



# Leadership in Alternative Asset Management

## REPORT TO SHAREHOLDERS

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Integrated Asset Management Corp. ("IAM" or the "Corporation") is pleased to present to shareholders the financial results of the Corporation for the first quarter of fiscal 2009.

Net income for the quarter ended December 31, 2008 was \$0.4 million or \$0.02 per share which included a gain on the sale of Darton Property Advisors & Managers Inc. ("Darton") of \$1.0 million. In the quarter ended December 31, 2007, net income was \$0.6 million or \$0.02 per share. Revenues of \$4.0 million in the quarter were \$1.9 million lower than those in the prior year's quarter of \$5.9 million.

Although our financial results are disappointing, the benefits of managing a broad range of alternative asset classes have never been more apparent. In this quarter, the S&P / TSX Composite Index fell 22.7% and it declined 33.0% in calendar 2008. Our Retail Alternative Investments operations, whose products are directly exposed to equity markets, suffered from market depreciation and the collapse in confidence of most retail investors. At the same time, our private corporate debt and real estate asset management businesses are performing well, contributing positive cash flow and earnings.

EBITDA declined to \$0.2 million in the current quarter compared with \$1.1 million in the quarter ended December 31, 2007 as a result of lower performance fees and management fees in Retail Alternative Investments.

In October, we purchased the remaining 25% interest in the Real Estate Asset Management operations that we did not already own bringing the Corporation's ownership to 100%. The cost of this acquisition of \$5.2 million before interest and costs was funded using the Corporation's cash resources.

In December, we concluded an agreement to sell Darton, our real estate property management operations in order to focus all of our management time and effort on our core alternative asset management business. The Corporation recorded a gain of \$1.0 million in respect of the sale of Darton in the Consolidated Statement of Operations for the quarter. We thank Gary Hudson and his team for all their work over the last 9 years. All of the Darton employees will be joining Avison Young Canada Inc. and we wish them all the best for the future.

IAM has not been unaffected by the current economic environment yet the majority of the asset classes we manage are showing resiliency. The Managed Futures Asset Management group has received considerable interest from potential investors after returning nearly 48% in its flagship product for calendar 2008. The Exemplar Portfolios of Retail Alternative Investments have also performed well since their May 2008 launch and we hope to grow these funds in this difficult market.

IAM is also actively considering acquisition opportunities to add to IAM's current product offerings.

A semi-annual dividend of \$0.04 per common share was paid to shareholders of record on January 9, 2009.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The management's discussion and analysis ("MD&A") of Integrated Asset Management Corp. ("IAM" or the "Corporation") that follows is based on financial information in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A also shows certain earnings measures which do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

This MD&A covers the financial condition and results of operations of IAM for the three months ended December 31, 2008 compared with the three months ended December 31, 2007 and is as of January 31, 2009. This analysis is supplemental to, and should be read in conjunction with, the Unaudited Consolidated Financial Statements of the Corporation and its accompanying notes, and is intended to provide additional information on the Corporation's recent performance, its current financial situation and its future prospects. It does not form part of the Unaudited Consolidated Financial Statements of the Corporation.

*This MD&A may contain forward-looking statements on the Corporation's business, strategies, opportunities and future financial results. These statements are not promises or guarantees and are based on assumptions and estimates which are subject to many different risks and uncertainties, any of which could cause actual results to be significantly different from those derived from the forward-looking statements. The reader should not place undue reliance on any such forward-looking statements, which are presented as of January 31, 2009.*

This MD&A and additional information relating to IAM, including the Annual Information Form, are on SEDAR at [www.sedar.com](http://www.sedar.com).

### BUSINESS REVIEW

IAM is an alternative asset management company offering high quality alternative asset class management to institutional, pension and private clients. The Corporation provides investors with a broad range of asset classes such as, real estate, private equity, private corporate debt and retail alternative investments. The Corporation had assets and committed capital under management ("AUM") of approximately \$2.1 billion at December 31, 2008.

The Corporation's private corporate debt, real estate and private equity products are mostly pools of assets managed by the Corporation for investors and the life of each pool of assets can be up to twelve years. Typically, the Corporation develops and structures each investment product and then markets for commitments from interested investors. The pool is then closed and the pool makes acquisitions of assets to deploy the commitments over a number of years. For some types of pools, the Corporation receives fees only when the commitments are deployed and assets are being managed whereas on some pools the Corporation receives fees on the commitments. Generally, there is little or no liquidity for the investors during the term of a pool and the pool can be liquidated earlier than scheduled only in exceptional circumstances.

The Corporation's other financial products, including retail alternative investments ("Retail Alternative Investments"), are subject to agreements, in accordance with industry practices, whereby clients can withdraw their assets or terminate the contracts on short notice.

Retail Alternative Investments comprise financial products for Canadian retail investors through BluMont Capital Corporation ("BluMont Capital"), a wholly-owned subsidiary of the Corporation. BluMont Capital's sales force throughout Canada has an extensive financial advising distribution network through which virtually all sales of Retail Alternative Investments are made.

In October, the Corporation purchased the remaining 25% of the Real Estate Asset Management operations that it did not already own.

