Annual Report

Year ended 31st December 2012

CONTENTS

Page

Chairman's Statement

2012 has been a mixed year with broking and fund management businesses seeing declines in turnover and contribution to group profit whilst consulting brought in significantly more than previously years, both in turnover and profit contribution. The lack of volatility in 2012 resulted in a decline in trading volumes in many products and our Milan brokerage did well to achieve what it did. We tested the waters for expanding into London with brokerage products but were unable to generate returns that justified the continuing commitment that such a course would have required. Fund management saw a decline in assets under management. Consulting provides a valuable high margin source of income, however, it relies upon a few high value contracts with limited lives, so a repetition of this year’s results cannot be certain.

We received a significant consulting fee in shares which we have revalued at year end at less than we took them in as revenue as a result of changes in the expected speed for our realisation and increased uncertainty as to value. This is reflected as an impairment to financial assets on the profit and loss account.

We have also marked down the value of our investment in Marex as despite the acquisition by Marex of Spectron it was unable to avoid the slowdown in trading in the resources sector resulting from the decline in commodity prices. This write down is reflected in the consolidated statement of income.

Both of these reductions in value are the result of our own assessment of these assets' fair value and their likely realisation value, as and when we actually go out into the market to try and sell our holdings, could be materially different.

Your Board has continued to seek opportunities to strengthen the Group's existing businesses through alliances with similar businesses to provide critical mass. However, 2012 proved a difficult year even to find opportunities we wished to take forward, let alone achieve completion. Further opportunities are being examined and we hope that 2013 will prove better in this respect.

I would like to express the Board’s thanks to all our employees for their efforts on behalf of the Group and to all our shareholders for their continuing support.

J D S Booth
Chairman
3 June, 2013

Chief Executive Officer's Review

Overview of 2012

2012 was a period of consolidation in most markets with both broking and fund management activity subdued. We managed to maintain our positions in these markets. The major change in this year was the income earned from consulting which provided a major boost to the results for the Group.

Corporate Transactions

During the year we did not effect new corporate transactions as attractive opportunities, capable of being completed within our resources and operational capacity did not crystallise. We initiated an attempt to build broking capacity for IFP in London but the poor market conditions meant that a new entrant could not get the traction sufficient to justify the capital required and probable losses to be incurred during the start up phase.

Asset Management

In 2012 we continued to manage this business efficiently, and were thus able to increase Net Revenue margin to 68% in 2012 compared to 63% in 2011, even whilst total income from this area fell to £634,000 (2011: £890,000). However with limited opportunities for any further cost reductions, operating profit was down 49% to £203,000 against £398,000 in 2011.

Again this year the funds that we have managed throughout the year have generally provided positive performance and distributions took place by way of redemptions and further releases from side-pockets.

Brokerage

Brokerage continued to be conducted predominately from our Milan branch, although as mentioned above we sought to expand into London. Brokerage revenue declined slightly in 2012 with £4.4 million of turnover from 2011 with £4.9 million but we also managed to restrain operating costs, down to £3.2 million (2011: £3.4 million) so that the business still contributed positively.

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

	2012	2011
Equities	**9.1%**	19.9%
Foreign exchange	**30.2%**	24.3%
Interest rate derivatives	**11.9%**	22.5%
Bonds	**48.8%**	33.3%
	100%	100%

The balance of business changed again this year with bonds returning to their 2010 level but equities declining significantly. The IFP business responds to market conditions and client needs and is unable to move against market trends except by adding or subtracting broking teams which specialize in specific product areas.

Consulting

This year we created additional sources of consulting income. Although significant the actual contracts are for limited periods and must be renegotiated and renewed. We are not therefore able to be certain that this successful year will be repeated. In addition, a significant part of this year's consulting income was paid in shares and, whilst continuing as an advisor, we are constrained in our ability to achieve realisation of these shares. In addition, at the year end we needed to recognise an impairment in the carrying value of these shares as our client did not achieve key milestones. Our client may still achieve these milestones, returning value to these shares and enabling us to make realisations.

Cost structure and Balance Sheet

We continue to monitor all our costs and to seek to achieve best value for money.

The Group's finances have been maintained with a strong liquid position although some of the cash and liquid assets are constrained as they represent regulatory capital for the fund management and broking businesses. The financial assets have been boosted by the receipt of client company shares by way of fees and reduced by the decrease in the valuation of our interest in Marex. This decline in our carrying value of Marex reflects both a decline in Marex's profits and, also, the multiples of profits, net assets and net tangible assets attributed by the markets in valuing Marex's competitors which come into our valuation matrix.

Chief Executive Officer's Review

Results Summary

Excluding discontinued operations	Fund Management £ 000	Brokerage £ 000	Consultancy £ 000	Central Operating Costs £ 000	2012 Total £ 000	2011 Total £ 000
Turnover	634	4,445	3,093	-	**8,172**	6,310
Cost of sales	(204)	(1,236)	(19)	-	**(1,459)**	(1,822)
Net Revenue	430	3,209	3,074	-	**6,713**	4,488
Operating costs	(241)	(3,186)	-	(1,287)	**(4,714)**	(4,878)
Operating profit/(loss) before share-based payment expenses and currency exchange differences	189	23	3,074	(1,287)	**1,999**	(390)
Share-based payments cost	-	-	-	(1)	**(1)**	-
Currency exchange differences	(3)	7	-	(33)	**(29)**	3
Loss on sale of subsidiary/business	-	-	-	-	**-**	(1)
Impairment to financial assets	-	-	-	(1,024)	**(1,024)**	-
Net gain/(loss) on financial assets	17	3	-	(15)	**5**	25
Operating profit/(loss)	203	33	3,074	(2,360)	**950**	(363)
Net finance and other income	42	(3)	-	32	**71**	82
Profit/(loss) on continuing activities before tax	245	30	3,074	(2,328)	**1,021**	(281)

Operating Margins

The Group retained positive operating margins although with lower turnover, in both fund management and broking, contributions to central costs from these activities were reduced. The currency loss for the Group was similar to last year at £43,000 (2011: £40,000) which is recognised in the Consolidated Statement of Comprehensive Income.

Capital and Cash Flow

	2012 £ 000	2011 £ 000
Net assets	**7,230**	7,791
Net current assets	**3,220**	2,544
Cash at bank and financial assets*	**4,454**	3,799

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

Net assets increased as a result of the profit achieved this year but were reduced by the reduction in the carrying value of the Marex investment which is taken through the Consolidated Statement of Comprehensive Income. Net current assets increased by the receipt of the client shares as part of the consultancy income.

