Annual Report

Year ended 31st December 2010

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Chairman's Statement

This year has been a significant one for the Company during which we have sought to position ourselves as a leaner and more profitable business.

A key step was our delisting from the AIM market of the London Stock Exchange. This decision was overwhelmingly supported by shareholders and was taken on cost grounds and because listing had not provided great liquidity in the Company's shares.

We decided that a tender offer to shareholders at the same time as the delisting would give an opportunity to those shareholders who wished to sell their shares to do so. This was taken up by many shareholders and all those who wished to sell at that time were accommodated. We have maintained a dealing facility for shareholders and details of this service are available on our website or from the Company Secretary.

As part of the restructuring exercise we have taken a stake in JRJ Partner 2 Limited Partnership, holding company for the Marex Financial group, the international broker of commodity derivatives, financial futures and foreign exchange. We are pleased to report that Marex is trading well and has in 2011 completed a significant strategic acquisition with the purchase of Spectron Group Ltd, which is a leading global broker of wholesale energy and other commodity products.

During the year we sold a 24.9% interest in our broking company, Integrated Financial Products Limited ("IFP"), for £750,000 to a strategic partner, Argolis Limited. We are now working with the new investors to bring their network of contacts to add value to our broking business.

IFP maintained its position in spite of a small fall in turnover from £5.1 million in 2009 to £4.8 million in 2010. A loss of the marketing fees from the Sal Oppenheim contract in 2009 was offset by higher brokerage fees earned in the current year. IFP's turnover was also adversely affected by the strengthening of sterling against the euro which is the currency in which most of the trading in IFP's Milan branch takes place. Asset management saw a further decline in assets under management when the lockup period ended in all Integrated managed funds and investors were able to sell their holdings in the liquid funds. Gross asset management fees fell from £2.7 million in 2009 to £1.6 million in 2010.

In broking we are looking at a number of opportunities to expand into different territories and add new product lines to our core Milan based broking. We hope that some of these will bear fruit in 2011.

In asset management we have researched and are continuing to analyse several opportunities both in the UK and abroad, including non-traditional asset classes. We hope to be able to report next year on new developments to this side of our business.

We look at the delisting as the first step in rebuilding shareholder value. We have expensed all extraordinary costs last year and I am happy to report that we are now trading profitably.

I would like to thank all our continuing shareholders and staff for their support over this period and am confident that our Company is better positioned for the continuing uncertainty of the financial markets.

J D S Booth
Chairman
29 June, 2011

Chief Executive Officer's Review

Overview of 2010

This financial year has been one of transition for the Company with the refocusing on our investment portfolio, the move from being listed on AIM to being unlisted and the significant reduction in the shareholder base with the tender offer. With the delisting and buyback behind us, since the year end we have seen a number of opportunities for the two businesses with several new opportunities being presented which build on our existing regulated businesses.

Corporate Transactions

At the beginning of the year we closed our first transaction when we invested some £3.5 million as part of the consortium which acquired Marex Group Ltd. Marex is amongst the world's largest independent, privately-owned brokers providing execution, direct market access and clearing services in the metals, energy, agriculture, financial futures and foreign exchange markets. Marex's client base includes commodity producers and consumers, banks, brokers, CTAs, hedge funds and professional traders. Marex is a member of the London Metal Exchange, the CME Group exchanges, ICE US, NYSE Liffe, ICE Futures and Eurex and offers access to all major exchanges in the US and Asia. It is headquartered in London with offices in New York, Hong Kong and Geneva. Marex subsidiaries are regulated by the Financial Services Authority in the UK, the National Futures Association in the US and the Securities and Futures Commission in Hong Kong.

Marex's business has performed well since its acquisition and we have effected a revaluation of our interest which is reflected in the Consolidated Statement of Comprehensive Income. Since the year end Marex has continued to grow and acquired Spectron Group Ltd. Operating from offices in London, Continental Europe, Asia and the US, Spectron is a leading global broker of wholesale energy and other commodity products. Spectron provides electronic and voice brokerage services for a diverse range of mainly Over-the-Counter ("OTC") markets, including gas, power, environmental products, freight, crude oil and related products, coal, weather and metals. Spectron's broad client base includes traders and risk managers within large oil and gas corporations, energy utilities, commodities firms, financial institutions and charterers.

During 2010, we disposed through redemption of substantially all of the investment we had made in our own managed funds. This investment, made partially to assist investors in our funds in providing them with a secondary market but also because we believed that there was embedded value in the underlying assets, achieved a profit of £196,000 by way of a combination of direct profit and exchange movements.

In October we agreed a transaction with Argolis Ltd whereby they would purchase a 24.9% interest in Integrated Financial Products Ltd for £750,000 plus a further payment if adjusted net assets exceeded a minimum figure. This further payment was received in 2011 but is reflected in these accounts. Overall on this transaction we achieved a profit of £125,000, net of costs.

At the end of the year the tender offer to buy-in our shares closed and we completed the buy-in of 13.43 million shares at 20p per share at a total cost of £2.68 million.

Asset Management

In 2010 we continued to see a decline in funds under management which resulted in total income from this area being £1.62 million (2009: £2.70 million (continuing)). Net revenue margin increased from 58% in 2009 to 63% in 2010. The funds that we have managed throughout the year have generally provided positive performance and distributions took place by way of redemptions and releases from side-pockets.

The fund of hedge fund sector is currently beset by claims and counter-claims and we have not been immune to these. Where necessary, reserves have been set aside at the fund level for such claims, primarily by holding back on distributions to fund shareholders or by suspending the right to redemptions.

Brokerage

Brokerage activities in 2010 were predominately in Milan where we maintain a solid business despite an increasing competitive environment. In total we saw a modest decline in gross brokerage and marketing income falling from £4.8 million to £4.5 million. Substantially all of this fall was due the end of the relationship with Sal Oppenheim which resulted in a loss of gross marketing fees earned in 2009 of £808,000.

The analysis for broking income by business is set out below:

	2010	2009
Equities	**15.4%**	7.9%
Foreign exchange	**21.4%**	33.9%
Interest rate derivatives	**16.4%**	29.0%
Bonds	**46.7%**	29.2%
	100%	100%

The business split changed materially between 2009 and 2010 with the new Bond desk proving a significant contributor to the business activity, and the Equities desk nearly doubling 2009's relative turnover contribution. Interest Rate Derivatives and FX suffered a decline, which is being reversed in the first few months of the current year.

Cost structure and Balance Sheet

Management has continued to try to reduce costs without compromising control and compliance. We have merged the two regulated asset management companies to reduce the number of regulated entities in the Group to two, which has reduced compliance costs. Headcount has reduced slightly with staff added in broking but fund management being reduced. Finally, we have taken the opportunity to reduce group complexity by removing unnecessary intermediate holding companies and old business units, which has helped reduce accounting time and costs. Overall for 2010 we reduced operating costs by 18%.

The group has continued to maintain a strong balance sheet, despite cash and liquid assets having been reduced against last year by the cash outflow to buy-in the Company's shares and the investment in Marex, which is held as a non-current financial asset.

Chief Executive Officer's Review

Results Summary

Excluding discontinued operations

	Fund Management £ 000	Brokerage £ 000	2010 Total £ 000	2009 Total £ 000
Turnover	1,627	4,512	**6,139**	7,537
Cost of sales	(599)	(1,663)	**(2,262)**	(2,220)
Net Revenue	1,028	2,849	**3,877**	5,317
Operating costs	(2,406)	(2,705)	**(5,111)**	(6,279)
Operating (loss)/profit before amortisation of intangibles, share-based payment expenses and currency exchange differences	(1,378)	144	**(1,234)**	(962)
Amortisation of intangibles	(12)	-	**(12)**	(12)
Share-based payments expense	144	-	**144**	(16)
Write down of investments	-	-	**-**	(36)
Currency exchange differences	(168)	50	**(118)**	(81)
Profit on sale of subsidiary/business	125	-	**125**	-
Net gain/(loss) on financial assets	55	110	**165**	176
Operating (loss)/profit	(1,234)	304	**(930)**	(931)
Net finance and other income	76	50	**126**	31
(Loss)/profit on continuing activities before tax	(1,158)	354	**(804)**	(900)

Whilst reading the above table it is important to note that Fund Management, historically being the largest business area, consolidates all the corporate overhead of the group, and doesn't necessarily reflect the results of the stand-alone business units.

Operating Margins

The group's operating costs for 2010 showed a reduction of 18% from 2009. Total staff numbers are down slightly, with a rise in broking more than offset by a fall in fund management. All costs are carefully scrutinised and economies are made where possible but savings have been partially offset by general inflation in costs. On wages and salaries whilst these have been reduced in total they represent a greater proportion of total operating costs having risen from 61% in 2009 to 67% this year.

As mentioned earlier the investment in own funds made in 2009 was substantially realised in 2010 and an overall profit of £196,000 was achieved. The Group continued to hold surplus cash in high quality interest bearing securities which were partially realised to make the Marex investment.

Foreign exchange movements had a much smaller impact this year with a net loss of £122,000 being recognised in the Consolidated Statement of Comprehensive Income against a £2.6 million loss in 2009.

Capital and Cash Flow

	2010 £ 000	2009 £ 000
Net assets	**8,188**	10,969
Net current assets	**2,808**	8,666
Cash at bank and financial assets*	**4,340**	9,418

* Cash at bank excluding cash held under Trust by the EBT.

Net assets decreased primarily as a consequence of the buy–in of ordinary shares pursuant to the tender offer. Net current assets decreased for the same reason as well as the investment in Marex which is treated as a non-current asset.

While certain amounts of cash are held by subsidiaries for both working capital and regulatory requirements, there remains significant liquidity within the Group.

Dividends

The Company does not recommend the payment of a dividend (2009: £nil).

Risk Management

Operating in the financial services industry, Integrated faces a number of risks which are inherent to its activities and require active management. The principal risks for the group have been identified as operational risk and financial risks and in relation to our fund management business, investment risk,

Operational Risk

Operational risk is the risk that the Group suffers a loss, either directly or indirectly, from inadequate or failed internal processes and systems or from external events. This risk manifests itself in slightly different ways across our two businesses, but in summary would include:

- Broker error in negotiation of a deal.
- Administrative error either in the settlement of a broking deal or in the instruction of a trade on behalf of a fund.
- Loss of key members from a broking desk or key investment professionals.
- Introduction of new products and related issues in the legal, fiscal, regulatory and accounting domains.