On December 1, 2008, the Corporation sold all of its ownership interest in Darton Property & Managers Inc. ("Darton") which represented all of the Corporation's real estate property management activities. The Consolidated Financial Statements of the Corporation show Darton as a "discontinued operation" whereby the financial results of Darton are disclosed separately. This MD&A focuses on the Corporation's recent performance and future prospects of its activities, excluding those of Darton.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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### ASSETS AND COMMITTED CAPITAL UNDER MANAGEMENT ("AUM")

AUM decreased by approximately \$181 million during the quarter ended December 31, 2008, primarily as a result of market depreciation and net redemptions in Retail Alternative Investments, further described below.

(\$ millions)	December 31, 2008	September 30, 2008	December 31, 2007
AUM	\$ 2,149	\$ 2,330 <sup>(1)</sup>	\$ 2,122 <sup>(1)</sup>

<sup>(1)</sup> For comparative purposes, excludes Darton's estimated AUM of \$750 million as at September 30, 2008 and \$742 million as at December 31, 2007.

The unprecedented events in global financial markets during fiscal 2008 and fiscal 2009 to date proved particularly challenging for a large number of principal protected note products ("PPNs") guaranteed by major financial institutions which were marketed to retail investors. As a result of negative performance, over 100 PPNS in Canada have experienced a "protection event" whereby the PPN discontinues trading and any remaining trading capital is transferred to the financial institution to hold along with the guarantee component of the PPN to meet its obligation to repay the principal amount in full at maturity. During the quarter, BluMont Capital announced that the BluMont Man PPNS (Man Multi Strategy Note Program) had discontinued trading and that the remaining trading capital would be transferred to the issuer, Citibank Canada, to hold along with the guarantee component of the PPN. The AUM of the affected PPNS were approximately \$140 million as at September 30, 2008. BluMont Capital will not receive fees on these assets after the discontinuance of trading and, as a result, these assets are not included in the AUM of the Corporation as at December 31, 2008.

### RESULTS OF OPERATIONS

EBITDA was \$0.2 million in the quarter ended December 31, 2008 compared with \$1.1 million for the three-month period ended December 31, 2007. These results do not include the financial results of Darton (sold effective December 1, 2008) which are shown as "discontinued operations" and disclosed separately.

The decrease of \$0.9 million in EBITDA was due to net performance fees which declined \$0.6 million and to lower management fees in Retail Alternative Investments resulting from significant AUM market depreciation in the second half of 2008.

Loss from continuing operations before income taxes and non-controlling interest for the latest quarter was \$0.7 million compared with income of \$0.5 million in the comparable quarter of fiscal 2008. In addition to the comments above, there was additional amortization of fund management contracts of approximately \$0.3 million as a result of the purchase in the quarter of the remaining 25% indirect ownership interest in the Corporation's Real Estate Asset Management operations.

As a result of the sale of the Corporation's 100% ownership interest in Darton in the quarter, the Corporation realized a gain on sale of discontinued operations, net of tax of approximately \$1.0 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Selected financial information

Three-Month Period  
Ended December 31,

(in \$000s, except per share amounts)

	2008	2007
Revenues before performance fees <sup>(1)</sup>	\$ 3,876	\$ 4,416
Performance fees	172	1,509
Total revenues <sup>(1)</sup>	<u>\$ 4,048</u>	<u>\$ 5,925</u>
Net performance fees <sup>(2)</sup>	<u>\$ 167</u>	<u>\$ 746</u>
Reconciliation of EBITDA to Net Income and Comprehensive Income		
Earnings before interest, taxes, depreciation and amortization ("EBITDA") <sup>(1)(3)</sup>	\$ 242	\$ 1,125
Depreciation and amortization	(814)	(570)
Interest expense	(4)	(48)
Stock-based compensation	(36)	(47)
Investment income (loss)	(136)	17
Income (loss) from continuing operations before income taxes and non-controlling interest	(748)	477
Income taxes	235	46
Non-controlling interest share of income	(18)	(27)
Gain on sale of discontinued operations, net of tax	1,001	-
Net income (loss) and comprehensive income from discontinued operations, net of tax	(34)	61
Net income and comprehensive income	<u>\$ 436</u>	<u>\$ 557</u>
Basic and diluted earnings per share	<u>\$ 0.02</u>	<u>\$ 0.02</u>

<sup>(1)</sup> Excludes discontinued operations (Darton).

<sup>(2)</sup> Net performance fees is a non-GAAP financial measure used by the Corporation. This measure is calculated as performance fee revenue less investment adviser, service fees and expenses paid relating to performance fee revenue earned.

<sup>(3)</sup> EBITDA is a non-GAAP financial measure used by the Corporation. This measure is calculated as earnings before the deduction of non-controlling interest, interest expense, income taxes, depreciation and amortization, stock-based compensation and investment income (loss).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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### REVENUES

In aggregate, revenues declined from \$5.9 million in the previous fiscal year's first quarter to \$4.0 million in the quarter ended December 31, 2008.

Management fees, administration and redemption fees were \$3.9 million in the latest quarter, a \$0.2 million decline from the comparable quarter of fiscal 2008. Management fees in Retail Alternative Investments declined \$0.8 million as AUM have declined significantly. Most of this decline in management fees in Retail Alternative Investments was offset by increased fees in Real Estate Asset Management.

Performance fees were \$0.2 million in the latest quarter compared with \$1.5 million in the comparable quarter of fiscal 2008. The performance fees realized in the latest quarter are represented almost entirely by the Managed Futures Asset Management operations. In the prior year's quarter, all of the performance fees of \$1.5 million were from Retail Alternative Investments.

