Integrated Asset Management Corp.

Leadership in

Alternative Asset Management

FIRST QUARTER FINANCIAL STATEMENTS, DECEMBER 31, 2014

Integrated Asset Management Corp.
Consolidated Balance Sheets - Unaudited

	Notes		**December 31, 2014**		September 30, 2014
Assets					
Current					
Cash and cash equivalents		**$**	**11,182,752**	$	15,311,193
Receivables			**997,366**		639,214
Income taxes recoverable			**876,508**		994,588
Prepaids			**137,777**		146,069
Proprietary investments	(Note 4)		**4,290,782**		3,666,754
Other assets			**2,160,006**		2,160,006
Total current assets			**19,645,191**		22,917,824
Property and equipment			**92,201**		95,702
Intangible assets			**2,375,034**		2,619,204
Other assets			**10,038**		10,038
Deferred income taxes	(Note 9)		**332,303**		301,463
		$	**22,454,767**	$	25,944,231
Liabilities					
Current					
Payables and accruals		**$**	**1,387,741**	$	3,783,704
Deposits			**205,000**		155,000
Deferred revenue			**91,947**		91,947
Income taxes payable			**187,846**		1,465,038
Interest of third parties in proprietary investments	(Note 4)		**324,554**		61,141
Total current liabilities			**2,197,088**		5,556,830
Tenant inducements and deferred revenue			**237,528**		260,515
Long-term incentive bonus obligation			**242,500**		206,000
Deferred income taxes	(Note 9)		**216,735**		280,999
Total liabilities			**2,893,851**		6,304,344
Contingencies	(Note 10)				
Shareholders' Equity					
Capital stock	(Note 5)		**18,414,285**		19,144,871
Contributed surplus	(Note 5)		**1,081,213**		1,076,984
Deficit			**(208,241)**		(868,345)
Non-controlling interest			**273,659**		286,377
Total shareholders' equity			**19,560,916**		19,639,887
		$	**22,454,767**	$	25,944,231

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See accompanying notes to the consolidated financial statements

Integrated Asset Management Corp.
Consolidated Statements of Income and Comprehensive Income – Unaudited

		3 Months	
For the period ended December 31	Notes	**2014**	2013
Revenues			
Management fees, administration and redemption fees		**$ 2,629,760**	$ 2,049,264
Performance fees		**530,413**	-
Investment gain	(Note 7)	**397,098**	203,872
Interest and other income		**206,599**	23,090
		3,763,870	2,276,226
Expenses			
Selling, general and administration	(Note 8)	**2,646,878**	2,390,083
Stock-based compensation	(Note 5)	**4,229**	5,326
Fees and expenses relating to performance fees		**28,384**	-
Amortization of property and equipment		**5,329**	7,504
Amortization of intangible assets		**247,920**	247,966
Interest expense		**9,258**	9,602
		2,941,998	2,660,481
Interest of third parties in investment gain	(Note 7)	**29,203**	1,971
Total expenses		**2,971,201**	2,662,452
Income (loss) before income taxes		**792,669**	(386,226)
Income taxes (recovery)			
Current		**137,888**	(134,206)
Deferred		**(95,104)**	19,352
		42,784	(114,854)
Income (loss) from continuing operations, net of income taxes		**749,885**	(271,372)
Gain from discontinued operations, net of income taxes	(Note 3)	**-**	6,512,026
Net income and comprehensive income		**$ 749,885**	$ 6,240,654
Net income attributed to:			
Common shareholders of the Corporation		**$ 762,603**	$ 6,247,867
Non-controlling interest		**(12,718)**	(7,213)
		$ 749,885	$ 6,240,654
Earnings per share attributed to the common shareholders of the Corporation			
Basic and diluted earnings per share			
Continuing operations		**$ 0.03**	$ (0.01)
Discontinued operations		**-**	0.24
		$ 0.03	$ 0.23

See accompanying notes to the consolidated financial statements.

