these businesses.

The recent Volkswagen scandal highlighted the tightening regulatory framework for lower vehicle emissions and the quest to make vehicles cleaner and more efficient. This is leading to numerous investment opportunities in the supply chain for companies focused on fuel efficiency, and testing vehicles in "real world"conditions.

While many investors have turned more negative on the medium-term prospects for China, we remain optimistic for the prospects for environmental markets there. Earlier this year, China published its Water Pollution Action Plan and announced a US$330 billion spend on improving the country's scarce and polluted water supplies. China was in the headlines again in June when it outlined the country's plans to reduce future carbon emissions, and next year it will publish its 13th Five Year Plan, setting out the government's targets and draft spending commitments up to the end of 2021. We expect further major investment in a wide range of pollution control and environmental improvements, providing a positive catalyst for many companies in our investment universe.

Assets under management and fund flows

During the Period, we received net inflows of £171 million from BNP Paribas, our third party distributor in Europe, and £31 million from Pax World in the US. However, following a change to its investment focus, the US private bank client that had hired us in 2013 decided to close its account, where assets had peaked (in November 2014) at US$208 million. There were small outflows from our Impax label listed funds and the value in sterling of our private equity funds fell slightly, predominantly due to foreign exchange effects.

As shown in Figure 1, the net inflows for the Period were £77 million.

Figure 1. Assets under management and advice and fund flows

AUM movement Year to 30 September 2015	Impax label listed equity funds £m	Third party listed equity funds and accounts £m	Private equity funds £m	Property funds £m	Total £m
Total AUM at 30 September 2014	511	1,867	354	22	2,755
Net (outflows)/inflows	(12)	110	(21)	-	77
Market movement and performance	(3)	14	(20)	-	(9)
Total AUM at 30 September 2015	**495**	**1,992**	**313**	**22**	**2,822**

Investment updates

Listed Equity

All our listed equity strategies follow a high conviction, bottom-up, stock-picking approach. Our three strategies with AUM above US$1 billion, Leaders, Specialists and Water, all outperformed the MSCI All Countries World Index ("ACWI") over the Period. They have also all beaten the ACWI over three years, while Leaders and Water have reported higher returns than the ACWI over five years.

Private Equity

Our private equity business has made sound progress. We are well advanced with the planned realisation of operating assets for our second fund, Impax New Energy Investors II ("NEF II" or "Fund 2"). After the Period end we announced an agreement to sell a portfolio of 206 MW wind assets in France and Germany to ERG Renew, the renewable energy subsidiary of the Italian multi-energy company ERG Group. The sale, which is part of our planned realisation of Fund 2's assets, demonstrates the success of our investment strategy of consolidating European renewable energy assets into portfolios with critical mass for sale to long term owners. This summer we also announced the refinancing of our Polish onshore wind assets and agreed the sale of a 14 MW French windfarm to Swiss utility BKW. As assets in the Fund are sold, there has been a commensurate reduction in our management fee.

We have agreements in principle on the sale of three assets in our first private equity fund ("NEF I"), and the arbitration, which we commenced in 2011 with a group of investors against the Spanish Government on past retroactive tariff changes, has continued to progress.

Our plans to launch a third private equity infrastructure fund are now well advanced. The European Investment Bank ("EIB") has announced its proposed allocation of €50 million as a cornerstone investor, and we recently appointed BNP Paribas Investment Partners to act as the fund's placement agent.

Sustainable Property

We are excited by the opportunities to create value by improving the energy efficiency of commercial property in the UK where demand is increasingly driven by tightening regulation and interest from "knowledge industry" and public sector tenants.

Following the addition of a sustainable property business last year, our team has made good progress towards the letting and sale of the remaining asset in the portfolio, a prime office and retail space in the heart of Manchester's business district which has been refitted to high sustainability and energy efficiency standards. Plans for a second fund are on track with the appointment of an Advisory Board and engagement of EY's Real Estate Corporate Finance team as placement agent.

Distribution

With clear evidence of the success of our investment approach across multiple geographies, we are seeing unprecedented investor interest in resource efficiency and environmental markets in both institutional and wholesale channels. Investors are particularly interested in ensuring that the companies they invest in have robust governance structures, and many are considering higher exposure to environmental and resource efficiency markets as a way of hedging environmental risks such as climate change.

