

**INTEGRATED ASSET MANAGEMENT PLC**

**INTERIM REPORT AND FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31st OCTOBER 2001**

## **Integrated Asset Management plc**

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## Integrated Asset Management plc

### Chairman's Statement

I am pleased to announce that during the period ended October 31<sup>st</sup> 2001 we have continued to grow the group's turnover and develop distribution channels for the Company's products. This strategy has been pursued both through acquisition and organic growth.

Whilst the business environment has been challenging your board believe that Integrated offers the market investment advice and products that are innovative and which provide access for a wide range of investors to the alternative investment market.

#### Business Review

In Italy Interfin's institutional business has performed in line with management's expectations and is now trading profitably. The retail stock broking division, as previously reported, had suffered from a decline in private client trading and with little prospect for improvement in the immediate future the board agreed to transfer the division the sales network to Banco Della Reta for a consideration.

As reported last year, in July 2001 we acquired a 50.1% interest in Paragon Capital Inc., an independent offshore asset management company. Paragon specialises in the provision of discretionary portfolio management and non-discretionary brokerage services and we believe that this addition to the group will provide us with significant growth prospects.

Paragon's contribution to group turnover has been in line with the board's expectations and its assets under management which are now US\$180m, which will ensure it trades profitably.

In August 2001, Global Investment Advisors (GIA), our wholly owned subsidiary launched a multi-strategy tracker fund of hedge funds. By October 31<sup>st</sup> GAIM Hedge Fund Ltd. (GAIM), had raised total funds under management to over US\$25 million.

Funds are allocated to the five largest investable funds in each of the four main strategies – macro, market neutral, long short equity and event driven. This approach enables investors to gain exposure to the hedge fund industry through a diversified portfolio of leading hedge funds while reducing their risk exposure to a single investment strategy.

GIA is also marketing Capital Protected Notes guaranteed by Lehman Brothers and linked to the performance of the hedge fund. The Notes offer investors access to the hedge fund industry via GAIM, with 100% capital protection at maturity.

In November 2001 we announced that Integrated had established a joint venture company with JD Farrods Securities Limited to distribute Integrated's innovative range of alternative investment products throughout Europe.

GIA, is to supply the joint venture company, GIA-JD Farrods Limited, with GIA developed hedge fund and related products to be marketed in Europe. Integrated will own 50.1 per cent. of the company with the balance held by JD Farrods Securities Limited.

I look forward to reporting on the performance of these two exciting developments over the coming years.

The Company also announced in December it had placed 1,954,547 new ordinary shares of 20p each at 55p per share raising £1,075,000. The shares were admitted to AIM on 31<sup>st</sup> December 2001.

#### **Financial Performance**

The loss for the period ended 31<sup>st</sup> October 2001 was £1,083,493 on turnover of £1,085,663. Whilst the losses for the period show an increase on the comparable six months in 2000, this is mainly due to pre launch development expenditure to make Global Investment Advisors ( GIA ) into a provider of alternative investment products and losses from Interfin's retail division. As part of your board's strategy of integrating the new business we will be changing our year-end to 31st December. Financial statements will be produced for the 8 months to 31st December 2001.

We are continuing to make progress in creating an international financial services group including asset management, institutional brokerage and an innovative and proprietary hedge fund product. Integrated remains focused on building revenue and consolidating recent acquisitions.

I would like to thank all of our employees, both old and new, for their commitment over the past six months. I look forward to reporting progress over the coming months as Integrated continues to build on its reputation for innovation.

J.D.S. BOOTH

Chairman

24th January 2002

**Integrated Asset Management plc**

**Unaudited Consolidated Profit and Loss Account  
For the six months ended 31st October 2001**

	Six months ended 31st October <u>2001</u> £ <u>Unaudited</u>	Six months ended 30th October <u>2000</u> £ <u>Unaudited</u>	Year ended 30th April <u>2001</u> £
<b>Turnover</b>			
From continuing operations	570,087	210,000	351,000
From acquisitions	515,576	-	178,240
	<u>1,085,663</u>	<u>210,000</u>	<u>529,240</u>
Operating costs	(1,948,383)	(410,066)	(987,344)
Operating loss before goodwill amortisation	(862,720)	(200,066)	(458,104)
Goodwill amortisation	(214,299)	(9,984)	(45,611)
<b>Operating Loss</b>	(1,077,019)	(210,050)	(503,715)
From continuing operations	(818,535)	(210,050)	(380,839)
From acquisitions	(195,484)	-	(122,876)
Investment income	62,476	42,394	94,291
Interest payable	(124,759)	-	(58,490)
<b>Loss on Ordinary Activities before Taxation</b>	(1,139,302)	(167,656)	(467,914)
<b>Taxation on Loss on Ordinary Activities</b>	6	-	(2,370)
<b>Loss for the Period</b>	(1,139,302)	(167,656)	(470,284)
Minority interest	55,809	-	32,463
<b>Loss Attributable to Shareholders</b>	<u>(1,083,493)</u>	<u>(167,656)</u>	<u>(437,821)</u>
<b>Loss Per Ordinary Share</b>	5		
Before goodwill amortisation	<u>(15.98)p</u>	<u>(1.65)p</u>	<u>(7.25)p</u>
After goodwill amortisation	<u>(19.92)p</u>	<u>(1.84)p</u>	<u>(8.1)p</u>
<b>Diluted Loss Per Ordinary Share</b>	5		
Before goodwill amortisation	<u>(10.60)p</u>	<u>(10.64)p</u>	<u>(10.64)p</u>
After goodwill amortisation	<u>(13.26)p</u>	<u>(13.30)p</u>	<u>(13.30)p</u>

