



Integrated Asset
Management Corp.

Leadership in

Alternative Asset Management

**FIRST QUARTER REPORT – DECEMBER 31, 2017
MANAGEMENT'S DISCUSSION AND ANALYSIS,
AND FINANCIAL STATEMENTS**

REPORT TO SHAREHOLDERS

Integrated Asset Management Corp. (“IAM” or the “Corporation”) presents to shareholders the financial results of the Corporation for the first quarter of fiscal 2018.

John Robertson, President and CEO, said “We are very pleased with the results as the first quarter is traditionally a slow quarter as it is cut short by the holiday season. The outlook for the rest of the year is very encouraging.”

The Corporation reported a net income from continuing operations for the quarter ended December 31, 2017 of \$0.5 million (\$0.02 per share) versus net loss from continuing operations in the quarter ended December 31, 2016 of \$0.0 million (\$0.00 per share). Management fees and other income were higher, at \$3.5 million versus \$2.8 million in same quarter in fiscal 2017. The increase in management fees and other income compared to fiscal 2017 is the result of deployment of commitments at higher rates and interest income from investments in funds managed by the Corporation. The investment loss of \$0.5 million in the comparable quarter of the previous year relates to investments that have fully been redeemed and relate to a discontinued subsidiary.

Adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) improved to \$0.7 million from \$0.1 million in the same quarter of the previous fiscal year. Cash flow from operations was \$0.5 million this year compared to \$0.2 million in the previous year. The Corporation reported consolidated expenses for the quarter of \$2.8 million, up \$0.4 million from \$2.4 million in the first quarter of fiscal 2017. Expenses were higher relative to the comparative quarter in the previous year primarily due to an increase in the employee bonus accrual as a result of increased profits and higher professional fees.

Assets and committed capital under management (“AUM”) for the quarter ended December 31, 2017 was down \$84 million at \$2.4 billion compared to \$2.5 billion at September 30, 2017. Of that, approximately \$570 million was committed but not yet invested capital from real estate, private debt and infrastructure debt operations.

John Robertson, President and CEO, said “Results are unfolding as expected. Revenue before investment gain (loss) was up 25% over those of the same period in fiscal 2017. Net income was \$460,000, as opposed to a loss in the comparable period of the prior year. The loss on investment in the first quarter of fiscal 2017 related to seed capital in a fund managed by a discontinued subsidiary. This investment was liquidated in January 2017.

AUM increases significantly in years that new funds are raised. Our Private Debt Group’s AUM declines as distribution to investors of routine principal repayments received on loans, until the new funds are raised. In 2018 the Private Debt Group is raising Fund VI and a high yield fund. AUM declined as expected as our Real Estate Group is in the process of winding up GPM 10 and sold six of the properties during the quarter. In addition the Real Estate Group’s open end fund raises capital quarterly. Our target is to raise another \$1 billion of committed capital in the next 12 months.”

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") dated February 6, 2018 presents an analysis of the financial condition of Integrated Asset Management Corp. ("IAM" or the "Corporation") and its subsidiaries as at December 31, 2017 compared with September 30, 2017 and the results of operations for the quarter ended December 31, 2017 compared with the quarter ended December 31, 2016. It should be read in conjunction with the Corporation's unaudited interim financial statements for the three months ended December 31, 2017 and the audited financial statements for the year ended September 30, 2017 including the MD&A for that year.

This MD&A contains 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 February 6, 2018, except when otherwise stated. For more information on the risk factors which may impact actual results, please refer to the "Risk Factors" section of the Corporation's Annual Information Form, dated December 11, 2017.

The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are denominated in Canadian dollars, the functional currency of the Corporation.

This MD&A includes non-IFRS financial measures that the Corporation considers shareholders, investment analysts, and other readers find helpful in understanding IAM's financial performance. Management uses these measures in analyzing and comparing IAM's financial performance from one period to another. Nevertheless, these financial measures do not have any standardized meaning prescribed by IFRS and may not have been calculated in the same way as similarly named financial measures presented by other companies.

This MD&A and additional information relating to IAM, including the Annual Information Form, are on SEDAR at www.sedar.com.

