

INTEGRATED ASSET MANAGEMENT PLC

COMPANY NUMBER 3359615

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER 2002

Integrated Asset Management plc

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Integrated Asset Management plc**Directors and Advisers****Directors**

J.D.S. Booth
E.M. Arbib
N.C. Epstein
M.B. Segall
K.S. Williams
G.A. Robb

Secretary

K.S. Williams

Registered Office

4 Hill Street, London, W1J 5NE

Company Number 3359615

Auditors

Moore Stephens
Chartered Accountants
St. Paul's House, Warwick Lane, London, EC4P 4BN.

Nominated Adviser

Insinger De Beaufort
44 Worship Street, London, EC2A 2JT

Nominated Broker

Seymour Pierce
Bucklesbury House, 3 Queen Victoria Street, London, EC4N 8EL

Integrated Asset Management plc

Chairman's Statement

In a challenging period in the investment markets, I am pleased to report that Integrated has continued to expand its distribution capabilities and grow funds under management.

The Company secured additional funding of £1.65 million before expenses, through the issue of its GAIM Market Neutral Tracker Convertible Unsecured Loan Notes. In addition, it was able to convert its existing convertible loan note of £2 million into these Notes. This innovative issue provides investors with a loan stock convertible into the Company's ordinary shares together with a minimum interest return and further interest linked to the performance of the GAIM Market Neutral Fund.

During the year the Group's investment operations have been re-branded under the GAIM brand, with our UK alternative investment manager becoming GAIM Advisors (formally Global Investment Advisors) and our overseas fund manager becoming GAIM Paragon Inc (formally Paragon Capital Inc).

There are signs that global markets may be coming off the bottom and we are optimistic that any upturn in market conditions will swiftly feed through to our bottom line.

Business Review

Interfin has continued to make steady progress during the year and has seen significant growth in its institutional revenue flows. It is now trading profitably and there has been a further improvement in its financial performance over the first five months of 2003.

GAIM Advisors continues to attract new funds under management. These have now passed the \$80 million mark (up from \$25 million at December 2001). I am pleased to report the Company's strategy of developing index-related alternative investment products and offering related structured products with capital guarantees provided by leading international banks has been very well received in the market. These products are positioned in an underdeveloped sector of the market and, with our ever-increasing distribution capabilities, present opportunity for significant further growth during 2003.

GAIM Paragon has been operating in very difficult market conditions and its performance has been below expectations. However, with a strong investment performance in the first 5 months of the year and funds under management climbing back to \$180 million, coupled with a significant reduction in costs, the Board believes that GAIM Paragon will strongly improve its financial performance in the second half of 2003.

The Board continues to seek suitable acquisition opportunities to help develop critical mass and expand the Company's core alternative investment business.

Financial Performance

The loss for the year to December 2002 was £1,561,684 on turnover of £4,979,290 (eight-month period to 31 December 2001 loss; £1,368,566; turnover; £2,298,904). The month of March 2003 saw a major milestone achieved as it marked the first month of positive cash flow for the Group as a whole.

Integrated Asset Management plc**Chairman's Statement (continued)**

The financial results of the first months of 2003 have illustrated not only the scalability of the Company's model and if current trends continue, we expect the interim results to demonstrate a significant improvement in our financial results.

Given the deficit on the profit and loss reserve, the Directors are unable to recommend the payment of a dividend for the year ended 31 December 2002.

I am very pleased to welcome George Robb to the Board, an appointment which took effect from 2 June 2003. Mr Robb is managing director of Asset Management Investment Company plc. He will bring to the Company more than twenty years of experience in the UK investment sector and an unparalleled knowledge of companies operating in our space.

I would like to thank our growing team of committed staff for their hard work in a challenging year.

J.D.S. BOOTH
Chairman

Integrated Asset Management plc

Report of the Directors

Results and Dividends

In the year ended 31st December 2002 the group made a loss of £1,561,684 (8 months to 31st December 2001 - loss £1,368,566). The directors do not recommend the payment of any dividend. The results for the year and progress since year end are described in the Chairman's statement.

Directors

Mr M.B. Segall and Mr N.C. Epstein will retire by rotation at the annual general meeting and being eligible will offer themselves for re-election.

Changes after the year end

Mr. Alexander Duma was appointed as a director on 1st January 2003 and resigned on 1st May 2003. Mr George Robb was appointed as a director on 2nd June 2003.

