

Company Number 03583839

IMPAX ASSET MANAGEMENT LIMITED

Directors' Report and Financial Statements

for the year ended 30 September 2012



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Impax Asset Management Limited
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Impax Asset Management Limited
Company Information

Directors	J Keith R Falconer Ian R Simm Bruce Jenkyn-Jones Charles D Ridge Peter V E Rossbach
Secretary	Zack Wilson
Company number	03583839
Registered Office	Norfolk House 31 St James's Square London SW1Y 4JR
Auditor	KPMG Audit Plc 15 Canada Square London E14 5GL

Impax Asset Management Limited
Directors' Report
For the Year Ended 30 September 2012

The Directors present their report and financial statements for the year ended 30 September 2012

Principal activities and review of the business

The principal activity of Impax Asset Management Limited ("the Company") during the year was that of investment manager to funds specialising in environmental markets and related resource scarcity sectors

Despite concerns within the Eurozone during the year, the fundamental drivers of the environmental and resource scarcity sectors - alternative energy, water and waste management - have remained strong, and the Company continues to develop investment opportunities

The Directors consider assets under management ("AUM"), turnover and profitability to be the key performance indicators of the Company. Turnover for the year was £17,874,448 (2011 £20,936,367) and operating loss was £3,482,536 (2011 £2,734,706). The Company incurred an operating loss in the year mainly as a result of non-recurring IFRS 2 *Share-based payment* charges. At the year ended 30 September 2012, the Company had AUM of £1,828m (2011 £1,896 million).

Results and dividends

The results for the year under review are set out on page 10. The net asset position of the Company is set out on page 12. A dividend of £7,000,000 for the year ended 30 September 2012 (2011 £2,000,000) was approved at a board meeting on 30 November 2012.

Principal risks and uncertainties

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

Liquidity and cashflow risk

Impax Asset Management Group plc produces consolidated cash flows forecast for a twelve month period to manage its liquidity requirements. These forecasts are subject to regular review by management. As part of this process the liquidity requirements of the Company are considered. The Company is also required to comply with the capital requirements of the Financial Services Authority (FSA) and monitors this on a regular basis.

Interest rate risk

The Company has interest bearing assets, but no such liabilities. Interest bearing assets include cash balances that earn interest at a floating rate.

Currency risk

A significant part of the Company's income is denominated in foreign currencies. The Company's policy is to hedge foreign currency exposure when an efficient and effective hedge can be created and to convert any other foreign exchange income to Sterling at the point of receipt of the cash. The Company has minimum foreign currency expenses.

Impax Asset Management Limited
Directors' Report *continued*
For the Year Ended 30 September 2012

Currency risk *continued*

Certain of the Company's assets and liabilities are denominated in foreign currency. Exchange differences that arise from the revaluation of assets and liabilities are taken to the profit and loss account.

Operational risk

The Company has established a control framework so that the risk of financial loss to the Company through operational failure is minimised. Measures have also been put in place to manage business and systems disruption, as well as the safety of staff. This is to ensure that during emergencies, the Company's strategic and operational business risks are effectively managed, and that particular responses, such as IT disaster recovery, contingency plans, off-site data back-up, recovery and evacuation procedures and customer/staff communications, all work concurrently.

Creditor payment policy

The Company seeks to maintain good terms with all of its trading partners. In particular, it is the Company'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 Company for the year ended 30 September 2012 were 31 (2011: 15).

Political and charitable donations

The Company did not make any donations to either political parties or charitable organisations during the year.

Directors

The following Directors have held office at any time during the financial year, and up to the date of this report:

J Keith R Falconer

Ian R Simm

Bruce Jenkyn-Jones

Charles D Ridge

Peter V E Rossbach

Nigel Taunt (resigned 7 December 2011)

Directors' interests

None of the Directors hold any shares in Impax Asset Management Limited. J Keith R Falconer and Ian R Simm are Directors of the ultimate parent company, Impax Asset Management Group plc, and their interest in the shares of that company are disclosed in its Annual Report.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Impax Asset Management Limited
Directors' Report *continued*
For the Year Ended 30 September 2012

Statement of Directors' responsibilities in respect of the Director's Report and Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Impax Asset Management Limited
Directors' Report *continued*
For the Year Ended 30 September 2012