### EXPENSES

The Corporation reported consolidated expenses of \$4.8 million for the quarter ended December 31, 2008 (quarter ended December 31, 2007: \$5.4 million). Costs associated with performance fees were \$0.8 million lower in the latest quarter.

Selling, general and administration ("SG&A) declined slightly from \$3.6 million to \$3.5 million in the latest quarter. Salaries and related costs remained relatively unchanged from the comparable quarter with a slight decrease in overall SG&A being experienced as a result of certain cost reductions.

Investment advisor fees increased from \$0.1 million to \$0.2 million reflecting the increased activity in the flow-through resource business managed by Retail Alternative Investments.

Amortization of deferred sales commissions and fund management contracts increased by approximately \$0.3 million to \$0.8 million in the latest quarter (quarter ended December 31, 2007: \$0.5 million) due entirely to the acquisition during the quarter of all the remaining 25% indirect ownership interest in Real Estate Asset Management (including its 25% ownership in Darton). As detailed in Note 10 to the Consolidated Financial Statements, for accounting purposes, the Corporation has set up an amount of \$6.8 million in respect of fund management contracts which is being amortized over seven years (ie an amortization expense of approximately \$1.0 million each year).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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### CONSOLIDATED FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2008, the Corporation's net liquid assets (excluding future income taxes) were \$8.4 million down from \$13.3 million at September 30, 2008.

During the quarter, the Corporation completed the acquisition of the remaining 25% shareholding of the Real Estate Asset Management operations, including Darton. The cash consideration, excluding interest and costs, was approximately \$5.2 million.

Effective December 1, 2008, the Corporation sold 100% of Darton for \$3.0 million in cash and additional contingent consideration.

A semi-annual dividend of \$0.04 per share (aggregate amount of \$1.1 million) was declared (and accrued as at December 31, 2008) and paid to shareholders in January 2009.

Cash flow from continuing operations (which is a non-GAAP measure) was \$0.00 per share for the latest quarter and \$0.02 per share in the comparable quarter of fiscal 2008.

(in \$000s, except per share amounts)	Three-Month Period Ended December 31,	
	2008	2007
Net cash used in continuing operating activities <sup>(1)</sup>	\$ (2,454)	\$ (1,770)
Net change in non-cash balances relating to operations <sup>(1)</sup>	2,561	2,366
Cash flow from continuing operations <sup>(1)</sup>	\$ 107	\$ 596
Cash flow from continuing operations per share <sup>(2)</sup>	\$ 0.00	\$ 0.02

<sup>(1)</sup> These amounts are shown in the Consolidated Statements of Cash Flows in the Unaudited Consolidated Financial Statements.

<sup>(2)</sup> Calculated by dividing cash flow from continuing operations by the weighted average number of shares outstanding in the quarter.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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The future income tax liability of approximately \$4.0 million (including the current portion of \$0.8 million) is not a cash liability of the Corporation but is an accounting item resulting from acquisitions made by the Corporation in this quarter and in prior fiscal years. The future income tax liability is derived from the setting up of fund management contracts as an asset on the balance sheet (\$14.0 million as at December 31, 2008) and both are being amortized over 7 years.

The Corporation has a single real estate investment acquired by the Corporation in fiscal 2003. The investment is not part of the Corporation's business activities and is included under Other Assets with a book value of approximately \$0.9 million. There is a process underway which is expected to enhance the value of the property and upon completion, a sales process is expected to be initiated and completed in fiscal 2009. The Corporation expects to realize a material gain, based on current market conditions, on the disposition which will increase the Corporation's cash resources.

### OUTSTANDING SHARE DATA (as at January 31, 2009)

#### Common shares

Issued and outstanding	28,345,864
Stock options	2,277,898 <sup>(1)</sup>

<sup>(1)</sup> Stock options to acquire 2,277,898 common shares at prices ranging from \$1.00 to \$2.10 per common share.

### RISK FACTORS

Over the past quarter, the financial outlook and the risks and uncertainties faced by the Corporation are similar to those described in the 2008 Annual Report.

### OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet financial arrangements and no material contractual obligations other than those described in the 2008 Annual Report.

### RELATED PARTY TRANSACTIONS

There were no changes in the types of related party transactions entered into by the Corporation in the quarter ended December 31, 2008. The 2008 Annual Report provides further information.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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### CRITICAL ACCOUNTING ESTIMATES

#### *Revenue Recognition*

Management fees are calculated as a percentage of AUM and this revenue is recognized when it is earned.

Performance fees are calculated by applying an agreed upon formula as a percentage of the fund investment returns. Performance fees are recognized as revenue only when they are realized. Depending on the terms of the funds, performance fees in the Retail Alternative Investments operations are calculated and recognized periodically, typically June 30 and December 31.

#### *Investments in Funds Managed by the Corporation*

The Corporation accounts for its investments in funds managed by the Corporation in accordance with CICA Handbook Section 3855, *Financial Instruments — Recognition and Measurement* as further explained in the 2008 Annual Report. Investments in funds managed by the Corporation are classified as either trading securities or available for sale securities that do not have a quoted market price in an active market.

