Integrated Asset Management Corp.

Leadership in Alternative Asset Management

Annual Report 2008

Our Company

Integrated Asset Management Corp. is a public company (TSX:IAM), majority owned by management. IAM develops, distributes and manages alternative investments (including private corporate debt, private equity, real estate, managed futures and retail alternative investments) that allow investors to reduce risk and enhance returns in their investment portfolios.

Our Strategy

Our strategy is to seek out the best alternative asset managers. We both acquire and build teams of talented, experienced, highly successful investment professionals.

Our Advantage

- **Boutique Agility**
- **Entrepreneurial Spirit**
- **Institutional Strength**

Our Opportunity

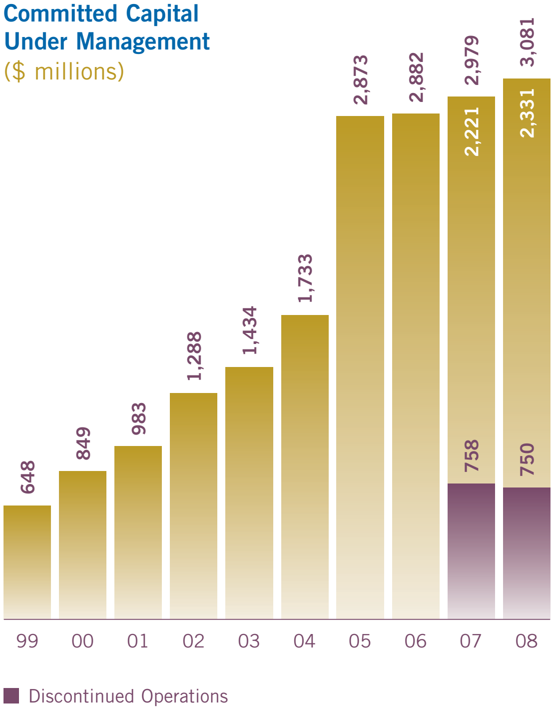
In a time of unprecedented turmoil in capital markets we are uniquely positioned to take advantage.

We have:

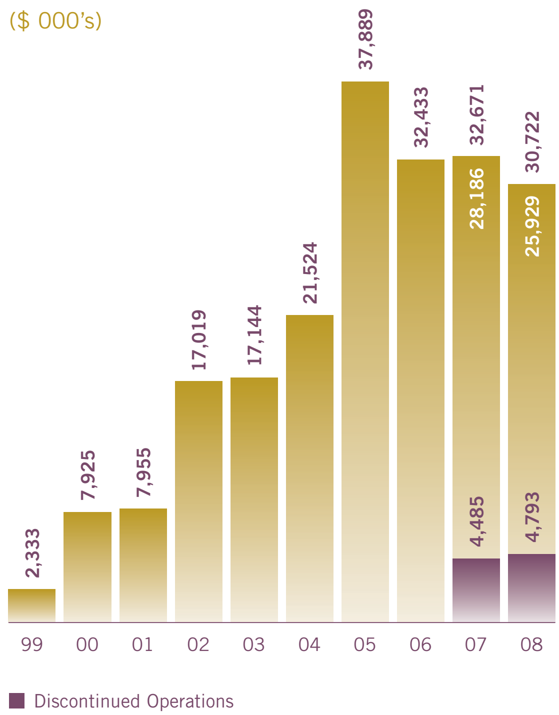
- 10 consecutive years of increasing revenues before performance fees
- A prudent, conservative investment philosophy
- Strong performance
- Depth, skill and experience
- No debt
- $11 million in cash

2008 Financial Performance

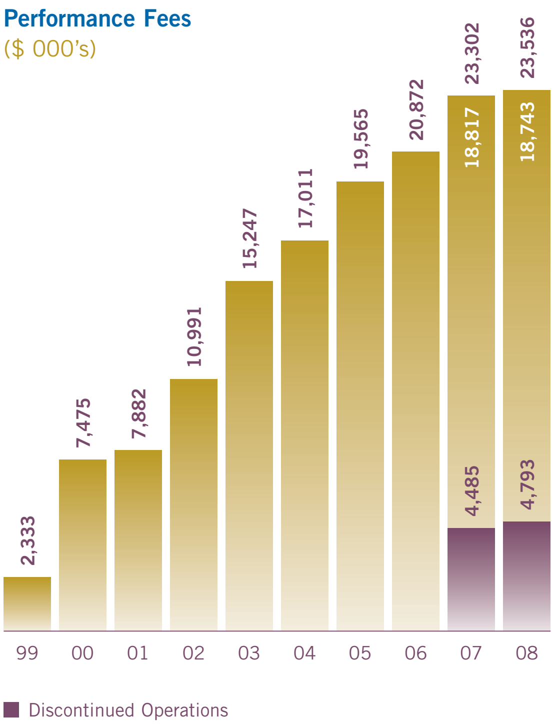
Assets and Committed Capital Under Management
($ millions)



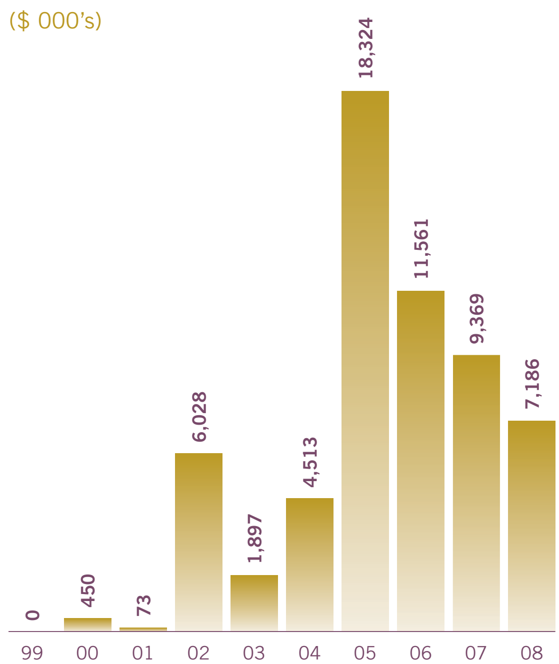
Revenues
($ 000's)



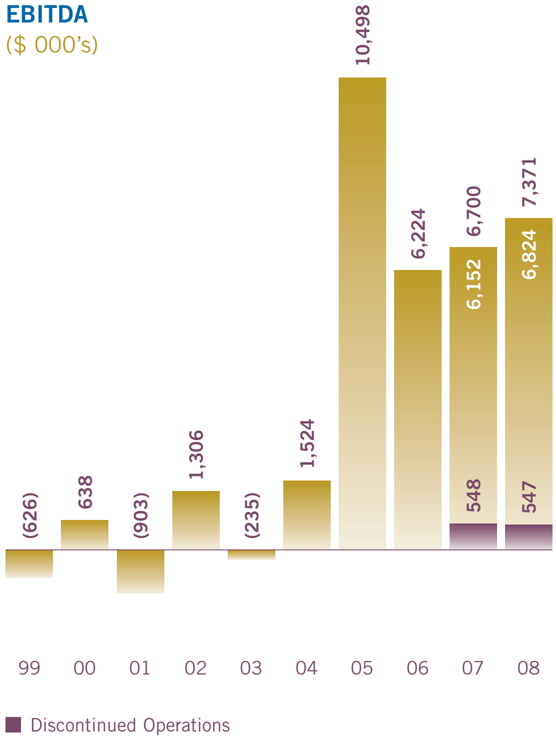
Revenues Before Performance Fees
($ 000's)



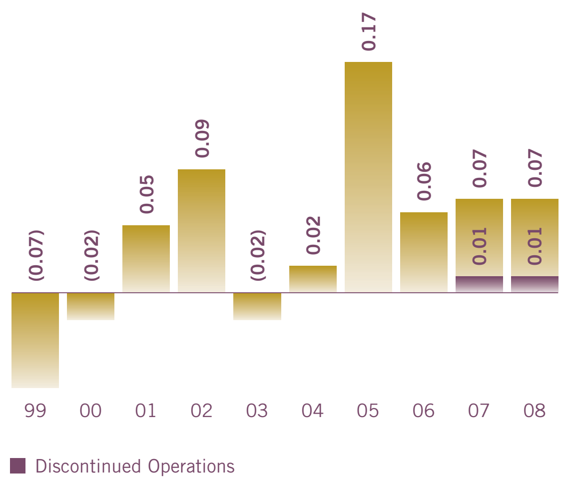
Performance Fees
($ 000's)



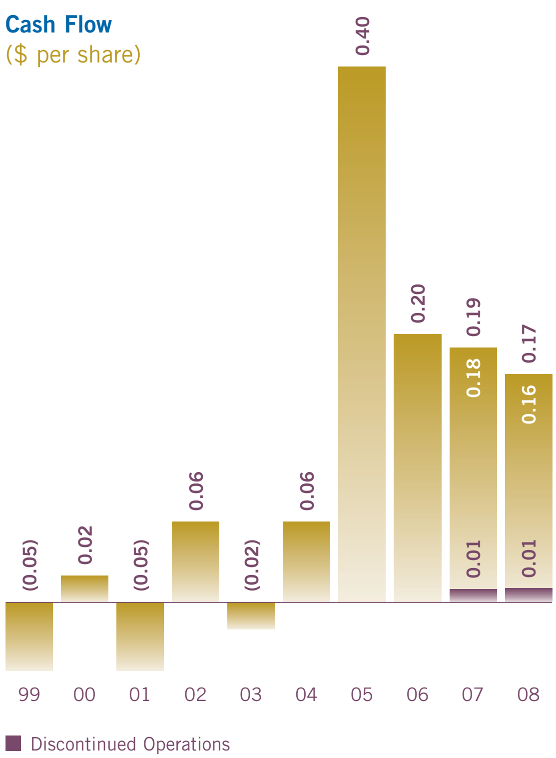
EBITDA
($ 000's)



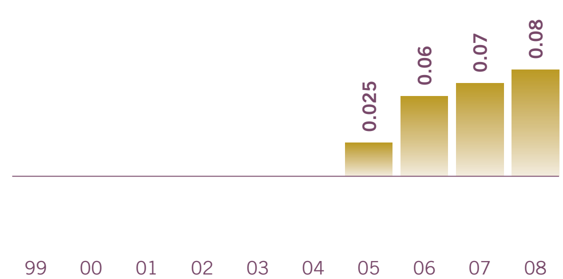
EPS
($ per share)



Cash Flow
($ per share)



Dividends
($ per share)



Chairman's Report

"While IAM is not, and could not be, immune from the blows sweeping global capital markets, your company is well positioned to weather the storm."

Victor Koloshuk
Chairman, President and Chief Executive Officer

We are pleased to present to our shareholders, clients and employees the tenth Annual Report of Integrated Asset Management Corp. ("IAM").

As our tenth year as an alternative asset management company drew to a close, it was clear that the world was engulfed in a financial crisis. While IAM is not, and could not be, immune from the blows sweeping global capital markets, your company is well positioned to weather the storm.

We have always managed IAM with a prudent, conservative philosophy. Our sources of funding are diversified, with about one quarter of our commitments coming from retail investors through our relationships with over 2,500 financial advisers and three quarters from more than 40 institutional investors. We are also broadly diversified with respect to asset classes, managing private corporate debt, real estate, managed futures, private equity and retail alternative investments.

The benefits of managing a broad range of alternative asset classes have never been more apparent. Our retail alternative operations, whose products are directly exposed to equity markets, suffered from market depreciation and the collapse in confidence of retail investors. At the same time, our private corporate debt and real estate asset management businesses are performing very well, contributing positive cash flow and strong earnings.

