Leadership in Alternative Asset Management

2006 ANNUAL REPORT

Integrated Asset Management Corp.

Our mission is to be Canada's leading alternative asset investment management company. Integrated Asset Management Corp. is guided by the following key objectives and values:

- Create superior risk-adjusted returns for our clients.
- Consistently exceed client expectations.
- Know our success depends on the success of our clients.
- Be the industry leader in product quality.
- Foster innovation and creativity in new product development.
- Be a leading industry source of alternative asset class information.
- Practise the highest standards of professionalism and integrity.

TO US, LEADERSHIP MEANS the willingness to break away from tradition and explore new ideas, strategies and asset classes.

LEADERSHIP ALSO MEANS sharing the results of our research and development with the public and expanding the knowledge and understanding of alternative strategies among investors.

AS WE INTRODUCE new strategies, managers and products into our group, each will be demonstrably the best in its field. As industry pioneers, we embrace the new and the unconventional. We are unafraid to lead the way and we are committed to delivering superior alternative asset investment management to our clients.

Boutique Agility
Entrepreneurial Spirit
Institutional Strength

FOUNDED IN TORONTO IN 1998, Integrated Asset Management Corp. (IAM) is a public company (TSXV:IAM) majority owned by management. IAM develops, distributes and manages alternative investments that allow investors to reduce risk and enhance returns in their traditional portfolios.

Our strategy is to seek out the very best alternative investment managers. We both acquire and build teams of experienced, highly successful investment professionals. Our product line today is broad, encompassing private equity, private debt, real estate, managed futures and hedge funds. It will expand. Additional strategies and managers that might be added to the group are continually being evaluated.

IAM is a unique organization, ideally suited to develop and manage innovative alternative investment solutions for our clients.

Our structure offers investors the best of both public and private companies. Since IAM is publicly listed, clients have the comfort and confidence of the openness, transparency and regulatory oversight of a public firm. At the same time, active management own a majority of the stock, thus ensuring alignment of interest. Our clients must succeed for us to succeed.

With more than 280 employees and approximately $3 billion in assets and committed capital under management, IAM has a depth and breadth of resources that could never be matched by smaller, more narrowly focused firms.

Across the organization we have more than 30 senior professionals with broad experience in virtually every sector, industry and transaction type.

IAM calls on the diverse skills of its employees to construct innovative alternative investment solutions that consistently exceed client expectations. Our team has launched 36 different funds. All are performing well, some exceptionally so.

No matter what the area of interest, private equity, private debt, real estate, managed futures or hedge funds, the full resources of the group are immediately accessible to our specialized teams of managers to ensure optimum outcomes.

As a single purpose company, we focus exclusively on alternative investment solutions, undistracted by competing priorities. As an independent, management controlled firm, we are free of any conflicts. All of our creative energy is focused on delivering the best possible results for our investors.

Committed to leadership in the industry, our research and development ensures that we stay on top of emerging trends and strategies with a view to making certain that our products and management are subject to continuous improvement.

IAM is an unmatched combination of talent, skill and capacity. Everything that we do is calculated to extract the maximum value from all of the resources across the company.

2006 was a year of integration and consolidation as our vision continues to unfold.

ASSETS UNDER MANAGEMENT

Assets and committed capital under management remain unchanged at $ 2.9 billion.

REVENUES

Revenues before performance fees reached a record $ 20.9 million in 2006 versus $ 19.6 million in 2005. Total revenues in 2006 were $ 32.4 million, down from $ 37.9 million in 2005.

PROFITABILITY

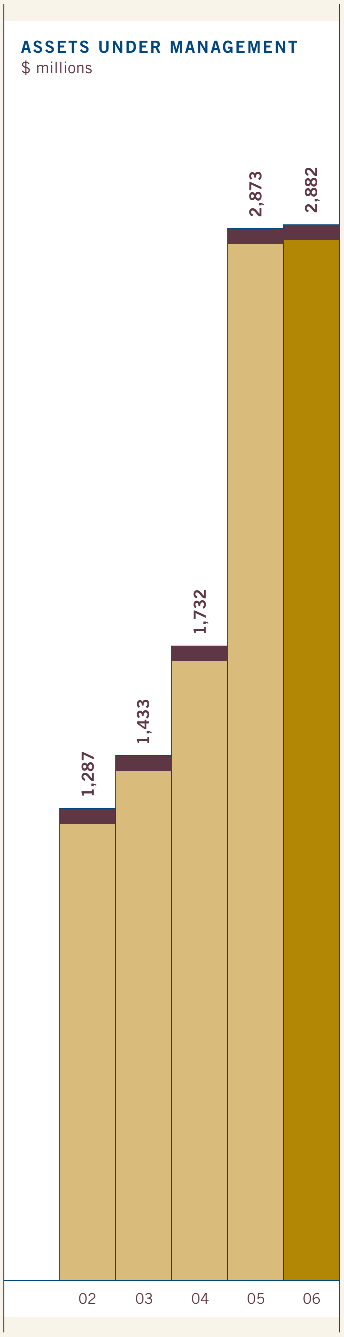
Net income was $ 1.2 million or $ 0.06 per share for the year ended September 2006 versus $ 3.7 million or $ 0.17 per share in 2005. Operating income was $ 3.7 million for the year ended September 2006, down from $ 8.6 million in 2005.

DIVIDEND

The initial annual dividend of $ 0.05 per common share was increased 40 % to $ 0.07 per common share. The first increased dividend was paid on June 29, 2006.

FINANCIAL POSITION

IAM had cash of $ 14.7 million and debt of $ 1.8 million at September 30, 2006, essentially unchanged from 2005.


ASSETS UNDER MANAGEMENT
$ millions
1,287
1,433
1,732
2,873
2,882
02
03
04
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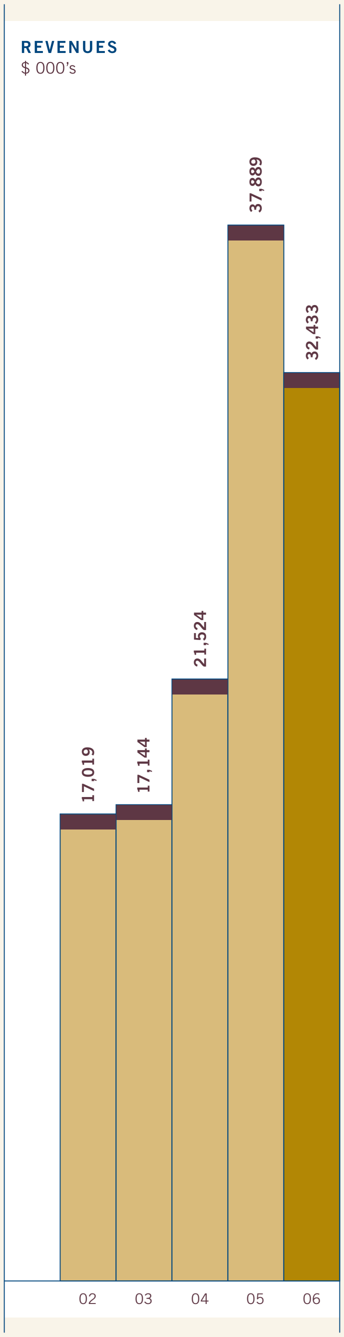
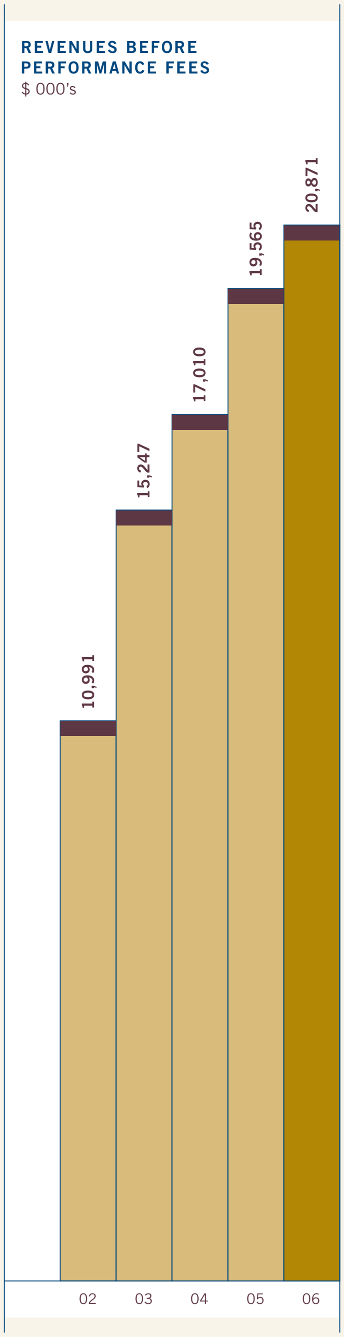
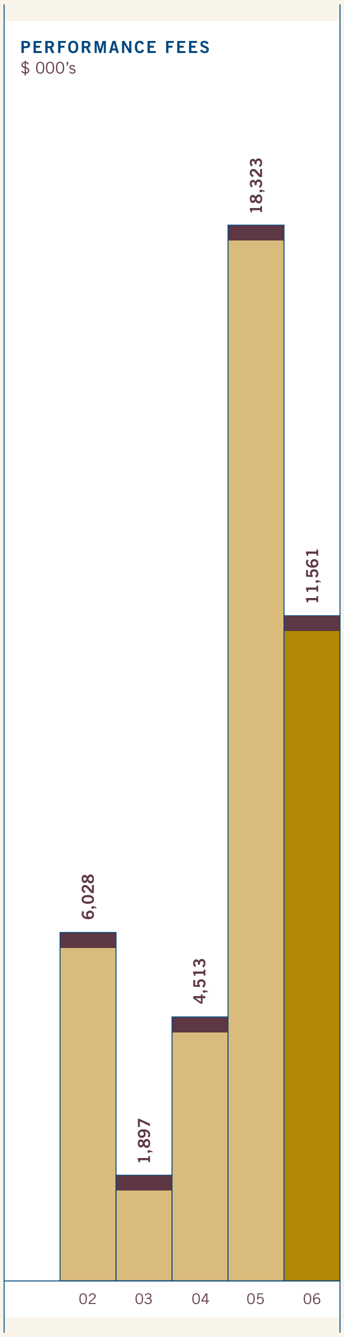
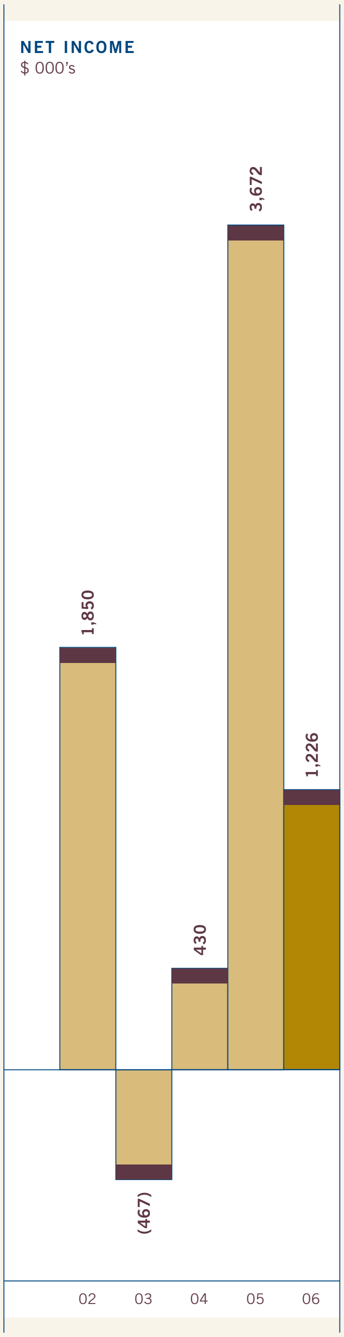
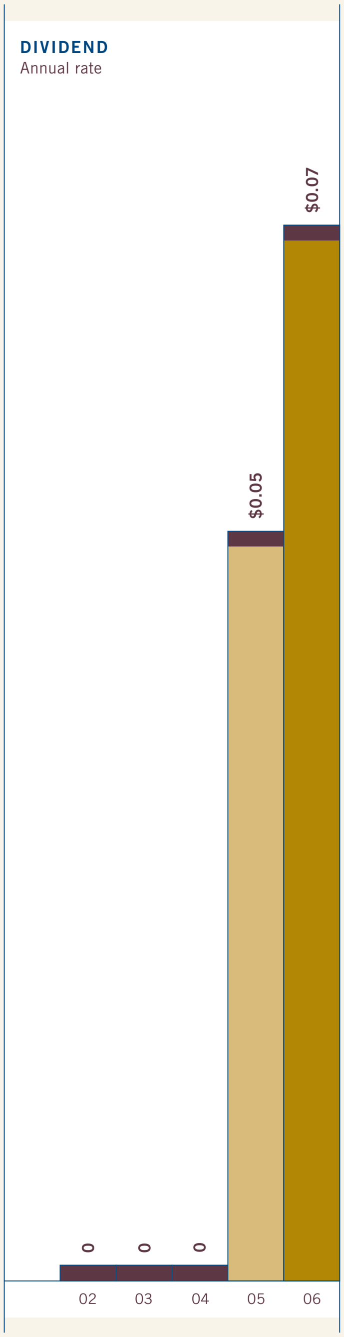
06


REVENUES
$ 000's
17,019
17,144
21,524
37,889
32,433
02
03
04
05
06


REVENUES BEFORE PERFORMANCE FEES
$ 000's
10,991
15,247
17,010
19,565
20,871
02
03
04
05
06


PERFORMANCE FEES
$ 000's
6,028
1,897
4,513
18,323
11,561
02
03
04
05
06


NET INCOME
$ 000's
1,850
(467)
430
3,672
1,226
02
03
04
05
06


DIVIDEND
Annual rate
0
0
0
$0.05
$0.07
02
03
04
05
06

VICTOR KOLOSHUK
Chairman, President
and Chief Executive Officer

WE ARE PLEASED TO PRESENT to our shareholders, clients and employees the eighth Annual Report of Integrated Asset Management Corp. (“IAM” or the “Corporation”).