Given the nature of such risks, it is Group policy to review continually the controls in place to manage them, to ensure that such controls are appropriate and adequate for the risks involved and that the controls have evolved and developed to reflect the changes in our underlying businesses and how it is carried out.

Chief Executive Officer's Review

Financial Risk

The Group operates in a number of different countries and is exposed to a number of financial risks and particularly currency risk. Details of these and the measures undertaken by the Group to manage them are given in note 21 of the financial statements.

Investment Risk

Poor investment performance in our underlying funds, either absolutely or relative to the particular fund's peer group, may result in a decrease in management and performance fees as well as redemptions in the funds by investors with similar effect.

Regulatory Environment

Each of Integrated's principal operating subsidiaries is subject to regulation. In the United Kingdom, Integrated Alternative Investments Ltd and Integrated Financial Products Ltd ("IFP"), are regulated and authorised by the Financial Services Authority.

IFP's Milan branch is responsible to the Italian regulator ("Consob") for its conduct of business.

The Group seeks to ensure that it maintains full compliance with its regulatory obligations and in regard to regulatory capital to maintain a surplus over and above that required at both an operating company level and at a consolidated group level.

Events after the reporting period

After the year end the Company received the subscription agreed with the JRJ partners. The agreement required modification as a result of the reduction in issued shares resulting from the buy-in. The subscription, which concluded in March 2011, was for 2,750,092 shares at 43.6p per share, with the Company receiving £1.2 million. Following this subscription the Company has 19,969,215 shares in issue.

Part of these subscription monies were utilised to repay the short term loan from Argolis Ltd of £750,000 plus interest advanced in 2010.

Also in 2011 we have participated in the financing of the Marex acquisition of Spectron Group increasing our investment by £815,000.

The Market: 2011 and Beyond

The financial services markets continue to increase in complexity in terms of products offered, regulation and the economic environment. Whilst broad measures of activity show limited growth or retreat, the reality is that for some areas there is significant growth in opportunities and income and in others their markets have almost disappeared.

Your Board is seeking to build a more robust model with a diversity of income flows, ties to larger organisations and specialist services valued both in good and in bad times. This process started in 2010 and is expected to continue in the near future. This exercise will include both organic and where necessary, acquisitive growth. Your Board does not see the need to pay significant upfront amounts to realise this ambition but there may be a need to provide key executives with equity or equity like participations in the operational units in which they are involved. We hope to be able to report progress towards the end of this year.

I would like to thank all our staff for their continuing support and commitment.

E M Arbib
Chief Executive Officer
29 June, 2011

Directors' Report

The Directors present their annual report together with the audited financial statements for the year ended 31st December 2010.

Principal Activities and Business Review

Integrated Asset Management Plc ("IAM") is the parent company of a broking and asset management group. A review of the IAM's business activities during 2010 along with future developments and risk management is given in the Chairman's Statement and the Chief Executive's Review on pages 1 to 4.

Results and Dividends

The loss attributable to equity holders for the year ended 31st December 2010 was £997,000 (2009: £2,746,000 Profit). The Directors have not proposed the payment of a dividend for the year ended 31st December 2010 (2009: £nil).

Acquisitions and investment in subsidiaries

Apart from the disposal of a 24.9% interest in IAM's subsidiary, Integrated Financial Products Ltd, on 27 October 2010 there were no changes in the equity interests in the Company's subsidiaries during the year.

Share Issue and Redemption and Own Shares

On 23 December 2010 pursuant to a tender offer the Company purchased some 13.43 million shares at 20p per share. As a result the share capital was reduced from some 30.6 million shares to 17.2 million shares at a cost to the Company of £2.68 million.

During the year, the trustees of the Integrated Asset Management Employee Share Ownership Trust ("ESOT") did not subscribe for any ordinary shares in the Company (2009: nil). The ESOT's share holding in the Company's ordinary share capital is 1,800,000 shares (2009:1,800,000).

Events after the Reporting Period

After the end of the reporting period the following material non-trading events occurred:

a. The subscription right granted to Argolis Ltd was exercised after adjustment for the buy back of shares pursuant to the tender offer and 2,750,092 new shares were issued at 43.6p per share;

b. The unsecured loan for £750,000 from Argolis Ltd was repaid in March 2011 together with accrued interest in relation to it; and

c. The indirect investment in Marex Group Ltd was increased by £814,957 as part of the financing of the acquisition by that company of Spectron Group Ltd.

Directors

Apart from the resignation of Mr Norman Epstein on the 24 December 2010, there were no other changes to the Board of Directors during the year. The following Directors will retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for reappointment: Mr J.D.S. Booth and Mr D. Masetti. Mr G.A. Robb resigned from the Board on 15 April 2011.

Employees

The Group operates an equal opportunity policy in the recruitment, promotion and training of all its employees. The Group believes that employees play a major role in the long-term success of the business and accordingly it promotes a working environment in which employees feel valued and respected. All employees are kept updated of the Group's performance and progress on a regular basis.

Donations

No charitable or political donations were made in 2010 or 2009.

Creditor Payment Policy

The Group does not follow any code or standard on payment practice, but adopts the following policy regarding the payment of its suppliers:

a. To agree payment terms with suppliers in accordance with contractual or other legal obligations;

b. To ensure that suppliers are aware of the terms of payment; and

c. To make payment in accordance with the payment terms.

Average trade creditor days at 31st December 2010 were 46 days (2009: 45 days) for the Group and 58 days for the Company (2009: 67 days).

Annual General Meeting ("AGM")

The Company's AGM will be held later on this year at the Company's registered office. A notice of the AGM will be sent to shareholders in due course.

Directors' Report

Auditor

BDO LLP have indicated their willingness to continue in office and resolutions will be proposed at the Annual General Meeting to reappoint them as Auditor of the Company.

Each person who was a Director at the date of approving this report confirms that:

a) so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

b) each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and of the Company's Auditor for that purpose, in order to be aware of any information needed by the Company's Auditor in connection with preparing their report and to establish that the Company's Auditor is aware of that information.

Going Concern

The Directors are satisfied that the Company and the Group have adequate resources to continue to operate for the foreseeable future. The Directors confirm that the Company and the Group are going concerns and accordingly continue to adopt the going concern basis in preparing the financial statements.

By Order of the Board

J D S Booth
Director
29 June, 2011

Corporate Governance Report

The Board is committed to creating and implementing high corporate governance standards and practices throughout the Group. The Directors recognise the importance that corporate governance plays in the protection and maintenance of Shareholders interests and strive to implement best practice policies to achieve this.

The Board of Directors

The Company is headed by an experienced Board of Directors which consists of two Executive Directors and until December 2010 five Non-Executive Directors. And thereafter four Non-Executive Directors.

The Board is responsible for ensuring that the Company always acts in the best interests of its Shareholders' while maintaining its ethical values and integrity. The Board monitors decisions that are made by senior management to ensure that they are made with the aim of enhancing long-term shareholder value. The Board is also responsible for ensuring that adequate levels of internal controls are maintained which assist in the efficient and effective operation of the business and to ensure compliance with applicable laws and regulations.

In particular, the Board is responsible for making Group decisions and approvals regarding the following:

- Long-term objectives and strategies.
- Major investments, acquisitions and disposals.
- Annual operating and capital expenditure budgets.
- Annual and interim dividends.
- Treasury policy.
- Risk management strategy.

The roles of the Chairman, John Booth, and Chief Executive Officer, Emanuel Arbib, are clearly divided. John Booth is primarily responsible for the leadership of the Board and for ensuring effective communication with shareholders while Emanuel Arbib is responsible for making and approving senior management decisions which affect the operating and financial performance of the business.

The Board fulfils its duties to the Company's Shareholders through Board meetings or by delegating responsibilities to Board Committees. Details of the Remuneration Committee, Audit Committee and Nomination Committee are shown below.

Appointments to the Board

Any Directors appointed by the Board are subject to re-election by the Shareholders at the Annual General Meeting following their appointment. All Directors are subject to reappointment at intervals of not more than three years. Prior to their appointment, Non-Executive Directors are subject to a review process to assess their independence and to confirm that they have no other relationships that may affect their judgement as a Director of the Company.

All new Directors are provided with appropriate training and briefings which consider their individual qualifications and experience.

Support to the Board

All Directors have access to the advice and services of the Company Secretary, Ohad Egoz, who is responsible for ensuring that Board procedures and applicable rules are observed. In addition, there is also a procedure that enables any Director to obtain independent professional advice in respect of their duties at the Company's expense. The Company also maintains liability insurance for its Directors and officers, which is reviewed annually to ensure that the appropriate level of cover is held.

Board Meetings

The number of Board and Board Committee meetings held during the year and the individual attendance by Directors is set out in the table on page 8.

The Nomination Committee did not meet during the year.

After year-end, two further Board meetings were held.

Appropriate briefing papers are distributed to Directors in advance of Board meetings.

Any Director who was unable to attend a Board meeting during the year received appropriate and timely information in advance of the meeting so that their views could be taken into consideration.

Audit Committee

The Audit Committee comprises of Non-Executive Directors. The Directors who served on the Committee during the year were Norman Epstein (Audit Committee Chairman) and George Robb. Following the resignations of Norman Epstein on 24 December 2010 and George Robb on 15 April 2011, Detlef Bierbaum (Chairman), John Booth and Mark Segall have joined the Audit Committee. The Committee is primarily responsible for the following:

- Monitoring the integrity of the Group's financial statements and any announcements relating to the Group's financial activities.
- Reviewing the Group's internal financial controls and risk management systems.

- Making recommendations for the appointment, reappointment and removal of the external Auditors and approving their remuneration and terms of engagement.

Remuneration Committee

The Remuneration Committee comprised John Booth (Chairman of the Board and of the Nomination Committee), Mark Segall (Chairman of the Remuneration Committee) and Norman Epstein (Chairman of the Audit Committee) up to the date of his resignation on 24 December 2010, all of which are Non-Executive Directors. The Committee is primarily responsible for the following:

- The review and approval of the Company's remuneration strategy and policies;
- The approval of any new remuneration schemes; and

Corporate Governance Report

- The design and review of performance targets and conditions that are attached to performance-related remuneration schemes.