Industry journal Benefits Canada, in its annual Top 40 Managers issue, named IAM as one of Canada's top 10 fastest growing managers of pension assets in 2008. Our pension assets are typically invested in pools with terms of 10 to 12 years.

At a time when most investment strategies are suffering from substantial losses, three of our asset classes are producing solid positive returns when our clients need them most. Further, the new Exemplar Portfolios launched in May by BluMont Capital have performed well. Most importantly, we invest our clients' capital as prudently as if it were our own.

Our real estate funds continue to deliver excellent cash flow and absolute returns which outperform their benchmark index. Consistent with IAM's conservative corporate culture, this has been achieved with virtually no leverage or mortgages. The composite annualized rate of return over the last 25 years to September 30, 2008 was 13.7%.

In private corporate debt, our funds are producing the monthly cash flow which is so important to our clients with returns substantially outperforming the benchmark. For example, the one year return of IPD 1 to September 30, 2008 was 10.4%, compared to 4.6% for the DEX Universe Bond Index; for three years the annualized rate of return was 7.5% compared to 3.4%.

At the beginning of 2007, our flagship managed futures fund, the IMFC Global Investment Program, was significantly improved by increasing the number of markets traded and enhancing risk management techniques, to great effect. The return of the program year to date to October 31, 2008 was 41.1% and for the 12 months ended October 31, it was 42.5% versus 17.7% in 2007. In July at the 2008 Canadian Hedge Fund Awards, the IMFC Global Investment Program won the Best New Fund Performance Award, finished second in Best Overall Return Category for funds with AUM below $25 million and finished third in Best Sharpe Ratio in the same category.

The upheaval in the markets has actually created attractive investment opportunities for real estate and private debt, as both have significant commitments to deploy.

In the case of real estate, leveraged buyers have vanished from the market, cap rates have risen and valuations have adjusted to much more realistic levels. This means that potential investments have become much more attractively priced. With the credit taps firmly shut off at the banks, prospective corporate borrowers are increasingly turning to our private corporate debt team. This increasing demand allows us to underwrite loans with excellent credit quality at attractive spreads.

Over the course of the year, a number of potential opportunities to acquire private equity managers were carefully evaluated. We have real interest in a few of these, and detailed discussions are continuing. Effective January 1, 2009, George Engman, who has headed our private equity team since 1999, will leave to join the private equity team at Alberta Investment Management Corporation. We wish George all the best in the future.

It is in the nature of our business that once critical mass is reached there is significant operating leverage with increasing profitability from higher levels of AUM. We have reached that point. In the chart on page 4, it can be seen that our revenues, before performance fees, have increased every year for the last 10 years.

During fiscal 2008 we repaid the entire $1.3 million BluMont Capital long-term debt, purchased fund management contracts for $1.0 million, paid $2.3 million in dividends and by year end invested $4.2 million in seed capital in our new Exemplar Portfolios launched by BluMont Capital. Despite these outflows we ended the fiscal year with no debt and $11 million in cash.

Subsequent to the end of the fiscal year, we purchased the outstanding 25% minority interest in GPM for $5.2 million and sold Darton for $3.0 million. Our cash position remains strong.

IAM's core businesses should continue to generate stable, predictable levels of revenues. Performance fees, as and when they are realized, will enhance gross revenues and earnings.

As noted, shortly after year end, we concluded an agreement to sell Darton Property Advisors & Managers Inc., our real estate property management operations, to Avison Young Canada Inc. IAM acquired Darton in July 1999. It has grown since and been a contributor to IAM's profitability. However, Darton is a service business and could never achieve the margins available in asset management. As a result, we determined that we should focus all of our management time and effort on our core alternative asset management business.

It was clear that for Darton to grow further the best approach would be to join with a strategic purchaser in that sector rather than remaining part of IAM. We thank Gary Hudson and his team for all their work over the last 9 years and the professional manner in which this transaction was concluded. All of the Darton employees will be joining Avison Young and we wish them all the best for the future.

In fiscal 2008, Darton contributed $4.8 million in revenue and represented approximately $0.8 billion of our AUM. In the report on Financial Performance on pages 4 and 5, and in the Audited Consolidated Financial Statements, we show the contribution of Darton as discontinued operations. After the sale of Darton, our reported AUM declined from $3.1 billion to approximately $2.3 billion.

There may never have been a more challenging time to be in the asset management business. At this point, we cannot know when the crisis will end and the recovery will begin. We do know that IAM is well-financed, conservatively managed and determined to seize the opportunity before us.

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Victor Koloshuk
Chairman, President and Chief Executive Officer

Real Estate

"We anticipated a swing towards a 'buyers' market'. As a discretionary cash buyer we have significant competitive advantages in the real estate market."

Brent Chapman
President and Chief Executive Officer, GPM

This was a busy and productive year in real estate. In April 2008, we had the second and final close of GPM 11, raising a total of $148.5 million. This represented the achievement of several significant milestones.

GPM 11, at $148.5 million, is our largest real estate capital raise yet. GPM 11 is the first fund in the series raised entirely through our own marketing, with no third party assistance. Our client base broadened considerably, as nearly half of the investors are new clients. Of these, four institutional investors were making their first allocation to real estate.

When the fund closed in April, there were already signs of distress in the credit markets. It was clear that buyers of real estate who rely on mortgage financing would be challenged and we anticipated a swing towards a "buyers' market". As a discretionary cash buyer, we have significant competitive advantages in the real estate market.

Although we did not predict the extent of the meltdown of the world financial markets and the resulting global recession, our prudent, disciplined investment process is being rewarded. Our acquisition team is very active and is now seeing attractive valuations on quality assets that have been very hard to find during the past 2-3 years. We see the current market conditions as a tremendous opportunity to invest the commitments to GPM 11.

The investment period of the fund is up to 3 years; however, we expect to complete the investment program over the next 18 months. Given the dramatic change in market conditions, the stage is set for us to construct a portfolio of properties with quality tenants, offering attractive cash flow and appreciation potential over the life of the fund.

In addition to acquiring new properties for GPM 11 and the segregated portfolio, the fully invested property portfolios that comprise GPM 8, 9 and 10 are being actively managed to add value. The properties in each portfolio (except for development properties) are independently appraised each year. At the end of the year all portfolios had shown significant price appreciation based upon these independent valuations. To September 30, 2008, the composite annualized rate of return on all of the GPM series of funds, net of fees and expenses, was 13.7%.

In May, 2008, GPM 7 matured. As required by the investment policy of the fund, the portfolio was sold. Through a competitive auction process, a number of bids were received. The portfolio was sold, generating an annualized rate of return to our clients of 13.5%. We realized a performance fee of $5.6 million from the monetization of the fund.

Our segregated portfolio continues to grow. By year end, the total value of property acquired, committed and planned development had reached $500 million. The original capital committed by the client to this account was $70 million and has now grown to $250 million. Development activity, essential to create the high quality assets required, was focused on two regions: Edmonton, Alberta and Kitchener-Waterloo, Ontario.

Over the course of the year, management carefully considered the long-term prospects for our real estate property management subsidiary, Darton Property Advisors & Managers Inc.("Darton"). Darton has grown, profitably, reaching 10 million square feet in property under management. While it is a successful, well-managed service business, it needs to grow further to increase profitability. Accordingly, a number of strategic options were assessed, including acquisitions. The decision was made to sell Darton.

Looking forward, we anticipate continuing demand for real estate asset management from institutional investors as they seek stability, current income and inflation protection.

Private Corporate Debt

"Our clients have been rewarded. They have enjoyed good absolute and relative returns, with the added benefit of monthly cash flow."

John Robertson
President and Chief Executive Officer, Integrated Private Debt

In November 2004, we closed Canada's first senior private debt fund, raising $600 million in commitments from pension funds and life insurance companies. By October 2007, the fund was nearly fully invested and marketing was well advanced for IPD 2, which proved to be Canada's second investment grade senior private debt fund.

IPD 2 closed on March 31, 2008 raising $425 million in commitments exclusively from pension funds and increasing the total capital raised for private debt to over $1.0 billion. We are proud of the fact that all of the pension funds investors in IPD 1 made commitments to IPD 2 equal to or exceeding their commitments to IPD 1.

Our clients have been rewarded by their investments in our funds. They have enjoyed good absolute and relative returns, with the added benefit of monthly cash flow. For the year ended September 30, 2008, the rate of return was 10.4%, substantially better than the 4.6% return of the benchmark DEX Universe Bond Index. For the three-year period, the annualized return was 7.5% versus 3.4% and from inception the annualized return was 7.2%.

The turmoil that engulfed global credit markets in the third quarter has created significant opportunity for us. Most traditional sources of credit have tightened lending practices and sharply reduced or cut off availability of credit. As a result, we have been presented with increased demand for loans, and find ourselves in a position to make higher quality loans at very attractive spreads.

As a result of strong demand, the investment program for IPD 2 has progressed well. Marketing of IPD 3 has begun, with closing expected in the second quarter of 2009.

The upheaval in credit markets and rapidly softening economic conditions have created challenging circumstances in financial markets. Quarterly reviews are conducted on every company in the portfolios and although there is a softening of markets for some of our borrowers, they anticipated this and took corrective action several months ago. Our rigorous underwriting process and disciplined portfolio management position us well to deal with changing economic circumstances.

We presently have AUM of approximately $1.0 billion. As the remaining capital committed to IPD 2 is invested, the profit contribution and operating margin will improve further. The long-term nature of the funds provides a steady, predictable contribution to income for many years.

The debt team is actively considering new private debt products for our clients that could capitalize on the team's skills, processes and investment origination capabilities. Products under consideration include situation–specific debt funds, as well as longer term funds, such as an infrastructure debt fund, to meet the need for long duration fixed income products from pension funds.

Retail Alternative Investments

"As part of IAM, BluMont Capital has the resources to withstand the economic crisis and will be ready to take advantage when the economic downturn eventually reverses."

Paul Perrow
President and Chief Executive Officer, BluMont Capital

BluMont Capital was significantly affected by the crisis in global equity markets in the fourth quarter of fiscal 2008, resulting in substantial portfolio depreciation for investors and a severe loss of their confidence in equity markets.

AUM had remained relatively unchanged in the first nine months of fiscal 2008, a challenging environment for both investors and Canadian retail asset management companies, including BluMont Capital. In the last quarter, AUM declined from over $700 million to approximately $550 million as at September 30, 2008 due to a combination of asset depreciation and redemptions. In that quarter the S&P/TSX Composite Index declined 17.6 % and fell 11.5 % for the year ended September 30, 2008.

The unprecedented events in global financial markets during fiscal 2008 and fiscal 2009 to date proved challenging for a large number of principal protected note products ("PPNs") guaranteed by major financial institutions. 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. Subsequent to September 30, 2008, 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. BluMont Capital will not receive fees on these assets after the discontinuance of trading.

All retail asset management companies in Canada have been adversely affected to varying degrees by the global economic crisis and its impact on AUM and profitability. This has continued into fiscal 2009. We expect that some asset managers will not survive this economic downturn, which could be lengthy and deep, because they lack the necessary financial resources or are limited by managing a narrow range of investment products, many of which have poor performance records. As part of IAM, BluMont Capital has the resources to withstand the economic crisis and will be ready to take advantage when the economic downturn eventually reverses and investor confidence in equity markets returns.