Integrated Asset Management Corp.
Consolidated Statement of Changes in Shareholders' Equity – Unaudited

	Number of Shares Outstanding	Capital Stock $	Contributed Surplus $	Deficit $	Non-Controlling Interest $	**Total Equity** $
At October 1, 2014	**26,951,650**	**19,144,871**	**1,076,984**	**(868,345)**	**286,377**	**19,639,887**
Stock-based compensation	-	-	4,229	-	-	**4,229**
Net income and comprehensive income	-	-	-	762,603	(12,718)	**749,885**
Common shares purchased for cancellation	(1,028,500)	(730,586)	-	(102,499)	-	**(833,085)**
Balance, December 31, 2014	**25,923,150**	**18,414,285**	**1,081,213**	**(208,241)**	**273,659**	**19,560,916**
At October 1, 2013	**27,793,650**	**19,742,979**	**1,057,836**	**(6,581,530)**	**324,222**	**14,543,507**
Stock-based compensation	-	-	5,326	-	-	**5,326**
Net income and comprehensive income	-	-	-	6,247,867	(7,213)	**6,240,654**
Distributions paid to non-controlling interest	-	-	-	-	(28,705)	**(28,705)**
Common shares purchased for cancellation	(729,000)	(517,839)	-	9,309	-	**(508,530)**
Balance, December 31, 2013	**27,064,650**	**19,225,140**	**1,063,162**	**(324,354)**	**288,304**	**20,252,252**

See accompanying notes to the consolidated financial statements.

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

For the period ended December 31	Notes	2014	2013
Operating activities			
Net income (loss) from continuing operations		**$ 749,885**	$ (271,372)
Add (subtract) non-cash items:			
Stock-based compensation	(Note 5)	**4,229**	5,326
Amortization of property and equipment		**5,329**	7,504
Amortization of intangible assets		**247,920**	247,966
Deferred income taxes (recovery)		**(95,104)**	19,352
Investment gain		**(397,098)**	(203,872)
Interest of third parties in investment gain		**29,203**	1,971
Cash provided by (used in) operating activities before changes in operating assets and liabilities		**544,364**	(193,125)
Net change in non-cash balances relating to operations		**(2,635,1654)**	(1,671,017)
Interest paid		**(9,258)**	(9,602)
Income taxes paid		**(1,297,000)**	(17,316)
Cash used in continuing operating activities		**(3,397,058)**	(1,891,060)
Cash provided by discontinued operating activities		**-**	175,673
Cash used in operating activities		**(3,397,058)**	(1,715,387)
Investing activities			
Proceeds from sale of division		**-**	6,646,000
Cash included in assets of division sold		**-**	(672,632)
Proceeds from proprietary investments		**7,280**	-
Purchase of property and equipment		**(5,578)**	(17,132)
Cash provided by continuing investing activities		**1,702**	5,956,236
Cash used in discontinued investing activities		**-**	(28,473)
Cash provided by investing activities		**1,702**	5,927,763
Financing activities			
Dividends paid to shareholders		**-**	(1,389,684)
Distributions paid to non-controlling interest		**-**	(28,705)
Common shares repurchased for cancellation		**(833,085)**	(508,530)
Issuance of management loans		**-**	(100,000)
Repayment of management loans		**100,000**	12,500
Cash used in continuing financing activities		**(733,085)**	(2,014,419)
Cash provided by discontinued financing activities		**-**	41,733
Cash used in financing activities		**(733,085)**	(1,972,686)
Increase (decrease) in cash and cash equivalents		**(4,128,441)**	2,239,690
Cash and cash equivalents continuing operations, beginning of period		**15,311,193**	6,603,491
Cash and cash equivalents discontinued operations, beginning of period		**-**	483,698
Cash and cash equivalents, end of period		**$ 11,182,752**	$ 9,326,879

See accompanying notes to the consolidated financial statements.

1. ORGANIZATION AND NATURE OF BUSINESS

Integrated Asset Management Corp. (the "Corporation" or "IAM") is incorporated under the laws of Ontario and its common shares are listed on the Toronto Stock Exchange ("TSX"). Its registered office is at 70 University Avenue, Suite 1200, Toronto, Ontario. The Corporation's principal business is alternative asset management and it operates in one geographic segment (Canada).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance
These interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") and with International Financial Reporting Standards ("IFRS"). These interim financial statements should be read in conjunction with the Corporation's annual financial statements for the year ended September 30, 2014.

These interim financial statements were authorized for issuance by the Board of Directors of IAM on February 5, 2015.

