

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Act”	the Companies Act 1985, as amended;
“AIM”	the Alternative Investment Market of the London Stock Exchange;
“Articles”	the articles of association of the Company in force at the date of this document;
“Board”	the board of directors of the Company;
“Capita Registrars”	a trading division of Capita IRG Plc;
“Court”	the Companies Court of the High Court of Justice of England and Wales;
“Deferred Shares”	the 16,979,193 deferred shares of 15p each resulting from the subdivision of the Existing Ordinary Shares following the Reorganisation;
“Directors”	directors of the Company;
“Existing Ordinary Shares”	the 16,979,193 ordinary shares of 20p each in the capital of the Company currently in issue;
“Extraordinary General Meeting” or “EGM”	the Extraordinary General Meeting of the Company convened for 10.00am on 10 March 2006 pursuant to the notice set out at the end of this document;
“Form of proxy”	the form of proxy accompanying this document for use in connection with the Extraordinary General Meeting;
“Integrated Asset Management” or “the Company”	Integrated Asset Management PLC;
“Integrated Group” or “the Group”	the Company and its subsidiary undertaking;
“Loan Notes”	the GAIM Market Neutral Tracker Convertible Unsecured Loan Notes 2008;
“Loan Noteholders”	the holders for the time being of the Loan Notes;
“London Stock Exchange”	The London Stock Exchange plc;
“New Ordinary Shares”	the ordinary shares of 5p each to be created following the Reorganisation;
“Proposals”	the proposed Reorganisation and the Reduction of Capital;
“Reduction of Capital”	the cancellation, subject to the approval of the Court, of all the Deferred Shares and the Share Premium Account;
“Reorganisation”	the sub-division of the Existing Ordinary Shares into New Ordinary Shares and Deferred Shares on the terms set out in Resolution 1 in the Notice of the Extraordinary General Meeting;
“Resolutions”	means the resolutions as set out in the Notice of EGM which appears at the end of this document;
“Share Premium Account”	the share premium account of the Company;
“Shareholders”	holders of the Existing Ordinary Shares.

EXPECTED TIMETABLE

Latest time and date for receipt of Form of proxy for Extraordinary General Meeting	10.00 am on 8 March 2006
Extraordinary General Meeting	10.00 am on 10 March 2006
Expected date for hearing of the petition by the Court to confirm the Reduction of Capital	29 March 2006
Expected effective date of the Reduction of Capital	5 April 2006

INTEGRATED ASSET MANAGEMENT PLC

(Registered in England and Wales with registered number 3359615)

4 Hill Street

Mayfair

London

W1J 5NE

Directors:

John Booth – Non-executive Chairman

Emanuel Arbib – Managing Director

Norman Epstein – Non-executive Director

George Robb – Non-executive Director

Mark Segall – Non-executive Director

Nicholas Levene – Executive Director

Denis Masetti – Executive Director

15 February 2006

To all Shareholders

Dear Sir or Madam

PROPOSED REORGANISATION AND REDUCTION OF CAPITAL

Introduction and purpose

On 15 February 2006 Integrated Asset Management plc has today announced proposals for a reorganisation of the share capital of the Company to, *inter alia*, eliminate the deficit on the Company's profit and loss account and, subject to appropriate funds being available for the purpose, bring closer the prospective date on which a dividend payment could be made to Shareholders.

Reorganisation and Capital Reduction

At 31 December 2004, the audited balance sheet of the Company revealed an accumulated deficit on the profit and loss account of £5,907,926. This deficit arose as a result of operating losses, including goodwill write-off. The unaudited balance sheet of the Company, referred to later in this document, shows that this deficit has increased by approximately £147,700 in the period ended 30 June 2005 to £6.056 million.