Directors' Interests in the Company's Share Capital

The beneficial interests as defined by the Companies Act 1985 in the share capital of the company were as follows:

	At 31st December 2002 <u>Number</u>	At 31st December 2001 <u>Number</u>
J.D.S. Booth	340,000	340,000
E.M. Arbib	422,786	422,786
N.C. Epstein	525,455	525,455
M.B. Segall	-	-
K.S. Williams	-	-
G.A. Robb	-	-

In addition, E.M. Arbib has indirect interests of a further 100,000 shares through family holdings.

Interests in share options were as follows:

	<u>Number of options during the year</u>				
	At 31st December <u>2001</u>	At 31st December <u>2002</u>	Exercise <u>price</u>	Date from which <u>exercisable</u>	Expiry <u>date</u>
J.D.S. Booth	20,000	20,000	82.5p	02.06.03	02.06.10
E.M. Arbib	100,000	100,000	82.5p	02.06.03	02.06.10
N.C. Epstein	20,000	20,000	82.5p	02.06.03	02.06.10
M.B. Segall	20,000	20,000	82.5p	02.06.03	02.06.10
K.S. Williams	20,000	20,000	82.5p	02.10.03	02.10.10
K.S. Williams	100,000	100,000	45.0p	23.11.04	22.11.11

The average share price during the period was: 49.38 pence.

Integrated Asset Management plc

Report of the Directors (Continued)

Substantial Interests

The under noted shareholdings as at 14th May 2003 have been advised to the company:

	<u>Number</u>	<u>Percentage Holding</u>
Asset Management Investment Company Plc	2,256,662	25.80%
SIS SEGA Inter settle - Zurich	579,000	6.62%
Norman Epstein	525,455	6.00%
Capital Management (Jersey) Limited	494,000	5.65%
Emanuel Arbib	422,786	4.83%
Indigo International Group	358,884	4.10%
Exeter Financials Fund Limited	350,000	4.00%
John Booth	340,000	3.89%

Charitable Donations

The group made no charitable donations during the financial year (December 2001: £Nil).

Payment Policy

It is company and group policy to agree payment terms with suppliers in accordance with contractual or other legal obligations. Trade creditors at 31st December 2002 represented 56 days (2001: 35 days) of annual amounts invoiced by suppliers.

Financial Instruments

The group's financial instruments comprise borrowings in the form of convertible loan stock, cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the financial year.

Integrated Asset Management plc

Report of the Directors (Continued)

Interest Rate Risk

The group has financed its operations during the year through cash held at the bank and the issue of convertible loan stock. The convertible loan stock notes were at a fixed rate of interest however in January 2003 these notes were exchanged for notes whose interest rate is linked to the GAIM market Neutral Hedge Fund, thereby the group's exposure to interest rate fluctuations through its principal source of finance is managed by linking its interest rates to its performance fees.

Liquidity Risk

The group's policy as regards liquidity throughout the year has been to raise further funding through the issue of a convertible loan notes. In January 2003 the notes in issue were exchanged for convertible unsecured loan notes, convertible in 2008, with an interest rate linked to the performance of the GAIM Market Neutral Hedge Fund. The exchange will enable the group to continue with its current growth strategies.

Short-term flexibility is not considered as a major issue as the group has sufficient cash funds available to meet its current working capital and acquisition needs.

Foreign Currency Risk

As a result of having subsidiaries in Italy, Monaco, the Cayman Islands and Israel which give rise to short term creditors, debtors and cash balances in Euros, US Dollars and Shekels the group's balance sheet can be affected by movements in the Euro/Sterling, US Dollar/Sterling and Shekel/Sterling rates.

Accounting Policies

Material accounting policies are disclosed on pages 15 and 16 of the financial statements. The group has taken the exemption available in FRS 13 to exclude short term debtors and creditors from the numerical disclosures.

Auditors

The auditors, Messrs. Moore Stephens, are willing to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be submitted to the annual general meeting.

By Order of the Board

K.S. WILLIAMS – Company Secretary 16th June 2003

Integrated Asset Management plc

Statement of Directors' Responsibilities For the year ended 31st December 2002

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group 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 estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Shareholders of

Integrated Asset Management plc

We have audited the financial statements of Integrated Asset Management plc for the year ended 31st December 2002 set out on pages 9 to 26. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 15 to 16.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31st December 2002 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
Warwick Lane,
London, EC4P 4BN.