Nomination Committee

The Nomination Committee is responsible for identifying, assessing and nominating individuals for Board positions as and when they arise. This includes consideration of the reappointment of Non-Executive Directors at the conclusion of their specified term of office. It is also responsible for considering succession planning for both the Board and senior management positions.

The Committee comprised John Booth (Chairman of the Board and of the Nomination Committee), Mark Segall (Chairman of the Remuneration Committee) and Norman Epstein (Chairman of the Audit Committee) up to the date of his resignation on 24 December 2010, all of which are Non-Executive Directors.

	Board	Audit Committee	Remuneration Committee
Number of meetings	8	2	2
Director's attendance			
E M Arbib	8	-	-
D Bierbaum	6	-	-
J D S Booth	6	-	2
N C Epstein (resigned 24 December 2010)	4	2	-
D Masetti	7	-	-
G A Robb (resigned 15 April 2011)	7	2	-
M B Segall	7	-	2

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and risk management. While acknowledging that no system of internal control can provide absolute assurance against material loss or misstatement, the Board believes the Group's current systems of internal control and risk management are effectively designed to manage the risks which are inherent in the Group's business.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks that are faced by the Group. The key components of these are outlined in the Risk Management section of the CEO's Review.

Investor Relations

The Company updates its Investors Relations section of its website (www.integratedam.com) to provide investors with important information regarding the Company's activities. This includes information such as annual financial statements as well as press releases the Company issues on important events in its development. During the year, the Chief Executive Officer met with and made presentations to institutional investors, analysts and prospective shareholders. The Company regularly provides Shareholders and clients with material that shows the performance of managed funds and the brokerage business. Shareholders are encouraged to make enquiries regarding the events and activities which affect their investment in the Company.

Going Forward

The Board believes that good corporate governance is a key contributor to the Group's long-term growth and will continue to invest time and resources to ensure the maintenance and improvement of its high standards.

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors’ report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;

- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;

- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the members of Integrated Asset Management plc

We have audited the financial statements of Integrated Asset Management plc for the year ended 31 December 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statement of Changes in Shareholders Equity the Consolidated and Parent Company Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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 requires to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Neil Fung-On, senior statutory auditor
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Consolidated Income Statement

for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £000s	Year ended 31 December 2009 £000s
Continuing operations			
Revenue		6,139	7,537
Cost of sales		(2,262)	(2,220)
Net revenue		3,877	5,317
Operating costs		(5,229)	(6,396)
Amortisation of intangibles		(12)	(12)
Share-based payments cost		144	(16)
Profit on sale of subsidiary		125	-
Net gain on financial assets	12	165	176
Operating loss		(930)	(931)
Finance income		145	82
Finance expense	14	(19)	(51)
Loss before taxation	3	(804)	(900)
Taxation	5	(208)	(42)
Loss from continuing operations		(1,012)	(942)
Discontinued operations			
Profit from discontinued operations	6	20	3,619
(Loss)/profit for the year		(992)	2,677
Attributable to :			
Continuing operations			
Owners of the parent		(1,003)	(942)
Non controlling interests		(9)	-
		(1,012)	(942)
Total			
Owners of the parent		(997)	2,746
Non controlling interests		5	(69)
		(992)	2,677
Earnings per share	7		
Continuing operations			
Basic		(3.31)p	(2.43)p
Diluted		(3.31)p	(2.43)p
Discontinued operations			
Basic		0.02p	9.50p
Diluted		0.02p	9.50p
Total			
Basic		(3.29)p	7.07p
Diluted		(3.29)p	7.07p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	Year ended 31 December 2010 £000s	Year ended 31 December 2009 £000s
(Loss)/profit for the year	(992)	2,677
Currency translation differences on overseas operations	(122)	(2,632)
Net gain on available for sale financial assets	1,020	-
Total comprehensive income for the year	(94)	45
Total comprehensive income attributable to :		
Owners of the parent	(99)	114
Non controlling interests	5	(69)
	(94)	45

Consolidated Statement of Financial Position

as at 31 December 2010

	Note	As at 31 December 2010 £000s	As at 31 December 2009 £000s
Assets			
Non-current assets			
Intangible assets	8	1,205	1,684
Property, plant and equipment	9	213	404
Financial assets	12	3,962	215
		5,380	2,303
Current assets			
Trade and other receivables	10	2,338	2,482
Cash and cash equivalents	11	2,241	4,033
Other financial assets	12	2,107	5,630
		6,686	12,145
Total assets		12,066	14,448
Liabilities			
Non-current liabilities			
Borrowings	14	-	-
Deferred tax liabilities	15	-	-
		-	-
Current liabilities			
Borrowings	14	(750)	-
Trade and other payables	16	(3,126)	(3,439)
Tax payable		(2)	(40)
		(3,878)	(3,479)
Total liabilities		(3,878)	(3,479)
Net assets		8,188	10,969
Capital and Reserves			
Called up share capital	17	861	1,533
Capital redemption reserve		672	-
Share options reserve		65	202
Exchange difference reserve		192	314
Investment in own shares		(2,519)	(2,519)
Available for sale financial assets reserve		1,020	-
Retained earnings		7,678	11,452
Equity attributable to equity owners of the parent		7,969	10,982
Equity attributable to non controlling interests		219	(13)
Total equity		8,188	10,969

The annual financial statements were approved and authorised for issue by the Board on 29 June 2011 and signed on their behalf by:

J D S Booth
Director

E M Arbib
Director

Company Statement of Financial Position

as at 31 December 2010

	Note	As at 31 December 2010 £000s	As at 31 December 2009 £000s
Assets			
Non-current assets			
Intangible assets	8	-	-
Property, plant and equipment	9	103	223
Investment in subsidiaries	13	5,894	10,788
Financial assets	12	3,962	211
		9,959	11,222
Current assets			
Trade and other receivables	10	376	843
Cash and cash equivalents	11	768	302
Other financial assets	12	836	2,675
		1,980	3,820
Total assets		11,939	15,042
Liabilities			
Non-current liabilities			
Borrowings	14	-	-
Trade and other payables	16	-	-
		-	-
Current liabilities			
Borrowings	14	(750)	-
Trade and other payables	16	(2,839)	(3,786)
		(3,589)	(3,786)
Total liabilities		(3,589)	(3,786)
Net assets		8,350	11,256
Capital and Reserves			
Called up share capital	17	861	1,533
Capital redemption reserve		672	-
Share options reserve		65	202
Available for sale financial assets reserve		1,020	-
Retained earnings		5,732	9,521
Total equity		8,350	11,256

The annual financial statements were approved and authorised for issue by the Board on 29 June 2011 and signed on their behalf by:

J D S Booth
Director

E M Arbib
Director

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2010

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Non controlling interests £000s	Total £000s
Balance at 1 January 2010	1,533	-	11,452	(2,003)	(13)	10,969
Currency translation adjustments	-	-	-	(122)	-	(122)
Net gain on available for sale financial assets	-	-	-	1,020	-	1,020
Total other comprehensive income	-	-	-	898	-	898
(Loss)/profit for the year		-	(997)	-	5	(992)
Total comprehensive income for the year	-	-	(997)	898	5	(94)
Shares purchased by Company and cancelled	(672)	-	(2,771)	672	-	(2,771)
Reduction to the share premium account	-	-	-	-	-	-
Cancellation of shares on disposal	-	-	-	-	-	-
Share-based payments	-	-	-	(143)	-	(143)
Cancelled/forfeited share options	-	-	(6)	6	-	-
Movement in non controlling interests	-	-	-	-	227	227
Balance 31 December 2010	861	-	7,678	(570)	219	8,188

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Non controlling interests £000s	Total £000s
Balance at 1 January 2009	2,107	27,025	(16,667)	740	1,484	14,689
Currency translation adjustments	-	-	-	(2,632)	-	(2,632)
Net gain on available for sale financial assets	-	-	-	-	-	-
Total other comprehensive income	-	-	-	(2,632)	-	(2,632)
Profit/(loss) for the year	-	-	2,746	-	(69)	2,677
Total comprehensive income for the year	-	-	2,746	(2,632)	(69)	45
Shares purchased by company and cancelled	-	-	-	-	-	-
Reduction to the share premium account	-	(27,017)	27,017	-	-	-
Cancellation of shares on disposal	(574)	(8)	(1,774)	-	-	(2,356)
Share-based payments	-	-	-	16	-	16
Cancelled/forfeited share options	-	-	127	(127)	-	-
Movement in non controlling interests	-	-	3	-	(1,428)	(1,425)
Balance 31 December 2009	1,533	-	11,452	(2,003)	(13)	10,969

Company Statement of Changes in Shareholders' Equity

for the year ended 31 December 2010

	Share capital £000s	Share premium £000s	Retained earnings £000s	Share Options reserve £000s	Other reserves £000s	Total £000s
Balance at 1 January 2010	1,533	-	9,521	202	-	11,256
Net gain on available for sale financial assets	-	-	-	-	1,020	1,020
Total other comprehensive income	-	-	-	-	1,020	1,020
Loss for the year	-	-	(1,018)	-	-	(1,018)
Total comprehensive income for the year	-	-	(1,018)	-	1,020	2
Shares purchased by company and cancelled	(672)	-	(2,771)	-	672	(2,771)
Reduction to the share premium account	-	-	-	-	-	-
Cancellation of shares on disposal	-	-	-	-	-	-
Share-based payments	-	-	-	(143)	-	(143)
Cancelled/forfeited share options	-	-	-	6	-	6
Balance 31 December 2010	861	-	5,732	65	1,692	8,350

	Share capital £000s	Share premium £000s	Retained earnings £000s	Share Options reserve £000s	Other reserve £000s	Total £000s
Balance at 1 January 2009	2,107	27,025	(15,324)	313	-	14,121
Net gain on available for sale financial assets	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Loss for the year	-	-	(450)	-	-	(450)
Total comprehensive income for the year	-	-	(450)	-	-	(450)
Shares purchased by Company and cancelled	-	-	-	-	-	-
Reduction to the share premium account	-	(27,017)	27,017	-	-	-
Cancellation of shares on disposal	(574)	(8)	(1,774)	-	-	(2,356)
Share-based payments	-	-	-	16	-	16
Cancelled/forfeited share options	-	-	52	(127)	-	(75)
Balance 31 December 2009	1,533	-	9,521	202	-	11,256