BUSINESS REVIEW

IAM is an alternative asset management company offering alternative asset class management to institutional, pension and private clients. The Corporation provides investors with a range of asset classes such as real estate, private debt and infrastructure debt. The Corporation had assets and committed capital under management ("AUM") of approximately \$2.4 billion at December 31, 2017.

The Corporation's private debt and real estate products are mostly pools of assets managed by the Corporation for investors and the life of each pool of assets can be up to thirteen years. However, the most recent private debt fund has a twenty-five year life once fully invested and the most recent real estate fund has an indefinite life and provides for periodic new subscriptions and redemptions. Typically, the Corporation markets for commitments from investors interested in the asset class. The pool is then closed and the pool makes acquisitions of assets to deploy the commitments over a number of years. For these types of pools, the Corporation receives fees only when the commitments are deployed and assets are being managed. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

(\$ millions)	December 31, 2017	September 30, 2017	December 31, 2016
Invested Capital	\$ 1,818	\$ 1,855	\$ 1,629
Committed Capital to be Invested	572	619	896
Total AUM	\$ 2,390	\$ 2,474	\$ 2,525

The AUM shown for December 31, 2016 exclude the AUM of Integrated Managed Futures Corp. ("IMFC") because the Corporation sold all its ownership interest in March 2017.

The AUM decreased \$84 million during the quarter ended December 31, 2017 primarily due to the distribution to investors of routine principal repayments received on loans in IAM Private Debt funds and two early loan prepayments and three loans maturities. AUM also declined as expected in our Real Estate Group as they are in the process of winding up GPM 10, and sold six of the properties during the quarter.

RESULTS OF OPERATIONS

The financial statements of the Corporation for fiscal year 2017 include the operating results of IMFC until the completion of the sale. These operations are separated and classified as "discontinued operations"; the remaining operations of IAM are classified as "continuing operations". For example, on the Table of Selected Financial Information, shown on the next page, "Total revenues" exclude the revenues of IMFC in the prior year quarter.

Discontinued operations in the three months ended December 31, 2016 represents the operating losses of IMFC of approximately \$8,000.

Adjusted EBITDA, as defined on page 4, from continuing operations was \$0.7 million in the quarter ended December 31, 2017 compared with \$0.1 million for the three-month period ended December 31, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Selected Financial Information (in \$000's, except per share amounts)	3 Month Period Ended December 31,	
	2017	2016
Revenues before the undernoted Investment gain (loss)	\$ 3,461 1	\$ 2,766 (476)
Total revenues ⁽¹⁾	\$ 3,462	\$ 2,290
Reconciliation of Adjusted EBITDA to Net Income and Comprehensive Income		
Adjusted Earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") ⁽²⁾	\$ 685	\$ 72
Amortization	(10)	(12)
Interest	-	-
Stock-based compensation	(23)	(15)
Income taxes	(192)	(67)
Net Income (loss) from continuing operations, net of income taxes	460	(22)
Loss from discontinued operations, net of income taxes	-	(8)
Net gain on sale of discontinued operations, net of income taxes	-	-
Net income (loss) and comprehensive income (loss)	\$ 460	\$ (30)
Net income (loss) attributed to:		
Common shareholders of the Corporation	\$ 474	\$ (26)
Non-controlling interest	(14)	(4)
	\$ 460	\$ (30)
Basic and diluted earnings per share		
Continuing operations	\$ 0.02	\$ (0.00)
Discontinued operations	-	(0.00)
	\$ 0.02	\$ (0.00)

⁽¹⁾ Total revenues are in respect of continuing operations and do not include IMFC.

⁽²⁾ Adjusted EBITDA is a non-IFRS financial measure used by the Corporation. This measure is calculated as earnings before the deduction of interest expense, income taxes, depreciation and amortization, and stock-based compensation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

REVENUES

Management fees and other income were \$3.5 million in the latest quarter, up \$0.7 million from \$2.8 million in the comparable quarter of fiscal 2017. IAM Private Debt and IAM Real Estate invested \$56.1 million during the quarter earning \$0.6 million in acquisition and commitment fees, thus increasing recurring, long-term management fee revenue. In the comparable quarter of fiscal 2017, the Corporation earned \$0.4 million in acquisition and commitment fees. Other income was higher in the current quarter due to interest from investments in funds managed by the Corporation. The minimal investment gain of \$0.0 million in the current quarter relates to mark to market of unlisted investments in funds managed by the Corporation, the investment loss of \$0.5 million in the comparable quarter of the previous year relates to investments that have fully been redeemed and relate to a discontinued subsidiary.