Net income for fiscal 2006 was $1.2 million or $0.06 per share, down from $3.7 million or $0.17 per share in fiscal 2005 because realized performance fees were lower in fiscal 2006. For fiscal 2006, cash flow from operations[1] (before net change in non-cash working capital balances) was $4.4 million versus $8.5 million in fiscal 2005.

Assets under management (“AUM”) is a key measure of our success and we are disappointed that our AUM has shown only slight growth in 2006. On the positive side, our fee earning assets grew considerably in 2006. We include committed capital as part of AUM, although we only earn fees on commitments for real estate and private debt once they are deployed.

Over the last 5 years we have been focused on building our alternative asset management infrastructure. These costs have been substantial, and are mainly in the form of operating losses caused by growth in manpower. Each year we realized significant performance fees. As a result, with the exception of 2003, we were able to show an overall profit.

During 2006, our base revenues (excluding performance fees) grew to $20.9 million and we are now profitable on an overall basis without including net performance fees. Performance fees will always be a significant but erratic component of our income.

Alternative investments are finally becoming core investments. The most successful long-term institutional investors in the world (such as the Yale Endowment Fund) are allocating 40% - 60% of total investable assets to alternatives. A recent survey of the largest pension funds in North America showed that 24% of total assets are allocated to alternatives (private equity, real estate and hedge funds) and this percentage is slated to rise significantly in the next 5 years.

There are several key factors that explain this trend:

First and foremost, alternatives have delivered the returns.

Secondly, most of the world’s investable assets are invested in index funds and closet index funds. More and more institutions are becoming concerned about index risk.

Lastly, many of the world’s best money managers have become hedge fund managers. This is not because they like going short but because traditional investing has become an index and volume game. That is, portfolios have become so large that only an index type strategy will work. Conversely, performance comes from smaller, concentrated, closely managed portfolios.

[1] Cash flow from operations is a non-GAAP measure.

Among the top portfolio managers who have converted to hedge fund management are people such as Veronika Hirsch, Eric Sprott and Frank Mersch. In other words, access to the world's best money managers increasingly will only be available via hedge funds. In return for managing much smaller portfolios, these managers have no choice but to charge performance fees to make up for the difference in their total income.

Financial intermediaries such as mutual funds, stock brokers and financial planners are now faced with the competitive repercussions of dealing with mega size portfolios which are indexed or closet indexed. Virtually no mega portfolio beats the broad indices consistently. Given the competition from index funds, which charge management fees as low as five – one hundredth of one percent (and can be distributed very cheaply in the form of ETFs), they are exposed to huge pressure on their profit margins. Alternative investments on the other hand, have fee structures which can support the various higher cost distribution platforms of brokers, planners and advisors, and we are looking forward to working with them.

We have been working hard to extract all of the synergies inherent in having five separate alternative asset class investment management teams. Not only do our various managers share ideas, deal generation sources and research but more importantly they all share a common corporate governance structure, including compliance, finance, accounting and general management.

Over the last five years each of our divisions has grown very rapidly but at varying paces. This necessitated having separate locations for each group. However, in 2006 we decided that we would derive multiple benefits by moving our three separately located groups into one downtown location. Over the next few months our hedge fund, real estate, private equity and private debt teams will all be moving to a common location at 70 University Avenue in Toronto.

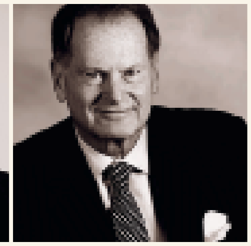
In fiscal 2005, IAM reached the point at which the quality and stability of our earnings were sufficient to start paying dividends. In May 2006, the Corporation increased the dividend from $0.05 to $0.07 per share on an annual basis.

Finally, I would like to extend a warm welcome to all former BluMont shareholders who have decided to become IAM shareholders and I look forward to working with you in the future.

VICTOR KOLOSHUK
Chairman, President and Chief Executive Officer

MICHEL LEBEL
Corporate Director

DAVID H. ATKINS
Corporate Director



GEORGE D. ELLIOTT
Corporate Director

DONALD C. LOWE
Corporate Director

WE UNDERSTAND that good corporate governance is essential and we see it as a source of competitive advantage.

IAM adheres to governance standards similar to those of much larger publicly traded companies. Many of the investment management firms with which we compete are smaller, privately owned companies which manage a single alternative asset class. As a result, they are subject to less scrutiny and may provide less transparency than a public company.

Conversely, we offer investors and clients the best of both; we are subject to the oversight, compliance, transparency and regulatory obligations of a public company. Our clients take comfort in the fact that both the company and our investment products are subject to independent outside scrutiny. At the same time, there is a strong alignment of interest. Since management owns a majority of the common stock, we all understand with complete clarity that our clients must succeed in order for us to succeed.

With the guidance of our independent directors, we work continuously to meet and exceed all required standards of corporate governance.

The independent directors make certain that all shareholders get fair representation and that there is full, plain and true disclosure about the affairs of the company, good, bad and indifferent.

At our 7th Annual General Meeting in March, two additional independent directors, David Atkins and George Elliott, were elected to the Board of Directors, joining Donald Lowe and Michel LeBel. All of our independent directors are seasoned senior executives with a long history of success in business, law and finance.

Michel LeBel is the Lead Director. The Lead Director is responsible for providing independent leadership on a Board which is controlled by a majority shareholder group. IAM's two board committees, Audit, and Compensation and Governance are comprised exclusively of independent directors.

The independent directors believe in the Corporation and share a common interest; all are required to own IAM shares with a value equivalent to at least 5 times the director's annual base retainer within 5 years of their appointment. The independent directors commit a substantial amount of their time and talent and participate actively in the governance of the Corporation. They participate in a number of board and committee meetings over the course of the year and meet informally with management on a regular basis. They also participate in strategic planning sessions and further, frequently join the weekly meeting of the senior management team. We are grateful for their counsel and wisdom.

IAM IS CANADA'S LEADING MANAGER of alternative assets. Since our founding in 1998, we have never wavered in our determination to deliver the best in alternative asset investment management to our clients.

AS MANAGERS OF ALTERNATIVE ASSETS, we operate at the leading edge of the investment management industry. Nowhere is the rate of change faster, the development of innovative new strategies and products more rapid or the pressure to stay ahead greater.

ALL OF OUR SPECIALIZED INVESTMENT MANAGEMENT TEAMS thrive on the challenge. Each remains clearly focused on the management of client portfolios while at the same time staying attuned to rapidly changing conditions and newly emerging tools and techniques that can enhance performance. Every team has a story to tell, on the pages which follow are reports from the private debt, private equity, real estate, hedge funds and managed futures teams.

JOHN ROBERTSON
President and Chief Executive Officer
Integrated Private Debt

THROUGHOUT 2006, Integrated Private Debt (IPD) was focused on investing the commitments raised in its first senior secured private debt fund.

The fund was marketed to institutional investors as an alternative product that would provide yield enhancement to their fixed income portfolios while adding diversification and reducing volatility.

Since the fund was launched, the performance has been outstanding, exceeding expectations. For the 12 months ending September 30, 2006, the fund returned 6.06% versus 4.02% for its benchmark, the Scotia Capital Universe Bond Index. From inception, the annualized return was 5.33% compared to 2.94% for the benchmark.

The fund also delivered on its objective of lower volatility. From inception, the standard deviation of the fund was 0.67 compared to 0.91 for the Scotia Capital Universe Bond Index.

In the first half of the fiscal year, the business environment provided relatively little incentive for corporations to take on long-term fixed rate debt. Healthy corporate profits and modest capital spending combined to bolster balance sheets and reduce borrowing needs.

In the latter part of the fiscal year, as the bank rate began to rise, corporate treasurers then had an incentive to convert floating rate loans to fixed rate while rates are still close to all-time lows. Further incentive developed as the spread between the bank prime rate and Government of Canada bonds widened.

IPD planned and put in place a highly disciplined program to identify and approach prospective corporate borrowers. As the environment turned more favourable, IPD was able to benefit.

Over the course of the fiscal year, loans were advanced for a total of $260.7 million. The largest loan was $80 million, the smallest $5.7 million. As two of the investors in the fund have co-investment rights, i.e. the right to invest alongside the fund, the IPD fund is able to offer loans of up to $100 million, while the maximum single loan that can be made by the fund is $45 million. The ability to make loans of this size significantly expands the universe of prospective borrowers.

By fiscal year end, the fund was 27% invested and additional investments for a combined total of $30.5 million had been approved but not yet disbursed. Subsequent to September 30, the fund has invested an additional $70 million, resulting in the fund being 42% invested. The investment period for the fund expires August, 2007, but can be extended for another year with the consent of the investors. Given IPD's pipeline of opportunities and the favourable business environment, IPD expects to be close to fully committed (75%) during 2007 and ready to market a second senior secured private debt fund (IPD LP2).

The investments made over the course of the year broadened the well diversified portfolio of senior secured loans. New loans were made to companies in a variety of industries located across Canada. Investments included a Newfoundland-based air surveillance company, an alternative energy provider in Toronto and a world-renowned operator of tourist trains based in British Columbia.

It has been IPD's practice to announce publicly the closing of each loan, raising the profile of IPD and advertising the availability of long-term capital. The result has been a significant increase in the number of prospective borrowers who are approaching IPD. The pace of investment has accelerated in the past 9 months as awareness of the IPD fund grows.

IPD now has in place the systems, referral network and business development processes to take advantage of the rising awareness. The IPD credit, lending, administrative and investment management teams are among the most experienced and qualified in Canada. The volume of potential transactions has increased significantly and it is anticipated that a substantial amount of the remaining capital will be committed over the course of the upcoming year.

It is expected that marketing of IPD LP 2 will begin in the third or fourth quarter of fiscal 2007, bringing committed capital and assets under management to approximately $1.5 billion from the current $870 million.

BRENT CHAPMAN
President
Greiner-Pacaud Management Associates

THROUGHOUT THE PAST YEAR, Greiner-Pacaud Management Associates (GPM) focused on creating value in the existing portfolios and investing the new commitments made in GPM 10 and the segregated account.

The GPM 10 fund closed in November, 2004, raising $142.3 million in capital commitments. This was nearly triple the commitments of any of the previous funds, so it meant that GPM needed to focus on investing the commitments on a timely basis while not relaxing its rigorous quality standards.

The terms of the fund provide for a 3 year investment period. With one year to go, the fund is 80% committed. To date, properties have been acquired with a total cost of $114 million.

The segregated portfolio managed for an institutional investor continues to grow. The current investment in the portfolio is approximately $210 million; the total equity investment when completed, could be in excess of $400 million. The additional capital committed by this client, from the original $70 million, is a clear indicator of their satisfaction with GPM's skill, capacity and performance.

One of the keys to the long-term success of GPM has been its ability to acquire quality properties at reasonable prices. Continued strong demand for industrial real estate has made this increasingly difficult, as capitalization rates have fallen to a range of 6.5% to 8.5%.

GPM has responded to this challenge in several ways. The professional staff has been increased to ensure that there is sufficient capacity to manage the expanding portfolio of properties and secure the needed new assets.

