Form 10-KSB

U.S. Securities and Exchange Commission
Washington D.C. 20549

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2000

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 33-70334-A

INTERNATIONAL ASSETS HOLDING CORPORATION

(Exact name of small business issuer as specified in its charter)

Delaware	59-2921318
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

250 Park Avenue South, Suite 200
Winter Park, FL 32789
(Address of principal executive offices)
(407) 629-1400
(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act:
None

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, $.01 par value
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ].

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

State issuer's revenues for its most recent fiscal year: $12,280,941

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the last sale price of such stock as of December 15, 2000: $4,682,829

The number of shares outstanding of Common Stock was 2,218,940 as of December 15, 2000.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrants Proxy Statement, to be filed, for the Annual Meeting of Stockholders to be held on February 15, 2001 are incorporated by reference into Part III.

Transitional small business disclosure format Yes [ ] No [X]

INTERNATIONAL ASSETS HOLDING CORPORATION

2000 FORM 10-KSB

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PART I

ITEM 1. DESCRIPTION OF BUSINESS.

The following discussion and analysis should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. Certain statements in this discussion may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks including, but not limited to, changes in general economic and business conditions, interest rate and securities market fluctuations, competition from within and from outside the investment brokerage industry, new products and services in the investment brokerage industry, changing trends in customer profiles and changes in laws and regulations applicable to the Company. Although the Company believes that its expectations with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurances that the actual results, performance or achievement of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

General

International Assets Holding Corporation is a Delaware corporation formed in October 1987 for the purpose of serving as a holding company for International Assets Advisory Corp. ("IAAC") and other subsidiaries. Currently, the Company has six wholly owned subsidiaries, IAAC, INTLTRADER.COM, INC. ("ITCI"), Global Assets Advisors, Inc. ("GAA"), International Asset Management Corp. ("IAMC"), International Financial Products, Inc. ("IFP") and OffshoreTrader.com Ltd ("OTCL"). All of the Company's subsidiaries are Florida corporations except OTCL which is a Bermuda exempted company. As used in this Form 10-KSB, the term "Company" refers, unless the context requires otherwise, to International Assets Holding Corporation and its subsidiaries IAAC, ITCI, GAA, IAMC, IFP and OCTL. IAAC operates as a market-maker of international equity securities and as a full-service private client securities brokerage firm specializing in global investing on behalf of its clients. ITCI provides on-line brokerage transactions of foreign and domestic securities using the internet. GAA provides money investment advisory and money management services. IAMC functions as the manager of the physical assets of the Company. IFP, which is currently inactive, was formed as a financial publishing and marketing group to sell products that are not investments, but are related to the global financial market. OTCL was formed to explore global internet securities trading for non-U.S. citizens. The Company also has a 50% interest in International Assets New York, LLC, ("IANY") a Delaware limited liability company. IANY is a 50/50 joint venture with Lakeside Investments, LLC. IANY was formed as a branch office of IAAC for the purpose of offering a variety of financial strategies to high net worth private investors in the U.S. and certain foreign countries.

IAAC was formed in April 1981 by the Company's Chairman of the Board, Diego J. Veitia. During its first two years of business, IAAC focused primarily on private placements. In 1982, IAAC entered the securities brokerage business and became a member of the National Association of Securities Dealers ("NASD"). In 1982 IAAC began to focus on the sale of global equity and debt securities to high net worth private clients and, to a lesser degree, small to medium size financial institutions.

IAAC is currently registered as a securities broker-dealer under the Securities Exchange Act of 1934 and the state securities statutes of 49 states and the District of Columbia. IAAC is a member of the NASD, which is a self-regulatory body exercising broad supervisory powers over securities broker-dealers operating in the United States. IAAC is also a member of the Securities Investor Protection Corporation ("SIPC"), which is a public corporation established to afford a measure of protection to the account balances of customers of securities broker-dealers that become insolvent.

ITCI is currently registered as a securities broker-dealer under the Securities Exchange Act of 1934 and the state securities statutes of 49 states and the District of Columbia. ITCI was formed by the Company in May 1998 to provide on-line brokerage transactions of foreign and domestic securities using the internet and was formerly known as International Trader Association, Inc. ITCI commenced its on-line brokerage activities in January 2000. ITCI is also a member of the NASD and SIPC.

IAAC and ITCI each act as an introducing broker, in that they do not clear their own securities transactions, but instead contract to have such transactions cleared through a clearing broker on a fully disclosed basis. In a fully disclosed clearing transaction, the identity of the Company's client is known to the clearing broker. Generally, a clearing broker physically maintains the client's account and performs a variety of services as agent for the Company, including clearing all securities transactions (delivery of securities sold, receipt of securities purchased and transfer of related funds).

GAA is registered as an investment adviser with the Securities and Exchange Commission ("SEC"), pursuant to the National Securities Markets Improvement Act of 1996. GAA makes investment adviser notification filings to the states of Florida and California. GAA is also regulated by the provisions of the Investment Advisers Act of 1940. GAA serves as the money manager to one mutual fund, the Global eFund, and as supervisor of seven proprietary Unit Investment Trusts (UIT's). GAA also provides investment fee-based money management of specialized accounts for high net worth private clients. GAA is dedicated to providing the individual investor with domestic and international money management and offers a series of investment portfolios tailor-made for the individual investor seeking investment diversification across a variety of economies and currencies in order to provide the opportunity for higher overall investment returns. GAA's strategy is to capitalize on its experienced teams specializing in the research, selection, trading, currency exchange and execution of individual equity and fixed income products on a global basis.

IAMC was formed by the Company in 1988 to purchase and manage all of the fixed assets of the Company. The assets held by IAMC are available for use by the subsidiaries of the Company.

IFP was formed in 1995 to publish, advertise and sell a wide range of informational investment tools such as books, newsletters, tapes and faxes targeted at individual global investors. IFP is operationally inactive but the legal entity remains active in its state of incorporation.

