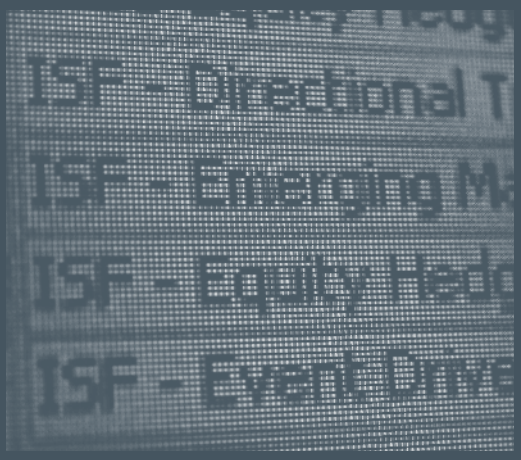
INTEGRATED
asset management

Annual Report

Year ended 31st December 2009

Integrated Asset Management plc ("Integrated")



At a glance

Integrated is a London-based alternative investment group listed on the Alternative Investment Market of the London Stock Exchange under the symbol IAM. Integrated Asset Management's businesses are asset management, more specifically fund of hedge fund management and institutional brokerage. It was founded in 1997 and has a 19 year track record in fund management through its subsidiaries.

Fund Management

Through regulated subsidiaries in London, Integrated manages assets in a wide variety of Fund of Hedge Funds ("FoHF") vehicles, as well as providing advisory and distribution services.

Brokerage

Integrated Financial Products Ltd provides institutional brokerage in Europe, in foreign exchange, interest rate derivatives, equities, and bonds.

CONTENTS

Operational Overview *for the year ended 31st December 2009*

Financial Overview

	2009	2008	Change
Profit/(loss) after tax from Total Operations	**£2.7m**	£(17.9)m	N/A
Cash on hand and marketable securities†	**£9.6m**	£11.0m	–13%
Assets under Management	**$0.30bn**	$1.21bn	–75%
Net Management Fee Income from Continuing Operations	**£1.2m**	£2.2m	–45%
Net Performance Fee Income from Continuing Operations	**£0.1m**	£0.1m	0%
Net Brokerage Income from Continuing Operations	**£3.7m**	£3.8m	–3%
Loss before Tax from Continuing Operations*	**£(0.9)m**	£(3.2)m	+72%
Adjusted Earnings per Share‡	**(2.25)p**	(7.62)p	+70%

† Excluding cash held by the Employee Benefit Trust.

* Stated before amortisation and impairment of intangible assets arising on consolidation and share-based payment expense.

‡ Calculated on earnings from continuing operations before amortisation and impairment of intangible assets arising on consolidation and share-based payment expense on a diluted basis.

Operational Overview

- Completion of sale of a substantial part of the hedge fund business
- Conditional agreement to invest in JRJ Limited Partnership
- Cash and financial assets in excess of 100% of net current assets, no borrowings
- Strong position to evaluate and pursue further business opportunities

Chairman's Statement

During 2009 the economic crisis continued to have significant influence generally and in particular on the financial sector, despite governments generally sustaining their support to the banking sector and maintaining loose economic policy to prevent a more severe recession. In respect of the two sub-sectors in which we are active, pressures on hedge funds continued for much of the year, despite generally good performance, while broking volumes started recovering during the second half of the year.

On 17th September 2009 we completed the sale of the majority of our fund of funds business to Sal Oppenheim Jr & Cie S.C.A. ("Sal Oppenheim") which involved the transfer of around US$500 million of assets under management ("AUM"). The total consideration was approximately £5.1 million net of legal costs, of which €3.5 million was received in cash and the balance effected by way of the cancellation of the 11.5 million IAM ordinary shares owned by Sal Oppenheim.

This significant change in our business means that a comparison of 2009 and the previous year is rather complex.

The Group's turnover from continuing operations fell from £9.4 million in 2008 to £7.5 million in 2009. This fall is primarily due to the decline in fund management fees as a result of the decline in AUM. Our operating loss for continuing operations before taxation declined from £3.7 million in 2008 to £0.9 million in 2009 mainly through a significant reduction in operating costs. As a result loss per share, which is adjusted for the reduction in the number of shares in issue part way through the year, was (2.43p) versus a loss per share of (8.59p) in 2008. However, taking into account discontinued operations the Group reported a profit after tax for the year of £2.7 million versus a loss of £17.9 million in 2008. This represents earnings per share of 7.07p (2008: loss of 43.42p per share).

The Group's net asset position was reduced by £2.3 million by the cancellation of the Sal Oppenheim shares and by a £2.6 million foreign exchange reserve movement but increased by the £2.7 million net profit attributable to Parent Company equity Shareholders, resulting in a net reduction of approximately £2.2 million. The net assets of £11.0 million include £4 million of cash and £5.6 million of financial assets comprising holdings of our own managed funds, and a portfolio of corporate bonds.

The Group's AUM started the year at approximately $1.2 billion and had declined to approximately $813 million prior to the closing of the sale to Sal Oppenheim. Following the sale AUM were substantially reduced ending the year at $299 million.

With the sale of the fund of funds business to Sal Oppenheim and the closing of the Lugano branch office, operating costs have been significantly reduced, central staffing has also been reduced as have other central costs.

Following these changes, we have actively sought new opportunities for growth and have identified several that we are pursuing. The first to come to fruition is the investment, alongside the JRJ Group, into Marex Group Ltd, the commodities, metals and futures traders based in London. In this transaction the Company has conditionally committed US$4 million as part of a total investment by a Company-organised consortium of US$26 million. Certain directors are also participating in the consortium having also conditionally committed US$2 million.

In addition, partners in JRJ Group have conditionally agreed to subscribe by 31st December 2010 for 3,636,362 new ordinary shares at 33p, giving them approximately a 10% stake in our Company. We are very pleased with this significant show of support.

We believe this transaction will build value for the Company's Shareholders and that our association with the principals of JRJ Group should bring further interesting opportunities.

As with most financial businesses, we have been through a challenging period in 2008 and 2009, but have rapidly adjusted both our cost base and business model to give us now the resources to take advantage of the array of attractively valued opportunities that are emerging in both broking and fund management. Approaches have been received from a number of businesses looking for new investors or partners and we are carefully exploring a number of these currently.

J D S Booth
Chairman
22nd April 2010

Chief Executive Officer's Review

Overview of 2009
During the year we significantly reconfigured our fund management business by completing the sale of the greater part of our managed funds to Sal Oppenheim. We also radically reduced our cost base which had been built up to manage a significantly larger asset base. In broking we maintained our levels of business and achieved profitability.

These steps left the Group in a strong position to pursue new opportunities. Towards the end of the third quarter we started evaluating transactions that could either fit our existing platform, or to which we could add value by virtue of our relationships and expertise.

Fund Management
After agreeing the sale of the greater part of our managed funds to Sal Oppenheim we worked with our clients to restructure the remaining funds into two main vehicles, allowing us, following overwhelming investor approval, to manage the remaining assets more efficiently and to return capital to investors who required it on a defined timescale.

The funds that we managed throughout the year have generally provided positive performance despite the fact that they had to maintain high cash balances until July 2009 when the restructuring became effective.

Trading and profit comparisons with prior year for the fund management division are made complex by the fact that the sale of the majority of our managed funds to Sal Oppenheim took place towards the end of the third quarter.

Brokerage
The brokerage environment, which had suffered greatly at the peak of the crisis when mutual trust among financial institutions was in short supply, picked up in the second half of 2009, albeit with lower volumes and greater risk aversion when compared to pre-crisis levels.

In order to navigate this environment, we decided to execute a further reduction to our broking cost base which entailed both finding efficiencies in Milan and, crucially, closing our Lugano branch. These steps enabled us to recapture profitability from the third quarter of the year onwards. At the beginning of Q4, seeing that the trend was becoming more favourable, we took the opportunity to hire a seasoned broking team to bolster our existing Milan based bond desk.

The combination of these actions has enabled our brokerage business, excluding Lugano, to increase turnover and achieve a brokerage profit before tax of £232,000 for the year (2008: Loss of £117,000).

Cost structure and Balance Sheet
The Group's cost structure is driven by four different factors:

- The need to maintain a robust compliance and risk management system;
- The need to have good people to manage and transact business in both fund management and broking;
- The desire to grow the business which requires hiring sales people in advance of achieving organic growth; and
- The costs of being listed on AIM.

The first is not something that the Board considers should be compromised by excessive cost cutting and, accordingly, throughout 2009 we have maintained what we consider to be the necessary internal and external controls. The reduction in AUM has meant that certain cost reductions have been possible but these have been modest.

In 2008 we took the decision to cut back on recruitment of fund managers and brokers. This continued in 2009 and with the sale of the funds the relevant fund managers transferred to Sal Oppenheim, enabling us to reduce our costs further.

Despite the changes and difficulties in the market in the last two years, we have maintained and actually improved the quality of our balance sheet and have cash resources to deploy as and when suitable opportunities arise.

During the second part of the year we also started investing the cash in the balance sheet in investment grade fixed income securities and in our own managed funds which we purchased on the secondary market at an attractive price. As of the year end, we had unrealised capital gains of about £180,000 on these positions, net of a small mark to market foreign exchange loss.

Events after the reporting period
We have recently announced the transaction with JRJ Group involving Marex Group Ltd where we have found a confluence of a good business, good management and, importantly for Integrated, the capability to increase value by leveraging our existing platform and bringing to bear our contacts and expertise in the broking space.

The Market: 2010 and Beyond
During 2010 we intend to continue pursuing opportunities similar in quality to the JRJ Marex transaction, both in fund management and broking. We are working on several of these currently, both for investment and co-investment, and all in transactions where we can add value. These opportunities enable us to leverage the Company's investments with other investors sourced by us and, therefore, allow us to enhance our returns through management fees and consulting income. We are committed to bringing the Group to sustainable profitability through a combination of good quality investments and acquisitions and the continuing growth of our existing investment and broking platforms.

