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Impax Group plc

REPORT AND ACCOUNTS

for the year ended 30 September 2008

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CHAIRMAN'S STATEMENT

A year ago I warned that we might be about to experience a slowing economy and, quite possibly, a bear market. I was, however, not expecting either extreme stress in the banking system or the likelihood of a serious global recession. Against this background, Impax has made solid progress, countering the effect of falling markets with new mandates, and maintaining our track record of strong performance relative to benchmark.

Our assets under management and advisory ("AUM") started the year at £984 million on 1 October 2007 and rose to a peak of £1,258 million in May 2008 before finishing the year at £1,098 million on 30 September 2008. Subsequently, at a time when equity markets have fallen sharply, we have avoided significant redemptions by investors in our funds; on 28 November 2008, AUM were £898 million.

During 2008 there have been several positive developments in the drivers of the environmental sector which have further strengthened the attractions of this area for our investors. Government commitment to increasing the adoption of renewable energy has advanced considerably, in particular through the development of a new Renewable Energy Directive in the European Union and the extension of tax credits in the United States. In parallel, several governments have taken significant steps forward in the development of policy to reduce greenhouse gas emissions, notably Australia which ratified the Kyoto Protocol in March 2008. Furthermore, positive statements from President-elect Obama suggest that the United States may follow the EU in implementing a cap-and-trade scheme for carbon dioxide emissions during his first term.

In spite of concerns that economies world-wide are heading for a deep recession and that the environmental sector will not be immune, the breadth of our investment mandates allows us to reduce exposure to areas where news has been less encouraging. For example, although the decline in the price of fossil fuels raises the bar for investment in energy efficiency measures and biofuels, renewable energy power utilities will continue to benefit from falling interest rates and lower equipment costs. Similarly, while in a slowing economy industrial capital expenditure is likely to be reined in, many environmental sectors (such as water treatment and waste treatment) are experiencing robust demand underpinned by mandatory targets.

RESULTS FOR THE YEAR AND PROPOSED DIVIDEND

Turnover for the year was £11,389,264 (2007: £7,114,695), a 60% increase over the year. Profit before tax was £3,857,448 (2007: £1,820,654). These results include a charge of £427,333 (2007: £357,000) relating to the Group's long-term employee incentive scheme.

Given a strong balance sheet and significant free cash flow, I am delighted to announce a proposal from the Board that Impax pay a maiden dividend on the back of these results. In light of the current uncertainty in global equity markets, the Board recommends that the dividend be a modest 0.35 pence per share, a level that, I hope, can be increased when more normal market conditions return.

The dividend proposal will be submitted for formal approval by shareholders at the forthcoming Annual General Meeting. In line with International Financial Reporting Standards, these financial statements do not reflect the dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 30 September 2009.

INVESTMENT MANAGEMENT

Our business model remains focused on building shareholder value over the medium to long term by investing in both quoted and private companies.

Quoted Equities

As I reported in the Interim results for the six month period ended 31 March 2008 ("Interims"), our quoted equities business is now segmented into "pure play" funds investing in specialist companies active in the environmental sector, and "all cap" funds which have a broader mandate and invest both in specialists and also in more diversified companies. In order to further strengthen our platform for growth, we have continued to develop our investment processes and to engage with the leading consultants and gatekeepers in the institutional market.

Pure Play Funds

Although not immune to falling stock markets, our "pure play" funds once again out-performed the markets during the year. Between 1 October 2007 and 30 September 2008, the net asset value ("NAV") of Impax Environmental Markets plc ("IEM"), the investment trust that we have managed since its launch in February 2002, fell 11.3%, while the MSCI World Index declined 17.0%. Our other "pure play" funds had similar performance. Over the five years ending 30 September 2008, IEM's NAV has increased by 77.1% while the increase in the MSCI World Index has been only 21.4%; this track record is particularly compelling to potential new investors in our funds.

Investor confidence in these funds has remained high. Flows into "pure play" open-ended funds have been positive and, at the end of the period, we were managing or advising £876 million in funds with a "pure play" strategy (compared to £836 million at the start of the period).

In August, we were delighted to commence management of a £35 million segregated account investing in our "pure play" portfolio for the Environment Agency Pension Fund following a tender for new global equities managers. We believe that this is an important endorsement of Impax's capabilities and should enhance our credibility with other prospective institutional clients.

All Cap Funds

As I reported at the Interims, investor interest in our more recently established quoted equities strategy has been strong and we are now managing or advising six pooled vehicles with an "all cap" strategy as well as a segregated account for Russell Investments Japan. During the year, total assets in All Cap funds or accounts grew from £43 million to £106 million.

Broadly speaking, these funds have performed in line with global equity markets. For example, between 1 May 2008 and 30 November 2008, Impax Environmental Leaders Fund, our UK-domiciled open-ended fund, was down 26.0% while the MSCI World Index (in Sterling) was down 24.4%.

Index Products

Our partnership with FTSE to build and promote a series of environmental indices is developing well. In January 2008, FTSE and Impax launched the FTSE ET50 index, a basket of the 50 largest "pure play" stocks active in environmental markets. Subsequently in June 2008, we established the FTSE Environmental Opportunities All Share Index, which comprises those stocks in Impax's "all cap" universe that pass FTSE's standard liquidity requirements. In November 2008, FTSE announced the launch of nine additional indices covering *inter alia* the water, waste, renewable energy and energy efficiency sub-sectors. We believe that this partnership will continue to raise Impax's profile worldwide in the institutional investor community.

Hedge Fund

As I have reported in previous statements, our research in listed equities has provided a very interesting stream of "short ideas" alongside our core longs, and we have continued to exploit these in our hedge fund. Although the past 12 months have been one of the worst on record for long-short equity funds, this product has performed well in 2008. We are in dialogue with potential investors in this product with the aim of raising additional capital once markets re-open.

Private Equity

Investment in private companies remains an important component of our business and a source of revenue that is uncorrelated with equity markets.

Our team managing Impax New Energy Investors LP, a fund investing in renewable energy projects and related assets, has made excellent progress this year. With €125 million of capital at its disposal, we have made eleven investments and committed almost €100 million. Many of these investments are in entities generating power from solar energy, a sector in which power prices remain very attractive.

Given the strong public sector support for these markets, we believe that renewable energy projects and the developers of such projects will absorb a significant amount of capital for the foreseeable future, and that opportunities for

CHAIRMAN'S STATEMENT

private equity will remain attractive, particularly for institutional investors. Accordingly, we are developing plans to raise additional capital for this strategy and I hope to be able to report favourable news next year.

Separately, we continue to invest capital from IEM and its sister fund IEM (Ireland) in "late stage" private companies. As the track record for this activity grows we will explore with investors the potential for raising additional capital.

INFRASTRUCTURE AND SUPPORT SYSTEMS

I am pleased to report that we have made good progress in extending our infrastructure in order to underpin further expansion. Our support team has expanded from six to fifteen staff with key hires in marketing, finance, compliance and operations functions, and the recruitment of Charlie Ridge as Chief Operating Officer in September 2008.

In order to accommodate a larger team, we recently moved to larger premises. Our new offices (which are also in Sackville Street, London) have a floor plan of ca. 5,000 square feet, which represents approximately 70% more space and should give us room for expansion for several years.

EMPLOYEE SHARE OWNERSHIP

In January this year shareholders approved an extension to the Company's long-term incentive scheme in order to reward key employees with shares in the Company and thereby further align the interests of employees and shareholders. The extension provides for a further 18.25 million shares to be issued to employees over the three years ended 30 September 2011.

Details of the accounting treatment of this scheme are described in Note 27 to the accounts.

BOARD OF DIRECTORS

Earlier this year, I announced the appointment of three new directors, each of whom brings significant experience of the fund management industry. I am delighted that all three are making an important contribution to the Company. As part of the Board's transition, David Kempton will be stepping down at the conclusion of the Company's forthcoming Annual General Meeting. Since he joined the Board in June 2004, David has provided valuable support in the development of the Company's growth plans and the oversight of their implementation. I wish him well in his future endeavours.

PROSPECTS

I believe that Impax's strategy of developing and managing scalable investment products targeting the high-growth environmental sector should enable us to deliver significant value for our shareholders over the medium to long term. In the short term, we will not escape sustained bearish sentiment in equity markets and will be paying particular attention to the management of our cost base. At the same time, we intend to make the most of the opportunity to engage with the key investors that are either exposed to or have expressed interest in our funds, sharing our insights into the dynamics of environmental markets and, all being well, paving the way for further significant inflows into current and new products.

In the medium term, provided that we continue to build on our excellent track record in multiple products, we should be well positioned to leverage our strong distribution network and grow rapidly.

As usual, I must pay tribute to Ian Simm and the executive team who have managed the Company prudently through more than one cycle, and of course to my boardroom colleagues for their support and vision.

J Keith R Falconer

10 December 2008

OFFICERS AND ADVISERS

DIRECTORS	J Keith R Falconer (*Chairman*) Ian R Simm Guy de Froment (*Non-Executive*) Peter J Gibbs (*Non-Executive*) David L Kempton (*Non-Executive*) Mark B E White (*Non-Executive*)
SECRETARY	Jacqueline A Brown
BANKERS	Lloyds Bank TSB 39 Threadneedle Street London EC2R 8PT
AUDITORS	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
REGISTERED OFFICE	Mezzanine Floor Pegasus House 37 – 43 Sackville Street London W1S 3EH
REGISTRARS	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA
NOMINATED ADVISER AND BROKER	Noble & Company Limited 120 Old Broad Street London EC2N 1AR
SOLICITORS	Faegre & Benson LLP 7 Pilgrim Street London EC4V 6LP
COMPANY NUMBER	03262305

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DIRECTORS' PROFILES

Keith Falconer, aged 53, is Chairman of Impax 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. He retired from Martin Currie at the end of 2003 and is now also Chairman of Aberdeen New Thai Investment Trust plc and a number of other companies.

Ian Simm, aged 42, is Chief Executive of Impax Group plc and Managing Director of Impax Asset Management Limited ("IAM"). Prior to joining Impax in 1996 he was a project manager at McKinsey & Co. in the Netherlands, where he advised clients on strategies in environmentally sensitive industries, including energy, waste management and the automotive sector. Ian established Impax's asset management business in 1998. He graduated with a first class physics degree from Cambridge University and has a Master's in Public Administration from Harvard University.

David Kempton, aged 67, joined the board as a Non-Executive Director on 3 June 2004. A structural engineer by training, he was commercial director of Chamberlain Industries plc. In 1976 he founded Kemray Engineering which was later taken over by Adia (Switzerland) where he remained a director until 1989. He formed a private investment company, Kempton Holdings, and purchased a 50% holding in ESL a medical instrumentation company, which was acquired by GE in 1999. Previously a director of Merseyside and Cheshire NHS Ambulance Trust, he is now on the board of Third Advance Value and AIMVARC Investment Trusts, Hartest Holdings plc and Neptune-Calculus VCT and a number of other companies.