GPM has expanded its development activities which provide investors with new product which is in scarce supply. Additionally, development adds yield to the property portfolios and provides GPM with additional fee revenue opportunities.

As an example, GPM acquired a 90 acre site in the 50th Street Business Park in Edmonton. The site was previously a steel pipe manufacturing facility. GPM is redeveloping the entire property and two new industrial buildings, totaling 160,000 square feet have been completed and leased. Four additional buildings are under construction.

In Kitchener, Ontario, GPM acquired for redevelopment the 50 acre Sportsworld site. Once completed, this project will include up to 250,000 square feet of retail space, 750,000 square feet of office space, a twin-pad hockey arena and a hotel. Other development projects are underway in Milton, Ontario, Abbotsford, B.C., and in Alberta, in Spruce Grove, Calgary and Sherwood Park.

GPM's property management firm, Darton Property Advisors and Managers Inc., had the most successful year in its history, reaching a record level of profitability. Two acquisitions over the last couple of years have been successfully integrated and are now making a meaningful contribution. With more than 10 million square feet under management, Darton has grown big enough to realize some economies of scale. Its increasing market presence and reputation for quality have allowed it to increase its operating margins in a business subject to intense price pressure.

For increasing number of pension funds, real estate has become a core alternative asset class. Many funds are increasing their target allocation to real estate. Further, interest is growing among retail investors for access to institutional quality real estate investment management. As a result, there will continue to be strong demand for high quality real estate investment management.

As GPM continues to extend its expertise from its traditional focus on industrial properties to selected retail and office as well as development, it will be able to meet the demand for quality assets.

GEORGE ENGMAN
President and Chief Executive Officer
Integrated Partners

THERE WERE TWO PRINCIPAL AREAS OF ACTIVITY for Integrated Partners in 2006. Substantial time and effort was devoted to working with the portfolio companies to help fulfill their business plans and create value, while simultaneously marketing IPLP 2, the successor fund to IPLP I.

IPLP I has a conventional private equity structure. In this case, the fund must return all committed capital to investors, plus a minimum rate of return, before Integrated Partners can begin to realize its performance fee or carried interest. It is very important that the maximum possible appreciation be created in the investee companies that remain in the portfolio to maximize returns for both investors and Integrated Partners. Integrated Partners works very closely with the management of the portfolio companies to build value.

One of the portfolio companies is Dove Cleaners (TSXV: DOV); ("Dove"), a dry cleaning and institutional laundry business. Since IPLP I made its initial investment in Dove, the company has aggressively grown its revenues. Three acquisitions have been completed, making Dove the largest dry cleaner in Canada. A key element of the strategy is to consolidate processing in a large scale, 42,000 square foot centralized facility. The installation of the last major piece of equipment was completed in late fall. The new plant has a revenue capacity of approximately $40 million. As the plant approaches capacity and the consolidation in Toronto nears completion, the same strategy can be employed in Vancouver, Calgary, Edmonton and Montreal.

With their trademark, hands-on approach, Integrated Partners professionals have guided Dove through a reverse takeover of a blind pool to create a public company, planned and executed two secondary financings, recruited new senior management, assembled a high quality board with independent directors and carefully supervised the execution of the business plan.

Another rapidly developing portfolio company is SensorCom, based in Annapolis, Maryland. Its principal clients are U.S. Department of Defense research and development facilities and defense and aerospace prime contractors.

Since IPLP I invested in SensorCom in April, 2005, the company has grown very quickly. At the time of IPLP I's investment, SensorCom had revenues of approximately U.S. $3 million. The company later won a high profile contract for the U.S. Department of Defense valued at U.S. $25 million over 18 months. This contract was subsequently increased to U.S. $29 million. The most likely exit from this investment would be a sale to a strategic buyer. Companies of this size in this sector typically sell for 2 times revenue.

Omega is an insurance company formed to assist Property and Casualty insurers who wish to exit the Canadian market. It has closed the purchase of its first book of business and is in advanced discussions on two others.

Fund raising for the second fund has gone more slowly than expected and has proven to be much more difficult than originally anticipated.

Private equity has attracted a great deal of attention this year, with a flurry of high profile, multi-billion dollar transactions. It is expected that commitments raised in 2006 will set a new record. Not as obvious is that much of the commitments raised has gone to the mega funds managed by the largest private equity firms in the world. Raising capital for smaller funds, with smaller teams and shorter track records has been much more difficult. Integrated Partners has secured key investors and is working hard to attract the final order needed for a first close of its second fund. Normally, raising the balance of the commitments for a subsequent closing is less difficult, since investors with limited resources can rely on the due diligence conducted by those who participated in the first close.

Integrated Partners has been working on the development of a mining fund. This fund will be global in scope, seeking out investment opportunities in mining around the world. It is expected that marketing of the fund will begin mid-way through fiscal 2007.

ROLAND AUSTRUP
President and Chief Executive Officer
Integrated Managed Futures

THE LAST TWO YEARS have been very difficult for the managed futures industry. Integrated Managed Futures (IMFC) has not been immune.

The industry has suffered asset depreciation and redemptions. IMFC has sustained disappointing losses as a result in its currently offered trading program, the IMFC Diversified Program. Seasoned investors understand that drawdowns such as this represent a very attractive buying opportunity. Many managed futures trading programs, including IMFC are designed to profit from the extended price trends (up and down) that have historically been exhibited by commodity markets. For the last two years, commodity futures have been largely trendless, although characterized by higher volatility than has been the case in the past.

IMFC has researched the over 50 years of commodity price movements and determined that the market behaviour currently being experienced has occurred periodically in the past. There is no reason to believe that some kind of fundamental change has taken place in the markets. As painful as the current environment may be, IMFC is firmly convinced that the current adverse conditions have ample historical precedent and will come to an end. The end of such directionless periods has typically been followed by a period of sustained strong returns.

IMFC has exhaustively tested the systematic model at the heart of its trading program. This process of rigorous examination has verified and validated the model. There is every reason to believe that as market conditions stabilize, the IMFC Diversified Program can generate very attractive rates of return.

As well as validating the core model, IMFC research developed several significant enhancements to the Diversified Program. These enhancements will add broader diversification and provide some reduction in volatility.

IMFC research also developed a new trading program, the IMFC Precision Trading program, which will be launched in early 2007. The Precision Program holds a far more concentrated portfolio than the Diversified Program, has an average hold period of three months versus fourteen months in the Diversified Program and has a broader universe of markets in which to invest, including equity indices and short-term interest rate futures.

An important initiative was launched during the year in conjunction with BluMont. Together the two firms have developed a version of the IMFC trading program that can be sold by financial advisers through the industry-standard FundServ order entry system. It is expected that the BluMont IMFC Managed Futures Fund, managed by IMFC, will be available for purchase by individual investors in early 2007.

Managed futures are little understood in Canada and the demand is limited. As a consequence, much of the market opportunity for IMFC lies outside Canada. There are two principal target markets for IMFC, allocators (primarily in the U.S.) who specialize in assembling portfolios of CTAs (managers of managed futures programs) for clients and hedge fund of funds.

The characteristics of managed futures are such that they are a very effective diversifying asset class when added to a portfolio of conventional assets. They are singularly effective when added to a portfolio of hedge funds, acting to improve returns and reduce volatility.

Managed futures are the quintessential alternative class, in that they have virtually no correlation to stocks and bonds, and have the potential for high absolute returns. There will be opportunity to enhance other IAM programs with the appropriate allocation to managed futures, just as there will be opportunity to market IMFC to knowledgeable investors who understand the benefits of including managed futures in their portfolios.

STEPHEN KANGAS
President and Chief Executive Officer
BluMont Capital

FISCAL 2006 saw BluMont Capital make progress on its path towards being Canada's leading provider of alternative investment products to retail investors.

Changes were made at the senior management level as well as in the breadth of product offerings.

In December 2005, BluMont's Board of Directors appointed Stephen Kangas President. Thomas Simpson was elected Chairman of the Board, replacing founding Chairman David Currie, who retired after five years of dedicated service. Subsequent to year-end, the BluMont Board named Mr. Kangas Chief Executive Officer.

BluMont bolstered its senior management team in mid-summer with three appointments. Conor Bill and Peter Chodos, previously co-founders of Mt. Auburn Capital Corp., joined as Managing Directors. They will focus on the research, development and management of new investment products. James Wanstall joined as Executive Vice President, National Sales and leads the BluMont sales force.

Since January 2003, BluMont has dedicated the majority of its resources to the distribution of structured products advised by Man Investments Inc. (Man Investments). BluMont was instrumental in establishing Man Investments in Canada (Man Canada), and successfully sold over $500 million of BluMont Man products. In January 2006, BluMont and Man Investments agreed to amend their agreement, enabling BluMont to dedicate most of its resources in fiscal 2007 to other product offerings. BluMont assisted Man Investments in setting up their stand-alone operation in Canada, including the transfer of several BluMont employees to Man Canada. BluMont continues to earn fees on all of the BluMont Man structured products and administers and services these products, offering support to the financial advisors who recommended these products to their clients. These products have terms ranging from 2013 to 2019. BluMont and Man Canada continue to have a close relationship and BluMont wishes Man Canada every success in the future.

In April 2006, the BluMont Man-IP220 Series 3 Notes closed with $52.3 million raised. This was the latest in the successful series of IP220 products which combine hedge fund of funds with managed futures under a 100% principal guarantee. A fourth series was launched in July 2006, closing in November after raising $41.1 million. At September 30, 2006, BluMont had approximately $740 million in assets under management.

In this transition year, BluMont expanded its open-end product lineup in June with the launch of the BluMont Core Hedge Fund, a single manager long/short equity fund with a North American focus. Burlington Capital Management Ltd., the fund's investment advisor, is led by CEO Allan Brown, CFA and President Geoffrey Barth, CFA.

BluMont realizes that the retail market represents great potential for institutional quality alternative investments, such as those managed by IAM. BluMont has built a strong platform to develop, manage and distribute a variety of alternative investments to the Canadian retail investor. Recognizing the obvious synergies and potential efficiencies, IAM announced in May 2006 its intention to acquire any and all of the outstanding common shares of BluMont that it did not already own. IAM offered one IAM share for every three BluMont shares tendered.

The BluMont Board of Directors established an independent committee to review the offer. The independent committee retained Crosbie & Company Inc. as independent financial advisor and Fasken Martineau DuMoulin LLP as independent legal counsel to evaluate the offer. When this evaluation was completed, IAM proceeded with its offer on September 21, 2006 and announced on November 13, 2006, that it had acquired an additional 5,075,941 shares, taking its ownership of BluMont to 61.4%.

With a revised agreement with Man Investments in place, a strengthened management team and the creation of an internal product structuring group, BluMont's mandate is to develop and market a wider range of alternative investment products to be managed by BluMont or by other quality investment managers for distribution to retail investors through their financial advisors.

STEPHEN JOHNSON
Chief Financial Officer

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 earnings measures which do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

This MD&A covers the financial condition and results of operations of IAM for the years ended September 30, 2006 and September 30, 2005 and is as of December 8, 2006. 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 8, 2006.

This MD&A and additional information relating to IAM are on SEDAR at www.sedar.com. BluMont Capital Inc. ("BluMont"), a subsidiary of IAM, is a TSX Venture Exchange listed company and information on BluMont can also be accessed on SEDAR.

BUSINESS REVIEW

IAM is an alternative asset investment management company offering high quality alternative asset class management to institutional, pension and private clients. The Corporation provides investors with private equity, private corporate debt, managed futures, real estate investment management, property management and leasing and hedge funds.

The Corporation had assets and committed capital under management ("AUM") of approximately $2.9 billion at September 30, 2006 which are represented by two business segments, Asset Management which had AUM of approximately $2.2 billion and Hedge Funds with approximately $0.7 billion.

Asset Management

Asset Management comprises real estate management, private corporate debt, managed futures and private equity operations with mostly an institutional but also a high net worth client base.

The Corporation's products are mostly pools of assets managed by the Corporation for investors and the life of each pool of assets can be up to ten 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.

Included in the real estate management are property management operations comprising AUM of approximately $0.7 billion as at September 30, 2006. The property management operations are different from the other operations in Asset Management in that the contracts with the property owners can be terminated on short notice and, in general, property management is a lower margin activity.

Hedge Funds

Hedge Funds comprise the retail hedge fund activities under BluMont in which IAM had a 46.2% ownership as at September 30, 2006. BluMont is a TSX Venture Exchange listed company. As at December 8, 2006, IAM had increased its ownership to 61.4% through an exchange offer for shares of BluMont.