Consolidated Cash Flow Statement

for the year ended 31 December 2010

	Year ended 31 December 2010 £000s	Year ended 31 December 2009 £000s
Cash flows from operating activities - continuing operations		
Cash (used) from operations	(1,259)	(111)
Income tax paid	(248)	124
	(1,507)	13
Cash flows from operating activities - discontinued operations	20	(187)
Cash flows from operating activities - total Group	(1,487)	(174)
Cash flows from investing activities - continuing operations		
Purchase of property, plant and equipment	(18)	(23)
Sale of property, plant and equipment	2	-
Purchase of non-current financial assets	(87)	(211)
Purchase of other financial assets	(2,954)	(5,453)
Sale of non-current financial assets	275	104
Sale of other financial assets	3,597	-
Net cash disposed of with subsidiary	-	(2,686)
Sale proceeds of subsidiary and funds business	775	2,663
Interest received	145	83
	1,735	(5,523)
Cash flows from investing activities - discontinued operations	-	44
Cash flows from investing activities - total Group	1,735	(5,479)
Cash flows from financing activities - continuing operations		
Purchase of Company shares	(2,771)	-
Unsecured Loan received	750	-
Repayment of Bank Loan	-	(1,309)
Interest paid	(19)	(50)
	(2,040)	(1,359)
Cash flows from financing activities - discontinued operations	-	(17)
Cash flows from financing activities - total Group	(2,040)	(1,376)
Net (decrease) in cash and cash equivalents	(1,792)	(7,029)
Cash and cash equivalents at beginning of year	4,033	11,062
Cash and cash equivalents at end of year	2,241	4,033

Reconciliation of Operating (Loss) to Net Cash (Outflow)/Inflow from Operating Activities

for the year ended 31 December 2010

	Year ended 31 December 2010 £000s	Year ended 31 December 2009 £000s
Operating loss on ordinary activities from continuing operations	(930)	(931)
Share options cost	(144)	16
Profit on sale of subsidiary	(125)	-
Depreciation	200	237
Amortisation of intangible assets	12	12
Net gain on financial assets	(165)	(176)
Write down of other financial assets	-	39
Foreign currency translation	59	82
Decrease in trade and other receivables	144	1,310
(Decrease) in trade and other payables	(310)	(700)
Net cash (outflow) from operating activities from continuing operations	(1,259)	(111)

Company Cash Flow Statement

for the year ended 31 December 2010

	Year ended 31 December 2010 £000s	Year ended 31 December 2009 £000s
Cash flows from operating activities		
Cash used from operations	(1,802)	98
Income tax received	-	-
Net cash (used)/generated in operating activities	(1,802)	98
Cash flows from investing activities		
Purchase of property, plant and equipment	(1)	(1)
Proceeds on sale of property, plant and equipment	-	1
Purchase of non-current financial assets	(2,954)	(2,565)
Purchase of other financial assets	(1,609)	(208)
Sale of non-current financial assets	271	-
Sale of other financial assets	3,273	-
Purchase of subsidiary	(3,650)	-
Return of capital from subsidiary	2,600	-
Proceeds from disposal of subsidiaries	6,356	748
Dividend received	-	681
Interest received	11	9
Net cash generated/(used) in investing activities	4,297	(1,335)
Cash flows from financing activities		
Purchase of Company shares	(2,771)	-
Unsecured Loan received	750	-
Interest paid	(8)	(47)
Net cash used in financing activities	(2,029)	(47)
Net increase/(decrease) in cash and cash equivalents	466	(1,284)
Cash and cash equivalents at beginning of Year	302	1,586
Cash and cash equivalents at end of Year	768	302

Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

for the year ended 31 December 2010

	Year ended 31 December 2010 £000s	Year ended 31 December 2009 £000s
Operating loss on ordinary activities	(1,021)	(413)
Share options cost	(65)	20
Depreciation	121	128
Impairment in investments	(77)	187
Impairment of related company loan	(36)	(72)
Write down of current financial assets	-	31
Foreign currency translation	120	42
Movement in fair value on financial assets	5	(188)
Profit on sale of Subsidiary	(419)	(699)
Decrease in trade and other receivables	517	939
(Decrease)/increase in trade and other payables	(947)	123
Net cash (outflow)/inflow from operating activities	(1,802)	98

1 Principal accounting policies

Integrated Asset Management plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom. The Company delisted from the Alternative Investment Market ("AIM") of the London Stock Exchange with effect from 23rd December, 2010.

The principal accounting policies applied in the presentation of these group financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Basis of preparation

The group financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) as adopted by the European Union (“EU”).

The group financial statements have been prepared under the historical cost convention, except for the measurement of certain financial assets that are held at fair value.

The Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of the financial statements.

(b) New IFRS standards and interpretations

Standards effective in 2010:

A number of new standards, amendments and interpretations are effective for the first time for 2010. The Group has adopted the amendments and revisions to standards as detailed below:

IAS 7 - "Statement of Cash flows" effective for accounting periods beginning on or after 1 January 2010.

IAS 27 - "Consolidation and separate financial statements" (Revised) effective for accounting periods beginning on or after 1 July 2009.

IAS 39 - "Financial Instruments- Recognition and Measurement" effective for accounting periods beginning on or after 1 January 2010.

IFRS 3 - "Business Combinations" (Revised) effective for accounting periods beginning on or after 1 July 2009.

The adoption of these new standards, amendments and interpretations has not had a material impact on the results or financial position of the Group.

Standards and interpretations which become effective in future periods:

The Group has not decided to early adopt the following standards and interpretations, and revisions to existing standards and interpretations. Although relevant, they are not expected to have a material impact on the Group’s results:

IAS 1 - "Presentation of Financial Statements" (Amendment) effective for accounting periods beginning on or after 1 January 2011.

IAS 24 - "Related Party Transactions" (Revised) effective for accounting periods beginning on or after 1 January 2011.

IFRS 9 - "Financial Instruments" (replacement of IAS 39). The standard sets out the new requirements on the classification and measurement of financial assets. It uses a simple approach to determine whether a financial asset is measured at amortised cost or fair value. The effect on the financial statements will depend on how the Group manages its financial instruments and the contractual cash flow characteristics of those financial assets.

There are a number of other standards and interpretations, and revisions to existing standards and interpretations, in issue but not in force at 31 December 2010. These are not considered likely to have a material impact on the Group's financial statements.

(c) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management’s best judgement at the date of preparation of the financial statements deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The areas where a higher degree of judgement or complexity arise, or areas where assumptions and estimates are significant to the consolidated financial statements, are discussed below.

i) Goodwill and other intangible assets

The valuation and amortisation periods of intangible assets arising on acquisition, such as management contracts, and the impairment testing of goodwill takes into account value in use calculations prepared on the basis of management’s assumptions and estimates of future cash flows and discount rates. The amortisation period of the management contracts, representing the Group’s contractual right to benefit from future income from providing investment management services, is based on management’s estimate of the weighted average period over which the Group expects to earn economic benefit from the investor being invested in each fund product.

ii) Share-based payments

Management must make judgements concerning the probability of share options vesting when calculating the fair value of options granted. These judgements consider the historical average length of time option holders stay with the Group and the probability of option holders achieving certain performance criteria based on their performance to the statement of financial position date.

(d) Consolidation

i) Subsidiaries

The Group financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Company has the power to govern the operating and financial policies so as to obtain benefits from their activities. The financial statements of subsidiaries are included in the Group's financial statements from the date on which control is transferred to the Group to the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

The Group's Employee Benefit Trusts are also consolidated in the Group's financial statements.

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

ii) Non controlling interests

The Group has applied the parent company method for accounting for transactions with non controlling interests.

iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying value of the investment.

Gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(e) Segment reporting

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 activities are divided into two business segments, Hedge Fund Management and Brokerage. These reflect the Group's internal reporting segments.

A geographical segment is engaged in providing services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. As the Group only operates in one geographical segment (Europe), no geographical segment analysis has been shown.

(f) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The Group financial statements are presented in pounds sterling (GBP), which is the Company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the relevant Group entity's functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates for the relevant accounting periods; and
- all resulting exchange differences are included in the cumulative translation adjustment reserve within equity.

Cumulative translation differences are taken to the income statement on the disposal of a net foreign operation.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Motor vehicles	3 - 5 years
Computer and communication equipment	3 - 5 years
Furniture, fixtures and fittings *	4 - 6 years
Leasehold improvements	5 years

*For specific items of artwork, included within furniture, fixtures and fittings, whose residual value is expected to be at least equal to cost, no depreciation is provided. The cost of such artwork as at 31st December 2010 is £ 74,000 (2009: £74,000).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(h) Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary or associate at the acquisition date. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii) Management contracts

Management contracts are recognised when they are acquired through a business combination. They represent contracts between the acquired businesses and the funds they manage. The fair values of the management contracts are calculated at the acquisition date using a discounted cash flow methodology. This method estimates the net cash inflows that are expected to arise from the management contracts over their economic lives and discounts them to present value using an appropriate discount rate. Management contracts are amortised using the straight-line method over their estimated useful lives of between 1-6 years.

iii) Computer software

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing the software. Computer software is amortised using the straight-line method over its estimated useful life of 3 years.

(i) Impairment of non-financial assets

Goodwill is not subject to amortisation but is instead tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever there is an indication that the carrying amount may not be recoverable.

An impairment loss is recognised in the income statement in the period that it is incurred. An impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined with reference to the higher of the asset's value in use and fair value less costs to sell. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those from its ultimate disposal, at an appropriate pre-tax discount rate. For the purposes of assessing impairment, assets are grouped into Cash-Generating Units (CGUs), which are the lowest levels for which there are separately identifiable cash flows.

(j) Financial assets

Financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale" or "loans and receivables". Financial assets are classified into their respective category at the initial recognition date.

Financial assets at fair value through profit or loss: These financial assets are initially recognised at fair value with any subsequent changes in fair value recognised in the income statement. Assets in this category are usually held for short-term gain and are classified as current assets if they are either held for trading or expected to be realised within 12 months of the statement of financial position date.

Available-for-sale: These financial assets are initially recognised at fair value with any subsequent changes in fair value recognised directly in equity. When an asset is disposed of or impaired, any cumulative gain or loss previously recognised in equity is transferred to the income statement.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets except for those with maturities greater than 12 months after the statement of financial position date, which are included in non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial assets.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. Any impairment loss is recognised in the income statement.