Peter Gibbs, aged 50, joined the board as a Non-Executive Director on 11 January 2008. Having begun his career at Brown Shipley, he joined Bankers Trust in 1985 as a Senior Portfolio Manager. In 1989 he joined Mercury Asset Management (MAM) where he rose to become Head of the International Equities Division. Following the acquisition of MAM by Merrill Lynch, he was appointed co-Head of Equity Assets worldwide. In 2003 he became Chief Investment Officer and Head of Region for Merrill Lynch's Investment Management activities outside the US. Peter was a Non-Executive Director of Bridgewell Group plc between June 2006 and August 2007. This followed his early retirement from Merrill Lynch in November 2005. He is a director of the Evolution Group plc and is chairman of Turquoise Services Limited.

Mark White, aged 53, joined the board as a Non-Executive Director on 11 January 2008. He has recently been appointed General Manager of LGT Capital Partners (UK) Ltd following LGT Capital Partners' acquisition of KGR Capital. He was previously CEO of KGR Capital (Europe) Ltd which he joined in 2005. From 2001-2005, he was CEO of JPMorgan Fleming Asset Management (UK) Ltd and was responsible for JPMFAM's institutional businesses internationally. Prior to that, he was CEO of Jardine Fleming Asset Management in Hong Kong and CEO of Chase Fleming Asset Management (UK) Ltd in London. He is a past Chairman of the Hong Kong Investment Funds Association and the HK SFC Advisory Committee on Unit Trusts. He also acted as the fund manager of Fleming Universal Investment Trust before being appointed to the board of Jardine Fleming Holdings Ltd in Hong Kong in 1985. Between 1993 and 1995 he was Investment Director of Save & Prosper Group Ltd and the Fleming Flagship Funds in Luxembourg. He is also a Non-Executive Director of Ellis Brady Absolute Return Fund and F&C Global Smaller Companies plc.

Guy de Froment, aged 58, was appointed as a Non-Executive Director on 19 January 2008. Currently Vice Chairman of BNP Paribas Asset Management, he was previously 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 23 years in the Indosuez Group during which time he was Chief Executive of W. I. Carr and CEO of Indosuez Asset Management. Guy is a graduate of the Ecole des Hautes Etudes Commerciales (HEC Paris).

OTHER SENIOR PERSONNEL PROFILES

Bruce Jenkyn-Jones, aged 43, is a Director of IAM and Managing Director for the listed equity business. He has 17 years' experience working in environmental markets. Prior to joining Impax in 1999 he was a utilities analyst with BT Alex Brown and before that a Senior Consultant at Environmental Resources Management Ltd. Bruce is a graduate of Oxford University and has a Master's in Environmental Technology from Imperial College and an MBA from IESE (Barcelona).

Peter Rossbach, aged 50, is a Director of IAM and Managing Director for the private equity team that manages Impax New Energy Investors LP. From 1997 to 2000, he was Senior Investment Officer at AMI Asset Management, a private equity investment fund specialising in the utility sector. 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 at Standard and Poor's utility debt ratings services in New York. Peter holds both a Bachelor's degree and a Master's in Public Policy from Harvard University.

Nigel Taunt, aged 55, is a Director of IAM and is Investment Director for IAM's venture capital activities. Nigel qualified as a Chartered Accountant in 1977 and, before moving into corporate finance and investment management, joined the group as Finance Director in January 2002. From 1992 to 1998 he was Finance Director of Yorkshire Environmental ("YE") and was a director of several other water and renewable energy businesses within Kelda Group plc. During this period he led many successful acquisition and divestment projects as YE grew substantially in key sectors, particularly waste management, environmental laboratories and renewable energy.

Charlie Ridge, aged 44, joined Impax in September 2008 as Chief Operating Officer. He has over twenty years of technical and management experience with blue chip investment banks. Before joining Impax he was a Managing Director within the Finance Division of Deutsche Bank, most recently serving as UK Asset and Wealth Management CFO, and previously holding various financial and market risk related roles for the Global Markets Division. Before working at Deutsche, he had roles at SG Warburg and Ernst & Young as an auditor. Charlie is a qualified Chartered Accountant and holds a degree in Engineering Science from Durham University.

Jacqueline Brown, aged 46, joined Impax in June 2005 as Finance Director. She has spent the past nine years at FD level within financial services including roles at Marathon Asset Management and Alliance Capital. She qualified as an ACA in 1989 with BDO Stoy Hayward, and subsequently moved into media spending time as Financial Controller of Associated Press Television and interim FD of RDF Media. Jacqueline holds a BSc in Biochemistry from UMIST.

Michael Knight, aged 54, joined Impax in May 2008 as Head of Compliance. He has extensive investment management and compliance experience having worked in financial services for 25 years and with responsibility for compliance issues in asset management since 1987. Latterly Michael worked at Oaktree Capital Management and Galena Asset Management, and prior to that he worked for Dai Ichi Kangyo Bank Investment Management. Michael has a MA from Cambridge University and qualified as a Chartered Accountant with Deloitte and Touche.

Jonathan Fogg, aged 47, is a member of the IAM executive team. He joined Impax in October 2005 with twelve years experience in the venture capital and private equity sector. Most recently he was Equity Fund Manager with Finance Wales Investments Ltd, a wholly owned subsidiary of the Welsh Development Agency (WDA). Prior to that, he was Investment Manager with Corus subsidiary, UK Steel Enterprises Ltd, where he completed sixty investments in a five year period and managed a portfolio of thirty four companies. Originally trained as an accountant, Jonathan has also worked for the Audit Commission, BDO Binder Hamlyn and Ernst and Young.

OTHER SENIOR PERSONNEL PROFILES

Hubert Aarts, aged 46, joined Impax in January 2007 as Managing Director of the Impax Absolute Return Fund. Hubert has eighteen years of 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. In 2003 he became head of European Value Products. Hubert joined Impax from Cambrian Capital Partners LLP where he was a partner and hedge fund manager of the Curalium fund, and Incremental Leveraged funds. Hubert has a Master's Degree in Economics and Business Administration from Maastricht University.

Jon Forster, aged 37, works in Listed Equities as an Associate Director. Following his graduation from Leeds University in German and Management Studies, he spent four years working in acquisition finance at HSBC Investment Bank. Subsequently, he spent two years as a consultant to venture capital investor Alchemy Partners with particular focus on manufacturing and resource management companies. Since August 2000, he has been employed at IAM, where he initially played a lead role in the PVMTI investment fund before moving over to listed equities on a full time basis four years ago. Having started as an analyst, he now co-manages the pure play funds with Bruce Jenkyn-Jones.

David Trafford-Roberts, aged 43, joined Impax in February 2007 as Director of Investments for Impax New Energy Investors LP. Previously Head of Project Finance at IXIS Corporate & Investment bank, he has over twelve years experience as an adviser or funder to limited recourse structures. He acted as adviser and arranger of the North East Lincolnshire energy from waste project in 2006. He was investment officer to the Asian Mezzanine Infrastructure Fund based in Singapore between 1997 and 2000 where he arranged the mezzanine funding for the Theun Hinboun hydropower project. Previously David worked in the successful private equity team which is now Doughty Hanson. He is bilingual in French and English and holds a BSc in Engineering from Reading University.

Joe Berry, aged 35, joined Impax in 2002 and works for the New Energy Investors Fund, where he has led a number of investments in the solar and wind sectors. Prior to this Joe worked in Impax's transaction advisory business, including work on the project financing of the £150 million Allington energy from waste facility, and advising on the Crown Estate's selection of the UK Round 2 offshore wind lessees. Joe began his career at Ernst & Young's International Banking and Capital Markets Group where he trained and qualified as a Chartered Accountant, before moving to E&Y's Renewable Energy and Waste Corporate Finance Group. Joe graduated in Engineering Science at Pembroke College, Oxford University.

DIRECTORS' REPORT

The Directors submit their Report and the Accounts for the year to 30 September 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the provision of investment services to funds specialising in the environmental markets sector and the provision of financial advisory services to companies and public sector bodies in that sector. The Group's asset management and financial advisory services are both authorised and regulated by the Financial Services Authority.

The principal activity of the Company was that of a holding company.

REVIEW OF BUSINESS

The review of business is contained in the Chairman's Statement.

The directors consider assets under management ("AUM"), revenue and profitability to be the key performance indicators of the Group. Revenue for the year was £11,389,264 (2007: £7,114,695) and operating profit was £3,575,280 (2007: £1,611,242). This reflects the growth in AUM from £984 million at 30 September 2007 to £1,098 million at 30 September 2008.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £2,788,399 (2007: £1,289,379).

The directors propose a dividend of 0.35p per share (totalling £404,539) for the year ended 30 September 2008 (2007: £nil). The dividend will be submitted for formal approval at the Annual General Meeting to be held on 2 February 2009. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 September 2009.

RISK ASSESSMENT

The Group is exposed to a variety of financial and operational risks as detailed below:

Liquidity and cashflow risk

The Group produces cashflow forecasts covering a twelve month period to manage its liquidity requirements. The Group's management and board review these forecasts regularly.

Interest rate risk

The Group has interest bearing assets, but no comparable liabilities. Interest bearing assets include cash balances that earn interest at a floating rate and two loan notes earning interest at a fixed rate. Interest rate fluctuations have a minimal impact on the Group.

Currency risk

A significant value of the Group's income is denominated in foreign currencies. The strategy of the Group is to repatriate earned income back to sterling whilst future income streams are left unhedged. The value of the Group's expenses denominated in foreign currencies is minimal.

A small proportion of the Group's assets and liabilities are denominated in foreign currency. The Group also owns a small number of minor subsidiaries denominated in foreign currency. Exchange differences that arise on consolidation are taken to the exchange realisation reserve.

Operational risk

The Group has put in place measures to minimise and manage risks to the disruption of 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 during emergencies 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's insurance policies are reviewed each year prior to policy renewal.

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 2008 were 21 (2007: 11), calculated in accordance with the requirements set down in the Companies Act 1985. This represents the ratio, expressed in days, between the amounts invoiced to the Group by its suppliers in the year and the amounts due, at the year-end, to trade payables within one year.