The most recent results of the Group show positive operating results although still outweighed by goodwill amortisation. However, whilst the balance on the Company's profit and loss account remains in deficit, the Company cannot declare a dividend on its ordinary shares due to prohibitions under the Act. The proposed Reduction of Capital will, if approved by Shareholders and confirmed by the Court, enable the Company to eliminate the deficit and, subject to appropriate funds being available for the purpose, bring closer the prospective date on which a dividend payment could be made.

The procedure for implementing the Proposals requires the approval by Shareholders at an Extraordinary General Meeting and, in respect of the Reduction of Capital, the subsequent confirmation by the Court. This document contains information regarding the proposed Reorganisation and the Reduction of Capital.

It should be emphasised that the Reorganisation and Reduction of Capital will not result in any reduction in the net assets of the Company and that no capital will be returned to Shareholders as part of the Proposals.

Following and subject to the Reduction of Capital becoming effective an increase of the Company's authorised share capital is being proposed to restore the Company's authorised share capital to its current level of £10,000,000.

Cancellation of Share Premium Account

The Share Premium Account has a current balance of £6,291,668.79. At the date of this document the authorised share capital of the Company is £10,000,000 divided into 50,000,000 ordinary shares, 16,979,193 of which have been allotted and fully paid.

The Directors now propose that the Share Premium Account should be cancelled in full and that the reserve thereby arising should be applied in eliminating the deficit on the profit and loss account of the Company.

Reorganisation

The Directors also propose a sub-division of the Existing Ordinary Shares on the basis of one Deferred Share and one New Ordinary Share for every Existing Ordinary Share held. Each Deferred Share will have no rights as to dividends, nor on a return of capital except in exceptional circumstances and no rights to vote at or attend general meetings of the Company.

Cancellation of the Deferred Shares

Upon the Shareholders approving Resolution 1 the Company will apply to the Court for the Deferred Shares to be cancelled which will result in an additional amount of £2,546,878.50 to offset against the deficit on the profit and loss account of the Company.

Increase of share capital

The effect of the Reduction of Capital will be to reduce the Company's authorised capital from £10,000,000 to £7,453,121.05. In order to restore the authorised capital of the Company to its previous level a resolution is to be proposed at the EGM to increase capital back to £10,000,000 by the creation and additional 50,937,579 New Ordinary Shares ranking pari passu in all respects with the remaining New Ordinary Shares created as a result of the Reorganisation.

Consent of Loan Noteholders

The terms of the Loan Notes require that the consent of the majority of the Loan Noteholders to the proposed cancellation of the Deferred Shares is obtained. Although the consent of the Loan Noteholders is not required to the proposed cancellation of the Share Premium Account nor to the Reorganisation, for the avoidance of any doubt, the consent of the Noteholders is being sought in respect of all these matters. A meeting of Loan Noteholders has therefore been convened to take place immediately before the EGM. Loan Noteholders holding 54% of the Loan Notes have irrevocably undertaken to vote in favour of the Reorganisation and Reduction of Capital.

Financial Information

There is set out in Part II to this document a summary of the audited balance sheet of the Company as at 31 December 2004 together with the unaudited balance sheet of the Company as at 30 June 2005, and a pro forma unaudited balance sheet of the Company as at 30 June 2005 adjusted to reflect, the proposed cancellation of the Share Premium Account and the cancellation of the Deferred Shares.

It should be emphasised that the proposed Reorganisation and Reduction of Capital will not result in any reduction in the net assets of the Company or the Group and should not of itself affect the market value of the New Ordinary Shares on AIM.

Court Approval

At the Extraordinary General Meeting to be convened for 10.00am on 10 March 2006, the resolutions set out in the notice which appears at the end of this document will be considered by the Shareholders. Subject to Resolution 1 being passed by the Shareholders, an application will be made to obtain the Court's approval for the Reduction of Capital. In considering the Company's application for confirmation of the Reduction of Capital, the Court will, amongst other things, be concerned to ensure that the interests of the Company's creditors will not be adversely affected. The Company has obtained the consent of all inter-group creditors to the Reduction of Capital and, as referred to above, the Loan Noteholders are being asked to consent to the Reduction of Capital.