Forward Currency Contracts are classified as financial assets or financial liabilities through profit or loss. They are measured at fair value and gains or losses arising from changes in fair value are recognised in profit or loss.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for credit losses. An allowance account for credit losses is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance for credit losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The allowance for credit losses is recognised in the income statement.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(n) Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the share options is recognised as an expense, with a corresponding credit recognised in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(o) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled based on tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(p) Revenue recognition

Revenue represents the fair value of consideration received for the provision of services and is stated net of value-added tax, rebates and after eliminating intra-group sales.

Revenue includes the following:

Management and performance fees

Management fees are calculated as a percentage of net assets under management and are recognised in the period in which the services are rendered.

Performance fees are calculated as a percentage of the net appreciation in a fund's net asset values at the end of a performance period. The length of a performance period varies between funds and usually covers periods ranging from between 3 to 12 months. Performance fees are recognised when the amount of the fee can be reliably measured, which is normally at the end of the performance period. Where a fund's performance period covers the statement of financial position date, performance fees are recognised based on reasonable estimates that consider the particular fund's performance to the statement of financial position date and whether evidence exists that suggests that the current performance will be sustainable to the end of the performance period.

Fee commission on brokerage

Brokerage fees are calculated as a percentage of the value of the transaction and are recognised on the transaction date.

The Group carries on a matched principal business as part of its brokerage activities. This involves acting as the principal in the simultaneous purchase and sale of securities between third parties. Commission is generated from the difference between the purchase and sale proceeds of the security and is recognised in full at the time of the commitment by both counterparties to sell and purchase the financial instrument.

Finance income

Finance income comprises of interest income, which is recognised on a time-proportion basis using the effective interest method.

(q) Cost of sales

Cost of sales comprises of commissions and distribution fees payable to intermediaries, distributors and other third parties and are charged to the Income Statement over the period in which the service is provided.

2 Segmental reporting
(a) Business segments

We have considered the requirements of IFRS 8 and since we only internally review our business on the basis of the hedge fund and brokerage units as opposed to any geographical basis, do not see the requirement for any geographical analysis.

The Group is organised into two business segments Hedge Fund and Brokerage. The segmental results are as follows:-

Business Type **31 December 2010**	Discontinued Hedge Fund £000s	**Continuing Hedge Fund £000s**	Discontinued Brokerage £000s	**Continuing Brokerage £000s**	**Inter-segment elimination £000s**	**Continuing Group £000s**
Revenue from external customers	-	1,627	-	4,512		6,139
Cost of sales	-	(599)	-	(1,663)		(2,262)
Net Revenue	-	1,028	-	2,849	-	3,877
Operating costs	-	(2,406)	-	(2,705)		(5,111)
Amortisation of intangibles	-	(12)	-	-		(12)
Share-based payments cost	-	144	-	-		144
Write down of investments	-	-	-	-		-
Currency exchange differences	-	(168)	-	50		(118)
Profit on sale of subsidiary/business	20	125	-	-		125
Net gain/(loss) on financial assets	-	55	-	110		165
Operating profit/(loss)	20	(1,234)	-	304	-	(930)
External interest receivable and similar income	-	84	-	61		145
Inter-segment interest receivable	-	-	-	-	-	-
External interest payable and similar charges	-	(8)	-	(11)		(19)
Inter-segment interest payable	-	-	-		-	-
Profit/(loss) before taxation	20	(1,158)	-	354	-	(804)
Operating costs include the following non-cash expenses:						
Depreciation	-	(126)	-	(74)	-	(200)

Included within the Revenue from External customers of £6,139,000 are amounts of £627,000 (within hedge fund segment) and £748,000 (within brokerage segment) received from two customers, each of which generate more than 10% of the total external income.

	Hedge Fund £000s	Brokerage £000s	Inter-segment elimination £000s	Continuing Group £000s
Segment assets	8,820	5,316	(2,070)	12,066
Segment liabilities	(3,144)	(2,804)	2,070	(3,878)
	5,676	2,512	-	8,188
Capital expenditure on segment assets	-	17	-	17

2 Segmental reporting (continued)

31 December 2009	Discontinued Hedge Fund £000s	Continuing Hedge Fund £000s	Discontinued Brokerage £000s	Continuing Brokerage £000s	Inter-segment elimination £000s	Continuing Group £000s
Revenue from external customers	2,443	2,704	151	4,833		7,537
Cost of sales	(944)	(1,142)	(2)	(1,078)		(2,220)
Net Revenue	1,499	1,562	149	3,755	-	5,317
Operating costs	(1,483)	(2,723)	(657)	(3,556)		(6,279)
Amortisation of intangibles	1,212	(12)	-	-		(12)
Share-based payments cost	-	(15)	-	(1)		(16)
Write down of investments	-	(5)	-	(31)		(36)
Currency exchange differences	-	(114)	-	33		(81)
Profit on sale of subsidiary/business	3,232	-	-	-		-
Net gain/(loss) on financial assets	-	184	-	(8)		176
Operating loss	4,460	(1,123)	(508)	192	-	(931)
External interest receivable and similar income	44	37	-	45		82
Inter-segment interest receivable	-	-	-	45	(45)	-
External interest payable and similar charges	(17)	(1)	-	(50)		(51)
Inter-segment interest payable	-	(45)	-	-	45	-
Profit/(loss) before taxation	4,487	(1,132)	(508)	232	-	(900)
Operating costs include the following non-cash expenses:						
Depreciation	(17)	(131)	(2)	(106)	-	(237)

Included within the Revenue from External customers of £7,537,000 are amounts of £1,051,000 (within hedge fund segment) and £809,000 (within brokerage segment) received from two customers, each of which generate more than 10% of the total external income.

	Hedge Fund £000s	Brokerage £000s	Inter-segment elimination £000s	Continuing Group £000s
Segment assets	10,480	8,547	(4,579)	14,448
Segment liabilities	(4,597)	(3,461)	4,579	(3,479)
	5,883	5,086	-	10,969
Capital expenditure on segment assets	1	22	-	23

Head office costs are allocated to the above two segments on the basis of a formulaic methodology which is reviewed on a half-yearly basis by senior management.

(b) Geographical segments

The Group's operations are deemed to have been carried out solely in Europe.

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2010 £000s	2009 £000s
Depreciation of property, plant and equipment	200	237
Exchange loss	118	81
Write down of other financial assets	-	36
Operating lease rentals - land and buildings	264	298
Bank interest income	(6)	(55)
Income from cash equivalents	(139)	(27)
Auditor's Remuneration:		
BDO LLP - Audit fees	37	-
BDO LLP - Tax services	14	-
Other auditors - Audit services	31	94
Other auditors - Tax services	35	19
Other auditors - Payroll services	4	4

4 Staff costs and employees

Staff costs including Directors' emoluments:

	2010 £000s	2009 £000s
Wages and salaries (Including bonuses)	2,972	3,250
Social security costs	476	526
Share-based payments	(144)	16
Other staff costs	144	133
Total	3,448	3,925

The average monthly number of persons employed by the Group including Executive Directors was 40 (2009: 43) and is analysed as follows:

	2010	2009
Asset Management	5	11
Brokerage	28	25
Group	7	7
Total	40	43

Directors' emoluments:

	2010 £000s	2009 £000s
Group		
Directors' emoluments	814	768

The Directors are potential beneficiaries of the Employee Benefit Trust and the Employee Share Ownership Scheme. There have been no contributions in respect of Directors to money purchase pension schemes during the period. None of the Directors exercised share options during the period.

The highest paid Director received salary and related benefits of £711,000 (2009: £597,000), which included awards into the Employee Benefit Trust.

5 Taxation

(a) Analysis of tax charge for the year

	Discontinued 2010 £000s	**Continuing 2010 £000s**	Discontinued 2009 £000s	Continuing 2009 £000s
Current tax				
UK corporation tax on profits for the period	-	-	-	-
Adjustments in respect of prior periods	-	104	-	(50)
Foreign tax	-	104	22	92
Total current tax	-	208	22	42
Deferred tax (Note 15)				
Effects of changes in corporation tax rates	-	-	-	-
Origination and reversal of temporary differences	-	-	340	-
Total tax charge for the year	-	208	362	42

(b) Factors affecting the tax charge for the year

	Discontinued 2010 £000s	**Continuing 2010 £000s**	Discontinued 2009 £000s	Continuing 2009 £000s
(Loss)/Profit before taxation on continuing operations		(804)		(900)
Profit before taxation on discontinued operations	20		3,981	
Total profit/(loss)	20	(804)	3,981	(900)
Tax on profit/(loss) at the standard UK Corporation tax rate of 28% (2009: 28%)	6	(225)	1,135	(252)
Effect of:				
Disallowable expenses and non-taxable income	-	25	(905)	456
Tax losses utilised	(6)	(146)	(52)	(99)
Tax losses unutilised	-	386	182	(103)
Adjustments in respect of prior periods	-	104	22	(72)
Different tax rates on overseas income	-	64	-	112
Total tax charge for the year	-	208	382	42

6 Discontinued operations

On 17 September 2009 the Group completed the sale of the majority of its fund of hedge funds business, including its 51% stake in Altigefi, to Sal. Oppenheim (France), the Paris based wholly-owned subsidiary of Sal. Oppenheim jr & Cie S.C.A. ("Sal. Oppenheim"). The operations included in this sale have been treated as discontinued operations for the year ended 31st December 2009.

During the previous year the Lugano Office which was part of Integrated Financial Products Ltd broking operations, was closed. The operations included in this closure have been treated as discontinued operations for the year ended 31st December, 2009.

During the year there was a further write back on the final amounts that were received on the sale of GAIM Paragon Inc., which was sold by Integrated in 2006. Gaim Paragon Inc. operated in the Hedge Fund division of the business as well as on the sale to Sal. Oppenheim (france) mentioned above. This adjustment has been treated as discontinued operations for the year ended 31st December, 2010.

The table shown on page 26 provides further detail of the amount shown in the income statement.