I would like to thank all our staff who have been through a transition year again for their continuing support and commitment.

E M Arbib
Chief Executive Officer
22nd April 2010

Business Review

The Group consists of two businesses – asset management, more specifically fund of hedge funds management, and institutional brokerage.

Asset management
Assets under Management ("AUM")

AUM is analysed between the following products and mandates:

	31st December 2009 US$ millions	31st December 2008 US$ millions
Total discretionary portfolios	**195**	1,095
Non-discretionary portfolios	**14**	33
Other assets under advice	**90**	87
Total AUM	**299**	1,215

The components of, and movements in, Discretionary Portfolios are described below.

Discretionary portfolios comprise the largest part of our AUM. The sale of the 51% stake in Altigefi to Sal Oppenheim, which closed in September 2009 resulted in the transfer of contracts for the management of primarily euro denominated funds which had, at completion, AUM of €210 million. These funds were mainly under the Altipro label. In addition, contracts for a further $137 million of euro denominated discretionary portfolios were transferred by Integrated Alternative Investments Limited. These suffered significant redemptions between 1st January 2009 and the completion of their sale.

Integrated Multi-Strategy Fund ("IMSF") and Integrated Strategic Funds – the single strategies
During 2009, the Integrated range of funds was restructured with the consent of their investors. The restructuring which became effective in July 2009 converted Integrated Strategic Funds Limited's umbrella structure with a number of sub-funds into effectively a single multi-strategy fund and a number of restricted liquidity side pockets.

Other Portfolios
Other portfolios have a range of different mandates, both single and multi-strategy, for specific sets of customers.

The total of the above funds constitutes Integrated's discretionary AUM. Movement in the AUM of the discretionary portfolios is analysed as follows:

	2009 US$ millions	2008 US$ millions
Discretionary assets at 1st January	**1,095**	2,052
Disposals at 1st January NAV	**800**	
Movement in disposed funds	**(295)**	
Disposals at disposal date	**505**	
Discretionary assets at 1st January after disposals	**295**	2,052
(Decrease) in net subscriptions/redemptions	**(107)**	(697)
Fund performance	**5**	(152)
Foreign exchange movements	**2**	(108)
Discretionary assets at 31st December	**195**	1,095

Fund performance
Fund performance of our core funds (excluding those sold to Sal Opppenheim), within the relative performance period, for 2009 is detailed in the table below:

Fund Name/Benchmark	**Currency**	**Share Class**	**2009 Performance**
Integrated Multi Strategy Fund Limited ("IMSF")	USD	*N	1.23%
HFRX Global Hedge Fund Index	USD		13.40%
Integrated Strategic Funds Limited ("ISF")	USD	*Z	4.50%
HFRX Glogal Hedge Fund Index	USD		13.40%
Integrated European Fund	EUR		4.28%
HFRX Global Hedge Fund Index	EUR		13.15%

Source: Integrated Asset Management, Bloomberg, HFR, HFN.

*The track record of IMSF Class N and ISF Class Z is the performance of IMSF Class B (which no longer exists following its consolidation into Class N effective 1st July 2009) up to and including 31st May 2009 and the performance of IMSF Class N and ISF Class Z respectively from 1st June 2009 onwards. Save for hedging and funding costs, the performance of Class N is intended to mirror that of Class Z from their inception as Class N is a feeder of Class Z.

Management Fees and Distribution Costs
Management fees are normally charged at rates ranging from 1.0% to 2.25% per annum on the underlying AUM, dependent on the investor type.

In common with much of the rest of our industry, Integrated raises its assets through a network of distributors, intermediaries and institutions buying the product on behalf of underlying customers. These third parties are remunerated by the retrocession or rebate of a portion of the management fees paid by the fund to Integrated.

In addition, where Integrated manages portfolios which have been established by third parties and Integrated is not involved in raising assets for that portfolio, Integrated is not the direct recipient of the management fee from the fund, but receives a share of such fee from the originator of the fund. However, in these instances, the fee would not normally be subject to any retrocession or rebate.

As a consequence of these variations in rates of gross revenue, the management fee net of any retrocession or rebate, the net management fee, is considered a more reliable guide of the achievement of the Group.

Net yields on our portfolios are analysed as follows:

Asset type	Net margin in basis points	
	2009*	2008
Discretionary assets	**68**	64
Non-discretionary assets	**28**	22
Other assets under advice	**13**	9

* Excluding portfolios disposed of in 2009.

Our net margins have slightly increased, primarily as a result of the disposal of funds to Sal Oppenheim in respect of which we were paying on average relatively larger retrocession fees.

Performance Fees
Performance fees may be generated by all discretionary and some non-discretionary portfolios subject to certain criteria being met. All funds have a high water mark whereby the fund price at the close of a given performance period must be higher than that at the close of the last performance period on which a performance fee was paid. In addition, certain funds have a hurdle rate whereby fund performance in the given period must exceed a pre-determined benchmark or hurdle rate and a performance fee is paid on the excess of the performance over this benchmark, subject to any high water mark. Performance periods usually range from three months to twelve months. Performance fees are normally calculated at the rate of 10% of the relevant performance and retrocession to distributors is only usually granted in exceptional circumstances from such performance fees.

Net performance fees totalled £0.2 million (2008: £0.2 million), reflecting the continuing difficult conditions in the sector and the need to make realisations and hold relatively large amounts of cash to meet redemptions. While Integrated is not dependent on performance fees, representing 10.0% and 2.4% of net fund management income from continuing operations and net Group income from continuing operations respectively (2008: 2.6% and 1.5%), they represent a key element of our financial success from fund management in the future.

Brokerage
Products
In the wide range of products that are covered by the global inter-dealer/institutional markets, Integrated Financial Products Ltd ("IFP") is focused on foreign exchange, interest rate derivatives, equities, bonds, and up to 31st December 2009 the marketing and promotion of securities and derivatives for Sal. Oppenheim in Italy.

Performance is measured by both gross and net revenues, but more generally the latter, and returns on both of those streams. The following figures exclude the discontinued Lugano branch.

	2009	2008
	£000	£000
Net brokerage	**2,936**	3,050
Net marketing	**760**	754
Other	**59**	51
Total net brokerage revenue	**3,755**	3,855

The analysis of net brokerage by product is set out below.

	2009	2008
Equities	**7.9%**	19.2%
Foreign exchange	**33.9%**	36.8%
Interest rate derivatives	**29.0%**	24.5%
Bonds	**29.2%**	19.5%
	100%	100%

In 2009 in all areas income levels were maintained at approximately the same level as 2008. However, the balance of business within the net brokerage changed materially with the decline in equities continuing, reflecting the decline in volumes in the equity markets. Interest rate derivatives showed some increase driven by the increasing volatility in interest rates within the euro zone. Finally, trading in bonds made up for the decline in equities which was achieved by adding a new bond trading team which has continued to contribute.

For its marketing and promotional activities, IFP is remunerated by means of a fixed retainer and variable compensation dependent primarily upon the volume of products that are sold by Sal. Oppenheim, their profitability to the bank and the level of actual marketing activity. The volatility of the underlying markets and the appetite of investors for financial assets in general limited activity in 2009.

Business Review continued

Results summary

Excluding discontinued operations	Fund Management £'000	Brokerage £'000	**2009 Total £'000**	2008 Total £'000
Turnover	2,704	4,833	**7,537**	9,379
Cost of sales	(1,142)	(1,078)	**(2,220)**	(3,131)
Net revenue	1,562	3,755	**5,317**	6,248
Operating costs	(2,723)	(3,556)	**(6,279)**	(9,633)
Operating (loss)/profit before amortisation of intangibles, share-based payment expenses and currency exchange differences	(1,161)	199	**(962)**	(3,385)
Amortisation of intangibles	(12)	-	**(12)**	(13)
Impairment of intangibles	-	-	**-**	(380)
Share-based payment expenses	(15)	(1)	**(16)**	(32)
Write-down of investments	(5)	(31)	**(36)**	(67)
Currency exchange differences	(114)	33	**(81)**	(53)
Net gain/(loss) on financial assets	184	(8)	**176**	-
Operating (loss)/profit	(1,123)	192	**(931)**	(3,930)
Net finance and other income	36	(5)	**31**	303
(Loss)/profit on continuing activities before tax	(1,087)	187	**(900)**	(3,627)

Operating Margins

The group's operating costs have been significantly reduced in 2009 due to three factors:

- The disposal of the greater part of the fund management business to Sal Oppenheim, which included a transfer of a number of employees and the resulting reduction in the need for extensive support systems and personnel;
- The closing of the Lugano branch; and
- The general reduction in central staff and services due to the reduced size of the Group's operations.

These costs reductions took place at various times throughout the year.

Group personnel numbers stabilised by the end of 2009. With the variety of opportunities now being pursued, including the transaction with JRJ, it is not possible to predict the operating costs for 2010. Management intend to maintain strict controls over the increase in costs necessary as a result of increased business, new activities (whether acquired or internally generated) or to meet regulatory needs.

In line with the guidance being given by regulators and institutional shareholders the Group seeks to align the interests of the business, its needs and risks, with the remuneration policy.

The most significant item of operating expenditure was staff compensation which represented 61% of operating costs (2008: 60%).

Included within operating costs are two significant charges arising from the strengthening of the euro against sterling as at 31st December 2008.

In 2008 a charge of £14.6 million was taken for the impairment of goodwill which had arisen on the acquisition of fund management businesses in 2006 and 2007. Upon the sale of the major part of the fund management business to Sal Oppenheim £1.2 million of this impairment charge was written back through the profit and loss on discontinued businesses.