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 2008 and 30 September 2007 were:

	Ordinary Shares	
	30 September 2008	**30 September 2007 (restated)**
J Keith R Falconer*	10,599,290	10,109,290
Ian R Simm*	5,486,261	5,486,261
David L Kempton	1,997,367	1,997,367
Peter J Gibbs *(appointed 11 January 2008)*	200,000	–
Mark B E White *(appointed 11 January 2008)*	200,000	–
Guy de Froment *(appointed 19 January 2008)*	–	–
J Simon T Morris *(resigned 27 February 2008)*	–	360,197
Nigel D W Taunt* *(resigned 27 February 2008)*	–	2,600,142

* Includes allocated and/or vested shares granted by the EBT.

There have been no changes to the above holdings since 30 September 2008.

Ian Simm, a director of Impax Group plc, is interested in 5.88% of the capital of Impax Carried Interest Partner LP, a fund in which the Company holds an investment.

Nigel Taunt, a director of a Group subsidiary, is interested in 2.94% of the capital of Impax Carried Interest Partner LP, a fund in which the Company holds an investment.

Peter Rossbach, a director of a Group subsidiary, is interested in 29.41% of the capital of Impax Carried Interest Partner LP, a fund in which the Company holds an investment.

The executive directors and their families are potential beneficiaries of the employee benefit trust described below.

EMPLOYEE BENEFIT TRUST

On 4 February 2005 shareholders approved the establishment by the Company of the Impax Group Employee Benefit Trust (the "EBT") as part of the Company's employee incentive arrangements.

At 30 September 2008 24,333,333 Ordinary Shares had been allotted to Sanne Trust Company Limited, trustee of the EBT at a price equal to the nominal value of 1p per share, as detailed below. 7,270,000 of the Ordinary Shares held by the EBT vested to employees and their respective families on 30 September 2007. A further 7,610,080 of the Ordinary Shares held by the EBT vested to employees and their respective families on 30 September 2008.

Date	Ordinary Shares allotted to the EBT	Ordinary Shares sold by the EBT to fund its purchase of Ordinary Shares	Ordinary Shares held by the EBT at 30 September 2008
5 September 2005	8,075,000	930,000	7,270,000
14 August 2006	8,200,000	464,920	7,610,080
14 September 2007	1,975,000	78,035	1,896,965
24 September 2008	6,083,333	197,025	5,886,308
	24,333,333	1,669,980	22,663,353

Directors have been granted Ordinary Shares in the EBT as follows:

Director	Date of grant	Vesting date	Number of shares
J Keith R Falconer	10 May 2007	30 September 2008	460,080
J Keith R Falconer	29 September 2008	30 September 2009	490,000
Ian R Simm	14 February 2006	30 September 2007	2,500,000
Ian R Simm	10 May 2007	30 September 2008	2,500,000

These shares are included in the directors' interests noted above.

Further details of the accounting treatment are set out in note 27.

SUBSTANTIAL SHARE INTERESTS

The following interests in three per cent or more of the issued ordinary share capital have been notified to the Company as at 2 December 2008:

	Number	Percentage
BNP Paribas Investment Partners	32,220,000	27.9%
Impax Group Employee Benefit Trust	22,207,054	19.2%
J Keith R Falconer	10,109,290	8.8%
DIAM Company	5,474,955	4.7%
Australian Ethical Investment Ltd	5,057,143	4.4%

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts that give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for the financial year. In doing so the Directors are required to:

– select suitable accounting policies and apply them consistently;

– make judgements and estimates that are reasonable and prudent;

– state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

– prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial Statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements therein.

CORPORATE GOVERNANCE

Directors

The Board has consisted of a Chairman, four Non-Executive Directors and one Executive Director during the year. Details of the current Board members are given on page 6 of this report. The Board meets at least six times each year and more frequently as and when appropriate.

The Company has voluntarily complied throughout the year with the Provisions of the Code of Best Practice set out in Section 1 of the Combined Code as applicable to fully listed companies, in so far as is appropriate to the Company's size and complexity:

– Under Code Provision C.2.1 the Directors should at least annually conduct a review of the effectiveness of the Group's system of internal control and should report to shareholders that they have done so. This review should cover all controls, including financial, operational and compliance controls and risk management.

– A comprehensive review of internal controls was carried out by the Directors during the year covering compliance, financial and operational control as well as risk management. The Company is a relatively small operation with all material matters reported to the full Board. Regular Group and Subsidiary board meetings are held throughout the period at which the Directors consider all major business and financial risks. Accepting that no system of financial control can provide absolute assurance against material loss or misstatement, the Directors believe that the established systems of internal control are appropriate to the business in its current size and form.

– The Company also meets the requirements of Code Provision C.3.5. This states that companies that do not have an internal audit function, should from time to time review the need for one. The Board, in conjunction with its internal control review, has reviewed the need for a formal internal audit function. The Board is of the opinion that given the size and nature of the business, no internal audit function is required.

Further explanations of how the Provisions have been applied are set out below and, in connection with Directors' remuneration, in the Remuneration Report.

Dialogue with Institutional Shareholders

The Company reports formally to shareholders twice a year, when its half-year and full-year results are announced and an Interim Statement and Annual Report are sent to shareholders. The Annual Report includes notice of the Annual General Meeting of the Company at which a presentation is given and Directors are available to take questions, both formally during the meeting and informally after the meeting. The Chairman and Executive Director are available for dialogue with major shareholders on the Company's plans and objectives and from time to time will meet with them.

Audit Committee

The Audit Committee provides a link between the Board and the Company's auditors on matters falling within the scope of the Company's audit. The Audit Committee is comprised of the following Non-Executive Directors: Mark White (Chairman) and Peter Gibbs. The Audit Committee meets at least four times each year and more frequently as and when appropriate.

The Committee's responsibility includes:

– the implementation of new accounting standards and policies;

– to monitor the integrity of the financial statements and formal announcements relating to the Company's financial performance;

- to review the internal financial control procedures;
- to make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditors; and
- to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process and to develop and implement a policy on the engagement of the external auditors to supply non-audit services.

Details of fees paid to the Company's auditors are shown in note 3 to the financial statements. None of the non-audit services provided caused any concern as to the auditors' independence or objectivity.

ENVIRONMENTAL POLICY

The Group attaches great importance to its environmental performance. In addition to ensuring that it is making the most of commercial opportunities within the environmental markets sector, the Group is committed to maintaining and improving the sustainability of its working practices.

The Group is focused on minimising environmental impact in three areas of its operations:

- Energy consumption: the Group has an energy efficiency policy covering inter alia lighting, heating and computers;
- Travel: the Group encourages staff to minimise travel and to select public transport where appropriate; and
- Paper and materials use: the Group has a system to recover office paper and encourages staff to avoid wastage of other materials.

To ensure that its Environmental Policy is fully understood by all staff and remains under active development, the Group has:

- Appointed a Health, Safety and Environment officer, who has day-to-day responsibility for co-ordinating the implementation of policy;
- Adopted a monitoring programme to check compliance with the Environmental Policy; and
- Incorporated training and discussion of the Environmental Policy in its induction and periodic appraisals of all staff.

The Directors are ultimately responsible for the implementation and further development of this policy.

REMUNERATION REPORT

The Remuneration Committee is comprised of the four Non-Executive Directors: Peter Gibbs (Chairman), Mark White, Guy de Froment and David Kempton. The Remuneration Committee meets at least four times each year and more frequently as and when appropriate. The Committee last met in November 2008.

Fees and payments to Non-Executive Directors reflect the demands which are made on them and the responsibilities which they bear. Non-Executive Directors' fees are reviewed annually by the Board.

Emoluments

Total Directors' emoluments for the year were £1,099,293 (2007: £966,174) and details of each Director's remuneration are shown in Note 21 to the financial statements.

Remuneration Policy

The remuneration and terms and conditions of service of the Executive Directors are determined by the Board, based on recommendations made by the Remuneration Committee. The Board's policy is to pay competitive salaries having regard to the Directors' experience, the size and complexity of the job and any special factors which may arise from time to time. The Executive Directors will, in addition to their basic salary and bonus, be granted share options or similar equity incentives as determined by the recommendations from the Remuneration Committee.

As noted above the EBT has been established to motivate and incentivise eligible participants to achieve value for shareholders. The Directors consider that the Group has taken due account of the principles of the Combined Code.

The Board recognises that, in order to attract high calibre executives, it needs to design schemes which properly reward each of the Executive Directors for their individual contributions to the Group's performance.

AUDITORS

Statement of disclosure to auditor

(a) so far as the Group directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

In accordance with section 487(2) of the Companies Act 2006, a resolution proposing that the Company's auditors, Mazars LLP, be re-appointed will be put to the Annual General Meeting.

By order of the Board

J A Brown
Secretary

10 December 2008

Registered Office:
Mezzanine Floor,
Pegasus House
37-43 Sackville Street
London W1S 3EH

INDEPENDENT AUDITORS' REPORT
to the Members of Impax Group plc

We have audited the Financial Statements of Impax Group plc for the year ended 30 September 2008, which comprise the Consolidated Income Statement, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 AUDITORS

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and International Financial Reporting Standards, as adopted for use by the European Union, are set out in the Statement of Directors' Responsibilities on page 11. Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Group is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' Report, the Chairman's Statement and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

OPINION

In our opinion:

– the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the Group's and Company's affairs as at 30 September 2008 and of the Group's profit for the year then ended;

- the information given in the directors' report is consistent with the financial statements; and
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985.

Mazars LLP
Chartered Accountants
Registered Auditor
Tower Bridge House
St Katharine's Way
London E1W 1DD

10 December 2008

The maintenance and integrity of the Impax Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

Year ended 30 September 2008

	Note	2008 £	2007 £
REVENUE	2	11,389,264	7,114,695
Operating costs		(7,813,648)	(5,503,453)
Operating profit	2/3	3,575,616	1,611,242
Investment income	4	281,832	209,412
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,857,448	1,820,654
Taxation	5	(1,069,049)	(531,275)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		2,788,399	1,289,379
EARNINGS PER SHARE	7		
Basic		2.54p	1.20p
Diluted		2.54p	1.19p

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

The notes on pages 26 to 50 form part of these financial statements.