6 Discontinued operations (continued)

	2010 £000s	2009 £000s
Revenue	-	2,594
Cost of sales	-	(946)
Net revenue	-	1,648
Operating costs	-	(2,140)
Amortisation of intangibles	-	1,212
Share-based payments cost	-	-
Operating profit before impairment of goodwill and intangibles	-	720
Write down of sale proceeds	-	(50)
Profit on sale of subsidiary/business	20	990
Exchange difference reserve realisation	-	2,292
Operating profit before finance income and expenses	20	3,952
Finance income	-	44
Finance expense	-	(17)
Profit before taxation	20	3,979
Taxation	-	(360)
Profit from discontinued operations	20	3,619

The net cash flows after tax of discontinued operations are as follows:

	2010 £000s	2009 £000s
Operating	20	(187)
Investing	-	44
Financing	-	(17)
Net cash inflow	20	(160)

7 Earnings per share

The calculation of Earnings per Share ("EPS") is based on profit that is attributable to equity owners of the parent Company only.

Potential ordinary shares have only been included in the diluted EPS calculation where their effect has been dilutive to basic EPS.

Details of the figures used in calculating basic and diluted EPS are shown below:

	2010 £000s	2009 £000s
(Loss) from continuing operations	(1,012)	(942)
Non controlling interests	9	-
(Loss) from continuing operations used in calculating basic and diluted EPS	(1,003)	(942)
Total (loss)/profit for the year	(992)	2,677
Non controlling interests	(5)	69
Total (loss)/profit used in calculating basic and diluted EPS	(997)	2,746

	No. '000s	No. '000s
Weighted average number of ordinary shares used in calculating basic EPS	30,320	38,840
Effect of dilutive potential ordinary shares:		
- share options	-	-
- shares to be issued	-	-
- contingently issuable shares	-	-
Weighted average number of ordinary shares used in calculating diluted EPS	30,320	38,840

Basic EPS from continuing operations has been calculated using the loss from continuing operations £1,003,000 (excluding non controlling interests) divided by the weighted average number of ordinary shares 30,320,180.

Diluted EPS from continuing operations has been calculated using the loss from continuing operations £1,003,000 (excluding non controlling interests) divided by the weighted average number of ordinary shares 30,320,180.

Potentially dilutive instruments that have not been included in the calculation of diluted EPS, because they were antidilutive, comprise share options over 330,000 (2009; 853,000) ordinary shares.

8 Intangible assets

Group	Goodwill £000s	Management Contracts £000s	Development Costs £000s	Total £000s
Cost				
At 1st January, 2010	1,672	-	36	1,708
Disposals	(389)	-	-	(389)
Transfer to discontinued operations	-	-	-	-
Movement on exchange	(78)	-	-	(78)
Changes in deferred consideration	-	-	-	-
At 31st December 2010	1,205	-	36	1,241
Amortisation and Impairment				
At 1st January, 2010	-	-	(24)	(24)
Transfer to discontinued operations	-	-	-	-
Amortisation	-	-	(12)	(12)
Impairment	-	-	-	-
At 31st December 2010	-	-	(36)	(36)
Net Book Value at 31st December 2010	1,205	-	-	1,205
Cost				
At 1st January, 2009	16,792	3,953	36	20,781
Disposals	-	-	-	-
Transfer to discontinued operations	(15,004)	(3,953)	-	(18,957)
Movement on exchange	(116)	-	-	(116)
Changes in deferred consideration	-	-	-	-
At 31st December 2009	1,672	-	36	1,708
Amortisation and Impairment				
At 1st January, 2009	(15,004)	(1,465)	(12)	(16,481)
Transfer to discontinued operations	15,004	1,465	-	16,469
Amortisation	-	-	(12)	(12)
Impairment	-	-	-	-
At 31st December 2009	-	-	(24)	(24)
Net Book Value at 31st December 2009	1,672	-	12	1,684

Goodwill and management contracts

The Group is required to separate goodwill from other intangibles that arise on business combinations in accordance with IFRS 3 "Business Combinations".

Goodwill represents the value assigned to the future benefits which the Group expects to achieve from acquired businesses.

Management contracts represent contracts between the acquired businesses and the funds they manage. The management contracts are recorded at fair value at the acquisition date and are amortised on a straight-line basis over their expected useful lives of between 1-6 years.

The fair values of the management contracts are calculated using a discounted cash flow methodology and represent the valuation of the net residual income streams arising from the fund management contracts in place at the acquisition date.

8 Intangible assets (continued)

Development costs

Development costs include the development of internally-generated risk management software programs. The software is being amortised in accordance with the Group's amortisation policy on computer equipment. No amortisation was charged against the asset in 2007 as the software only became ready for use on 1 January, 2008.

Goodwill impairment testing

Two Cash-Generating Units (CGUs) exist for the purpose of testing goodwill for impairment. These have been determined by reference to the Group's business segments. Goodwill existing at the IFRS transition date and goodwill acquired since that date have been allocated to the CGUs of either Hedge Fund or Brokerage. The carrying value of goodwill attributable to each CGU is as follows:

	2010 £000s	2009 £000s
Hedge Fund	-	-
Brokerage	1,205	1,684
Total Goodwill	1,205	1,684

To determine whether impairment exists, the carrying value of each CGU is compared with its recoverable amount at each statement of financial position date. The recoverable amount of each CGU is determined based on the higher of fair value less costs to sell and value-in-use. The value-in-use calculation uses cash flow projections, which are based on financial budgets approved by senior management for the next financial year. Long term projections are extrapolated over a 5-year period with assumptions made on revenue, market growth and increases in overheads to cover inflation and increased levels of business.

The key assumptions used by management for the value in use calculations include:

	%
Gross fee growth	10.0
General inflation	(2.5)
Specific costs due to increased business	(5.0)
Total	2.5

The discount rate applied to cash flow projections is 15% (2009:15%). Discount rates used are pre-tax and reflect estimates that the market would expect of an investment with an equivalent risk profile. The value-in-use calculations include terminal values which reflect the long term nature of the business. The discounted terminal values are added to the net present value of the projected cash flows to calculate an overall recoverable value.

The impairment review for the Hedge Fund CGU revealed no recoverable value over the carrying value at 31 December 2010, the values having been fully impaired or disposed of during the year.

The impairment review revealed a surplus of recoverable value over the carrying value for the Brokerage CGU as at 31 December 2010, and therefore no impairment charge has been included for this unit. The recoverable value is based on value in use.

Company	Goodwill £000s
Cost	
At 1st January and 31st December,2010	347
Amortisation	
At 1st January and 31st December,2010	(347)
Net Book Value at 31st December, 2010	-
Cost	
At 1st January and 31st December,2009	347
Amortisation	
At 1st January and 31st December,2009	(347)
Net Book Value at 31st December, 2009	-

9 Property, plant and equipment

Group	Vehicles & equipment £000s	Fixtures & fittings £000s	Leasehold improvements £000s	Total £000s
Cost				
At 1st January 2010	526	666	408	1,600
Additions	12	4	1	17
Disposals	(1)	(4)	-	(5)
Transfers to discontinued operations	-	-	-	-
Movement on exchange	(15)	(14)	(6)	(35)
At 31st December 2010	522	652	403	1,577
Depreciation				
At 1st January 2010	(438)	(438)	(320)	(1,196)
Charge in the year	(52)	(71)	(77)	(200)
Disposals	-	2	-	2
Transfers to discontinued operations	-	-	-	-
Movement on exchange	13	11	6	30
At 31st December 2010	(477)	(496)	(391)	(1,364)
Net Book Value				
At 31st December 2010	45	156	12	213
Cost				
At 1st January 2009	639	739	417	1,795
Additions	13	6	4	23
Disposals	(7)	(6)	-	(13)
Transfers to discontinued operations	(83)	(39)	-	(122)
Movement on exchange	(36)	(34)	(13)	(83)
At 31st December 2009	526	666	408	1,600
Depreciation				
At 1st January 2009	(402)	(400)	(254)	(1,056)
Charge in the year	(85)	(76)	(76)	(237)
Disposals	-	4	-	4
Transfers to discontinued operations	21	9	-	30
Movement on exchange	28	25	10	63
At 31st December 2009	(438)	(438)	(320)	(1,196)
Net Book Value				
At 31st December 2009	88	228	88	404

9 Property, plant and equipment (continued)

Company	Office equipment £000s	Computer equipment £000s	Leasehold improvements £000s	Total £000s
Cost				
At 1st January 2010	239	114	249	602
Additions	1	-	-	1
Disposals	-	-	-	-
At 31st December 2010	240	114	249	603
Depreciation				
At 1st January 2010	(124)	(66)	(189)	(379)
Charge in the year	(34)	(27)	(60)	(121)
Disposals	-	-	-	-
At 31st December 2010	(158)	(93)	(249)	(500)
Net Book Value				
At 31st December 2010	82	21	-	103
Cost				
At 1st January 2009	239	119	249	607
Additions	-	1	-	1
Disposals	-	(6)	-	(6)
At 31st December 2009	239	114	249	602
Depreciation				
At 1st January 2009	(84)	(41)	(129)	(254)
Charge in the year	(40)	(29)	(60)	(129)
Disposals	-	4	-	4
At 31st December 2009	(124)	(66)	(189)	(379)
Net Book Value				
At 31st December 2009	115	48	60	223

10 Trade and other receivables

	Group		**Company**	
	2010 £000s	2009 £000s	2010 £000s	2009 £000s
Trade receivables	639	956	9	15
Matched principal trade receivables	769	798	-	-
Amounts owed by group undertakings	-	-	-	436
Other receivables	785	638	293	374
Prepayments	145	90	74	18
Total	2,338	2,482	376	843

Matched principal trade receivables represent the grossed-up value of matched trades that were undertaken by the Brokerage business before the period end, but which while within the settlement cycle remained unsettled at the statement of financial position date. The margin relating to these trades is the difference between the receivable and the matched payable and is recorded in the group's income statement.

11 Cash and cash equivalents

	Group		**Company**	
	2010 £000s	2009 £000s	2010 £000s	2009 £000s
Cash at bank and in hand	2,233	3,964	768	302
Cash at bank and in hand: EBT	8	69	-	-
Total cash and cash equivalents	2,241	4,033	768	302

Included within cash and cash equivalents held by the Group is cash held by an Employee Benefit Trust ("EBT"), which was set up during 2007. Cash held by the EBT is controlled by the EBT's trustee and is allocated to potential beneficiaries when a constructive obligation arises to pay them.