Basis of presentation
The interim financial statements of IAM have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. The accounting policies and methods of computation used in the interim financial statements are the same as those used in the annual financial statements for the year ended September 30, 2014.

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

GPM Investment Management ("GPM") (a partnership)	100%	[a]
Integrated Private Debt Corp. ("IPD")	100%	
BluMont Capital Corporation ("BluMont Capital")	100%	[b]
Integrated Managed Futures Corp. ("IMFC")	77.5%	
Integrated Partners Holding GP One Limited ("IPHGPOL")	57.8%	

[a] In fiscal 2009, the Corporation acquired the remaining 25.025% of GPM that it did not already own. The vendor retained his 25.025% pro-rata economic interest in performance fees that may be realized by GPM from one specific fund in the future.
[b] In December 2013, the Corporation sold all its ownership interest in BluMont Capital Corporation. (Note 3)

The interim financial statements include all the assets, liabilities and operations of certain funds managed by the Corporation for the period in which the Corporation had a controlling interest in those funds. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income, expenses and profit and losses are eliminated. Non-controlling interest represent equity interests in subsidiaries and certain funds owned by outside parties; the share of net assets which is attributable to non-controlling interest is presented as a component of equity and/or liabilities depending on their characteristics. The non-controlling interest's share of net income and comprehensive income is recognized directly in equity, if characterized as equity, and included in the statement of income, if characterized as liabilities. Changes in IAM's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

The Corporation applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of (i) the assets transferred, (ii) the liabilities incurred to the former owners of the acquiree and (iii) the equity interest issued by the Corporation. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Corporation recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Significant accounting judgements and estimates

The process of applying the Corporation's accounting policies requires management to make significant judgements involving assumptions and estimates.

IAM's annual financial statements for the year ended September 30, 2014 describe the key assumptions and estimates which could have a material impact on the carrying amounts of the assets and liabilities of the Corporation.

3. DISCONTINUED OPERATIONS

On December 2, 2013, the Corporation completed the sale of all its shares of BluMont Capital. The Corporation recognized consideration of $9,733,991 in respect of the sale and recorded a gain from discontinued operations, net of income taxes, of $6,512,026 in fiscal 2014 as follows:

Gain on sale, net of income taxes	$	6,683,808
Net loss and comprehensive loss for the period October 1, 2013 to December 2, 2013		(171,782)
	$	6,512,026

In addition, the Corporation is entitled to receive future considerations based on a specific percentage of any net performance fees (as defined) realized in 2014 and 2015 (Note 10).

4. PROPRIETARY INVESTMENTS

		December 31, 2014		September 30, 2014
Fair value through profit or loss, positions held long	$	**3,615,811**	$	2,991,783
Unlisted securities, positions held long		**674,971**		674,971
	$	**4,290,782**	$	3,666,754

The unlisted securities comprise the ownership of units in a fund managed by the Corporation which has monetized all of its investments (and distributed the proceeds to its unitholders) with the exception of one investment in a corporation. The fund signed a conditional agreement in October 2014 to sell its shares of the corporation and the closing is expected in early calendar 2015 with the majority of the proceeds to be distributed to unitholders shortly after closing. The fair value of the unlisted securities as at December 31, 2014 is based on the estimated proceeds from the pending disposition of the investment.

As at December 31, 2014, the Corporation had a controlling interest in one fund (September 30, 2014: one fund) and, in accordance with IFRS, included all of the assets, liabilities and results of operations of the fund in the Corporation's consolidated financial statements for the period in which the Corporation had a controlling interest in those funds. The interest of third parties in proprietary investments in the amount of $324,554 has been included as a liability on the Corporation's consolidated balance sheet as at December 31, 2014 (September 30, 2014: $61,141).

5. SHAREHOLDERS' EQUITY

a) Capital Stock

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

Issued:	**Number of Common Shares**		**Stated Value**
As at September 30, 2014	26,951,650	$	19,144,871
Purchased for cancellation	(1,028,500)		(730,586)
As at December 31, 2014	25,923,150	$	18,414,285

On May 15, 2014, the Corporation announced its notice of the renewal of its Normal Course Issuer Bid ("NCIB") in which the Corporation is permitted to purchase, for cancellation, up to 1,353,232 common shares of the Corporation at prevailing market prices during the 12 month period commencing May 21, 2014 and ending May 20, 2015.