BluMont provides hedge fund products to Canadian retail investors. BluMont's sales force throughout Canada has an extensive financial adviser distribution network through which virtually all sales of BluMont's investment products are made.

BluMont's hedge fund products can be categorized between those products for which BluMont's investment management team manages all or some of the fund's AUM ("manufacturer") and those hedge fund products where the investment management team does not manage any of the fund's AUM ("distributor"). Manufactured AUM typically produce fees to BluMont which are higher (as a percentage of AUM) than those that are produced when BluMont's role is principally that of distributor.

AUM at September 30, 2006 were $738.7 million for BluMont, a significant portion of which is BluMont's products cobranded with Man Investments Inc. ("Man Investments"). Since 2002, BluMont and Man Investments have worked together successfully to market and distribute co-branded retail structured hedge fund products through the financial adviser distribution network in Canada. To date, BluMont has raised approximately $520 million in all of these product offerings.

In January 2006, BluMont announced that an agreement had been reached with Man Investments to change the strategic business relationship to reflect a number of important developments. Under the amended and restated agreement, BluMont continues to service the existing BluMont Man products, including the two offerings completed in fiscal 2006 and one completed in November 2006. BluMont receives net fees for servicing these products at rates similar to those in effect in fiscal 2005, for the duration of these investment products, which have expected maturities ranging from 2013 to 2019.

BluMont will change its business strategy to place more emphasis on manufacturing its own products for distribution through its sales force. In addition, it is expected that BluMont will work closely with IAM to manufacture alternative asset class products, currently only available to institutional investors through IAM, for distribution to the retail investor.

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 hedge funds, pooled funds and other assets administered by the Corporation. Revenues generated from management fees are generally expected to increase 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. Performance fees of the Asset Management operations 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 ten years. Performance fees at the Hedge Funds operations are generally recognized on an annual basis or semi-annual basis (June 30 and December 31) and periods ending December 31 typically have the highest level of performance fees.

Unrealized performance fees can build up over time and form a significant portion of the total 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 revenues and operating income of the Corporation will tend to fluctuate from period to period.

ASSETS AND COMMITTED CAPITAL UNDER MANAGEMENT ("AUM")

Overall, AUM at September 30, 2006 remained relatively unchanged from the previous year with a small increase in the Asset Management operations and a similar decrease in the Hedge Funds operations.

in millions	September 30, 2006	September 30, 2005	September 30, 2004
Asset Management			
Real Estate Management	**$ 1,264.5**[(1)]	$ 1,242.7[(1)]	$ 870.3[(1)]
Private Corporate Debt	**818.9**	779.7	242.8
Private Equity	**46.7**	50.0	60.0
Managed Futures	**13.4**	15.8	7.0
	2,143.5	2,088.2	1,180.1
Hedge Funds	**738.7**	784.3	552.4
Total	**$ 2,882.2**	$ 2,872.5	$ 1,732.5

(1) Includes real estate property management, estimated to have a value of approximately $702.6 million as at September 30, 2006 (2005 – $710.4; 2004 – $591.0 million).

In early fiscal 2005, there was a combined total of over $800 million of new funding commitments in the Real Estate Management and Private Corporate Debt operations. For most of fiscal 2005 and for fiscal 2006, these two operations have been actively deploying the commitments rather than raising new commitments.

The Real Estate Management operations were successful in deploying commitments and expect to raise further commitments in fiscal 2007.

The operational market focus of the Private Corporate Debt division changed to larger, higher quality loans with the closing of the $600 million fund raised early in fiscal 2005. Development of that market is now well underway with significant deployment in fiscal 2006 and momentum that continued after year end.

The AUM of the Private Equity operations declined to $46.7 million because the first fund has deployed all its commitments and realizations of some investments were distributed to investors.

The AUM of the Managed Futures operations decreased slightly from fiscal 2005 because of the general weakness in the managed futures industry.

The decrease in AUM in the Hedge Funds operations was due to a combination of fund redemptions during the year, the sale of a fund to Man Investments and modest depreciation in some funds.

SELECTED ANNUAL INFORMATION

in thousands, except per share amounts	2006	2005	2004
Revenues	**$ 32,433**	$ 37,889	$ 21,524
Performance fees, included in revenues above	**$ 11,561**	$ 18,324	$ 4,513
Net performance fees[(1)]	**$ 5,449**	$ 12,785	$ 2,411
Operating income[(2)]	**$ 3,672**	$ 8,608	$ 242
Less: Stock-based compensation	**(147)**	(425)	–
Add: Equity earnings (loss) of investments in funds managed by the Corporation	**(575)**	384	138
Income before income taxes and minority interest	**$ 2,950**	$ 8,567	$ 380
Net income	**$ 1,226**	$ 3,672	$ 431
Basic and diluted earnings per share	**$ 0.06**	$ 0.17	$ 0.02
Dividends per share	**$ 0.06**	$ 0.025	$ –
Total assets	**$ 28,168**	$ 30,217	$ 18,996
Total long-term financial liabilities	**$ 1,839**	$ 1,930	$ 1,443
Common shares outstanding, end of year	**21,859**	21,589	21,099

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

(2) Operating income is a non-GAAP financial measure used by the Corporation. This measure is income before income taxes and minority interest, the deduction of stock-based compensation (see Note 8 of the consolidated financial statements) and equity earnings (loss) of investments in funds managed by the Corporation.

Revenues in fiscal 2006 were lower than in the previous fiscal year due to lower performance fees. The Corporation realized approximately $12.1 million of performance fees in Asset Management through the maturity of the GPM(6) real estate portfolio in April 2005 versus $3.2 million of performance fees realized in fiscal 2006.

Excluding performance fees, revenues have increased over the three year period of fiscal 2004 to 2006 due to increased AUM and their deployment.

In June 2006, IAM increased its regular dividend from $0.05 to $0.07 per common share payable in cash semi-annually. The dividends paid in fiscal 2006 have been designated as eligible dividends by the Corporation pursuant to the guidelines issued by the Canada Revenue Agency.

There are no long-term financial liabilities in the Asset Management operations. All of the long-term financial liabilities of the Corporation reside in BluMont.

FINANCIAL STATEMENTS

The accompanying audited consolidated financial statements included in this Annual Report comprise the results for the years ended September 30, 2006 and September 30, 2005.

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

OPERATING RESULTS

Income and Earnings Per Share

Net income for the year ended September 30, 2006 was $1,226,218 or $0.06 per share compared with net income of $3,671,625 or $0.17 per share for the year ended September 30, 2005. Operating income decreased from $8,607,620 in fiscal 2005 to $3,671,580 in fiscal 2006.

Selected financial information

	2006	2005
Operating income [1]	**$ 3,671,580**	$ 8,607,620
Less: Stock-based compensation	**(146,604)**	(424,578)
Add: Equity earnings (loss) of investments managed by the Corporation	**(574,554)**	384,454
Income before income taxes and minority interest	**2,950,422**	8,567,496
Income taxes expense	**(1,128,397)**	(3,267,483)
Minority interest, share of income	**(595,807)**	(1,628,388)
Net income	**$ 1,226,218**	$ 3,671,625

(1) Operating income is a non-GAAP financial measure used by the Corporation.

The Corporation excludes equity earnings (loss) of investments managed by the Corporation from the calculation of operating income as management believes that this item is not reflective of the performance of the Corporation's principal business nor is it reflective of the substance of the investment. Management views the investment by the Corporation in funds managed by the Corporation as a long-term investment, however, under Canadian GAAP, management is required to account for this investment using the equity method of accounting. This method reflects only the realized earnings (loss) of the Corporation's investment in funds that it manages and does not reflect the unrealized gains (losses) of these investments. At September 30, 2006, the Corporation's investment in funds that it manages had net unrealized gains. Under Canadian GAAP, for fiscal 2006, these net unrealized gains cannot be reflected in these financial statements, however, effective October 1, 2006, Canadian GAAP may permit these to be reflected in the financial statements under certain circumstances.

The principal reason for the decrease in operating income and net income from fiscal 2005 is that performance fees of approximately $12.1 million were realized in the Asset Management operations on the maturity of the GPM(6) real estate portfolio plus approximately $6.2 million in the Hedge Funds operations which amounted to total performance fees realized in fiscal 2005 of $18.3 million. In fiscal 2006, performance fees for the Corporation, including both the Asset Management and Hedge Funds operations were $11.6 million.

Revenues

Revenues decreased 14% from $37.9 million in 2005 to $32.4 million in 2006 as a result of lower performance fees realized in fiscal 2006. Growth occurred in the predictable revenues of management fees, administration and redemption fees of 9%. Management fees, administration and redemption fees increased from $18.3 million in fiscal 2005 to $20.0 million in fiscal 2006. Of the $20.0 million in fees, the majority is comprised of fund management fees derived from the pools of assets managed by the Corporation. Performance fees decreased $6.7 million from $18.3 million in fiscal 2005 to $11.6 million in fiscal 2006, three quarters of which were from the Hedge Funds operations.

IAM's predictable revenues are correlated to the value of the assets it manages on behalf of its clients. Although AUM at September 30, 2006 remained relatively unchanged from September 30, 2005, management fees in fiscal 2006 increased approximately $1.6 million or 9% over fiscal 2005. Average AUM during fiscal 2006 was higher than that during fiscal 2005. More important, the Corporation deployed more commitments (that are included in AUM) which until deployment provided no fees to the Corporation.

During fiscal 2005 the Asset Management operations of the Corporation raised nearly $900 million in commitments, none of which earn fees until the commitments are deployed. As at September 30, 2006, approximately $400 million of the commitments had been invested and were earning management fees for the Corporation versus approximately $100 million in fiscal 2005. In the Hedge Fund operations, approximately $140 million of AUM do not provide management fees to BluMont. BluMont instead receives semi-annual performance fees from this fund if the individual unitholder's investment experiences an increase in value.

IAM's less predictable revenues, consisting of performance fees, had a greater impact in fiscal 2005 than in fiscal 2006. Unlike fiscal 2006, the fiscal 2005 performance fee revenue was generated primarily by the Asset Management operations. The Asset Management operations generated $12.1 million of performance fees in fiscal 2005 and the Hedge Funds operations generated $6.2 million in performance fees. In fiscal 2006, the Asset Management operations realized performance fees of $3.2 million and the performance fees attributable to the Hedge Funds operations were approximately $8.4 million.

Expenses

The Corporation reported consolidated expenses for the year ended September 30, 2006 of $29,482,268 compared to $29,321,989 for the year ended September 30, 2005.

The principal components of expenses are selling, general and administration of $18,702,721 (year ended September 30, 2005: $19,182,414), approximately 70% of which is salaries and related costs (September 30, 2005: 75%). Overall, the number of employees during fiscal 2005 and fiscal 2006 remained relatively unchanged. However, the Hedge Funds operations experienced a slight decrease in the average number of employees during fiscal 2006 versus fiscal 2005 and this was offset by a similar increase during fiscal 2006 in the Asset Management operations. The higher percentage in fiscal 2005 represents the additional remuneration incurred during that year triggered by profit bonuses reflecting the profitability of the Corporation and by BluMont's management successfully attaining AUM targets. In fiscal 2006, profit bonuses were lower than in fiscal 2005 reflecting the lower level of profitability in fiscal 2006.

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. The Corporation offers both internally and externally managed products.

All funds in the Asset Management operations are internally managed and the expenses associated with performance fees are typically bonuses specifically related to performance fees earned which are included in expenses paid relating to performance fees revenue earned. During the year, the Asset Management operations earned performance fees of $3,156,618 and incurred related costs of $1,592,479 (bonuses to employees specifically related to performance fees earned) which produced $1,564,139 in net performance fees to the Corporation (50% retention rate). Performance fee revenue in fiscal 2005 was $12,066,286 and after deducting related costs of $2,107,391, net performance fees to the Asset Management operations in fiscal 2005 were $9,958,895 (83% retention rate). The lower retention rate of performance fees in fiscal 2006 versus fiscal 2005 is because the performance fees in fiscal 2006 related to one property managed by Greiner-Pacaud/Hamilton Inc. for 8 years and 50% was paid out as performance bonuses.

In the Hedge Funds operations, some of the funds are internally managed and the others are managed by external advisers. In addition, there are other expenses associated with the performance fees from hedge funds including servicing fees to dealers in providing ongoing support to investors in BluMont hedge funds. During the year, BluMont incurred investment adviser fees, service fees and other expenses totaling $4,519,825 which related to performance fees earned of $8,404,735 resulting in net performance fees to BluMont of $3,884,910 (46% retention rate). Performance fee revenue in fiscal 2005 was $6,257,256 and after deducting third party costs of $3,431,379, net performance fees to BluMont in 2005 were $2,825,877 (45% retention rate).