This year we strengthened our distribution capability in the UK and this has led to enhanced engagement with UK investors and prospects. We are currently finalising a proposal to launch our (listed equity) Leaders strategy within our existing Irish UCITS umbrella structure. This strategy was established in March 2008 and now has over £500 million of assets from Continental European and US investors.

Our principal European distribution partner, BNP Paribas, continues to generate robust flows into our Leaders, Specialists and Water strategies, principally from Continental European investors.

In 2012 we acquired an experienced Food & Agriculture team and launched our Food & Agriculture strategy later that year. Since inception, the strategy has significantly outperformed its comparator peer group and by January 2016 will have a three year track record. In April BNP Paribas launched a sustainable food fund based on this strategy: early investor interest is most encouraging and the fund had assets of €62 million at the Period end.

Our North American mandate pipeline is also strong, with a number of new prospects including large public plans, endowments and foundations. We have benefitted from net flows into the Pax

World Global Environmental Markets fund (which follows our Leaders strategy), including investments by new institutional clients. After the Period end we secured our first Canadian distribution client which is planning to launch a mutual fund based on our Leaders strategy in January 2016.

As we reported in the Interims, in January we seeded a global equity strategy comprising high quality companies providing solutions to global sustainability challenges. We are already seeing considerable client interest in this strategy and believe that over the medium term it will become an important product in our suite of listed equity vehicles.

People

At the end of the Period our headcount was 67 full time equivalent staff compared to 61 at the same time last year.   We believe we are fully staffed in most areas but may recruit to service new business in due course.

Outlook

Economic growth is set to be slower and patchier over the coming year and equity markets are likely to remain volatile. Nevertheless, earnings delivery of environmental markets companies continues to be strong and valuations remain attractive relative to global equities.

As described in detail above, to make the most of Impax's opportunities, we are aiming to build our capabilities and marketing outreach while keeping a close eye on the associated impact on short-term profits and cash flow. We remain one of the leading investment management brands targeting environmental and resource efficiency markets, and believe that the Company is well-positioned to deliver future value for shareholders.

Ian R Simm

2 December 2015

IMPAX ASSET MANAGEMENT GROUP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 £000	2014 £000
Revenue	19,726	20,359
Operating costs excluding legacy long-term incentive schemes	(16,616)	(15,039)
Credits/(charges) related to legacy long-term incentive schemes	1,285	(539)
Fair value gain/(loss) on investments	615	(1,460)
Investment income	228	207
Change in third-party interest in consolidated funds	(101)	7
Profit before taxation	5,137	3,535
Taxation	(1,504)	(279)
Profit after tax	3,633	3,256
Earnings per share		
Basic	3.16p	2.78p
Diluted	3.13p	2.76p
Dividends per share*	2.1p	1.4p

* Interim dividends paid and final and special dividends declared during the year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 £000	2014 £000
Profit for the year	3,633	3,256
(Decrease)/increase in value of cash flow hedges	(171)	60
Tax on change in value of cash flow hedges	38	(14)
Exchange differences on translation of foreign operations	(35)	146
Total other comprehensive income	(168)	192
Total comprehensive income for the Period attributable to equity holders of the Parent Company	3,465	3,448

IMPAX ASSET MANAGEMENT GROUP PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	2015		2014	
	£000	£000	£000	£000
Assets				
Goodwill	1,681		1,665	
Intangible assets	73		107	
Property, plant and equipment	185		246	
Investments	16		16	
Total non-current assets		1,955		2,034
Trade and other receivables	4,754		3,097	
Derivative asset	49		178	
Investments	7,419		11,640	
Margin account	177		293	
Cash invested in money market funds and long-term deposit accounts	17,153		10,615	
Cash and cash equivalents	2,364		6,634	
Total current assets		31,916		32,457
Total assets		33,871		34,491
Equity and Liabilities				
Ordinary shares	1,277		1,277	
Share premium	4,093		4,093	
Exchange translation reserve	(241)		(206)	
Hedging reserve	39		172	
Retained earnings	20,759		19,523	
Total equity		25,927		24,859
Trade and other payables	4,987		6,536	
Third-party interest in consolidated funds	144		1,119	
Derivative liability	74		-	
Current tax liability	305		73	
Total current liabilities		5,510		7,728
Accruals	197		207	
Deferred tax liability	2,237		1,697	
Total non-current liabilities		2,434		1,904
Total equity and liabilities		33,871		34,491