From October 1, 2014 to December 31, 2014 the Corporation purchased 1,028,500 common shares under the NCIB for aggregate cash consideration of $833,085.

The excess of the purchase consideration of $833,085 over the reduction of the Capital Stock ($730,586) is $102,499 and is charged to retained earnings.

b) Contributed surplus

As at September 30, 2014	$	1,076,984
Stock-based compensation		4,229
As at December 31, 2014	$	1,081,213

c) Stock option plan

The Corporation has an incentive stock option plan for the executives, key employees, directors and consultants to the Corporation. The Corporation does not issue equity or cash in return for the cancellation of options.

The changes in the stock options are as follows:

	Total number of Options	Weighted Average Exercise Price
As at September 30, 2014	1,635,000	$0.74
Cancelled and expired	-	-
As at December 31, 2014	1,635,000	$0.74

Incentive stock options vest one-third on each of the second, third and fourth anniversary of the date of grant. The expenses relating to the cancelled options are not reversed due to an estimated forfeiture rate being included in the option grant's fair value calculation.

The following table summarizes information about the Corporation's stock option plan at December 31, 2014:

Number of Options Outstanding	Number of Options Vested and Exercisable	Exercise Price	Expiry Date
200,000	-	$0.90	2021
40,000	13,333	$0.55	2019
140,000	93,333	$0.90	2018
1,045,000	1,045,000	$0.70	2017
210,000	210,000	$0.70	2015
1,635,000	1,361,666		

d) Basic and diluted earnings per share

The following table presents the calculation of basic and diluted earnings per common share.

	3 Months	
For the period ended December 31	**2014**	2013
Numerator		
Net income attributed to common shareholders of the Corporation – basic and diluted	**$ 762,603**	$ 6,247,867
Denominator		
Weighted average number of common shares – basic	**26,817,498**	27,126,971
Dilutive effect of employee stock options	**271,705**	-
Weighted average number of share - diluted	**27,089,203**	27,126,971
Earnings per common share, basic and diluted	**$ 0.03**	$ 0.23

e) Maximum share dilution

The following table presents the maximum number of common shares that would be outstanding if all options were exercised:

Shares outstanding, at February 5, 2015	25,923,150
Options outstanding to purchase shares, at February 5, 2015	2,135,000
	28,058,150

Subsequent to December 31, 2014, 500,000 stock options were granted.

6. DIVIDENDS

No dividends were declared during the three months ended December 31, 2014 and December 31, 2013.

The following dividends were paid by the Corporation during the three months ended December 30, 2013:

Record Date	Payment Date	Cash Dividend Per Share	Total Dividend Amount
October 7, 2013 – regular dividend	October 23, 2013	$0.05	$1,389,684

7. INVESTMENT GAIN

	3 Months	
For the period ended December 31	**2014**	2013
Securities designated at fair value through profit or loss	**$ 397,098**	$ 203,872

The Corporation owns proprietary investments and recognizes the change in fair value on the consolidated statements of income and comprehensive income.

Included in these amounts is an investment gain of $29,203 (December 31, 2013 – $1,971) in respect of funds consolidated in these financial statements that is attributed to the interest of third parties in proprietary investments.

8. SELLING, GENERAL AND ADMINISTRATION EXPENSES

The following table presents the breakdown of selling, general and administrative expenses by nature;

	3 Months	
For the period ended December 31	**2014**	2013
Salaries and benefits	**$ 2,043,937**	$ 1,781,422
Advertising and marketing	**58,294**	26,066
Travel and entertainment	**90,516**	81,091
Consulting fees	**9,081**	23,731
Occupancy	**158,835**	198,114
Office expenses	**142,644**	192,839
Professional fees	**114,477**	51,742
Fees and licences	**29,094**	35,078
	$ 2,646,878	$ 2,390,083

9. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The movement in significant components of the Corporation's income tax liabilities and assets for the three months ended December 31, 2014 is as follows:

	September 30, 2014	Recognized in income	December 31, 2014
Deferred income tax liabilities			
Fund management contracts	$ 257,057	$ (64,264)	$ 192,793
Other	23,942	-	23,942
Total deferred income tax liabilities	**$ 280,999**	**$ (64,264)**	**$ 216,735**
Deferred income tax assets			
Unused non-capital tax losses	220,677	20,957	241,634
Long-term incentive bonus obligation	54,590	9,673	64,263
Other	26,196	210	26,406
Total deferred income tax assets	**$ 301,463**	**$ 30,840**	**$ 332,303**
Net deferred income tax liabilities	**$ (20,464)**	**$ (95,104)**	**$ (115,568)**

10. CONTINGENCIES AND PROVISIONS

In October 2014, the Corporation was informed by Arrow Capital Management Inc. ("Arrow") that Arrow had incurred damages of approximately $1.4 million in respect of errors made to a fund managed by BluMont Capital. BluMont Capital was sold by IAM to Arrow in December 2013.

Arrow alleges that errors in the net asset value ("NAV") calculations for the fund were made by the major international financial services company ("Financial Services Company") contracted to provide back office services to that fund. Arrow alleges that these errors were made over more than a five-year period, from 2009 to 2014, with the effect that the daily NAVs of the fund were cumulatively overstated throughout that 5 year period by up to 4%. Arrow has informed the Corporation that it has commenced legal proceedings against the Financial Services Company.

Arrow has informed IAM that it may commence legal proceedings against the Corporation. Arrow has withheld an amount of $0.6 million owing to the Corporation in respect of future consideration on the sale of BluMont Capital based on the net performance fees realized in 2014 by Arrow (Note 3). This amount has not been recognized in the financial statements for the three months ended December 31, 2014 because the Corporation has not confirmed the amount and there is uncertainty as to when the Corporation will receive payment.

11. COMPARATIVE FIGURES

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

12. INDEPENDENT REVIEW

The quarterly consolidated financial statements have not been reviewed by the Corporation's external auditors.

Integrated Asset Management Corp.
Board of Directors
December 31, 2014

Victor Koloshuk [2]
Executive Chairman
Integrated Asset Management Corp.

David Atkins [1] [2]
Corporate director

John Crocker [1] [2]
Corporate Director

Bruce Day [1] [2]
Corporate Director

Veronika Hirsch [2]
Executive Vice President and Portfolio Manager,
Arrow Capital Management Inc.

Stephen Johnson [3]
Chief Financial Officer,
Integrated Asset Management Corp.

David Mather
Executive Vice President,
Integrated Asset Management Corp.

John Robertson
President and Chief Executive Officer,
Integrated Asset Management Corp.

[1] Member of the Audit Committee
[2] Member of the Compensation and Governance Committee
[3] Secretary of the Corporation

Integrated Asset Management Corp.
Principal Officers
December 31, 2014

Integrated Asset Management Corp.

Victor Koloshuk
Executive Chairman

John Robertson
President and Chief Executive Officer

Stephen Johnson
Chief Financial Officer

David Mather
Executive Vice President

Tom Felkai
Vice President Finance

Ginger Rothenberger
Corporate Controller

Quebec Representative

Jean-Christophe Greck
Director Business Development

IAM Real Estate

Rick Zagrodny
President

David Warkentin
Senior Vice President Investments

Robert Burns
Chief Financial Officer

David Becket
Vice President Asset Management

Frank Bartello
Vice President Acquisitions

Michael O'Sullivan
Assistant Vice President Asset Management

IAM Private Debt

John Robertson
Chairman

Donald Bangay
Vice-Chairman

Philip Robson
President

Theresa Shutt
Chief Investment Officer

Douglas Zinkiewich
Managing Director and Head of Investment Management

Greg Dimmer
Managing Director

Frank Duffy
Managing Director

Michael LeClair
Managing Director

Andrew Shannon
Managing Director

IAM Managed Futures

Stephen Johnson
Chairman

Roland Austrup
Chief Executive Officer and Chief Investment Officer

David Mather
President and Chief Operating Officer

Robert Koloshuk
Senior Strategist and Director of Trading

Auditors:
PricewaterhouseCoopers LLP

Transfer Agent:
TMX Equity Transfer Services

Stock Listing:
TSX – "IAM"

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