In 2009 the Group invested some of its cash balances in two new classes of asset, fixed interest corporate bonds and own funds, to achieve a return on the cash balances accumulated without putting the funds at material risk. 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. In respect of the own funds, notice of redemption has been given and redemption will take place in May 2010.

The Group intends to realise corporate bond investments as considered appropriate from an investment point of view or to meet cash commitments for long-term business development opportunities.

Capital and Cash Flow

	2009 £000	2008 £000
Net assets	**10,969**	14,689
Net current assets	**8,666**	10,208
Cash at bank and financial assets*	**9,418**	10,997

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

Net assets decreased primarily as a consequence of the cancellation of the ordinary shares held by Sal Oppenheim as part of the consideration for the sale of the fund management assets. Net current assets decreased by some 15% but cash and financial assets were maintained at 108% of net current assets whilst all bank and other Group borrowings were repaid.

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

Employee Share Ownership
The policy of employee share ownership schemes to retain and reward staff is being continued. The reduction in the number of staff and the resulting termination of the share ownership benefits granted to them have resulted in a significant number of shares being held in the Integrated Asset Management Employee Share Ownership Trust. It is the intention that these will be conditionally awarded to employees in the future with performance conditions requiring continuing achievement over a multi-year time horizon.

Dividends
The Company does not recommend the payment of a dividend (2008: £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 have been identified as investment risk, relating to our fund management business, operational risk and financial risks.

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. This fundamental risk is managed by:

- The use and continued evolution of an institutional quality Investment Process which combines a top-down approach, guided by a Senior Advisory Board comprised of individuals from within and without the Group, and an in-depth bottom up analysis carried out by specialists within each core hedge fund strategy.
- The operation of such a process by highly experienced, qualified and motivated staff who have clearly defined roles and responsibilities as required by the investment process.
- An independent and well-staffed Risk Management team which not only ensures that the Investment Process is adhered to but also monitors each portfolio continuously to ensure its compliance with pre-determined limits using sophisticated in-house developed software.

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 they are carried out.

Financial Risks
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.

Regulatory Environment
Each of Integrated's principal operating subsidiaries is subject to regulation. In the United Kingdom, the two fund management companies, Integrated Alternative Advisors Limited and Integrated Alternative Investments Limited, which together trade as Integrated Alternative Investments, are regulated and authorised by the Financial Services Authority as is the broking subsidiary Integrated Financial Products Limited ("IFP").

IFP's Milan branch is responsible to the Italian regulator ("Consob") and the Bank of Italy 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.

Board of Directors

John Booth began his investment banking career in 1983 at Merrill Lynch in London and New York. He became a partner of Hutton International Associates in 1986 and Senior-Vice President of Prudential Securities in 1988. John was appointed Managing Director of Bankers Trust International plc in 1992. He also chairs Maintel Holdings plc, a telecommunications company, and Jazz FM, and serves as a Non-Executive Director of a number of private companies. John is Chairman of leading global equity derivatives firm Link, an ICAP Group company, and a consultant to Herald Ventures, a venture capital partnership. John is a graduate of Oxford University and a member of its Chancellor's Court of Benefactors.

Emanuel Arbib holds an ABA Degree in Business and a Graduate Degree in Economics and Finance from Bocconi University in Milan. He is the co-founder and Executive Chairman of Integrated Alternative Advisors Ltd., a wholly owned subsidiary of Integrated Asset Management. From 1993 to 2000, Emanuel was a Director of Capital Management Limited, a family office which specialised in alternative investments and the global fixed income market, based in Jersey and Monte Carlo. From 1997 to 2004, Emanuel was a Director of the Trident Rowan Group Inc., a NASDAQ quoted company that controlled Moto Guzzi SpA, the italian motorbike manufacturer. Between 1990 and 1991, Emanuel ran Italian Eurobond sales at Prudential Bache Securities (UK).

Detlef Bierbaum was a general partner of Sal. Oppenheim jr & Cie. KGaA, Cologne until 30th April 2008 and was elected to the Supervisory Board of the bank until 30th March 2009. Detlef started working in the investment department of Bayerische Vereinsbank in 1969 moving to Allgemeine Deutsche Investment Gesellschaft the following year. He spent 12 years at ADIG and was appointed Managing Director of ADIG Investment, responsible for fund management, in 1974. In 1982, he joined the Board of Nordstern Versicherungen, Cologne and was responsible for the areas of finance, foreign subsidiaries and fine art insurance. In spring 1991, Detlef joined Sal. Oppenheim, as a partner of the bank. In March 2002 he was elected to the Board of Directors of the Association of German Banks.

Norman Epstein is a Chartered Accountant. He has particular knowledge in the field of international finance and taxation and specialises in offshore jurisdictions. Norman joined Moore Stephens in 1973 rising to Managing Partner in New York (1992) and to Senior Partner in Monaco (1995/96). He is currently an international financial consultant and Director of Clermont Consultants Ltd. Norman also serves as a Director of Hansen Natural Corp., a NASDAQ listed company.

Denis Masetti graduated *cum laude* in Business Administration and has been active in the financial services industry for over 25 years. He has worked for Rasbank (Allianz Group) and SAI-Fondiaria and as a general manager for ING-Sviluppo Investimenti. Denis later joined Robert Fleming SIM in Italy, serving as member of the Board of Directors and developing the distribution of Fleming's range of funds. He then founded Lombard Marketing Service, a company linked to the Luxembourg-based Lombard International Insurance. Denis also served as a partner and Director of JD Farrods Securities Ltd, an FSA regulated company based in London, and Espirito Santo Financial Consultants in Lisbon.

George Robb after qualifying as a solicitor, George began a career in investment management in 1971. He was one of the founding shareholders of Aberdeen Asset Management plc in 1983 and in 1994 established Asset Management Investment Company plc ("AMIC"), being appointed Managing Director of the company following its flotation. George is also a Director of City of London Investment Group plc and of a number of companies in which AMIC has investments.

Mark Segall is the founder of Kidron Corporate Advisors LLC, a corporate advisory and mergers & acquisitions boutique, which represents public and private companies. The Company focuses primarily on emerging growth companies with cross-border activities. Prior to forming Kidron, Mark was the Co-Chief Executive Officer of Investec Inc., the US investment banking operation arm of Investec Group. Before becoming Co-CEO of Investec Inc., he served as the Director of Investment Banking and General Counsel to Investec Ernst and Company, which was engaged in retail brokerage, securities clearing, market making and prime brokerage. Mark practised law as a partner at Kramer Levin Naftalis & Frankel LLP before commencing his investment banking career. He serves on the Board of Directors of several publicly traded companies including Answers Corporation and Ronson Europe, N.V. Mark earned his Bachelor of Arts degree at Columbia University and his Juris Doctorate degree at New York University.

Directors' Report

The Directors present their annual report together with the audited financial statements for the year ended 31st December 2009.

Principal Activities and Business Review
Integrated Asset Management Plc ("IAM") is the Parent Company of an asset management and brokerage group. A review of the IAM's business activities during 2009 along with future developments and risk management are given in the Chairman's Statement, Chief Executive Officer's Review and Business Review on pages 2 to 7.

Results and Dividends
The profit attributable to equity holders for the year ended 31st December 2009 was £2,746,000 (2008: £18,249,000 Loss). The Directors have not proposed the payment of a dividend for the year ended 31st December 2009 (2008: £nil).

Acquisitions and investment in subsidiaries
Apart from the disposal of its 51% shareholding in Altigefi on 17th September, 2009 to Sal Oppenheim (France), there were no other changes in the ownership interests of the Company's subsidiaries during the year.

Events after the Reporting Period
On 19th March 2010, the Board announced that it had entered into agreements with members of the JRJ Group ("JRJ") , which recently acquired an approximate 75% stake in Marex Group Limited ("Marex"). To that end, IAM has agreed to invest in Marex with JRJ, provide certain consultancy services and permit and require subscription for new IAM shares by the JRJ partners.

IAM invested $4 million in a JRJ limited partnership forming part of the JRJ Group, which recently acquired approximately 75% of Marex. This investment was supplemented by additional investments of $20 million from a consortium which IAM is to lead, and will be followed by an additional investment of $2 million by two IAM directors.

In recognition of the importance of the cross-relationship being established between IAM and JRJ, JRJ partners have agreed to subscribe for 3,636,362 new ordinary shares of 5p each in the capital of IAM for a cash consideration of 33p per share (a premium of approximately 34% to IAM's share price on 22nd March) by no later than 31st December 2010 representing 10.6% of IAM's expanded share capital. The obligation to subscribe will lapse on the occurrence of certain events including an IAM material adverse change. The subscription price (and number of subscription shares) is subject to customary adjustment in certain circumstances.

Share Issue and Own Shares
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 (2008: nil). The ESOT's share in the Company's ordinary share capital is shown in the table below.

Directors
There were no changes to the Board of Directors during the year apart from the resignation of Christopher Freiherr von Oppenheim on 29th April, 2009 in conection with the signing of the transaction with Sal Oppenheim in April, 2009. The following Directors will retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for reappointment: Emanuel Arbib and Detlef Bierbaum.

The interests of the Directors in the Company's ordinary shares are detailed in the Remuneration Report on page 15.