IMPAX ASSET MANAGEMENT GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Share capital	Share premium	Exchange translation reserve	Hedging reserve	Retained earnings	Total Equity
	£000	£000	£000	£000	£000	£000
Balance at 1 October 2013	1,277	4,093	(352)	126	17,800	22,944
Transactions with owners:						
Dividends paid	-	-	-	-	(1,338)	(1,338)
Acquisition of Own shares	-	-	-	-	(619)	(619)
Award of shares on option exercise	-	-	-	-	47	47
Long-term incentive scheme charge	-	-	-	-	377	377
	-	-	-	-	(1,533)	(1,533)
Profit for the year	-	-	-	-	3,256	3,256
Other comprehensive income						
Cash flow hedge	-	-	-	60	-	60
Tax on cash flow hedge	-	-	-	(14)	-	(14)
Exchange differences on translation of foreign operations	-	-	146	-	-	146
	-	-	146	46	- 3,256	3,448
Balance at 30 September 2014	1,277	4,093	(206)	172	19,523	24,859
Transactions with owners:						
Dividends paid	-	-	-	-	(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

IMPAX ASSET MANAGEMENT GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 £000	2014 £000
Operating activities		
Profit before taxation	5,137	3,535
Adjustments for:		
Investment income	(228)	(207)
Depreciation and amortisation	273	326
Fair value (gains)/losses	(615)	1,460
Share-based payments	437	377
(Credits)/charge related to legacy long-term incentive schemes	(1,285)	539
Change in third-party interest in consolidated fund	101	(7)
Operating cash flows before movement in working capital	3,820	6,023
(Increase)/decrease in receivables	(1,850)	48
Decrease/(increase) in margin account	117	(107)
(Decrease) in payables	(280)	(178)
Cash generated from operations	1,807	5,786
Corporation tax paid	(570)	(96)
Net cash generated from operating activities	1,237	5,690
Investing activities		
Investment income received	228	207
Settlement of investment related hedges	(359)	(1,244)
Net redemptions made to Impax by unconsolidated Impax managed funds	2,469	1,171
Net investment disposals made by/(investments made by) consolidated funds*	2,749	(3,710)
(Increase)/decrease in cash held in money market funds and long-term deposit accounts**	(6,538)	2,257
Acquisition of property plant & equipment and intangible assets	(156)	(61)
Net cash used in investing activities	(1,607)	(1,380)
Financing activities:		
Dividends paid	(1,676)	(1,338)
Acquisition of Own shares	(1,158)	(619)
Cash received on exercise of Impax share options	-	47
(Distributions made to)/investments made by third-party investors in consolidated funds*	(1,067)	554
Net cash generated from /(used in) financing activities	(3,901)	(1,356)
Net (decrease)/increase in cash and cash equivalents	(4,271)	2,954
Cash and cash equivalents at beginning of year	6,634	3,680
Effect of foreign exchange rate changes	1	-
Cash and cash equivalents at end of year	2,364	6,634

* The Group consolidates certain funds which it manages, these represent cash flows of these funds.
** In the prior year these amounts were incorrectly shown as part of financing activities

NOTES

1. REVENUE

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:

	2015 £000	2014 £000
Investment management and advisory	19,078	18,907
Transaction fees	648	1,452
	19,726	20,359

Analysis of revenue by the location of customers:

	2015 £000	2014 £000
UK	10,006	11,602
Rest of the world	9,720	8,757
	19,726	20,359

Analysis of "Rest of the world" customer location:

	2015 £000	2014 £000
Ireland	1,282	1,261
France	3,645	2,726
Luxembourg	1,572	1,212
Netherlands	1,239	1,063
US	1,234	713
Other	748	1,782
	9,720	8,757

Revenue from three of the Group's customers individually represented more than 10% of Group revenue (2014: two), equating to £4,387,000, £2,447,000 and £3,502,000 (2014: £3,529,000 and £5,474,000).

Revenue includes £19,293,000 (2014: £19,966,000) from related parties.

2. 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.