MOORE STEPHENS

Registered Auditor
Chartered Accountants
16th June 2003

Integrated Asset Management plc

**Consolidated Profit and Loss Account
For the year ended 31st December 2002**

	<u>Note</u>	<u>12 Months to 31st December 2002</u>	<u>8 Months to 31st December 2001</u>
Turnover	2	4,979,290	2,298,904
Operating expenses		<u>(6,159,194)</u>	<u>(3,433,970)</u>
Operating loss before goodwill amortisation		(1,179,904)	(1,135,066)
Goodwill amortisation		<u>(211,296)</u>	<u>(328,838)</u>
Operating Loss	2	(1,391,200)	(1,463,904)
Investment income	3	40,098	78,382
Interest payable	4	(281,036)	(205,696)
Sale of Investments		<u>-</u>	<u>134,648</u>
Loss on Ordinary Activities Before Taxation	5	(1,632,138)	(1,456,570)
Taxation on Loss on Ordinary Activities	7	<u>1,595</u>	<u>-</u>
Loss on Ordinary Activities After Taxation		(1,630,543)	(1,456,570)
Minority interest		<u>68,859</u>	<u>88,004</u>
Loss for the Year		<u>£ (1,561,684)</u>	<u>£ (1,368,566)</u>
Basic loss per share	8	<u>(17.85)p</u>	<u>(25.13)p</u>
Diluted loss per share	8	<u>(17.83)p</u>	<u>(25.13)p</u>
Summary of Accumulated Losses			
Balance at 1st January 2002		(3,899,005)	(2,530,439)
Loss for the financial year		<u>(1,561,684)</u>	<u>(1,368,566)</u>
Balance at 31st December 2002		<u>£ (5,460,689)</u>	<u>£ (3,899,005)</u>

Integrated Asset Management plc

**Consolidated Statement of Total Recognised Gains and Losses
For the year ended 31st December 2002**

	12 Months to 31st December <u>2002</u>	8 Months to 31st December <u>2001</u>
Loss for the Year	(1,561,684)	(1,368,566)
Currency Translation difference on foreign currency net investment	<u>61,693</u>	<u>-</u>
Total Recognised Loss	<u>£ (1,499,991)</u>	<u>£ (1,368,566)</u>

Integrated Asset Management plc

Consolidated Balance Sheet at 31st December 2002

	<u>Note</u>	<u>2002</u>	<u>2001</u>
Fixed Assets			
Intangible assets	9	2,267,833	4,017,627
Tangible assets	10(i)	118,193	189,114
Investments	11(i)	81,130	138,793
		<u>2,467,156</u>	<u>4,345,534</u>
Current Assets			
Debtors	12	1,124,725	1,350,444
Short term investments	13	112,568	60,606
Cash at bank and in hand		1,240,698	2,206,454
		<u>2,477,991</u>	<u>3,617,504</u>
Creditors, amounts falling due within one year	14	<u>(1,265,149)</u>	<u>(1,851,567)</u>
Net Current Assets		<u>1,212,842</u>	<u>1,765,937</u>
Total Assets Less Current Liabilities		<u>3,679,998</u>	<u>6,111,471</u>
Creditors, amounts falling due after more than one year	15	<u>(3,045,055)</u>	<u>(3,040,279)</u>
		<u>£ 634,943</u>	<u>£ 3,071,192</u>
Capital and Reserves			
Called up share capital	16	1,692,819	1,483,628
Shares to be issued	19	191,049	1,482,383
Share premium account	17	4,219,501	3,874,871
Exchange difference reserve		61,693	-
Profit and loss account		(5,460,689)	(3,899,005)
Equity Shareholders' Funds	18	<u>704,373</u>	<u>2,941,877</u>
Minority equity interests		<u>(69,430)</u>	<u>129,315</u>
		<u>£ 634,943</u>	<u>£ 3,071,192</u>

These financial statements were approved by the board on 16th June 2003
and signed on their behalf by

J.D.S. BOOTH)	
)	Directors
E.M. ARBIB)	