Substantial Shareholdings
At 22nd April 2010 there were 30,651,386 ordinary shares of 5p each in issue. The following significant shareholdings in the Company's ordinary share capital have been disclosed to the Company:

	Number	Percentage Holding
LB UK RE Holdings Ltd (in administration)	3,500,000	11.42%
Nick Levene (in bankruptcy)	2,069,473	6.75%
Asset Management Investment Company plc	2,052,568	6.70%
Employee Share Ownership Trust	1,800,000	5.87%
Employee Benefits Trust (Emanuel Arbib subtrust)	1,476,200	4.82%
John Booth	1,441,105	4.70%
Collins Stewart	1,404,000	4.58%
Walker Crips Asset Management Ltd	1,288,341	4.20%
Denis Masetti	1,091,891	3.56%

The 11,496,111 shares previously owned by Sal Oppenheim jr. & Cie. S.C.A. were cancelled as part of the consideration for the sale of 51% of Altigefi and certain fund of fund management contracts which was completed on 17th September 2009.

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 2009 or 2008.

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:

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

2. To ensure that suppliers are aware of the terms of payment.

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

Average trade creditor days at 31st December 2009 were 72 days (2008: 72 days) for the Group and 67 days for the Company (2008: 66 days).

Annual General Meeting ("AGM")
The Company's AGM will be held on 10th June 2010 at the Company's registered office.

Auditor
Moore Stephens 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
22nd April 2010

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. Although not required to do so, the Company aims to comply with the Combined Code (2008) on Corporate Governance, issued by the Financial Reporting Council.

The Board of Directors
The Company is headed by an experienced Board of Directors which consists of two Executive Directors and five Non-Executive Directors.

The profiles of the Directors are shown on pages 8 and 9.

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.
- Annual and Interim Reports.

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 Emmanuel 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 Audit Committee and Nomination Committee are shown below. Details of the Remuneration Committee are shown in the Remuneration Report on pages 14 and 15.

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 13.

The Nomination Committee did not meet during the year.

After the 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 two Non-Executive Directors. The Directors who served on the Committee during the year were Norman Epstein (Audit Committee Chairman) and George Robb. 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.

	Board	Audit Committee	Remuneration Committee
Number of meetings	10	2	1
Directors' attendance			
E M Arbib	10	–	–
D Bierbaum	6	–	–
J D S Booth	10	–	1
N C Epstein	7	2	1
D Masetti	8	–	–
C F von Oppenheim (resigned 29th April 2009)	–	–	–
G A Robb	8	2	–
M B Segall	10	–	1

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 comprises 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), all of which are Non-Executive Directors. There were no changes to the composition of the Committee during the year.

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 Business Review.

Investor Relations
The Company regularly 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 and interim financial statements as well as announcements which the Company is required to make in accordance with the AIM Listing Rules.

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.

Remuneration Report

This report sets out the Group's remuneration policy and related matters.

Remuneration Committee
The Remuneration Committee comprises three Non-Executive Directors. The Directors who served on the committee during the year were M B Segall (Remuneration Committee Chairman), J D S Booth (Chairman of the Board and Nominations Committee) and N C Epstein (Chairman of the Audit Committee). 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
- The design and review of performance targets and conditions that are attached to performance-related remuneration schemes.

Details of the number of meetings and attendance during the year are set out on page 13.

Remuneration Policy
The Group aims to attract and retain high calibre executives by rewarding them with competitive salary and benefit packages which are linked to the combined achievement of the Group's financial targets and individual objectives. In assessing the competitiveness of the Group's remuneration policy, salaries and other benefits have been reviewed against external market data and the remuneration policies of comparable companies in the finance industry.

In order to align the interests of executives and the Group's shareholders, the Group encourages share ownership by offering participation in share-based long-term incentive schemes, details of which are set out in this report.

Developments during the year
The Integrated Asset Management Employee Share Ownership Trust ("ESOT") was established during 2007 to provide a vehicle through which share incentives may be provided to present or future employees or officers of the Group. Under the terms of the ESOT, the ESOT will sell an interest in the growth in value of the shares now owned by the ESOT to certain senior executives. The ESOT is funded by a loan from the Company. The ESOT will have a right to claw back the interest in the growth value of the shares if the relevant senior executive leaves the Company other than as a good leaver or if the performance criteria attached to the grant to the specific senior executive are not fulfilled. No awards were made by the trustee during the year ended 31st December 2009 (2008: 90,000 shares).

During 2007, the Integrated Asset Management Employee Benefit Trust ("EBT") was also established. During 2009 the Company transferred to the EBT an amount of £nil (2008: £612,194) to be utilised by the trustee of the EBT in accordance with the terms of the EBT. The EBT was created to motivate and retain the Group's Directors and employees, each of whom is a potential beneficiary of the EBT. Awards totalling £nil (2008: £1,906,669) were made by the trustee during the year.

Directors
Executive Directors are employed under continuing contracts of employment terminable by either party under notice of provisions of up to one year.

The Non-Executive Directors have, save as disclosed in the related party note 19, no ongoing direct financial or contractual interests in the Company other than their Directors' fees, options and shareholdings. Details of all Directors' interests in the shares of the Company and any options granted are set out in this Directors' Report.

Further details of Directors' remuneration disclosable by the Company under the Companies Act 2006 are contained in Note 4 on page 32.

Directors' interests in the Company's share capital during the year were as follows:

	2009 % Holding	2009 No. of shares	2008 No. of shares
E M Arbib	**1.96%**	**600,967**	600,967
D Bierbaum	**0.65%**	**200,000**	200,000
J D S Booth	**4.70%**	**1,441,105**	1,441,105
N C Epstein	**2.05%**	**627,507**	627,507
D Masetti	**3.56%**	**1,091,891**	1,091,891
G A Robb	**0.24%**	**75,000**	75,000
M B Segall	**0.08%**	**25,000**	25,000

No other Director had a beneficial interest, in the share capital of the Company during the year.

Directors' interests in share options in the Company during the year were as follows:

	Date of Grant	Exercise price (pence)	Held at 1 Jan 2009	Granted	Exercised	Lapsed/ Forfeited/ Surrendered	Held at 31 Dec 2009	Exercisable Date	Expiry Date
J D S Booth	2/6/00	82.50	20,000	–	–	–	20,000	2/6/03	2/6/10
N C Epstein	2/6/00	82.50	20,000	–	–	–	20,000	2/6/03	2/6/10
D Masetti	15/3/06	60.00	60,000	–	–	–	60,000	15/3/09	15/3/16
D Masetti	30/3/06	80.00	120,000	–	–	–	120,000	30/3/09	30/3/16
M B Segall	2/6/00	82.50	20,000	–	–	–	20,000	2/6/03	2/6/10

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 financial statements in accordance with IFRS as adopted by the European Union and applicable law. The financial Statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law Directors must not approve the financial statements unless they are satisfied that they give a true and fair view. 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;
- 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 and, as regards the Group financial statements Article 4 of the IAS Regulation. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the Group and Parent Company financial statements (the "financial statements") of Integrated Asset Management plc for the year ended 31st December 2009 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 Statements 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 (IFRS's) 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 Directors' Responsibilities Statement on page 16, 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 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
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2009 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS, as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS, as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Colin Moore, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP,
Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB
10 May 2010

Consolidated Income Statement

for the year ended 31st December 2009

	Note	Year ended 31st December 2009 £000	Year ended 31st December 2008 £000
Continuing operations			
Revenue		**7,537**	9,379
Cost of sales		**(2,220)**	(3,131)
Net revenue		**5,317**	6,248
Operating costs		**(6,396)**	(9,753)
Amortisation of intangibles		**(12)**	(13)
Share-based payments cost		**(16)**	(32)
Net gain on financial assets	12	**176**	–
Operating loss before impairment of goodwill and intangibles		**(931)**	(3,550)
Impairment of goodwill and intangibles		**–**	(380)
Operating loss		**(931)**	(3,930)
Finance income		**82**	385
Finance expense	14	**(51)**	(82)
Loss before taxation	3	**(900)**	(3,627)
Taxation	5	**(42)**	18
Loss from continuing operations		**(942)**	(3,609)
Discontinued operations			
Profit/(Loss) from discontinued operations	6	**3,619**	(14,337)
Profit/(loss) for the year		**2,677**	(17,946)
Attributable to:			
Continuing operations			
Owners of the parent		**(942)**	(3,609)
Minority interests		**–**	–
		(942)	(3,609)
Total			
Owners of the parent		**2,746**	(18,249)
Minority interests		**(69)**	303
		2,677	(17,946)
Earnings per share	7		
Continuing operations			
Basic		**(2.43)p**	(8.59)p
Diluted		**(2.43)p**	(8.59)p
Discontinued operations			
Basic		**9.50p**	(34.83)p
Diluted		**9.50p**	(34.83)p
Total			
Basic		**7.07p**	(43.42)p
Diluted		**7.07p**	(43.42)p

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2009

	Year ended 31st December 2009 £000	Year ended 31st December 2008 £000
Profit/loss for the year	**2,677**	(17,946)
Currency translation differences on overseas operations	**(2,632)**	2,523
Deferred tax on share options	**–**	(77)
Total comprehensive income for the year	**45**	(15,500)
Total comprehensive income attributable to:		
Owners of the parent	**114**	(15,803)
Minority interests	**(69)**	303
	45	(15,500)

Consolidated Statement of Financial Position

as at 31st December 2009

	Note	As at 31st December 2009 £000	As at 31st December 2008 £000
Assets			
Non-current assets			
Intangible assets	8	**1,684**	4,300
Property, plant and equipment	9	**404**	739
Financial assets	12	**215**	139
		2,303	5,178
Current assets			
Trade and other receivables	10	**2,482**	5,328
Cash and cash equivalents	11	**4,033**	11,062
Other financial assets	12	**5,630**	–
		12,145	16,390
Total assets		**14,448**	21,568
Liabilities			
Non-current liabilities			
Borrowings	14	**–**	–
Deferred tax liabilities	15	**–**	(697)
		–	(697)
Current liabilities			
Borrowings	14	**–**	(1,309)
Trade and other payables	16	**(3,439)**	(4,849)
Tax payable		**(40)**	(24)
		(3,479)	(6,182)
Total liabilities		**(3,479)**	(6,879)
Net assets		**10,969**	14,689
Capital and Reserves			
Called up share capital	17	**1,533**	2,107
Share premium account		**–**	27,025
Share options reserve		**202**	313
Exchange difference reserve		**314**	2,946
Investment in own shares		**(2,519)**	(2,519)
Retained earnings		**11,452**	(16,667)
Equity attributable to equity holders of the parent		**10,982**	13,205
Equity attributable to minority interests		**(13)**	1,484
Total equity		**10,969**	14,689