Dividends

The Company does not recommend the payment of a dividend (2011: £nil).

Risk Management

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

Operational Risk

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

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

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

Financial Risk

The Group operates in a number of different countries and is exposed to a number of financial risks and particularly currency risk. Details of these and the measures undertaken by the Group to manage them are given in note 19 of the financial statements.

Chief Executive Officer's Review

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 from the funds by investors with similar effect. Poor investment performance in the investment type assets we hold, e.g. Marex, client shares, own funds or bonds, will result in losses for shareholders.

Regulatory Environment

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

IFP's Milan branch reports to the Italian regulators, Consob for its conduct of business.

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

Events after the reporting period

There are no material matters which may affect the business or operations of the Group or the carrying value of any material asset that have occurred since the end of the reporting period that have not been reflected in these financial statements.

The Market: 2013 and Beyond

While we are generally pleased with results achieved in 2012, market conditions for our main two businesses, namely alternative fund management and broking continue to be challenging. We intend to continue to manage our two businesses in a prudent manner, while seeking to find suitable acquisition opportunities to reacquire the scale necessary to make the businesses efficient in the long term.

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

E M Arbib
Chief Executive Officer
3 June, 2013

Directors' Report

The Directors present their annual report together with the audited financial statements for the year ended 31st December 2012.

Principal Activities and Business Review

Integrated Asset Management Plc (“IAM”) is the parent company of a broking and asset management group. A review of the IAM’s business activities during 2012 along with future developments and risk management is given in the Chairman’s Statement and the Chief Executive’s Review on pages 1 to 4.

Results and Dividends

The profit attributable to equity holders for the year ended 31st December 2012 was £823,000 (2011: £527,000 Loss). The Directors have not proposed the payment of a dividend for the year ended 31st December 2012 (2011: £nil).

Acquisitions and investment in subsidiaries

There were no changes in the equity interests in the Company's subsidiaries during the year.

Share Capital

There were no changes to the Company's issued share capital during the year. The Company had 19,969,215 shares in issue throughout the year.

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 (2011: nil). The ESOT’s share holding in the Company’s ordinary share capital is 1,800,000 shares (2011:1,800,000).

Events after the Reporting Period

There are no events after the Statement of Financial Position date to report.

Directors

There were no changes to the Board of Directors during the year. The following Directors will retire by rotation at the next Annual General Meeting and, being eligible, offers themselves for reappointment: Mr J D S Booth and Mr E M Arbib.

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

During the year the Group made charitable donations totalling £6,321 (2011: £7,944). No political donations were made in 2012 or 2011.

Creditor Payment Policy

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

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

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

c To make payment in accordance with the payment terms.

Average trade creditor days at 31st December 2012 were 49 days (2011: 44 days) for the Group and 31 days for the Company (2011: 47 days).

Annual General Meeting ("AGM")

The Company’s AGM will be held on 27 June, 2013 at the Company’s registered office. A notice of the AGM will be sent to shareholders in due course.

Directors' Report

Auditor

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

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

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

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

Going Concern

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

By Order of the Board

J D S Booth
Director
3 June, 2013

Corporate Governance Report

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

The Board of Directors

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

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

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

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

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

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

Appointments to the Board

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

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

Support to the Board

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

Board Meetings

A number of Board and Board Committee meetings were held during the year.

The Nomination Committee did not meet during the year.

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 the Non-Executive Directors. The Directors who served on the Committee during the year were Detlef Bierbaum (Chairman), John Booth and Mark Segall. The Committee is primarily responsible for the following:

- Monitoring the integrity of the Group's financial statements and any announcements relating to the Group's financial activities.
- Reviewing the Group's internal financial controls and risk management systems.
- Making recommendations for the appointment, reappointment and removal of the external Auditors and approving their remuneration and terms of engagement.

Remuneration Committee

The Remuneration Committee comprises of the Non Executive Directors. The Directors who served on the Committee during the year were Mark Segall (Chairman), John Booth and Detlef Bierbaum. 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.

Corporate Governance Report

Nomination Committee

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

The Committee comprised John Booth (Chairman), Mark Segall and Detlef Bierbaum, all of which are Non-Executive Directors.

Internal Control and Risk Management

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

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

Investor Relations

The Company updates its Investors Relations section of its website (www.integratedam.com) to provide investors with important information regarding the Company’s activities. This includes information such as annual financial statements as well as press releases the Company issues on important events in its development.

Going Forward

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

Statement of Directors' Responsibilities

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

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

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of Integrated Asset Management plc for the year ended 31 December 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statement of Changes in Shareholders Equity, the Consolidated and Parent Company Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended;

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

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

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulations.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are requires to report by exception

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

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

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

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

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

Neil Fung-On, senior statutory auditor
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
3 June, 2013

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

Consolidated Income Statement

for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £000s	Year ended 31 December 2011 £000s
Continuing operations			
Revenue		8,172	6,310
Cost of sales		(1,459)	(1,822)
Net revenue		6,713	4,488
Operating costs		(4,743)	(4,875)
Share-based payments cost		(1)	-
Loss on sale of subsidiary		-	(1)
Impairment of financial assets	11	(1,024)	-
Net gain on financial assets	11	5	25
Operating profit/(loss)		950	(363)
Finance income		79	102
Finance expense		(8)	(20)
Profit/(loss) before taxation	3	1,021	(281)
Taxation	5	(235)	(265)
Profit/(loss) for the year		786	(546)
Attributable to :			
Total			
Owners of the parent		823	(527)
Non controlling interests		(37)	(19)
		786	(546)
Earnings per share	6		
Total			
Basic		4.12p	(2.71)p
Diluted		4.12p	(2.71)p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2012

	Year ended 31 December 2012 £000s	Year ended 31 December 2011 £000s
Profit/(loss) for the year	786	(546)
Currency translation differences on overseas operations	(43)	(40)
Net loss on available for sale financial assets	(1,300)	(972)
Total comprehensive income for the year	(557)	(1,558)
Total comprehensive income attributable to :		
Owners of the parent	(520)	(1,539)
Non controlling interests	(37)	(19)
	(557)	(1,558)