EXPENSES

The Corporation reported consolidated expenses for the quarter of \$2.8 million, up \$0.4 million from \$2.4 million in the first quarter of fiscal 2017. Expenses were higher relative to the comparative quarter in the previous year primarily due to an increase in the employee bonus accrual as a result of increased profits and professional fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

CONSOLIDATED FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2017, the Corporation's net liquid assets of \$14.5 million were down \$0.8 million from \$15.3 million at September 30, 2017, primarily as a result of the \$0.02 dividend paid per share in December and repurchase of common shares under the Normal Course Issuer Bid ("NCIB").

Cash flow from operations⁽¹⁾ was \$0.02 per share for the three months ended December 31, 2017 and \$0.01 per share in the comparable three months of fiscal 2017.

(in \$000's, except per share amounts)	<u>3 Month Period</u>	
	<u>Ended December 31,</u>	
	2017	2016
Cash flow from operations ⁽¹⁾	\$ 533	\$ 228
Cash flow from operations per share ⁽²⁾	\$ 0.02	\$ 0.01

⁽¹⁾ These amounts are shown on the consolidated statements of cash flows in the consolidated financial statements, under "cash provided by operating activities before changes in operating assets and liabilities" and are in respect of continuing operations.

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

On May 11, 2017, the Corporation announced its intention to renew its NCIB in which the Corporation is permitted to purchase, for cancellation, up to 1,397,715 common shares of the Corporation at prevailing market prices during the 12 month period commencing May 24, 2017 and ending May 23, 2018.

From October 1, 2017 to December 31, 2017 the Corporation purchased 403,100 common shares (2017 – purchased nil common shares) under the NCIB for aggregate cash consideration of \$555,157 (2017 – \$nil).

The excess of the purchase consideration of \$293,043 over the reduction of the capital stock (2017 – \$nil) is \$262,114 and is charged to retained earnings (2017 – \$nil).

A copy of IAM's notice of the NCIB which was filed with the Toronto Stock Exchange may be obtained by any shareholder, without charge by contacting IAM.

On November 16, 2017, the Corporation's board of directors approved payment of the first quarterly cash dividend in the amount of \$0.02 per outstanding share, totaling approximately \$0.6 million based on the number of shares outstanding at that date. This dividend was paid on December 20, 2017 to shareholders of record on November 30, 2017.

On February 6, 2018, the Corporation's Board of Directors approved payment of a quarterly cash dividend in the amount of \$0.02 per outstanding share, totaling approximately \$0.6 million based on the number of shares outstanding at that date. This dividend will be paid on March 20, 2018 to shareholders of record on February 27, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

OUTSTANDING SHARE DATA (as at February 6, 2018)

Common shares	
Issued and outstanding	27,788,527 ⁽¹⁾
Stock options	1,691,000 ⁽²⁾

⁽¹⁾ After deducting shares purchased by IAM which are to be cancelled.

⁽²⁾ Stock options to acquire 1,691,000 common shares are at prices ranging from \$0.55 to \$1.56 per common share.

RISK FACTORS

Over the past quarter, the financial outlook and the risks and uncertainties faced by the Corporation are similar to those described in the 2017 Annual Report.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet financial arrangements and no material contractual obligations other than those described in the 2017 Annual Report, except for the office lease extension that was renewed in January 2018 (note 12).

RELATED PARTY TRANSACTIONS

There were no changes in the nature of related party transactions entered into by the Corporation in the three months ended December 31, 2017.

SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared in accordance with IFRS using the same accounting policies as those used in the Corporation's annual audited financial statements for the year ended September 30, 2017. There were no changes to the Corporation's accounting policies from those reported in those audited annual financial statements.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The process of applying the Corporation's accounting policies requires management to make significant judgements involving assumptions and estimates. These are referred to in note 2 of the audited financial statements for the year ended September 30, 2017.