The total aggregate amount of the Company's Share Premium Account and the Deferred Shares, which it is proposed will be cancelled, based upon the current issued share capital will exceed the deficit on the profit and loss account as at 30 June 2005 by £2,782,922.70. Part of this excess may be utilised by the writing off of existing goodwill following a review of its impairment which will be undertaken as part of the year end procedures. It is expected that, for so long as there are creditors, who have not consented to the Reduction of Capital and who may have a claim against or be owed a debt by the Company at the date upon which the Reduction of Capital becomes effective, the Court will require the Company to undertake to transfer such excess to a special reserve that will be distributable only in limited circumstances. Once that undertaking has lapsed, the amount standing to the special reserve will constitute a realised profit in the hands of the Company and be transferred to its profit and loss account.

Share Certificates and ISIN

Shareholders who hold their holdings in certificated form will not be issued with new share certificates and the old certificates will remain valid. New certificates will be issued upon a transfer of such New Ordinary Shares to a new holder who requests that their holding is in certificated form.

There will be no change to the ISIN number under which the ordinary shares in the capital of the Company are traded following the Reorganisation.

Authority to allot and disapplication of pre-emption rights

At the last AGM Shareholders gave the Directors authorities to allot relevant securities pursuant to Section 80 of the Act (the "Section 80 Authority") up to a nominal value of £1,000,000 and to disapply pre-emption rights in respect of the allotment of equity securities pursuant to the Section 80 Authority, *inter alia*, up to an aggregate nominal value of £500,000. These authorities were conferred for a period expiring at the earlier of the conclusion of the forthcoming AGM or on 22 September 2006.

The reduction in the nominal value of the Existing Ordinary Share following the Reorganisation effectively increases the number of shares that could be issued by the Directors under these authorities. The Directors have resolved that whilst these authorities remain valid they will only utilise them so as to issue numbers of New Ordinary Shares as if the reduction in nominal value had not taken place. Resolutions in respect of these matters will be proposed at the next AGM.

Future Dividends

No dividend will be proposed for the year ending 31 December 2005. The Directors currently envisage being able to propose a dividend during 2006, however such dividend will depend upon the approval of Shareholders to the Proposals, and in the case of the Reduction of Capital, the subsequent confirmation by the Court and on the results for the first half of 2006 being at the level expected by the Board.

Taxation

Your Directors have been advised that implementation of the Proposals set out in this document should generally have no effect on the United Kingdom taxation position of Shareholders in respect of their shareholdings. Shareholders should however seek independent advice.

Extraordinary General Meeting and action to be taken

There is set out at the end of this document a Notice convening an Extraordinary General Meeting of the Company in which there are Resolutions pertaining to the approval of the sub division of the Existing Ordinary Shares into New Ordinary Shares and Deferred Shares and the cancellation of the Share Premium Account and the Deferred Shares, subject to the Court's approval.

Shareholders will find a proxy card enclosed for use at the Extraordinary General Meeting. Whether you propose to attend the EGM or not, the proxy card should be completed and returned to the Company's Registrars as soon as possible and in any event not later than 48 hours before the time of the EGM. Completion and return of the proxy card will not prevent Shareholders from attending and voting in person at the EGM should they wish to do so.

Recommendation

Your Directors believe that the Proposals are in the best interests of the Company and its Shareholders. Accordingly, your Directors recommend you to vote in favour of the Resolutions as they intend to do so in respect of their own shareholdings of 4,736,692 ordinary shares comprising 27.89 per cent. of the issued share capital of the Company.

Yours faithfully

John Booth
Chairman

PART II

This Part II sets out the audited balance sheet of the Company as at 31 December 2004, the unaudited balance sheet of the Company at 30 June 2005 and a pro forma unaudited balance sheet of the Company as at 30 June 2005, adjusted as if all issues of Existing Ordinary Shares since 30 June 2005 to the date of this document, the Capital Reorganisation and the Reduction of Capital had all taken place on 30 June 2005.