#### *Business Acquisitions*

The allocation of the purchase price by the Corporation to the assets purchased and liabilities assumed required management to make certain estimates of value. The excess of the purchase price over the amounts assigned to the assets acquired and liabilities assumed is referred to as goodwill.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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### CHANGE IN ACCOUNTING POLICIES

Effective October 1, 2007, the Corporation adopted CICA Handbook Section 1506, *Accounting Changes*, CICA Handbook Section 1535, *Capital Disclosures*, CICA Handbook Section 3862, *Financial Instruments - Disclosures* and CICA Handbook Section 3863, *Financial Instruments - Presentation*.

Accounting Changes prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. This standard did not affect the Corporation's consolidated financial position or results of operations.

Capital Disclosures requires that the Corporation disclose information that enables users of its financial statements to evaluate the Corporation's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance.

CICA Handbook Sections 3862 and 3863 replace CICA Handbook Section 3861, *Financial Instruments - Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Corporation manages those risks.

### FUTURE ACCOUNTING CHANGES

The CICA Accounting Standards Board requires all Canadian publicly accountable enterprises to adopt International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. The Corporation will adopt IFRS for the fiscal year 2012 starting October 1, 2011. The fiscal 2012 Consolidated Financial Statements will include comparative 2011 financial results under IFRS.

Although much of Canadian GAAP is similar to IFRS, there are some GAAP differences that may significantly impact the Corporation's processes and financial results. The Corporation is currently in the planning phase of the conversion. This includes identifying the differences between existing Canadian GAAP and IFRS, identifying potential business impacts, developing the project plan, assessing resource requirements and training staff. Currently, it is not possible to fully determine the impact to the financial statements and any potential business impacts, as accounting standards and the interpretations of those standards are changing.

### CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the disclosure controls and procedures (as defined in applicable Canadian securities laws) of the Corporation as of the end of the period covered by this management's discussion and analysis, have concluded that the Corporation's disclosure controls and procedures are effective to ensure that all information required to be disclosed by the Corporation in reports that it files or furnishes under applicable Canadian securities laws is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Canadian securities regulatory authorities and (ii) accumulated and communicated to the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

### CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There was no change in the Corporation's internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### SELECTED QUARTERLY INFORMATION

(in \$000s, except per share amounts)	December 31, 2008		September 30, 2008		June 30, 2008		March 31, 2008	
Revenues before performance fees <sup>(1)</sup>	\$	3,876	\$	4,491	\$	4,572	\$	5,264
Performance fees		172		1		5,676		-
<b>Total revenues <sup>(1)</sup></b>	<b>\$</b>	<b>4,048</b>	<b>\$</b>	<b>4,492</b>	<b>\$</b>	<b>10,248</b>	<b>\$</b>	<b>5,264</b>
Net performance fees	\$	167	\$	-	\$	3,773	\$	-
EBITDA <sup>(1)</sup>	\$	242	\$	766	\$	3,908	\$	1,024
Income (loss) from continuing operations before income taxes and non-controlling interest <sup>(1)</sup>	\$	(748)	\$	(317)	\$	3,703	\$	332
Net income (loss) and comprehensive income	\$	436	\$	(514)	\$	1,785	\$	66
Earnings (loss) per share	\$	0.02	\$	(0.01)	\$	0.06	\$	0.00

(in \$000s, except per share amounts)	December 31, 2007		September 30, 2007		June 30, 2007		March 31, 2007	
Revenues before performance fees <sup>(1)</sup>	\$	4,416	\$	4,859	\$	4,567	\$	4,083
Performance fees		1,509		71		5,413		-
<b>Total revenues <sup>(1)</sup></b>	<b>\$</b>	<b>5,925</b>	<b>\$</b>	<b>4,930</b>	<b>\$</b>	<b>9,980</b>	<b>\$</b>	<b>4,083</b>
Net performance fees	\$	746	\$	-	\$	1,910	\$	-
EBITDA <sup>(1)</sup>	\$	1,126	\$	665	\$	2,640	\$	345
Income (loss) from continuing operations before income taxes and non-controlling interest <sup>(1)</sup>	\$	476	\$	(84)	\$	1,607	\$	(303)
Net income (loss) and comprehensive income	\$	557	\$	(300)	\$	1,170	\$	(43)
Earnings (loss) per share	\$	0.02	\$	(0.01)	\$	0.04	\$	0.00

<sup>(1)</sup> Excludes discontinued operations (Darton).