CONTROLS AND PROCEDURES

Management, under the direction of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), has evaluated the effectiveness of the disclosure controls and procedures (as defined in applicable Canadian securities laws) of the Corporation as of the end of the period covered by this MD&A. As a result, the CEO and CFO have concluded that they are reasonably assured the Corporation's disclosure controls and procedures are effective to ensure that all information required to be disclosed by the Corporation in reports that it files or furnishes under applicable Canadian securities laws is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Canadian securities regulatory authorities and (ii) accumulated and communicated to the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

SELECTED QUARTERLY INFORMATION

(\$000's, except per share amounts)	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Revenues before performance fees	\$ 3,462	\$ 3,242	\$ 4,128	\$ 3,997
Performance fees	-	-	-	-
Total revenues (continuing operations)	\$ 3,462	\$ 3,242	\$ 4,128	\$ 3,997
Net performance fees (continuing operations)	\$ -	\$ -	\$ -	\$ -
Adjusted EBITDA (continuing operations)	\$ 685	\$ 66	\$ 799	\$ 882
Net income (loss) from continuing operations ⁽¹⁾	\$ 474	\$ 133	\$ 555	\$ 508
Net income from discontinued operations	\$ -	\$ -	\$ -	\$ 638
Net income (loss) and comprehensive income (loss) ⁽¹⁾	\$ 474	\$ 133	\$ 555	\$ 1,146
Earnings (loss) per share				
Basic and diluted (continuing operations)	\$ 0.02	\$ 0.00	\$ 0.02	\$ 0.02
Basic and diluted (discontinued operations)	\$ -	\$ -	\$ -	\$ 0.02
AUM (\$ millions)	\$ 2,390	\$ 2,474	\$ 2,505	\$ 2,514

(\$000's, except per share amounts)	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Revenues before performance fees	\$ 2,290	\$ 3,412	\$ 2,880	\$ 2,520
Performance fees	-	-	-	-
Total revenues (continuing operations)	\$ 2,290	\$ 3,412	\$ 2,880	\$ 2,520
Net performance fees (continuing operations)	\$ -	\$ -	\$ -	\$ -
Adjusted EBITDA (continuing operations)	\$ 72	\$ 261	\$ 295	\$ (178)
Net income (loss) from continuing operations ⁽¹⁾	\$ (18)	\$ 35	\$ 247	\$ (64)
Net income (loss) from discontinued operations	\$ (8)	\$ (122)	\$ (38)	\$ (91)
Net income (loss) and comprehensive income ⁽¹⁾	\$ (26)	\$ (87)	\$ 209	\$ (155)
Earnings (loss) per share				
Basic and diluted (continuing operations)	\$ (0.00)	\$ 0.00	\$ 0.01	\$ (0.01)
Basic and diluted (discontinued operations)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)
AUM (\$ millions)	\$ 2,525	\$ 2,557	\$ 2,287	\$ 2,319

⁽¹⁾ Attributed to the common shareholders of the Corporation.

Integrated Asset Management Corp.
Consolidated Balance Sheets - Unaudited

	Notes	December 31, 2017	September 30, 2017
Assets			
Current			
Cash and cash equivalents		\$ 13,844,132	\$ 16,480,012
Receivables		1,196,436	465,359
Income taxes recoverable		204,154	179,363
Prepays		136,149	172,583
Loan receivable and other assets		1,235,715	1,840,766
Total current assets		<u>16,616,586</u>	<u>19,138,083</u>
Property and equipment		87,743	91,019
Goodwill and intangible assets		1,634,324	1,638,853
Investments in funds managed by the Corporation	(Note 4)	1,405,851	1,259,908
Loan receivable and other assets		42,869	45,038
Deferred income taxes	(Note 9)	957,642	999,787
		\$ <u>20,745,015</u>	\$ <u>23,172,688</u>
Liabilities			
Current			
Payables, accruals and current portion of long-term incentive bonus obligation		\$ 1,939,049	\$ 3,321,271
Deposits		60,000	25,000
Tenant inducements		53,635	76,622
Income taxes payable		79,718	434,085
Total current liabilities		<u>2,132,402</u>	<u>3,856,978</u>
Long-term incentive bonus obligation		851,102	1,050,664
Deferred income taxes	(Note 9)	5,474	5,393
Total liabilities		<u>2,988,978</u>	<u>4,913,035</u>
Shareholders' Equity			
	(Note 5)		
Capital stock		19,644,249	19,805,724
Contributed surplus		1,355,876	1,332,573
Deficit		(3,230,181)	(2,878,686)
Non-controlling interest		(13,907)	42
Total shareholders' equity		<u>17,756,037</u>	<u>18,259,653</u>
		\$ <u>20,745,015</u>	\$ <u>23,172,688</u>