Consolidated Statement of Financial Position

as at 31 December 2012

	Note	As at 31 December 2012 £000s	As at 31 December 2011 £000s
Assets			
Non-current assets			
Intangible assets	7	1,154	1,181
Property, plant and equipment	8	218	232
Financial assets	11	2,638	3,834
		4,010	5,247
Current assets			
Trade and other receivables	9	28,102	9,208
Cash and cash equivalents	10	1,583	1,733
Other financial assets	11	2,879	2,084
		32,564	13,025
Total assets		36,574	18,272
Current liabilities			
Trade and other payables	14	(29,320)	(10,360)
Tax payable		(24)	(121)
		(29,344)	(10,481)
Net assets		7,230	7,791
Capital and Reserves			
Called up share capital	15	998	998
Share Premium Account		1,029	1,029
Capital redemption reserve		672	672
Share options reserve		47	45
Exchange difference reserve		109	151
Investment in own shares		(2,519)	(2,519)
Available for sale financial assets reserve		(1,252)	48
Retained earnings		7,993	7,172
Equity attributable to equity owners of the parent		7,077	7,596
Equity attributable to non controlling interests		153	195
Total equity		7,230	7,791

The annual financial statements were approved and authorised for issue by the Board on 3 June 2013 and signed on their behalf by:

J D S Booth
Director

E M Arbib
Director

Company Statement of Financial Position

as at 31 December 2012

	Note	As at 31 December 2012 £000s	As at 31 December 2011 £000s
Assets			
Non-current assets			
Intangible assets	7	-	-
Property, plant and equipment	8	89	85
Investment in subsidiaries	12	5,626	5,779
Financial assets	11	2,638	3,834
		8,353	9,698
Current assets			
Trade and other receivables	9	298	410
Cash and cash equivalents	10	66	110
Other financial assets	11	1,556	793
		1,920	1,313
Total assets		10,273	11,011
Current liabilities			
Trade and other payables	14	(3,411)	(3,417)
		(3,411)	(3,417)
Net assets		6,862	7,594
Capital and Reserves			
Called up share capital	15	998	998
Share Premium Account		1,029	1,029
Capital redemption reserve		671	671
Share options reserve		46	45
Available for sale financial assets reserve		(1,252)	48
Retained earnings		5,370	4,803
Total equity		6,862	7,594

The annual financial statements were approved and authorised for issue by the Board on 3 June 2013 and signed on their behalf by:

J D S Booth
Director

E M Arbib
Director

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2012

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Non controlling interests £000s	Total £000s
Balance at 1 January 2012	998	1,029	7,172	(1,603)	195	7,791
Currency translation adjustments	-	-	-	(43)	-	(43)
Net loss on available for sale financial assets	-	-	-	(1,300)	-	(1,300)
Total other comprehensive income	-	-	-	(1,343)	-	(1,343)
Profit for the year	-	-	823	-	(37)	786
Total comprehensive income for the year	-	-	823	(1,343)	(37)	(557)
Issue of shares	-	-	-	-	-	-
Share-based payments	-	-	-	1	-	1
Cancelled/forfeited share options	-	-	(2)	2	-	-
Movement in non controlling interests	-	-	-	-	(5)	(5)
Balance 31 December 2012	998	1,029	7,993	(2,943)	153	7,230

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Non controlling interests £000s	Total £000s
Balance at 1 January 2011	861	-	7,678	(570)	219	8,188
Currency translation adjustments	-	-	-	(40)	-	(40)
Net loss on available for sale financial assets	-	-	-	(972)	-	(972)
Total other comprehensive income	-	-	-	(1,012)	-	(1,012)
Loss for the year	-	-	(527)	-	(19)	(546)
Total comprehensive income for the year	-	-	(527)	(1,012)	(19)	(1,558)
Issue of shares	137	1,029	-	-	-	1,166
Share-based payments	-	-	-	-	-	-
Cancelled/forfeited share options	-	-	21	(21)	-	-
Movement in non controlling interests	-	-	-	-	(5)	(5)
Balance 31 December 2011	998	1,029	7,172	(1,603)	195	7,791

Company Statement of Changes in Shareholders' Equity

for the year ended 31 December 2012

	Share capital £000s	Share premium £000s	Retained earnings £000s	Share Options reserve £000s	Other reserves £000s	Total £000s
Balance at 1 January 2012	998	1,029	4,803	45	719	7,594
Currency translation adjustments	-	-	-	-	-	-
Net loss on available for sale financial assets	-	-	-	-	(1,300)	(1,300)
Total other comprehensive income	-	-	-	-	(1,300)	(1,300)
Profit for the year	-	-	567	-	-	567
Total comprehensive income for the year	-	-	567	-	(1,300)	(733)
Issue of shares	-	-	-	-	-	-
Share-based payments	-	-	-	1	-	1
Cancelled/forfeited share options	-	-	-	-	-	-
Balance 31 December 2012	998	1,029	5,370	46	(581)	6,862

	Share capital £000s	Share premium £000s	Retained earnings £000s	Share Options reserve £000s	Other reserve £000s	Total £000s
Balance at 1 January 2011	861	-	5,732	65	1,692	8,350
Currency translation adjustments	-	-	-	-	-	-
Net loss on available for sale financial assets	-	-	-	-	(972)	(972)
Total other comprehensive income	-	-	-	-	(972)	(972)
Loss for the year	-	-	(929)	-	-	(929)
Total comprehensive income for the year	-	-	(929)	-	(972)	(1,901)
Issue of shares	137	1,029	-	-	-	1,166
Share-based payments	-	-	-	-	-	-
Cancelled/forfeited share options	-	-	-	(20)	(1)	(21)
Balance 31 December 2011	998	1,029	4,803	45	719	7,594

Consolidated Cash Flow Statement

for the year ended 31 December 2012

	Year ended 31 December 2012 £000s	Year ended 31 December 2011 £000s
Cash flows from operating activities		
Cash (used)/generated from operations	(423)	31
Income tax paid	(363)	(137)
Cash flows from operating activities - total Group	(786)	(106)
Cash flows from investing activities		
Purchase of property, plant and equipment	(102)	(102)
Sale of property, plant and equipment	50	-
Purchase of non-current financial assets	(128)	(872)
Purchase of other financial assets	(3)	(271)
Sale of non-current financial assets	55	66
Sale of other financial assets	693	278
Interest received	79	102
Cash flows from investing activities - total Group	644	(799)
Cash flows from financing activities		
Issue of Share Capital	-	1,167
Unsecured Loan repaid	-	(750)
Interest paid	(8)	(20)
Cash flows from financing activities - total Group	(8)	397
Net decrease in cash and cash equivalents	(150)	(508)
Cash and cash equivalents at beginning of year	1,733	2,241
Cash and cash equivalents at end of year	1,583	1,733