In fiscal 2006, BluMont paid investment advisor fees of $681,416, excluding the portion relating to performance fees, compared to $859,132 in fiscal 2005. The decline in fees paid to third party investment advisors was due primarily to the reduction in AUM of the BluMont Strategic Partners Hedge Fund in fiscal 2006 as a result of the annual redemption provision of that fund.

Servicing fees paid by BluMont to dealers, excluding the portion relating to performance fees, were $1,285,891 in fiscal 2006 compared to $1,427,347 in fiscal 2005. BluMont pays service fees to dealers based on a percentage of the management fees received on its open-end products. There is a reduction in the service fees shown for fiscal 2006 as approximately $100,000 of these expenses have been reclassified (to reflect the amended agreement between BluMont and Man Investments) out of this expense category and are now netted against revenues. Servicing fees on the BluMont Strategic Partners Hedge Fund are paid directly by that fund and not by BluMont.

BluMont continues to self-finance commissions on the sale of its open-end hedge funds on a deferred sales charge ("DSC") basis. A notable exception is the BluMont Hirsch Performance Fund (which accounts for approximately 50% of BluMont's open-end hedge funds in fiscal 2006 and 2005) which is not available on a DSC basis. In addition, BluMont does not incur DSC commissions on the BluMont Man products.

When an investor purchases units of a BluMont fund on a DSC basis, BluMont pays a commission to the investor's financial advisor. The units are issued to the investor with the requirement that, in the event that the investor wishes to redeem units before a time period elapses (often a seven year period), BluMont will deduct a redemption fee calculated on a pre-set formula from the proceeds of the units redeemed. The commission payments are reflected as an asset of BluMont and redemption fees are recorded as revenue when received.

As at September 30, 2006, the Corporation's asset relating to DSC commissions was $1,716,075 compared to $2,366,045 as at September 30, 2005. These commissions are paid from BluMont's cash resources and for financial reporting purposes are being amortized evenly over seven years. During fiscal 2006, the amortization of DSC commissions amounted to $724,454 compared to $597,267 in fiscal 2005. The current level of DSC commissions being paid is not likely to significantly impact the cash resources of BluMont and, should these commissions increase, alternative arrangements to finance these DSC assets will be considered.

Amortization of management contract establishment expenses in BluMont was $1,359,230 in fiscal 2006 compared to $770,734 in fiscal 2005. In the last quarter of fiscal 2005, for financial statement presentation under Canadian GAAP, the amortization of the management contract establishment expenses asset was accelerated such that the asset reported at September 30, 2005 of $1,075,455 was fully amortized as at December 31, 2005. In the last quarter of fiscal 2006, BluMont wrote off unamortized management contract establishment expenses of $283,775 relating to a structured product whose future revenues were unlikely to recover the unamortized costs of this structured product. Notwithstanding the accounting treatment of this asset in fiscal 2006, BluMont may incur future expenses that may be recorded as management contract establishment expenses.

Interest expense decreased to $221,378 in fiscal 2006 from $251,759 in fiscal 2005. Virtually all the interest expense lies in BluMont and results from a convertible debenture with a principal amount of $1.3 million and an advance of $1.0 million in fiscal 2005 by Man Investments. The lower level reflects no interest expense charged in BluMont on the balance of the Man Investments advance of $572,702 since January 31, 2006. This is a result of the transfer to Man Investments of the BluMont Man Multi-Strategy Fund agreed to in January 2006 and effected in November 2006, subsequent to the fiscal year end (see Note 16 of the consolidated financial statements).

The Hedge Funds operations paid minimal income taxes in both fiscal 2006 and fiscal 2005. In a prior year, BluMont had made the determination that its tax losses were more likely than not to be realizable in the coming years and accordingly, realized the benefit of those tax losses for accounting purposes. During both fiscal 2006 and fiscal 2005, BluMont realized operating profits and utilized some of the prior years' tax losses. Until these losses are utilized or expire, some of the income tax expense will be reflected as a reduction of future income tax benefit rather than a cash outlay.

The Asset Management operations generated sufficient profits in fiscal 2005 and fiscal 2006 to utilize substantially all of its prior years' tax losses.

In fiscal 2006, the Corporation had current income taxes of $1,632,899 and a future income tax recovery of $504,502. The current income taxes were incurred primarily as a result of the profits generated by the Asset Management operations of the Corporation in the current and preceding year. The current and prior year's profits produced a cash tax liability in the amount of $1,562,921.

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 Statement of Operations.

Minority interest share of income was $595,807 in fiscal 2006, lower than $1,628,388 in fiscal 2005. The decrease reflects the lower level of net income attributable to the 25% interest in GPM not owned by IAM partially offset by a higher level of net income attributable to the 53.8% interest in BluMont not owned by IAM.

QUARTERLY SUMMARY

Performance fees are an integral part of the Corporation's business. In the Asset Management operations, performance fees of approximately $12.1 million arose in Q3 of fiscal 2005 from the maturity and realization of GPM(6) after a 12 year life. In the Hedge Funds operations, performance fees are recognized periodically, generally on an annual basis or a semi-annual basis (June 30 and December 31) and Q1 (quarter ending December 31) typically has the highest level of performance fees.

Asset Management operated at a profit on a day to day basis before reflecting performance fees in fiscal 2006. During the year, commitments were being deployed and additional fees were generated which has resulted in operating income.

Excluding the impact of performance fees, BluMont operated at a loss on a day to day basis with operating losses of approximately $300,000 to $500,000 per quarter. The results of Q1 of fiscal 2006 reflect amortization of approximately $1.1 million in respect of management contract establishment expenses described earlier under "Operating Results – Expenses".

Selected Quarterly Information

Fiscal 2006 in thousands, except per share amounts	Q1	Q2	Q3	Q4	Total
Revenues	$ 11,266	$ 8,919	$ 6,926	$ 5,322	$ 32,433
Performance fees, included					
in revenues above					
Asset Management	$ (11)	$ 3,167	$ –	$ –	$ 3,156
Hedge Funds	6,709	383	1,313	–	8,405
	$ 6,698	$ 3,550	$ 1,313	$ –	$ 11,561
Operating income (loss)					
Asset Management	$ 339	$ 596	$ 416	$ 807	$ 2,158
Hedge Funds	1,772	(180)	333	(411)	1,514
	2,111	416	749	396	3,672
Stock-based compensation	(46)	(53)	(30)	(18)	(147)
Equity loss of investments in funds managed by the Corporation	(480)	(33)	(39)	(23)	(575)
Income before income taxes and minority interest	$ 1,585	$ 330	$ 680	$ 355	$ 2,950
Net income[1]	$ 362	$ 226	$ 454	$ 184	$ 1,226
Earnings per share	$0.02	$0.01	$0.02	$0.01	$0.06

(1) The financial results for the three quarters (Q1, Q2 and Q3) have been restated to reflect equity earnings (loss) in an investment in a fund managed by the Corporation which resulted in a decrease in net income of Q1 – $(277), Q2 – $(19) and Q3 – $(22).

Fiscal 2005 in thousands, except per share amounts	Q1	Q2	Q3	Q4	Total
Revenues	$ 8,829	$ 4,945	$ 18,396	$ 5,719	$ 37,889
Performance fees, included					
in revenues above					
Asset Management	$ –	$ –	$ 11,960	$ 107	$ 12,067
Hedge Funds	4,372	100	1,785	–	6,257
	$ 4,372	$ 100	$ 13,745	$ 107	$ 18,324
Operating income (loss)					
Asset Management	$ 9	$ (21)	$ 7,712	$ 746	$ 8,446
Hedge Funds	1,516	(433)	12	(933)	162
	1,525	(454)	7,724	(187)	8,608
Stock-based compensation	(93)	(212)	(100)	(20)	(425)
Equity earnings (loss) of investments in funds managed by the Corporation	(13)	9	397	(9)	384
Income (loss) before income taxes and minority interest	$ 1,419	$ (657)	$ 8,021	$ (216)	$ 8,567
Net income (loss)	$ 524	$ (260)	$ 3,701	$ (293)	$ 3,672
Earnings (loss) per share	$0.02	$(0.01)	$0.17	$(0.01)	$0.17

SEGMENTED INFORMATION

Revenues

	2006	2005
Asset Management	**$ 15,381,911**	$ 23,443,327
Hedge Funds	**17,509,420**	14,692,269
Eliminations	**(458,641)**	(246,111)
Total	**$ 32,432,690**	$ 37,889,485

Asset Management revenues decreased to $15,381,911 as a result of fewer performance fees realized.

The AUM of the Asset Management division remained relatively unchanged from September 30, 2005 to September 30, 2006. Despite this, management fees in fiscal 2006 were higher than in fiscal 2005. During fiscal 2005 the Asset Management operations of the Corporation raised nearly $900 million in commitments, none of which earn management fees until the commitments are invested. As at September 30, 2006, approximately $400 million (September 30, 2005: $100 million) of the commitments had been invested and were earning management fees for the Corporation.

The Hedge Funds operations experienced a slight decline in AUM of $45.6 million from $784.3 million to $738.7 million in fiscal 2006. The decrease in AUM in fiscal 2006 was due to a combination of fund redemptions during the year, the sale of the BluMont Man Multi-Strategy Fund and modest asset depreciation in some BluMont funds. Although AUM decreased slightly from the prior year, fund management fees in fiscal 2006 increased over fiscal 2005 because the average AUM during fiscal 2006 was higher than during fiscal 2005. Management fees increased over the prior year by 5% whereas average AUM increased 15%. This is a result of the change in the composition of AUM at BluMont. Approximately one half of BluMont's open-end products are now represented by the BluMont Hirsch Performance Fund which does not charge management fees. BluMont receives semi-annual performance fees from this fund if the individual unitholder's investment experiences an increase in value. AUM also include a large percentage of BluMont Man guaranteed structured products which carry lower management fees to BluMont than those of BluMont's other products (excluding the BluMont Hirsch Performance Fund).

Performance fees at BluMont for fiscal 2006 grew 34% to $8,404,735 from $6,257,256 in fiscal 2005. In fiscal 2006, the increased level of performance fees is reflective of fund performance alone as there were no AUM growth. In fiscal 2006, hedge funds managed by BluMont's investment management team generated approximately 70% of the performance fees realized with the remaining portion being derived from the performance of third party investment advisers. Similarly, in fiscal 2005, approximately 60% of the performance fees were generated by BluMont's investment management team.

Operating income

The operating results of the Corporation's two reportable business segments are shown below:

Operating income	**2006**	2005
Asset Management	**$ 2,157,760**	$ 8,445,147
Hedge Funds	**1,513,820**	162,473
Total	**$ 3,671,580**	$ 8,607,620

Operating income of the Asset Management operations in fiscal 2006 decreased from fiscal 2005 and is entirely attributable to the performance fees realized during fiscal 2005. The Asset Management operations had approximately $500 million in commitments at September 30, 2006 (September 30, 2005: $800 million) that will generate fee revenues provided the commitments are deployed.

The Hedge Funds operations continued to be profitable in fiscal 2006 reporting operating income of $1,513,820 compared to $162,473 in fiscal 2005. BluMont realized net performance fees of $3.9 million in fiscal 2006 compared with $2.8 million in fiscal 2005.

Operating income in fiscal 2006 was reduced by a non-cash charge of approximately $1.4 million (2005 – $0.8 million), largely represented by an acceleration of amortization expense more fully described under "Operating Results – Expenses". Excluding performance fees, BluMont operated at a loss on a day to day basis during fiscal 2006 with operating losses of approximately $0.3 million to $0.5 million per quarter.

FINANCIAL POSITION AT SEPTEMBER 30, 2006

Unrealized performance fees

September 30	2006	2005
Asset Management	**$ 7,600,000**	$ 6,500,000
Hedge Funds	**500,000**	3,200,000
Total	**$ 8,100,000**	$ 9,700,000

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 the Asset Management operations 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 at the Hedge Funds operations are generally recognized on an annual basis or semi-annual basis (June 30 and December 31) and periods ending December 31 typically have the higher level of performance fees.

The Asset Management operations created additional unrealized performance fees of approximately $4.3 million during fiscal 2006 and realized approximately $3.2 million in respect of the value added to a 350,000 square foot, 10 storey building in central Toronto, which has been managed by Greiner-Pacaud/Hamilton Inc. for 8 years. The net result is that unrealized performance fees increased approximately $1.1 million to $7.6 million at September 30, 2006 compared to $6.5 million at September 30, 2005, although this may be a conservative estimate as discussed in the following paragraph. The estimate of unrealized performance fees at September 30, 2006 is supported by publicly quoted market prices and by third party appraisals of most of those assets. A significant percentage of the unrealized performance fees is attributable to the Corporation's Real Estate Management activities. There are no monetizations of significant unrealized performance fees expected in fiscal 2007 for the Asset Management operations.