See accompanying notes to the consolidated financial statements

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

For the period ended December 31	Notes	3 Months	
		2017	2016
Revenues			
Management, commitment and acquisition fees		\$ 3,272,133	\$ 2,652,702
Investment gain (loss)	(Note 7)	1,161	(476,085)
Interest and other income		188,721	113,515
		<u>3,462,015</u>	<u>2,290,132</u>
Expenses			
Selling, general and administration	(Note 8)	2,777,128	2,414,600
Stock-based compensation		23,303	15,363
Amortization of property and equipment		4,673	6,084
Amortization of intangible assets		4,529	6,470
Total expenses		<u>2,809,633</u>	<u>2,442,517</u>
Interest of third parties in investment loss	(Note 7)	-	(197,178)
Income before income taxes		<u>652,382</u>	<u>44,793</u>
Income taxes (recovery)			
Current		150,233	123,769
Deferred		42,226	(57,148)
		<u>192,459</u>	<u>66,621</u>
Gain (loss) from continuing operations		459,923	(21,828)
Loss from discontinued operations, net of income taxes	(Note 3)	-	(7,720)
Net income (loss) and comprehensive income (loss)		<u>\$ 459,923</u>	<u>\$ (29,548)</u>
Net income (loss) attributed to:			
Common shareholders of the Corporation		\$ 473,872	\$ (25,926)
Non-controlling interest		(13,949)	(3,622)
		<u>\$ 459,923</u>	<u>\$ (29,548)</u>
Earnings per share attributed to the common shareholders of the Corporation			
Basic and diluted earnings per share			
Continuing operations	(Note 5)	\$ 0.02	\$ (0.00)
Discontinued operations		-	(0.00)
		<u>\$ 0.02</u>	<u>\$ (0.00)</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, 2017	28,162,627	19,805,724	1,332,573	(2,878,686)	42	18,259,653
Stock-based compensation	-	-	23,303	-	-	23,303
Net income and comprehensive income	-	-	-	473,872	(13,949)	459,923
Regular dividend declared	-	-	-	(563,253)	-	(563,253)
Common shares repurchased for cancellation	(403,100)	(293,043)	-	(262,114)	-	(555,157)
Issuance of common shares through key employee share loan plan ⁽¹⁾	-	131,568	-	-	-	131,568
Balance, December 31, 2017	27,759,527	19,644,249	1,355,876	(3,230,181)	(13,907)	17,756,037
At October 1, 2016	27,384,295	19,315,633	1,250,872	(3,003,278)	4,485	17,567,712
Stock-based compensation	-	-	15,363	-	-	15,363
Net loss and comprehensive loss	-	-	-	(25,926)	(3,622)	(29,548)
Balance, December 31, 2016	27,384,295	19,315,633	1,266,235	(3,029,204)	863	17,553,527

- (1) Due to the non-recourse nature of the loans they are treated for accounting purposes as stock based compensation, the value related to the loans is included in contributed surplus. The value included in capital stock is the portion of loans that have been repaid in the three months ended December 31, 2017 \$131,568 (December 31, 2016 - \$nil), the shares issued remain pledged until the full loan has been repaid by the employee.