The market depreciation and redemptions have reduced management fees earned by BluMont Capital. Management have thoroughly examined every aspect of BluMont Capital's operations and effected changes to reduce operating expenses to reflect the lower level of expected revenue.

In May 2008, we launched Exemplar Portfolios, our new line of investment products which are offered on a continuous basis to retail investors through a prospectus-qualified mutual fund corporation. The structure of the Exemplar Portfolios allows the portfolio managers the freedom and flexibility to respond to varied market conditions. Less constrained, the portfolio managers are able to use a variety of investment styles and techniques in order to take advantage of diverse and volatile markets, both domestically and internationally.

We believe that the unique structure of the Exemplar Portfolios, with the potential for enhanced returns, will have genuine appeal to investors. It is our intention to expand the Exemplar platform to include more managers who share Exemplar's mandate of freedom and flexibility and whose investment strategies would be complementary to the existing portfolios on the platform.

The first two portfolios in the Exemplar Portfolios are the Exemplar Canadian Focus Portfolio, managed by BluMont Capital's Chief Investment Officer, Veronika Hirsch, and the Exemplar Global Opportunity Portfolio, managed by David Iben of Tradewinds Global Investments, LLC, a subsidiary of Nuveen Investments, LLC of San Francisco. Since their launch in May 2008, both portfolios have performed well.

Management's Discussion and Analysis

Overview

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 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 years ended September 30, 2008, 2007 and 2006 and is as of December 2, 2008. This analysis is supplemental to the Audited 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 audited 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 December 2, 2008.

This MD&A and additional information relating to IAM, including the Annual Information Form, are on SEDAR at 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 $3.1 billion at September 30, 2008.

The Corporation's private corporate debt, real estate (with the exception of property management) 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") and real estate property management, 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 May 2008, a new line of retail investment products was launched. The Exemplar Portfolios allow the portfolio managers the freedom and flexibility to respond to varied market conditions. The Corporation utilized $6.0 million of its cash to provide the initial investment in the first two funds.

On December 1, 2008, subsequent to the fiscal 2008 year end, the Corporation sold all of its ownership interest in Darton Property Advisors & 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 and assets and liabilities 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.

Fee Revenue

The Corporation earns revenue primarily from fees from two sources:

1. Management fees

These are typically based on an agreed percentage of AUM, which includes the market value of funds and other assets administered by the Corporation. Revenues generated from management fees are generally expected to change in direct proportion to the pool of AUM. For income statement purposes, this revenue is recognized when it is earned.

2. Performance fees

The Corporation earns performance fees, including carried interests, when investment returns outperform a designated benchmark. These benchmarks ("hurdle rates") are contract specific and only apply to certain investment products. Funds managed by the Real Estate Asset Management and Private Equity operations typically provide for performance fees to be realized only towards the end of the life of the pool of assets being managed, which at times can be up to twelve years. Accordingly, performance fees in these activities are realized sporadically. Certain financial products in Retail Alternative Investments provide for the realization of performance fees generally on an annual or semi-annual basis (June 30 and December 31).

Unrealized performance fees can build up over time and form a significant portion of the total unrecognized revenue of the Corporation. Unrealized performance fees can also decrease or be eliminated completely over the life of the pool of assets. As the Consolidated Financial Statements of the Corporation recognize performance fees only when realized, the recorded revenues and income of the Corporation will tend to fluctuate from period to period.

Assets and Committed Capital Under Management ("AUM")

Overall, AUM at September 30, 2008 remained relatively unchanged from the previous year.

($ millions)	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2006
Private Corporate Debt	$ 970.4	$ 754.2	$ 818.9
Real Estate Asset Management	792.4	692.1	561.9
Retail Alternative Investments	549.1	756.0	738.7
Private Equity and Managed Futures	18.5	18.5	60.1
	2,330.4	2,220.8	2,179.6
Real Estate Property Management (1)	750.3	758.6	702.6
Total	**$ 3,080.7**	**$ 2,979.4**	**$ 2,882.2**

(1) Represents AUM of Darton which was sold on December 1, 2008

During fiscal 2008, the Corporation raised commitments for two new investment funds; a private corporate debt fund (IPD 2 with approximately $425 million of commitments) and a real estate fund (GPM 11 with approximately $148 million of commitments) for aggregate total commitments of $573 million.

Private Corporate Debt deployed approximately $303 million of commitments in aggregate from both IPD 1 and IPD 2 during fiscal 2008 and will continue to deploy commitments in IPD 2 during fiscal 2009. Approximately $130 million of commitments to IPD 1 were cancelled, with the agreement of its investors, to allow the Corporation to accelerate the closing of IPD 2 in the quarter ended March 31, 2008.

AUM of Real Estate Asset Management increased in aggregate approximately $100 million representing the net result of the new fund launched during fiscal 2008 and the monetization of one fund (GPM 7) in the quarter ended June 30, 2008.

The AUM of Retail Alternative Investments were relatively unchanged in the first nine months of fiscal 2008. However, the global economic crisis affected AUM significantly in the last quarter through market depreciation and redemptions. For example, the S&P/TSX Composite Index declined 17.6% in the quarter and 11.5% in the year ended September 30, 2008.

In May 2008, Retail Alternative Investments launched Exemplar Portfolios, a new group of investment products, but AUM growth in fiscal 2008 was modest due to the extremely challenging asset management environment.

Selected Annual Information

$000's except per share amounts	**2008**	2007	2006
Revenues before performance fees (1)	**$ 18,743**	$ 18,817	$ 16,444
Performance fees	**7,186**	9,369	11,561
Total revenues (1)	**$ 25,929**	$ 28,186	$ 28,005
Net performance fees (2)	**$ 4,519**	$ 3,306	$ 4,895
Earnings before interest, taxes, depreciation and amortization ("EBITDA") (1)(3)	**$ 6,824**	$ 6,152	$ 5,555
Income from continuing operations before incomes taxes and non-controlling interest (1)	**$ 4,194**	$ 3,195	$ 2,352
Net income and comprehensive income	**$ 1,894**	$ 1,780	$ 1,226
Basic and diluted earnings per share	**$ 0.07**	$ 0.07	$ 0.06
Dividends per share	**$ 0.08**	$ 0.07	$ 0.06
Total assets	**$ 37,796**	$ 36,735	$ 28,168
Total long-term financial liabilities	**$ 586**	$ 713	$ 1,257
Common shares outstanding, end of year	**28,568**	28,488	21,859

(1) Excludes discontinued operations (Darton).

(2) 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 fees revenue earned.

(3) 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 loss.

Revenues before performance fees of $18.7 million in fiscal 2008 were similar to the amounts earned in fiscal 2007.

Performance fees of $7.2 million in fiscal 2008 were realized in both Real Estate Asset Management ($5.6 million) and Retail Alternative Investments ($1.6 million). In fiscal 2007 all of the performance fees of $9.4 million were realized in Retail Alternative Investments.

Although the performance fees in fiscal 2008 were lower than in fiscal 2007, net performance fees (after associated costs) increased from $3.3 million to $4.5 million because the margins are higher in Real Estate Asset Management than in Retail Alternative Investments which incurs costs for third party portfolio managers and service fees to dealers.

EBITDA increased from $6.2 million in fiscal 2007 to $6.8 million in fiscal 2008 due to higher net performance fees, however this was partially offset by lower profitability in Retail Alternative Investments. EBITDA in fiscal 2007 also included a gain of $0.6 million on the sale of a management contract and higher redemption fees of approximately $0.4 million.

IAM increased its regular annual dividend from $0.07 to $0.08 per common share in fiscal 2008 payable in cash semi-annually. The dividends paid in fiscal 2008 have been designated as eligible dividends by the Corporation pursuant to the guidelines issued by the Canada Revenue Agency.

There was virtually no change in the common shares outstanding during fiscal 2008. In fiscal 2007, the shares outstanding increased by approximately 6.6 million shares, of which 6.1 million were issued in respect of the acquisition by IAM of 53.8% of the shares of BluMont Capital not already owned.

Financial Statements

The accompanying Audited Consolidated Financial Statements included in this Annual Report comprise the results for the years ended September 30, 2008 and September 30, 2007.

Summary of Consolidated Financial Results

Operating Results

Income and Earnings Per Share

Net income for the year ended September 30, 2008 was $1.9 million or $0.07 per share compared with net income of $1.8 million or $0.07 per share for the year ended September 30, 2007. EBITDA increased from $6.2 million in fiscal 2007 to $6.8 million in fiscal 2008.

Reconciliation of EBITDA to Net Income and Comprehensive Income

$000's except per share amounts		2008		2007
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	$	**6,824**	$	6,152
Depreciation and amortization		**(2,323)**		(2,260)
Interest expense		**(64)**		(219)
Stock-based compensation		**(182)**		(126)
Investment loss		**(61)**		(352)
Income from continuing operations before income taxes and non-controlling interest		**4,194**		3,195
Income taxes		**(1,511)**		(1,126)
Non-controlling interest share of income		**(1,027)**		(524)
Net income and comprehensive income from discontinued operations, net of tax		**238**		235
Net income and comprehensive income for the year	$	**1,894**	$	1,780

Revenues

Total revenues, which are comprised of management fees, performance fees and other income, declined from $28.2 million in fiscal 2007 to $25.9 million in fiscal 2008. Management fees, administration and redemption fees increased by $0.7 million to $17.9 million as the Corporation continued to deploy commitments in Real Estate Asset Management and Private Corporate Debt. There was a decline of approximately $0.8 million in aggregate management fees and redemption fees in Retail Alternative Investments.

Performance fees were $9.4 million in fiscal 2007, all of which were from Retail Alternative Investments, and declined to $7.2 million in fiscal 2008, most of which was from the monetization of one real estate pool (GPM 7). Retail Alternative Investments generated approximately $1.6 million of performance fees in December 2007, however the funds' performances in the six months ended June 30, 2008 were such that no performance fees were realized on June 30, 2008.

The Corporation expects to realize performance fees in fiscal 2009 of up to $0.2 million upon the completion of final closing adjustments of GPM 7. Consistent with past practice, this amount has been held back pending the distribution of the remaining funds to GPM 7 investors, at which time the Corporation expects to realize these additional performance fees.

Interest and other income declined from $2.0 million in fiscal 2007 to $0.9 million in fiscal 2008. Fiscal 2007 included a gain of $0.6 million from the sale of a BluMont Man fund to Man Investments in November 2006 and interest income was lower in fiscal 2008 as $6.1 million of the Corporation's cash was utilized in the launching of the Exemplar Portfolios.

Expenses

The Corporation reported consolidated expenses for the year ended September 30, 2008 of $21.7 million compared to $25.0 million for the year ended September 30, 2007. Excluding expenses relating to performance fees of $2.7 million and $6.1 million in fiscal 2008 and 2007 respectively, expenses were relatively unchanged ($19.1 million in fiscal 2008 compared with $18.9 million in fiscal 2007).

The principal components of expenses are selling, general and administration ("SG&A") of $14.6 million (2007: $14.9 million), approximately 70% of which is salaries and related costs (2007: 69%).

Performance fees are a very important part of the Corporation's revenues and expenses. The impact of performance fees on the Corporation's profitability depends on a number of factors. Generally, funds which are internally managed generate higher margins on performance fees than funds which are managed by external investment advisers. All funds in the Corporation's operations are managed internally, with the exception of Retail Alternative Investments which offers both internally and externally managed products. In Retail Alternative Investments, there are other expenses associated with the performance fees from funds, including servicing fees to dealers in providing ongoing support to investors in BluMont Capital's funds.