IMPAX

CONSOLIDATED BALANCE SHEET

As at 30 September 2008

	Note	£	2008 £	£	2007 £
ASSETS					
Non-Current Assets					
Goodwill	9	1,629,097		1,629,097	
Intangible assets	10	72,816		34,545	
Property, plant and equipment	11	537,004		47,206	
Other financial assets	12	1,045,618		1,208,531	
Investments	13	13,567		14,357	
			3,298,102		2,933,736
Current Assets					
Trade and other receivables due after one year	14	65,094		65,094	
Trade and other receivables due within one year	14	2,096,620		1,664,836	
Other financial assets	12	247,671		175,781	
Investments	15	3,005,845		1,619,854	
Cash and cash equivalents		7,028,619		4,553,684	
			12,443,849		8,079,249
TOTAL ASSETS			15,741,951		11,012,985
EQUITY AND LIABILITIES					
Capital and Reserves attributable to equity shareholders					
Ordinary shares	18	1,155,824		1,094,991	
Share premium	19	239,670		18,970	
Exchange equalisation reserve		(861,317)		(1,002,117)	
Treasury shares		(222,072)		(167,771)	
Other reserve		1,251,944		894,359	
Retained earnings	19	9,997,137		7,208,738	
			11,561,186		8,047,170
Current Liabilities					
Trade and other payables	16	4,180,765		2,965,815	
			4,180,765		2,965,815
TOTAL EQUITY AND LIABILITIES			15,741,951		11,012,985

Approved by the Board on 10 December 2008

J Keith R Falconer
Chairman

The notes on pages 26 to 50 form part of these financial statements.

COMPANY BALANCE SHEET
As at 30 September 2008

	Note	2008 £	2008 £	2007 (restated) £	2007 (restated) £
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	537,004		47,206	
Investments	13	3,228,790		3,228,790	
			3,765,794		3,275,996
Current Assets					
Trade and other receivables due after one year	14	1,030,185		1,006,725	
Trade and other receivables due within one year	14	1,036,506		1,271,228	
Investments	15	2,994,501		1,533,120	
Cash and cash equivalents		14,020		46,439	
			5,075,212		3,857,512
TOTAL ASSETS			8,841,006		7,133,508
EQUITY AND LIABILITIES					
Capital and Reserves attributable to equity shareholders					
Ordinary shares	18	1,155,824		1,094,991	
Share premium	19	239,670		18,970	
Exchange equalisation reserve		(737,690)		(856,216)	
Treasury shares		(222,072)		(167,771)	
Other reserve		818,517		688,298	
Retained earnings	19	4,284,139		4,171,607	
			5,538,388		4,949,879
Current Liabilities					
Trade and other payables	16	3,302,618		2,183,629	
			3,302,618		2,183,629
TOTAL EQUITY AND LIABILITIES			8,841,006		7,133,508

Approved by the Board on 10 December 2008

J Keith R Falconer
Chairman

The notes on pages 26 to 50 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 September 2008

	Note	Share capital £	Share premium £	Special reserve £	Exchange equalisation reserve £
Balance at 30 September 2006		9,591,824	2,723,483	–	(845,410)
Profit for the year		–	–	–	–
Exchange differences on consolidation		–	–	–	(156,707)
Cancellation of deferred shares and share premium account	19	(8,516,583)	(2,723,483)	3,788,477	–
Transfer from special reserve to retained earnings	19	–	–	(3,788,477)	–
Net issue of shares to Employee Benefit Trust	27	19,750	18,970	–	–
Accrued cash equivalent of share options receivable by NOMAD		–	–	–	–
Balance at 30 September 2007		1,094,991	18,970	–	(1,002,117)
Profit for the year		–	–	–	–
Exchange differences on consolidation		–	–	–	140,800
Net issue of shares to Employee Benefit Trust	27	60,833	58,863	–	–
Net sale of shares from Employee Benefit Trust	27	–	161,837	–	–
Accrued cash equivalent of share options receivable by NOMAD	19	–	–	–	–
Accrued cash equivalent of share options cancelled by NOMAD	19	–	–	–	–
Balance at 30 September 2008		1,155,824	239,670	–	(861,317)

The treasury shares relate to the holding of 22,207,054 ordinary shares in the Company by the EBT, representing 19.21% of the ordinary shares in issue at 30 September 2008.

The notes on pages 26 to 50 form part of these financial statements.

	Note	Treasury shares £	Other reserve £	Retained earnings £	Total £
Balance at 30 September 2006		(148,801)	487,355	(5,320,707)	6,487,744
Profit for the year		–	–	1,289,379	1,289,379
Exchange differences on consolidation		–	–	–	(156,707)
Cancellation of deferred shares and share premium account	19	–	–	7,451,589	–
Transfer from special reserve to retained earnings	19	–	–	3,788,477	–
Net issue of shares to Employee Benefit Trust	27	(18,970)	357,000	–	376,750
Accrued cash equivalent of share options receivable by NOMAD		–	50,004	–	50,004
Balance at 30 September 2007		(167,771)	894,359	7,208,738	8,047,170
Profit for the year		–	–	2,788,399	2,788,399
Exchange differences on consolidation		–	–	–	140,800
Net issue of shares to Employee Benefit Trust	27	(58,863)	427,333	–	488,166
Net sale of shares from Employee Benefit Trust	27	4,562	(3,077)	–	163,322
Accrued cash equivalent of share options receivable by NOMAD	19	–	33,336	–	33,336
Accrued cash equivalent of share options cancelled by NOMAD	19	–	(100,007)	–	(100,007)
Balance at 30 September 2008		(222,072)	1,251,944	9,997,137	11,561,186

The notes on pages 26 to 50 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 September 2008

	Note	Share capital £	Share premium £	Special reserve £	Exchange equalisation reserve £
Balance at 1 October 2006		9,591,824	2,723,483	–	(714,183)
Profit for the year before restatement					
Effect of restatement					
Profit for the year after restatement		–	–	–	–
Net issue of shares to Employee Benefit Trust before restatement	27				
Effect of restatement					
Net issue of shares to Employee Benefit Trust after restatement		19,750	18,970	–	–
Exchange differences on net investment in subsidiary undertaking		–	–	–	(142,033)
Cancellation of deferred shares and share premium account	19	(8,516,583)	(2,723,483)	3,788,477	–
Transfer from special reserve to retained earnings	19	–	–	(3,788,477)	–
Accrued cash equivalent of share options receivable by NOMAD		–	–	–	–
Balance at 30 September 2007 (restated)		1,094,991	18,970	–	(856,216)
Loss for the year		–	–	–	–
Exchange differences on net investment in subsidiary undertaking		–	–	–	118,526
Net issue of shares to Employee Benefit Trust	27	60,833	58,863	–	–
Net sale of shares from Employee Benefit Trust	27	–	161,837	–	–
Accrued cash equivalent of share options receivable by NOMAD	19	–	–	–	–
Accrued cash equivalent of share options cancelled by NOMAD	19	–	–	–	–
Balance at 30 September 2008		1,155,824	239,670	–	(737,690)

The notes on pages 26 to 50 form part of these financial statements.

	Note	Treasury shares £	Other reserve £	Retained earnings £	Total £
Balance at 1 October 2006		(148,801)	487,355	(7,518,037)	4,421,641
Profit for the year before restatement				243,517	
Effect of restatement				206,061	
Profit for the year after restatement		–	–	449,578	449,578
Net issue of shares to Employee Benefit Trust before restatement	27		357,000		
Effect of restatement			(206,061)		
Net issue of shares to Employee Benefit Trust after restatement		(18,970)	150,939	–	170,689
Exchange differences on net investment in subsidiary undertaking		–	–	–	(142,033)
Cancellation of deferred shares and share premium account	19	–	–	7,451,589	–
Transfer from special reserve to retained earnings	19	–	–	3,788,477	–
Accrued cash equivalent of share options receivable by NOMAD		–	50,004	–	50,004
Balance at 30 September 2007 (restated)		(167,771)	688,298	4,171,607	4,949,879
Profit for the year		–	–	112,532	112,532
Exchange differences on net investment in subsidiary undertaking		–	–	–	118,526
Net issue of shares to Employee Benefit Trust	27	(58,863)	199,967	–	260,800
Net sale of shares from Employee Benefit Trust	27	4,562	(3,077)	–	163,322
Accrued cash equivalent of share options receivable by NOMAD	19	–	33,336	–	33,336
Accrued cash equivalent of share options cancelled by NOMAD	19	–	(100,007)	–	(100,007)
Balance at 30 September 2008		(222,072)	818,517	4,284,139	5,538,338

The notes on pages 26 to 50 form part of these financial statements.

CONSOLIDATED CASHFLOW STATEMENT

Year ended 30 September 2008

	Note	2008 £	2007 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		3,575,616	1,611,242
Adjustments for:			
Depreciation of property, plant & equipment		45,631	16,715
Amortisation of intangible assets		21,355	5,998
Revaluation of investment		38,617	(40,251)
Profit on sale of investments		(46,846)	–
Share-based transactions		632,488	407,004
Translation differences		140,800	(156,707)
OPERATING CASH FLOWS BEFORE MOVEMENT IN WORKING CAPITAL		4,407,661	1,844,001
(Increase)/decrease in receivables		(397,562)	140,443
Increase in payables		1,160,154	1,381,542
CASH GENERATED FROM OPERATIONS		5,170,253	3,365,986
Corporation tax paid		(956,631)	–
NET CASH GENERATED BY OPERATING ACTIVITIES		4,213,622	3,365,986
Investing activities:			
Interest received		281,834	209,412
Share-based transactions		(108,505)	–
Proceeds on sale of investments		1,622,236	–
Purchase of investments		(3,000,000)	(1,506,851)
Purchase of property, plant & equipment		(595,055)	(80,031)
NET CASH USED IN INVESTMENT ACTIVITIES		(1,799,490)	(1,377,470)
Financing activities:			
Share capital issued		60,833	19,750
NET CASH GENERATED BY FINANCING ACTIVITIES		60,833	19,750
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,474,965	2,008,266
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,553,654	2,545,388
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	7,028,619	4,553,654

The notes on pages 26 to 50 form part of these financial statements.

COMPANY CASHFLOW STATEMENT

Year ended 30 September 2008

	Note	2008	2007 (restated)
		£	£
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		103,186	433,684
Adjustments for:			
Depreciation of property, plant & equipment		45,631	16,315
Revaluation of investments		38,617	(26,269)
Profit on sale of investment		(13,500)	–
Share-based transactions		405,122	200,943
Translation differences		118,526	(142,033)
OPERATING CASH FLOWS BEFORE MOVEMENT IN WORKING CAPITAL		697,582	482,640
Decrease/(increase) in receivables		510,184	(310,590)
Increase in payables		820,070	1,389,349
NET CASH GENERATED FROM OPERATING ACTIVITIES		2,027,836	1,561,399
Investing activities:			
Interest received		9,346	15,894
Share-based transactions		(108,505)	–
Proceeds on sale of investments		1,513,500	–
Purchase of investments		(3,000,000)	(1,506,851)
Purchase of property, plant & equipment		(535,428)	(39,489)
NET CASH USED IN INVESTMENT ACTIVITIES		(2,121,087)	(1,530,446)
Financing activities:			
Share capital issued		60,833	19,750
NET CASH GENERATED BY FINANCING ACTIVITIES		60,833	19,750
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(32,418)	50,703
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		46,439	(4,264)
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	14,021	46,439

The notes on pages 26 to 50 form part of these financial statements.