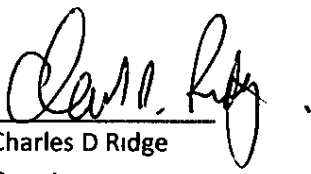
Statement of disclosure to auditor

Each of the persons who is a Director at the date of approval of this report confirms that

(a) so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

On behalf of the Board



Charles D Ridge
Director

22 January 2013

Independent auditor's report to the members of Impax Asset Management Limited

We have audited the financial statements of Impax Asset Management Limited for the year ended 30 September 2012 set out on pages 10 - 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent auditor's report to the members of
Impax Asset Management Limited *continued***

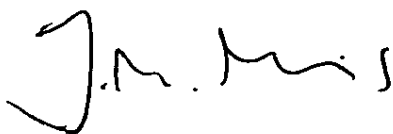
Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



JM Mills (Senior statutory auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

22 January 2013

Impax Asset Management Limited
Profit and Loss Account
For the Year Ended 30 September 2012

Company Number: 03583839

	Notes	2012 £	2011 £
Turnover	2	17,874,448	20,936,367
Operating costs		(20,946,184)	(18,365,168)
Change in fair value of investment and other instruments		(410,800)	163,507
Operating (loss)/profit	3	(3,482,536)	2,734,706
Interest receivable and similar income	4	85,014	26,453
(Loss)/Profit on ordinary activities before taxation		(3,397,522)	2,761,159
Tax credit on profit on ordinary activities	5	126,813	561,398
(Loss)/Profit on ordinary activities after taxation		(3,270,709)	3,322,557

The profit and loss account has been prepared on the basis that all operations are continuing operations

The notes on pages 13 - 25 form part of these financial statements

Impax Asset Management Limited
Statement of Total Recognised Gains and Losses
For the Year Ended 30 September 2012

Company Number: 03583839

	2012	2011
	£	£
(Loss)/Profit for the financial year	(3,270,709)	3,322,557
(Decrease)/Increase in value of cash flow hedges	(210,837)	213,371
Tax on cashflow hedge	54,868	(55,476)
Tax benefit on long-term incentive scheme	177,080	46,038
Total recognised gains and (losses) relating to the year	(3,249,598)	3,526,490

The notes on pages 13 - 25 form part of these financial statements

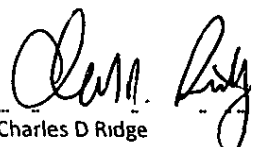
Impax Asset Management Limited
Balance Sheet
As at 30 September 2012

Company Number: 03583839

	Notes	2012 £	2011 £
Assets			
Non-current assets			
Intangible assets	7	145,884	39,164
Investments	6	364,104	323,106
		509,988	362,270
Current assets			
Margin account		154,503	-
Debtors	8	12,006,238	10,428,633
Cash invested in money market funds and long term deposit		4,500,000	-
Cash at bank and in hand		5,117,768	10,237,281
		21,778,509	20,665,914
Creditors amounts falling due within one year			
	9	(5,404,077)	(4,899,578)
		(5,404,077)	(4,899,578)
Net current assets		16,374,432	15,766,336
Creditors amounts falling due after one year			
	9	(802,574)	(261,903)
		(802,574)	(261,903)
Net assets		16,081,846	15,866,703
Capital and reserves			
Called up share capital	11	10,000	10,000
Capital redemption reserve	12	180,000	180,000
Capital contribution reserve	12	8,992,274	3,527,533
Hedging reserve	12	1,926	157,895
Profit and loss account	12	6,897,646	11,991,275
Shareholders' funds - equity	12	16,081,846	15,866,703

The notes on pages 13 - 25 form part of these financial statements

These financial statements were approved by the Board of Directors on 22 January 2013 and signed on its behalf by


Charles D Ridge

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

1 Accounting policies

1.1 Presentation of financial statements

The financial statements are prepared in accordance with applicable UK accounting standards. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The financial statements are prepared under the historical cost convention, other than the revaluation of certain non-current asset investments. The financial statements are presented in UK pounds sterling.

1.2 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes. Turnover is recognised in the profit and loss account as follows:

(a) investment management, administration and advisory fees contractually receivable are recognised in the year in which the work is performed and the respective fees are earned. Performance fees arising upon the achievement of specified targets are recognised at the respective fund's year end, when such performance fees are confirmed as receivable.

(b) revenue related to provision of services is recognised on an accruals basis.