During fiscal 2008, the Corporation incurred investment adviser fees, service fees and other expenses totaling $2.7 million which related to performance fees earned of $7.2 million resulting in net performance fees of $4.5 million (63% retention rate). Performance fee revenue in fiscal 2007 was $9.4 million and after deducting third party costs of $6.1 million, net performance fees to the Corporation in 2007 were $3.3 million (35% retention rate). The higher retention rate reflects a greater proportion of aggregate performance fees being generated by the Corporation's portfolio managers in Real Estate Asset Management.

In fiscal 2008, the Corporation paid investment adviser fees of $0.6 million, excluding the portion relating to performance fees, compared to $0.3 million in fiscal 2007. The increase in fees paid to third party investment advisors was due primarily to the sub-adviser fees paid to Augen Capital Corp. ("Augen") as a result of the Corporation's acquisition of the resource flow-through business of Augen in August 2007 in which Augen was retained as the sub-adviser to this business.

Servicing fees paid by the Corporation to dealers, excluding the portion relating to performance fees, were $1.3 million in fiscal 2008 compared to $1.1 million in fiscal 2007. The increase is due primarily to the acquisition of the management contracts of two mutual funds early in fiscal 2008. The Corporation pays service fees to dealers based on a percentage of the management fees received on its open-end products.

Amortization of deferred sales commissions ("DSC") and fund management contracts was $2.1 million in fiscal 2008 compared with $1.9 million in fiscal 2007. The amortization of DSC declined from $0.9 million to $0.6 million in fiscal 2008. The Corporation incurred a modest amount of payments of sales commissions in fiscal 2007 and 2008 in part because new funds were launched without a DSC purchase option. As the amortization of DSC has exceeded payments in recent years, the DSC asset has progressively declined and was only $0.2 million at September 30, 2008 as shown on the Consolidated Balance Sheet.

The amortization of fund management contracts was $1.5 million in fiscal 2008 compared with $1.0 million in fiscal 2007. Most of this expense item results from the acquisition of BluMont Capital as described in Note 15 to the Consolidated Financial Statements. The amortization charge in fiscal 2008 reflects a full year's amortization of the fund management contracts over a seven year period.

Interest expense was $0.1 million in fiscal 2008 down from fiscal 2007 ($0.2 million) due to the repayment of a convertible debenture with a principal amount of $1.3 million on December 31, 2007.

In fiscal 2008, the Corporation had current income taxes of $2.2 million and a future income tax credit of $0.7 million. The current income taxes (less instalments made to date) are payable in the first quarter of fiscal 2009. The future income tax credit is primarily a non-cash accounting item resulting from the amortization of the future income tax liability set up as a result of the acquisition of BluMont Capital in fiscal 2007. There is a future income tax asset of approximately $0.3 million, the majority of which relates to tax losses that may be used in the future to reduce cash taxes.

The current and future income tax assets and liabilities are recorded on the Consolidated Balance Sheet based on legislated future income tax rates, interpretation of tax legislation and assumptions about the realization and timing of future benefits and costs. Future income tax rates can be changed through legislation at any time and a small change in rates or in interpretation or timing could result in a significant change in the income taxes shown on the Consolidated Statements of Operations.

Non-controlling interest share of income was $1.0 million in fiscal 2008 compared with $0.5 million in fiscal 2007, which represents the 25% interest of the Real Estate Asset Management operations not owned by IAM until its acquisition in October 2008.

Quarterly Summary

Revenues and EBITDA vary considerably from quarter to quarter depending on whether or not performance fees are realized. Products in Retail Alternative Investments are structured to permit the realization of performance fees generally on an annual or semi-annual basis which are Q1 and Q3 for IAM. In Q3, fiscal 2008, the Corporation realized performance fees of $5.6 million in Real Estate Asset Management but no performance fees in Retail Alternative Investments.

The Corporation's EBITDA in Q4 of fiscal 2008 was adversely affected by the significant reduction in AUM in Retail Alternative Investments during the quarter.

Fiscal 2008

$000's, except per share amounts	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
Revenues before performance fees (1)	**$ 4,416**	**$ 5,264**	**$ 4,572**	**$ 4,491**	**$ 18,743**
Performance fees	**1,509**	**-**	**5,676**	**1**	**7,186**
Total revenues (1)	**$ 5,925**	**$ 5,264**	**$ 10,248**	**$ 4,492**	**$ 25,929**
Net performance fees	**$ 746**	**$ -**	**$ 3,773**	**$ -**	**$ 4,519**
EBITDA (1)	**$ 1,126**	**$ 1,024**	**$ 3,908**	**$ 766**	**$ 6,824**
Income (loss) from continuing operations before income taxes and non-controlling interest (1)	**$ 476**	**$ 332**	**$ 3,703**	**$ (317)**	**$ 4,194**
Net income (loss) and comprehensive income (loss)	**$ 557**	**$ 66**	**$ 1,785**	**$ (514)**	**$ 1,894**
Earnings (loss) per share	**$ 0.02**	**$ 0.00**	**$ 0.06**	**$ (0.01)**	**$ 0.07**

Fiscal 2007

$000's, except per share amounts	Q1	Q2	Q3	Q4	Total
Revenues before performance fees (1)	$ 5,308	$ 4,083	$ 4,567	$ 4,859	$ 18,817
Performance fees	3,885	-	5,413	71	9,369
Total revenues (1)	$ 9,193	$ 4,083	$ 9,980	$ 4,930	$ 28,186
Net performance fees	$ 1,396	$ -	$ 1,910	$ -	$ 3,306
EBITDA (1)	$ 2,502	$ 345	$ 2,640	$ 665	$ 6,152
Income (loss) from continuing operations before income taxes and non-controlling interest (1)	$ 1,975	$ (303)	$ 1,607	$ (84)	$ 3,195
Net income (loss) and comprehensive income (loss)	$ 953	$ (43)	$ 1,170	$ (300)	$ 1,780
Earnings (loss) per share	$ 0.04	$ 0.00	$ 0.04	$ (0.01)	$ 0.07

(1) Excludes discontinued operations (Darton).

Consolidated Financial Position at September 30, 2008

Estimate of unrealized performance fees

Unrealized performance fees can build up over time and are important to the Corporation. Unrealized performance fees are not reflected in the Consolidated Financial Statements and will only be reflected when realized.

($ 000's)	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2006
Real Estate Asset Management and Private Equity	$ 9,000	$ 11,900	$ 7,600
Retail Alternative Investments	-	600	500
Total	**$ 9,000**	**$ 12,500**	**$ 8,100**

IAM manages investment products in which significant amounts of unrealized performance fees have built up because the performance to date has exceeded the applicable benchmarks. However, the excess returns have not yet been monetized.

Performance fees of Real Estate Asset Management are realized sporadically as they tend to be recognized generally towards the end of the life of the pool of assets being managed, which at times can be up to twelve years. Performance fees are not expected to be realized in Real Estate Asset Management until fiscal 2010. There were no unrealized performance fees as at September 30, 2008 for Private Equity.

The table below shows the estimated unrealized performance fees of Real Estate Asset Management by fund with the expected fiscal year of realization.

	Unrealized Performance Fees ($ millions)	Fiscal Year of Expected Realization
Segregated Account	(1)	2010
GPM 8	$ 4.6	2011
GPM 9	2.8	2014
GPM 10	1.6	2017
GPM 11	-	2020
	$ 9.0	

(1) The estimate of unrealized performance fees of Real Estate Asset Management does not reflect substantial real estate properties which are in various stages of development. For these properties with an invested cost of approximately $219 million, third party appraisals are not required until the properties have become income producing properties. It is management's view that undertaking independent appraisals of these properties may result in unreliable estimates of unrealized performance fees given the level of risks and uncertainties in the valuation of projects under construction.

Any estimate of unrealized performance fees is subject to significant change, given the various stages of development of the properties, the period to realization and the volatile nature of the real estate market. Accordingly, the estimate of unrealized performance fees shown could be substantially over or understated.

Performance fees of Retail Alternative Investments are generally recognized on an annual basis or semi-annual basis (June 30 and December 31). Performance fees of approximately $1.6 million were realized on December 31, 2007. No performance fees were realized on June 30, 2008 as most of the funds had negative performances during fiscal 2008 after December 31, 2007. At September 30, 2008, the net asset values per unit ("NAVs") of most of the funds were below their respective high water marks (the highest NAV of the fund to date) and performance fees on those units will not be realized in the future until the NAVs exceed the high water marks.

During fiscal 2008, performance fees of $7.2 million were realized in both Real Estate Asset Management ($5.6 million) and Retail Alternative Investments ($1.6 million).

Liquidity and capital resources

The Corporation's primary liquidity requirement is to generate sufficient cash flow to meet its operating obligations on a continuous basis.

At September 30, 2008, the Corporation's net current assets (excluding the net assets of discontinued operations and future income taxes) increased to $13.3 million compared to $12.2 million as at September 30, 2007.

Cash provided by continuing operating activities (as shown on the Consolidated Statements of Cash Flows) was $5.0 million in fiscal 2008. During fiscal 2008, approximately $2.3 million was paid to shareholders of the Corporation representing dividends on the common shares of $0.08 per share.

Cash flow from continuing operations (which is a non-GAAP measure) and dividends paid in fiscal years 2006 to 2008 are summarized below:

$000's except per share amounts		2008		2007		2006
Cash provided by continuing operating activities (1)	$	**5,022**	$	4,297	$	1,712
Net change in non-cash balances relating to operations (1)		**(459)**		377		2,639
Cash flow from continuing operations (1)	$	**4,563**	$	4,674	$	4,351
Cash flow from continuing operations per share (2)	$	**0.16**	$	0.18	$	0.20
Dividends per share	$	**0.08**	$	0.07	$	0.06

(1) These amounts are shown on the Consolidated Statements of Cash Flows in the Consolidated Financial Statements. Cash flow from discontinued operating activities (Darton) has been excluded for fiscal 2007 and 2008.

(2) Calculated by dividing cash flow from continuing operations by the weighted average number of shares outstanding in the fiscal year.

In May 2008, the Corporation utilized $6.0 million of its cash to provide the initial investment to launch two funds in the Corporation's Exemplar Portfolios, in addition to permanent seed capital of $0.1 million. There are no restrictions on the Corporation redeeming its $6.0 million (initial cost) investment at any time and redemptions amounting to $2.2 million took place prior to September 30, 2008. A further $2.1 million of this investment was redeemed subsequent to September 30, 2008.

During fiscal 2008, the Corporation purchased the management contracts of two mutual funds and a flow-through business for which BluMont Capital is the portfolio manager. The aggregate consideration for the management contracts was approximately $1.0 million, of which $0.8 million was paid at September 30, 2008.

The Corporation had debt of approximately $1.3 million as at September 30, 2007 which was repaid in full on its maturity on December 31, 2007.

The future income tax liability of $2.1 million (including the current portion of $0.4 million) as at September 30, 2008 is not a cash liability of the Corporation but is an accounting item resulting from the accounting for the acquisition in fiscal 2007 of the remaining shares of BluMont Capital as detailed in Note 15 to the Consolidated Financial Statements. This future income tax liability is derived from the setting up of fund management contracts as an asset on the balance sheet ($7.8 million at September 30, 2008), and both are being amortized over 7 years.

At September 30, 2008, the Corporation had 28.6 million common shares outstanding (September 30, 2007 – 28.5 million) representing capital stock of $20.2 million (September 30, 2007 - $20.1 million). During fiscal 2007, the Corporation issued approximately 6.1 million common shares in respect of the acquisition of the outstanding shares of BluMont Capital through a share exchange offer. At December 2, 2008, the Corporation had 28.6 million common shares outstanding.