The estimate of unrealized performance fees of the Asset Management operations does not reflect substantial real estate investments which are in various stages of development and accordingly have not been appraised. 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. Similarly, the Asset Management operations do not include an estimate of the unrealized performance fees of the private equity division of the Corporation. Management believes that the inherent uncertainty in valuing the current private equity portfolio at this time, given the early development stages of the underlying investments, could provide an unreliable estimate of unrealized performance fees. As a result, the estimate of unrealized performance fees shown could be substantially understated.

The Hedge Funds operations had approximately $0.5 million of unrealized performance fees at September 30, 2006. At the end of November, unrealized performance fees had increased to over $3.3 million. As unrealized performance fees can change significantly from day to day, there is no guarantee that BluMont will realize performance fees on December 31, 2006.

These unrealized performance fees at September 30, 2006 have not been reflected in the consolidated financial statements and will only be reflected when realized.

Liquidity and capital resources

The Corporation's primary liquidity requirements are to generate sufficient cash flow to meet its operating obligations on a continuous basis, and, applicable only at the Hedge Funds operations, to finance commissions arising from the sale of hedge funds on a DSC basis and expenses which are not recovered from the launching of structured products.

At September 30, 2006, the Corporation's net liquid assets (excluding future income taxes) increased to $11,837,000 compared to $9,431,000 as at September 30, 2005. The Corporation had cash of $14,661,491 as at September 30, 2006 compared to cash of $14,668,356 at September 30, 2005. Included in the cash of $14,661,491 is cash of $5,333,152 in BluMont.

The Asset Management operations have sufficient resources to maintain current operations. Additional funds may be required in connection with the Corporation's commitments to launch new products and to pursue acquisitions of asset management firms.

The Hedge Funds operations were at a loss on a day to day basis as expenses exceeded revenues from management fees, however, operating losses declined during the year and BluMont may operate on a day to day basis at or around breakeven during fiscal 2007. In fiscal 2006, BluMont earned net performance fees sufficient to produce operating income of approximately $1.5 million. While BluMont expects to realize performance fees on a semi-annual basis, the amount is not predictable with any degree of accuracy and is likely to fluctuate significantly. Accordingly, net performance fees in the future may be insufficient to cover any day to day operating losses for the Hedge Funds operations.

Currently, BluMont internally funds commissions to brokers and dealers on sales of DSC funds which may have a potentially significant impact on the cash resources of BluMont. In addition, management contract establishment expenses not recovered from the fund offerings require potentially large cash outflows. These potentially significant cash obligations are being managed by BluMont. However, additional funds may be required in connection with BluMont's commitments to launch new products and finance DSC commissions.

IAM received proceeds on the exercise of stock options of approximately $0.3 million during fiscal 2006. During fiscal 2006, approximately $1.3 million was paid to shareholders representing the Corporation's dividends on the common shares of the Corporation. In fiscal 2005, the Board of Directors approved a regular dividend policy of $0.05 per common share per annum. In May 2006, the Board of Directors approved an increase to the regular dividend policy from $0.05 to $0.07 per common share per annum, payable in cash semi-annually ($0.035 per common share) that began June 29, 2006.

Receivables increased by $1.0 million to $4.4 million at September 30, 2006 compared with $3.4 million at September 30, 2005. The increase is primarily attributable to fund offering expenses and commissions due to BluMont upon the successful closing of a BluMont Man product in November 2006.

Payables decreased by $1.7 million to $5.1 million at September 30, 2006 from $6.8 million at the end of the prior fiscal year. The decrease is attributable primarily to a lower level of bonuses to employees accrued at September 30, 2006.

Capital expenditures during fiscal 2006 were lower than those in fiscal 2005. In fiscal 2005, $201,796 was invested in the expansions undertaken at both the Hedge Funds and Asset Management operations compared to an investment of $109,394 in fiscal 2006. In fiscal 2006, $16,339 of the total capital expenditures were incurred at the Hedge Fund operations with the remaining $93,055 invested in the Asset Management operations.

At September 30, 2006, the Corporation had 21,859,366 common shares outstanding (September 30, 2005 – 21,589,366) representing capital stock of $9.2 million (September 30, 2005 – $8.9 million). Contributed surplus at September 30, 2006 was $636,348 versus $524,925 at September 30, 2005, the difference of $111,423 representing the Corporation's stock based compensation expense for fiscal 2006 adjusted for the portion of stock based compensation expense attributable to the minority interest of BluMont. On November 10, 2006, the Corporation issued 1,691,977 common shares of the Corporation pursuant to the exchange offer to shareholders of BluMont for any and all of the approximately 18 million common shares of BluMont that the Corporation did not already own. At December 8, 2006, the Corporation had 23,571,343 common shares outstanding.

IAM incurred costs of $270,241 in fiscal 2006 in respect of the acquisition of 15.2% of BluMont on November 10, 2006. These costs are included in other assets of the Corporation at September 30, 2006 and will be reallocated to the cost of the acquisition of the shares of BluMont in the first quarter of fiscal 2007 as further described in Note 16 of the consolidated financial statements.

BluMont incurs significant third party upfront costs in developing and marketing sophisticated new financial products. In particular, the development of structured products with Man Investments and other entities requires certain significant upfront costs which BluMont either recovers entirely or in part by reimbursement from the proceeds of those structured product closings. The extent to which BluMont recovers these upfront costs depends on the amounts raised by the products. During fiscal 2006, BluMont incurred third party expenses of approximately $285,000 which were not recovered from the proceeds of those structured product offerings; these expenses were amortized in full in fiscal 2006 as it would be unlikely that future revenues would offset the costs. In fiscal 2005, BluMont incurred third party expenses of approximately $838,000 that were classified as management contract establishment expenses and then fully amortized in fiscal 2005 and 2006.

DISCLOSURE 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 which 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, 2006, 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, 2006, 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. There have been no changes to the Corporation's internal controls over financial reporting during the Corporation's most recent interim period.

The Chief Executive Officer and the Chief Financial Officer have concluded that certain weaknesses exist in the Corporation's internal controls over financial reporting that would inconvenience the Corporation in providing timely preparation of the Corporation's financial statements in accordance with Canadian GAAP as follows:

(i) The duties and responsibilities afforded to the Corporate Controller of the Corporation indicate a weakness in segregation of duties. The major risk associated with this weakness is the ability for the Corporate Controller to inhibit the timely preparation of financial reporting. The Corporation currently has plans in place to address this weakness during fiscal 2007.

(ii) BluMont relies predominantly on one BluMont employee for all non-financial information technology ("IT") day-to-day requirements. Major risks associated with this weakness include the loss of this key employee, unauthorized access by the employee to BluMont's non-financial IT systems (lack of segregation of duties), and to a lesser extent, the ability to inhibit the timely preparation of financial reporting. The Corporation currently has plans in place to address this weakness during fiscal 2007.

(iii) The Corporation relies predominantly on an external IT consulting firm for its day-to-day IT requirements. Major risks associated with this weakness include the loss of a key employee of the IT consulting firm, unauthorized access by an employee of the IT consulting firm to the Corporation's IT systems, and the ability of an employee of the IT consulting firm to inhibit the timely preparation of financial reporting. The Corporation currently has plans in place to address this weakness during fiscal 2007.

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

As a result of the amended agreement with Man Investments in January 2006, BluMont was able to implement a change to its business strategy to place more emphasis on manufacturing its own products for distribution through BluMont's sales force. During fiscal years 2003 to 2006, BluMont successfully raised over $500 million of BluMont Man product by dedicating a majority of its resources to those products; the final offering was in November 2006. A business risk arises when a company changes its business strategy significantly because there is uncertainty that the company will be able to successfully execute this new business strategy. BluMont added a structured product team to enhance its capabilities and a number of innovative products are expected to be launched in fiscal 2007.

A business risk can evolve directly or indirectly through the Corporation's association with its peers or related industries. This reputational risk is the potential that negative publicity regarding the industries' or Corporation's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions. During fiscal 2005 and 2006, a number of events in the Canadian hedge fund market have impacted BluMont's operations negatively.

The most prominent impact was that caused by the unwinding of Portus Alternative Asset Management ("Portus"), a hedge fund company, in early 2005. The Ontario Securities Commission placed Portus in court-appointed receivership affecting over 26,000 clients and over $730 million in client money.

In May 2005, the regulatory registrations of Norshield Asset Management ("Norshield"), the manager and advisor of a variety of hedge funds and alternative investment products offered across Canada, were suspended because Norshield had been unable or unwilling to adequately explain the investment structure and flow and location of client funds during a joint review by regulators.

Most recently, since September 2006, Amaranth Advisors LLC ("Amaranth"), a hedge fund manager in the United States, has been in the process of winding down after losing approximately $6 billion (65% of its AUM) in ill-timed natural gas futures' positions.

Portus' and Norshield's downfall (and to a lesser extent, Amaranth) blackmarked the hedge fund industry in Canada and also cast a dark cloud over the financial-advisor profession. The majority of BluMont's clients are the broker/advisor network, also known as the financial-advisor profession. With the collapse of Portus and Norshield, the financial-advisor profession was overly cautious in recommending hedge products to their clients and at times, certain investment advisor/brokerage houses banned the selling of hedge products altogether.

A risk arises when significant revenues generated for 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. IAM is, therefore not in this position, however the Hedge Funds operations, viewed as its own operating unit, is exposed to this risk.

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. However, the Hedge Funds operations, viewed as its own operating unit, is exposed to this risk.

At September 30, 2006, BluMont Man products represented approximately 62% of the AUM of BluMont at that date. Although BluMont has begun to develop and market more investment products other than the BluMont Man products, a significant portion of the revenue of BluMont for fiscal 2007 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 may have little or no influence.

Poor investment performance can lead to a loss of AUM resulting in lower revenues. To mitigate this risk, IAM has diversified across several different alternative asset classes unrelated to each other: private corporate debt, private equity, managed futures, real estate and hedge funds. In addition, new products are continuously being developed and additional asset class categories sought.

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 will centralize 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 in excess of 60% of the outstanding common shares as at December 8, 2006 and the number of employees who own shares is increasing.

FINANCIAL OUTLOOK

The Corporation experienced tremendous AUM growth during fiscal 2005. In 2005, the Corporation realized on significant marketing efforts employed during 2003 and 2004; nearly $900 million of commitments in new funds were raised. This drove AUM and commitments to nearly $3 billion at the end of September 2005. Fiscal 2006 was employed deploying these new commitments. As at September 30, 2006, approximately $400 million of the $900 million in new commitments were invested and earning fees. As these commitments continue to be deployed over the next year, and additional commitments are generated, they should provide IAM with increased revenues and operating profits.

In a retail hedge fund environment which is extremely challenging, BluMont operated at losses on a day to day basis and may not realize sufficient net performance fees to cover these losses.

Equity markets experienced positive returns during fiscal 2006. As with any investment management company, the Corporation's revenues and earnings are affected directly and indirectly by the changes in the economic, business and capital markets environments. However, the impact of these factors is diminished as the Corporation focuses solely on the management of alternative assets, which in most cases, are not strongly correlated to traditional asset classes.

IAM's revenues are generated primarily from asset management fees which are based on a percentage of client AUM. In addition, performance fees are recognized upon IAM outperforming specific benchmarks. IAM is therefore impacted by the amount of AUM and the performance of the managers. With increasing exposure to an even larger pool of investors whose attitudes continue to recognize the value of alternative asset classes, AUM should continue to grow and this would reflect favourably in our revenues. In addition, IAM believes that with its current manager lineup, performance fees are likely to occur in the future.

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.

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 19, 2006

TO THE SHAREHOLDERS OF INTEGRATED ASSET MANAGEMENT CORP.