Integrated Asset Management plc

Balance Sheet at 31st December 2002

	<u>Note</u>	<u>2002</u>	<u>2001</u>
Fixed Assets			
Intangible assets	9	271,357	346,804
Tangible assets	10(ii)	15,910	20,563
Investments	11(ii)	3,695,320	4,912,565
		<u>3,982,587</u>	<u>5,279,932</u>
Current Assets			
Debtors	12	621,015	581,809
Cash at bank and in hand		718,040	1,379,105
		<u>1,339,055</u>	<u>1,960,914</u>
Creditors, amounts falling due within one year	14	<u>(555,805)</u>	<u>(687,236)</u>
Net Current Assets		<u>783,250</u>	<u>1,273,678</u>
Total Assets Less Current Liabilities		4,765,837	6,553,610
Creditors, amounts falling due after more than one year	15	<u>(2,900,000)</u>	<u>(2,905,173)</u>
		<u>£ 1,865,837</u>	<u>£ 3,648,437</u>
Capital and Reserves			
Called up share capital	16	1,692,819	1,483,628
Shares to be issued	19	191,049	1,482,383
Share premium account	17	4,219,501	3,874,871
Profit and loss account		<u>(4,237,532)</u>	<u>(3,192,445)</u>
Equity Shareholders' Funds	18	<u>£ 1,865,837</u>	<u>£ 3,648,437</u>

These financial statements were approved by the board on
and signed on their behalf by

J.D.S. BOOTH)	
)	Directors
E.M. ARBIB)	

Integrated Asset Management plc

**Consolidated Cash Flow Statement
For the year ended 31st December 2002**

	Note	12 months ended 31st December 2002	8 months ended 31st December 2001
Cash Outflow from Operating Activities	21	(1,259,856)	(1,748,661)
Returns on Investments and Servicing of Finance			
Interest received		40,098	78,382
Interest payable		(281,036)	(205,696)
Net cash inflow from returns on investments and servicing of finance		(240,938)	(127,314)
Taxation		1,595	-
Capital Expenditure and Financial Investment			
Purchase of tangible fixed assets		(34,164)	(137,166)
Purchase of intangible fixed assets		(120,207)	(275,087)
Purchase of investments		-	140,505
Purchase of short term investments		(51,962)	-
Net cash outflow from capital expenditure and financial investment		(206,333)	(271,748)
Acquisitions and Disposals			
Acquisition of subsidiary		-	(960,543)
Net cash acquired with subsidiary		-	291,046
Net cash outflow from acquisitions and disposals		-	(669,497)
Net Cash Outflow before Financing		(1,705,532)	(2,817,220)
Financing			
Issue of ordinary share capital		-	1,075,001
Expenses paid in connection with share issues		-	(10,494)
Issue of convertible loan note		735,000	
Cash inflow from increase in debt and lease financing		4,766	1,021,287
Net cash inflow from financing		739,776	2,085,794
Decrease in Cash in the Year	22	£ (965,756)	£ (731,426)

Integrated Asset Management plc

**Consolidated Cash Flow Statement
For the year ended 31st December 2002**

<u>Note</u>	<u>12 months ended 31st December 2002</u>	<u>8 months ended 31st December 2001</u>
Reconciliation of Net Cash Flow to Movement in Net Funds		
Movement in Net Funds in the Year	(965,756)	(731,426)
Net Funds at 1st January 2002	<u>2,206,454</u>	<u>2,937,880</u>
Net Funds at 31st December 2002	22 £ <u><u>1,240,698</u></u>	£ <u><u>2,206,454</u></u>

Integrated Asset Management plc**Financial Statements for the year ended 31st December 2002****Notes****1. Principal Accounting Policies****(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries made up to 31st December 2002. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition and up to the date of disposal.

(c) Turnover

Turnover represents amounts invoiced for services during the financial year, excluding value added tax.

(d) Foreign currency

Transactions throughout the year were translated at the rate ruling at the transaction date. Liabilities and current assets at the year end were translated at the rates ruling on the balance sheet date. The difference was taken to the profit and loss account.

Foreign subsidiary undertakings are accounted for using the net investment method, with the results of such subsidiaries being translated using the average exchange rate for the period. Any material exchange differences arising are taken directly to equity.

(e) Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at rates that are expected to crystallise based on current tax rates and law. This represents a change in accounting policy as a result of the implementation of Financial Reporting Standard 19 - Deferred taxation.

Timing differences arise from the inclusion of items in income and expenditure in taxation computations in periods different to those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not recoverable. Deferred tax assets and liabilities are not discounted.

(f) Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is being provided so as to write off the assets on a straight line basis over their estimated useful lives. The annual rate used is 25% of the cost.

Integrated Asset Management plc

Financial Statements for the year ended 31st December 2002

Notes (Continued)

1. Principal Accounting Policies (Continued)

(g) Leased assets

Leased assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future lease rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

(h) Goodwill

Goodwill arising from the acquisition of subsidiary undertakings, representing excess of purchase consideration over the fair value of net assets acquired, has been capitalised and amortised over its useful economic life of 5 years pro rated for portions of years.