**Integrated Asset Management Corp.  
Consolidated Balance Sheets - Unaudited**

	December 31 2008	September 30 2008
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 7,138,702	\$ 11,109,633
Receivables	3,497,321	4,748,637
Prepays	313,776	385,652
Investments in funds managed by the Corporation (Note 7)	1,900,567	4,064,294
Other assets (Note 8)	69,444	355,207
Future income taxes	22,898	230,614
Assets of discontinued operations (Note 4)	-	2,126,152
	<u>12,942,708</u>	<u>23,020,189</u>
Property and equipment	747,732	775,931
Fund management contracts (Note 6)	13,969,000	7,782,538
Goodwill	2,243,330	2,243,330
Investments in funds managed by the Corporation (Note 7)	954,514	954,984
Other assets (Note 8)	1,846,990	2,319,303
Future income taxes	506,201	95,333
Assets of discontinued operations (Note 4)	-	604,322
	<u>\$ 33,210,475</u>	<u>\$ 37,795,930</u>
<b>Liabilities</b>		
<b>Current</b>		
Payables and accruals	\$ 2,776,131	\$ 5,323,744
Deferred revenue	120,348	252,501
Dividends payable	1,133,834	-
Income taxes payable	447,547	1,778,389
Future income taxes (Note 6)	775,193	430,614
Liabilities of discontinued operations (Note 4)	-	965,548
	<u>5,253,053</u>	<u>8,750,796</u>
Tenant inducements and deferred revenue	550,591	585,626
Future income taxes (Note 6)	3,272,735	1,708,301
	<u>9,076,379</u>	<u>11,044,723</u>
Non-controlling interest	692,327	2,059,101
Non-controlling interest of discontinued operations (Note 4)	-	404,135
	<u>692,327</u>	<u>2,463,236</u>
<b>Shareholders' Equity</b>		
Capital stock (Note 9)	20,035,113	20,192,387
Contributed surplus (Note 9)	882,493	873,918
Retained earnings	2,524,163	3,221,666
	<u>23,441,769</u>	<u>24,287,971</u>
	<u>\$ 33,210,475</u>	<u>\$ 37,795,930</u>

See accompanying notes to the consolidated financial statements.

**Integrated Asset Management Corp.**

**Consolidated Statements of Operations, Comprehensive Income and Retained Earnings - Unaudited**

For the three-month period ended December 31	2008	2007
<b>Revenues</b>		
Management fees, administration and redemption fees	\$ 3,884,575	\$ 4,093,515
Performance fees	171,574	1,509,431
Interest and other income	127,956	305,424
Investment income (loss)	(135,977)	16,811
	<b>4,048,128</b>	<b>5,925,181</b>
<b>Expenses</b>		
Selling, general and administration	3,471,112	3,565,293
Stock-based compensation (Note 5)	35,836	46,562
Investment adviser fees	236,301	109,409
Service fees paid to dealers	230,044	345,194
Investment adviser, service fees and expenses paid relating to performance fees revenue earned	4,212	763,815
Depreciation of property and equipment	49,013	49,814
Amortization of deferred sales commissions and fund management contracts	765,053	520,233
Interest expense	4,537	48,268
	<b>4,796,108</b>	<b>5,448,588</b>
<b>Income (loss) from continuing operations before income taxes and non-controlling interest</b>	<b>(747,980)</b>	<b>476,593</b>
<b>Income taxes (recovery)</b>		
Current	132,328	495,167
Future	(367,575)	(541,355)
	<b>(235,247)</b>	<b>(46,188)</b>
<b>Income (loss) from continuing operations before non-controlling interest</b>	<b>(512,733)</b>	<b>522,781</b>
<b>Non-controlling interest share of income</b>	<b>(18,108)</b>	<b>(27,173)</b>
<b>Net income (loss) and comprehensive income from continuing operations</b>	<b>(530,841)</b>	<b>495,608</b>
<b>Gain on sale of discontinued operations, net of tax</b> (Note 4)	<b>1,001,574</b>	<b>-</b>
<b>Net income (loss) from discontinued operations, net of tax</b> (Note 4)	<b>(34,402)</b>	<b>60,891</b>
<b>Net income and comprehensive income</b>	<b>\$ 436,331</b>	<b>\$ 556,499</b>
<b>Basic and diluted earnings (loss) per share from continuing operations</b>	<b>\$ (0.02)</b>	<b>\$ 0.02</b>
<b>Basic and diluted earnings per share</b>	<b>\$ 0.02</b>	<b>\$ 0.02</b>
<b>Weighted average number of shares outstanding, basic and diluted</b>	<b>28,563,556</b>	<b>28,515,044</b>
<b>Retained earnings, beginning of period</b>	<b>\$ 3,221,666</b>	<b>\$ 3,611,179</b>
<b>Net income</b>	<b>436,331</b>	<b>556,499</b>
<b>Dividends declared</b> (Note 11)	<b>(1,133,834)</b>	<b>(1,141,135)</b>
<b>Retained earnings, end of period</b>	<b>\$ 2,524,163</b>	<b>\$ 3,026,543</b>

See accompanying notes to the consolidated financial statements.