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

for the year ended 31 December 2012

	Year ended 31 December 2012 £000s	Year ended 31 December 2011 £000s
Operating profit/(loss) on ordinary activities	950	(363)
Share options cost	1	-
Loss on sale of subsidiary	-	1
Depreciation	61	82
Corporate finance fees received by way of shares	(2,559)	-
Impairment to financial assets	1,024	-
Net gain on financial assets	(5)	(25)
Foreign currency translation	5	(26)
Increase in trade and other receivables	(18,860)	(6,871)
Increase in trade and other payables	18,960	7,233
Net cash (outflow)/inflow from operating activities	(423)	31

Company Cash Flow Statement

for the year ended 31 December 2012

	Year ended 31 December 2012 £000s	Year ended 31 December 2011 £000s
Cash flows from operating activities		
Cash used from operations	(692)	(320)
Income tax paid	-	-
Net cash used in operating activities	(692)	(320)
Cash flows from investing activities		
Purchase of property, plant and equipment	(11)	(6)
Purchase of non-current financial assets	(128)	(872)
Purchase of other financial assets	(3)	(271)
Sale of non-current financial assets	55	66
Sale of other financial assets	704	278
Purchase of subsidiary	-	-
Return of capital from subsidiary	-	-
Proceeds from disposal of subsidiaries	-	17
Interest received	31	36
Net cash generated/(used) in investing activities	648	(752)
Cash flows from financing activities		
Issue of Share Capital	-	1,167
Unsecured Loan repaid	-	(750)
Interest paid	-	(3)
Net cash generated in financing activities	-	414
Net decrease in cash and cash equivalents	(44)	(658)
Cash and cash equivalents at beginning of Year	110	768
Cash and cash equivalents at end of Year	66	110

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

for the year ended 31 December 2012

	Year ended 31 December 2012 £000s	Year ended 31 December 2011 £000s
Operating profit/(loss) on ordinary activities	535	(965)
Share options cost	1	-
Depreciation	7	24
Impairment in investments	153	78
Foreign currency translation	26	(2)
Corporate finance fees received by way of shares	(2,559)	-
Impairment to financial assets	1,024	-
Movement in fair value on financial assets	15	1
Decrease/(increase) in trade and other receivables	112	(34)
(Decrease)/increase in trade and other payables	(6)	578
Net cash outflow from operating activities	(692)	(320)

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 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 on the going concern basis 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 2012:

There were no new standards during the year which had a material impact on the Group. The Group has continued to apply the accounting policies used for its 2011 financial statements.

Standards and interpretations which become effective in future periods:

The International Accounting Standards Board and IFRS Interpretations Committee have issued a number of new accounting standards, amendments to existing standards and interpretations with an effective date after the date of these financial statements. The Group has not decided to early adopt the following and as such the new standards are not applicable to these financials statements. Although relevant, they are not expected to have a material impact on the Group’s results:

	Effective Date
IFRS 7 - "Financial Instruments: Disclosures" (Amendment).	01 January 2013
IFRS 9 - "Financial Instruments: Classification and Measurement".	01 January 2015
IFRS 10 - "Consolidated Financial Statements".	01 January 2014
IFRS 12 - "Disclosures of Interests in Other Entities"	01 January 2014
IFRS 13 - "Fair Value Measurement".	01 January 2013
IAS 1 - "Presentation of Items of Other Comprehensive Income" (Amendment).	01 July 2012
IAS 19 - "Employee Benefits" (Amendments).	01 January 2013
IAS 28 - "Investments in Associates and Joint Ventures".	01 January 2013

There are a number of other standards and interpretations, and revisions to existing standards and interpretations, in issue but not in force at 31 December 2012. These are not considered likely to have a material impact on the Group's financial statements.

(c) Critical accounting estimates and judgements

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

i) Goodwill and other intangible assets

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

(c) Critical accounting estimates and judgements

ii) Share-based payments

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

(d) Consolidation

i) Subsidiaries

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

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

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

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

ii) Non controlling interests

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

iii) Associates

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

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

(e) Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group's activities are divided into three business segments, Hedge Fund Management, Brokerage and Consultancy Services. These reflect the Group's internal reporting segments.

A geographical segment is engaged in providing services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The Group operates in two geographical segments (Europe and North America). No geographical segment analysis has been shown as our internal review is on the basis of business segments only.

(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.

Notes to the Financial Statements continued

(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 2012 is £74,000 (2011: £74,000).

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

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

(h) Intangible assets

i) Goodwill

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

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

ii) Computer software

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

(i) Impairment of non-financial assets

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

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

(j) Financial assets

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

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

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

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

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

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

Notes to the Financial Statements continued

(k) Trade receivables

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

(l) Cash and cash equivalents

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

(m) Borrowings

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

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

(n) Share-based compensation

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

(o) Deferred income tax

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

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

(p) Revenue recognition

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

Revenue includes the following:

Management and performance fees

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

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

Fee commission on brokerage

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

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

Consultancy Services

Consultancy Services comprises Fees received for advice given, which is recognised on a time-proportion basis over the period of the service.

Finance income

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

(q) Cost of sales

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

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, brokerage and consultancy service units as opposed to any geographical basis, do not see the requirement for any geographical analysis.