OTCL was incorporated on April 15, 1999 as a Bermuda exempted company and is 100% owned by International Assets Holding Corporation. OTCL was incorporated to explore global internet securities trading for non-U.S. citizens. In June 1999 OTCL was funded with a $25,000 share capital contribution from International Assets Holding Corporation. Exempted Bermuda companies, although resident in Bermuda, may only carry on business that is external to Bermuda.

However, exempted Bermuda companies may trade with other exempted Bermuda companies. OTCL has not yet generated operating revenues.

In September 1998 the Company entered into a 50/50 Joint Venture ("JV") with Lakeside Investments, LLC (Lakeside) of New York. In October 1998 the JV effected the incorporation of IANY, a 50/50 owned entity formed to transact business out of an office in New York City as a brokerage branch of IAAC and through the money management arm of GAA. IANY offers a variety of financial strategies to high net worth private investors. Among the strategies to be offered are selected approaches to international tax planning with the primary goal of utilizing established, but less understood techniques to reduce the exposure of wealthy clients living in a number of high tax jurisdictions. Additionally, IANY will utilize strategies that are expected to provide clients with a degree of asset protection in an increasingly litigious environment. The New York City office of IANY opened in January 1999 and began generating operating revenues during May 1999.

Business Strategy

The Company's original business strategy was to use its team of account executives to assist sophisticated, high net worth individuals in the global diversification of their investment portfolios. To complement this business and to better serve its clients, IAAC next expanded its services to include a market making function, committing its own capital to ensure liquidity and offer best execution in the many foreign securities in which the Company's clients were investing. As IAAC's experience and reputation grew, the trading desk of IAAC began to attract the notice of other financial firms which similarly sought liquidity for their own globally minded clients. The demand for IAAC's foreign execution increased and eventually the trading desk became the center of the Company's business strategy.

During the 1990s online technology began to transform the entire securities industry and the eBrokerage business was created. In response to these dramatic industry changes the Company responded and formed INTLTRADER.COM (ITCI) a global online trading website. ITCI was launched in January 2000 giving the Company's self-directed clients, for the first time, executable dollar denominated quotes on foreign securities around the world, even while the local markets were closed. The development of the proprietary executable quote technology developed within ITCI became an important piece in executing the Company's strategy.

The current business strategy of the Company is to direct foreign equity order flow to the Company's trading desk. This order-flow is primarily comprised of unlisted American Depository Receipts (ADR's) and foreign ordinary equity shares. Institutional relationships with top-tier securities firms currently provide the primary source of securities order flow. The Company's strategy is to offer INTLTRADER.COM's proprietary executable quotation technology to other securities firms with the resulting international order flow routed to IAAC's trading desk. The Company is currently pursuing strategic relationships with top-tier eBrokerage firms to offer this electronic trading service which has become a focal point of the Company's current business strategy. At the same time, the Company will continue to pursue traditional institutional sales trading with new financial institutions.

The Company also generates foreign order flow from its private client retail brokerage business. This complementary source of order flow for our trading desk also provides commission revenues that help diversify the Company's revenue sources.

The Company intends to use its marketing and global securities expertise to take advantage of future opportunities for growth in the global securities market. Management believes that there are favorable opportunities for growth in institutional trading, online securities brokerage, fee-based money management, and institutional sales areas of the international securities market.

The Company believes that its expertise in the global securities area presents an opportunity for the Company to expand its market niche further with eBrokerage strategic relationships, institutional trading and small institutional sales. The Company also believes that it will grow and maintain its retail brokerage business through an emphasis on fee-based money management services. The Company further believes that this international market niche has been relatively minimized by the major and mid-sized securities brokerage firms.

The Company expects to continue offering discretionary money management accounts with specifically designated objectives in a defined investment area. The Company also intends to continue to expand its activities in both the private client and institutional sectors of international securities. In addition, the Company plans to continue to sponsor the development of creative financial products including proprietary unit investment trusts, where management believes it can add value for its clients.

The International Securities Markets

The Company believes that investment in the international markets by U.S. investors will continue to grow in the coming years, as the global capital markets continue to grow. Over the past 15 years the market capitalization of the non-U.S. markets grew more than eight fold to more than $19 trillion, outpacing the growth of the U.S. market capitalization (according to IFC market data). The U.S. now represents about 47% of the world total market capitalization down from 49% last year. The number of American Depository Receipts ("ADR's") that are now trading on U.S. exchanges further evidences this growth. ADR's, which represent shares in foreign companies, issued by U.S. banks and traded in this country as domestic shares simplify trading in foreign securities by eliminating currency exchange and legal obstacles. So far this year more than 27 billion ADR's exchanged hands, a number 18% greater than ADR trading volume for all of 1999, with a total dollar value greater than $1 trillion, or a 31% increase over 1999 trading dollar value. (based on studies by J.P. Morgan and Bank of New York).

Management believes that the two main justifications for the rapid growth in international investing by U.S. investors are diversification and potentially superior investment returns. Diversification can improve the risk profile of a portfolio as markets tend to respond in varying degree to an economic event or in some cases some countries may not be exposed to slowdown in a specific sector of the U.S. economy.

Global Equity Trading

The Company acts as a principal in executing trades in over-the-counter equity securities. When transactions are executed by the Company on a principal basis, the Company receives, in lieu of commissions, markups or markdowns that constitute revenues from principal transactions. To facilitate trading by its clients, the Company buys, sells and maintains inventories of approximately 500 primarily international securities. The Company primarily executes principal transactions from institutional order flow and also from retail order flow. Institutional order flow is generated from the execution of order flow directly from other securities broker/dealers trading desks. Retail order flow is generated from the execution of principal transactions originating from a retail client through a retail account executive.