There are no recognised gains or losses other than those included in the profit and loss account.

**Integrated Asset Management plc**

**Unaudited Consolidated Balance Sheet - 31st October 2001**

	Six months ended 31st October <u>2001</u> £	Six months ended 30th October <u>2000</u> £	Year ended 30th April <u>2001</u> £
	<u>Unaudited</u>	<u>Unaudited</u>	
<b>Fixed Assets</b>			
Intangible assets	3,932,376	164,807	661,393
Tangible assets	225,658	45,045	102,443
Investments	148,102	-	144,650
	<u>4,306,136</u>	<u>209,852</u>	<u>908,486</u>
<b>Current Assets</b>			
Debtors	1,255,193	198,622	1,006,288
Cash and short term deposits	1,507,726	1,867,784	2,937,880
	<u>2,762,919</u>	<u>2,066,406</u>	<u>3,944,168</u>
<b>Creditors, amounts falling due within one year</b>	<u>(1,804,603)</u>	<u>(260,790)</u>	<u>(828,108)</u>
<b>Net Current Assets</b>	1,218,316	1,805,616	3,116,060
<b>Total Assets Less Current Liabilities</b>	5,264,452	2,015,468	4,024,546
<b>Creditors, amounts falling due after more than one year</b>	<u>(3,103,040)</u>	<u>-</u>	<u>(2,018,992)</u>
	<u>2,161,412</u>	<u>2,015,468</u>	<u>2,005,554</u>
<b>Capital and Reserves</b>			
Called up share capital	1,092,718	1,137,200	1,082,718
Shares to be issued	1,442,142		
Share premium account	3,193,024	3,138,542	3,193,024
Profit and loss account	<u>(3,613,932)</u>	<u>(2,260,274)</u>	<u>(2,530,439)</u>
<b>Equity Shareholders' Funds</b>	2,113,952	2,015,468	1,745,303
Minority interests - equity interest	<u>47,460</u>	<u>-</u>	<u>260,251</u>
	<u>2,161,412</u>	<u>2,015,468</u>	<u>2,005,554</u>

The interim financial statements were approved by the board on 24th January 2002  
and signed on their behalf by

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

**Integrated Asset Management plc**

**Reconciliation of the Movement in Equity Shareholders' Funds  
For the six months ended 31st October 2001**

	Six months ended 31st October <u>2001</u> £	Six months ended 30th October <u>2000</u> £	Year ended 30th April <u>2001</u> £
	<u>Unaudited</u>	<u>Unaudited</u>	
Loss for the period	(1,083,493)	(167,656)	(437,821)
Shares issued	10,000	80,000	80,000
Shares to be issued	1,442,142	--	--
Net additions to equity shareholders' funds	<u>368,649</u>	<u>(87,656)</u>	<u>(357,821)</u>
Opening equity shareholders' funds	<u>1,745,303</u>	<u>2,103,124</u>	<u>2,103,124</u>
Closing equity shareholders' funds	<u><u>2,113,952</u></u>	<u><u>2,015,468</u></u>	<u><u>1,745,303</u></u>