The Group is organised into three business segments Hedge Fund, Brokerage and Consultancy Services together with a segment for the central operating costs. The segmental results are as follows:-

Business Type

31 December 2012	Hedge Fund £000s	Brokerage £000s	Consultancy £000s	Central Operating costs £000s	Group £000s
Revenue from external customers	634	4,445	3,093	-	8,172
Cost of sales	(204)	(1,236)	(19)	-	(1,459)
Net Revenue	430	3,209	3,074	-	6,713
Operating costs	(241)	(3,186)	-	(1,287)	(4,714)
Share-based payments cost	-	-	-	(1)	(1)
Currency exchange differences	(3)	7	-	(33)	(29)
Loss on sale of subsidiary/business	-	-	-	-	-
Impairment to financial assets	-	-	-	(1,024)	(1,024)
Net gain/(loss) on financial assets	17	3	-	(15)	5
Operating profit/(loss)	203	33	3,074	(2,360)	950
External interest receivable and similar income	42	5	-	32	79
Inter-segment interest receivable	-	-	-	-	-
External interest payable and similar charges	-	(8)	-	-	(8)
Inter-segment interest payable	-	-	-	-	-
Profit/(loss) before taxation	245	30	3,074	(2,328)	1,021
Operating costs include the following non-cash expenses:					
Depreciation	-	(53)	-	(8)	(61)

Included within the Revenue from External customers of £8,172,000 are amounts of £nil (within hedge fund segment), £963,000 (within brokerage segment) received from one customer, and £2,864,000 (within consultancy segment) received from one customer, each of which generate more than 10% of the total external income.

	Hedge Fund £000s	Brokerage £000s	Consultancy £000s	Central costs £000s	Inter-segment elimination £000s	Group £000s
Segment assets	4,350	29,602	-	5,690	(3,068)	36,574
Segment liabilities	(99)	(28,898)	-	(3,415)	3,068	(29,344)
	4,251	704	-	2,275	-	7,230
Capital expenditure on segment assets	-	90	-	12		102

Notes to the Financial Statements continued

2 Segmental reporting (continued)

31 December 2011	Hedge Fund £000s	Brokerage £000s	Consultancy £000s	Central Operating costs £000s	Group £000s
Revenue from external customers	890	4,950	470	-	6,310
Cost of sales	(325)	(1,497)	-	-	(1,822)
Net Revenue	565	3,453	470	-	4,488
Operating costs	(191)	(3,352)	-	(1,335)	(4,878)
Share-based payments cost	-	-	-	-	-
Currency exchange differences	(2)	6	-	(1)	3
Loss on sale of subsidiary/business	-	-	-	(1)	(1)
Impairment to financial assets	-	-	-	-	-
Net gain/(loss) on financial assets	26	-	-	(1)	25
Operating profit/(loss)	398	107	470	(1,338)	(363)
External interest receivable and similar income	58	9	-	35	102
Inter-segment interest receivable	-	-	-	-	-
External interest payable and similar charges	-	(17)	-	(3)	(20)
Inter-segment interest payable	-	-	-	-	-
Profit/(loss) before taxation	456	99	470	(1,306)	(281)
Operating costs include the following non-cash expenses:					
Depreciation	-	(58)	-	(24)	(82)

Included within the Revenue from External customers of £6,310,000 are amounts of £nil (within hedge fund segment), £963,000 (within brokerage segment) received from one customer, and £nil (within consultancy segment), each of which generate more than 10% of the total external income.

	Hedge Fund £000s	Brokerage £000s	Consultancy £000s	Central costs £000s	Inter-segment elimination £000s	Group £000s
Segment assets	4,253	10,479	-	6,432	(2,892)	18,272
Segment liabilities	(188)	(9,757)	-	(3,428)	2,892	(10,481)
	4,065	722	-	3,004	-	7,791
Capital expenditure on segment assets	-	95	-	7	-	102

(b) Geographical segments

The Group's operations are deemed to have been carried out in Europe and North America.

Notes to the Financial Statements continued

3 Profit/(loss) on ordinary activities before taxation

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

	2012 £000s	2011 £000s
Depreciation of property, plant and equipment	61	82
Exchange (gain)/loss	29	(3)
Impairment to financial assets	1,024	-
Operating lease rentals - land and buildings	189	217
Bank interest income	(12)	(9)
Income from cash equivalents	(67)	(93)
Auditor's Remuneration:		
BDO LLP - Audit fees	32	24
BDO LLP - Tax services	16	16
Other auditors - Audit services	11	11
Other auditors - Tax services	6	5
Other auditors - Payroll services	5	4

4 Staff costs and employees

Staff costs including Directors' emoluments:

	2012 £000s	2011 £000s
Wages and salaries (Including bonuses)	2,679	2,731
Social security costs	396	414
Share-based payments	1	-
Other staff costs	134	420
Total	3,210	3,565

The average monthly number of persons employed by the Group including Executive Directors was 38 (2011: 38) and is analysed as follows:

	2012	2011
Asset Management	6	5
Brokerage	27	27
Administration	5	6
Total	38	38

Directors' emoluments:

	2012 £000s	2011 £000s
Group		
Directors' emoluments	385	717

The Directors are potential beneficiaries of the Employee Benefit Trust and the Employee Share Ownership Scheme. £22,000 has been contributed in respect of Directors money purchase pension schemes during the period (2011: £262,000). None of the Directors exercised share options during the period.

The highest paid Director received salary and related benefits of £280,000 (2011: £578,000), which included contributions to money purchase pension schemes.

Notes to the Financial Statements continued

5 Taxation

(a) Analysis of tax charge for the year

	Continuing 2012 £000s	Continuing 2011 £000s
Current tax		
UK corporation tax on profits for the period	57	75
Adjustments in respect of prior periods	-	-
Double taxation relief	(52)	(75)
Foreign tax	230	265
Total current tax	235	265
Deferred tax (Note 13)	-	-
Effects of changes in corporation tax rates	-	-
Origination and reversal of temporary differences	-	-
Total tax charge for the year	235	265

(b) Factors affecting the tax charge for the year

	Continuing 2012 £000s	Continuing 2011 £000s
Profit/(loss) before taxation on continuing operations	1,021	(281)
Tax on profit/(loss) at the standard UK Corporation tax rate of 24.5% (2011: 26.5%)	271	(74)
Effect of:		
Disallowable expenses and non-taxable income	32	40
Tax losses utilised	(206)	(101)
Tax losses unutilised	(37)	210
Adjustments in respect of prior periods		-
Unrelieved foreign tax	178	190
Marginal Relief	(3)	-
Total tax charge for the year	235	265

6 Earnings per share

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

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

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

	2012 £000s	2011 £000s
Total profit/(loss) for the year	786	(546)
Non controlling interests	37	19
Total profit/(loss) used in calculating basic and diluted EPS	823	(527)

	No. '000s	No. '000s
Weighted average number of ordinary shares used in calculating basic EPS	19,969	19,419
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	19,969	19,419

Basic EPS from continuing operations has been calculated using the profit from continuing operations £823,000 (excluding non controlling interests) divided by the weighted average number of ordinary shares 19,969,215.