	2015 £000	2014 £000
Staff costs	12,214	10,900
Premises costs	1,108	1,097
IT and communications	805	686
Depreciation and amortisation	273	326
Other costs	2,216	2,030
	16,616	15,039

3. STAFF COSTS AND EMPLOYEES

	2015 £000	2014 £000
Salaries and variable bonuses	8,731	8,185
Social security costs	1,097	1,015
Pensions	356	459
Share-based payment charge	437	377
Other staff costs	1,593	864
	12,214	10,900

Staff costs include salaries, a variable bonus and the associated social security cost (principally UK Employers' National Insurance), the cost of contributions made to employees' pension schemes and share-based payment charges. Charges in respect of share-based payments are offset against the total cash bonus pool paid to employees.

The Group contributes to private pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to the funds. Contributions totalling £35,000 (2014: £226,000) were payable to the funds at the year end and are included in trade and other payables.

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.

Employees

The average number of persons (excluding Non-Executive Directors and including temporary staff), employed during the year was 63 (2014: 56).

	2015 No.	2014 No.
Listed Equity	22	20
Private Equity	12	11
Marketing	13	12
Group	16	13
	63	56

4. SHARE-BASED PAYMENT CHARGES

The total expense recognised for the year arising from share-based payment transactions was £437,000 (2014: £377,000). The charges arose in respect of the Group's Employee Share Option Plan and the Group's Restricted Share Scheme 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 are provided at the end of this note.

2011, 2012, 2013, 2014 and 2015 Employee Share Option Plan
Under this Plan options over the Group's shares were granted to employees in 2011, 2012, 2013 and 2014. Details of the options 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.

	2011 ESOP	**2012 ESOP**	**2013 ESOP**	**2014 ESOP**	**2015 ESOP**
Options originally granted	5,000,000	3,000,000	3,056,000	3,704,000	800,000
Exercise price	49.6p	37.6p	47.9p/ 54.0p	56.9p	52.8p
In respect of services provided for period from	1 Oct 2010	1 Oct 2011	1 Oct 2012	1 Oct 2013	1 Oct 2014
Option value	9.1p	7.0p	8.3p	8.8p	5.1p
Weighted average share price on grant	45p	34.2p	43.5p	51.7p	48p
Expected volatility	35%	35%	35%	34%	32%
Weighted average option life	6.1yrs	6.1yrs	6.1yrs	6.1yrs	5.1yrs
Expected dividend rate	1.00%	1.00%	2.00%	2.00%	2.00%
Risk free interest rate	1.68%	1.68%	1.54%	1.50%	1.50%

The strike price of these options is 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 options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment on 31 December 2014 (2011 ESOP), 31 December 2015 (2012 ESOP), 31 December 2016 (2013 ESOP), 31 December 2017 (2014 ESOP) and 31 December 2017 (2015 ESOP).

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

Restricted Share Scheme
Under the 2014 plan, awards of 1,250,000 restricted shares were made to certain employees in respect of services provided from 1 October 2013 and under the 2015 plan the Board has approved further awards of 3,140,000 shares to be made to certain employees in respect of services from 1 October 2014. 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.

The fair value of the 2015 RSS awards has been determined as 47.3p and has been calculated using the Black-Scholes-Merton model with an adjustment to reflect that dividends are received during the vesting period. The assumptions used in the Black-Scholes-Merton model were the same as for the 2015 ESOP shown in the above table but assuming an exercise price of 0p and an option life equal to the vesting period.

The fair value of the 2014 RSS awards has been determined as 49.9p and was determined in the same way as for the 2015 RSS.

Options outstanding

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

	2015	Weighted average exercise price p
Options outstanding at 1 October 2014	15,083,955	31.5
Options granted during the year*	3,704,000	53.6
Options forfeited during the year	(1,100,000)	47.3
Options exercised during the year	(145,455)	1.0
Options expired during the year	-	n/a
Options outstanding at 30 September 2015	17,542,500	35.3
Options exercisable at 30 September 2015	9,182,500	24.8

* As noted above a further 800,000 options were approved for grant in December 2015

For the options outstanding at the end of the Period the exercise prices were nil or 1p for the LTIP, 49.6p for the ESOP 2011, 37.6p for the ESOP 2012, 47.9p/54.0p for the ESOP 2013 and 56.9p for the ESOP 2014 and the weighted average remaining contractual life was 3.99 years.