The Company places its capital at risk by also trading as a "market maker" in a select group of approximately 250 international securities which are traded by the Company's clients. The Company's emphasis in such trades is on earning revenues from the spread between customer buy and sell orders. A market maker is a firm that stands ready to buy and sell a particular stock at a publicly quoted price. Because they offer both bid and ask prices, market makers are a source of liquidity to institutional clientele like banks, brokerages and other investment companies. Market makers commit their own funds to maintain an inventory of securities and to ensure order execution and the maintenance of fair and orderly markets. As a market maker, International Assets Advisory Corporation provides global equity investors - individuals and institutions alike - with the liquidity and execution they need to buy and sell foreign securities. International Assets Advisory Corporation offers rapid execution on over 8,000 foreign ordinary shares and ADRs around the globe.

Revenues from principal transactions depend upon the general trend of prices and level of activity in the securities markets, the skill of employees responsible for managing the Company's trading accounts and the size of its inventories. The activities of the Company in trading as a principal require the commitment of capital and create an opportunity for profit and risk of loss due to market fluctuations.

The level of securities positions carried in the Company's trading accounts fluctuates significantly. The size of such positions on any one date may not be representative of the Company's exposure on any other date because the securities positions vary substantially depending upon economic and market conditions, the allocation of capital among types of inventories, customer demands and trading volume. The aggregate value of the securities in the Company's inventory is limited by certain requirements of the SEC Net Capital Rule. See "Net Capital Requirements."

The Private Client Retail Brokerage Business

For the fiscal years ended September 30, 2000 and 1999, approximately 52% and 62%, respectively, of the Company's total revenues were derived from commissions earned from transactions with its retail clients. The Company's client base is composed primarily of high net worth individuals. The average age of its clients is approximately 53 and a substantial portion are retirees. Clients are distributed nationwide. However, a particularly large number of clients reside in Florida, California, New York, Texas and Pennsylvania. The Company has approximately 7,800 active client accounts at September 30, 2000.

The Company believes that it has developed an effective approach for attracting the investment capital of high net worth private clients. This approach centers on the need for such investors to diversify their investment portfolios by purchasing global equity and debt securities. The Company believes it is proper for investors to become increasingly global in their investment activities, to correspond to the increasingly globalized economy. On the equity side, the Company emphasizes both capital and currency appreciation. In the sale of debt securities, the higher yields available overseas and the potential for currency appreciation are stressed.

Historically, the securities industry's focus for channeling private client funds into international investments has been through mutual funds. While the Company believes that its expertise in the international markets puts it in a unique position to add value in the sale of global products such as mutual funds, its main focus is on the direct investment in carefully selected international securities by its private clients. The Company has developed an experienced team specializing in the research, selection, trading, currency exchange and execution of individual equity and fixed income products on a global basis.

Retail commissions are charged on both exchange and over-the-counter agency transactions based on a schedule, which is subject to change, that the Company has formulated in accordance with guidelines promulgated by the NASD. During 1995 the Company began selling proprietary Unit Investment Trust ("UIT") products. The Company acts as the managing underwriter for these UIT products.

Transactions in securities may be effected on either a cash or margin basis. Through its clearing agent, the Company allows its clients to maintain margin accounts for securities purchased or sold short through the Company.

Competition

The Company encounters competition in conducting its business and such competition is expected to continue. Although the securities industry, in general, is intensely competitive, the Company believes that competition is less intense in its niche market. However, the Company competes with many firms with capital and personnel resources far in excess of those which are presently available to the Company or which are expected to be available to the Company in the future. During the past several years the securities industry has seen the emergence of the online securities business. The Company has addressed this industry change by commenceing in the development of its own online securities brokerage firm with ITCI. Additionally, the Company is affected and will continue to be affected by the investing public's interest in international securities. In this regard, international securities are in competition with other investment vehicles offered by other securities broker-dealers and financial intermediaries such as commercial banks, savings banks, insurance companies and similar institutions. The Company believes that the principal competitive factors in the securities industry are the quality and ability of professional personnel and the relative prices of services and products offered. The Company believes that, to date, it has been able to compete favorably with other broker-dealers and financial intermediaries primarily on the basis of the quality of its services and the depth of its expertise in the international securities market.

Administration and Operations

The Company's operations personnel are responsible for executing orders, transmitting information on all transactions to its clearing broker, mailing confirmations to clients, receiving all funds and securities, depositing all client funds into a bank account in the name of the clearing broker and transmitting securities to the Company's clearing broker for custody.

The Company's securities transactions are cleared through Wexford Clearing Services Corporation ("Wexford"), a wholly owned, guaranteed subsidiary of Prudential Securities Incorporated, on a fully disclosed basis. Wexford also performs many back office functions for the Company in connection with its duties as custodian of all client funds and securities. When a new account is established, the new account information is sent to Wexford, which in turn sets up and maintains the information for the account. All securities and monies are held in custody by Wexford. Wexford prepares and mails account statements directly to clients on behalf of the Company. Transaction confirmations for customers are formatted through Wexford's wire system for printing and mailing by IAAC. The Company's brokers and operations staff are also able to receive on-line account information from Wexford. By engaging the processing services of a clearing broker such as Wexford, the Company is exempt from certain reserve requirements imposed by Rule 15c3-3 under the Securities Exchange Act of 1934, as amended. See "Net Capital Requirements."

Wexford also extends credit to the Company and its customers to enable them to purchase securities on margin. Margin accounts allow customers to deposit less than the full cost of a security purchased with the balance of the purchase price being provided as a loan to the customer secured by the securities purchased. The amount of the loan in purchasing securities on margin is subject to both the margin regulations ("Regulation T") of the Board of Governors of the Federal Reserve System and the Company's clearing broker's internal policies. In most transactions, Regulation T limits the amount loaned to a client for the purchase of a particular security to 50% of the purchase price.