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	2017	2016
Operating activities			
Net income (loss) from continuing operations		\$ 459,923	\$ (21,828)
Add (subtract) non-cash items:			
Stock-based compensation		23,303	15,363
Amortization of property and equipment		4,673	6,084
Amortization of intangible assets		4,529	6,470
Deferred income taxes (recovery)		42,226	(57,148)
Investment loss (gain)	(Note 7)	(1,161)	476,085
Interest of third parties in investment loss		-	(197,178)
Cash provided by operating activities before changes in operating assets and liabilities		<u>533,493</u>	227,848
Net change in non-cash balances relating to operations		(2,293,937)	(1,109,918)
Interest received		181,926	125,851
Income taxes paid		(529,391)	(440,118)
Cash used in continuing operating activities		<u>(2,107,909)</u>	(1,196,337)
Cash used in discontinued operating activities		-	(121,679)
Cash used in operating activities		<u>(2,107,909)</u>	<u>(1,318,016)</u>
Investing activities			
Investments in funds managed by the Corporation		(166,749)	(206,856)
Proceeds from sale of investments in funds managed by the Corporation		21,967	3,499
Restricted cash equivalents		-	(2,016)
Purchase of property, equipment and intangible assets		(1,398)	-
Loan receivable		605,051	58,785
Cash provided by (used in) continuing investing activities		<u>458,871</u>	<u>(146,588)</u>
Financing activities			
Dividends paid to shareholders		(563,253)	-
Common shares repurchased for cancellation		(555,157)	-
Issuance of common shares through repayment of key employee share loan plan		131,568	-
Cash used in continuing financing activities		<u>(986,842)</u>	<u>-</u>
Decrease in cash and cash equivalents		(2,635,880)	(1,464,604)
Cash and cash equivalents, beginning of period		16,480,012	10,327,303
Cash and cash equivalents, end of period		<u>\$ 13,844,132</u>	<u>\$ 8,862,699</u>

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") under the symbol IAM. 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, pension and private clients. 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, 2017.

These interim financial statements were authorized for issuance by the Board of Directors of IAM on February 6, 2018.

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, 2017.

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)
IAM Private Debt Group Corp. ("Private Debt Group")	100%	
Integrated Managed Futures Corp. ("IMFC")	77.5%	(b)

(a) In October 2008, 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 March 2017, the Corporation sold all its ownership in IMFC. (Note 3).

The consolidated financial statements include all the assets, liabilities and operations of a fund managed by the Corporation for the period in which the Corporation had a controlling interest in the fund. At December 31, 2017, the Corporation no longer had a controlling interest in the AlphaCentric/IMFC Managed Futures Strategy Fund (formerly Attain IMFC Macro Fund). 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 investments in funds managed by the Corporation represented the share of AlphaCentric/IMFC Managed Futures Strategy Fund owned by outside parties; in the prior fiscal year it was presented as a component of liabilities and any changes in fair value were included in the consolidated statements of income (loss) and comprehensive income (loss).

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 represents equity interest in a subsidiary; the share of net assets which are attributable to non-controlling interest which is presented as a component of equity. Its share of net income (loss) and comprehensive income (loss) 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.

When a change in the Corporation's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary are derecognized at the date control ceases. The operating performance of the subsidiary for the period up to when control ceased is reclassified to discontinued operations on the consolidated statements of income (loss) and comprehensive income (loss).

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, 2017 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

The Corporation and Koloshuk Farrugia Corp. ("KFC"), a related party, entered into an agreement for the Corporation to sell to KFC all of the common shares of IMFC held by the Corporation and an outstanding loan owed to the Corporation by IMFC. KFC is a holding company wholly owned by Victor Koloshuk, the Executive Chairman, a director and a significant shareholder of IAM. On March 31, 2017, the Corporation completed the sale of all its shares of IMFC. The Corporation received cash consideration of \$1,000,000 in respect of the sale.

Prior to the sale agreement IAM's Board of Directors established a committee comprised of two independent directors (the "Independent Committee") to consider potential strategic alternatives for IMFC. Following the Independent Committee's review of alternatives, consideration of various stakeholders and discussions with a number of potential buyers by the Independent Committee, the Board concluded that the Corporation should proceed with the agreement with KFC.