1.3 Interest

Interest receivable is recognised using the effective interest method as it accrues.

1.4 Intangible fixed assets

Purchased software licences and associated implementation costs are stated at cost less accumulated amortisation.

Amortisation is charged in equal installments over their estimated useful lives on a straight-line basis.

- Software licences	over life of the licence
- Software implementation costs	3 years

1.5 Fixed asset investments

Shares in group undertakings are stated at cost less provision for any permanent diminution in value. The investment in Ensyn is classified as a financial asset at fair value through the profit or loss and recorded at fair value with changes in the fair value recorded through the profit and loss account.

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

1.6 Derivatives

The Company uses foreign exchange forward contracts as a hedge against the foreign exchange risk on future income denominated in foreign currencies. At balance sheet date these derivative contracts are recorded at their fair value. In instances where the hedge accounting criteria are met changes in the fair value are recorded in equity. The amounts recognised in equity are reclassified to profit or loss when the hedged item is recorded in profit.

1.7 Pensions

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

1.8 Taxation

Current tax is based on taxable profits for the year after all potential reliefs have been utilised. Taxable profits differ from 'profit before tax' as reported in the Profit and Loss account because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible in the current year. The Company's liability for tax is calculated after using tax rates that have been enacted or substantively enacted at balance sheet date. In the United Kingdom tax deductions are available in respect of share-based payment awards. In instances where the tax deduction is greater than the associated share-based payment charge due to differences in the price of the underlying shares awarded, the tax benefit is recorded through equity.

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. The deferred tax balance has not been discounted.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or if hedged forward at the hedged rate. All differences are taken to the profit and loss account.

1.10 Consolidation

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a wholly-owned subsidiary undertaking of Impax Asset Management Group plc ("the parent company"), a company registered in England and Wales, and is included in the consolidated accounts of that company.

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

1.11 Share-based payments

Certain employees of the Company have been granted options in the parent company's shares. These share-based payments are accounted for as equity-settled transactions in the parent company. Accordingly, as required by IFRS 2 *Group and Treasury Share Transactions*, the Company measures the services received from its employees with a charge to the profit and loss account and a corresponding increase in equity as contribution from the parent. The total amount to be expensed over the performance period, from service commencement date to vesting date, is determined by reference to the fair value of the awards determined at the date the employee is deemed to be fully aware of their potential entitlement and all conditions of vesting. Where the grant date occurs after service commencement date, the fair value is initially estimated by assuming that the grant date is the reporting date.

1.12 Cashflow

A cash flow statement has not been presented, as the Company has taken advantage of the exemption from preparation relating to subsidiary undertakings where 90% or more of the voting rights are controlled within the Group, provided that the consolidated financial statements in which those subsidiary undertakings are included are publicly available.

2 Turnover

The total turnover of the Company for the period has been derived from its principal activity being the provision of investment management services, an activity wholly undertaken in the United Kingdom.

3 Operating profit

	2012	2011
	£	£
Operating profit/(loss) is stated after charging		
Amortisation of intangible assets	58,813	52,607
Exceptional long-term incentive NIC charge	(61,987)	636,860
Loss on currency exchange	187,703	45,050
Share-based payment charge (Note 15)	5,464,741	2,583,431

Auditor's remuneration in respect of the audit of the financial statements of £25,000 (2011 £20,000) was borne by Impax Asset Management Group plc.

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

3 Operating profit *continued*

Operating costs for the previous year ended 30 September 2011 includes an exceptional charge of £636,860 in respect of Employer's National Insurance Contributions ("NIC") in connection with the Company's participation in the Group's Employee Incentive Arrangement ("EIA Original Scheme") For the year ended 30 September 2012, there is a credit of £61,987 in respect of adjustments to the charge made arising from fluctuations in the Company's share price

Under this scheme, a total of 16,777,045 shares were allocated to sub-funds of the EBT for the benefit of the employees of Impax Group and their families under the EBT These shares ceased to be subject to the risk of revocation for the employee ceasing employment on 30 September 2007, 2008 and 2009 The Group recorded a share-based payment charge in the periods to 30 September 2009 in respect of these awards made to employees, of which the Company incurred a portion of this charge During the year ended 31 December 2011, the Government made various changes to taxation of awards delivered and yet to be delivered under employee benefit trusts In light of these changes the Company now expects that some or all of the EBT beneficiaries will, at some stage, request the EBT Trustee at its discretion to transfer Impax Ordinary Shares or other assets held in the name of employees and their families from the EBT to one or more of the beneficiaries whereupon the Company would be required to pay Employer's NIC on the value of the shares or other assets removed In line with requirements of UK GAAP the Company has provided for these future payments Given the one-off nature and size of the charge it has been classified as exceptional