The Company maintains internal records of all transactions, which are compared on a daily basis to clearing transaction generated reports. The Company uses automated computer capabilities for these functions, which it will continue to expand.

The Company believes that its internal controls and safeguards against securities theft are adequate. As required by the NASD and other authorities, the Company carries a fidelity bond covering any loss or theft of securities, as well as embezzlement and forgery. The amount of the required fidelity bond is based on 120% of the previous 12 months highest required net capital. IAAC annually assesses the total required bond coverage and currently carries a $600,000 limit. ITCI will also annually assess the total required bond coverage and currently carries a $60,000 limit.

The Company's administrative staff oversees internal financial controls, accounting functions, office services and compliance with regulatory requirements.

Regulation

The securities industry in the United States is subject to extensive regulation under Federal and state laws. The SEC is the Federal agency charged with administration of the Federal securities laws. Much of the regulation of broker-dealers, however, has been delegated to self-regulatory organizations, principally the NASD and the national securities exchanges. The self-regulatory organizations adopt rules (which are subject to approval by the SEC) that govern the industry and conduct periodic examinations of member broker-dealers. Securities firms are also subject to regulation by state securities commissions in the states in which they do business. IAAC is registered as a securities broker-dealer in 49 states and the District of Columbia. ITCI is registered as a securities broker in 49 states and the District of Columbia.

The regulations to which broker-dealers are subject cover all aspects of the securities business, including sales methods, trading practices among broker-dealers, capital structure of securities firms, uses and safekeeping of customers' funds and securities, record keeping, the conduct of directors, officers and employees and supervision of branches and registered representatives. Lack of adequate supervision could subject the broker-dealer to regulatory sanctions. Additional legislation, changes in rules promulgated by the SEC and by self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules often directly affect the method of operation and profitability of broker-dealers. The SEC, the self-regulatory organizations and state securities commissions may conduct administrative proceedings, which can result in censure, fine, suspension or expulsion of a broker-dealer, its officers or employees. Such administrative proceedings, whether or not resulting in adverse findings, can require substantial expenditures. The principal purpose of regulation and discipline of broker-dealers is the protection of customers and the securities markets, rather than the protection of creditors and stockbrokers of broker-dealers.

IAAC and ITCI are required by Federal law to belong to SIPC. The SIPC fund provides protection for securities held in customer accounts of up to $500,000 per customer, with a limitation of $100,000 on claims for cash balances. In addition, securities in an account at the Company's clearing broker are afforded additional protection by Wexford Clearing services Corporation. This additional protection (known as "Net Equity" coverage) covers the total amount of fully paid for securities and cash balances without limit, thus providing total protection for each customer's equity position in the unlikely event of a SIPIC liquidation.

Net Capital Requirements

IAAC is subject to the SEC's uniform net capital rule (Rule 15c3-1 (the "Rule")), which is designed to measure the liquidity of a broker-dealer and the maintenance of minimum net capital deemed necessary to meet its commitments to its customers. The Rule provides that a broker-dealer doing business with the public must not permit its aggregate indebtedness to exceed 15 times its net capital (the "Basic Method") or, alternatively, that it not permit its net capital to be less than 2% of aggregate debit items computed in accordance with the Rule (the "Alternative Method"). The Rule requires IAAC to maintain minimum net capital at an amount equal to the greater of $100,000, 6-2/3% of aggregate indebtedness or $2,500 for each security in which it makes a market (unless a security in which it makes a market has a market value of $5 or less, in which event the amount of net capital shall not be less than $1,000 for each such security) with a ceiling of $1,000,000.

ITCI is also subject to the Rule, which requires ITCI to maintain minimum net capital at an amount equal to the greater of $50,000, 12.5% of aggregate indebtedness (for the first year of operations) and 6-2/3% of aggregate indebtedness after the first year of operations and requires that the ratio of aggregate indebtedness to net capital not exceed 8 to 1 for the first year of operations.

Any failure to maintain the required net capital may subject a broker-dealer to expulsion by the NASD, the SEC or other regulatory bodies, and may ultimately require its liquidation.

IAAC and ITCI are both in compliance with the Rule, as well as the applicable minimum net capital requirements of the NASD. IAAC and ITCI have each elected to compute net capital under the Basic Method. In computing net capital under the Rule, various adjustments are made to net worth with a view to excluding assets not readily convertible into cash and to providing a conservative statement of other assets, such as a firm's position in securities. To that end, a deduction is made against the market value of securities to reflect the possibility of a market decline before their disposition. For every dollar that net capital is reduced, by means of such deductions or otherwise (for example, through operating losses or capital distributions), the maximum aggregate indebtedness a firm may carry is reduced. Thus, net capital rules, which are unique to the securities industry, impose financial restrictions upon the Company's business that are more severe than those imposed on other types of businesses. Compliance with the net capital rules may limit the operations of the Company because such rules require minimum capital for such purposes as underwriting securities distributions, and maintaining the inventory required for trading in securities.

Net capital changes from day to day. As of September 30, 2000 and 1999, IAAC had excess net capital of $2,593,041 and $2,502,802, respectively, and a ratio of aggregate indebtedness to net capital of .47 to 1 and .40 to 1, respectively. As of September 30, 2000 and 1999, ITCI had excess net capital of $189,466 and $251,680, respectively, and a ratio of aggregate indebtedness to net capital of .47 to 1 and .27 to 1, respectively.

Pursuant to paragraph (k)(2)(ii) of SEC Rule 15c3-3, IAAC and ITCI are each exempt from customer reserve requirements and providing information relating to possession or control of securities.

Employees

At September 30, 2000, the Company had 73 employees, of which 70 were full time employees. Of such employees, 10 have managerial responsibilities, 22 are account executives, 8 are traders and 30 have administrative and operational duties, including persons engaged in other service areas such as customer service, research, money management, accounting, operations, compliance and marketing. The Company considers its relationship with its employees to be good.