1,250,000 Restricted Shares were granted during the year. Of these 500,000 were forfeited following the resignation of an employee. All of the remaining shares remain subject to restrictions.

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

	2015 £000	2014 £000
EBT 2004 taxation	1,360	(223)
Advisory fees incurred on EBT settlement	(90)	-
LTIP NIC credit/(charge)	5	(207)
LTIP Additional payments credit/(charge)	10	(109)
	1,285	(539)

EBT 2004 taxation

The Impax Group Employee Benefit Trust 2004 ("EBT 2004") holds Impax shares and other assets in sub-funds for the benefit of certain of the Group's past and current employees. The Impax shares were awarded under the Group's Employee Incentive Arrangement Schemes in 2011 and prior years. Taxation of these schemes has been subject to uncertainty. In prior years the Group accrued for Employers National Insurance 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 the year the Group reached agreement with HMRC whereby it made a payment of £715,000 to HMRC in full settlement of income tax, National Insurance and corporation tax credits considered payable/due in respect of the awards. The EBT 2004 has agreed to pay the Company £894,000 in respect of this settlement. The credit of £1,360,000 is made up of the release of the amounts previously accrued for Employers National Insurance, payment of the £715,000 and the re-imbursement of the £894,000.

Long-Term Incentive Plan NIC charge ("LTIP")

The Group made option awards under the LTIP plan in 2011. These awards vested in 2012 but 4,540,000 remained outstanding at 30 September 2015. 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 or sale of payment payable after the end of the financial year in which each employee exercises his or her LTIP options. The payment will be equal to the corporation tax benefit realised by the Group on the exercise of the LTIP options minus the amount of the employer's NIC suffered by the Group on the exercise of the LTIP options.

6. TAXATION

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).

	2015 £000	2014 £000
(a) Analysis of charge for the year		
Current tax expense:		
UK corporation tax	101	-
Foreign taxes	164	68
Adjustment in respect of prior years	536	17
Total current tax	801	85
Deferred tax expense/(credit):		
Charge for the year	984	203
Adjustment in respect of prior years	(281)	(9)
Total deferred tax	703	194
Total income tax expense	1,504	279

(b) Factors affecting the tax charge for the year

With effect from 1 April 2015 the UK tax rate changed from 21% to 20%. The weighted average tax rate for the year is therefore 20.5%. The tax assessment for the period is higher than this rate (2014: lower). The differences are explained below:

	2015 £000	2014 £000
Profit/(Loss) before tax	5,137	3,535
Effective tax charge/(credit) at 20.5% (2014: 22%)	1,054	778
Effects of:		
Non-deductible expenses and charges	169	40
Increase in tax deduction re share awards from share price increase	-	(241)
Tax effect of previously unrecognised tax losses	-	(61)
Adjustment in respect of prior years	255	8
Effect of higher tax rates in foreign jurisdictions	48	18
Exchange differences	-	(247)
Change in UK tax rates	(22)	(16)
Total income tax expense	1,504	279

(c) Deferred Tax

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

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

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly and reduce the deferred tax asset/liability at 30 September 2015 (which has been calculated based on the rate of 20% substantively enacted at the statement of financial position date) by £228,000.

7. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to ordinary equity holder 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
2015			
Basic	3,633	115,133	3.16p
Diluted	3,633	115,909	3.13p
2014			
Basic	3,256	117,314	2.78p
Diluted	3,256	117,773	2.76p

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

	2015 '000	2014 '000
Issued share capital	127,749	127,749
Less Own shares held	(12,616)	(10,435)
Weighted average number of ordinary shares used in the calculation of basic EPS	115,133	117,314
Additional dilutive shares re share schemes	10,090	5,350
Adjustment to reflect option exercise proceeds and future service from employees receiving awards	(9,314)	(4,891)
Weighted average number of Ordinary Shares used in the calculation of diluted earnings per share	115,909	117,773

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

In the prior years an adjusted earnings and earnings per share was shown. These have not been shown as they are not materially different from IFRS earnings per share.

8. 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

	2015 pence	2014 pence
Interim dividend declared per share	0.4	0.3
Special dividend proposed per share	0.5	-
Final dividend proposed per share	1.2	1.1
Total	2.1	1.4

The proposed final dividend of 1.2p and the special dividend will be submitted for formal approval at the Annual General Meeting to be held on 3 March 2016. Based on the number of shares in issue at the year end and excluding Own shares held the total amount payable would be £1,927,000.