(i) Intangible fixed assets

Intangible fixed assets are stated at cost less amounts amortised. These assets are amortised on a straight line basis over their useful economic lives of 5 years, prorated for portions of years.

(j) Investments

Long term investments are stated at cost less provision against diminution in value in the investment. Short term investments are stated at market value and changes in market value are included in the profit and loss account.

2. Segmental Information

	<u>Turnover</u> £	<u>Operating loss</u> £	<u>Net assets</u> £
12 months ended 31st December 2002			
Class of business			
Financial services	4,979,290	(1,391,201)	634,943
Geographical origin			
EU	2,145,596	(1,244,019)	836,220
Other	2,833,694	(148,182)	(201,277)
	<u>4,979,290</u>	<u>(1,391,201)</u>	<u>634,943</u>
8 months ended 31st December 2001			
Class of business			
Financial services	2,298,904	1,463,904	3,071,192
Geographical origin			
EU	1,111,415	1,182,666	2,758,343
Other	1,187,489	281,238	312,849
	<u>2,298,904</u>	<u>1,463,904</u>	<u>3,071,192</u>

Integrated Asset Management plc
Financial Statements for the year period ended 31st December 2002

Notes (Continued)

3. Investment Income	12 months ended 31st December <u>2002</u>	8 months ended 31st December <u>2001</u>
Interest received	£ 40,098	£ 78,382
	<u> </u>	<u> </u>
 4. Interest Payable	 12 months ended 31st December <u>2002</u>	 8 months ended 31st December <u>2001</u>
Bank interest payable	22,185	26,279
Lease finance charges	727	2,141
Loan interest payable	258,124	177,276
	<u> </u>	<u> </u>
	£ 281,036	£ 205,696
	<u> </u>	<u> </u>
 5. Loss on Ordinary Activities before Taxation		
Loss on ordinary activities before taxation is stated after charging/(crediting):	12 months ended 31st December <u>2002</u>	8 months ended 31st December <u>2001</u>
Amortisation of intangible assets	413,631	403,132
Depreciation	90,828	69,210
Directors' emoluments in respect of qualifying services	191,000	128,578
Auditors' remuneration - Audit fees	57,106	36,353
- Non audit fees	37,634	6,205
Exchange gain	(12,416)	(7,175)
Sale of investment	-	134,648
Profit on sale of fixed asset	2,963	-
	<u> </u>	<u> </u>
 6. Directors and Employees	 12 months ended 31st December <u>2002</u>	 8 months ended 31st December <u>2001</u>
Wages and salaries	1,978,308	1,011,603
Social security costs	126,504	99,459
Other staff costs	27,402	324,891
	<u> </u>	<u> </u>
	£ 2,132,214	£ 1,435,953
	<u> </u>	<u> </u>

Integrated Asset Management plc

Financial Statements for the year period ended 31st December 2002

Notes (Continued)

6. Directors and Employees (continued)

Included within wages and salaries are director's emoluments totalling £191,000 (2001: £128,578).

The average monthly number of persons employed in an administrative capacity by the company was 34 (2001: 29).

7. Taxation on Ordinary Activities

	12 months ended 31st December <u>2002</u>	8 months ended 31st December <u>2001</u>
(a) Analysis of charge in period		
Current year UK corporation tax	-	-
Adjustment in respect of prior years	(1,595)	-
	£ (1,595)	£ -

(b) Factors affecting the current tax charge

The current tax assessed for the year is different to the standard rate of UK taxation applicable to the group of 30% (2001: 30%). The difference is explained below:

	12 months ended 31st December <u>2002</u>	8 months ended 31st December <u>2001</u>
Loss on ordinary activities before taxation	£ (1,632,138)	£ (1,456,570)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 - 30%)	(489,641)	(436,971)
Tax losses unutilised	489,641	436,971
Adjustment in respect of prior years	1,595	-
	£ 1,595	£ -

8. Loss Per Share

The calculation of basic earnings per share is based on loss for the year of £1,561,684 (2001 - loss £1,368,566) divided by the weighted average of ordinary shares in issue for the year ended 31st December 2002 of 8,749,358 (2001: 5,446,244).

The calculation of diluted earnings per share is based on loss for the year of £1,561,684 (2001 - loss £1,368,566) divided by the diluted weighted average of ordinary shares at the year ended 31st December 2002 of 8,758,228 (2001: 5,446,244).