**Integrated Asset Management Corp.**  
**Consolidated Statements of Cash Flows - Unaudited**

<b>For the three-month period ended December 31</b>	<b>2008</b>	<b>2007</b>
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>Operating activities</b>		
Net income	\$ 436,331	\$ 556,499
Loss (earnings) from discontinued operations, net of tax	34,402	(60,891)
Gain on sale of discontinued operations, net of tax	(1,001,574)	-
Add (subtract) non-cash items:		
Stock-based compensation (Note 5)	35,836	46,562
Depreciation of property and equipment	49,013	49,814
Amortization of deferred sales commissions and fund management contracts	765,053	520,233
Future income taxes (recovery)	(367,575)	(541,355)
Non-controlling interest share of income	18,108	27,173
Investment loss (income)	135,977	(16,811)
Other	1,269	14,990
	<b>106,840</b>	<b>596,214</b>
Net change in non-cash balances relating to operations	<b>(2,561,263)</b>	<b>(2,366,653)</b>
Net cash used in continuing operating activities	<b>(2,454,423)</b>	<b>(1,770,439)</b>
Net cash used in discontinued operating activities	<b>(396,699)</b>	<b>(430,587)</b>
Cash used in operating activities	<b>(2,851,122)</b>	<b>(2,201,026)</b>
<b>Financing activities</b>		
Issuance of common shares on exercise of stock options	-	40,000
Repayment of long-term debt	-	(1,300,000)
Repayment of management loans	120,889	46,985
Repayment of capital lease obligations	-	(1,345)
Dividends paid to non-controlling interests	(691,688)	(125,000)
Cash used in financing activities	<b>(570,799)</b>	<b>(1,339,360)</b>
<b>Investing activities</b>		
Payment of sales commissions	(53)	(11,701)
Proceeds from funds managed by the Corporation	2,030,170	-
Acquisition of non-controlling shareholders' interest in subsidiary	(6,101,837)	-
Proceeds on sale of discontinued operations of \$3.0 million less subsidiary cash	2,084,894	-
Purchase of property and equipment	(20,813)	(21,722)
Purchase of fund management contracts	-	(829,148)
Cash used in continuing investing activities	<b>(2,007,639)</b>	<b>(862,571)</b>
Cash used in discontinued investing activities	<b>(5,165)</b>	<b>(22,180)</b>
Cash used in investing activities	<b>(2,012,804)</b>	<b>(884,751)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(5,434,725)</b>	<b>(4,425,137)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>12,573,427</b>	<b>15,387,203</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,138,702</b>	<b>\$ 10,962,066</b>
<b>Cash and cash equivalents relating to:</b>		
Continuing operations	\$ 7,138,702	\$ 10,225,191
Discontinued operations	-	736,875
	<b>\$ 7,138,702</b>	<b>\$ 10,962,066</b>
<b>Supplemental disclosure from non-cash investment and financing activities</b>		
Capital stock cancelled on repayment of management loan (Note 9)	\$ 184,535	\$ -
Interest paid	\$ 4,537	\$ 35,738
Income taxes paid	\$ 1,535,648	\$ 905,100

See accompanying notes to the consolidated financial statements.

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**Integrated Asset Management Corp.**  
**Notes to the Consolidated Financial Statements - Unaudited**

**December 31, 2008**

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**1. Organization**

Integrated Asset Management Corp. (the "Corporation" or "IAM") was incorporated under the laws of Ontario and its common shares are listed on the TSX. The Corporation's principal business is alternative asset management with one reportable segment and operates in one geographic segment (Canada).

The Corporation manages assets across a variety of alternative asset classes for retail, institutional and high net worth customers. All of the Corporation's revenues and cash flows are derived from managing and administering this business.

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**2. Basis of Presentation**

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the requirements of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1751, *Interim Financial Statements*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with Canadian GAAP have been omitted or condensed. These unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements as at and for the year ended September 30, 2008, as set out in the Corporation's 2008 Annual Report.

In the opinion of management, the unaudited interim consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary by management to present a fair statement of the results of operations, financial position and cash flows. The consolidated financial statements were prepared using the same accounting policies and methods as those used in the Corporation's financial statements for the year ended September 30, 2008.

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**3. Future Accounting Changes**

The CICA Accounting Standards Board requires all Canadian publicly accountable enterprises to adopt International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. The Corporation will adopt IFRS for the fiscal year 2012 starting October 1, 2011. The fiscal 2012 Consolidated Financial Statements will include comparative 2011 financial results under IFRS.

Although much of Canadian GAAP is similar to IFRS, there are some GAAP differences that may significantly impact the Corporation's processes and financial results. The Corporation is currently in the planning phase of the conversion. This includes identifying the differences between existing Canadian GAAP and IFRS, identifying potential business impacts, developing the project plan, assessing resource requirements and training staff. Currently, it is not possible to fully determine the impact to the financial statements and any potential business impacts, as accounting standards and the interpretations of those standards are changing.

**Integrated Asset Management Corp.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**December 31, 2008**

**4. Discontinued Operations**

On December 1, 2008, the Corporation sold its entire ownership in Darton Property Advisors & Managers Inc. ("Darton") for \$3.0 million cash and additional contingent consideration. The contingent consideration will be payable to the Corporation in 2009 through 2013 if certain revenue targets are reached by Darton.

<b>For the three-month period ended December 31</b>	<b>2008</b>	<b>2007</b>
Revenue	\$ 766,798	\$ 1,147,025
Net earnings (loss) from discontinued operations, net of tax	\$ 967,172 <sup>(1)</sup>	\$ 60,891
Basic and diluted earnings per share	\$ 0.03 <sup>(1)</sup>	\$ 0.00

<sup>(1)</sup> includes gain on sale of discontinued operations, net of tax of \$1,001,574.

The carrying values of the assets and liabilities of the discontinued operations are as follows:

	<b>December 31 2008</b>	<b>September 30 2008</b>
Current assets of discontinued operations		
Cash and cash equivalents	\$ -	\$ 1,463,794
Receivables and prepaids	-	662,358
	\$ -	\$ 2,126,152
Long-term assets of discontinued operations		
Property and equipment	\$ -	\$ 122,095
Future income taxes	-	50,027
Goodwill	-	432,200
	\$ -	\$ 604,322
Current liabilities of discontinued operations		
Payables and accruals	\$ -	\$ 920,603
Income taxes payable	-	44,945
	\$ -	\$ 965,548
Non-controlling interest of discontinued operations	\$ -	\$ 404,135
Details of the gain on sale of discontinued operations are as follows:		
Proceeds on sale	\$ 3,000,000	
Carrying value of net assets	(1,654,445)	
	1,345,555	
Gain on sale before income taxes	1,345,555	
Income taxes	(343,981)	
	\$ 1,001,574	

**Integrated Asset Management Corp.**  
**Notes to the Consolidated Financial Statements - Unaudited**

**December 31, 2008**

**5. Stock-Based Compensation**

The Corporation has established an incentive stock option plan for the executives, key employees, directors and consultants to the Corporation. As at December 31, 2008 there were 2,277,898 common shares (September 30, 2008 - 2,277,898 common shares) reserved for issuance on exercise of stock options.