Diluted EPS from continuing operations has been calculated using the loss from continuing operations £823,000 (excluding non controlling interests) divided by the weighted average number of ordinary shares 19,969,215

Potentially dilutive instruments that have not been included in the calculation of diluted EPS, because they were antidilutive comprise share options over 440,000 (2011: 240,000) ordinary shares.

Notes to the Financial Statements continued

7 Intangible assets

Group	Goodwill £000s	Development Costs £000s	Total £000s
Cost			
At 1st January, 2012	1,181	36	1,217
Movement on exchange	(27)	-	(27)
At 31st December 2012	1,154	36	1,190
Amortisation and Impairment			
At 1st January, 2012	-	(36)	(36)
Amortisation	-	-	-
Impairment	-	-	-
At 31st December 2012	-	(36)	(36)
Net Book Value at 31st December 2012	1,154	-	1,154
Cost			
At 1st January, 2011	1,205	36	1,241
Movement on exchange	(24)	-	(24)
At 31st December 2011	1,181	36	1,217
Amortisation and Impairment			
At 1st January, 2011	-	(36)	(36)
Amortisation	-	-	-
Impairment	-	-	-
At 31st December 2011	-	(36)	(36)
Net Book Value at 31st December 2011	1,181	-	1,181

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.

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.

Notes to the Financial Statements continued

7 Intangible assets (continued)

Goodwill impairment testing

Three 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:

	2012 £000s	2011 £000s
Hedge Fund	-	-
Brokerage	1,154	1,181
Consultancy	-	-
Total Goodwill	1,154	1,181

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

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

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

The discount rate applied to cash flow projections is 15% (2011:15%). 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 Brokerage CGU revealed a surplus of recoverable value over the carrying value at 31 December 2012, and therefore no impairment charge has been included for this unit. The recoverable value is based on value in use.

There is no goodwill attributable to the Hedge Fund or Consultancy business.

Company	Goodwill £000s
Cost	
At 1st January and 31st December,2012	347
Amortisation	
At 1st January and 31st December,2012	(347)
Net Book Value at 31st December, 2012	-
Cost	
At 1st January and 31st December,2011	347
Amortisation	
At 1st January and 31st December,2011	(347)
Net Book Value at 31st December, 2011	-

Notes to the Financial Statements continued

8 Property, plant and equipment

Group	Vehicles & equipment £000s	Fixtures & fittings £000s	Leasehold improvements £000s	Total £000s
Cost				
At 1st January 2012	585	648	398	1,631
Additions	93	9	-	102
Disposals	(103)	-	-	(103)
Movement on exchange	(14)	(11)	(4)	(29)
At 31st December 2012	561	646	394	1,601
Depreciation				
At 1st January 2012	(490)	(514)	(395)	(1,399)
Charge in the year	(37)	(23)	(1)	(61)
Disposals	53	-	-	53
Movement on exchange	11	9	4	24
At 31st December 2012	(463)	(528)	(392)	(1,383)
Net Book Value				
At 31st December 2012	98	118	2	218
Cost				
At 1st January 2011	522	652	403	1,577
Additions	83	19	-	102
Disposals	(9)	(14)	-	(23)
Movement on exchange	(11)	(9)	(5)	(25)
At 31st December 2011	585	648	398	1,631
Depreciation				
At 1st January 2011	(477)	(496)	(391)	(1,364)
Charge in the year	(33)	(41)	(8)	(82)
Disposals	9	14	-	23
Movement on exchange	11	9	4	24
At 31st December 2011	(490)	(514)	(395)	(1,399)
Net Book Value				
At 31st December 2011	95	134	3	232

Notes to the Financial Statements continued

8 Property, plant and equipment (continued)

Company	Office equipment £000s	Computer equipment £000s	Leasehold improvements £000s	Total £000s
Cost				
At 1st January 2012	240	120	249	609
Additions	4	7	-	11
Disposals	-	-	-	-
At 31st December 2012	244	127	249	620
Depreciation				
At 1st January 2012	(165)	(110)	(249)	(524)
Charge in the year	(1)	(6)	-	(7)
Disposals	-	-	-	-
At 31st December 2012	(166)	(116)	(249)	(531)
Net Book Value				
At 31st December 2012	78	11	-	89
Cost				
At 1st January 2011	240	114	249	603
Additions	-	6	-	6
Disposals	-	-	-	-
At 31st December 2011	240	120	249	609
Depreciation				
At 1st January 2011	(158)	(93)	(249)	(500)
Charge in the year	(7)	(17)	-	(24)
Disposals	-	-	-	-
At 31st December 2011	(165)	(110)	(249)	(524)
Net Book Value				
At 31st December 2011	75	10	-	85

9 Trade and other receivables

	Group		Company	
	2012 £000s	2011 £000s	2012 £000s	2011 £000s
Trade receivables	579	498	77	-
Matched principal trade receivables	27,201	8,190	-	-
Amounts owed by group undertakings	-	-	125	38
Other receivables	221	348	51	274
Prepayments	101	172	45	98
Total	28,102	9,208	298	410

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.

10 Cash and cash equivalents

	Group		Company	
	2012 £000s	2011 £000s	2012 £000s	2011 £000s
Cash at bank and in hand	1,575	1,715	66	110
Cash at bank and in hand: EBT	8	18	-	-
Total cash and cash equivalents	1,583	1,733	66	110

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.

Notes to the Financial Statements continued

11 Financial assets

(a) Movement in fair value

Non-current Available-for-sale financial assets	Group 2012 £000s	Group 2011 £000s	Company 2012 £000s	Company 2011 £000s
Movement in fair value				
At 1st January	3,834	3,962	3,834	3,962
Additions	128	872	128	872
Disposals	(55)	(66)	(55)	(66)
Movement on exchange	(4)	-	(4)	-
Realised gain through profit and loss	35	38	35	38
Impairment through profit and loss	-	-	-	-
Net loss in movement in fair value through other comprehensive income	(1,300)	(972)	(1,300)	(972)
At 31st December	2,638	3,834	2,638	3,834

In 2010, the Company announced that it had agreed to invest up to $4 million in a JRJ Limited Partnership forming part of the JRJ Group which had recently acquired approximately 75 per cent of Marex Group Ltd. In March 2011 Marex Group Ltd acquired Spectron Group Ltd, and as a participant in the ownership of Marex Group Ltd, the Company participated in the financing of the acquisition and invested a further £0.8m into this transaction.

