



Integrated Asset
Management Corp.

Leadership in

Alternative Asset Management

FIRST QUARTER FINANCIAL STATEMENTS, DECEMBER 31, 2015

Integrated Asset Management Corp.
Consolidated Balance Sheets - Unaudited

	Notes	December 31, 2015	September 30, 2015
Assets			
Current			
Cash and cash equivalents		\$ 13,023,199	\$ 15,692,443
Receivables		1,873,728	401,673
Income taxes recoverable		583,392	583,392
Prepays		146,974	178,388
Proprietary investments	(Note 4)	4,249,627	4,086,354
Total current assets		<u>19,876,920</u>	<u>20,942,250</u>
Property and equipment		128,810	109,042
Intangible assets		1,680,371	1,661,407
Other assets		10,038	10,038
Deferred income taxes	(Note 9)	681,618	444,875
		<u>\$ 22,377,757</u>	<u>\$ 23,167,612</u>
Liabilities			
Current			
Payables and accruals		\$ 1,688,291	\$ 3,003,714
Deposits		100,000	-
Deferred revenue		91,947	91,947
Income taxes payable		339,508	246,150
Interest of third parties in proprietary investments	(Note 4)	955,258	797,872
Total current liabilities		<u>3,175,004</u>	<u>4,139,683</u>
Tenant inducements and deferred revenue		145,582	168,569
Long-term incentive bonus obligation		403,750	352,000
Deferred income taxes	(Note 9)	23,614	23,614
Total liabilities		<u>3,747,950</u>	<u>4,683,866</u>
Contingencies	(Note 10)		
Shareholders' Equity			
	(Note 5)		
Capital stock		18,843,043	18,843,043
Contributed surplus		1,128,088	1,112,929
Deficit		(1,358,103)	(1,510,518)
Non-controlling interest		16,779	38,292
Total shareholders' equity		<u>18,629,807</u>	<u>18,483,746</u>
		<u>\$ 22,377,757</u>	<u>\$ 23,167,612</u>

See accompanying notes to the consolidated financial statements

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

For the period ended December 31	Notes	3 Months	
		2015	2014
Revenues			
Management fees, administration and redemption fees		\$ 2,584,991	\$ 2,629,760
Performance fees		444,796	530,413
Investment gain	(Note 7)	59,768	397,098
Interest and other income		44,565	206,599
		<u>3,134,120</u>	<u>3,763,870</u>
Expenses			
Selling, general and administration	(Note 8)	3,335,943	2,646,878
Stock-based compensation		15,159	4,229
Fees and expenses relating to performance fees		88,008	28,384
Amortization of property and equipment		7,145	5,329
Amortization of intangible assets		7,093	247,920
Interest expense		8,376	9,258
		<u>3,461,724</u>	<u>2,941,998</u>
Interest of third parties in investment gain (loss)	(Note 7)	(19,036)	29,203
Total expenses		<u>3,442,688</u>	<u>2,971,201</u>
Income (loss) before income taxes		<u>(308,568)</u>	<u>792,669</u>
Income taxes (recovery)			
Current		53,601	137,888
Deferred		(236,743)	(95,104)
		<u>(183,142)</u>	<u>42,784</u>
Income (loss) from continuing operations		<u>(125,426)</u>	<u>749,885</u>
Gain from discontinued operations, net of income taxes	(Note 3)	290,551	-
Net income and comprehensive income		<u>\$ 165,125</u>	<u>\$ 749,885</u>
Net income attributed to:			
Common shareholders of the Corporation		\$ 152,415	\$ 762,603
Non-controlling interest		12,710	(12,718)
		<u>\$ 165,125</u>	<u>\$ 749,885</u>
Earnings per share attributed to the common shareholders of the Corporation			
Basic and diluted earnings per share	(Note 5)		
Continuing operations		\$ (0.00)	\$ 0.03
Discontinued operations		0.01	-
		<u>\$ 0.01</u>	<u>\$ 0.03</u>

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, 2015	26,327,010	18,843,043	1,112,929	(1,510,518)	38,292	18,483,746
Stock-based compensation	-	-	15,159	-	-	15,159
Net income and comprehensive income	-	-	-	152,415	12,710	165,125
Distributions paid to non- controlling interest	-	-	-	-	(34,223)	(34,223)
Balance, December 31, 2015	26,327,010	18,843,043	1,128,088	(1,358,103)	16,779	18,629,807
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