For the three months ended December 31, 2016, the operating performance of IMFC has been included in the Corporation's consolidated statement of income (loss) and comprehensive income (loss) as "discontinued operations" and comprised the following:

	3 Months	
For the period ended December 31	2016	
Revenue	\$	130,560
Expenses		138,280
Loss from discontinued operations, net of income taxes	\$	(7,720)

4. INVESTMENTS IN FUNDS MANAGED BY THE CORPORATION

	December 31, 2017	September 30, 2017
Unlisted investments in funds managed by the Corporation	\$ <u>1,405,851</u>	\$ <u>1,259,908</u>

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

As at December 31, 2017, the unlisted investments in funds managed by the Corporation are the Corporation's investments in the Integrated Private Debt Fund V LP ("IPD Fund V") and IAM Infrastructure Private Debt Fund LP ("IAM Infrastructure Fund") which are managed by the Private Debt Group. As at December 31, 2017 the Corporation's capital called in IPD Fund V is \$1,152,923 (September 30, 2017 – \$1,014,992) and capital called in IAM Infrastructure Fund is \$339,683 (September 30, 2016 – \$310,865). The Corporation owns 0.3% of IPD Fund V with total net assets and committed capital of \$667,000,000 at December 31, 2017 and September 30, 2017. The Corporation owns 0.6% of IAM Infrastructure Fund with total net assets and committed capital of \$347,000,000 at December 31, 2017 and September 30, 2017. The Corporation has no current intentions to provide financial or other support to the IPD Fund V or IAM Infrastructure Fund, including intentions to assist the fund in obtaining financial support. IPD Fund V and IAM Infrastructure Fund are pooled funds that repay principal over the life of the fund, which is up to 14 years for IPD Fund V and up to 28 years for IAM Infrastructure Fund.

5. SHAREHOLDERS' EQUITY

a) Capital Stock

At December 31, 2017 the Corporation had 27.8 million shares outstanding (September 30, 2017 – 28.2 million).

On May 13, 2016, 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 1,377,830 common shares of the Corporation at prevailing market prices during the 12 month period commencing May 24, 2016 and ending May 23, 2017.

From October 1, 2017 to December 31, 2017 the Corporation purchased 403,100 common shares (2017 – purchased nil common shares) under the NCIB for aggregate cash consideration of \$555,157 (2017 – \$nil).

The excess of the purchase consideration of \$293,043 over the reduction of the capital stock (2017 – \$nil) is \$262,114 and is charged to retained earnings (2017 – \$nil).

b) Key Employee Share Loan Plan

The Corporation has a Loan Plan which was approved at the Corporation's special meeting of the shareholders in July 2016. Under the Loan Plan, eligible employees may be permitted by the Corporation to purchase common shares from treasury of the Corporation with a loan from the Corporation. The employees' shares are pledged as collateral for the loan, which has an annual interest rate of 2.25% and a term of 5 years. The maximum number of common shares that may be issued under the Loan Plan is 1,250,000 common shares. In September 2017, the Corporation issued 83,332 common shares from treasury for loans receivable from employees of \$129,998. The purchase price (\$1.56) for the shares of the Loan Plan was determined by using the stock's price history before the purchase date. Due to the non-recourse nature of the employees' loans, the Corporation accounts for the Loan Plan as stock based compensation.

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, 2017	1,720,000	\$1.12
Cancelled	-	-
As at December 31, 2017	1,720,000	\$1.12

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, 2017:

Number of Options Outstanding	Number of Options Vested and Exercisable	Exercise Price	Expiry Date
280,000	-	\$1.56	2024
300,000	-	\$1.48	2024
50,000	-	\$1.07	2023
160,000	53,333	\$1.07	2022
150,000	50,000	\$1.00	2022
500,000	166,667	\$0.86	2022
160,000	106,667	\$0.90	2021
40,000	40,000	\$0.55	2019
80,000	80,000	\$0.90	2018
1,720,000	496,667		

d) 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	
	2017	2016
Numerator		
Net income (loss) attributed to common shareholders of the Corporation – basic and diluted	\$ 473,872	\$ (25,926)
Denominator		
Weighted average number of common shares – basic	28,098,615	27,384,295
Dilutive effect of employee stock options	415,903	457,342
Weighted average number of share - diluted	28,514,518	27,841,637
Earnings per common share, basic and diluted	\$ 0.02	\$ (0.00)

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 6, 2018	27,788,527
Options outstanding to purchase shares, at February 6, 2018	<u>1,691,000</u>
	<u>29,479,527</u>

6. DIVIDENDS

The following dividend was declared by the Corporation during the three months ended December 31, 2017:

<u>Record Date</u>	<u>Payment Date</u>	<u>Cash Dividend Per Share</u>	<u>Total Dividend Amount</u>
November 30, 2017 – regular dividend	December 20, 2017	\$0.02	\$ 563,253

No dividends were declared nor paid during the three months ended December 31, 2016.