These options expire in 2009 through 2014 and may be exercised at prices ranging from \$1.00 to \$2.10 per common share with a total exercisable value of \$3,260,624 (September 30, 2008 - \$3,260,624).

Number of Options	Number of Options Vested	Exercise Price	Expiry Date
588,800	588,800	\$ 1.00	2010
17,857	17,857	\$ 1.40	2011
40,000	-	\$ 1.45	2014
997,500	-	\$ 1.50	2013
17,857	17,857	\$ 1.68	2010
566,955	188,985	\$ 1.70	2012
40,000	40,000	\$ 2.00	2011
8,929	8,929	\$ 2.10	2009
<u>2,277,898</u>	<u>862,428</u>		

There are no changes in the stock options in the quarter ended December 31, 2008.

	Number Of Options	Weighted Average Exercise Price
Balance, September 30, 2008 and December 31, 2008	<u>2,277,898</u>	<u>\$ 1.43</u>

**6. Fund Management Contracts**

	December 31 2008	September 30 2008
Fund management contracts, net of accumulated amortization	<u>\$ 13,969,000</u>	<u>\$ 7,782,538</u>

Fund management contracts are contracts between the Corporation and the funds established by the Corporation which set out the management services to be provided by the Corporation to those funds and the fees payable to the Corporation for those services.

In October 2008, the Corporation recorded an amount of approximately \$7.2 million to fund management contracts in respect of the purchase of the 25.025% interest in the Real Estate Asset Management operations that it did not already own (see Note 10). On December 1, 2008, \$0.4 million of fund management contracts were disposed of when the Corporation sold its entire ownership in Darton (see Note 4).

For accounting purposes, at the time the fund management contracts were set up as an asset on the balance sheet, an associated future income tax liability was also recorded. Both the fund management contracts asset and the future income tax liability (\$4.0 million as at December 31, 2008) are being amortized over 7 years.

**Integrated Asset Management Corp.**  
**Notes to the Consolidated Financial Statements - Unaudited**

**December 31, 2008**

**7. Investments in Funds Managed by the Corporation**

	<b>December 31 2008</b>	September 30 2008
Held for trading securities, positions held long	\$ 2,002,689	\$ 4,166,886
Available for sale securities, positions held long	<b>852,392</b>	852,392
	<b>2,855,081</b>	5,019,278
Less amount included in current assets	<b>(1,900,567)</b>	(4,064,294)
	<b>\$ 954,514</b>	\$ 954,984

During the quarter ended December 31, 2008, the Corporation monetized approximately \$2.0 million in funds managed by the Corporation that had previously been categorized as held for trading.

**8. Other Assets**

	<b>December 31 2008</b>	September 30 2008
Management loans (a)	\$ 111,110	\$ 408,539
Receivable from fund managed by the Corporation (b)	<b>823,404</b>	823,404
Other (c)	<b>906,663</b>	1,206,052
Deferred sales commissions	<b>75,257</b>	236,515
	<b>1,916,434</b>	2,674,510
Less amount of management loans included in current assets	<b>(69,444)</b>	(355,207)
	<b>\$ 1,846,990</b>	\$ 2,319,303

(a) During the quarter ended December 31, 2008, a management loan in the amount of approximately \$0.2 million was discharged upon the Corporation cancelling the common shares secured against this loan (see Note 9).

(b) The receivable is in respect of management fees charged by the Corporation to a fund managed by the Corporation.

(c) Included in Other is an investment of approximately \$0.9 million in real estate.

**Integrated Asset Management Corp.**  
**Notes to the Consolidated Financial Statements - Unaudited**

**December 31, 2008**

**9. Share Capital and Contributed Surplus**

**Authorized:**

The Corporation is authorized to issue an unlimited number of common shares.

**Issued:**

	<b>Share Capital</b>		<b>Contributed Surplus</b>
	<b>Number of Common Shares</b>	<b>Amount</b>	
Balance, September 30, 2008	28,568,377	\$ 20,192,387	\$ 873,918
Shares cancelled on discharge of management loan	(222,513)	(157,274)	(27,261)
Stock-based compensation (Note 5)	-	-	35,836
Balance, December 31, 2008	28,345,864	\$ 20,035,113	\$ 882,493

During the quarter ended December 31, 2008, a management loan that was secured by common shares of the Corporation was discharged by cancelling 222,513 common shares held as security against the loan. This transaction resulted in a reduction to share capital and contributed surplus of \$157,274 and \$27,261 respectively.

The amount of \$35,836 credited to Contributed Surplus represents the stock-based compensation expense for stock options granted by both the Corporation and BluMont Capital as shown on the Consolidated Statement of Operations.