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	2015	2014
Operating activities			
Net income (loss) from continuing operations		\$ (125,426)	\$ 749,885
Add (subtract) non-cash items:			
Stock-based compensation		15,159	4,229
Amortization of property and equipment		7,145	5,329
Amortization of intangible assets		7,093	247,920
Deferred income taxes recovery		(236,743)	(95,104)
Investment gain	(Note 7)	(59,768)	(397,098)
Interest of third parties in investment gain (loss)		(19,036)	29,203
Cash provided by (used in) operating activities before changes in operating assets and liabilities		(411,576)	544,364
Net change in non-cash balances relating to operations		(2,498,132)	(2,706,658)
Interest received		44,565	71,494
Interest paid		(8,376)	(9,258)
Income taxes paid		(72,000)	(1,297,000)
Cash used in continuing operating activities		(2,945,519)	(3,397,058)
Cash provided by discontinued operating activities		290,551	-
Cash used in operating activities		(2,654,968)	(3,397,058)
Investing activities			
Proceeds from sale of proprietary investments		72,917	7,280
Purchase of property, equipment and intangible assets		(52,970)	(5,578)
Cash provided by investing activities		19,947	1,702
Financing activities			
Distributions paid to non-controlling interest		(34,223)	-
Common shares repurchased for cancellation		-	(833,085)
Repayment of management loans		-	100,000
Cash used in financing activities		(34,223)	(733,085)
Decrease in cash and cash equivalents		(2,669,244)	(4,128,441)
Cash and cash equivalents continuing operations, beginning of period		15,692,443	15,311,193
Cash and cash equivalents, end of period		\$ 13,023,199	\$ 11,182,752

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, 2015.

These interim financial statements were authorized for issuance by the Board of Directors of IAM on February 4, 2016.

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, 2015.

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%	
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.

The consolidated 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. At December 31, 2015, there was one fund (AlphaCentric/IMFC Managed Futures Strategy Fund) in which the Corporation had a controlling interest. The Corporation does not have any contractual arrangements that could require it to provide financial support, nor did it provide such support, to this consolidated structured entity. Interest of third parties in proprietary investments represents the share of AlphaCentric/IMFC Managed Futures Strategy Fund owned by outside parties; it is presented as a component of liabilities and any changes in fair value are included in the statement of income. 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; the share of net assets which are attributable to non-controlling interest is presented as a component of equity. Its share of net income and comprehensive income is recognized directly in equity, if characterized as non-controlling interest. 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, 2015 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 Corporation ("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.

The Corporation recognized consideration of \$259,006 in respect to the Corporation's share of performance fees realized by the purchaser of BluMont Capital and recorded a gain from discontinued operations, net of income taxes, of \$190,369 in the last quarter of fiscal 2015.

The Corporation recognized consideration of \$395,308 in respect to the Corporation's final share of performance fees realized by the purchaser of BluMont Capital and recorded a gain from discontinued operations, net of income taxes, of \$290,551 in the quarter ended December 31, 2015.

For the period ended December 31	3 Months	
	2015	2014
Gain on sale, net of income taxes	\$ 290,551	\$ -

4. PROPRIETARY INVESTMENTS

	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Fair value through profit or loss, positions held long	\$ 4,199,087	\$ 4,035,814
Unlisted securities, positions held long	50,540	50,540
	<u>\$ 4,249,627</u>	<u>\$ 4,086,354</u>

The unlisted securities comprise the ownership of 7.4% of the units in a fund managed by the Corporation. During the year ended September 30, 2015, the fund completed the sale of its remaining investment and distributed the proceeds to its limited partners, including the Corporation. The fair value of the unlisted securities as at December 31, 2015 is based on the estimated future proceeds from the fund's sale of the investment.

One of the Corporation's proprietary investments is an investment of \$121,964 (September 30, 2015 \$124,841) in units of Exemplar Diversified Fund, a publicly available mutual fund in which the Corporation is the sub-advisor. The Corporation's investment represents less than 1% of the units of the fund.

The Corporation's maximum exposure to loss from its proprietary investments is equal to the total fair value of its investments in the fund.

As at December 31, 2015, the Corporation had a controlling interest in one fund (September 30, 2015: 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 that fund. The interest of third parties in proprietary investments in the amount of \$955,258 has been included as a liability on the Corporation's consolidated balance sheet as at December 31, 2015 (September 30, 2015: \$797,872).

5. SHAREHOLDERS' EQUITY

a) Capital Stock

At December 31, 2015 the Corporation had 26.3 million shares outstanding (September 30, 2015 – 26.3 million).

On May 14, 2015, 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 1,311,655 common shares of the Corporation at prevailing market prices during the 12 month period commencing May 21, 2015 and ending May 20, 2016.

From October 1, 2015 to December 31, 2015 the Corporation purchased nil common shares under the NCIB.