Compliance with Environmental Regulations

The Company must comply with various federal, state and local regulations relating to the protection of the environment. Federal, state and local provisions which have been enacted or adopted regulating the discharge of materials into the environment or otherwise relating to the protection of the environment will not, in the opinion of the Company, have a material effect on the capital expenditures, earnings, or the competitive position of the Company.

ITEM 2. DESCRIPTION OF PROPERTY.

The Company currently occupies leased office space of approximately 13,815 square feet at 250 Park Avenue South, Winter Park, Florida. The lease expires in May, 2001. The Company believes that suitable additional space will be available as needed to accommodate any future expansion of its operations.

ITEM 3. LEGAL PROCEEDINGS.

The Company is party to certain litigation as of September 30, 2000 which relates primarily to matters arising in the ordinary course of business. Management of the Company anticipates that the final resolution of these items will not have a material adverse effect on the Company's consolidated financial statements.

The foregoing discussion contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve various risks and uncertainties with respect to current legal proceedings. Although the Company believes that its expectation with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurances that the actual results, performance or achievement of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock trades on the NASDAQ SmallCap Market under the symbol IAAC. The following table sets forth, for the periods indicated, the range of high and low sales prices per Common Share as reported by NASDAQ, which prices do not include retail mark-ups, mark-downs, or commissions and represent prices between dealers and not necessarily actual transactions.

Dividends

On February 25, 2000 the Board of Directors of the Company declared a 10% stock dividend for shareholders of record on March 10, 2000 and payable on March 24, 2000. Also, on February 12, 1999 the Board of Directors of the Company declared a 10% stock dividend for shareholders of record on March 5, 1999 and payable on March 26, 1999. As a result of the stock dividend of record date March 10, 2000 the common stock prices prior to March 10, 2000 (Fiscal Year 2000 second fiscal quarter) presented have been restated (reduced) by 10%. Also, as a result of the stock dividend of record date March 5, 1999 the common stock prices prior to March 5, 1999 (Fiscal Year 1999 second fiscal quarter) presented have been restated (reduced) by an additional 10%.

The Company has never paid nor declared cash dividends on its Common Stock and does not intend to pay cash dividends on its Common Stock in the foreseeable future. The Company presently expects to retain its earnings to finance the development and expansion of its business. The payment by the Company of cash dividends, if any, on its Common Stock in the future is subject to the discretion of the Board of Directors and will depend on the Company's earnings, financial condition, capital requirements and other relevant factors.

	High	Low
The Company's Common Stock, as traded under the symbol IAAC		
Fiscal Year 1999		
First Quarter........(Oct. 98 - Dec. 98)................	1 29/32	43/64
Second Quarter....(Jan. 99 - Mar. 99)...................	11 15/32	1 3/32
Third Quarter.......(Apr. 99 - Jun. 99).................	15 29/32	3 41/64
Fourth Quarter.....(Jul. 99 - Sep. 99)..................	8 13/32	5 11/64
Fiscal Year 2000		
First Quarter........(Oct. 99 - Dec. 99)................	8 11/64	4 13/64
Second Quarter....(Jan. 00 - Mar. 00)...................	24 35/64	5 31/32
Third Quarter.......(Apr. 00 - Jun. 00).................	8 7/32	2 1/8
Fourth Quarter.....(Jul. 00 - Sep. 00)..................	6 1/8	3 1/8

Holders

As of September 30, 2000 there were approximately 97 shareholders of record of the Company's Common Stock, according to the records maintained by the Company's transfer agent. As of September 30, 2000 the Company estimates that there were over 750 beneficial owners of the Company's Common Stock.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The following discussion and analysis should be read in conjunction with the financial statements and notes appearing elsewhere in this report. Certain statements in this discussion may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks including, but not limited to, changes in general economic and business conditions, interest rate and securities market fluctuations, competition from within and from outside the investment brokerage industry, new products and services in the investment brokerage industry, changing trends in customer profiles and changes in laws and regulation applicable to the Company. Although the Company believes that its expectation with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurances that the actual results, performance or achievement of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

The Company's principal operating activities, market-making and trading in international securities and private client securities brokerage, are highly competitive and extremely volatile. The earnings of the Company are subject to wide fluctuations since many factors over which the Company has little or no control, particularly the overall volume of trading and the volatility and general level of market prices, may significantly affect its operations.

Results of Operations:

2000 Compared to 1999

The Company's revenues were derived primarily from trading revenues (net dealer inventory and investment gains) and commissions earned on the sale of securities. For the years ended September 30, 2000 and 1999, 41% and 33%, respectively, of total revenue was derived from trading revenue and 52% and 62%, respectively, of the Company's revenues came from commissions earned on the sale of securities.

Total revenue increased by approximately 24% to $12,280,941 in 2000 from $9,916,924 in 1999. This increase was primarily attributable to a $1,724,953 increase in trading revenue.

Commission revenue increased by approximately 3% to $6,353,212 in 2000 from $6,194,591 in 1999. Revenues from commissions are affected by both retail trading volume and the average commission dollar value. Based on the number of retail trades processed, 2000 volume increased by approximately 2% from 1999 levels. The dollar average of retail trades also increased by 2% for 2000 as compared with 1999. The average number of account executives decreased from an average of 30 in 1999 to an average of 26 in 2000, or a decrease of approximately 13%. Despite this decrease in account executives, productivity per account executive increased approximately 18% from the prior year.