Dividends paid in the year

	2015 £000	2014 £000
Prior year final dividend - 1.1p, 0.9p	1,231	1,004
Interim dividend - 0.4p, 0.3p	445	334
	1,676	1,338

9. CURRENT ASSET INVESTMENTS

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. Details of the actual investments made are provided below the table.

	Unlisted investments £000	Listed investments £000	Total £000
At 1 October 2013	6,624	2,712	9,336
Additions	638	5,263	5,901
Fair value movements	(261)	88	(173)
Repayments/disposals	(1,809)	(1,553)	(3,362)
Foreign Exchange	-	(62)	(62)
At 30 September 2014	5,192	6,448	11,640
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**

Listed investments

Impax Global Equity Opportunities Fund (consolidated)

On 23 December 2014 the Group launched the Impax Global Equity Opportunities fund ("IGEO") and invested from its own resources £2,000,000 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 Net Asset Value ("NAV") from the date of launch to 30 September 2015 and the fund has been consolidated throughout this period.

Impax Food and Agriculture Fund (consolidated)

On 1 December 2012 the Group launched the Impax Food and Agricuture Fund ("IFAF") and invested, from its own resources £2,000,000 into the fund. The IFAF invests in listed equities using the Group's Food 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 2015 and has been consolidated throughout this period with its underlying investments included in listed equities in the table above.

Impax Fundamental Long-Term Opportunities in Water Fund (consolidated)

On 31 January 2014 the Group launched the Impax Fundamental Long-Term Opportunities in Water Fund LP ("IFLOW") and invested, from its own resources $5,000,000 (£3,016,000) into the fund. IFLOW invested in listed equities using the Group's Water Strategy. During 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 equities in the table above.

Impax Global Resource Optimization Fund ("IGRO") (not consolidated)

In December 2011 the Group launched the Impax Green Markets Fund LP and invested, from its cash reserves, $5,000,000 into the fund. The Fund's name was subsequently changed to the Impax Global Resource Optimization Fund ("IGRO"). IGRO invests in listed equities using the Group's Environmental Specialists Strategy. In prior years the Group redeemed $3,000,000 of its investment and in the current year a further $3,894,000 to exit the fund fully. The Group's share of the NAV of the fund was such that consolidation was not required throughout the period covered by this report.

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% and 1.14% respectively of these funds.

The fair value of the investments in INEI II is 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 £10,000. A 1 per cent reduction in the discount rate would result in a corresponding increase of £11,000 in profit before taxation and net assets.

The INEI I investment, which is recorded at a fair value of £637,000, consists mainly of investments in Spanish solar farms (accounting for 78 per cent of the partnership's valuation) which are reliant on tariff subsidies. The fair value of this investment was determined using a discounted cash flow approach, or agreed sale prices. These investments have been adversely impacted by the significant retroactive reforms of the Spanish energy markets and covenants for loans held by the investment have been breached. The partnership is still in negotiations with the relevant banks to restructure the loans and is also in the process of pursuing a claim for compensation from the Spanish government. In the event that the banks take possession of the assets and the claims for compensation are unsuccessful the investment would be impaired by £426,000.

The unlisted investments include £2,941,000 in related parties of the Group (2014: £4,830,000)

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

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:

	2015 £000	2014 £000
Cash and cash equivalents	2,364	6,634
Cash invested in money market funds and long-term deposit accounts	17,153	10,615
Less cash and cash equivalents held by consolidated funds	(193)	(74)
Cash reserves	19,324	17,175

11. ORDINARY SHARES

Issued and fully paid	2015 £000	2014 £000
127,749,098 ordinary shares of 1p each	1,277	1,277

12. OWN SHARES

	Own shares Number	Own shares £000
At 1 October 2013	20,239,769	6,331
Satisfaction of Option exercises	(5,310,940)	(1,806)
EBT 2012 purchases	1,263,791	619
At 30 September 2014	16,192,620	5,144
Satisfaction of Option exercises	(145,455)	(511)
EBT 2012 purchases	2,245,455	1,158
At 30 September 2015	18,292,620	5,791

13. ACCOUNTING POLICIES

BASIS OF PREPARATION
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted for use by the European Union ("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.

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