	As at 31 December 2004 £'000	As at 30 June 2005 £'000	Adjustments Issue of Existing Ordinary Shares Post June 05 £'000	Capital Reorganisati on & Reduction of Capital £'000	Pro forma £'000
Fixed assets					
Tangible assets	57,563	51,747			51,747
Intangible assets	135,678	149,223			149,223
Investments	8,129,281	8,056,105			8,056,105
	<u>8,322,522</u>	<u>8,257,075</u>			<u>8,257,075</u>
Current assets					
Debtors	569,526	674,989			674,989
Cash at bank and in hand	71,381	1,019,701	497,568		1,517,629
	<u>640,907</u>	<u>1,694,690</u>	<u>497,568</u>		<u>2,192,258</u>
Creditors: amounts falling due within one year					
	(2,504,031)	(2,656,098)			2,656,098
	<u>(2,504,031)</u>	<u>(2,656,098)</u>			<u>2,656,098</u>
Net current (liabilities) / assets	(1,863,124)	(961,408)	497,568		(463,840)
Total assets less current liabilities	6,459,398	7,295,667			7,793,235
Creditors: amounts falling due after more than one year					
	(3,832,531)	(3,851,411)			(3,851,411)
	<u>(3,832,531)</u>	<u>(3,851,411)</u>			<u>(3,851,411)</u>
Net Assets	<u>2,626,867</u>	<u>3,444,256</u>	<u>497,568</u>		<u>3,941,824</u>
Capital And Reserves					
Called up share capital	2,843,707	3,195,839	200,000	(2,546,879)	848,960
Shares to be issued	277,472	309,941	0	0	309,941
Share premium account	5,413,614	5,994,101	297,568	(6,291,669)	0
Profit and loss account	(5,907,926)	(6,055,625)	0	8,838,548	2,782,923
	<u>(5,907,926)</u>	<u>(6,055,625)</u>	<u>0</u>	<u>8,838,548</u>	<u>2,782,923</u>
Shareholders' funds – equity interests	<u>2,626,867</u>	<u>3,444,256</u>	<u>497,568</u>	<u>0</u>	<u>3,941,824</u>

Notes:

1. The pro forma unaudited balance sheet as at 30 June 2005 and the adjustments comprise:
 - i the issue of 1,000,000 Existing Ordinary Shares for a net cash consideration of £497,568 which took place between 1 July 2005 and the date of this document;
 - ii the creation and cancellation of the Deferred Shares which based on the Existing Ordinary Shares in issue at the date of this document would have a nominal value of £2,546,879;
 - iii the cancellation of the Share Premium Account, which at 30 June 2005 totalled £6,291,669; and
2. Save for the adjustment described in paragraph 1(i) above no adjustment has been made for any trading between 30 June 2005 and the date of this document.

INTEGRATED ASSET MANAGEMENT PLC
(registered number 3359615)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the offices of Bircham Dyson Bell at 50 Broadway, Westminster, London SW1H 0DY on 10 March 2006 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of which Resolutions 1, 2 and 3 shall be passed as Special Resolutions and Resolution 4 shall be passed as an Ordinary Resolution: -

SPECIAL RESOLUTIONS

1. That:

- (i) each of the existing issued ordinary share of 20p each in the capital of the Company be subdivided into one new ordinary share of 5p each and one deferred share of 15p each ("Deferred Share") having the rights and restrictions set out in Resolution 1(iii) below;
- (ii) each of the unissued ordinary shares of 20p each in the capital of the Company be subdivided into 4 new ordinary shares of 5p each;
- (iii) that subject to the passing of Resolutions 1(i) and 1(ii) the Articles of Association of the Company be amended as follows:

(a) By the deletion of Article 5 and substituting therefore:

"The authorised share capital of the Company at the date of adoption of these Articles is £10,000,000, divided into 149,062,421 ordinary shares of 5p each and 16,979,193 deferred shares of 15p each"; and

(b) By inserting a new Article 5A

"The special rights, privileges, restrictions and limitations attaching to the deferred shares of 15p each (hereinafter called the "Deferred Shares") are as follows:

(i) AS REGARDS INCOME:

The Deferred Shares shall not be entitled to any dividends or to any other right or participation in the profits of the Company

(ii) AS REGARDS CAPITAL:

On a return of assets on liquidation, the Deferred Shares shall confer on the holders thereof an entitlement to receive out of the assets of the Company available for distribution amongst the members (subject to the rights of any new class of shares with preferred rights) the amount paid up or credited as paid up on the Deferred Shares held by them respectively after (but only after) payment shall have been made to the holders of the ordinary shares of 5p each of the amounts paid up or credited as paid up on such shares and the sum of £1,000,000 in respect of each ordinary share held by them respectively. The holders of the Deferred Shares shall have no further right to participate in the assets of the Company

(iii) AS REGARDS VOTING:

The holders of Deferred Shares shall not be entitled to vote upon any resolution and shall not be entitled to receive notice of, attend any general meeting or be part of the quorum thereof as the holders of the Deferred Shares.

(iv) AS REGARDS VARIATION OF RIGHTS:

Any reduction of capital involving the cancellation of the Deferred Shares for no consideration shall not be deemed to be a variation of the rights attaching to them nor a modification or abrogation of the rights or privileges attaching to the Deferred Shares and accordingly the Deferred Shares may at any time be cancelled for no consideration by a Special Resolution passed by the holders of the ordinary shares of 5 pence each without notice thereof being given to the holders of the Deferred Shares and without any sanction on the part of any holders of the Deferred Shares.

(v) FURTHER ISSUES:

The special rights conferred upon the holders of the Deferred Shares shall be deemed not to be modified, varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Deferred Shares”.

2. That:

- (i) subject to and conditional upon Resolution 1 above, the capital of the Company be and is hereby reduced by cancelling and extinguishing all the Deferred Shares of 15p each in the capital of the Company; and
- (ii) the amount standing to the credit of the share premium account of the Company be and the same is hereby cancelled.

3. That subject to and conditional upon the obtaining of an Order from the High Court confirming the Reduction of Capital proposed by Resolution 2 set out in this Notice, the Articles of Association of the Company (as amended by Resolution 1 set out above) be further amended as follows:

- (i) By deleting the existing Articles 5 and 5A in their entirety; and
- (ii) Subject to Resolution 4 set out in this Notice taking effect, inserting a new Article 5 namely:
“The authorised share capital of the Company at the date of adoption of these Articles is £10,000,000 divided into 200,000,000 ordinary shares of 5p each.”

but that, save as aforesaid, the Articles of Association of the Company shall remain in full force and effect and unaltered.

ORDINARY RESOLUTION

4. That, subject to and conditional upon Resolution 2, taking effect, the authorised share capital of the Company be increased to £10,000,000 by the creation of an additional 50,937,579 ordinary shares of 5p each.

By Order of the Board
Ohad Egoz
Secretary
Dated 15 February 2006

Registered Office:
4 Hill Street
London
W1J 5NE

NOTE:

- 1. A person who is entitled to attend and vote at the above meeting is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A person need not be a member of the Company. A form of proxy to be used by members is enclosed with this document.
- 2. To be effective, an instrument appointing a proxy (under a power of attorney or other authority (if any) under which it is signed or notary certified or office copy thereof) must be deposited at the Company's registrars, Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time holding the meeting or adjourned meeting. Completion and return of a form of proxy will not preclude Shareholders who wish to do so from attending the meeting and voting in person.
- 3. The Company specifies, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, that only those Shareholders registered in the Register of Members of the Company at close of business on 8 March 2006 shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