We have audited the consolidated balance sheets of Integrated Asset Management Corp. as at September 30, 2006 and 2005 and the consolidated statements of operations and retained earnings and cash flows for the years 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, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Grant Thornton LLP
Chartered Accountants
Toronto, Canada
December 8, 2006

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Years ended September 30

	2006	2005
Revenue		
Management fees, administration and redemption fees	$ 19,954,884	$ 18,347,725
Performance fees	11,561,353	18,323,542
Equity earnings (loss) of investments in funds managed by the Corporation	(574,554)	384,454
Interest and other income	1,491,007	833,764
	32,432,690	37,889,485
Expenses		
Selling, general and administration	18,702,721	19,182,414
Stock-based compensation (Note 8)	146,604	424,578
Investment adviser fees	681,416	859,132
Service fees paid to dealers	1,285,891	1,427,347
Investment adviser, service fees and expenses paid relating to performance fees revenue earned	6,112,304	5,538,770
Depreciation of capital assets	248,270	269,988
Amortization of deferred sales commissions	724,454	597,267
Amortization of management contract establishment expenses	1,359,230	770,734
Interest expense	221,378	251,759
	29,482,268	29,321,989
Income before income taxes and minority interest (Note 12)	2,950,422	8,567,496
Income taxes (recovery) (Note 9)		
Current	1,632,899	1,888,331
Future	(504,502)	1,379,152
	1,128,397	3,267,483
Income before minority interest	1,822,025	5,300,013
Minority interest share of income	(595,807)	(1,628,388)
Net income	$ 1,226,218	$ 3,671,625
Basic and diluted earnings per share	$ 0.06	$ 0.17
Weighted average number of shares outstanding		
Basic and diluted	21,691,033	21,400,408
Retained earnings, beginning of year	$ 3,731,878	$ 852,293
Adoption of new accounting standard (Note 8)	–	(252,306)
Net income	1,226,218	3,671,625
Dividends paid (Note 13)	(1,304,812)	(539,734)
Retained earnings, end of year	$ 3,653,284	$ 3,731,878

See accompanying notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

September 30

	2006	2005
Assets		
Current		
Cash and cash equivalents	**$ 14,661,491**	$ 14,668,356
Receivables	**4,433,246**	3,374,242
Income taxes recoverable	**–**	90
Prepaids	**338,755**	475,796
Future income taxes (Note 9)	**655,583**	159,165
	20,089,075	18,677,649
Capital assets (Note 3)	**576,533**	716,863
Deferred sales commissions, net of accumulated amortization of $2,737,374 (2005 – $2,012,920)	**1,716,075**	2,366,045
Goodwill	**2,194,717**	2,194,717
Investments in funds managed by the Corporation	**1,557,481**	2,500,250
Other assets (Note 4)	**1,576,076**	2,386,688
Future income taxes (Note 9)	**457,921**	1,374,810
	$ 28,167,878	$ 30,217,022
Liabilities		
Current		
Payables and accruals	**$ 5,083,122**	$ 6,788,067
Deferred revenue	**369,275**	50,000
Current portion of capital lease obligations (Note 5)	**8,378**	21,707
Current portion of long-term debt (Note 6)	**572,702**	333,091
Income taxes payable	**1,562,921**	1,894,353
Future income taxes	**–**	924,974
	7,596,398	10,012,192
Capital lease obligations (Note 5)	**15,724**	24,102
Long-term debt (Note 6)	**1,241,718**	1,551,254
	8,853,840	11,587,548
Non-controlling interest	**5,789,544**	5,431,809
Shareholders' Equity		
Capital stock (Note 7)	**9,234,862**	8,940,862
Contributed surplus (Note 7)	**636,348**	524,925
Retained earnings	**3,653,284**	3,731,878
	13,524,494	13,197,665
	$ 28,167,878	$ 30,217,022

Commitments (Note 11)
Subsequent events (Note 16)

See accompanying notes to the consolidated financial statements.

On behalf of the Board

Director Director

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended September 30

	2006	2005
Increase (decrease) in cash and cash equivalents		
Operating activities		
Net income	**$ 1,226,218**	$ 3,671,625
Add (subtract) non-cash items		
Stock-based compensation (Note 8)	**146,604**	424,578
Depreciation of capital assets	**248,270**	269,988
Amortization of deferred sales commissions	**724,454**	597,267
Amortization of management contract establishment expenses	**1,359,230**	770,734
Equity loss (earnings) of investments in funds managed by the Corporation	**574,554**	(384,454)
Future income taxes (recovery)	**(504,502)**	1,379,152
Minority interest share of income	**595,807**	1,628,388
Other	**(19,624)**	110,660
	4,351,011	8,467,938
Net change in non-cash working capital balances relating to operations (Note 10)	**(2,638,975)**	4,764,130
Cash provided by operating activities	**1,712,036**	13,232,068
Financing activities		
Issuance of common shares on exercise of stock options	**294,000**	563,500
Issuance of common shares of subsidiaries, net of issue costs	**206,950**	68,280
Issuance of long-term debt	**–**	1,000,000
Repayment of long-term debt	**(109,413)**	(317,885)
Dividends paid to shareholders (Note 13)	**(1,304,812)**	(539,734)
Distributions and dividends paid to minority interests	**(378,014)**	(1,456,506)
Repayment of capital lease obligations	**(21,707)**	(40,150)
Repayment of management loans	**76,889**	26,116
Repayment of share purchase loan of subsidiary	**10,000**	10,000
Repayment of notes payable	**–**	(218,362)
Cash used in financing activities	**(1,226,107)**	(904,741)
Investing activities		
Payment of sales commissions	**(74,484)**	(505,564)
Investment in funds managed by the Corporation	**–**	(161,722)
Distributions from funds managed by the Corporation	**362,417**	830,344
Payment of management contract establishment expenses	**(283,775)**	(838,253)
Purchase of capital assets	**(109,394)**	(201,796)
Purchase of other assets	**(387,558)**	(229,351)
Mutual fund future income stream	**–**	187,250
Cash used in investing activities	**(492,794)**	(919,092)
Increase (decrease) in cash and cash equivalents	**(6,865)**	11,408,235
Cash and cash equivalents, beginning of year	**14,668,356**	3,260,121
Cash and cash equivalents, end of year	**$ 14,661,491**	$ 14,668,356

See accompanying notes to the consolidated financial statements.

NOTE 1. ORGANIZATION

Integrated Asset Management Corp. (the "Corporation" or "IAM") was incorporated under the laws of Ontario and its common shares are listed on the TSX Venture Exchange. The Corporation's principal business is alternative asset investment management.

NOTE 2. 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:

Greiner-Pacaud Management Associates ("GPM") (a partnership)	74.975%
Darton Property Advisors & Managers Inc. ("Darton")(1)	74.975%
Integrated Private Debt Corp. ("IPD")	100%
BluMont Capital Inc. ("BluMont")	46.2%(2)
Integrated Managed Futures Corp. ("IMFC")	65.0%(3)
Integrated Partners	
Integrated Management Limited ("IML")	75.0%
Integrated Partners Holding GP One Limited ("IPHGPOL")	57.8%

(1) Wholly-owned by GPM
(2) 61.4% effective November 10, 2006 (see Note 16)
(3) Includes 32.5% owned by BluMont

Adoption of new accounting standard

The CICA issued AcG-15 "Consolidation of Variable Interest Entities" which provides guidance for applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interest. AcG-15 became effective for all annual and interim periods beginning on or after December 31, 2004. An entity is a Variable Interest Entity when, by design, one or both of the following conditions exist:

(i) Total equity investment at risk is insufficient to permit the entity to finance its activities without additional subordinated support from others;

(ii) As a group, the holders of the equity investment at risk lack certain essential characteristics of a controlling financial interest.

The Corporation has reviewed its relationships and determined that there are no entities whose financial results would be required to be included or disclosed in the consolidated results for the year ended September 30, 2006 and 2005.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Capital assets

Capital assets 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.

Goodwill

Goodwill is tested for impairment at least annually. The impairment test was performed as at September 30, 2005 and again as at September 30, 2006 and in management's best judgement, it was determined that there is no impairment in value of the goodwill that is reported on these audited consolidated financial statements.

Investments in funds managed by the Corporation

The Corporation accounts for its investments in funds managed by the Corporation using the equity method whereby the Corporation records its proportionate share of the income and realized gains (losses) of the fund. Unrealized gains (losses) of the fund are not recorded until realized. The carrying value of the asset is written down to net realizable value when declines in value are considered to be other than temporary. The amounts are included in equity (loss) of investments in funds managed by the Corporation on the Consolidated Statement of Operations.

Management contract establishment expenses

Management contract establishment expenses (see Note 4) represent the portion of third party costs incurred in respect of the development of structured products which are not reimbursed from the proceeds of the closing of the structured product offerings. In certain circumstances, the expenses may be reimbursed from the proceeds of other related structured product closings by the Corporation.

The management contract establishment expenses are being amortized on a straight-line basis over ten years or, in certain circumstances, when it is determined that the sales target will not be achieved, over the period to the possible termination of the contract (see Note 4). Unamortized management contract establishment expenses are written off in the period where it is determined that it is unlikely that future revenues will recover the unamortized costs.

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 hedge 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 hedge fund security. Gains and losses in investments in funds managed by the Corporation are recognized as revenue when realized.

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 the dilutive effect of stock options and the convertible debenture.

For diluted per share amounts, the effect of options for 80,000 shares and the convertible debenture in fiscal 2006 (2005 – nil 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 8 to the Financial Statements.

NOTE 3. CAPITAL ASSETS

	2006	2005
Cost		
Furniture and fixtures	$ 317,715	$ 269,669
Computer hardware and software	1,758,777	1,707,478
Leasehold improvements	108,843	108,843
	$ 2,185,335	$ 2,085,990
Accumulated depreciation		
Furniture and fixtures	$ 217,258	$ 155,492
Computer hardware and software	1,287,917	1,127,587
Leasehold improvements	103,627	86,048
	$ 1,608,802	$ 1,369,127
Net book value		
Furniture and fixtures	$ 100,457	$ 114,177
Computer hardware and software	470,860	579,891
Leasehold improvements	5,216	22,795
	$ 576,533	$ 716,863

NOTE 4. OTHER ASSETS

	2006	2005
Management contract establishment expenses, net of accumulated amortization of $2,267,219 (2005 – $907,989) (a)	$ –	$ 1,075,455
Management loans (b)	503,882	580,771
Other	1,072,194	730,462
	$ 1,576,076	$ 2,386,688

(a) In August 2005, BluMont determined that a December 2005 sales target would not be met, and as a result, BluMont changed the amortization period on the management contract establishment expenses to straight line over the period August, 2005 to December, 2005. This resulted in amortization expense of $1,075,455 in the first quarter of fiscal 2006.

In the last quarter of fiscal 2006, BluMont determined that it was unlikely that future revenues of a structured product would recover the unamortized costs of this structured product, and as a result, BluMont wrote off the unamortized costs of this structured product. This resulted in amortization expense of $283,775 in the last quarter of fiscal 2006.

(b) Each of the management loans is secured against the shares of BluMont acquired by the employee/director under the loan agreement and secured against additional shares owned by that employee/director. The principal on each of the loans will be repayable over five to ten years in equal payments at the end of each year provided that the employee's bonus covers the principal payments, and in the event of termination, the repayment schedule of the principal amount outstanding will be accelerated. Interest on the loans will be the dividend on the related common shares.

NOTE 4. OTHER ASSETS (continued)

The market value of the shares at September 30, 2006 was $1,157,487 (2005 – $1,075,000).

During fiscal 2002, loans in the amount of $700,000 were issued to employees and directors of BluMont. For accounting purposes, in these financial statements, these loans were applied against the capital stock of BluMont and were not recorded as an asset as these loans were secured only against those shares of BluMont purchased with the proceeds of the loans. On June 30, 2006, BluMont cancelled a share purchase loan of $500,000 and acquired 500,000 common shares of BluMont for cancellation. Since fiscal 2003, $40,000 of these loans was repaid and as at September 30, 2006, there were $160,000 (2005 – $670,000) of these loans outstanding.

(c) Included in Other is an investment of $707,927 in real estate held in a company in which the Corporation and other related parties to the Corporation are shareholders.

Included in Other are costs incurred by the Corporation of $270,241 to launch an exchange offer for any or all of the common shares of BluMont not owned by the Corporation (see Note 16). These costs will be included in the cost of the acquisition of the shares of BluMont in the first quarter of fiscal 2007.

NOTE 5. 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:

Year Ended September 30	2006	2005
2006	$ –	$ 24,824
2007	10,232	10,232
2008	6,898	6,898
2009	6,898	6,898
2010	4,059	4,059
Total minimum lease payments	28,087	52,911
Less amounts representing interest	(3,985)	(7,102)
Present value of net minimum capital lease payments	24,102	45,809
Less amount due within one year included in current liabilities	(8,378)	(21,707)
	$ 15,724	$ 24,102

Capital lease obligations are secured by certain office equipment.

Included in capital assets are assets held under capital leases at a net book value of $56,500 (2005 – $80,714).