The annual financial statements were approved and authorised for issue by the Board on 22nd April 2010 and signed on their behalf by:

J D S Booth
Director

E M Arbib
Director

INTEGRATED
asset management

Company Statement of Financial Position

as at 31st December 2009

	Note	As at 31st December 2009 £000	As at 31st December 2008 £000
Assets			
Non-current assets			
Intangible assets	8	**–**	–
Property, plant and equipment	9	**223**	353
Investment in subsidiaries	13	**10,788**	14,064
Financial assets	12	**211**	–
Deferred tax assets	15	**–**	–
		11,222	14,417
Current assets			
Trade and other receivables	10	**843**	1,782
Cash and cash equivalents	11	**302**	1,586
Other financial assets	12	**2,675**	–
		3,820	3,368
Total assets		**15,042**	17,785
Liabilities			
Non-current liabilities			
Borrowings	14	**–**	–
Trade and other payables	16	**–**	–
		–	–
Current liabilities			
Borrowings	14	**–**	–
Trade and other payables	16	**(3,786)**	(3,664)
		(3,786)	(3,664)
Total liabilities		**(3,786)**	(3,664)
Net assets		**11,256**	14,121
Capital and Reserves			
Called up share capital	17	**1,533**	2,107
Share premium account		**–**	27,025
Share options reserve		**202**	313
Retained earnings		**9,521**	(15,324)
Total equity		**11,256**	14,121

The annual financial statements were approved and authorised for issue by the Board on 22nd April 2010 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 31st December 2009

	Share capital £000	Share premium £000	Retained earnings £000	Other reserves £000	Minority interests £000	Total £000
Balance at 1st January 2009	**2,107**	**27,025**	**(16,667)**	**740**	**1,484**	**14,689**
Currency translation adjustments	**–**	**–**	**–**	**(2,632)**	**–**	**(2,632)**
Deferred tax on share options	**–**	**–**	**–**	**–**	**–**	**–**
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**
Reduction to the share premium account	**–**	**(27,017)**	**27,017**	**–**	**–**	**–**
Cancellation of shares on disposal	**(574)**	**(8)**	**(1,774)**	**–**	**–**	**(2,356)**
Conversion of loan notes	**–**	**–**	**–**	**–**	**–**	**–**
Shares issued on acquisition	**–**	**–**	**–**	**–**	**–**	**–**
Deferred consideration	**–**	**–**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**16**	**–**	**16**
Exercise of share options	**–**	**–**	**–**	**–**	**–**	**–**
Cancelled/forfeited share options	**–**	**–**	**127**	**(127)**	**–**	**–**
Purchase of own shares by EBT/ESOT	**–**	**–**	**–**	**–**	**–**	**–**
Dividend paid to minority interests	**–**	**–**	**–**	**–**	**–**	**–**
Movement in minority interests	**–**	**–**	**3**	**–**	**(1,428)**	**(1,425)**
Balance 31st December 2009	**1,533**	**–**	**11,452**	**(2,003)**	**(13)**	**10,969**

	Share capital £000	Share premium £000	Retained earnings £000	Other reserves £000	Minority interests £000	Total £000
Balance at 1st January 2008	2,083	26,527	1,472	(1,378)	1,203	29,907
Currency translation adjustments	–	–	–	2,523	–	2,523
Deferred tax on share options	–	–	(77)	–	–	(77)
Total other comprehensive income	–	–	(77)	2,523	–	2,446
(Loss)/profit for the year	–	–	(18,249)	–	303	(17,946)
Total comprehensive income for the year	–	–	(18,326)	2,523	303	(15,500)
Cancellation of shares on disposal	–	–	–	–	–	–
Conversion of loan notes	16	295	–	–	–	311
Shares issued on acquisition	1	21	–	(22)	–	–
Deferred consideration	7	182	–	(229)	–	(40)
Share-based payments	–	–	–	33	–	33
Exercise of share options	–	–	–	–	–	–
Cancelled/forfeited share options	–	–	187	(187)	–	–
Purchase of own shares by EBT/ESOT	–	–	–	–	–	–
Dividend paid to minority interests	–	–	–	–	(338)	(338)
Movement in minority interests	–	–	–	–	316	316
Balance 31st December 2008	2,107	27,025	(16,667)	740	1,484	14,689

Company Statement of Changes in Shareholders' Equity

for the year ended 31st December 2009

	Share capital £000	Share premium £000	Retained earnings £000	Shares to be issued £000	Share Options reserve £000	Total £000
Balance at 1st January 2009	**2,107**	**27,025**	**(15,324)**	**–**	**313**	**14,121**
Deferred tax on share options	–	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–	–
Loss for the year	–	–	**(450)**	–	–	**(450)**
Total comprehensive income for the year	–	–	**(450)**	–	–	**(450)**
Reduction to the share premium account	–	**(27,017)**	**27,017**	–	–	–
Cancellation of shares on disposal	**(574)**	**(8)**	**(1,774)**	–	–	**(2,356)**
Conversion of loan notes	–	–	–	–	–	–
Shares issued on acquisition	–	–	–	–	–	–
Deferred consideration	–	–	–	–	–	–
Share-based payments	–	–	–	–	**16**	**16**
Exercise of share options	–	–	–	–	–	–
Cancelled/forfeited share options	–	–	**52**	–	**(127)**	**(75)**
Purchase of own shares by EBT/ESOT	–	–	–	–	–	–
Balance 31st December 2009	**1,533**	**–**	**9,521**	**–**	**202**	**11,256**

	Share capital £000	Share premium £000	Retained earnings £000	Shares to be issued £000	Share Options reserve £000	Total £000
Balance at 1st January 2008	2,083	26,527	1,088	251	473	30,422
Deferred tax on share options	–	–	(75)	–	–	(75)
Total other comprehensive income	–	–	(75)	–	–	(75)
Loss for the year	–	–	(16,488)	–	–	(16,488)
Total comprehensive income for the year	–	–	(16,563)	–	–	(16,563)
Cancellation of shares on disposal	–	–	–	–	–	–
Conversion of loan notes	16	295	–	–	–	311
Shares issued on acquisition	1	21	–	(22)	–	–
Deferred consideration	7	182	–	(229)	–	(40)
Share-based payments	–	–	–	–	33	33
Exercise of share options	–	–	–	–	–	–
Cancelled/forfeited share options	–	–	151	–	(193)	(42)
Purchase of own shares by EBT/ESOT	–	–	–	–	–	–
Balance 31st December 2008	2,107	27,025	(15,324)	–	313	14,121

Consolidated Cash Flow Statement

for the year ended 31st December 2009

	Year ended 31st December 2009 £000	Year ended 31st December 2008 £000
Cash flows from operating activities – continuing operations		
Cash (used) from operations	**(111)**	(1,364)
Income tax paid	**124**	(157)
	13	(1,521)
Cash flows from operating activities – discontinued operations	**(187)**	55
Cash flows from operating activities – total Group	**(174)**	(1,466)
Cash flows from investing activities – continuing operations		
Purchase of property, plant and equipment	**(23)**	(154)
Sale of property, plant and equipment	**–**	–
Purchase of non-current financial assets	**(211)**	–
Purchase of other financial assets	**(5,453)**	(55)
Sale of current financial assets	**104**	113
Purchase of intangible assets	**–**	–
Minority interests/subsidiaries acquired	**–**	(48)
Net cash disposed of with subsidiary	**(2,686)**	–
Shares purchased by ESOT	**–**	–
Deferred consideration paid	**–**	–
Sale proceeds of subsidiary and funds business	**2,663**	–
Interest received	**83**	385
	(5,523)	241
Cash flows from investing activities – discontinued operations	**44**	72
Cash flows from investing activities – total Group	**(5,479)**	313
Cash flows from financing activities – continuing operations		
Issue of ordinary share capital	**–**	–
Redemption of unsecured loan notes	**–**	(783)
Repayment of Bank Loan	**(1,309)**	–
Dividend paid to Minority interests	**–**	(338)
Interest paid	**(50)**	(82)
	(1,359)	(1,203)
Cash flows from financing activities – discontinued operations	**(17)**	–
Cash flows from financing activities – total Group	**(1,376)**	(1,203)
Net (decrease) in cash and cash equivalents	**(7,029)**	(2,356)
Cash and cash equivalents at beginning of year	**11,062**	13,418
Cash and cash equivalents at end of year	**4,033**	11,062

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

for the year ended 31st December 2009

	Year ended 31st December 2009 £000	Year ended 31st December 2008 £000
Operating (loss) on ordinary activities from continuing operations	**(931)**	(3,930)
Share options cost	**16**	33
Loss on sale of property, plant and equipment	**–**	–
Depreciation	**237**	245
Amortisation of intangible assets	**12**	12
Impairment of goodwill and intangibles	**–**	379
Write down of current financial assets	**(176)**	72
Write down of other financial assets	**39**	64
Foreign currency translation	**82**	980
Decrease in trade and other receivables	**1,310**	21,164
(Decrease) in trade and other payables	**(700)**	(20,383)
Net cash (outflow) from operating activities from continuing operations	**(111)**	(1,364)