The Corporation had no Other Comprehensive Income for the quarter ended December 31, 2008 and the Corporation does not have any Accumulated Other Comprehensive Income as at December 31, 2008.

**Integrated Asset Management Corp.**  
**Notes to the Consolidated Financial Statements - Unaudited**

**December 31, 2008**

**10. Business Acquisition**

During the quarter ended December 31, 2008, the Corporation acquired the remaining 25.025% of GPM that it did not already own for \$5.2 million.

In aggregate, the consideration including interest and transaction costs was \$6,102,000 and paid in cash.

Details of the net assets acquired, at fair value, are as follows:

(in \$000's)

Current assets	\$ 3,174
Capital assets	42
Other assets	121
Fund management contracts, net of future income taxes	5,006 <sup>(1)</sup>
Current liabilities	(2,083)
Other liabilities	(158)
	<u>\$ 6,102</u>

Details of the consideration given, at fair value, are as follows:

(in \$000's)

Cash	\$ 5,751
Transaction costs	351
	<u>\$ 6,102</u>

<sup>(1)</sup> Fund management contracts of \$7,205 (of which \$414 was allocated to Darton), a finite intangible asset determined at the time of acquisition, and a future income tax liability of \$2,199 (of which \$126 was allocated to Darton) have been set up for accounting purposes and are being amortized straight line over seven years.

The amounts assigned to the assets assumed and liabilities acquired and associated goodwill and intangible assets may be adjusted when the allocation process has been finalized. The allocation of the purchase price is expected to be completed in the second quarter of 2009.

**11. Subsequent Event**

The Corporation paid a regular cash dividend of \$0.04 per common share to shareholders of record on January 15, 2009. This dividend has been accrued as at December 31, 2008 on the Consolidated Balance Sheet of the Corporation.

**Integrated Asset Management Corp.**  
**Board of Directors**

**December 31, 2008**

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Victor Koloshuk  
*Chairman, President and Chief Executive Officer,*  
*Integrated Asset Management Corp.*

David Atkins <sup>(1)</sup> <sup>(2)</sup>  
*Chairman, Swiss Reinsurance Group Companies of Canada*

Brent Chapman  
*President and Chief Executive Officer, GPM*

Bruce Day <sup>(1)</sup> <sup>(2)</sup>  
*Corporate Director*

Veronika Hirsch  
*Chief Investment Officer, BluMont Capital*

Stephen Johnson <sup>(3)</sup>  
*Chief Financial Officer,*  
*Integrated Asset Management Corp.*

Donald Lowe <sup>(1)</sup> <sup>(2)</sup>  
*Corporate Director*

David Mather  
*Executive Vice President,*  
*Integrated Asset Management Corp.*

Paul Perrow  
*President and Chief Executive Officer, BluMont Capital*

John Robertson  
*President and Chief Executive Officer,*  
*Integrated Private Debt Corp.*

<sup>(1)</sup> Member of the Audit Committee

<sup>(2)</sup> Member of the Compensation and Governance Committee

<sup>(3)</sup> Secretary of the Corporation

**Integrated Asset Management Corp.  
Principal Officers**

**December 31, 2008**

**Integrated Asset  
Management Corp.**

Victor Koloshuk  
*Chairman, President and  
Chief Executive Officer*

Stephen Johnson  
*Chief Financial Officer*

David Mather  
*Executive Vice President*

Paul Patterson  
*Vice President,  
Private Investment*

Michael Staresinic  
*Corporate Controller*

**Quebec Representative**

Joseph Benarros  
*Directeur, Quebec*

**Integrated Partners**

Victor Koloshuk  
*Chairman*

Stephen Johnson  
*Senior Vice President*

**GPM**

Brent Chapman  
*President and Chief  
Executive Officer*

David Warkentin  
*Senior Vice President,  
Investments*

**GPM**

Rick Zagrodny  
*Senior Vice President,  
Asset Management*

Robert Burns  
*Chief Financial Officer*

Frank Bartello  
*Vice President, Acquisitions*

David Becket  
*Vice President, Asset and  
Property Management*

**GPH**

Robert Hamilton  
*President*

**Integrated Private Debt Corp.**

John Robertson  
*President and Chief Executive Officer*

Donald Bangay  
*Managing Director*

Frank Duffy  
*Managing Director*

Michael LeClair  
*Managing Director*

Philip Robson  
*Managing Director*

Douglas Zinkiewich  
*Managing Director*

**Integrated Managed  
Futures Corp.**

Stephen Johnson  
*Chairman*

Roland Austrup  
*President and Chief  
Executive Officer*

David Mather  
*Vice President*

**BluMont Capital**

Victor Koloshuk

*Chairman*

Paul Perrow  
*President and Chief Executive Officer*

Veronika Hirsch  
*Chief Investment Officer*

David Scobie  
*Chief Operating Officer*

Stephen Johnson  
*Chief Financial Officer*

Peter Chodos  
*Managing Director*

Pierre Novak  
*Managing Director*

James Wanstall  
*Executive Vice President,  
Business Development*

**Integrated Asset Management Corp.**  
**Corporate Information**

**December 31, 2008**

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**Auditors:**

PricewaterhouseCoopers LLP

**Transfer Agent:**

Equity Transfer & Trust Company

**Stock Listing:**

TSX - "IAM"

**Corporate Headquarters:**

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