If and when the EBT Trustee agrees to transfer assets held in the EBT to beneficiaries and if the assets transferred are in the form of the Impax Asset Management Group plc's Ordinary Shares, the Company also expects to be eligible for a corporation tax deduction equal to the value of those Ordinary Shares. Where the Trustee has transferred Ordinary Shares out of the Trust during the year, the benefit of the tax deduction has been recognised in these financial statements If the amount of the tax deduction exceeds the cumulative share-based payment expense, the excess of the associated tax benefit is recognised in Equity At 30 September 2012 the Trustee had transferred 2,850,000 shares in respect of the Group's employees out of the EBT giving rise to a total tax benefit £335,000 (2011 £60,000) with £158,000 (2011 £15,000) recorded in loss for the period and £177,000 in equity (2011 £46,000), with the Company incurring a portion of these charges At the date of this report, 12,228,781 shares awarded under EIA Original Scheme remained in the EBT

4 Interest receivable and similar income

	2012	2011
	£	£
Bank interest	85,014	26,453

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

5 Taxation on profit on ordinary activities

(a) Analysis of tax credit in the year

	2012	2011
	£	£
Current tax:		
UK Corporation tax	444,697	46,038
Adjustments in respect of previous periods	-	52,356
	444,697	98,394
Deferred tax:		
Origination and reversal of timing differences	(571,510)	(659,792)
Tax credit on profits	(126,813)	(561,398)

(b) Factors affecting the tax charge for the year

	2012	2011
	£	£
Profit on ordinary activities before taxation	(3,397,522)	2,761,159
Tax at effective rate of 25% on (loss)/profit on ordinary activities before taxation (2011 27%)	(849,381)	745,513
Effects of:		
Non-deductible expenses and charges	1,449,682	862,299
Prior year under-provision	-	52,356
Group relief	-	(1,502,680)
Timings differences regarding share-based payments	(322,250)	(60,984)
Income not taxable in the period	(10,434)	(44,147)
Tax credit recorded in equity	177,080	46,038
Current tax charge	444,697	98,394

(c) Deferred tax

	2012	2011
	£	£
Deferred tax asset at the beginning of the year	701,179	96,863
Deferred tax credit in profit and loss account for the year - note 5(a) above	571,510	659,792
Deferred tax credit/(charge) in equity	54,868	(55,476)
Deferred tax asset at the end of the year	1,327,557	701,179

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

6 Fixed asset investments

	Shares in Group undertakings £	Other investment £	Total £
As at 1 October 2010	6	159,491	159,497
Additions	98	-	98
Change in fair value for the year ended 30 September 2011	-	163,511	163,511
As at 30 September 2011	104	323,002	323,106
Change in fair value for the year ended 30 September 2012	-	40,998	40,998
As at 30 September 2012	104	364,000	364,104

The other investment consists of shares in Ensyn Corporation, a company based in the U S A. The fair value of this investment is calculated on the basis of the market values of equivalent companies. The investment is classified as Level 3 for the purposes of FRS 29 *Financial Instruments Disclosures*.

Holdings of more than 20%

The Company holds more than 20% of the share capital in the following companies.

Company	Country of incorporation	Class	% Shares held
Impax New Energy Investors (GP) Limited	England & Wales	Equity	100
Impax New Energy Investors II (GP) Limited	England & Wales	Equity	100
Impax Carried Interest Partner (GP) Limited	Scotland	Equity	100
Impax Carried Interest Partner II (GP) Limited	Scotland	Equity	100
Impax Asset Management (US) LLC	USA	Equity	100
Impax Green Markets Fund (GP) Limited	England & Wales	Equity	100

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

7 Intangible fixed assets

	Software licences & associated costs £
Cost	
As at 1 October 2010	229,330
Additions	16,144
As at 30 September 2011	245,474
Additions	167,200
Disposals	(152,544)
As at 30 September 2012	260,130
Amortisation	
As at 1 October 2010	153,703
Charge for the year	52,607
As at 30 September 2011	206,310
Charge for the year	58,813
Disposals	(150,877)
As at 30 September 2012	114,246
Net book value	
As at 30 September 2012	145,884
As at 30 September 2011	39,164
As at 30 September 2010	75,627