Company Cash Flow Statement

for the year ended 31st December 2009

	Year ended 31st December 2009 £000	Year ended 31st December 2008 £000
Cash flows from operating activities		
Cash used from operations	**98**	(286)
Income tax received	**–**	1
Net cash used in operating activities	**98**	(285)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1)**	(76)
Proceeds on sale of property, plant and equipment	**1**	–
Purchase of non-current financial assets	**(2,565)**	–
Purchase of other financial assets	**(208)**	(55)
Sale of current financial assets	**–**	113
Minority interests/subsidiaries acquired	**–**	(48)
Loans to Employee Trusts	**–**	(612)
Proceeds from disposal of subsidiary	**748**	–
Dividend received	**681**	347
Deferred consideration paid	**–**	–
Interest received	**9**	102
Net cash used in investing activities	**(1,335)**	(229)
Cash flows from financing activities		
Issue of ordinary share capital	**–**	–
Redemption of unsecured loan notes	**–**	(783)
Interest paid	**(47)**	(83)
Net cash (used)/generated in financing activities	**(47)**	(866)
Net (decrease)/increase in cash and cash equivalents	**(1,284)**	(1,380)
Cash and cash equivalents at beginning of Year	**1,586**	2,966
Cash and cash equivalents at end of Year	**302**	1,586

Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

for the year ended 31st December 2009

	Year ended 31st December 2009 £000	Year ended 31st December 2008 £000
Operating loss on ordinary activities	**(413)**	(16,443)
Share options cost	**20**	25
Depreciation	**128**	105
Impairment in investments	**187**	11,390
Impairment of related company loan	**(72)**	2,267
Write-down of current financial assets	**31**	72
Foreign currency translation	**42**	–
Disbursement of benefit by Employee Trusts	**–**	1,906
Movement in fair value on financial assets	**(188)**	–
Loss on sale of subsidiary	**(699)**	–
(Increase)/decrease in trade and other receivables	**939**	(640)
Increase/(decrease) in trade and other payables	**123**	1,032
Net cash outflow from operating activities	**98**	(286)

Notes to the Financial Statements

1. Principal accounting policies

Integrated Asset Management plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom. The Company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

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 2009:

The Group has adopted IAS 1 — "Presentation of Financial Statements" (Revised) effective for accounting periods beginning on or after 1st January 2009. The amendment to the standard requires the preparation of a statement of comprehensive income either to replace or to complement the current income statement. In addition, restatements or reclassifications of comparative balance sheet information will include a restatement of the opening balance sheet of the comparative period.

The Group has adopted IFRS 8 — "Operating Segments" effective for accounting periods beginning on or after 1st January 2009. This standard replaces IAS 14 "Segment Reporting" and required a change in the disclosure of segmental information.

The Group has adopted IFRS 7 – "Improving Disclosures about Financial Statements", an amendment to IFRS 7 effective for accounting periods beginning on or after 1st January 2009. This standard improves disclosure about financial instruments and does not have any impact on the Group's results or net assets.

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 27 – "Consolidated and Separate Financial Statements" (Amendment) effective for accounting periods beginning on or after 1st July 2009. The amendments provide new guidance on accounting for changes in interests in subsidiaries. The effect on the financial statements will depend on the incidence and timing of future changes in the Group.

IFRS 3 — "Business Combinations" (Revised) effective for accounting periods beginning on or after 1st July 2009. The revised standard introduces a number of changes in the accounting for business combinations that impact on the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. The effect on the financial statements will depend on the incidence and timing of future changes in the Group.

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 31st December 2009. These are not considered likely to have a material impact on the Group's financial statements.

Notes to the Financial Statements continued

1. Principal accounting policies (continued)

(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 balance sheet 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 minority 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) Minority interests

The Group has applied the Parent Company method for accounting for transactions with minority 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.

1. Principal accounting policies (continued)

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 2009 is £ 74,000 (2008: £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.

Notes to the Financial Statements continued

1. Principal accounting policies (continued)

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 and 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 position.

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.

1. Principal accounting policies (continued)

(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 inter-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 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.

Notes to the Financial Statements continued

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 **31st December 2009**	Discontinued Hedge Fund £000	**Continuing Hedge Fund £000**	Discontinued Brokerage £000	**Continuing Brokerage £000**	Inter-segment elimination £000	**Continuing Group £000**
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)
Impairment of Intangibles	–	–	–	–		–
Share-based payments cost	–	(15)	–	(1)		(16)
Write-down of investments	–	(5)	–	(31)		(36)
Currency exchange differences	–	(114)	–	33		(81)
Net gain/(loss) on financial assets	–	184	–	(8)		176
Operating profit/(loss)	1,228	(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	1,255	(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 generates more than 10% of the total external income.

	Hedge Fund £000	**Brokerage £000**	**Inter-segment elimination £000**	**Continuing Group £000**
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

2. Segmental reporting (continued)

31st December 2008	Discontinued Hedge Fund £000	Continuing Hedge Fund £000	Discontinued Brokerage £000	Continuing Brokerage £000	Inter-segment elimination £000	Continuing Group £000
Revenue from external customers	6,670	4,684	1,009	4,695		9,379
Cost of sales	(2,734)	(2,291)	(12)	(840)		(3,131)
Net Revenue	3,936	2,393	997	3,855	–	6,248
Operating costs	(2,873)	(5,736)	(1,252)	(3,897)		(9,633)
Amortisation of intangibles	(1,036)	(13)	–	–		(13)
Impairment of Intangibles	(14,253)	(380)	–	–		(380)
Share-based payments cost	–	(16)	–	(16)		(32)
Write-down of investments	–	–	–	(67)		(67)
Currency exchange differences	–	101	–	(154)		(53)
Net gain/(loss) on financial assets	–	–	–	–		–
Operating loss	(14,226)	(3,651)	(255)	(279)	–	(3,930)
External interest receivable and similar income	100	224	–	161		385
Inter-segment interest receivable	–	–	–	73	(73)	–
External interest payable and similar charges	–	(10)	–	(72)		(82)
Inter-segment interest payable	–	(73)	–	–	73	–
Loss before taxation	(14,126)	(3,510)	(255)	(117)	–	(3,627)
Operating costs include the following non-cash expenses:						
Depreciation	(34)	(87)	(2)	(155)	–	(242)

Included within the Revenue from External customers of £9,379,000 are amounts of £1,892,000 and £1,444,000 received from two customers, within the hedge fund segment, each of which generates more than 10% of the total external income.

	Hedge Fund £000	Brokerage £000	Inter-segment elimination £000	Continuing Group £000
Segment assets	16,779	10,224	(5,435)	21,568
Segment liabilities	(7,545)	(4,769)	5,435	(6,879)
	9,234	5,455	–	14,689
Capital expenditure on segment assets	72	116	–	188

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.

Notes to the Financial Statements continued

3. Loss on ordinary activities before taxation

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

	2009 £000	2008 £000
Depreciation of property, plant and equipment	**237**	242
Exchange loss	**79**	35
Write-down of current financial assets	**–**	72
Write-down of other financial assets	**36**	64
Operating lease rentals – land and buildings	**298**	253
Bank interest income	**(55)**	(382)
Income from cash equivalents	**(27)**	–
Auditor's Remuneration:		
Moore Stephens LLP – Audit fees	**90**	99
Moore Stephens LLP – Tax services	**19**	41
Moore Stephens LLP – Payroll services	**4**	6
Other auditors – Audit services	**9**	11
Other auditors – Tax services	**–**	5

4. Staff costs and employees

Staff costs including Directors' emoluments:	2009 £000	2008 £000
Wages and salaries (including bonuses)	**3,250**	5,563
Social security costs	**526**	577
Share-based payments	**16**	32
Other staff costs	**133**	206
Total	**3,925**	6,378

The average monthly number of persons employed by the Group including Executive Directors was 43 (2008: 64) and is analysed as follows:

	2009	2008
Asset Management	**11**	27
Brokerage	**25**	29
Group	**7**	8
Total	**43**	64

Directors' emoluments: Group	2009 £000	2008 £000
Directors' emoluments	**768**	801

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 £597,000 (2008: £615,000), which included awards into the Employee Benefit Trust.

5. Taxation

(a) Analysis of tax charge for the year

	Discontinued 2009 £000	**Continuing 2009 £000**	Discontinued 2008 £000	Continuing 2008 £000
Current tax				
UK corporation tax on profits for the period	**–**	**–**	–	–
Adjustments in respect of prior periods	**–**	**(50)**	–	(96)
Foreign tax	**22**	**92**	323	14
Total current tax	**22**	**42**	323	(82)
Deferred tax (Note 15)				
Effects of changes in corporation tax rates	**–**	**–**	(70)	–
Origination and reversal of temporary differences	**340**	**–**	(296)	64
Total tax charge/(credit) for the year	**362**	**42**	(43)	(18)

(b) Factors affecting the tax charge for the year

	Discontinued 2009 £000	**Continuing 2009 £000**	Discontinued 2008 £000	Continuing 2008 £000
(Loss)/Profit before taxation on continuing operations	**–**	**(900)**	–	(3,627)
Profit/(loss) before taxation on discontinued operations	**3,981**	**–**	(14,381)	–
Total profit/(loss)	**3,981**	**(900)**	(14,381)	(3,627)
Tax on profit/(loss) at the standard UK Corporation tax rate of 28% (2008: 28.5%)	**1,115**	**(252)**	(4,099)	(1,034)
Effect of:				
Disallowable expenses and non-taxable income	**(905)**	**456**	3,991	179
Tax losses utilised	**(52)**	**(99)**	(65)	76
Tax losses unutilised	**182**	**(103)**	73	860
Adjustments in respect of prior periods	**22**	**(72)**	5	(100)
Different tax rates on overseas income	**–**	**112**	52	1
Total tax (credit)/charge for the year	**362**	**42**	(43)	(18)

6. Discontinued operations

On 17th 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 period ended 31st December 2009.