Trading revenue (net dealer inventory and investment gains) increased by approximately 53% to $4,987,624 in 2000 from $3,262,671 in 1999. The Company's trading revenue is derived primarily from institutional clients. Institutional trading revenues generated approximately 79% and 71% of total trading revenue for the years ended September 30, 2000 and 1999, respectively. The growth in institutional trading in 2000 is attributable to the ongoing development of new institutional trading relationships by the Company as well as additional business from existing institutional clients. The value of institutional shares traded increased from $711 million in 1999 to $861 million in 2000. The number of institutional shares traded increased from 52 million shares in 1999 to over 94 million shares in 2000. Trading revenues from retail trading generated approximately 17% and 25% of total trading revenue for the years ended September 30, 2000 and 1999, respectively.

Revenues from management and investment advisory fees more than doubled to $188,191 in 2000 from $83,236 in 1999. This revenue increase is mainly due to increases in private client money management performance fees and increases in management fees from the Global eFund, a mutual fund that the Company began managing in May 2000.

Interest and dividend revenue increased by 55% to $375,095 for 2000 from $242,580 in 1999. This increase is primarily attributable to a higher average dollar amount of interest and dividend producing assets held by the Company as a result of higher institutional trading activity.

The loss from the Company's joint venture was up 61% to $55,286 in 2000 from $34,361 in 1999. The loss increased primarily due to higher sales force expenses without an immediate corresponding improvement in revenue. The loss from the Company's joint venture represents the Company's 50% share of the operating loss from the activity of International Assets New York, LLC, a 50/50 joint venture with Lakeside Investments, LLC of New York which began operations in December 1998. The joint venture operates as a securities brokerage branch office of International Assets Advisory Corporation.

Other revenues increased to $432,105 in 2000 from $168,207 in 1999 mainly due to the settlement of three arbitration matters.

The major expenses incurred by the Company relate to direct costs of its securities operations such as commissions and clearing fees (which includes commissions paid to account executives), employees compensation and benefits and promotion expense. Total expenses increased 28% to $11,758,594 in 2000, up from $9,221,553 in 1999. This increase in total expenses is mainly related to higher total revenues.

Commissions and clearing fees increased 8% to $4,315,884 in 2000, up from $4,000,910 in 1999. Clearing expense increased by $167,421, or approximately 13% for 2000 as compared to 1999. The increase in clearing expense is directly related to higher trading volumes. Commission expense increased 5% or $147,553 in 2000 as compared to 1999. The increase in commissions expense corresponds primarily to higher retail commission revenues as well as an increase in the effective commission payout to account executives.

Employees compensation and benefits were up 35% or $959,253, in 2000 as compared to 1999. The increase was primarily due to additional personnel associated with INTLTRADER.COM's start-up, International Assets Advisory Corporation's staffing needs and increases in performance-based bonus expense. The increase in bonus expense is primarily attributable to significant improvements in institutional trading revenues versus the prior year.

Communications expense was higher by $61,800, or approximately 23% for 2000 as compared to 1999. This increase is primarily due to investments in technology as additional communication links for INTLTRADER.COM and International Assets Advisory Corporation were required.

Promotion expense was up by $383,109, or approximately 46% in 2000 versus 1999. This increase was mainly due to the launch of INTLTRADER.COM. In addition, the Company incurred higher travel expenses associated with the Company's private capital raising efforts.

Occupancy and equipment rental expense increased by $30,950, or approximately 7% in 2000. This increase over last year was mainly due to higher lease expense for the Company's office facilities as well as increases in other operating lease expenses.

Professional fees were up by $58,380 in 2000 as compared to 1999 due to higher consulting fees.

Depreciation and amortization expense increased $215,116 in 2000 from a level of $152,002 in 1999 as a result of higher amortization expense associated with capitalized system development costs for INTLTRADER.COM.

Technology expenses were up $289,923 in 2000 from $45,782 in 1999 as new technology enhancements were completed for INTLTRADER.COM to support systems maintenance activities.

Other operating expenses were up $213,270, or 66% to $534,305 in 2000 over 1999 primarily related to increases in several operating expenses including dividend expense from securities sold, but not yet purchased and other operating office expenses.

The Company has reported net income of $279,143 for the year ended September 30, 2000 compared to net income of $397,181 for the previous year. The Company's effective income tax rate was approximately 47% in 2000 and 43% in 1999. The effective tax rate differs from the expected federal rate due to state income tax expense and the impact of permanent tax differences not deductible for tax purposes. These permanent tax differences had a greater impact on the effective tax rate in 2000 due to higher permanent tax differences and a lower net income in 2000.

1999 Compared to 1998

Total revenues increased by approximately 6% to $9,916,924 in 1999 from $9,350,223 in 1998. This increase was primarily attributable to a $1,470,932 increase in trading revenue (net dealer inventory and investment gains) that was partially offset by an $805,478 decrease in commission revenue.

Commission revenue decreased by approximately 12% to $6,194,591 for 1999 from $7,000,069 for 1998. Revenues from commissions are affected by both retail trading volume and the dollar amount of retail trades. Based on the number of retail trades processed, 1999 volume decreased by approximately 13% from 1998 levels. The dollar average of retail trades increased by 3% for 1999 as compared with 1998. The average number of account executives decreased from an average of 39 in 1998 to an average of 30 in 1999, or a decrease of approximately 23%.

Trading revenue (net dealer inventory and investment gains) increased by approximately 82% to $3,262,671 for 1999 from $1,791,739 for 1998. The increase in trading revenue is primarily attributable to increases in both institutional trading and increases in Company investment portfolio valuations. The increases in institutional trading and investment portfolio valuations were partially offset by decreases in retail equity and retail fixed income trading activity. The increase in institutional trading is attributable to the ongoing development of new institutional trading relationships by the Company as well as maintenance of existing institutional relationships.

Revenues from management and investment advisory fees increased by approximately 13% to $83,236 for 1999 from $73,657 for 1998. The increase is primarily due to increases in the dollar amount of money under management partially offset by decreases in investment supervisory fees.