7. INVESTMENT GAIN (LOSS)

<u>For the period ended December 31</u>	<u>3 Months</u>	
	<u>2017</u>	<u>2016</u>
Investments in funds managed by the Corporation at fair value through profit or loss	\$ -	\$ (420,485)
Unlisted investments in funds managed by the Corporation at fair value through profit or loss	1,161	-
Realized loss on forward currency contract	-	(55,600)
	<u>\$ 1,161</u>	<u>\$ (476,085)</u>

The Corporation owned investments in funds managed by the Corporation and had a forward currency contract that settled in December 2016; and recognized the change in fair value on the consolidated statements of income (loss) and comprehensive income (loss).

Included in these amounts is an investment loss of \$nil (December 31, 2016 – loss of \$197,178) in respect of funds consolidated in these financial statements that was attributed to the interest of third parties in investments in funds managed by the Corporation.

8. SELLING, GENERAL AND ADMINISTRATION EXPENSES

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

<u>For the period ended December 31</u>	<u>3 Months</u>	
	<u>2017</u>	<u>2016</u>
Salaries and benefits	\$ 2,123,634	\$ 1,806,823
Advertising and marketing	44,615	29,501
Travel and entertainment	69,034	62,956
Consulting fees	5,056	40,864
Occupancy	166,475	161,388
Professional fees	202,120	128,317
Fees and licences	18,011	9,167
Office expenses and other	148,183	175,584
	<u>\$ 2,777,128</u>	<u>\$ 2,414,600</u>

9. INCOME TAXES FROM CONTINUING OPERATIONS

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, 2017 is as follows:

	September 30, 2017	Recognized in income	December 31, 2017
Deferred income tax assets			
Unused non-capital tax losses	698,309	(52,082)	646,227
Other	23,052	-	23,052
Long-term incentive bonus obligation	278,426	9,937	288,363
Total deferred income tax assets	\$ 999,787	\$ (42,145)	\$ 957,642
Deferred income tax liabilities			
Other	5,393	81	5,474
Total deferred income tax liabilities	\$ 5,393	\$ 81	\$ 5,474
Net deferred income tax assets	\$ 994,394	\$ (42,226)	\$ 952,168

10. COMPARATIVE FIGURES

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

11. INDEPENDENT REVIEW

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

12. SUBSEQUENT EVENTS

Declaration of quarterly dividend

On February 6, 2018, the Corporation's Board of Directors approved payment of a quarterly cash dividend in the amount of \$0.02 per outstanding share, totaling approximately \$0.6 million based on the number of shares outstanding at that date. This dividend will be paid on March 20, 2018 to shareholders of record on February 27, 2018.

Amalgamation

On January 1, 2018, the Corporation amalgamated the wholly owned subsidiary IAM Private Debt Group Corp. with Integrated Asset Management Corp.

Lease renewal

In January 2018, the Corporation agreed to an office lease extension which would extend the lease 5 years from the expiry date of the current lease in August 2018.

Integrated Asset Management Corp.

Board of Directors

December 31, 2017

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, 2017

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, QuebecGinger Rothenberger
Corporate Controller**IAM Real Estate**David Pappin
PresidentDavid Warkentin
Senior Vice President, InvestmentsRobert Burns
Chief Financial OfficerMichael O'Sullivan
Vice President, Asset Management**IAM Private Debt**John Robertson
ChairmanPhilip Robson
PresidentTheresa Shutt
Chief Investment OfficerDouglas Zinkiewich
Managing Director and Head of
Investment ManagementJeff Deacon
Managing DirectorGreg Dimmer
Managing DirectorBrian Ko
Managing DirectorAndrew Shannon
Managing Director

Auditors:

PricewaterhouseCoopers LLP

Transfer Agent:

TSX Trust Company

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