8 Debtors	2012 £	2011 £
Trade debtors	504,633	922,733
Amounts owed by group undertakings	8,253,965	6,639,979
Other debtors	43,603	215,245
Corporation tax receivable	-	-
Deferred tax asset	1,327,557	701,179
Prepayments and accrued income	1,876,480	1,949,497
	12,006,238	10,428,633

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

8 Debtors *continued*

At the year end the Company had outstanding forward rate foreign currency contracts to sell Euro and buy Sterling. These have been designated as hedges against Euro income due and affect profit in October 2012 and January 2013. The fair value of these instruments at 30 September 2012 was £2,534 (2011: £213,000) which is recognised in equity and recorded in other debtors. No ineffectiveness was recognised in profit or loss.

9 Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	1,597	84,547
Amounts owed to group undertakings	1,341,432	441,597
Other creditors	37,588	52,075
Taxation and other social security	1,305,309	50,155
Accruals and deferred income	2,718,151	4,271,204
	5,404,077	4,899,578

Creditors: amounts falling due after one year

	2012	2011
	£	£
Accruals and deferred income	802,574	261,903
	802,574	261,903

10 Pension costs

The Company operates defined contribution personal pension schemes for employees. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge for the year represents contributions payable by the Company to these schemes and to employees' personal pension schemes and amounted to £622,738 (2011: £454,814). At year end, contributions of £479,750 remained payable to the funds (2011: £329,749).

11 Share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

12 Reserves and shareholders' funds

(a) Statement of movements on reserves

	Capital redemption reserve £	Hedging reserve £	Capital contribution reserve £	Profit & Loss account £
As at 30 September 2010	180,000	-	944,102	8,622,680
Profit for the year	-	-	-	3,322,557
Capital contribution from parent company	-	-	2,583,431	-
Cashflow hedge	-	213,371	-	-
Tax on cashflow hedge	-	(55,476)	-	-
Tax benefit on long-term incentive schemes	-	-	-	46,038
As at 30 September 2011	180,000	157,895	3,527,533	11,991,275
(Loss) for the year	-	-	-	(3,270,709)
Dividends paid	-	-	-	(2,000,000)
Capital contribution from parent company	-	-	5,464,741	-
Cashflow hedge	-	(210,837)	-	-
Tax on cashflow hedge	-	54,868	-	-
Tax benefit on long-term incentive schemes	-	-	-	177,080
As at 30 September 2012	180,000	1,926	8,992,274	6,897,646

(b) Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Loss/(Profit) for the year	(3,270,709)	3,322,557
Dividends paid	(2,000,000)	-
Cashflow hedge	(210,837)	213,371
Tax on cashflow hedge	54,868	(55,476)
Tax benefit on long-term incentive schemes	177,080	46,038
Capital contribution from parent company	5,464,741	2,583,431
Net addition to shareholders' funds	215,143	6,109,921
Opening shareholders' funds	15,866,703	9,756,782
Closing shareholders' funds	16,081,846	15,866,703

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

13 Directors' emoluments

	2012	2011
	£	£
Emoluments for qualifying services	701,733	1,363,656
Company pension contributions to money purchase schemes	123,000	118,500
	824,733	1,482,156

Emoluments disclosed above include the following amounts paid to the highest paid Director

	2012	2011
	£	£
Emoluments for qualifying services	387,638	612,612
Company pension contributions to money purchase schemes	39,000	44,000
	426,638	656,612

The emoluments of J Keith R Falconer and Ian R Simm are borne by Impax Asset Management Group plc. Full details of their emoluments (together with other emoluments paid to directors) are shown in the accounts of Impax Asset Management Group plc.

Charles D Ridge is also remunerated by Impax Asset Management Group plc.

	2012	2011
The average number of Directors to whom pension benefits are accruing within the company is	2	3
The average number of Directors who have exercised share options in the year is	-	-
The average number of Directors who have benefited from share-based awards in the year is	2	3

Impax Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 September 2012

14 Share-based payments

("EIA EXTENSION")

Under this scheme, certain Directors and employees were granted options over the shares of the ultimate parent, Impax Asset Management Group plc, during the year. The options were issued at a nil or 1p strike price and will vest to individuals remaining employed on 30 September 2012. They may be exercised over a period from 1 October 2012 to 31 December 2020.