Integrated Asset Management plc

Financial Statements for the year period ended 31st December 2002

Notes (Continued)

9. Intangible Fixed Assets

i) Group

	Development Costs	Other Intangible Assets	Goodwill	Total
Cost				
At 1st January 2002	225,556	535,847	3,706,631	4,468,034
Adjustment to subsidiary acquired	-	-	(1,456,346)	(1,456,346)
Movement on exchange	-	9,689	-	9,689
Additions in the period	-	110,494	-	110,494
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2002	£ 225,556	£ 656,030	£ 2,250,285	£ 3,131,871
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Amortisation				
At 1st January 2002	30,074	48,454	371,879	450,407
Amortisation in the year	30,074	172,261	211,296	413,631
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2002	£ 60,148	£ 220,715	£ 583,175	£ 864,038
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value				
At 31st December 2002	£ 165,408	£ 435,315	£ 1,667,110	£ 2,267,833
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31st December 2001	£ 195,482	£ 487,393	£ 3,334,752	£ 4,017,627
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(ii) Company

Cost at 1st January 2002 and 31st December 2002	£ 346,804		£ 346,804
	<hr/> <hr/>		<hr/> <hr/>
Amortisation			
At 1st January 2002		-	-
Amortisation in the year		75,447	75,447
		<hr/>	<hr/>
At 31st December 2002	£ 75,447		£ 75,447
	<hr/> <hr/>		<hr/> <hr/>
Net book value			
At 31st December 2002	£ 271,357		£ 271,357
	<hr/> <hr/>		<hr/> <hr/>
At 31st December 2001	£ 346,804		£ 346,804
	<hr/> <hr/>		<hr/> <hr/>

Integrated Asset Management plc

Financial Statements for the year ended 31st December 2002

Notes (Continued)

10. Tangible Fixed Assets

(i) Group

	<u>Vehicles and Equipment</u>	<u>Fixtures and Fittings</u>	<u>Improvements</u>	<u>Total</u>
Cost				
At 1st January 2002	219,819	82,024	3,224	305,067
Movements on exchange	(6,516)	(7,444)	(298)	(14,258)
Additions in the year	16,127	33,013	3,226	52,366
Disposals	(32,739)	(1,264)	-	(34,003)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2002	£ 196,691	£ 106,329	£ 6,152	£ 309,172
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1st January 2002	74,488	41,373	92	115,953
Charge in the year	59,924	27,857	3,047	90,828
Disposals	(14,536)	(1,266)	-	(15,802)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2002	£ 119,876	£ 67,964	£ 3,139	£ 190,979
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31st December 2002	£ 76,815	£ 38,365	£ 3,013	£ 118,193
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2001	£ 145,331	£ 40,651	£ 3,132	£ 189,114
	<hr/>	<hr/>	<hr/>	<hr/>

(ii) Company

	<u>Equipment</u>	<u>Total</u>
Cost		
At 1st January 2002	26,522	26,522
Additions	2,662	2,662
	<hr/>	<hr/>
At 31st December 2002	£ 29,184	£ 29,184
	<hr/>	<hr/>
Depreciation		
At 1st January 2002	5,959	5,959
Charge in the year	7,315	7,315
	<hr/>	<hr/>
At 31st December 2002	£ 13,274	£ 13,274
	<hr/>	<hr/>
Net book value		
At 31st December 2002	£ 15,910	£ 15,910
	<hr/>	<hr/>
At 31st December 2001	£ 20,563	£ 20,563
	<hr/>	<hr/>

Integrated Asset Management plc

Financial Statements for the year ended 31st December 2002

Notes (Continued)

11. Fixed Asset Investments

	<u>Unlisted Investments</u>	<u>Investments in Subsidiaries</u>	<u>Total</u>
(i) Group			
Cost			
At 1st January 2002	138,793	-	138,793
Disposals	(57,663)	-	(57,663)
At 31st December 2002	£ 81,130	£ -	£ 81,130
(ii) Company			
Cost			
At 1st January 2002	138,793	4,773,772	4,912,565
Additions	-	471,746	471,746
Revaluation		(1,562,065)	(1,562,065)
Disposals	(126,926)	-	(126,926)
At 31st December 2002	£ 11,867	£ 3,683,453	£ 3,695,320

Holdings in subsidiary undertakings:

	<u>Country of Incorporation</u>	<u>Nature of business</u>	<u>Holding of ordinary shares</u>	<u>Capital and reserves at year end £</u>	<u>Profit/(loss) for year £</u>
GAIM Advisors Ltd (formally Global Investment Advisors Limited)	UK	Investment Advisers	100%	192,441	5,941
Global Investment Advisors - JD Farrods Ltd	UK	Financial Services	50.01%	13,698	(30,390)
Global Alternative Investment Management Limited	UK	Financial Services	100%	(225,556)	-
Interfin Sim Spa	Italy	Financial Services	100%	745,821	(203,800)
GAIM Paragon Inc (formally Paragon Capital Inc)	Cayman	Financial Services	50.01%	(237,588)	(146,278)
Capital Management (Monaco) S.A.M.	Monaco	Administration	80%	122,649	4,413
Capital Management Ltd	UK	Holding Company	80%	1	-
GAIM Paragon (Israel) Ltd	Israel	Financial Services	50.01%	36,311	(8,892)

Integrated Asset Management plc

Financial Statements for the year ended 31st December 2002

Notes (Continued)

11. Fixed Asset Investments (Continued)

During the course of the year the company has injected further funds into Interfin Sim Spa to raise its holding to 100%.

12. Debtors

	<u>2002</u>		<u>2001</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Trade debtors	715,431	-	695,630	-
Other debtors	342,718	120,380	580,878	140,604
Prepayments	66,576	23,337	73,936	20,344
Amounts owed by group undertakings	-	477,298	-	420,861
	<u>1,124,725</u>	<u>621,015</u>	<u>1,350,444</u>	<u>581,809</u>

13. Short Term Investments

	<u>2002</u>		<u>2001</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Bonds	112,568	-	60,606	-

14. Creditors, amount falling due within one year

	<u>2002</u>		<u>2001</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Trade creditors	756,348	64,558	792,104	99,127
Other creditors including taxation and social security	259,515	4,652	884,551	543,858
Accruals and deferred income	249,286	117,073	169,912	10,000
Amounts owed to group undertakings	-	369,522	-	34,251
Obligations under hire purchase contracts and finance leases	-	-	5,000	-
	<u>1,265,149</u>	<u>555,805</u>	<u>1,851,567</u>	<u>687,236</u>

Integrated Asset Management plc
Financial Statements for the year ended 31st December 2002

Notes (Continued)

15. Creditors, amounts falling due after more than one year

	<u>2002</u>		<u>2001</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Obligations under hire purchase contracts and finance leases	-	-	15,312	-
Cash consideration – acquisition	150,000	150,000	905,173	905,173
Accrued fees	145,055	-	119,794	-
Convertible loan stock	2,750,000	2,750,000	2,000,000	2,000,000
	<u>3,045,055</u>	<u>2,900,000</u>	<u>3,040,279</u>	<u>2,905,173</u>

Obligations under hire purchase and finance lease contracts:

The future minimum payments to which the company is committed under hire purchase contracts are as follows:

	<u>2002</u>	<u>2001</u>
Gross commitment	-	23,494
Interest charges included therein	-	(3,182)
	<u>£ -</u>	<u>£ 20,312</u>

Repayable:

	<u>2002</u>	<u>2001</u>
In one year or less	-	5,000
Between one and two years	-	15,312
	<u>£ -</u>	<u>£ 20,312</u>

Convertible Loan Stock

In October 2002 the company issued £750,000 Unsecured Convertible loan notes with interest linked to the GAIM Market Neutral Hedge Fund. The loan notes pay a minimum interest of 5% pa.

On January 17th 2003 the holders of the £2,000,000 2006 notes and the holders of the existing tracker notes transferred their holdings into the GAIM Market Neutral Tracker Convertible Unsecured Loan Notes 2008. The notes have been listed on AIM

Integrated Asset Management plc
Financial Statements for the year ended 31st December 2002

Notes (Continued)

16. Share Capital

	<u>2002</u>	<u>2001</u>
Authorised		
50,000,000 ordinary shares of 20p each	£ 10,000,000	£ 5,000,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
8,464,095 (December 2001: 7,418,138) ordinary shares of 20p each	£ 1,692,819	£ 1,483,628
	<u> </u>	<u> </u>

At the AGM of the company approval was received to increase the authorised share capital of the company to 50,000,000 ordinary shares

During the year 233,702 ordinary shares were issued as deferred consideration for Capital Management SAM, 380,358 ordinary shares as a result of assets under management transferred from Capital Management and 361,804 shares issued as deferred consideration for the acquisition of GAIM Paragon Inc (formally Paragon Capital Inc). Under a consultancy agreement with Asset Management Investment Company plc a further 70,093 shares were issued for services received.

During the year no options on ordinary shares were issued.