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 (see Note 8) 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.

In October 2008, IAM purchased the remaining 25% shareholding of the Real Estate Asset Management operations ("GPM") from Mr. G.E.A. Pacaud (GPM's former Chairman) and GPM became a wholly-owned subsidiary of the Corporation. The cash consideration, excluding interest and costs, approximated $5.2 million and does not include Mr. Pacaud's 25% pro-rata economic interest in two assets of GPM:

(i) Performance fees that may be realized by GPM from specific funds in the future.

(ii) Proceeds that may be realized on the disposition of a single real estate investment described in the preceding paragraph.

During fiscal 2008, a review of Darton was undertaken to consider strategic opportunities including acquisitions. As a result of this initiative, the Corporation received interest from a number of parties wanting to purchase Darton, and effective December 1, 2008, the Corporation sold 100% of Darton for $3.0 million in cash and additional contingent consideration.

Controls and Procedures

The Corporation maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports the Corporation publicly files is recorded, processed, summarized and reported within a timely manner and that such information is accumulated and communicated to the Corporation's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Corporation's management, including the Chief Executive Officer and Chief Financial Officer, recognizes that, because the design of any system of controls is based in part upon certain assumptions about the likelihood of future events and also is subject to other inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance of achieving the desired objectives.

The Corporation's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Corporation's disclosure controls and procedures to ensure that information used internally and disclosed externally is complete and reliable, including the adherence to the Disclosure Policy adopted by the Corporation. They are assisted in this responsibility by other management of the Corporation. The Disclosure Policy requires all staff to keep the Executive (consisting of three executives of the Corporation, all of whom are directors of the Corporation) fully apprised of all material information affecting the Corporation so that they may evaluate and discuss this information and determine the appropriateness and timing for public release. Access to such material information by the Executive is facilitated by the small size of the Corporation's senior management team and the proximity of all management staff to the corporate head office.

The Chief Executive Officer and the Chief Financial Officer, after evaluating the effectiveness of the Corporation's disclosure controls and procedures as of September 30, 2008, have concluded that the Corporation's disclosure controls and procedures were adequate and effective to provide reasonable assurance that material information relating to the Corporation and its subsidiaries would have been known to them.

The Chief Executive Officer and the Chief Financial Officer, after evaluating the design of the Corporation's internal controls over financial reporting as of September 30, 2008, have concluded that the Corporation's internal controls over financial reporting were adequate to provide reasonable assurance regarding its reliability and its capability to prepare financial statements in accordance with Canadian GAAP. The Corporation has augmented its internal controls over financial reporting during fiscal 2008.

During the last half of fiscal 2008, the Corporation improved its oversight of its external IT consulting firm. This has reduced the risk cited in the fiscal 2007 MD&A stating that the IT consulting firm could inconvenience the Corporation in providing timely preparation of the Corporation's financial statements in accordance with Canadian GAAP. The Corporation reduced this risk by implementing the following procedures:

(i) subletting office space to the IT consulting firm such that oversight is constant and immediate;

(ii) formalized an IT steering committee to monitor and direct the IT consulting firm; and

(iii) encouraged cross-training across the staff of the IT consulting firm with respect to the IT operations of the Corporation.

The Chief Executive Officer and the Chief Financial Officer have concluded that the Corporation's disclosure controls and procedures and its design of the internal controls over financial reporting do not include any material weaknesses and that they were effective in recording, processing, summarizing and reporting information required to be disclosed within the time periods specified by the Canadian Securities Administrators.

Risks and Uncertainties

Similar to other asset management companies, IAM faces risks and uncertainties that can be managed but not eliminated. The Corporation has various corporate governance policies and procedures which are revised periodically. These policies and procedures require specific business units to assist in the identification, assessment and control of these risks. Major risks and uncertainties associated with IAM include:

1. Poor investment performance (market risk)
2. Implementation of business strategy
3. Lack of client diversification
4. Lack of product diversification
5. Operational risk
6. Loss of key employees

Poor investment performance can lead to a loss of AUM resulting in lower revenues and an adverse impact on profitability. To mitigate this risk, IAM has diversified across several different alternative asset classes unrelated to each other: Private Corporate Debt, Real Estate and Retail Alternative Investments products. In addition, new products are continuously being developed and additional asset class categories sought.

Overall, IAM's strategy of managing several alternative asset classes partially mitigated the adverse impact of the global financial crisis in 2008. However, the AUM of Retail Alternative Investments were significantly adversely impacted during the last quarter of fiscal 2008, which is likely to result in lower revenues and adversely affect profitability in this asset class in fiscal 2009.

A risk arises when significant revenues generated by a corporation are contributed by one client or a group of related clients. The Corporation offers several different alternative asset classes for clients to invest in and there are few clients or related client groups that currently invest in more than one alternative asset class product of the Corporation. Two unrelated clients of IAM, in aggregate accounted for approximately 16% of AUM at September 30, 2008 and approximately 13% of IAM's total revenues for the year then ended.

A further risk arises when significant reliance is placed on a specific product or family of products. The Corporation has several different operating divisions, each specializing in a different alternative asset class that contributes to the operations of the Corporation. As a result, the Corporation offers several different products for clients to invest in and therefore the Corporation has implicitly diversified its line of products.

At September 30, 2008, BluMont Man products represented approximately 56% of the AUM of BluMont Capital at that date or approximately 10% of IAM's aggregate AUM. Although BluMont Capital has begun to develop and market more investment products other than the BluMont Man products, a significant portion of the revenue of BluMont Capital for fiscal 2009 and subsequent years will likely be represented by these BluMont Man products. The revenue from these products will be determined by Man Investment's investment performance, market support and other factors over which BluMont Capital may have little or no influence.

The unprecedented events in global financial markets during fiscal 2008 and fiscal 2009 to date have proven challenging for a large number of principal protected note products guaranteed by major financial institutions ("PPNs"). As a result of negative performances, over 100 PPNs in Canada have experienced a "protection event" whereby the fund holding the assets of the PPN discontinues trading and the remaining assets are held by the financial institution to meet its obligation to repay the principal amount in full at maturity. Subsequent to September 30, 2008, BluMont Capital announced that the BluMont Man PPNs (Man Multi Strategy Note Program) have discontinued trading and that the remaining trading capital would be transferred to the issuer, Citibank Canada, to ensure repayment of principal at maturity. The AUM of the affected notes were approximately $140 million (approximately 4.5% of the AUM of IAM) at September 30, 2008 and the Corporation will not receive fees on these assets after the discontinuance of trading.

One aspect of operational risk facing the Corporation is revenue volatility. It is caused by changes in business and economic conditions and public expectations of the markets. Poor equity markets and economic and political uncertainty are just a few variables that contribute to increasing revenue volatility. To manage this risk, IAM continues to diversify its product line to promote alternatives for our client base and by offering superior risk-adjusted returns that have low correlation to equity and fixed income markets.

Another aspect of operating risk is the Corporation's ability to accumulate, process and communicate information necessary to conduct business. At this stage of the Corporation's life, this aspect of operational risk is minimal. The Corporation anticipates that with further anticipated growth, the current methodology in place will require advancement. In fiscal 2007, the Corporation moved to one office location thereby accelerating the implementation of a process that accumulates, processes and communicates information necessary to conduct business efficiently and effectively.

All senior employees of IAM are considered to be important in the performance of the Corporation. IAM has ensured that each senior employee has been compensated accordingly with some combination of salary, bonus and stock incentives. While some employee turnover is expected, IAM makes every effort to prevent the loss of key employees. Many senior employees are shareholders in the Corporation, owning together with the directors and officers of the Corporation, in excess of 56% of the outstanding common shares as at December 2, 2008 and the number of employees who own shares is similar to that of fiscal 2007.

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 material related party transactions other than those described in the 2008 Annual Report and the Management Information Circular of the Corporation dated December 2, 2008.

Financial Outlook

The Corporation has been successful in increasing revenues and income before the impact of performance fees primarily as a result of the deployment of AUM in fiscal 2007 and 2008. The Corporation also realized significant performance fees in both fiscal 2007 and 2008.

During fiscal 2008, the Corporation increased AUM at the Real Estate Asset Management and Private Corporate Debt operations through the closing of new funds with significant commitments. The Corporation will continue to deploy those commitments during fiscal 2009 thereby increasing fee revenue.

All asset management companies and their retail and institutional clients have been adversely affected to varying degrees by the global financial crisis, the effects of which are expected to continue into 2009 and possibly longer. For fiscal 2009, IAM's revenues and profitability may be adversely impacted, in particular in Retail Alternative Investments which experienced a significant decline in AUM during the last quarter of fiscal 2008. The management of Retail Alternative Investments have undertaken a review of its operations and have effected certain changes to reduce operating expenses, including staffing levels, to reflect the lower level of expected revenue.

While the effects of the global financial crisis may have significant financial implications in 2009 and beyond, IAM remains well positioned over the longer term. The Corporation's alternative asset products continue to attract investors and we see growing opportunities in the retail and institutional markets. IAM has experienced growing interest in its asset classes and continues to seek other alternative asset classes to add to the IAM portfolio.

Management's Statement on Financial Reporting

The Corporation's management is responsible for the integrity, objectivity, reliability and fairness of presentation of the accompanying consolidated financial statements and all information in this Annual Report. The consolidated financial statements and Management's Discussion and Analysis have been approved by the Board of Directors. The consolidated financial statements have been prepared by management, in accordance with accounting principles generally accepted in Canada and where appropriate reflect management's judgement and best estimates. Preparation of financial statements necessarily requires inclusion of amounts which have been based on management's best estimates, which have been made using careful judgement. Financial information contained elsewhere in this Annual Report are consistent with the consolidated financial statements.

The Corporation's management is responsible for maintaining systems of internal accounting and administrative controls that provide reasonable assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. Such systems are designed to meet the management needs of a growing business and to provide assurance that financial information is accurate and reliable in all material respects, consistent with reasonable costs. The Corporation's management believes that such systems are operating effectively and that the systems of internal controls meet management's responsibilities for the integrity of the consolidated financial statements.

The Audit Committee of the Board of Directors, all of whom are independent directors, meets with management and the auditors to discuss the Corporation's financial reporting and internal control. The Committee meets at least quarterly with management to satisfy itself that management is properly discharging their responsibilities. The Committee, among other things, reviews financial matters related to Corporate Governance, the quality of audits and financial reporting and maintains practices intended to preserve the independence of the external auditors including a review of their economic independence. The Audit Committee reviews the consolidated financial statements, the independent auditors' report and the annual and quarterly reports to the shareholders prior to submitting the information to the Board of Directors for approval. Both the independent auditors and the Audit Committee have the right to request a meeting in the absence of management at any time.

Management recognizes its responsibility to conduct the Corporation's affairs in the best interest of its shareholders.

Victor Koloshuk
Chairman, President and Chief Executive Officer
December 2, 2008

Auditors' Report

To the Shareholders of Integrated Asset Management Corp.