NOTES TO THE ACCOUNTS

Year ended 30 September 2008

1. ACCOUNTING POLICIES

Presentation of Financial Statements

Impax Group plc is a company registered in England and Wales under the Companies Act 1985. The address of the registered office is given on page 5 of the financial statements. The nature of the Group's operations and its principal activities are set out in the directors' report on pages 9 to 14.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use by the European Union.

The accounts have been prepared under the historical cost convention, as modified by revaluation of certain current asset investments.

The Group and the Company have not applied the following IFRS that are applicable to the Group and Company and that have been issued but are not yet effective.

IFRS 3 – Business Combinations, revised

IFRS 8 – Operating Segments, effective for financial year beginning 1 January 2009

IAS 32 – Financial Instruments: Presentation revised

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group or Company, except for additional disclosures when the relevant Standards come into effect.

The impact of adopting IFRS7 "Financial Instruments: Disclosure" and the changes to IAS1 "Capital Disclosures" has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital. These adoptions have not led to any changes in the Group's accounting policies.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of a subsidiary.

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.

All intra-group transactions and balances are eliminated on consolidation.

As permitted under IAS 27, Consolidated and Separate Financial Statements, investments in funds are not consolidated where the Group does not exercise control over the operation or financial operations of an entity or has no power to appoint members of the board of directors. These investments are designated as fair value through profit and loss or available for sale on initial recognition in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

Investments in associates

An associate is an entity over which the Group has significant influence and is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control.

1. **ACCOUNTING POLICIES (continued)**

Investments that are held by the Group are carried in the balance sheet at fair value even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28, Investment in Associates, which allows investments held by venture capital and similar organisations to be excluded from the scope of IAS 28 Investments in Associates, provided that those investments upon initial recognition are designated as fair value through profit or loss or available for sale and accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement, with changes in fair value recognised in profit or loss or equity in the period of change.

Going concern

The accounts have been prepared on a going concern basis.

Revenue recognition

Revenue represents sales to external customers at invoiced amounts less value added tax or local taxes.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

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 unamortised goodwill, which has not been subject to impairment, is included in the determination of the profit or loss on disposal.

Positive goodwill arising on acquisitions before the date of the transition to International Financial Reporting Standards has been retained at the previous UK GAAP amount and is tested for impairment annually.

Impairment

At the balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss or if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense, unless the relevant asset is land and buildings at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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.

NOTES TO THE ACCOUNTS

Year ended 30 September 2008

1. ACCOUNTING POLICIES (continued)

Depreciation of property, plant and equipment

Depreciation is provided on property, plant and equipment by equal instalments over their estimated useful lives on a straight-line basis:

Leasehold improvements	life of the lease
Office equipment	3 years
Office fixtures & fittings	4 years

Amortisation of intangible fixed assets

Amortisation is provided on intangible fixed assets by equal instalments over their estimated useful lives on a straight-line basis:

Software licences and implementation costs	life of the licence

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into operating leases are also spread on a straight line basis over the lease term.

Segment Report

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group's asset management division is the Group's principle business segment. Although a small corporate finance segment exists, the activity of this division is deemed immaterial for the purpose of providing a segmented business analysis. However, the Group has deemed it appropriate to provide segmented geographical analysis.

Fixed asset investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

Current asset investments

Current asset investments are revalued to market value for listed investments and valued at the lower of cost and net realisable value for unlisted investments.

Pensions

The Group operates defined contribution personal pension schemes for employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that creates a residual interest in the assets of Group.

1. **ACCOUNTING POLICIES (continued)**

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate provisions for estimated irrecoverable amounts.

Trade payables

Trade payables are stated at their nominal value less any discount or rebate received.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event from which it is likely that an outflow of economic benefits will occur which can be reasonably quantified.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, short-term deposits and other short-term deposits and liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Foreign currencies

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the income statement. Foreign exchange differences on long-term loans from Group companies treated as equity investments are translated at the year-end rate and taken to reserves.

On consolidation, the results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences that arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

The average rate ruling in the accounting period for US Dollars was US$1.97: £1 (2007: US$1.98: £1); the rate ruling at the balance sheet date was US$1.82: £1 (2007: US$2.05: £1).

The average rate ruling in the accounting period for Euros was €1.30: £1 (2007: €1.48: £1); the rate ruling at the balance sheet date was €1.26: £1 (2007: €1.44: £1).

Taxation

The tax charge represents the sum of current and deferred tax.

Current tax is based on taxable profits for the year after all potential reliefs available have been utilised. Taxable profits differ from net profits as reported in the income statement because it excludes items that are taxable or deductable in other years and items that are not taxable or deductable. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are not recognised to the extent that they will not be recovered. The deferred tax balance has not been discounted.

1. ACCOUNTING POLICIES (continued)

The carrying amounts of deferred tax assets is reviewed at each balance sheet date and is 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 timing 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.

Deferred expenses and deferred income

Placing fee costs and establishment fee income are deferred over five years to match their revenue/cost streams. Deferred expenses are included in prepayments and accrued income. Deferred income is included in accruals.

Capital contribution

Shares in the Company granted by the trustees of the Impax Group Employee Benefit Trust ("EBT") to employees of subsidiary undertakings are accounted for in the subsidiary undertaking. The Company calculates the cost of the EBT shares to the Group based on the Monte Carlo simulation method and the element relating to each subsidiary is accounted for in that company.

Employee Benefit Trust

In accordance with SIC 12 "Consolidation – special purpose entities", the Company includes the assets and liabilities of that trust within its balance sheet. In the event of the winding up of the Company, neither the shareholders nor the creditors would be entitled to the assets of the employee benefit trust.

Investment in own shares held in connection with the Group's employee share schemes are deducted from the shareholders' funds in accordance with IAS 32 "Financial Instruments: Disclosure and Presentation" until such time as they vest unconditionally to participating employees.

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 rateably over the performance period is determined by reference to the fair value of the shares determined at the grant date.

Prior year adjustment

The Company has made a prior year adjustment in line with IFRIC 11 "Group Treasury Share Transactions", which requires the Company's subsidiaries to account for shares granted to their employees by the Company. The effects of this restatement were to increase 2007 retained earnings by £206,061 and to decrease other reserves by £206,061 being the capital contributions made by the Company to its subsidiaries.

Further details are shown in the Statement of Changes in Equity.

Share based payments – other goods and services

Goods or services (other than employee services) received in exchange for share based payments are measured directly at their fair value and are recognised as an expense. Proceeds received on exercise of options, net of any directly attributable transaction costs, are credited to equity.

Corresponding amounts

Certain comparative information presented in the financial statements for the year ended 30 September 2007 has been reclassified in order to achieve comparability with the presentation used in the financial statements for the year ended 30 September 2008.

1. ACCOUNTING POLICIES (continued)

Critical accounting judgements and key sources of estimation uncertainty

(a) *Critical judgements in applying the Group's accounting policy*
In the process of applying the Group's accounting policies which are described above, management has made a significant judgement on the accounting treatment of investments where the group owns more than 20% of the ordinary shares of another company. Management has not had to make any further significant judgements on the amounts recognised in the financial statements.

(b) *Key sources of estimation uncertainty*
Investments in subsidiaries and calculation of goodwill

The Company determines whether investments in subsidiaries are impaired at least on an annual basis and measures the recoverable amount of the investments whenever there is an indication that the investments may be impaired. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Company to make an estimate of the expected future cashflow from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cashflows.

2. GEOGRAPHICAL ANALYSIS OF REVENUE, OPERATING PROFIT AND NET ASSETS

Revenue relates solely to the principal activities of the Group.

	Consolidated revenue	
	2008	**2007**
	£	**£**
UK	10,998,245	6,772,827
Europe	391,019	341,868
USA	–	–
	11,389,264	7,114,695

	Consolidated operating profit	
	2008	**2007**
	£	**£**
UK	3,627,363	1,611,787
Europe	(379)	–
USA	(51,368)	(545)
	3,575,616	1,611,242

	Consolidated net assets	
	2008	**2007**
	£	**£**
UK	10,267,210	6,661,945
Europe	687	913
USA	1,293,289	1,384,312
	11,561,186	8,047,170

NOTES TO THE ACCOUNTS

Year ended 30 September 2008

3. OPERATING PROFIT

	2008	2007
	£	£
Operating profit is stated after charging/(crediting):		
Staff costs and other operating charges	6,857,942	4,943,632
Long-term incentive scheme charge*	427,333	357,000
Operating leases, property rental	390,300	125,700
Depreciation of property, fixtures and equipment	45,631	16,715
Amortisation of intangible assets	21,355	5,998
Auditors' remuneration – audit fees	65,000	67,022
Auditors' remuneration – tax compliance	29,931	13,515
Auditors' remuneration – other	–	2,392
Exchange differences	(15,645)	11,730
Movement in fair value of current investments	38,617	(40,251)
Profit on disposal of current investment	(46,846)	–

* Further details are set out in note 27.

4. INVESTMENT INCOME

	2008	2007
	£	£
Bank interest	281,832	209,412

5. TAXATION

	2008	2007
	£	£
Analysis of charge for the year		
Current tax:		
UK corporation tax on profits of the period	923,851	288,218
Deferred tax:		
Release of deferred tax asset	145,198	243,057
Taxation	1,069,049	531,275

	2008	2007
	£	£
Factors affecting the tax charge for the year		
Current tax:		
Profit on ordinary activities before taxation	3,857,448	1,820,654
Tax at 28% on profit on ordinary activities before taxation (2007: 30%)	1,080,085	546,196
Effects of:		
Non-deductible expenses	63,543	118,713
Capital allowances	(24,533)	(9,540)
Non-chargeable income	(13,117)	–
Losses utilised	(163,978)	(367,151)
Prior year over-provision	(18,149)	–
Total current tax	923,851	288,218

5. TAXATION (continued)

The Group has tax losses of approximately £1.6 million (2007: £2.7 million) available for offset against future taxable profits in the UK. No deferred tax asset has been recognised at 30 September 2008 (2007: £145,198).

There are timing differences of £351,406 (2007: £248,306) in respect of EBT charges of £1,255,021 (2007: £827,688) that have been recognised in the Group accounts but which have been disallowed for tax purposes. No tax benefit is expected to arise in the near future in respect of these charges.

6. PARENT COMPANY

The Company has taken advantage of the exemption allowed under Section 230 of the Companies Act 1985 and has not presented its own Income Statement in these Financial Statements. The Company's profit for the year amounted to £112,532 (2007: restated profit of £449,578).