The Corporation has an Employee Share Purchase Plan (the "Plan") which was approved at the Corporation's meeting of shareholders in February 2015. Under the Plan, eligible employees may be permitted by the Corporation to purchase common shares from the treasury of the Corporation from time to time. The maximum number of common shares that may be issued under the Plan is 1,500,000 common shares. In March 2015, the Corporation issued 479,960 common shares from treasury for cash of \$475,160 and expensed a bonus obligation of \$118,790 payable to those eligible employees. The purchase price for the shares of the Plan was determined by using the stock price's 10 trading day history before the purchase date.

b) 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, 2015	1,925,000	\$0.80
Granted	150,000	1.00
Exercised	(50,000)	0.70
As at December 31, 2015	2,025,000	\$0.81

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, 2015:

Number of Options Outstanding	Number of Options Vested and Exercisable	Exercise Price	Expiry Date
150,000	-	\$1.00	2022
160,000	-	1.09	2022
10,000	-	0.96	2022
500,000	-	0.86	2022
170,000	-	\$0.90	2021
40,000	26,667	\$0.55	2019
80,000	80,000	\$0.90	2018
915,000	915,000	\$0.70	2017
2,025,000	1,021,667		

c) Basic and diluted earnings per share

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

For the period ended December 31	3 Months	
	2015	2014
Numerator		
Net income attributed to common shareholders of the Corporation – basic and diluted	\$ 152,415	\$ 762,603
Denominator		
Weighted average number of common shares – basic	26,327,010	26,817,498
Dilutive effect of employee stock options	360,816	271,705
Weighted average number of share - diluted	26,687,826	27,089,203
Earnings per common share, basic and diluted	\$ 0.01	\$ 0.03

d) 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 4, 2016	26,756,600
Options outstanding to purchase shares, at February 4, 2016	1,905,000
	<u>28,661,600</u>

6. DIVIDENDS

No dividends were declared nor paid during the three months ended December 31, 2015 and December 31, 2014.

7. INVESTMENT GAIN

For the period ended December 31	3 Months	
	2015	2014
Securities designated at fair value through profit or loss	\$ 59,768	\$ 397,098

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 loss of \$19,036 (December 31, 2014 – gain of \$29,203) 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;

For the period ended December 31	3 Months	
	2015	2014
Salaries and benefits	\$ 2,687,192	\$ 2,043,937
Advertising and marketing	74,168	58,294
Travel and entertainment	94,224	90,516
Consulting fees	42,805	9,081
Occupancy	165,971	158,835
Office expenses and other	142,077	142,644
Professional fees	99,148	114,477
Fees and licences	30,358	29,094
	\$ 3,335,943	\$ 2,646,878

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, 2015 is as follows:

	September 30, 2015	Recognized in income	December 31, 2015
Deferred income tax assets			
Unused non-capital tax losses	324,468	223,399	547,867
Other	27,127	(370)	26,757
Long-term incentive bonus obligation	93,280	13,714	106,994
Total deferred income tax assets	\$ 444,875	\$ 236,743	\$ 681,618
Deferred income tax liabilities			
Other	23,614	-	23,614
Total deferred income tax liabilities	\$ 23,614	\$ -	\$ 23,614
Net deferred income tax assets	\$ 421,261	\$ 236,743	\$ 658,004

10. CONTINGENCIES AND PROVISIONS

From time to time the Corporation is engaged in litigation arising in the ordinary course of business relating to claims for additional compensation by former employees. IAM has made provisions based on current information and the probable resolution of such proceedings and claims.

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, 2015

Victor Koloshuk ⁽²⁾
Executive Chairman
Integrated Asset Management Corp.

David Atkins ^{(1) (2)}
Corporate director

Robert Brooks ⁽¹⁾
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.

David Mather ⁽³⁾
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, Nominating and Governance Committee

⁽³⁾ Secretary of the Corporation

Integrated Asset Management Corp.**Principal Officers**December 31, 2015

Integrated Asset Management Corp.Victor Koloshuk
Executive ChairmanJohn Robertson
President and Chief Executive OfficerTom Felkai
Chief Financial OfficerDavid Mather
Executive Vice PresidentJean-Christophe Greck
Vice President, QuebecPaul Kerr
Vice PresidentGinger Rothenberger
Corporate Controller**IAM Real Estate**Rick Zagrodny
PresidentDavid Warkentin
Senior Vice President, InvestmentsRobert Burns
Chief Financial Officer and TreasurerMichael O'Sullivan
Vice President, Asset Management**IAM Infrastructure Equity**Michael Kosiancic
PresidentPaul Kerr
Vice President**IAM Private Debt**John Robertson
ChairmanPhilip Robson
PresidentTheresa Shutt
Chief Investment OfficerDouglas Zinkiewich
Managing Director and Head of
Investment ManagementAndy Dayes
Managing DirectorGreg Dimmer
Managing DirectorBrian Ko
Managing DirectorAndrew Shannon
Managing DirectorDonald Bangay
Vice-ChairFrank Duffy
Vice-Chair**IAM Managed Futures**Roland Austrup
Chairman, Chief Executive and Chief
Investment OfficerDavid Mather
President and Chief Operating OfficerRobert Koloshuk
Senior Strategist and Director of Trading

Integrated Asset Management Corp.
Corporate Information
December 31, 2015

Auditors:

PricewaterhouseCoopers LLP

Transfer Agent:

TMX Equity Transfer Services

Stock Listing:

TSX – “IAM”

Corporate Headquarters:

70 University Avenue
Suite 1200
Toronto, Ontario
Canada M5J 2M4
Phone: (416) 360.7667
Fax: (416) 360.7446

e: info@iamgroup.ca
www.iamgroup.ca