We have audited the consolidated balance sheets of Integrated Asset Management Corp. as at September 30, 2008 and 2007 and the consolidated statements of operations, comprehensive income and retained earnings and cash flows for each year in the two-year period then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at September 30, 2008 and 2007 and the results of its operations and its cash flows for each year in the two-year period then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants,
Licensed Public Accountants
Toronto, Canada
December 2, 2008

Consolidated Statements of Operations, Comprehensive Income and Retained Earnings

Years Ended September 30	2008	2007
Revenue		
Management fees, administration and redemption fees	**$ 17,879,575**	$ 17,195,262
Performance fees	**7,186,130**	9,369,468
Interest and other income	**924,590**	1,973,003
Investment loss (Note 12)	**(61,229)**	(351,513)
	25,929,066	28,186,220
Expenses		
Selling, general and administration	**14,613,328**	14,929,919
Stock-based compensation (Note 13)	**182,149**	125,691
Investment adviser fees	**573,231**	262,344
Service fees paid to dealers	**1,312,762**	1,131,365
Investment adviser, service fees and expenses paid relating to performance fees revenue earned	**2,666,967**	6,063,692
Depreciation of property and equipment	**223,472**	186,043
Amortization of deferred sales commissions and fund management contracts	**2,099,647**	1,917,494
Amortization of management contract establishment expenses	**-**	156,303
Interest expense	**63,738**	218,534
	21,735,294	24,991,385
Income from continuing operations before income taxes and non-controlling interest	**4,193,772**	3,194,835
Income taxes (recovery) (Note 14)		
Current	**2,211,959**	715,840
Future	**(701,299)**	410,272
	1,510,660	1,126,112
Non-controlling interest share of income	**(1,026,524)**	(523,986)
Net income and comprehensive income from continuing operations for the year	**1,656,588**	1,544,737
Net income and comprehensive income from discontinued operations, net of tax (Note 4)	**237,769**	235,248
Net income and comprehensive income for the year (1)	**$ 1,894,357**	$ 1,779,985
Basic and diluted earnings per share from continuing operations	**$ 0.06**	$ 0.06
Basic and diluted earnings per share	**$ 0.07**	$ 0.07
Weighted average number of shares outstanding Basic and diluted	**28,551,710**	26,222,955
Retained earnings, beginning of year	**$ 3,611,179**	$ 3,653,284
Net income	**1,894,357**	1,779,985
Dividends paid (Note 18)	**(2,283,870)**	(1,822,090)
Retained earnings, end of year	**$ 3,221,666**	$ 3,611,179

(1) The Corporation has no Accumulated Other Comprehensive Income as at September 30, 2008 and 2007 (Note 12)

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

September 30	2008	2007
Assets		
Current		
Cash and cash equivalents	**$ 11,109,633**	$ 14,197,561
Receivables	**4,748,637**	3,994,710
Prepaids	**385,652**	442,591
Investments in funds managed by the Corporation (Note 7)	**4,064,294**	-
Other assets (Note 8)	**355,207**	-
Future income taxes (Note 14)	**230,614**	7,684
Assets of discontinued operations (Note 4)	**2,126,152**	1,808,555
	23,020,189	20,451,101
Property and equipment (Note 5)	**775,931**	832,761
Deferred sales commissions, net of accumulated amortization of $4,280,250 (2007 – $3,634,898)	**236,515**	872,262
Fund management contracts (Note 6)	**7,782,538**	8,266,199
Goodwill	**2,243,330**	2,243,330
Investments in funds managed by the Corporation (Note 7)	**954,984**	1,655,968
Other assets (Note 8)	**2,082,788**	1,477,176
Future income taxes (Note 14)	**95,333**	264,048
Assets of discontinued operations (Note 4)	**604,322**	672,240
	$ 37,795,930	$ 36,735,085
Liabilities		
Current		
Payables and accruals	**$ 5,323,744**	$ 4,124,067
Deferred revenue	**252,501**	252,501
Current portion of capital lease obligations (Note 9)	**-**	5,585
Current portion of long-term debt (Note 10)	**-**	1,287,470
Income taxes payable	**1,778,389**	735,476
Future income taxes (Note 14)	**430,614**	440,492
Liabilities of discontinued operations (Note 4)	**965,548**	933,000
	8,750,796	7,778,591
Capital lease obligations (Note 9)	**-**	10,139
Tenant inducements and deferred revenue	**585,626**	703,163
Future income taxes (Note 14)	**1,708,301**	2,345,507
	11,044,723	10,837,400
Non-controlling interest	**2,059,101**	1,095,014
Non-controlling interest of discontinued operations (Note 4)	**404,135**	387,336
	2,463,236	1,482,350
Shareholders' Equity		
Capital stock (Note 11)	**20,192,387**	20,099,587
Contributed surplus (Note 11)	**873,918**	704,569
Retained earnings	**3,221,666**	3,611,179
	24,287,971	24,415,335
	$ 37,795,930	$ 36,735,085

Commitments (Note 17)
Subsequent event (Note 21)

On behalf of the Board

Director Director

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended September 30	2008	2007
Increase (decrease) in cash and cash equivalents		
Operating activities		
Net income	$ 1,894,357	$ 1,779,985
Earnings from discontinued operations, net of tax	(237,769)	(235,248)
Add (subtract) non-cash items		
Stock-based compensation (Note 13)	182,149	125,691
Amortization and depreciation	2,323,119	2,259,840
Gain on sale of management contract	-	(572,702)
Future income taxes (recovery)	(701,299)	410,272
Non-controlling interest share of income	1,026,524	523,986
Equity loss on investments in funds managed by the Corporation (Note 12)	259,259	381,628
Unrealized and realized gain on assets held for trading (Note 12)	(198,030)	(30,115)
Other	14,242	31,122
	4,562,552	4,674,459
Net change in non-cash balances relating to operations (Note 16)	459,010	(377,095)
Net cash provided by continuing operating activities	5,021,562	4,297,364
Net cash provided by discontinued operating activities	418,725	237,697
Cash provided by operating activities	5,440,287	4,535,061
Financing activities		
Dividends paid to shareholders (Note 18)	(2,283,870)	(1,822,090)
Repayment of long-term debt	(1,300,000)	-
Issuance of common shares on exercise of stock options	80,000	567,450
Repayment of management loans	159,513	277,831
Repayment of capital lease obligations	(2,260)	(8,378)
Distributions and dividends paid to non-controlling interests	(125,000)	-
Issuance of common shares of subsidiaries	-	263,500
Issuance of management loans	-	(226,500)
Issuance of loan to employee to purchase shares of subsidiary	-	(125,000)
Cash used in continuing financing activities	(3,471,617)	(1,073,187)
Investing activities		
Investment in funds managed by the Corporation	(6,100,000)	(450,000)
Proceeds from funds managed by the Corporation	2,575,460	-
Purchase of property and equipment	(180,489)	(590,919)
Purchase of other assets	(199,390)	(222,293)
Payment of sales commissions	(9,604)	(53,711)
Purchase of fund management contracts	(824,985)	-
Acquisition of non-controlling shareholders' interest in subsidiary	-	(125,000)
Acquisition of shares of BluMont Capital	-	(1,076,945)
Payment of management contract establishment expenses	-	(156,303)
Cash used in continuing investing activities	(4,739,008)	(2,675,171)
Cash used in discontinued investing activities	(43,438)	(60,991)
Cash used in investing activities	(4,782,446)	(2,736,162)
Increase (decrease) in cash and cash equivalents	(2,813,776)	725,712
Cash and cash equivalents, beginning of year	15,387,203	14,661,491
Cash and cash equivalents, end of year	$ 12,573,427	$ 15,387,203
Cash and cash equivalents related to:		
Continuing operations	$ 11,109,633	$ 14,197,561
Discontinued operations	1,463,794	1,189,642
	$ 12,573,427	$ 15,387,203

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

September 30, 2008 and 2007

1. Organization

Integrated Asset Management Corp. (the "Corporation" or "IAM") was incorporated under the laws of Ontario and effective June 1, 2007, its common shares were listed on the TSX. The Corporation's principal business is alternative asset management and operates in one geographic segment (Canada).

2. Changes in accounting policies

Effective October 1, 2006, the Corporation adopted CICA Handbook Section 1530, Comprehensive Income, CICA Handbook Section 3855, Financial Instruments — Recognition and Measurement, CICA Handbook Section 3861, Financial Instruments – Disclosures and Presentation and CICA Handbook Section 3865, Hedges.

Effective October 1, 2007, the Corporation adopted CICA Handbook Section 3862, Financial Instruments – Disclosures and CICA Handbook Section 3863, Financial Instruments – Presentation replacing CICA Handbook Section 3861, Financial Instruments – Disclosures and Presentation. The Corporation also adopted CICA Handbook Section 1535, Capital Disclosures effective October 1, 2007.

The new Handbook Sections adopted October 1, 2006 and October 1, 2007 provide comprehensive requirements for the recognition, measurement, disclosures and presentation of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as comprehensive income and Handbook Section 1535 focuses attention on disclosures relating to capital.

Handbook Sections 3862 and 3863 replace Handbook Section 3861, 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 entity manages those risks.

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Under these new standards, all financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. Derivatives that qualify as hedging instruments must be designated as either a "cash flow hedge", when the hedged item is a future cash flow, or a "fair value hedge", when the hedged item is a recognized asset or liability.

The unrealized gains and losses related to a cash flow hedge are included in other comprehensive income, a new component of shareholders' equity. For a fair value hedge, both the derivative and the hedged item are recorded at fair value in the consolidated balance sheet and the unrealized gains and losses from both items are included in earnings. For derivatives that do not qualify as hedging instruments, unrealized gains and losses are reported in earnings.

In accordance with the provisions of these new standards, the "Investments in funds managed by the Corporation" were classified on October 1, 2006 as available for sale securities that do not have a quoted market price in an active market. Under these new standards, these securities are measured at cost on the Consolidated Balance Sheet of the Corporation and there is no impact to the Consolidated Statement of Operations. There were no other adjustments required to the Corporation's consolidated financial statements as of October 1, 2006.

3. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

Basis of presentation

The consolidated financial statements include the accounts of the Corporation and the following subsidiaries:

Greiner-Pacaud Management Associates ("GPM") (a partnership)	74.975% (1)
Darton Property Advisors & Managers Inc. ("Darton") (2)	74.975% (1)
Integrated Private Debt Corp. ("IPD")	100%
BluMont Capital Inc. ("BluMont Capital")	100% (3)
Integrated Managed Futures Corp. ("IMFC")	77.5% (4)
Integrated Partners	
Integrated Management Limited ("IML")	100.0%
Integrated Partners Holding GP One Limited ("IPHGPOL")	57.8%

(1) 100% effective October 23, 2008 (Note 21)
(2) Wholly-owned by GPM. Effective December 1, 2008 Darton was sold (Note 4)
(3) 46.2 % effective October 1, 2006; 61.4% effective November 10, 2006 and 100% effective March 2, 2007
(4) Includes 32.5% owned by BluMont Capital

Use of estimates

The consolidated financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts, and short term investments with maturities of three months or less.

Income taxes

The Corporation provides for income taxes using the asset and liability method of tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered more likely than not.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation based on the estimated useful life of the asset is calculated as follows:

Furniture and fixtures	20% diminishing balance basis
Computer hardware and software	30% diminishing balance basis
Leasehold improvements	straight line over the term of the lease

Deferred sales commissions

The Corporation pays commissions to brokers and dealers on sales of deferred sales charge hedge funds. The commissions are recorded at cost and amortized over 7 years on a straight line basis. Unamortized deferred sales commissions are written off in the period where it is determined that it is unlikely that future revenues will recover the unamortized costs.