Interest and dividend revenue decreased by approximately 10% to $242,580 for 1999 from $269,855 in 1998. This decrease is primarily attributable to decreases in interest bearing securities held by the Company throughout the year versus the portion of equity securities held by the Company due to the increase in institutional trading activity.

Total expenses decreased by $425,829, or approximately 4% for 1999 as compared to 1998. The major expenses incurred by the Company relate to direct costs of its securities operations such as commissions and clearing fees, employees compensation and benefits, communications and promotion expense.

Commissions and clearing fees decreased by $289,059, or approximately 7% for 1999 as compared to 1998. This decrease in commissions and clearing fees is directly related to the 12% decrease in commission revenue.

Employees compensation and benefits increased by $807,645, or approximately 42% for 1999 as compared to 1998. The increase in employees compensation and benefits expense is primarily due to the increase in performance based bonus expense and an increase in retirement plan profit sharing expense. The increase in performance based bonus and retirement plan profit sharing expense is based on the $695,371 income before income taxes incurred for 1999 compared to the $297,159 loss before income taxes for 1998. The increase in employees compensation and benefits is also due to the creation of additional staff positions related to ITCI's start-up as well as IAAC's staffing needs.

Communications expense decreased by $59,454, or approximately 18% for 1999 as compared to 1998. This decrease is due to decreased telephone expense due to the corresponding decrease in average account executives from 39 in 1998 to 30 for 1999.

Promotion expense decreased by $352,539, or approximately 30% for 1999 as compared to 1998. This decrease is primarily due to the planned reduction of promotion expenditures for print media, including newsletter publication, lead generation and related postage expense.

Occupancy and equipment rental expense increased by $83,039, or approximately 23% for 1999 as compared to 1998. This increase was due to a previously negotiated lease increase for the Company's premises as well as increases in other operating lease expense. The increase was also due to a negotiated, time specific rent adjustment realized during the five months from September 1997 through January 1998.

Professional fees decreased by $175,704, or 41% for 1999 as compared to 1998. This decrease is primarily due to significantly higher legal fees incurred during 1998 related to a closed 1998 NASD arbitration matter.

As a result of the above, the Company is reporting net income of $397,181 for the year ended September 30, 1999. This is compared to a net loss of $217,338 for the year ended September 30, 1998. The Company's effective income tax rate was approximately 43% for 1999 compared to the effective income tax benefit of 27% for 1998. The effective tax rate decrease for 1998 from the expected 34% benefit is primarily due to the effect of permanent differences.

Liquidity and Capital Resources

Substantial portions of the Company's assets are liquid. At September 30, 2000, approximately 81% of the Company's assets consisted of cash, cash equivalents and marketable securities. All assets are financed by the Company's equity capital, short-term borrowings from securities lending transactions and other payables.

IAAC, a wholly owned registered securities broker/dealer subsidiary, is subject to the requirements of the SEC and the NASD relating to liquidity and net capital levels. At September 30, 2000, IAAC had net capital of $3,128,541 which was $2,593,041 in excess of its minimum net capital requirement at that date.

ITCI, a wholly owned registered securities broker subsidiary, is also subject to the requirements of the SEC and the NASD relating to liquidity and net capital levels. At September 30, 2000, ITCI had net capital of $239,466, which was $189,466 in excess of its minimum net capital requirement at that date.

In the opinion of management, the Company's existing capital and cash flow from operations will be adequate to meet the Company's capital needs for at least the next twelve months in light of known and reasonably estimated trends. At this time additional private financing is being sought for technology, staffing and promotional efforts based upon the Company's strategic plan. This plan has an operational emphasis on technology driven international securities order flow. In conjunction with the Company's strategic plan, the Company has engaged UBS Warburg (formerly known as Paine Webber) as its financial advisor to arrange and negotiate a private placement of securities issued by the Company or to find a strategic partner. UBS Warburg has been engaged to use its best efforts in connection with a private placement and does not have any obligation to purchase any securities issued by the Company or to provide financing of any kind to the Company.

Effects of Inflation

Because the Company's assets are, to a large extent, liquid in nature, they are not significantly affected by inflation. Increases in the Company's expenses, such as employee compensation, rent and communications, due to inflation, may not be readily recoverable in the prices of services offered by the Company. In addition, to the extent that inflation results in rising interest rates and has other adverse effects on the securities markets and on the value of the securities held in inventory, it may adversely affect the Company's financial position and results of operations.

ITEM 7. CONSOLIDATED FINANCIAL STATEMENTS

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

[GRAPHIC OMITTED]

111 North Orange Avenue, Suite 1600
P.O. Box 3031
Orlando, FL 32802

Independent Auditors' Report

The Board of Directors
International Assets Holding Corporation
and Subsidiaries:

We have audited the accompanying consolidated balance sheets of International Assets Holding Corporation and Subsidiaries as of September 30, 2000 and 1999 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company'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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Assets Holding Corporation and Subsidiaries as of September 30, 2000 and 1999 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

[GRAPHIC OMITTED]