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

Current Available-for-sale financial assets	Group 2012 £000s	Group 2011 £000s	Company 2012 £000s	Company 2011 £000s
Movement in fair value				
At 1st January	-	-	-	-
Additions	2,559	-	2,559	-
Disposals	-	-	-	-
Movement on exchange	(21)	-	(21)	-
Realised gain through profit and loss	-	-	-	-
Impairment through profit and loss	(1,024)	-	(1,024)	-
Net loss in movement in fair value through other comprehensive income	-	-	-	-
At 31st December	1,514	-	1,514	-

The Group's current Available-for-sale financial assets represents shares in a US company listed on the OTC Bulletin Board ("OTCBB"). These shares were received as per an agreement in payment for consulting income earned during the year. At the year end, an impairment in the carrying value of these shares was recognised as the client did not achieve key milestones.

Current Fair value through profit and loss financial assets	Group 2012 £000s	Group 2011 £000s	Company 2012 £000s	Company 2011 £000s
Movement in fair value				
At 1st January	2,084	2,107	793	836
Additions	3	271	3	271
Disposals	(693)	(290)	(704)	(290)
Movement on exchange	1	(3)	-	2
Net loss in movement in fair value through profit and loss	(30)	(1)	(50)	(26)
At 31st December	1,365	2,084	42	793

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

11 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	
	2012	2011	2012	2011
Available-for-sale financial assets - Non-current	£000s	£000s	£000s	£000s
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	2,638	3,834	2,638	3,834
	2,638	3,834	2,638	3,834

	Group		Company	
	2012	2011	2012	2011
Available-for-sale financial assets - Current	£000s	£000s	£000s	£000s
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	1,514	-	1,514	-
	1,514	-	1,514	-

	Group		Company	
	2012	2011	2012	2011
Fair value through profit and loss financial assets - Current	£000s	£000s	£000s	£000s
Level 1	1,365	2,056	42	765
Level 2	-	28	-	28
Level 3	-	-	-	-
	1,365	2,084	42	793

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

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

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

Level 3 instruments represent the investment in JRJ Group, the holding of shares listed on the OTCBB, as well as investments in funds managed by the Group, which are all 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.

As the investment in JRJ Group is not listed on any stock exchange, a quoted price in an active market is not available. The Board have therefore based the fair value of this investment on the average “price to book” ratio of comparable companies discounted for the minority holding and private status of the entity.

A 10% increase/decrease in the “price to book” ratio would have resulted in a favourable/(unfavourable) movement of £250,000/£(240,000) in other comprehensive income.

A 10% decrease/increase in the discount applied would have resulted in a favourable/(unfavourable) movement of £9,000/£(8,000) in other comprehensive income.

Notes to the Financial Statements continued

12 Investments

Company	Subsidiaries £000s	Employee Trusts £000s	Total £000s
Cost			
At 1st January 2012	5,654	2,519	8,173
Subsidiaries placed into members voluntary liquidation	-	-	-
Share-based payments	-	-	-
At 31st December 2012	5,654	2,519	8,173
Impairment			
At 1st January 2012	(235)	(2,159)	(2,394)
Charge for the year	(153)	-	(153)
At 31st December 2012	(388)	(2,159)	(2,547)
Net book value at 31st December 2012	5,266	360	5,626
Cost			
At 1st January 2011	5,691	2,519	8,210
Subsidiaries placed into members voluntary liquidation	(17)	-	(17)
Share-based payments	(20)	-	(20)
At 31st December 2011	5,654	2,519	8,173
Impairment			
At 1st January 2011	(157)	(2,159)	(2,316)
Charge for the year	(78)	-	(78)
At 31st December 2011	(235)	(2,159)	(2,394)
Net book value at 31st December 2011	5,419	360	5,779

Details of changes in ownership interest of subsidiaries during the year are shown at Note 17. A list of the Company's subsidiaries can be found at Note 21.

13 Deferred tax

The group has deferred tax assets of £1,925,000 (2011: £2,570,000) in respect of tax losses, which have not been recognised due to the lack of certainty as to the utilisation of these assets.

The Company has deferred tax assets of £1,494,000 (2011: £2,010,000) in respect of tax losses, which have not been recognised due to the lack of certainty as to the utilisation of these assets.

Notes to the Financial Statements continued

14 Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	£000s	£000s	£000s	£000s
Current				
Trade payables	705	579	66	72
Matched principal trade payables	27,174	8,183	-	-
Amounts owed to group undertakings	-	-	3,068	2,877
Other taxation and social security costs	147	168	18	13
Accruals and deferred income	1,294	1,430	259	455
Total	29,320	10,360	3,411	3,417

15 Share capital

	2012	2012	2011	2011
		Number of ordinary 5p shares		Number of ordinary 5p shares
	£000s	000s	£000s	000s
Authorised:				
At 1st January	9,425	188,504	9,425	188,504
At 31st December	9,425	188,504	9,425	188,504
Allotted and fully paid:				
At 1st January	998	19,969	861	17,219
Shares issued	-	-	137	2,750
Movement during the year	-	-	137	2,750
At 31st December	998	19,969	998	19,969

On 15 March 2011, as agreed with JRJ partners, the Company received the subscription funds from Argolis Limited. The subscription agreement required modification as a result of the reduction in the Company's issued shares resulting from the buy-back which took place on 23 December 2010 where pursuant to a tender offer the Company purchased some 13.43 million of its shares at 20p per share. The Argolis subscription was for 2,750,092 shares at 43.6p per share, with the Company receiving £1.2 million. Following this subscription the Company has 19,969,215 shares in issue.

16 Changes in ownership interests of subsidiaries

In the previous year one of the Company's wholly owned subsidiaries, Integrated Financial Products Services Ltd, was placed into members voluntary liquidation. This subsidiary was dormant and was the final part of a restructuring exercise within the Group that started in 2010.

Notes to the Financial Statements continued

17 Related parties

Group

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

	Revenue		Expenses	
	2012	2011	2012	2011
	£000s	£000s	£000s	£000s
Current				
Related companies	-	-	3	55
Total	-	-	3	55

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	
	2012	2011	2012	2011
	£000s	£000s	£000s	£000s
Related companies	-	-	-	-
Total	-	-	-	-

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.