During the year there was a further write-down 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.

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

The table below provides further detail of the amount shown in the income statement. The income statements for the prior year have been restated to conform to this style of presentation.

Notes to the Financial Statements continued

6. Discontinued operations (continued)

	2009 £000	2008 £000
Revenue	**2,594**	7,679
Cost of sales	**(946)**	(2,746)
Net revenue	**1,648**	4,933
Operating costs	**(2,140)**	(4,125)
Amortisation of intangibles	**1,212**	(1,036)
Share-based payments cost	**–**	–
Operating profit/(loss) before impairment of goodwill and intangibles	**720**	(228)
Impairment of goodwill and intangibles	**–**	(14,253)
Write-down of sale proceeds	**(50)**	–
Profit on sale of subsidiary/business	**990**	–
Exchange difference reserve realisation	**2,292**	–
Operating profit/(loss) before finance income and expenses	**3,952**	(14,481)
Finance income	**44**	100
Finance expense	**(17)**	–
Profit/(loss) before taxation	**3,979**	(14,381)
Taxation	**(360)**	44
Profit/(loss) from discontinued operations	**3,619**	**(14,337)**

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

	2009 £000	2008 £000
Operating	**(187)**	55
Investing	**44**	72
Financing	**(17)**	–
Net cash inflow	**(160)**	**127**

7. Earnings per share

The calculation of Earnings per Share ("EPS") is based on profit that is attributable to equity holders 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:

	2009 £000	2008 £000
(Loss) from continuing operations	**(942)**	(3,609)
Minority interests	**–**	–
(Loss) from continuing operations used in calculating basic and diluted EPS	**(942)**	(3,609)
Total profit/(loss) for the year	**2,677**	(17,946)
Minority interests	**69**	(303)
Total profit/(loss) used in calculating basic and diluted EPS	**2,746**	(18,249)

	No. '000s	No. '000s
Weighted average number of ordinary shares used in calculating basic EPS	**38,840**	42,030
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	**38,840**	42,030

Basic EPS from continuing operations has been calculated using the loss from continuing operations £942,000 (excluding minority interests) divided by the weighted average number of ordinary shares 38,840,000.

7. Earnings per share (continued)

Diluted EPS from continuing operations has been calculated using the loss from continuing operations £942,000 (excluding minority interests) divided by the weighted average number of ordinary shares 38,840,000.

Potentially dilutive instruments that have not been included in the calculation of diluted EPS because they were antidilutive comprise share options over 853,000 (2008; 1,093,000) ordinary shares.

8. Intangible assets

Group	Goodwill £000	Management Contracts £000	Development Costs £000	Total £000
Cost				
At 1st January 2009	**16,791**	**3,953**	**37**	**20,781**
Additions	**–**	**–**	**–**	**–**
Transfer to discontinued operations	**(15,004)**	**(3,953)**	**–**	**(18,957)**
Movement on exchange	**(116)**	**–**	**–**	**(116)**
Changes in deferred consideration	**–**	**–**	**–**	**–**
At 31st December 2009	**1,671**	**–**	**37**	**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	**1,671**	**–**	**13**	**1,684**
Cost				
At 1st January 2008	14,768	3,953	37	18,758
Additions	39	–	–	39
Transfer to discontinued operations	–	–	–	–
Movement on exchange	2,047	–	–	2,047
Changes in deferred consideration	(63)	–	–	(63)
At 31st December 2008	16,791	3,953	37	20,781
Amortisation and Impairment				
At 1st January 2008	(371)	(429)	–	(800)
Transfer to discontinued operations	–	–	–	–
Amortisation	(1)	(1,036)	(12)	(1,049)
Impairment	(14,632)	–	–	(14,632)
At 31st December 2008	(15,004)	(1,465)	(12)	(16,481)
Net Book Value at 31st December 2008	1,787	2,488	25	4,300

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 and 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.

Notes to the Financial Statements continued

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 1st 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:

	2009	2008
	£000	£000
Hedge Fund	**–**	–
Brokerage	**1,671**	1,787
Total Goodwill	**1,671**	1,787

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 five-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% (2008: 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 31st December 2009, 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 31st December 2009, and therefore no impairment charge has been included for this unit. The recoverable value is based on value-in-use.

Company	**Goodwill £000**
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	**–**
Cost	
At 1st January and 31st December 2008	**347**
Amortisation	
At 1st January and 31st December 2008	**(347)**
Net Book Value at 31st December 2008	**–**

9. Property, plant and equipment

Group	Vehicles & equipment £000	Fixtures & fittings £000	Leasehold improvements £000	Total £000
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**
Cost				
At 1st January 2008	507	515	377	1,399
Additions	44	139	5	188
Disposals	(35)	(11)	(6)	(52)
Transfers to discontinued operations	–	–	–	–
Movement on exchange	123	96	41	260
At 31st December 2008	639	739	417	1,795
Depreciation				
At 1st January 2008	(232)	(260)	(157)	(649)
Charge in the year	(134)	(77)	(69)	(280)
Disposals	44	9	–	53
Transfers to discontinued operations	–	–	–	–
Movement on exchange	(80)	(72)	(28)	(180)
At 31st December 2008	(402)	(400)	(254)	(1,056)
Net Book Value				
At 31st December 2008	237	339	163	739

Notes to the Financial Statements continued

9. Property, plant and equipment (continued)

Company	Office equipment £000	Computer equipment £000	Leasehold improvements £000	Total £000
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**
Cost				
At 1st January 2008	228	57	246	531
Additions	11	62	3	76
Disposals	–	–	–	–
At 31st December 2008	239	119	249	607
Depreciation				
At 1st January 2008	(45)	(15)	(89)	(149)
Charge in the year	(39)	(26)	(40)	(105)
Disposals	–	–	–	–
At 31st December 2008	(84)	(41)	(129)	(254)
Net Book Value				
At 31st December 2008	155	78	120	353

10. Trade and other receivables

	Group		Company	
	2009 £000	2008 £000	**2009 £000**	2008 £000
Trade receivables	**956**	3,408	**15**	1
Matched principal trade receivables	**798**	661	**–**	–
Amounts owed by Group undertakings	**–**	–	**436**	1,452
Other receivables	**638**	964	**374**	307
Prepayments	**90**	295	**18**	22
Total	**2,482**	5,328	**843**	1,782

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	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Cash at bank and in hand	**3,964**	10,997	**302**	1,586
Cash at bank and in hand: EBT	**69**	65	**–**	–
Total cash and cash equivalents	**4,033**	11,062	**302**	1,586

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	**2009**	2008	**2009**	2008
Available-for-sale financial assets	**£000**	£000	**£000**	£000
Movement in fair value				
At 1st January	**139**	139	**–**	–
Additions	**212**	–	**211**	–
Disposals	**(136)**	–	**–**	–
Net gain in movement in fair value through equity	**–**	–	**–**	–
At 31st December	**215**	139	**211**	–

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

	Group		Company	
Current	**2009**	2008	**2009**	2008
Fair value through profit and loss financial assets	**£000**	£000	**£000**	£000
Movement in fair value				
At 1st January	**–**	–	**–**	–
Additions	**5,454**	–	**2,675**	–
Disposals	**–**	–	**–**	–
Net gain in movement in fair value through profit and loss	**176**	–	**–**	–
At 31st December	**5,630**	–	**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.

Notes to the Financial Statements continued

12. Financial assets (continued)

(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	
	2009	2008	**2009**	2008
Available-for-sale financial assets	**£000**	£000	**£000**	£000
Level 1	**–**	–	**–**	–
Level 2	**–**	–	**–**	–
Level 3	**215**	139	**211**	–
	215	139	**211**	–

	Group		Company	
	2009	2008	**2009**	2008
Fair value through profit and loss financial assets	**£000**	£000	**£000**	£000
Level 1	**2,955**	–	**–**	–
Level 2	**2,675**	–	**2,675**	–
Level 3	**–**	–	**–**	–
	5,630	–	**2,675**	–

During the year 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.

Level 3 instruments represent 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 £000	Employee Trusts £000	Total £000
Cost			
At 1st January 2009	**25,152**	**2,569**	**27,721**
Additions	**–**	**–**	**–**
Transfer to discontinued operations	**(5,887)**	**–**	**(5,887)**
Changes in deferred consideration	**–**	**–**	**–**
Dividend from subsidiary	**–**	**–**	**–**
Share-based payments	**(79)**	**–**	**(79)**
Disbursement of benefits	**–**	**–**	**–**
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**
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**
Cost			
At 1st January 2008	25,523	3,863	29,386
Additions	48	612	660
Transfer to discontinued operations	–	–	–
Changes in deferred consideration	(38)	–	(38)
Dividend from subsidiary	(347)	–	(347)
Share-based payments	(34)	–	(34)
Disbursement of benefits	–	(1,906)	(1,906)
At 31st December 2008	25,152	2,569	27,721
Impairment			
At 1st January 2008	–	–	–
Transfer to discontinued operations	–	–	–
Charge for the year	(11,390)	(2,267)	(13,657)
At 31st December 2008	(11,390)	(2,267)	(13,657)
Net book value at 31st December 2008	13,762	302	14,064

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.

Notes to the Financial Statements continued

14. Borrowings

	Group		Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Current				
Bank loan	**–**	1,309	**–**	–
Total	**–**	1,309	**–**	–

The bank loan was repaid in full during the year.