12 Financial assets

(a) Movement in fair value

	Group		Company	
Non-current	2010	2009	2010	2009
Available-for-sale financial assets	£000s	£000s	£000s	£000s
Movement in fair value				
At 1st January	215	139	211	-
Additions	2,954	209	2,954	208
Disposals	(258)	(136)	(254)	-
Movement on exchange	19	3	19	3
Realised gain through profit and loss	12	-	12	-
Net gain in movement in fair value through other comprehensive income	1,020	-	1,020	-
At 31st December	3,962	215	3,962	211

On 19 March 2010, the Company announced that it had agreed to invest up to $4 million in a JRJ Limited Partnership forming part of the JRJ Group which had recently acquired approximately 75 per cent of Marex Group Ltd. $4 million (£2.88 million) was invested on 1 April 2010 in the JRJ Limited Partnership and is included in the additions of £2,954,000 above.

The Group's other investments are principally in the funds it manages.

	Group		Company	
Current	2010	2009	2010	2009
Fair value through profit and loss financial assets	£000s	£000s	£000s	£000s
Movement in fair value				
At 1st January	5,630	-	2,675	-
Additions	87	5,454	1,610	2,675
Disposals	(3,615)	-	(3,291)	-
Movement on exchange	(148)	-	(140)	-
Net gain in movement in fair value through profit and loss	153	176	(18)	-
At 31st December	2,107	5,630	836	2,675

The Group's current financial assets represent both corporate bonds and investments in the funds that it manages. The value of the bonds and investments is calculated with reference to their market value and adjusted for any foreign exchange rate fluctuations. Any gains or losses are taken through profit or loss.

(b) Fair value hierarchy

The following table analyses "Available-for-sale" and "Fair value through profit and loss" financial assets carried at fair value. The fair value hierarchy levels have been defined as follows:

- Instruments with unadjusted quoted prices in active markets for identical assets as Level 1.
- Instruments valued using inputs other than quoted prices for the instruments, but where those inputs are observable either directly or indirectly as Level 2.
- Instruments using valuation techniques for which any significant input is not based on observable market data as Level 3

	Group		Company	
	2010	2009	2010	2009
Available-for-sale financial assets	£000s	£000s	£000s	£000s
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	3,962	215	3,962	211
	3,962	215	3,962	211

	Group		Company	
	2010	2009	2010	2009
Fair value through profit and loss financial assets	£000s	£000s	£000s	£000s
Level 1	2,107	2,955	836	-
Level 2	-	2,675	-	2,675
Level 3	-	-	-	-
	2,107	5,630	836	2,675

During the period there were no transfers between Level 1 and Level 2 valuation methods and no transfer into or out of Level 3 valuation method.

Level 1 instruments represent listed corporate bonds, the value for which comes from quoted prices on active markets.

For valuations of the investments in funds managed by the Group which do not have redemption restrictions, the net asset value of the fund is used, which is calculated by a third party. These investments are shown as Level 2 instruments.

Level 3 instruments represent the investment in Marex Group Ltd as well as investments in funds managed by the Group, which are considered to be more illiquid in nature due to redemption restrictions. These investments are not considered to have a quoted market price in an active market.

13 Investments

Company	Subsidiaries £000s	Employee Trusts £000s	Total £000s
Cost			
At 1st January 2010	19,186	2,569	21,755
Additions	3,650	-	3,650
Transfer to discontinued operations	-	-	-
Subsidiary capital reduction	(2,600)	-	(2,600)
Subsidiaries placed into members voluntary liquidation	(14,471)	-	(14,471)
Disbursements of benefits	-	(50)	(50)
Share-based payments	(74)	-	(74)
At 31st December 2010	5,691	2,519	8,210
Impairment			
At 1st January 2010	(8,772)	(2,195)	(10,967)
Transfer to discontinued operations	-	-	-
Subsidiaries placed into members voluntary liquidation	8,538	-	8,538
Charge for the year	77	36	113
At 31st December 2010	(157)	(2,159)	(2,316)
Net book value at 31st December 2010	5,534	360	5,894
Cost			
At 1st January 2009	25,152	2,569	27,721
Additions	-	-	-
Transfer to discontinued operations	(5,887)	-	(5,887)
Subsidiary capital reduction	-	-	-
Subsidiaries placed into members voluntary liquidation	-	-	-
Disbursements of benefits	-	-	-
Share-based payments	(79)	-	(79)
At 31st December 2009	19,186	2,569	21,755
Impairment			
At 1st January 2009	(11,390)	(2,267)	(13,657)
Transfer to discontinued operations	2,850	-	2,850
Subsidiaries placed into members voluntary liquidation	-	-	-
Charge for the year	(232)	72	(160)
At 31st December 2009	(8,772)	(2,195)	(10,967)
Net book value at 31st December 2009	10,414	374	10,788

Details of changes in ownership interest of subsidiaries during the year are shown at Note 18. A list of the Company's subsidiaries can be found at Note 23.

14 Borrowings

	Group 2010 £000s	Group 2009 £000s	Company 2010 £000s	Company 2009 £000s
Current				
Other loan	750	-	750	-
Total	750	-	750	-

On 27 October 2010, the Company completed the sale of 24.9 % of Integrated Financial Products Ltd to Argolis Ltd. In addition to this transaction Argolis Ltd agreed to provide an unsecured short term loan to the Company of £750,000 bearing interest at LIBOR plus 1%. The cash received by the Company was used for general corporate purposes. The loan in full and accrued interest was repaid to Argolis Ltd on 9 March 2011.

The finance expense for the year is analysed as follows:

	2010 £000s	2009 £000s
Bank loans and overdrafts	18	49
Other loans	1	-
Other interest payable	-	2
Total	19	51

15 Deferred tax

The movements in deferred tax assets and liabilities during the year were as follows

Group	2010 £000s	2009 £000s
Deferred tax liabilities - intangible assets		
At 1st January	-	(697)
Income statement credit	-	-
Transfer to discontinued operations	-	697
At 31st December	-	-
Deferred tax assets - share-based payments		
At 1st January	-	-
Income statement (debit)/credit	-	-
Other comprehensive income	-	-
At 31st December	-	-

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2010 £000s	2009 £000s
Net deferred tax liabilities	-	-

The group has deferred tax assets of £2,831,000 (2009: £2,596,000) in respect of tax losses, which have not been recognised due to the lack of certainty as to the utilisation of these assets.

Company	2010 £000s	2009 £000s
Deferred tax assets - share-based payments		
At 1st January	-	-
Income statement (debit)/credit	-	-
Other comprehensive income	-	-
At 31st December	-	-

The Company has deferred tax assets of £1,941,000 (2009: £1,554,000) in respect of tax losses, which have not been recognised due to the lack of certainty as to the utilisation of these assets.

16 Trade and other payables

	Group		Company	
	2010 £000s	2009 £000s	2010 £000s	2009 £000s
Current				
Trade payables	646	662	79	64
Matched principal trade payables	769	798	-	-
Amounts owed to group undertakings	-	-	2,070	2,934
Other taxation and social security costs	164	421	22	253
Accruals and deferred income	1,547	1,558	668	535
Total	3,126	3,439	2,839	3,786

17 Share capital

	2010 £000s	2010 Number of ordinary 5p shares 000s	2009 £000s	2009 Number of ordinary 5p shares 000s
Authorised:				
At 1st January	9,425	188,504	10,000	200,000
Reduction by special resolution in the year	-	-	(575)	(11,496)
At 31st December	9,425	188,504	9,425	188,504
Allotted and fully paid:				
At 1st January	1,533	30,651	2,107	42,147
Cancellation of shares on disposal	-	-	(574)	(11,496)
Shares purchased by Company and cancelled	(672)	(13,432)	-	-
Movement during the year	(672)	(13,432)	(574)	(11,496)
At 31st December	861	17,219	1,533	30,651

The Company announced on 8th December 2010, that a Tender Offer was being launched to qualifying shareholders to buy back its ordinary shares at a price of 20 pence per ordinary share. The results of the Tender offer were announced on 23rd December 2010, confirming that valid acceptances had been received from qualifying shareholders in respect of 13.43 million shares. Following the Tender Offer the Company's issued share capital was 17,219,123 Ordinary shares.

The authorised share capital of the Company was, by virtue of a special resolution and with the sanction of an order of the High Court of Justice dated 16 September 2009, reduced from £10,000,000 divided into 200,000,000 Ordinary shares of 5 pence each to £9,425,194 divided into 188,503,889 Ordinary shares of 5 pence each.

The Company announced on 17th September 2009, that it had completed the sale of its 51% stake in Altigefi together with certain transferred fund contracts to Sal Oppenheim (France). Part of the total consideration of the sale was the cancellation of 11,496,111 shares in the Company that were held by Sal. Oppenheim (France). This cancellation was sanctioned by an order of the High Court of Justice dated 16 September 2009.

18 Changes in ownership interests of subsidiaries

Apart from the disposal of 24.9% of its shareholding in Integrated Financial Products Ltd to Argolis Ltd, there were six of its wholly owned subsidiaries that were placed into members voluntary liquidation during the year. These subsidiaries were dormant with the exception of Integrated Alternative Advisors Ltd whose business and assets were transferred to Integrated Alternative Investments Ltd as part of a restructuring exercise with the Group.

During the previous year, the Company disposed of its 51% shareholding in Altigefi on 17 September 2009 to Sal. Oppenheim (France).

19 Related parties

Group

Transactions between the Group and related parties during the year were as follows:

	Revenue		Expenses	
	2010	2009	2010	2009
	£000s	£000s	£000s	£000s
Current				
Associates	-	-	-	-
Related companies	-	1,147	167	1,094
Total	-	1,147	167	1,094

Amounts outstanding between the Group and related parties at the year end were as follows:

	Revenue Amounts owed by related parties		Expenses Amounts owed to related parties	
	2010	2009	2010	2009
	£000s	£000s	£000s	£000s
Related companies	-	67	-	70
Total	-	67	-	70

Related companies represent those companies of which certain Directors of the Company are also Directors, namely Kidron Corporate Advisors LLC, where M Segall is a Director, for the provision of corporate finance services and Blue Financial Communications SRL (2009 only) where D Masetti is a Director, for the provision of marketing services. It also includes transactions and balances relating to investment management services and the marketing and promotion of financial products with Sal Oppenheim up to 17th September, 2009, the date to which it had significant influence over the Company. In addition, Altigefi's 49% shareholder, Financiere Atlas S.A., a wholly owned subsidiary of Sal Oppenheim, acts as a distributor of Altigefi's products in France for which it receives a rebate of management fees and also earns fees for sundry other services was also included up to the date before it was sold namely, 17th September, 2009.