NOTE 6. LONG-TERM DEBT

	2006	2005
Convertible debenture (a)	$ 1,241,718	$ 1,202,230
Man payments (b)	572,702	682,115
	1,814,420	1,884,345
Less amount due within one year included in current liabilities	(572,702)	(333,091)
	$ 1,241,718	$ 1,551,254

(a) On December 31, 2002, BluMont completed a private placement of a convertible debenture of $1.3 million with an annual interest rate of 11%, payable quarterly. The convertible debenture matures on December 31, 2007 and is secured by a floating charge on the assets of BluMont and its subsidiary. The holder of the convertible debenture may convert all or part of the convertible debenture into common shares of BluMont at a price of $1.00 per common share at any time on or prior to December 31, 2007. BluMont may force conversion of the debenture into common shares at the conversion price of $1.00 after December 31, 2003 if certain conditions are met.

In accordance with Canadian generally accepted accounting principles, BluMont has classified the convertible debenture into its respective debt and equity components on BluMont's financial statements. For the purposes of these consolidated financial statements, the equity portion is included in minority interest of the Corporation. The debt component has been calculated using the present value of the total required principal and interest installments, at a rate approximating the interest applicable to non-convertible debt at the time of issue. The equity component of the convertible debenture included in minority interest is recorded at $180,651 (2005 – $180,651).

(b) During the quarter ended December 31, 2004, BluMont received a payment of $1,000,000 in respect of an advance of future fees from Man Investments Inc. ("Man Investments"). The amount of $1,000,000 is repayable in equal quarterly amounts over three years out of future fees payable by Man Investments to BluMont. The effective interest rate on the advance is 4.7%.

Effective January 31, 2006, BluMont and Man Investments agreed to change the repayment terms of the outstanding amount owing as at January 31, 2006 subject to certain conditions.

BluMont agreed to transfer to Man Investments the management contract of the BluMont Man Multi-Strategy Fund (the "Fund") subject to certain conditions applicable to Man Investments being met. In November 2006, subsequent to the fiscal year end, the management contract of the Fund was transferred to Man Investments and BluMont received consideration from Man Investments by its relinquishing its rights to the amounts due to it as at January 31, 2006 which approximated $573,000 (see Note 16).

These financial statements show the amount outstanding at January 31, 2006 as long-term debt, however no interest expense has been accrued for the period subsequent to January 31, 2006.

NOTE 7. 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, 2004	21,099,366	$ 8,377,362	$ –
Prior period adjustment – stock-based compensation (Note 8)	–	–	252,306
Issuance of common shares on exercise of incentive stock options	490,000	563,500	–
Stock-based compensation (Note 8)	–	–	272,619
Balance, September 30, 2005	21,589,366	8,940,862	524,925
Issuance of common shares on exercise of incentive stock options	270,000	294,000	–
Stock-based compensation (Note 8)	–	–	111,423
Balance, September 30, 2006	**21,859,366**	**$ 9,234,862**	**$ 636,348**

The amount of $111,423 (2005 – $272,619) credited to Contributed Surplus represents the stock-based compensation expense of $146,604 (2005 – $424,578) for stock options granted by both the Corporation and BluMont as shown on the consolidated statement of operations, less an amount of $35,181 (2005 – $151,959) representing the minority interest portion of BluMont's stock compensation expense.

In November 2006, the Corporation issued 1,691,977 common shares as a result of acquiring an additional 15.2% ownership interest in BluMont (see Note 16).

NOTE 8. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

Prior to fiscal 2005, the Corporation did not recognize any compensation cost for its stock option plan in the consolidated statements of operations and retained earnings. Beginning in fiscal 2005, the Corporation recognized compensation costs for its stock option plan in respect of awards granted on or after October 1, 2002 on a retroactive basis without restatement of prior periods as follows:

(a) the stock-based compensation expense in respect of fiscal years 2003 and 2004 totalled $252,306 and has been reflected as a prior period adjustment in fiscal 2005 reducing retained earnings and a corresponding increase in contributed surplus.

In respect of the Corporation's stock options	$ 12,093
In respect of BluMont's stock options	240,213
	$ 252,306

(b) the stock-based compensation expense in respect of the year ended September 30, 2006 totalled $146,604 (2005 – $424,578) and has been expensed as shown on the consolidated statement of operations.

	2006	2005
In respect of the Corporation's stock options	**$ 81,162**	$ 142,650
In respect of BluMont's stock options	**65,442**	281,928
	$ 146,604	$ 424,578

The Corporation has established an incentive stock option plan for the executives, key employees, directors and consultants to the Corporation. As at September 30, 2006, there were 1,242,000 common shares (2005 – 1,472,000) reserved for issuance on exercise of stock options.

These options expire in 2007 through 2011 and may be exercised at prices ranging from $1.00 to $2.00 per common share with a total exercisable value of $1,322,000 (2005 – $1,502,000).

Number of Options	Number of Options Vested	Exercise Price	Expiry Date
330,000	330,000	$1.00	2007
80,000	80,000	$1.00	2008
752,000	501,333	$1.00	2010
80,000	26,667	$2.00	2011
1,242,000	938,000		

The changes in the stock options are as follows:

	Total Number of Options	Weighted Average Exercise Price
September 30, 2005		
Outstanding at beginning of year	1,230,000	$1.09
Granted	752,000	$1.00
Expired	(20,000)	$1.15
Exercised	(490,000)	$1.15
Outstanding at end of year	1,472,000	$1.02
September 30, 2006		
Granted	80,000	$2.00
Exercised	(270,000)	$1.09
Cancelled	(40,000)	$1.15
Outstanding at end of year	1,242,000	$1.06

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

	2006	2005
Risk free rate	**4.00%**	2.75%
Expected life of options (in years)	**4.0**	4.0
Expected volatility of the Corporation's share price	**40.3%**	38.3%
Expected dividend yield	**2.5%**	0.0%

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.

NOTE 9. 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 minority interest. This difference results from the following:

Years Ended September 30	**2006**	2005
Income before income taxes and minority interest	**$ 2,950,422**	$ 8,567,496
Statutory income tax rate	**35.65%**	36.12%
Expected income tax	**1,051,834**	3,094,580
Effect on income tax of:		
Rate change of future income taxes	**(1,644)**	–
Permanent items	**69,682**	158,529
Other	**8,525**	14,374
Income tax expense	**$ 1,128,397**	$ 3,267,483

As at September 30, 2006, the Corporation and its subsidiaries had net operating losses for tax purposes of approximately $2,766,000.

The net operating losses expire as follows:

2009	$ 589,000
2010	1,443,000
2012	10,000
2014	82,000
2015	375,000
2016	267,000
	$ 2,766,000

Future income taxes asset of $1,113,504 has been recognized relating thereto of which $655,583 is reflected under current assets.

NOTE 10. SUPPLEMENTAL CASH FLOW INFORMATION

	2006	2005
Net change in non-cash working capital:		
Receivables, prepaids and income taxes	**$ (921,873)**	$ (678,348)
Payables, accruals, income taxes and deferred revenue	**(1,717,102)**	5,442,478
	$ (2,638,975)	$ 4,764,130
Interest and income taxes paid:		
Interest paid	**$ 221,378**	$ 251,759
Income taxes paid	**$ 1,964,331**	$ –
Supplemental disclosure from non-cash investment and financing activities:		
Capital assets acquired by means of capital leases	**$ –**	$ 29,089

NOTE 11. COMMITMENTS

(a) Future minimum annual lease payments under operating leases are as follows:

2007	$ 924,000
2008	1,287,000
2009	829,000
2010	821,000
2011 and thereafter	2,541,000
	$ 6,402,000

(b) A subsidiary is the manager of seven hedge 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) A subsidiary of the Corporation has committed to invest in a fund managed by the Corporation. This commitment was made pari passu with the other investors in that fund including those employees of the Corporation responsible for managing that fund. The commitment has been drawn down in tranches over time as the fund makes investments. At September 30, 2006 the commitments outstanding were approximately $nil (2005 – $50,000).

(d) 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.

NOTE 12. SEGMENTED INFORMATION

The following table discloses information about the Corporation's reportable segments:

Year Ended September 30, 2006	Asset Management	Hedge Funds	Eliminations	Total
Income before taxes and minority interest	**$ 1,502,044**	**$ 1,448,378**	**$ –**	**$ 2,950,422**
Revenue	**15,381,911**	**17,509,420**	**(458,641)**	**32,432,690**
Interest and other income	**830,652**	**660,355**	**–**	**1,491,007**
Interest expense	**23,326**	**198,052**	**–**	**221,378**
Amortization and depreciation	**141,119**	**2,190,835**	**–**	**2,331,954**
Assets	**17,641,141**	**11,926,117**	**(1,399,380)**	**28,167,878**

Year Ended September 30, 2005	Asset Management	Hedge Funds	Eliminations	Total
Income (loss) before taxes and minority interest	$ 8,686,951	$ (119,455)	$ –	$ 8,567,496
Revenue	23,443,327	14,692,269	(246,111)	37,889,485
Interest and other income	476,048	357,716	–	833,764
Interest expense	23,830	227,929	–	251,759
Amortization and depreciation	150,058	1,487,931	–	1,637,989
Assets	21,292,609	10,296,317	(1,371,904)	30,217,022

NOTE 13. DIVIDENDS

The Corporation paid cash dividends of $0.06 per common share to shareholders in fiscal 2006. In May 2006, the Board of Directors approved an increase to the regular dividend policy from $0.05 per common share to $0.07 per common share per annum, payable in cash semi-annually ($0.035 per common share).

NOTE 14. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The fair value of all financial instruments approximates carrying amounts on the consolidated balance sheets.

Credit Risk

The Corporation does not have a significant exposure to any individual client.

Interest Rate Risk

The Corporation does not have significant exposure to changes in interest rates.

NOTE 15. COMPARATIVE INFORMATION

The financial information for the comparative year has been reclassified to conform to the current year presentation.

NOTE 16. SUBSEQUENT EVENTS

(a) Exchange Offer for Shares of BluMont

On September 21, 2006, the Corporation announced the launch of an exchange offer to shareholders of BluMont for any and all of the approximately 18 million common shares of BluMont that the Corporation does not already own with the consideration being one third of one common share of the Corporation for each common share of BluMont held (the "Offer").

The Offer expired November 10, 2006 and the Corporation acquired 5,075,941 common shares of BluMont pursuant to the Offer. The Corporation now beneficially owns 20,509,274 common shares or approximately 61.4% (September 30, 2006 – 46.2%) of the outstanding common shares of BluMont.

As a result of the Offer, 1,691,977 common shares of the Corporation were issued.

The purchase price was approximately $3.1 million (including costs of acquisition) of which $1.3 million will be assigned to net tangible assets, $1.6 million will be assigned to finite-lives intangible assets and $0.2 million will be assigned to goodwill, subject to final completion of the purchase price allocation.

(b) Sale by BluMont of the Management Contract of a Fund

In November 2006, BluMont transferred the management contract of the BluMont Man Multi-Strategy Fund to Man Investments by its relinquishing of its rights to amounts due to it after January 31, 2006 in respect of an advance of fees as shown in Note 6(b) under "Long-term debt". In the first quarter of fiscal 2007, the Corporation will recognize an accounting gain of approximately $573,000 (pre-tax) in respect of the sale.

(c) Lease Commitment

In December 2006, the Corporation entered into an operating lease to rent premises for a six year period beginning June 1, 2007. The financial commitment is included in Note 11 under "Commitments".

BOARD OF DIRECTORS

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

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Chairman
Greiner-Pacaud Management Associates
Vice Chairman
Integrated Asset Management Corp.

George Engman
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Integrated Partners

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Chairman, Swiss Reinsurance Group of Companies in Canada

George Elliott (1) (2)
Chairman, Titanium Corporation Inc.

Veronika Hirsch
Chief Investment Officer
BluMont Capital Corporation

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

Michel LeBel (1) (2) (3)
Chairman and President
EBITD Financial Advisory Corporation

Donald Lowe (1) (2)
Corporate Director

David Mather
Executive Vice President
Integrated Asset Management Corp.

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

(1) Member of the Audit Committee
(2) Member of the Compensation and Governance Committee
(3) Lead Director
(4) Secretary of the Corporation

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G.E.A. Pacaud
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Stephen Johnson
Chief Financial Officer

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Directeur, Quebec

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Brent Chapman
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Robert Burns
Chief Financial Officer

David Warkentin
Senior Vice President Investments

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Senior Vice President Asset Management

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Stephen Johnson
Chief Financial Officer

Conor Bill
Managing Director

Peter Chodos
Managing Director

David Scobie
Managing Director

Pierre Novak
Executive Vice President

James Wanstall
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Donna Beasant
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BluMont Capital is a TSX venture Exchange listed company listed under the symbol ("BCC") and financial information regarding the company is available through SEDAR (www.sedar.com) or by contacting:

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