The finance expense for the year is analysed as follows:

	2009	2008
	£000	£000
Bank loans and overdrafts	**49**	68
Other loans	**–**	10
Other interest payable	**2**	4
Total	**51**	82

15. Deferred tax

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

Group	**2009**	2008
	£000	£000
Deferred tax liabilities – intangible assets		
At 1st January	**(697)**	(1,062)
Income statement credit	**–**	–
Transfer to discontinued operations	**697**	365
At 31st December	**–**	(697)
Deferred tax assets – share-based payments		
At 1st January	**–**	141
Income statement (debit)/credit	**–**	(64)
Other comprehensive income	**–**	(77)
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:

	2009	2008
	£000	£000
Net deferred tax liabilities	**–**	(697)

The Group has deferred tax assets of £2,596,000 (2008: £2,785,000) in respect of tax losses, which have not been recognised due to the lack of certainty as to the utilisation of these assets.

Company	**2009**	2008
	£000	£000
Deferred tax assets – share-based payments		
At 1st January	**–**	141
Income statement (debit)/credit	**–**	(64)
Other comprehensive income	**–**	(77)
At 31st December	**–**	–

The Company has deferred tax assets of £1,554,000 (2008: £1,622,000) 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	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Current				
Trade payables	**662**	1,909	**64**	78
Matched principal trade payables	**798**	661	**–**	–
Amounts owed to group undertakings	**–**	–	**2,934**	3,056
Other taxation and social security costs	**421**	299	**253**	13
Accruals and deferred income	**1,558**	1,980	**535**	517
Total	**3,439**	4,849	**3,786**	3,664

17. Share capital

	2009	**2009 Number of ordinary 5p shares**	2008	2008 Number of ordinary 5p shares
	£000	**'000s**	£000	'000s
Authorised:				
At 1st January	**10,000**	**200,000**	10,000	200,000
Reduction by special resolution in the year	**(575)**	**(11,496)**	–	–
At 31st December	**9,425**	**188,504**	10,000	200,000
Allotted and fully paid:				
At 1st January	**2,107**	**42,147**	2,083	41,662
Cancellation of shares on disposal	**(574)**	**(11,496)**	–	–
Conversion of loan notes	–	**–**	16	328
Deferred consideration	–	**–**	7	138
Altigefi acquisition	–	**–**	1	19
Movement during the year	**(574)**	**(11,496)**	24	485
At 31st December	**1,533**	**30,651**	2,107	42,147

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 16th 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 16th September 2009.

The loan notes were converted at a price of 95p on 27th January 2008, the consideration totalling £ 311,750. The shares issued in 2008 relating to deferred consideration and Altigefi acquisition were previously shown as shares to be issued.

18. Changes in ownership interests of subsidiaries

Apart from the disposal of its 51% shareholding in Altigefi on 17 September 2009 to Sal. Oppenheim (France), there were no changes in the ownership interests of the Company's subsidiaries in the year. During 2008, the Company acquired the remaining 20% of the share capital of Capital Management Limited which it did not already own.

Notes to the Financial Statements continued

19. Related parties

Group

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

	Revenue		Expenses	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Current				
Associates	**–**	–	**–**	–
Related companies	**1,147**	1,710	**1,094**	2,615
Total	**1,147**	1,710	**1,094**	2,615

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	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Related companies	**67**	793	**70**	265
Total	**67**	793	**70**	265

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 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:

	2009	2008
	£000	£000
Short-term employee benefits	**768**	2,037
Share-based payments	**8**	7
Total	**776**	2,044

In addition to the details given in note 4, the remuneration committee can recommend allocations to be made by the EBT and ESOT. During 2009, no other recommendations were made (2008: £1,236,000 EBT). The awards made by the trustee during the previous year, although conditional on employees remaining in employment in 2008, were in respect of periods prior to 2008.

Company

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

	2009	2008
	£000	£000
Dividends received	**681**	347
Finance expense	**(45)**	(73)
Management fees receivable	**490**	1,366
Administration fees payable	**–**	(178)

19. Related parties (continued)

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

	2009	2008
	£000	£000
Amounts due to subsidiaries	**(2,934)**	(3,056)
Amounts due from subsidiaries	**436**	1,452

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:

	2009	2008
	£000	£000
Within one year	**273**	278
Between two and five years	**351**	492
After five years	**88**	–
Total	**712**	770

21. Financial risk management

The Group operates in a number of 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. 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 hedging to date has been carried out by means of forward foreign exchange contracts. Such hedging has covered the substantial part of this exposure for the financial year 2009. No hedging is currently in place for 2010. There is also an exposure to the US dollar, however, the exposure itself has not been deemed significant enough to hedge.

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

At 31st December 2009, the total amount of euros hedged was €nil (2008: €1.4m). The fair value of the open hedging contracts was £nil (2008: £334,000) 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 31st 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 £374,000/£306,000 respectively (2008: £87,000/£72,000), principally as a result of the increase/decrease in assets and liabilities denominated in foreign currencies; other components of equity would increase/decrease by £215,000/£176,000 (2008: £1,183,000/£984,000), principally as a result of the unhedged portion of net investment in foreign operations.

Notes to the Financial Statements continued

21. Financial risk management (continued)

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 – they also include the trade and other payables.

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 31st December 2009 and 31st December 2008 were within the ordinary settlement cycle. Matched principal trade receivables shown at 31st 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.

Group	**2009 £000**	2008 £000
Trade receivables		
Carrying amount (Note 10)	**956**	3,408
Neither past due nor impaired		
Low risk	**565**	1,774
Carrying amount	**565**	1,774
Past due but not impaired		
Low risk	**391**	1,634
Carrying amount	**391**	1,634
Past due but not impaired consists of:		
31 to 60 days	**151**	564
61 to 90 days	**150**	404
91 to 120 days	**4**	162
Over 120 days	**86**	504
	391	1,634
Total Carrying amount	**956**	3,408

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.

21. Financial risk management (continued)

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% (2008: 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	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Current assets	**844**	–	**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 holders 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.

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:

	2009		2008	
	Number of share options '000s	**Weighted average exercise price**	Number of share options '000s	Weighted average exercise price
Outstanding at the beginning of the year	**1,183**	**94p**	2,957	86p
Granted during the year	**–**		375	95p
Cancelled during the year	**–**		(860)	52p
Forfeited during the year	**(165)**	**87p**	(722)	131p
Exercised during the year	**–**		–	
Expired during the year	**(75)**	**128p**	(567)	72p
Outstanding at the end of the year	**943**	**92p**	1,183	94p
Exercisable at the end of the year	**926**	**93p**	578	78p

Notes to the Financial Statements continued

22. Share options (continued)

The outstanding share options had an exercise price range of 45p – 165p (2008: 45p – 165p). The weighted average remaining contractual life of the share options is 5.3 years (2008: 6.3 years). The maximum life of the share options is ten years.

No options were granted or exercised during the year.

The weighted average fair value of share options granted during the previous year was 27p. The fair value of the share options granted during the previous year 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 Advisors Ltd	UK	100%
Integrated Alternative Investments Ltd	UK	100%
Brokerage		
Integrated Financial Products Ltd	UK	100%
Administration		
Capital Management Ltd	UK	100%
Holding Companies		
Attica Holdings (UK) Ltd	UK	100%

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 Balance Sheet date

On 19th March 2010, the Board announced that it had entered into agreements with members of the JRJ Group ("JRJ"), which recently acquired an approximate 75% stake in Marex Group Limited ("Marex"). To that end, IAM has agreed to invest in Marex with JRJ, provide certain consultancy services and permit and require subscription for new IAM shares by the JRJ partners.

IAM has conditionally invested $4 million in a JRJ Limited partnership forming part of the JRJ Group, which recently acquired approximately 75% of Marex. This investment was supplemented by additional investments of $20 million from a consortium which IAM lead. Certain Directors are also participating in the consortium having also conditionally committed $2 million.

In recognitiion of the importance of the cross-relationship being established between IAM and JRJ, JRJ partners have conditionally agreed to subscribe for 3,636,362 new ordinary shares of 5p each in the capital of IAM for a cash consideration of 33p per share (a premium of approximately 34% to IAM's share price on 22nd March) by no later than 31st December 2010 representing 10.6% of IAM's expanded share capital. The obligation to subscribe will lapse on the occurrence of certain events including an IAM material adverse change. The subscription price (and number of subscription shares) is subject to customary adjustment in certain circumstances.

26. Annual report

The annual report will be sent to registered shareholders. Further copies will be available to the public from the company's registered office at 4 Hill Street, London, W1J 5NE. For further information on the Group, please access our website at www.integratedam.com.

Company Information

Directors

E M Arbib
D Bierbaum
J D S Booth
N C Epstein
D Masetti
G A Robb
M B Segall

Secretary
O Egoz

Registered Office
4 Hill Street
London, W1J 5NE

Advisers

Auditors
Moore Stephens LLP
Chartered Accountants
150 Aldersgate Street
London, EC1A 4AB

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Kent, BR3 4TU

Nominated Adviser and Broker
Execution Noble & Company Ltd
The Old Truman Brewery
91 Brick Lane
London
E1 6QL

Office Locations

Principal Office
Integrated Asset Management plc
Integrated Alternative Advisors Limited
Integrated Alternative Investments Limited
Integrated Financial Products Limited
4 Hill Street,
London, W1J 5NE
Tel: +44 (0) 20 7514 9200
Fax: +44 (0) 20 7514 9211
contact@integratedam.com
www.integratedam.com

Integrated Financial Products Limited
Milan Branch
Via Vittor Pisani, 22
20124 Milano
Italy

New York Representative Office
Kidron Corporate Advisors LLC
555 Fifth Avenue
17th Floor
New York, NY 10017
USA

INTEGRATED
asset management

4 Hill Street
London, W1J 5NE
Tel: +44 (0) 20 7514 9220
Fax: +44 (0) 20 7514 9211
contact@integratedam.com
www.integratedam.com