Investments in funds managed by the Corporation

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. Trading securities are securities that the Corporation purchases for resale over a short period of time. These securities are reported at their market value on the Consolidated Balance Sheet and mark-to-market adjustments and any gains and losses on the sale of these securities are reported in the Consolidated Statement of Operations under investment loss. Available for sale securities that do not have a quoted market price in an active market are measured at cost on the Consolidated Balance Sheet of the Corporation and there is no impact to the Consolidated Statement of Operations unless there is an other than temporary impairment in value or realization on disposal during the year.

Fund management contracts

Fund management contracts are recorded net of any write-down for impairment. The Corporation evaluates the carrying value of fund management contracts for potential impairment based on estimated future cash flows. These evaluations are performed on an annual basis, or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment would be written off to income. No impairment losses were required to be recognized as a result of this testing. Fund management contracts are amortized on a straight-line basis over seven years.

Goodwill

Goodwill is tested for impairment at least annually. The impairment test was performed as at September 30, 2007 and again as at September 30, 2008 and in management's judgement, it was determined that there is no impairment in value of the goodwill that is reported in these audited consolidated financial statements.

Revenue recognition

Management and administration fees are based upon the net asset value of the respective funds and are recognized on an accrual basis. Performance fees are recognized when management is assured of their realization. Redemption fees payable by unitholders of deferred sales charge funds, the sales commissions of which have been financed by the Corporation, are recognized as revenue on the trade date of the redemption of the applicable fund security.

Earnings per share

Earnings per share amounts are based on the application of the treasury stock method for the calculation of the dilutive effect of stock options and other dilutive securities. Basic per share amounts are determined by dividing income by the weighted average number of shares outstanding during the year. Diluted per share amounts are determined by adjusting the weighted average number of shares outstanding for any dilutive effect of stock options and the convertible debenture.

For diluted per share amounts, the effect of options for 1,689,098 shares and the convertible debenture in fiscal 2008 (2007 – 1,020,369 shares and the convertible debenture) have not been reflected as to do so would be anti-dilutive.

Stock-based compensation and other stock-based payments

The Corporation applies the fair value based method of accounting for stock options granted to employees for awards granted on or after October 1, 2002. Further information on the Corporation's stock-based compensation and other stock-based payments is explained in Note 13 to the consolidated financial statements.

Tenant inducements

Tenant inducements are deferred and amortized on a straight-line basis over the term of the respective lease.

4. Discontinued operations

On December 1, 2008, the Corporation sold its entire ownership in 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.

Management of the Corporation determined that the sale of Darton satisfies the criteria for disclosing discontinued operations at September 30, 2008. Accordingly, Darton's operations for the 2008 and 2007 fiscal years have been reported as discontinued operations and previously reported financial statements have been reclassified to reflect the following:

Years ended September 30	**2008**	2007
Revenue	**$ 4,792,636**	$ 4,484,712
Net earnings from discontinued operations, net of tax	**$ 237,769**	$ 235,248
Basic and diluted earnings per share	**$ 0.01**	$ 0.01

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

As at September 30	**2008**	2007
Current assets of discontinued operations		
Cash and cash equivalents	**$ 1,463,794**	$ 1,189,642
Receivables and prepaids	**662,358**	618,913
	$ 2,126,152	$ 1,808,555
Long-term assets of discontinued operations		
Property and equipment	**$ 122,095**	$ 137,144
Other	**-**	9,161
Future income taxes	**50,027**	93,735
Goodwill	**432,200**	432,200
	$ 604,322	$ 672,240
Current liabilities of discontinued operations		
Payables and accruals	**$ 920,603**	$ 924,479
Income taxes payable	**44,945**	8,521
	$ 965,548	$ 933,000
Non-controlling interest of discontinued operations	**$ 404,135**	$ 387,336

5. Property and equipment

	2008	2007
Cost		
Furniture and fixtures	$ 215,700	$ 191,550
Computer hardware and software	1,538,433	1,444,292
Leasehold improvements	455,021	544,449
	$ 2,209,154	$ 2,180,291
Accumulated depreciation		
Furniture and fixtures	$ 132,415	$ 118,352
Computer hardware and software	1,175,043	1,095,946
Leasehold improvements	125,765	133,232
	$ 1,433,223	$ 1,347,530
Net book value		
Furniture and fixtures	$ 83,285	$ 73,198
Computer hardware and software	363,390	348,346
Leasehold improvements	329,256	411,217
	$ 775,931	$ 832,761

6. Fund management contracts

	2008	2007
Fund management contracts	$ 10,256,804	$ 9,286,169
Accumulated amortization	(2,474,266)	(1,019,970)
	$ 7,782,538	$ 8,266,199

During the year, the Corporation recorded an amount of approximately $1.0 million of which $0.8 million was paid at September 30, 2008 to fund management contracts in respect of the purchases of the management contracts of two mutual funds and a flow-through business for which BluMont Capital is the portfolio manager.

7. Investments in funds managed by the Corporation

	2008	2007
Held for trading securities, positions held long	$ 4,166,886	$ 544,317
Available for sale securities, positions held long	852,392	1,111,651
	5,019,278	1,655,968
Less amount included in current assets	(4,064,294)	-
	$ 954,984	$ 1,655,968

During the year, the Corporation invested $6.1 million in funds managed by the Corporation that has been categorized as held for trading. Of this amount, $2.2 million was monetized prior to September 30, 2008 and a further $2.1 million was monetized subsequent to September 30, 2008.

8. Other assets

	2008	2007
Management loans (a)	$ **408,539**	$ 568,052
Receivable from fund managed by the Corporation (b)	**823,404**	-
Other (c)	**1,206,052**	909,124
	2,437,995	1,477,176
Less amount of management loans included in current assets	**(355,207)**	-
	$ **2,082,788**	$ 1,477,176

(a) Each of the management loans is secured against the shares of the Corporation acquired by the employee under the loan agreement. The loans bear interest at either 4% or 6% annually, are secured by the shares and other security posted by the employee, and are repayable over the next 5 years. In the event of termination, the repayment schedule of the principal amount outstanding will be accelerated.

The market value of the shares at September 30, 2008 was $793,511 (2007 – $1,780,952).

(b) The receivable is in respect of management fees charged by the Corporation to a fund managed by the Corporation. The amount receivable (of which $0.4 million is over one year old) will be received when the fund's investments are monetized.

(c) Included in Other is an investment of $886,163 (2007 - $886,163) in real estate held in a company in which the Corporation and other related parties to the Corporation are shareholders.

9. Capital lease obligations

Future minimum annual lease payments under capital leases, together with the balance of the obligation due under the capital leases, are as follows:

	2008	2007
Year ending September 30,		
2008	$ **-**	$ 6,898
2009	**-**	6,898
2010	**-**	4,059
Total minimum lease payments	**-**	17,855
Less amounts representing interest	**-**	(2,130)
Present value of net minimum capital lease payments	**-**	15,724
Less amount due within one year included in current liabilities	**-**	(5,585)
	$ **-**	$ 10,139

During the year, the Corporation discharged its obligations under capital leases.

Included in property and equipment are assets held under capital leases at a net book value of $nil (2007 - $43,172).

10. Long-term debt

	2008	2007
Convertible debenture, due within one year included in current liabilities	$ **-**	$ 1,287,470

The convertible debenture was repaid in full on December 31, 2007.

11. Capital stock

Authorized:

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

Issued:

	Number of Common Shares	Amount	Contributed Surplus
Balance, October 1, 2006	21,859,366	$ 9,234,862	$ 636,348
Shares issued on acquisition of shares of BluMont Capital	6,076,882	10,253,211	-
Issuance of common shares on exercise of incentive stock options	552,129	567,450	-
Stock-based compensation (Note 13)	-	44,064	68,221
Balance, September 30, 2007	**28,488,377**	**20,099,587**	**704,569**
Issuance of common shares on exercise of incentive stock options	80,000	80,000	-
Stock-based compensation (Note 13)	-	12,800	169,349
Balance, September 30, 2008	**28,568,377**	**$ 20,192,387**	**$ 873,918**

The amount of $169,349 (2007 – $68,221) credited to Contributed Surplus represents the stock-based compensation expense of $182,149 (2007 - $125,691) for stock options granted by both the Corporation and BluMont Capital as shown on the Consolidated Statement of Operations, less (i) an amount of $nil (2007 - $13,406) representing the non-controlling interest portion of BluMont Capital's stock compensation expense and (ii) an amount of $12,800 (2007 - $44,064) representing the amount previously expensed by the Corporation attributable to stock options exercised in the year. The $12,800 (2007 - $44,064) was reallocated out of Contributed Surplus and applied to share capital.

In fiscal 2007, the Corporation issued 6,076,882 common shares as a result of acquiring the non-controlling interest (approximately 53.8%) of BluMont Capital (see Note 15).

The Corporation had no Other Comprehensive Income for the year ended September 30, 2008 or 2007 and the Corporation does not have any Accumulated Other Comprehensive Income as at September 30, 2008 or 2007.

12. Investment loss

	2008	2007
Held for trading securities	**$ 198,030**	$ 30,115
Available for sale securities that do not have a quoted market price in an active market (a)	**(259,259)**	(381,628)
	$ (61,229)	$ (351,513)

(a) Represents an other than temporary impairment in value on the Corporation's investment in the private equity fund and resulted in a simultaneous charge to and transfer out of Other Comprehensive Income.

The Corporation invests in funds managed by the Corporation (Note 7) and recognizes the change in market value for held for trading securities on the Consolidated Statement of Operations. The held for trading securities represent investments made by the Corporation in the Exemplar Portfolios and its managed futures fund. Those securities classified as available for sale securities that do not have a quoted market price in an active market are measured at cost with gains and losses on disposition, or as a result of impairments in value, recognized on the Consolidated Statement of Operations. The available for sale security represents an investment by the Corporation in a private equity fund it manages.

13. Stock-based compensation and other stock-based payments

The Corporation has established an incentive stock option plan for the executives, key employees, directors and consultants to the Corporation. As at September 30, 2008, there were 2,277,898 common shares (2007 – 1,706,826) 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 (2007 – $2,780,123).

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
2,277,898	**862,428**		

The changes in the stock options are as follows:

	Total Number Of Options	Weighted Average Exercise Price
September 30, 2007		
Outstanding at beginning of year	1,242,000	$ 1.06
Granted	566,955	$ 1.70
Issued in exchange for outstanding BluMont Capital stock options	925,000	$ 2.53
Exercised	(552,129)	$ 1.03
Cancelled	(332,143)	$ 2.90
Expired	(142,857)	$ 2.24
Outstanding at end of year	1,706,826	$ 1.63
September 30, 2008		
Granted	1,047,500	$ 1.50
Exercised	(80,000)	$ 1.00
Cancelled and expired	(396,428)	$ 2.54
Outstanding at end of year	**2,277,898**	**$ 1.43**

The Corporation estimated the fair value of options granted under the Black-Scholes option-pricing model and the following weighted average assumptions:

	2008	2007
Risk free rate	**4.50%**	4.25%
Expected life of options (in years)	**4.5**	4.0
Expected volatility of the Corporation's share price	**27.0%**	29.2%
Expected dividend yield	**4.5%**	3.5%

The Black-Scholes option-pricing model was developed for estimating the fair value of traded options that have no vesting restrictions and are fully transferable. As the Corporation's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions, such as expected stock market price volatility, can materially affect the fair value estimate, in management's opinion, the existing pricing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

14. Income taxes

The provision for income taxes differs from the amount computed by applying statutory federal and provincial income tax rates to income before income taxes and non-controlling interest. This difference results from the following:

Years Ended September 30	2008	2007
Income from continuing operations before income taxes and non-controlling interest	**$ 4,193,772**	$ 3,194,835
Statutory income tax rate	**34.20%**	33.75%
Expected income tax	**1,434,475**	1,078,265
Effect on income tax of:		
Rate change of future income taxes	**(211,122)**	(8,138)
Previously unrecorded tax benefits and liabilities	**147,576**	-
Losses for which an income tax benefit has not been recognized	**60,075**	105,200
Permanent items	**41,524**	(23,773)
Other	**38,132**	(25,442)
	$ 1,510,660	$ 1,126,112

As at September 30, 2008, the Corporation and its subsidiaries had non-capital losses for tax purposes of approximately $1,568,000.