The Company accrues for the FRS 20 *Share-based payment* charge for options issued from the grant date, to the date of vesting. The fair value of the services received in return for the options was calculated at 64p using the Black-Scholes-Merton model with the following inputs:

Weighted average share price on date of grant	68p
Exercise price	1p/0p
Expected volatility	35%
Weighted average option life	5.2yrs
Expected dividend rate	1.00%
Risk free interest rate	1.68%

2009 SHARE OPTION PLAN

In December 2009, 1,240,000 zero strike price options over the parent company's shares were granted to certain employees of the Impax Group. The awards vested on 30 September 2012, subject to the continued employment of the participant. The charge for the year in relation to this scheme is offset by a reduction in the total cash bonus pool paid to employees.

2011 EMPLOYEE SHARE OPTION PLAN

In November 2011, 5,000,000 options over the parent company's shares were granted to certain employees of the Impax Group (including those of the Company), in respect of services provided from 1 October 2010. The strike price of these options was set at a 10% premium to the average market price of the parent company's shares for the 30 business days following the announcement of the results for the year ended 30 September 2011, being 49.6. The options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment on 31 December 2014. The options granted were valued at a price of 9.1p using the Black-Scholes-Merton model. The charge for the year in relation to this scheme is offset by an equal reduction in the total cash bonus pool paid to employees.

Impax Asset Management Limited
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14 Share-based payments *continued*

2012 EMPLOYEE SHARE OPTION

In November 2012, 3,000,000 options over the parent company's shares were approved to be granted to certain employees of the Impax Group, including those of the Company. The strike price of the options was set at a 10% premium to the average market price of the parent company's shares for the 30 business days following the announcement of the results for the year ended 30 September 2012. The options will not have performance conditions, but will have a time vesting condition such that the options vest subject to continued employment on 31 December 2015. The options granted were valued at a price of 7.8p using the Black Scholes Merton model. The charge for the year in relation to this scheme is offset by an equal reduction in the total cash bonus pool paid to employees.

An analysis of the options in the ultimate parent company that have been granted to employees of the Company is as follows:

	Number	Weighted average exercise price p
Options outstanding at the start of the year	13,333,500	0.8
Options granted during the year*	3,673,000	
Options forfeited during the year	(15,000)	1.0
Options exercised during the year	-	NA
Options expired during the year	-	NA
Options outstanding at the end of the year	16,991,500	11.1
Options exercisable at the end of the year	12,202,050	1.0

* As noted above, a further 3,000,000 options were approved for grant in November 2012.

15 Employees

The average monthly number of employees (including executive directors) during the period was:

	2012	2011
Number of employees		
Listed equity	12	10
Private equity	11	8
Operations	6	7
Marketing	8	6
Venture capital	1	-
	38	31

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15 Employees continued

	2012	2011
	£	£
Employee costs		
Wages, salaries and variable bonuses	5,184,497	5,337,931
Social security costs	670,583	747,676
Other pension costs	622,738	454,814
Share-based payments	5,464,741	2,583,430
	11,942,559	9,123,851

16 Parent company

The immediate and ultimate parent company is Impax Asset Management Group plc, an AIM-listed company, registered in England and Wales. Impax Asset Management Group plc prepares group financial statements and copies can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3U2.

17 Related party transactions

Impax New Energy Investors LP, Impax New Energy Investors II LP, Impax New Energy Investors II-B LP, Impax New Energy Investors SCA, Impax Carried Interest Partners LP and Impax Carried Interest Partners II LP are related parties of the Company by virtue of subsidiaries being the General Partners to these funds.

BNP Paribas Investment Partners is a related party of the Company by virtue of owning a 29.1% equity-holding in the ultimate parent company, Impax Asset Management Group plc.

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

The aggregate related-party transactions for the year ended 30 September 2012 are as follows:

	2012	2011
	£	£
Profit and loss account		
Revenue	16,833,592	20,660,000
Balance sheet		
Trade and other receivables	8,253,965	2,669,000
Trade and other payables	1,341,432	22,000

The Company has taken advantage of the exemption in FRS 8 *Related party disclosures* from the requirement to disclose transactions with Impax Asset Management Group plc or its wholly-owned subsidiaries.