7. EARNINGS PER SHARE

In order to show results from operating activities on a comparable basis, an adjusted profit per share has been calculated which excludes the long term incentive scheme charge of £427,333 (2007: £357,000).

	Profit for the year	Ordinary shares in issue (weighted average)	Earnings per share
2008			
Basic and diluted	£2,788,399	109,615,764	2.54p
Adjusted	£3,215,732	109,615,764	2.93p
2007			
Basic	£1,289,379	107,616,084	1.20p
Diluted	£1,289,379	108,504,299	1.19p
Adjusted	£1,646,379	107,616,084	1.53p

There are no potential dilutive instruments (2007: included 888,215 share options granted to the Company's former nominated adviser and broker, Landsbanki Securities (UK) Limited).

8. DIVIDEND

The directors propose a dividend of 0.35p per share (totalling £404,539) for the year ended 30 September 2008. The dividend will be submitted for formal approval at the Annual General Meeting to be held on 2 February 2009. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 September 2009.

No dividend was paid during the year.

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

9. GOODWILL – GROUP

	Goodwill £
Cost	
At 1 October 2007 and 30 September 2008	2,830,097
Amortisation	
At 1 October 2007 and 30 September 2008	1,201,000
Net book value	
At 1 October 2007 and 30 September 2008	1,629,097

Goodwill arose on the acquisition of Impax Capital Limited on 18 June 2001. Management assess the carrying value of goodwill annually based on the results and forecasts of this company and Impax Asset Management Limited which, combined, are considered to be one cash-generating unit.

10. OTHER INTANGIBLE ASSETS – GROUP

	Software licences and implementation costs £
Cost	
At 1 October 2006	–
Additions	40,543
At 30 September 2007	40,543
Additions	59,626
At 30 September 2008	100,169
Amortisation	
At 1 October 2006	–
Charge for the year	5,998
At 30 September 2007	5,998
Charge for the year	21,355
At 30 September 2008	27,353
Net book value	
30 September 2008	72,816
30 September 2007	34,545
30 September 2006	–

The Company had no intangible assets.

11. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 October 2006	9,839	145,802	155,641
Additions	5,921	33,567	39,488
At 30 September 2007	15,760	179,369	195,129
Additions	441,244	94,185	535,429
At 30 September 2008	457,004	273,554	730,558
Depreciation			
At 1 October 2006	3,227	127,981	131,208
Charge for year	4,061	12,654	16,715
At 30 September 2007	7,288	140,635	147,923
Charge for year	24,626	21,005	45,631
At 30 September 2008	31,914	161,640	193,554
Net book value			
At 30 September 2008	425,090	111,914	537,004
At 30 September 2007	8,472	38,734	47,206
At 30 September 2006	6,612	17,821	24,433

11. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 October 2006	9,839	27,720	37,559
Additions	5,921	33,567	39,488
At 30 September 2007	15,760	61,287	77,047
Additions	441,244	94,185	535,429
At 30 September 2008	457,004	155,472	612,476
Depreciation			
At 1 October 2006	3,227	10,299	13,526
Charge for year	4,061	12,254	16,315
At 30 September 2007	7,288	22,553	29,841
Charge for year	24,626	21,005	45,631
At 30 September 2008	31,914	43,558	75,472
Net book value			
At 30 September 2008	425,090	111,914	537,004
At 30 September 2007	8,472	38,734	47,206
At 30 September 2006	6,612	17,421	24,033

12. OTHER FINANCIAL ASSETS

GROUP

	2008 £	2007 £
Loan receivable		
Due after one year	1,045,618	1,208,531
Due within one year	247,671	175,781

For further details refer to Note 25.

13. INVESTMENTS

GROUP

	Other Investments £
Cost at 1 October 2007	14,357
Disposal	(790)
At 30 September 2008	13,567

The disposal relates to the Group's amended interest in the capital of Impax Carried Interest Partner (GP) Limited, pursuant to the amended and restated limited partnership agreement relating to Impax Carried Interest Partner LP dated 27 December 2007.

COMPANY	Other investments £	Subsidiary undertakings £	Total £
Cost at 1 October 2007 and 30 September 2008	13,362	3,215,428	3,228,790

The principal subsidiary undertakings are:

	Country of incorporation	Proportion of ordinary capital held	Nature of business
Impax Asset Management Limited	UK	100.0%	Financial services
Impax Capital Limited	UK	100.0%	Financial services
Impax New Energy Investors Management SARL	LUX	100.0%	Financial services
Impax Solar Investments Limited*	UK	100.0%	Financial services
The Recycling Fund (GP) Limited**	UK	100.0%	Financial services
Impax New Energy Investors (GP) Limited**	UK	100.0%	Financial services
Impax Carried Interest Partner (GP) Limited**	UK	100.0%	Financial services
Impax US Holdings Limited	UK	100.0%	Holding company
Kern USA Inc***	USA	100.0%	Holding company

* This company is owned 100% by Impax Capital Limited.

** This company is owned 100% by Impax Asset Management Limited.

*** This company is owned 100% by Impax US Holdings Limited.

Impax New Energy Investors Management SARL, Impax New Energy Investors (GP) Limited and Impax Carried Interest Partner (GP) Limited have 31 December year ends in line with the year end of the funds of which they are partners.

Other investments are:

	Country of incorporation	Proportion of ordinary capital held	Nature of business
Impax New Energy Investors LP	UK	3.75%	Financial services
Impax New Energy Investors SCA	LUX	17.41%	Financial services
Impax Carried Interest Partner LP	UK	29.42%	Financial services

The investment in Impax New Energy Investors LP represents the Company's limited partner interest in the initial 0.1% capital contributions made by the limited partners of this fund.

13. INVESTMENTS (continued)

The investment in Impax New Energy Investors SCA represents the Company's subscription share capital to this fund.

The investment in Impax Carried Interest Partner LP represents the Company's 29.41% carried partner interest and Impax Carried Interest Partner (GP) Limited's 0.01% carried partner interest in this fund.

The Directors are of the opinion that none of these investments constitute an associate undertaking due to insignificant control and influence.

14. TRADE AND OTHER RECEIVABLES

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Trade receivables	1,121,463	819,990	–	–
Amounts owed by Group undertakings	–	–	1,774,184	2,204,214
Other receivables	517,599	393,367	109,792	27,604
Loans receivable	–	–	–	–
Prepayments and accrued income	522,652	371,375	182,715	46,135
Deferred tax asset	–	145,198	–	–
	2,161,714	1,729,930	2,066,691	2,277,953

At the balance sheet date the Group has unused tax losses of £1.6 million (2007: £2.7 million). No deferred tax asset has been recognised at 30 September 2008 (2007: £145,198).

Included in Group other receivables is an amount due after more than one year of £65,094 (2007: £65,094).

Included in Company amounts owed by Group undertakings is an amount due after more than one year of £1,030,185 (2007: £1,006,725).

An analysis of the ageing of Group trade receivables that were past due but not impaired is provided below:

	Total £	Less than 30 days £	31-60 days £	61-90 days £	More than 90 days £
At 30 September 2008	1,121,463	1,113,024	–	8,439	–
At 30 September 2007	819,990	789,484	–	–	30,506

15. CURRENT ASSET INVESTMENTS

GROUP

	Unlisted investment £	Listed investment £	Total £
Cost or Valuation			
At 1 October 2007	11,344	1,608,510	1,619,854
Additions	–	3,000,000	3,000,000
Revaluations	–	(38,617)	(38,617)
Disposals	–	(1,575,392)	(1,575,392)
At 30 September 2008	11,344	2,994,501	3,005,845
Net book value			
At 30 September 2008	11,344	2,994,501	3,005,845
At 30 September 2007	11,344	1,608,510	1,619,854

On 21 May 2007, the Company 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, launched on 21 May 2007 and had a total net asset value ("NAV") of £3,807,166 at 30 September 2008. The Group's investment in the IARF represents 44.2% of the NAV at 30 September 2008. The Directors are of the opinion that this investment does not constitute an associate undertaking due to insignificant influence.

On 3 March 2008, the Company made an investment of £1,500,000 in the Impax Environmental Leaders Fund ("IEL"). The investment took the form of 1,500,000 £1 accumulation Retail A shares. This investment was subsequently sold on 26 June 2008 and on the same day the Company made a new investment in IEL of £1,500,000 consisting of 1,500,000 £1 accumulation Institutional B shares.

IEL, which is managed by a subsidiary undertaking of the Company, launched on 3 March 2008 and had a total net asset value ("NAV") of £2,491,104 at 30 September 2008. The Group's investment in the IEL represents 53.8% of the NAV at 30 September 2008. These shares are held in custody under the control of the fund's depository and the Directors are therefore of the opinion that this investment does not constitute a subsidiary undertaking as it is not controlled by the Group.

These listed investments are revalued to market value.

The Group disposed of its only other listed investment, Ivanhoe Energy Inc. ("Ivanhoe"), during the year for £108,736 giving rise to a profit of £33,346.

The unlisted investment is valued at the lower of cost and net realisable value.

15. CURRENT ASSET INVESTMENTS (continued)

COMPANY

	Total
	£
Cost or Valuation	
At 1 October 2007	1,533,120
Additions	3,000,000
Revaluation	(38,619)
Disposal	(1,500,000)
At 30 September 2008	2,994,501
Net book value	
30 September 2008	2,994,501
30 September 2007	1,533,120

16. TRADE AND OTHER PAYABLES

	Group 2008	Group 2007	Company 2008	Company 2007
	£	£	£	£
Bank loans and overdraft	–	30	–	–
Trade payables	117,571	65,435	76,260	24,305
Amounts owed to Group undertakings	–	–	2,056,852	1,475,265
Taxation and other social security	223,322	210,828	–	–
Corporation tax payable	255,439	288,218	–	–
Other payables	117,826	55,005	45,042	31,305
Accruals and deferred income	3,466,607	2,346,299	1,124,464	652,754
	4,180,765	2,965,815	3,302,618	2,183,629

17. DEFERRED TAXATION

The Group has tax losses of approximately £1.6 million (2007: £2.7 million) available for offset against future taxable profits in the UK. No deferred tax asset has been recognised at 30 September 2008 (2007: £145,198). The Group has no un-provided deferred tax liabilities at the balance sheet date.

18. ORDINARY SHARES

	2008 £	2007 £
Authorised		
248,341,664 ordinary shares of 1p each (2007: 248,341,664 ordinary shares of 1p each)	2,483,417	2,483,417
Allotted and fully paid		
115,582,431 ordinary shares of 1p each (2007: 109,499,098 ordinary shares of 1p each)	1,155,824	1,094,991

At the Annual General Meeting of the Company held on 9 February 2007 shareholders passed a resolution to increase the authorised share capital of the Company by the creation of an additional 100,000,000 ordinary shares of 1p each ranking pari passu with the existing ordinary shares of 1p each in the capital of the Company.