Key Management Personnel

The Group considers Executive and Non-Executive Directors to be key management personnel. Remuneration paid to key management personnel during the year was as follows:

	2010	2009
	£000s	£000s
Short-term employee benefits	814	768
Share-based payments	-	8
Total	814	776

Company

Details of transactions between the Company and its subsidiaries which are related parties are as follows:

	2010	2009
	£000s	£000s
Dividends received	-	681
Finance expense	-	(45)
Management fees receivable	-	490

Amounts outstanding between the Company and its subsidiaries at the year end were as follows:

	2010	2009
	£000s	£000s
Amounts due to subsidiaries	(2,070)	(2,934)
Amounts due from subsidiaries	-	436

20 Operating lease commitments

At 31st December the Group was committed to make the following minimum payments under non-cancellable leases of land and buildings falling due as follows:

	2010 £000s	2009 £000s
Within one year	222	273
Between two and five years	887	351
After five years	71	88
Total	1,180	712

21 Financial risk management

The Group operates in different countries and is exposed to a number of financial risks and particularly currency risk.

Currency risk

The Group publishes its consolidated financial statements in Sterling, but conducts its business in a number of different currencies but principally the Euro and US Dollar. As a result the Group is exposed to foreign exchange risk due to exchange rate movements which affect the Group's transactional revenues and the translation of the earnings and net assets of its overseas operations.

The Group constantly reviews its position and where necessary will hedge a portion of the transactional exposures of its subsidiaries which have a functional currency of Sterling. This exposure review principally highlights the net management fees expected to be generated by the UK based fund management companies from existing AUM. Such exposure is principally to the Euro and US Dollar and hedging, if deemed necessary is carried out by means of forward foreign exchange contracts. Although these contracts were in place during 2009, no such hedging was undertaken during 2010 due to the fall in the level of management fee income. There is also an exposure to the US Dollar, through the company's investment in JRJ Limited Partnership, and a number of forward foreign exchange contracts was taken out during 2010.

Hedging arrangements have not been accounted for under IAS 39 hedge accounting rules.

At 31 December 2010, the total amount of US Dollar's hedged was $1.56m (2009: $Nil). The fair value of the open hedging contracts was £7,000 (2009:£Nil) and this is included in accruals and deferred income.

Should additional exposure be generated by material changes in either Euro or US Dollar denominated AUM or by probable crystallisation of foreign currency denominated performance fees, further hedging may be taken out if the rates available at the time of such changes becoming apparent are deemed to be favourable.

Hedging of the Group's other transactional exposures, the translation of the results of our operations in Europe whose functional currency is the Euro are not hedged as such transactions create movements in the profit and loss account, which while offset by equal and opposite effect in reserve. Movements do nonetheless affect reported earnings.

The Group also has significant exposure to the Euro arising from its foreign operations at the end of the reporting period. This is not normally hedged other than through foreign currency debt. As with the translation of its foreign operations' results, other hedging could expose the Group to significant net cash flows and profit and loss distortions, as demonstrated by the effect of holding surplus assets in the foreign operations in Sterling.

At 31 December 2009, if the Euro had strengthened/weakened by 10% against Sterling with all other variables held constant, pre-tax result would increase/decrease by £37,000/£31,000 respectively (2009: £374,000/£306,000), principally as a result of the increase/decrease in assets and liabilities denominated in foreign currencies; other components of equity would increase/decrease by £244,000/£67,000 (2009: £215,000/£176,000), principally as a result of the unhedged portion of net investment in foreign operations.

Interest rate risk

The Group has limited exposure to interest rate risk on its cash positions and any borrowings. Such exposures are managed as efficiently as possible, given that working capital needs to be maintained in the different operating subsidiaries and inter-company exposure may be subject to regulatory limits. Cash and cash equivalents are usually invested in short term cash deposits with maturities of no greater than three months. Borrowings consist of an overdraft with a variable interest rate. The effect of a 100 basis points increase/decrease in interest rates would not have a material impact on pre-tax profits or equity.

Liquidity risk

The Group has exposure to liquidity risk where it has insufficient financial resources that may be used to settle liabilities as they fall due. Overdraft facilities are maintained to cover any short term occurrences and the Group seeks to ensure that it maintains sufficient liquidity not only to finance its ongoing operations but, where possible, to assist in funding proposed acquisitions or unanticipated events. As noted above, cash and cash equivalents are usually on a short-term basis.

Financial liabilities consist of a bank overdraft repayable on demand and a short term unsecured loan - they also include the trade and other payables.

21 Financial risk management (continued)

Credit risk

The Group has exposure to credit risk in respect of non-performance by counterparties in respect of its matched principal broking business, fee debtors in the agency brokerage and fund management business and its treasury operations.

Matched principal transactions are carried out on a delivery versus payment basis and the underlying exposure on non-performance of a counterparty is described in market risk below. All matched principal trade receivables at 31 December 2010 and 31 December 2009 were within the ordinary settlement cycle. Matched principal trade receivables shown at 31 December do not give a true representation of the amounts throughout the year as they reflect low broking levels during the holiday period up to the end of the calendar year. Credit limits in the matched principal broking business are set by a specifically tasked credit committee which meets regularly not only to approve new credit lines but also to review and monitor existing limits.

Trade receivables for fee debtors in the agency brokerage and fund management businesses are analysed below.

	2010	2009
Group	£000s	£000s
Trade receivables		
Carrying amount (Note 10)	639	956
Neither past due nor impaired		
Low risk	436	565
Carrying amount	436	565
Past due but not impaired		
Low risk	203	391
Carrying amount	203	391
Past due but not impaired consists of:		
31 to 60 days	143	151
61 to 90 days	25	150
91 to 120 days	11	4
Over 120 days	24	86
	203	391
Total Carrying amount	639	956

Delays in the receipt of certain management fees and other receivables were in the ordinary course of business and have been rectified subsequent to the year end.

For treasury operations, only financial institutions of an investment grade are used.

Price Risk

The Group's holding of "Fair value through profit and loss" financial assets, which consist of listed corporate bonds and investments in the funds that it manages, is sensitive to a wide range of market prices. The following table details the Group's sensitivity to a 15% (2009: 15%) movement in market prices, that would effect the value of its "Fair value through profit and loss" financial assets at the statement of financial position date.

	Group		**Company**	
	2010	2009	2010	2009
	£000s	£000s	£000s	£000s
Current assets	316	844	125	401

Market risk

Market risk arises in the event of failure by a counterparty in a matched principal transaction to fulfil their obligation to buy or sell the instrument. The Group's exposure is limited to the difference in contracted price and that at which the position resulting from the failure to complete the transaction can be liquidated in the market, effectively short term movements in market price.

Capital risk management

The Group manages its capital to ensure that all entities within the Group are able to operate as going concerns and exceed any minimum externally imposed capital requirements. The capital of the Group and Company consists of equity attributable to the equity owners of the parent company, comprising issued share capital, share premium, retained earnings and other reserves as disclosed in the Statement of Changes in Shareholders' Equity.

Various operating subsidiaries within the Group are subject to the requirements of their respective regulators, primarily the Financial Services Authority ("FSA") in the UK. These subsidiaries held surplus capital over their respective requirements throughout the year. The Group is also subject to reporting on a consolidated basis to the FSA for which it holds surplus capital over regulatory requirements.

Financial liabilities maturity analysis

Financial liabilities consist of a bank overdraft repayable on demand and a short term unsecured loan.

22 Share options

The Company operates a share option plan whereby directors, employees and consultants are granted share options for the services they provide. Share options can only be exercised once any vesting conditions attached to the options have been satisfied. Vesting conditions can include a minimum period of service or specific performance targets.

The fair value of share options granted under the Company's share options scheme is determined using an option pricing model, which takes into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the Company's share price over the life of the option and other relevant factors (e.g. projected dividend payment per share).

Options outstanding over the Company's ordinary shares were as follows:

	2010		2009	
	Number of shares under option 000s	Weighted average exercise price	Number of shares under option 000s	Weighted average exercise price
Outstanding at the beginning of the year	943	92p	1,183	92p
Granted during the year	-		-	
Cancelled during the year	-		-	
Forfeited during the year	(463)	98p	(165)	87p
Exercised during the year	-		-	
Expired during the year	(60)	83p	(75)	128p
Outstanding at the end of the year	420	87p	943	92p
Exercisable at the end of the year	420	87p	926	93p

The outstanding share options had an exercise price range of 50p – 150p(2009: 45p-165p). The weighted average remaining contractual life of the share options is 4.8 years (2009: 5.3 years). The maximum life of the share options is ten years.

No options were granted or exercised during the year or the previous year.

The last time options were granted was 2008. The weighted average fair value of share options granted during 2008 was 27p. The fair value of the share options granted during 2008 was estimated using a binomial option pricing model. The following assumptions were used in that model: share price at grant date of approximately 68p; estimated annualised dividend yield of 0%; risk free interest rates of approximately 5%, an average expected share price volatility of approximately 28% and an option life that is the same as the exercise life. Volatility is determined with reference to the change in IAM's share price over a 260 trading-day period prior to the grant date.

23 Principal subsidiary undertakings

The following information is given in respect of those subsidiary undertakings which, in the opinion of the directors, principally affect the consolidated profits or assets of the Company. They are wholly-owned subsidiary undertakings of the Company except where shown and their issued share capital consists of equity shares.

	Country of incorporation	**% Owned**
Hedge Fund Management		
Integrated Alternative Investments Ltd	UK	100%
Brokerage		
Integrated Financial Products Ltd	UK	75.1%

24 Contingent liabilities

From time to time the Group is engaged in disputes on employment and / or other related matters. Such matters are inherently subject to many uncertainties and the Group cannot predict their outcome. There are no issues which are currently expected to have a material adverse impact on the Group's results or net assets.

25 Events after the Statement of Financial Position date

After the year end the Company received the subscription agreed with the JRJ partners. The agreement required modification as a result of the reduction in issued shares resulting from the buy-in. The subscription, which concluded in March 2011, was for 2,750,092 shares at 43.6p per share, with the Company receiving £1.2 million. Following this subscription the Company has 19,969,215 shares in issue.

Part of these subscription monies were utilised to repay the short term loan from Argolis Ltd of £750,000 plus interest advanced in 2010.

Also in 2011 we have participated in the financing of the Marex acquisition of Spectron Group increasing our investment by £815,000.

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