The non-capital losses expire as follows:

2009	$ 1,000
2010	61,000
2014	39,000
2025	163,000
2026	218,000
2027	474,000
2028	612,000
	$ 1,568,000

A future income taxes asset has been recognized relating thereto. A valuation allowance of $154,990 has been deducted in the calculation of the future income tax asset of $325,947. See Note 15 for the future income tax liability arising on the business acquisition.

15. Business acquisition

During fiscal 2007, the Corporation acquired all of the outstanding common shares of BluMont Capital Inc. ("BluMont Capital") not already owned through a two-step process.

In the first step, the Corporation increased its ownership from 46.2% as at September 30, 2006 to 61.4% as at November 10, 2006. The second step which resulted in BluMont Capital becoming a wholly-owned subsidiary was completed on March 2, 2007.

In aggregate, the consideration including transaction costs was $11,600,397, which included the issuance of 6,076,882 common shares of the Corporation and the granting of 925,000 stock options of the Corporation to replace existing BluMont Capital stock options.

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

(in $000s)		
Cash	$	4,073
Receivables and prepaids		1,157
Deferred sales commissions		760
Property and equipment		134
Other assets and future income taxes		622
Fund management contracts, net of future income taxes		6,015 (1)
Payables and accruals		(858)
Long-term debt and capital lease obligations		(784)
Goodwill on acquisition		481
	$	11,600

(1) Fund management contracts of $9,098, a finite life intangible asset determined at the time of acquisition, and a future income tax liability of $3,083 have been set up for accounting purposes and are being amortized straight line over the terms of the contracts, which is seven years. As at September 30, 2008, the book value of the fund management contracts and future income tax liability relating to this business acquisition were $6,921 (2007 - $8,221) and $2,139 (2007 - $2,786) respectively.

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

(in $000s)		
IAM common shares and options	$	10,253
Cash		1,347
	$	11,600

The common shares of IAM issued as consideration were valued at an average of $1.69 per share using the weighted average closing price of the IAM common shares on the dates that the Corporation issued its common shares to BluMont Capital shareholders. The stock options were valued using the Black-Scholes option pricing model reflecting the exercise prices and terms set out in the BluMont Capital stock options which were replaced.

16. Supplemental cash flow information

	2008	2007
Net change in non-cash balances relating to operations:		
Receivables and prepaids	**$ (1,520,392)**	$ (289,041)
Payables, accruals, income taxes, deferred revenue and tenant inducements	**1,979,402**	(88,054)
	$ 459,010	$ (377,095)
Interest and income taxes paid:		
Interest paid	**$ 51,208**	$ 172,782
Income taxes paid	**$ 1,169,046**	$ 1,463,089

17. Commitments

(a) Future minimum annual lease payments, excluding discontined operations, under operating leases are as follows:

2009	$ 932,000
2010	883,000
2011	864,000
2012	888,000
2013 and thereafter	603,000
	$ 4,170,000

(b) A subsidiary is the manager of retail alternative funds and has agreed to fund the annual operating costs of the funds in excess of 45 basis points of each fund's net assets. It is the subsidiary's current policy to absorb or waive these costs in order to establish an upper limit for the management expense ratio for each fund for the benefit of its unitholders. These absorptions or waivers by the subsidiary may be terminated at any time by the subsidiary and at the subsidiary's direction may be continued indefinitely.

(c) The Corporation has agreed to indemnify its directors in accordance with its by-laws. The Corporation maintains insurance policies that may provide coverage against certain claims.

18. Dividends

The Corporation paid cash dividends of $0.08 per common share to shareholders in fiscal 2008 (2007 - $0.07).

19. Financial instruments

The Corporation's business is alternative asset management. The key performance driver of the Corporation's future results is expected to be the level of assets and committed capital under management ("AUM"). The level of AUM is directly correlated to investment returns, the successful launch of new investment initiatives, retention and hiring of key personnel and the Corporation's ability to retain existing AUM.

Risk is the responsibility of the Executives of the Corporation which includes the Chief Executive Officer, Chief Financial Officer, Executive Vice-President and each investment team's President. Oversight of reputational, regulatory, legal and financial risk is within the mandate of the Executives. The Chief Executive Officer reports to the Board of Directors for all of the Corporation's risk-taking activities.

19. Financial instruments (continued)

The Corporation values financial instruments as follows:

(i) Cash and cash equivalents are classified as financial assets held for trading and are measured at fair value. Gains and losses related to periodic revaluation are recorded in net income.

(ii) Receivables are classified as loans and receivables which are initially measured at fair value and subsequent periodic revaluations are recorded at amortized cost using the effective interest rate method. The carrying amount approximates fair value.

(iii) Payables and accruals are classified as other liabilities and are initially measured at fair value and subsequent periodic revaluations are recorded at amortized cost using the effective interest rate method. The carrying amount approximates fair value.

The Corporation's Consolidated Balance Sheet includes $5.0 million of investments in funds managed by the Corporation (Note 7). Approximately $4.2 million of these securities are classified as held for trading and are measured at fair value with any gains and losses related to periodic revaluation recorded in net income. The remaining $0.8 million security is classified as an available for sale security that does not have a quoted market price in an active market. This security is difficult to value due to the inherent difficulty in valuing private companies and as a result is measured at cost, net of any impairment in value. There is no impact to the Consolidated Statement of Operations unless there is an other than temporary impairment in value or realization on disposal during the year.

In the normal course of business, the Corporation is exposed to select financial risks by virtue of its activities, encompassing market risk, credit risk and liquidity risk. The Corporation has nominal exposure to interest rate risk.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded.

The Corporation's only financial instrument affected by market risk is its investments in funds managed by the Corporation, which consist of capital the Corporation invests in new products in order to ensure their successful introduction into the marketplace. Products currently consist of funds in the retail alternative investments market, including a portion for which the underlying companies are domiciled outside Canada and an allocation to a managed futures fund managed by the Corporation. Consequently, the Corporation is impacted by both the changing value of the securities in the market, as well as changes in the relative value of foreign currencies. There may be some liquidity risk depending on the underlying securities in the funds, however, this is mitigated through the diversification of the funds' portfolios and ensuring securities acquired are sufficiently liquid in nature. The Corporation believes that it is not practical or cost effective to hedge these risks; rather, it seeks to minimize risk by limiting the amount of capital allocated to new product introduction to amounts which should not adversely impact the financial strength and capacity of the Corporation and also to limit the time that the capital is at risk.

The Corporation's financial condition would not be materially impacted if the comparable indices to the investments in funds managed by the Corporation were to increase or decrease by 2.5%.

The investment in the private equity fund is excluded from this analysis as it is classified as an available for sale security that does not have a quoted market price in an active market. This security is difficult to value due to the inherent difficulty in valuing private companies and as a result is measured at cost, net of any impairment in value.

The Corporation holds approximately US $0.3 million in cash and cash equivalents as at September 30, 2008. Accordingly, the Corporation would not be materially impacted if the US dollar strengthened or weakened against the Canadian dollar.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Corporation is exposed to credit risk principally on its receivables which have normal thirty day terms. No allowance for bad debts has been recorded.

In excess of 90% of the Corporation's receivables at September 30, 2008 are due within thirty days. Approximately $0.8 million of receivables have been classified as long term, of which $0.4 million are over one year old (Note 8).

Cash and cash equivalents of the Corporation are held at Schedule 1 banks.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The Corporation has contractual obligations and financial liabilities and therefore is exposed to liquidity risk. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. The Corporation monitors its current and expected cash flow requirements to ensure it has sufficient cash and cash equivalents to meet its liquidity requirements short and longer terms. To manage cash flow requirements, the Corporation maintains a sizable cash balance held at Schedule 1 banks. The Corporation does not hold any asset-backed commercial paper. The Corporation has no outstanding borrowings at September 30, 2008 and all payables and accrued liabilities are due within one year.

20. Capital management

The Corporation's capital is solely comprised of Shareholders' Equity, as disclosed on the Corporation's Consolidated Balance Sheet. The Corporation has no debt and has determined that no debt will be included in its capital structure at this time.

The Corporation's primary objectives when managing capital are:

(i) to maintain financial strength;
(ii) to manage liquidity requirements;
(iii) to provide a sufficient level of shareholders' equity and cash on hand to fund anticipated dividend payments;
(iv) to provide financial flexibility to fund product initiatives and possible acquisitions;
(v) to maintain compliance with regulatory capital requirements; and,
(vi) to maximize returns for shareholders over the long term.

The Corporation's registration with securities commissions in Canada requires it to maintain a minimum free capital of $30,000. The Corporation has complied with this requirement.

21. Subsequent event

On October 23, 2008, the Corporation purchased the non-controlling interest of GPM owned by Mr. G.E.A. Pacaud. Mr. Pacaud retired as Chairman of GPM in fiscal 2007.

The Corporation purchased Mr. Pacaud’s ownership interest in GPM for consideration of $5.2 million, excluding interest and costs. Mr. Pacaud will retain his pro-rata economic interests in two assets of GPM:

(i) Performance fees that may be realized by GPM from specific funds in the future.

(ii) Proceeds that may be realized on the disposition of real estate included in Other Assets (see Note 8).

22. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statements presentation.

Board of Directors

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

David Atkins (1) (2)
Chairman,
Swiss Reinsurance
Group of Companies
in Canada

Brent Chapman
President and Chief
Executive Officer
GPM

Bruce Day (1) (2)
Corporate Director

George Engman (3)

Veronika Hirsch
Chief Investment
Officer
BluMont Capital
Corporation

Stephen Johnson (4)
Chief Financial Officer
Integrated Asset
Management Corp.

Donald Lowe (1) (2)
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.

(1) Member of the Audit Committee
(2) Member of the Compensation, Nominating and Governance Committee
(3) Mr Engman resigned as President and Chief Executive Officer, Integrated Partners, effective December 31, 2008, and decided to not stand for re-election as a director at the Annual General Meeting on January 23, 2009.
(4) Secretary of the Corporation

Principal Officers

Integrated Asset Management Corp.

Victor Koloshuk
Chairman, President and Chief Executive Officer

Stephen Johnson
Chief Financial Officer

David Mather
Executive Vice President

Michael Staresinic
Corporate Controller

Quebec Representative

Joseph Benarrosh
Directeur, Quebec

Integrated Partners

Victor Koloshuk
Chairman

Stephen Johnson
Senior Vice President

James Ridout
Vice President

GPM

Brent Chapman
President and Chief Executive Officer

Robert Burns
Chief Financial Officer

David Warkentin
Senior Vice President Investments

Rick Zagrodny
Senior Vice President Asset Management

David Becket
Vice President, Asset and Property Management

Frank Bartello
Vice President, Acquisitions

Greiner-Pacaud / Hamilton Management Inc.

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

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

Dan Yungblut
Director of Research

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PricewaterhouseCoopers LLP

Transfer agent

Equity Transfer
& Trust Company

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