17. Share Premium Account - Group and Company

	<u>2002</u>	<u>2001</u>
At 1st January 2002	3,874,871	3,193,024
On allotment of shares	359,630	692,372
Expenses paid in connection with share issues	(15,000)	(10,525)
	<u> </u>	<u> </u>
At 31st December 2002	£ 4,219,501	£ 3,874,871
	<u> </u>	<u> </u>

18. Reconciliation of Opening Equity Shareholders' Funds to Closing Equity Shareholders' Funds

	<u>Group</u> <u>2002</u>	<u>Company</u> <u>2002</u>
Opening equity shareholder's funds	2,941,877	3,648,437
Share capital issued	553,821	553,821
Reduction in Share capital to be issued	(1,291,334)	(1,291,334)
Exchange difference reserve	61,693	
Loss for the financial year	(1,561,684)	(1,045,087)
	<u> </u>	<u> </u>
Closing equity shareholders' funds	£ 704,373	£ 1,865,837
	<u> </u>	<u> </u>

The company has taken advantage of S230 of the Companies Act 1985 from presenting its own profit and loss account. The company made a loss for the period of £1,045,326.

Integrated Asset Management plc

Financial Statements for the period ended 31st December 2002

Notes (Continued)

19. Shares to be Issued

At 31st December 2002, the company was committed to issue share capital as part of the consideration of the acquisition of GAIM Paragon Inc (formally Paragon Capital Inc). The consideration payable is subject to performance criteria and the directors have applied their best estimate in recording the final consideration payable.

20. Deferred Tax

Deferred taxation provided and unprovided for in the financial statements is set out below:

	<u>Amount provided</u>		<u>Amount unprovided</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
1) Group				
Unutilised losses	Nil	Nil	1,335,285	1,026,918
2) Company				
Unutilised losses	Nil	Nil	940,514	648,149

No deferred tax asset has been recognised in respect of unutilised losses due to the unpredictability of future profits.

21. Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

	12 months ended 31st December <u>2002</u>	8 months ended 31st December <u>2001</u>
Operating loss	(1,391,200)	(1,463,904)
Depreciation	90,828	69,210
Amortisation of Intangibles	413,631	403,132
Foreign currency translation	(12,416)	(7,175)
Decrease/(increase) in debtors	225,719	(105,380)
Decrease in creditors	(586,418)	(644,544)
	<u>£ (1,259,856)</u>	<u>£ (1,748,661)</u>

22. Analysis of Net Funds

	1st January <u>2002</u>	Cash Flow	31st December <u>2002</u>
Cash at bank and in hand	£ 2,206,454	£ (965,756)	£ 1,240,698

Integrated Asset Management plc

Financial Statements for the year ended 31st December 2002

Notes (Continued)

23. Derivatives and Other Financial Instruments

Interest rate risk profile of financial assets

Other than short-term debtors and cash at bank, the group has short term investment bonds which have market related interest rates and are tradable in the market in their own right.

Interest rate risk profile of financial liabilities

The interest rate profile of the group's financial liabilities at 31st December 2002 was:

<u>Currency</u>	<u>Total</u>	<u>Variable rate financial liabilities</u>	<u>Fixed rate financial liabilities</u>
Sterling	£ 2,750,000	£ 750,000	£ 2,000,000

The weighted average interest rate on the fixed rate financial liabilities is 12%, and fixed for a period of five years. The variable rate liability consists of a fixed rate of 5% plus a variable element linked to the performance of the GAIM Market Neutral Hedge Fund.

Currency exposures

At 31st December 2002, subsidiary companies exposed the group to the following currency exposures between Sterling, U.S.\$ and Euro:

Net Euro denominated currency monetary assets	£ 601,276
Net U.S.\$ denominated currency monetary liabilities	£ 280,318

Maturity of financial liabilities

The maturity profile of the group's financial liabilities at 31st December 2002 was as follows:

In one year or less	-
In more than one year but not more than two years	-
In more than two years but not more than five years	2,750,000
	<u>£ 2,750,000</u>

Fair values of financial assets and financial liabilities

Set out below are the fair values of the group's financial assets and liabilities as at 31st December 2002. Finance leases are included in the analysis of long term borrowings. The directors consider that there were no material differences between the book values and fair values of the group's financial assets and liabilities at the year end.

	<u>Book value</u>
	£
Primary financial instruments held or issued to finance the group's operations:	
Short term financial liabilities	1,265,149
Long term borrowings	3,045,055
Financial assets	2,477,991