The allotted and fully paid share capital of Impax Group plc was, by virtue of a special resolution and with the sanction of an Order of the High Court of Justice dated 22 August 2007, reduced from £11,000,000, being 248,341,664 ordinary shares of 1p each and 35,485,764 deferred shares of 24p each, to £2,483,417 being 248,341,664 ordinary shares of 1p each.

On 24 September 2008, 6,083,333 ordinary shares of 1p were issued at par to the trustees of the Impax Group Employee Benefit Trust as part of the Company's employee incentive arrangements as approved at the Company's EGM on 31 January 2008.

All ordinary shares issued during the year were admitted to trading on AIM.

19. RESERVES

In accordance with the requirements of SIC 12 "Consolidation – special purpose entities" and IAS 32, the assets and liabilities of the EBT have been included in the Company's and Group's accounts resulting in the inclusion of £222,071 treasury shares, £239,069 share premium, £4,025 retained earnings and £1,251,944 included in other reserves.

During the year ended 30 September 2007, the Company carried out a balance sheet reorganisation which was approved by shareholders in June 2007 and which received High Court approval on 22 August 2007. The result of this reorganisation was to eliminate the deficit on reserves by cancellation of the deferred shares and share premium account. The surplus arising from this cancellation created a special reserve of £3,788,477.

The Company gave undertakings to the Court to maintain this special reserve until all creditors outstanding on 22 August 2007 had either been paid or given their consent to the Company to transfer the balance to revenue reserves. The Company made creditor payments and obtained the necessary consents to enable it to transfer £3,788,477 from the special reserve to revenue reserves.

On 31 May 2006, the Company appointed Landsbanki Securities (UK) Limited ("Landsbanki"), (formerly Bridgewell Securities Limited) as nominated advisor and broker ("NOMAD") to the Group. For the twelve months following their appointment they received an option over 500,000 shares in the Company, exercisable at 20p within three years. For the period between twelve and twenty-four months following their appointment they received a further option over 388,215 shares in the Company exercisable at 25.76p within three years.

19. RESERVES (continued)

In 2008, £33,336 (2007: £50,004) was charged to the Income Statement and credited to other reserve to reflect the cash equivalent of this compensation.

On 30 June 2008, Landsbanki and the Company agreed to cancel the warrants on the payment in cash of £108,505 by the Company to Landsbanki. To reflect this transaction, £8,498 was charged to the Income Statement and £100,007 was debited to other reserves.

20. FINANCIAL COMMITMENTS

At 30 September 2008 the Group and Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
Expiry date:				
Within one year	–	–	–	–
Between one and two years	119,212	–	6,488	–
Between two and five years	264,600	119,212	–	6,488
Over five years	–	–	–	–
	383,812	119,212	6,488	6,488

21. DIRECTORS' EMOLUMENTS

The emoluments of all the Directors who held office during the year were as follows:

	Fees/Salary	Other	Pension	Bonus	2008 Total	2007 Total
	£	£	£	£	£	£
J Keith R Falconer	82,500	–	–	235,000	317,500	145,000
Ian R Simm	195,000	6,147	201,510	170,000	572,657	531,804
David L Kempton	27,500	–	–	–	27,500	20,000
Peter J Gibbs	21,705	–	–	–	21,705	–
Mark B White	21,705	–	–	–	21,705	–
Guy de Froment	21,250	–	–	–	21,250	–
Nigel D W Taunt	53,646	3,434	51,563	–	108,643	249,370
J Simon T Morris	8,333	–	–	–	8,333	20,000
	431,639	9,581	253,073	405,000	1,099,293	966,174

Other than as set out above, no other emoluments or benefits were paid to any of the Directors. Amounts stated related to the period served as Director.

22. EMPLOYEES

Number of employees

The average number of persons (including Directors) employed during the year was 27 (2007: 20).

Employment costs

	2008	2007
	£	£
Wages and salaries	4,024,765	2,686,287
Social security costs	487,293	323,467
Pensions	684,439	522,640
	5,196,497	3,532,394

23. PENSION COSTS

The Group operates two defined contribution 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 and amounted to £684,439 (2007: £522,640). Contributions totalling £610,199 (2007: £471,144) were payable to the funds at the year end and are included in trade and other payables.

24. FINANCIAL INSTRUMENTS

Risk management is integral to the business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the 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.

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

The Group's financial instruments comprise cash and various items, such as trade receivables and trade payables that arise directly from its operations.

As permitted by IAS 32, short-term receivables and payables have been excluded from these disclosures, other than the currency disclosures. Certain financial assets such as investments in subsidiary companies are also excluded from the scope of these disclosures.

The Group does not trade in financial instruments.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty in settling their financial and contractual obligations to the Group, as and when they fall due.

The Group's primary exposure to credit risk relates to the financial assets of the Group including cash and deposits that are placed with financial institutions which are regulated.

At the balance sheet date, the credit risk was concentrated within one financial institution but the risk of default is considered minimal.

24. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

It is the Group's policy to finance its business through working capital. Requirements to implement the Group's business plan are kept under regular review by the Board. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in its cash flows. Cash not required for immediate operations is placed on deposit but can be drawn down by the Group at any time.

The Group had no external borrowings at the year end.

Currency risk

The Group's activities are principally conducted in GBP, EUR, USD and JPY. Foreign exchange risk arises from income received in these currencies together with a limited amount of exposure to costs payable. The Group does not use any forward contracts to hedge its exposure to foreign currency risks.

The Company is exposed to foreign currency fluctuations arising on translation of its foreign subsidiaries, as well as its foreign denominated financial assets and liabilities recorded within the operational Company.

Certain of the Group's assets and liabilities are denominated in Euros and US Dollars. These represent the Group's only material assets denominated in a currency other than sterling.

The Directors consider the financial risks associated with currency exposure to be no greater than the risks associated with entering into derivative financial instruments.

The Group's exposure to foreign currency exchange rate risk at 30 September 2008 was:

	GBP	EUR	USD	JPY	Total
	£	£	£	£	£
Assets					
Other financial assets	–	–	1,293,289	–	1,293,289
Investments	1,323,665	1,684,401	11,346	–	3,019,412
Trade and other receivables	2,132,981	8,439	20,294	–	2,161,714
Cash and cash equivalents	7,000,410	20,479	7,730	–	7,028,619
	10,457,056	1,713,319	1,332,659	–	13,503,034
Liabilities					
Trade and other payables	4,052,888	50,653	66,498	10,726	4,180,765

The Group's exposure to foreign currency exchange rate risk at 30 September 2007 was:

	GBP	EUR	USD	JPY	Total
	£	£	£	£	£
Assets					
Other financial assets	–	–	1,384,312	–	1,384,312
Investments	14,359	1,533,118	86,734	–	1,634,211
Trade and other receivables	1,431,811	295,457	2,662	–	1,729,930
Cash and cash equivalents	4,482,554	71,130	–	–	4,553,684
	5,928,724	1,899,705	1,473,708	–	9,302,137
Liabilities					
Trade and other payables	2,912,270	38,894	14,651	–	2,965,815

24. FINANCIAL INSTRUMENTS (continued)

The following table demonstrates the estimated sensitivity of post-tax profit and net assets to a 5% increase/(decrease) in the exchange rate, assuming all other variables are held constant.

	Post-tax profit		Equity	
	2008	2007	2008	2007
	£	£	£	£
Translation of foreign subsidiaries				
GBP/USD up 5%	277	1,068	277	1,068
GBP/USD down 5%	(277)	(1,068)	(277)	(1,068)
GBP/EUR up 5%	(2)	(372)	(2)	(372)
GBP/EUR down 5%	2	372	2	372
Translation of significant foreign assets and liabilities				
GBP/USD up 5%	(60,293)	(69,479)	(60,293)	(69,479)
GBP/USD down 5%	66,240	76,792	66,240	76,792
GBP/EUR up 5%	(79,175)	(88,610)	(79,175)	(88,610)
GBP/EUR down 5%	87,509	97,937	87,509	97,937
GBP/JPY up 5%	511	–	511	–
GBP/JPY down 5%	(565)	–	(565)	–

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern so that it may continue to provide returns for shareholders and benefits for other stakeholders. The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet investment programmes and corporate overheads. The working capital position of the Group at the balance sheet date is as follows:

	2008	2007
	£	£
Trade and other receivables	2,161,714	1,729,930
Cash and cash equivalents	7,028,619	4,553,654
Trade and other payables	(4,180,765)	(2,965,815)
Working capital position	5,009,568	3,317,769

Interest rate risk

The Group has interest bearing assets, but no such liabilities. Interest bearing assets include cash balances that earn interest at a floating rate and two loan notes earning interest at a fixed rate.

At the balance sheet date the Group had the following significant financial assets exposed to variable interest rate risk.

	£
Cash and cash equivalents	
At 30 September 2008	7,028,619
At 30 September 2007	4,553,684

24. FINANCIAL INSTRUMENTS (continued)

The following table demonstrates the estimated sensitivity of post-tax profit to a 0.5% absolute change in interest rates, assuming all other variables are held constant.

	Effect on post-tax profit	
	2008	**2007**
	£	**£**
Interest rates up 0.5%	22,245	15,155
Interest rates down 0.5%	(22,245)	(15,155)

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

	Fair value through profit and loss	**Loans and receivables**	**Other**
	£	**£**	**£**
2008			
Financial assets			
Cash and cash equivalents	–	–	7,028,619
Trade and other receivables	–	–	2,161,714
Other financial assets	–	1,293,289	–
Investments	2,994,501	13,567	11,344
Total financial assets	2,994,501	1,306,856	9,201,677
Financial liabilities			
Trade and other payables	–	–	4,180,765
Total financial liabilities	–	–	4,180,765
2007			
Financial assets			
Cash and cash equivalents	–	–	4,553,684
Trade and other receivables	–	–	1,729,930
Other financial assets	–	1,384,312	–
Investments	1,608,510	14,357	11,344
Total financial assets	1,608,510	1,398,669	6,294,958
Financial liabilities			
Trade and other payables	–	–	2,965,815
Total financial liabilities	–	–	2,965,815

24. FINANCIAL INSTRUMENTS (continued)

There are no financial assets that are past due or considered to be impaired at 30 September 2008. All financial liabilities are payable within one year.

Cash and cash equivalents are due within three months. Included in trade and other receivables is an amount of £65,094 due after more than one year (2007: £65,094). Other financial assets include £247,671 (2007: £175,781) due within one year and £1,045,618 (2007: £1,208,531) due for repayment within three years.