**Integrated Asset Management plc**

**Consolidated Cash Flow Statement  
For the six months ended 31st October 2001**

	Six months ended 31st October <u>2001</u> £	Six months ended 30th October <u>2000</u> £	Year ended 30th April <u>2001</u> £
	<u>Unaudited</u>	<u>Unaudited</u>	
<b>Cash Flow from Operating Activities</b>	723,854	(232,474)	(763,507)
<b>Return on Investments and Servicing of Finance</b>			
Interest received	57,795	42,394	94,291
Interest payable	(120,078)		(58,490)
Taxation			(9,686)
<b>Capital Expenditure</b>			
Purchase of tangible fixed assets	(26,975)	(40,312)	(43,380)
Purchase of investments	(3,452)	-	(138,654)
Purchase of intangible assets	6,999	(74,806)	(4,264)
<b>Acquisitions and Disposals</b>			
Acquisition of subsidiary	(3,608,743)	(1,807)	(886,865)
Acquisition of loan	(172,552)	-	-
Net cash acquired with subsidiary	260,856	-	554,654
<b>Net Cash Outflow before Financing</b>	<u>(2,882,296)</u>	<u>(307,005)</u>	<u>(1,255,901)</u>
<b>Financing</b>			
Issue of ordinary share capital	10,000	80,000	80,000
Share Capital to be issued	1,442,142	-	-
Cash inflow from increase in debt and lease financing	-	-	2,018,992
<b>Net Cash Inflow from Financing</b>	<u>1,452,142</u>	<u>80,000</u>	<u>2,098,992</u>
<b>(Decrease)/Increase in Cash in the Period</b>	<u><u>(1,430,154)</u></u>	<u><u>(227,005)</u></u>	<u><u>843,091</u></u>

**Integrated Asset Management plc**

**Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities  
For the six months ended 31st October 2001**

	Six months ended 31st October <u>2001</u> £	Six months ended 30th October <u>2000</u> £	Year ended 30th April <u>2001</u> £
	<u>Unaudited</u>	<u>Unaudited</u>	
<b>Operating Loss on Ordinary Activities</b>	(1,077,019)	(210,050)	(503,715)
Depreciation charge	7,599	6,537	15,267
Amortisation of goodwill	214,299	9,984	45,611
Foreign currency translation	19,471	-	(17,906)
Increase in debtors	(113,603)	14,851	(1,625)
Increase/(decrease) in creditors	<u>1,673,107</u>	<u>(53,796)</u>	<u>(301,139)</u>
<b>Net Cash Outflow from Operating Activities</b>	<u><u>723,854</u></u>	<u><u>(232,474)</u></u>	<u><u>(763,507)</u></u>
	At 1st May <u>2001</u>	<u>Cashflow</u>	At 30th October <u>2001</u>
<b>Analysis of Net Funds</b>	<u><u>2,937,880</u></u>	<u><u>(1,430,154)</u></u>	<u><u>1,507,726</u></u>

**Integrated Asset Management plc****Notes to the Interim Accounts  
For the six months ended 31st October 2001****1. Basis of Preparation**

The unaudited interim financial information, which has been approved by the Board of Directors and which does not comprise statutory accounts has been prepared on the basis of accounting policies set out in the Group's accounts for the year ended 30th April 2001. The Group's accounts for the year ended 30th April 2001 have been reported on by the auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

**2. Basis of Consolidation**

The consolidated accounts are based on the accounts of Integrated Asset Management Plc and its subsidiaries made up to 31st October 2001. 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 or up to the date of disposal.

**3. Goodwill**

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life of 5 years. Such goodwill is subject to periodic review for impairment in accordance with Financial Reporting Standard 11: Impairment of tangible fixed assets and goodwill.

**4. Turnover**

All amounts derive from continuing activities within the European Union

**5. Earnings per Ordinary Share**

The calculation of earnings per share is based on a loss for the six months to 31st October 2001 of £1,083,983 (six months to 31st October 2000 loss £167,656 and twelve months to 30th April 2001 loss £437,821) divided by the weighted average of ordinary shares in issue for the six months to 31st October 2001 of 5,438,356 (six months to 31st October 2000 of 5,413,591 and twelve months to 30th April 2001 of 5,413,591). Diluted loss per share includes ordinary shares to be issued in respect of subsidiaries acquired. The company expects to issue 2,070,298 ordinary shares in two tranches in 2002 and 2004 for the acquisition of Paragon Capital Inc and 233,702 ordinary shares for the acquisition of Capital Management Limited and 454,143 ordinary shares for the acquisition of Capital Management (Monaco) SAM, both to be issued in 2002.

**Integrated Asset Management plc**

**Notes to the Interim Accounts  
For the six months ended 31st October 2001 (Continued)**

**6. Taxation on Ordinary Activities**

	Six months ended 31st October <u>2001</u>	Six months ended 31st October <u>2000</u>	Year ended 30th April <u>2001</u>
Current year UK corporation tax	-	-	4,200
Adjustment in respect of prior years	-	-	(1,830)
	<hr/>	<hr/>	<hr/>
	-	-	2,370
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**7. Interim Report**

The Interim report will today be sent to registered shareholders. Further copies will be available to the public from the company's registered office: 4 Hill Street, London, W1J 5NE.

## **Independent Review Report by Moore Stephens to Integrated Assets Management Plc.**

### **Introduction**

We have been instructed by the company to review the financial information for the six months ended 31st October 2001 set out on pages 3 to 9 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

### **Directors' Responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

### **Review Work Performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

### **Review Conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31st October 2001.

St. Paul's House  
London, EC4P 4BN

MOORE STEPHENS

Registered Auditor  
Chartered Accountants

24th January 2002