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:

	2012	2011
	£000s	£000s
Short-term employee benefits	385	717
Share-based payments	1	-
Total	386	717

Company

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

	2012	2011
	£000s	£000s
Management fees receivable from Integrated Alternative Investments Ltd	(107)	(67)
Management fees receivable from Integrated Financial Products Ltd	(9)	-
Management fees payable to Integrated Alternative Investments Ltd	9	7
Subordinated loan interest receivable from Integrated Financial Products Ltd	(10)	-

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

	2012	2011
	£000s	£000s
Amounts due to Integrated Alternative Investments Ltd	(2,987)	(2,744)
Amounts due to Integrated Financial Products Ltd	(81)	(133)
Amounts due from Integrated Financial Products Ltd	125	38

18 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:

	2012	2011
	£000s	£000s
Within one year	217	220
Between two and five years	504	730
After five years	-	-
Total	721	950

Notes to the Financial Statements continued

19 Financial risk management

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

Currency risk

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

The Group constantly reviews its position and where necessary will hedge a portion of the transactional exposures of its subsidiaries which have a functional currency of Sterling. This exposure review principally highlights the net management fees expected to be generated by the UK based fund management companies from existing AUM. Such exposure is principally to the Euro and US Dollar and hedging, if deemed necessary is carried out by means of forward foreign exchange contracts. No additional hedging was undertaken during 2012 due to the continuing fall in the level of management fee income..

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

At 31 December 2012, the total amount of US Dollar's hedged was $Nil (2011: $Nil). The fair value of the open hedging contracts was £Nil (2011:£Nil) and this was 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 and to the US Dollar through its investment in SOST shares. This is not normally hedged other than through foreign currency debt. As with the translation of its foreign operations' results, other hedging could expose the Group to significant net cash flows and profit and loss distortions, as demonstrated by the effect of holding surplus assets in the foreign operations in Sterling.

At 31 December 2012, if the Euro had strengthened/weakened by 10% against Sterling with all other variables held constant, pre-tax result would increase/(decrease) by £(19,000)/£16,000 respectively [2011: £31,000/£(25,000)], principally as a result of the increase/decrease in assets and liabilities denominated in foreign currencies; other components of equity would increase/(decrease) by £92,000/£3,000 [2011: £96,000/£(6,000)], principally as a result of the unhedged portion of net investment in foreign operations.

At 31 December 2012, if the US Dollar had strengthened/weakened by 10% against Sterling with all other variables held constant, pre-tax result would increase/(decrease) by £187,000/£(153,000) respectively [2011: £13,000/£(11,000)], principally as a result of the increase/decrease in assets and liabilities denominated in foreign currencies.

Interest rate risk

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

Liquidity risk

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

Financial liabilities consist of a bank overdraft repayable on demand and a short term unsecured loan, which was repaid in full during the year - they also include the trade and other payables.

19 Financial risk management (continued)

Credit risk

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

Matched principal transactions are carried out on a delivery versus payment basis and the underlying exposure on non-performance of a counterparty is described in market risk below. All matched principal trade receivables at 31 December 2012 and 31 December 2011 were within the ordinary settlement cycle. Matched principal trade receivables shown at 31 December do not give a true representation of the amounts throughout the year as they reflect low broking levels during the holiday period up to the end of the calendar year. Credit limits in the matched principal broking business are set by a specifically tasked credit committee which meets regularly not only to approve new credit lines but also to review and monitor existing limits.

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

Group	2012 £000s	2011 £000s
Trade receivables		
Carrying amount (Note 9)	579	498
Neither past due nor impaired		
Low risk	405	362
Carrying amount	405	362
Past due but not impaired		
Low risk	174	136
Carrying amount	174	136
Past due but not impaired consists of:		
31 to 60 days	171	118
61 to 90 days	1	1
91 to 120 days	-	17
Over 120 days	2	-
	174	136
Total Carrying amount	579	498

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

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

Price Risk

The Group's holding of "Fair value through profit and loss" financial assets, which consist of listed corporate bonds, quoted shares 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% (2011: 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	
	2012 £000s	2011 £000s	2012 £000s	2011 £000s
Current assets	205	313	6	119

Market risk

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

Capital risk management

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

Various operating subsidiaries within the Group are subject to the requirements of their respective regulators, primarily the Financial Conduct Authority ("FCA") 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 FCA for which it holds surplus capital over regulatory requirements.

Financial liabilities maturity analysis

Financial liabilities consist of a bank overdraft repayable on demand.

Notes to the Financial Statements continued

20 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:

	2012		2011	
	Number of shares under option 000s	Weighted average exercise price	Number of shares under option 000s	Weighted average exercise price
Outstanding at the beginning of the year	240	97p	420	87p
Granted during the year	200	37p	-	
Cancelled during the year	-		(180)	73p
Forfeited during the year	-		-	
Exercised during the year	-		-	
Expired during the year	-		-	
Outstanding at the end of the year	440	70p	240	97p
Exercisable at the end of the year	440	70p	240	97p

The outstanding share options had an exercise price range of 37p – 150p (2011: 50p-150p). The weighted average remaining contractual life of the share options is 2.9 years (2011: 3.8 years). The maximum life of the share options is ten years.

200,000 options were granted to a director at a price of 37p during the year (2011:nil).

The weighted average fair value of share options granted during the year was 1p (2011:nil granted). The fair value of the share options granted during the year was estimated using a binomial option pricing model. The following method and assumptions were used in that model; with IAM no longer being quoted, an average of three comparable listed companies volatilities were used over a 360 day period to determine volatility; estimated annualised dividend yield of 0%; risk free rate was based on the redemption yield of a 9 year gilt and an option life that is the same as the exercise life.

21 Principal subsidiary undertakings

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

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

22 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.

23 Events after the Statement of Financial Position date

There were no events after the Statement of Financial Position date to report.

Company Information

Directors

E M Arbib
D Bierbaum
J D S Booth
D Masetti
M B Segall

Secretary
S Goschalk

Registered Office
4 Hill Street
London, W1J 5NE

Advisers

Auditors
BDO LLP
Chartered Accountants
55 Baker Street
London
W1U 7EU

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

Office Locations

Principal Office
Integrated Asset Management plc
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
1450 Broadway
39th Floor
New York, NY 10018
USA