No amounts are impaired.

25. CONTINGENT ASSETS AND LIABILITIES

In 2004, a production note of US$300,000 was received as part of the consideration for the disposal of the Starks oil field. This is payable at the rate of 10% of the future gas sales received net of related taxes. As it may take several years for this to be recovered in full and future gas production on the Starks Field cannot be guaranteed, the Directors have decided to account for any income on a cash received basis.

In 2004, a production note of US$5,400,000 was issued as part of the consideration for the disposal of the Company's US subsidiary, Kern River Holdings Inc. Kern River Holdings Inc. held and operated the Nukern oil field. The production note is based on payments of US$4 per barrel, with minimum quarterly payments rising from US$90,000 (£50,000) in 2008 to US$120,000 (£66,000) in 2009 onwards. Any remaining balance on the note is repayable in full on 3 July 2011. The Directors believe the Company will receive consideration over the term of the production note, equivalent to the carrying value of the Nukern field prior to disposal, but are of the opinion that due to the nature of part of the consideration, it would not be appropriate to recognise all future contingent revenues.

26. CAPITAL COMMITMENT

On 19 August 2005, the Company became a limited partner in Impax New Energy Investors LP (the "New Energy Fund"), a 10 year fund investing in projects in the renewable energy and related sectors, predominantly in Western Europe. Impax Group plc has committed to invest up to €3.75 million (£2.56 million) in the fund.

Royal Bank of Scotland has agreed to bridge all capital calls to this fund with a ceiling of 83.3% of capital commitments. As a consequence, the Directors do not expect the cash element of the Company's commitment to be called before the year ending 30 September 2009. The Directors are confident that the Company will have sufficient funds to fulfil this commitment when it falls due.

27. EMPLOYEE BENEFIT TRUST

On 4 February 2005 shareholders approved the establishment by the Company of the Impax Group Employee Benefit Trust (the "EBT") as part of the Company's employee incentive arrangements. The scheme provided for the issue of up to 18.25 million shares to employees over the three years ended 30 September 2007.

On 31 January 2008 shareholders approved an extension to the existing EBT whereby a further 18.25 million shares can be issued to employees over the three years ended 30 September 2010.

On 24 September 2008 the Company allotted 6,083,333 Ordinary Shares at a price equal to the nominal value of 1p per share to Sanne Trust Company Limited, trustee of the EBT. The EBT subsequently sold 197,025 Ordinary Shares for £60,833 to provide funding relating to the purchase of Ordinary Shares by the EBT. Following the sale the EBT is interested in 22,207,054 Ordinary Shares representing 19.21% of the Ordinary Shares in issue at 30 September 2008. The potential beneficiaries of the EBT include the executive directors and employees of the Group and their respective families.

On 30 September 2008 7,610,080 of the Ordinary Shares held by the EBT vested to employees and their families.

P&L charge – three years ended 30 September 2007

The allocation of Ordinary Shares to employees and their families via the EBT by the Company for the three years ended 30 September 2007 as part of the long-term incentive scheme has given rise to a charge of £1,069,539 as follows:

- £463,464 evenly spread over the three years to 30 September 2007, which is the performance period for the 2005 share award
- £485,143 evenly spread over the three years to 30 September 2008, which is the performance period for the 2006 share award
- £120,932 evenly spread over the three years to 30 September 2009 which is the performance period for the 2007 share award

This charge has been calculated in accordance with the requirements of IFRS 2 "Share based payments" by reference to the mid-market price of an Ordinary Share of 6.375p on the approval date of 4 February 2005 and on the Directors' assumption that the EBT performance criteria will be met and all of the shares will vest to employees and their families. The date of 4 February 2005 has been agreed to be the grant date for all shares issued to employees and their families as this was the date when substantially all terms and conditions of the scheme were agreed by all parties.

P&L charge – three years ended 30 September 2010

The allocation of Ordinary Shares to employees and their families via the EBT by the Company for the three years ended 30 September 2010 as part of the long-term incentive scheme will give rise to a charge of £1,060,964 as follows:

- £545,705 evenly spread over the three years to 21 December 2010, which is the performance period for the 2008 share award
- £309,155 evenly spread over the four years to 21 December 2011, which is the performance period for the 2009 share award
- £206,103 evenly spread over the five years to 21 December 2012 which is the performance period for the 2010 share award

27. EMPLOYEE BENEFIT TRUST (continued)

This charge has been calculated in accordance with the requirements of IFRS 2 "Share based payments" by reference to the mid-market price of an Ordinary Share of 38.5p on the approval date of 31 January 2008. The charge has been calculated using the Monte Carlo simulation method. The date of 31 January 2008 has been agreed to be the grant date for all shares issued to employees and their families as this was the date when substantially all terms and conditions of the scheme were agreed by all parties.

During the year ended 30 September 2008 the EBT sold 456,299 Ordinary Shares in the Company at the request of beneficiaries whose shares had vested on 30 September 2007. As a result of these transactions, £161,836 was credited to share premium, £4,562 was credited to treasury shares, £3,077 was debited to other reserve and £163,322 was included in other debtors.

In accordance with the requirements of SIC 12 "Consolidation – special purpose entities" and IAS 32, the assets and liabilities of the EBT have been included in the Company's and Group's accounts resulting in the inclusion of £222,072 treasury shares, £239,670 share premium, £4,025 retained earnings and £1,251,944 included in other reserve.

For the year ended 30 September 2008, the following transactions were undertaken by the EBT.

	2008 £	2007 £
Purchase of 6,083,333 (2007: 1,975,000) Ordinary Shares in the Company	(60,833)	(19,750)
Sale of 1,972,025 (2007: 78,035) Ordinary Shares in the Company	60,833	19,750
Sale of 456,299 (2007: nil) Ordinary Shares in the Company	166,399	–
Loan to beneficiary	(163,322)	–
Cash remitted to beneficiary	(3,077)	–
Cash remaining under control at year end	–	–

The market value of ordinary shares held in the EBT at 30 September 2008 was £6,606,599 (2007: £5,409,952).

28. ULTIMATE CONTROLLING PARTY

The Company is AIM listed and has no ultimate controlling party.

NOTES TO THE ACCOUNTS

Year ended 30 September 2008

29. RELATED PARTY TRANSACTIONS – GROUP AND COMPANY

The Recycling Fund LP is a related party of a subsidiary undertaking of the Group by virtue of the subsidiary undertaking acting as the fund's manager. On 20 March 2007 the partnership terminated and the fund's assets were distributed to its limited partners. As a result the subsidiary undertaking ceased to act as the fund's manager. During the year the Group received £nil (2007: £254,583) from the fund in the form of fees payable in accordance with the terms of the partnership termination agreement. At 30 September 2008 the Group was owed £14,254 (2007: £105,977) by the fund.

Impax New Energy Investors LP is a related party of the Group by virtue of the Company being a limited partner in the fund and a subsidiary undertaking acting as the fund's manager. During the year the Group received £1,525,104 (2007: £1,401,276) from the fund in the form of management fees. At 30 September 2008 the Group was owed £24,698 (2007: £58,784) by the fund in respect of reimbursable fund costs.

Impax New Energy Investors SCA is a related party of the Group by virtue of a subsidiary undertaking acting as the fund's manager. During the year the Group received £361,931 (2007: £341,745) from the fund in the form of management fees. At 30 September 2008 the Group was owed £9,594 (2007: £28,754) in respect of reimbursable fund expenses.

All balances were unsecured.

30. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	2008	2007
	£	£
GROUP		
Cash at bank and in hand	7,028,619	4,553,684
Bank overdraft	-	(30)
	7,028,619	4,553,654
COMPANY		
Cash at bank and in hand	14,020	46,439

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Impax Group plc will be held at the offices of Mazars LLP, Tower Bridge House, St Katharine's Way, London E1W 1DD at 10.30 a.m. on 2 February 2009 for the following purposes:

As Ordinary Business

1. To receive and adopt the Reports of the Directors and of the Auditors and the audited financial statements for the year ended 30 September 2008.
2. To re-elect, as a Director, Mr J K R Falconer who retires by rotation and offers himself for re-election.
3. To elect Mr M B E White as a Director.
4. To elect Mr P J Gibbs as a Director.
5. To elect Mr G de Froment as a Director.
6. To re-appoint Mazars LLP as Auditors and to authorise the Directors to fix their remuneration.

As Special Business

To consider and, if thought fit, pass the following resolutions which will be proposed as to the resolution 7 and 8 as ordinary resolutions and as to the resolutions 9 and 10 as special resolutions:

7. That the Directors be and are hereby generally and unconditionally authorised (in substitution for all existing authorities, save for that granted by resolution 2 passed at the extraordinary general meeting held on 31 January 2008) to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Companies Act 1985 ("the Act") up to an aggregate nominal amount of £385,275 provided that this authority shall expire on the fifth anniversary of the date of passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
8. To declare a final dividend in respect of the financial year ended 30 September 2008 of 0.35 pence per ordinary share payable to the holders of ordinary shares on the register of members at the close of business on 9 January 2009.
9. That, subject to the passing of, and pursuant to, the Ordinary Resolution numbered 7 above, the Directors be and are hereby generally empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act), as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   9.1 the allotment of equity securities in connection with a rights issue or open offer in favour of ordinary shareholders where the equity securities attributable to the respective interests of all ordinary shareholders are proportionate to the respective numbers of Ordinary Shares held by them on the record date for such allotment, but subject to such exclusions as the Directors may deem fit to deal with fractional entitlements or problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange;

   9.2 the allotment (otherwise than pursuant to paragraph 9.1) of equity securities for cash up to an aggregate nominal amount of £57,791.22 provided that this power shall, unless previously revoked or varied by the Company in general meeting, expire fifteen months from the date of passing of this resolution or, if earlier, on the date of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

10. That the Articles of Association of the Company be and they are hereby amended by making the alterations set out in the document produced to the Meeting and signed by the Chairman for the purposes of identification.

By order of the Board

Jacqueline A Brown
Company Secretary

23 December 2008

Registered office:
Mezzanine Floor
Pegasus House
37-43 Sackville Street
London
W1S 3EH

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 the use of members. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the above meeting should he or she so decide. If you appoint a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

2. 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 Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 10.30 a.m. on 31 January 2009.

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 6.00 p.m. on 31 January 2009 ("the specified time"). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's Register of Members at the time which is not less than 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.

4. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

5. The following are available for inspection at the registered office of the Company during normal business hours Monday to Friday inclusive and will also be available at the place of the meeting from 15 minutes before the start of the meeting until the conclusion of the meeting:

   (i) the register of directors' interests in the Company's shares; and

   (ii) copies of the directors' service contracts and letters of appointment.