November 3, 2000
Orlando, Florida

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2000 and 1999

Assets	2000	1999
Cash	$ 529,681	380,070
Cash deposits with clearing broker	4,733,862	3,798,679
Foreign currency	8,316	30,255
Other receivables	90,115	42,694
Loans to officers	205,671	--
Securities owned, at market value	3,316,513	3,585,566
Investment in Joint Venture	20,353	15,639
Income taxes receivable	452,032	115,081
Deferred income tax benefit	44,442	84,033
Property and equipment, at cost:		
Equipment, furniture and leasehold improvements	1,149,921	1,135,082
Less accumulated depreciation and amortization	(765,065)	(731,057)
Net property and equipment	384,856	404,025
Software development, net of accumulated amortization of $151,280 in 2000 and $0 in 1999	416,810	193,898
Prepaid expenses and other assets, net of accumulated amortization of $170,512 in 2000 and $144,508 in 1999	260,103	127,598
Total assets	$ 10,462,754	8,777,538
Liabilities and Stockholders' Equity		
Liabilities:		
Foreign currency sold, but not yet purchased	$ 11,903	36,482
Securities sold, but not yet purchased, at market value	1,202,659	990,482
Payable to clearing broker, net	24,330	230,443
Accounts payable	260,718	154,950
Accrued employee compensation and benefits	1,055,238	744,076
Accrued expenses	191,725	260,565
Deferred income taxes	177,649	91,807
Payable to Joint Venture	2,027	9,384
Other liabilities	68,367	120,343
Total liabilities	2,994,616	2,638,532
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock, $.01 par value. Authorized 3,000,000 shares; issued and outstanding 0 shares	--	--
Common stock, $.01 par value. Authorized 8,000,000 shares; issued and outstanding 2,209,468 shares in September 2000 and 1,725,428 shares in September 1999	22,095	17,254
Additional paid-in capital	7,666,333	4,588,928
Retained earnings (deficit)	(220,290)	1,532,824
Total stockholders' equity	7,468,138	6,139,006
Total liabilities and stockholders' equity	$ 10,462,754	8,777,538

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended September 30, 2000 and 1999

	2000	1999
Revenue:		
Commissions	$ 6,353,212	6,194,591
Net dealer inventory and investment gains	4,987,624	3,262,671
Management and investment advisory fees	188,191	83,236
Interest and dividends	375,095	242,580
Loss from joint venture	(55,286)	(34,361)
Other income	432,105	168,207
Total revenue	12,280,941	9,916,924
Expenses:		
Commissions and clearing fees	4,315,884	4,000,910
Employees compensation and benefits	3,693,690	2,734,437
Communications	330,641	268,841
Promotion	1,216,914	833,805
Occupancy and equipment rental	475,223	444,273
Interest	5,109	4,829
Professional fees	308,967	250,587
Insurance	175,038	165,052
Depreciation and amortization	367,118	152,002
Technology	335,705	45,782
Other expenses	534,305	321,035
Total expenses	11,758,594	9,221,553
Income before income taxes	522,347	695,371
Income tax expense	243,204	298,190
Net income	$ 279,143	397,181
Earnings per share:		
Basic	$ 0.13	0.22
Diluted	$ 0.12	0.18
Weighted average number of common shares outstanding:		
Basic	2,123,064	1,835,696
Diluted	2,370,974	2,220,035

See accompanying notes to consolidated financial statements

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

Years ended September 30, 2000 and 1999

	Preferred stock	Common stock	Additional paid-in capital	Retained earnings (deficit)	Treasury stock	Total stockholders' equity
Balances at September 30, 1998	$ --	14,816	3,564,648	1,831,686	--	5,411,150
Acquisition of 5,316 common shares	--	--	--	--	(12,896)	(12,896)
Retirement of 5,316 common shares held in treasury	--	(53)	(11,485)	(1,358)	12,896	--
Exercise of employee stock option	--	1,008	342,563	--	--	343,571
10% stock dividend	--	1,483	693,202	(694,685)	--	--
Net income	--	--	--	397,181	--	397,181
Balances at September 30, 1999	--	17,254	4,588,928	1,532,824	--	6,139,006
Issuance of common stock for services	--	81	42,909	--	--	42,990
Income tax benefit from ISO disqualifying dispositions	--	--	322,522	--	--	322,522
Exercise of employee stock option	--	2,777	681,700	--	--	684,477
10% stock dividend	--	1,983	2,030,274	(2,032,257)	--	--
Net income	--	--	--	279,143	--	279,143
Balances at September 30, 2000	$ --	22,095	7,666,333	(220,290)	--	7,468,138

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Net income	$ 279,143	397,181
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	367,118	152,001
Deferred income taxes	125,433	118,043
Loss on disposals of property and equipment	300	--
Non-cash compensation	--	30,271
Loss from joint venture	55,286	34,361
Tax benefit from exercise of nonqualified stock option	--	23,829
Tax benefit from disqualifying dispositions of incentive stock options	322,522	--
Cash provided by (used for) changes in:		
Receivable from clearing broker, net	--	791,753
Other receivables	(47,421)	20,829
Securities owned, at market value	269,053	(1,570,832)
Income taxes receivable	(336,951)	(47,683)
Prepaid expenses and other assets	(158,509)	(54,682)
Foreign currency sold, but not yet purchased	(24,579)	29,276
Securities sold, but not yet purchased, at market value	212,177	700,079
Payable to clearing broker, net	(206,113)	230,443
Accounts payable	105,768	82,350
Accrued employee compensation and benefits	311,162	452,540
Accrued expenses	(68,840)	(91,979)
Payable to joint venture	(7,357)	9,384
Other liabilities	(51,976)	2,498
Net cash provided by operating activities	1,146,216	1,309,662
Cash flows from investing activities:		
Investment in joint venture	(60,000)	(50,000)
Loans to officers	(205,671)	--
Costs of additional property, equipment and software development	(545,157)	(373,308)
Net cash used for investing activities	(810,828)	(423,308)
Cash flows from financing activities:		
Exercise of employee stock options	684,477	289,471
Issuance of common stock for services performed	42,990	--
Acquisition of common shares related to terminated ESOP participants and RSP participants	--	(12,896)
Net cash provided by financing activities	727,467	276,575
Net increase in cash and cash equivalents	1,062,855	1,162,929
Cash and cash equivalents at beginning of year	4,209,004	3,046,075
Cash and cash equivalents at end of year	$ 5,271,859	4,209,004

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 2000 and 1999

	2000	1999
Supplemental disclosures of cash flow information:		
Cash paid for interest:	$ 5,109	4,829
Income taxes paid	$ 132,200	204,000

Supplemental disclosure of noncash financing activities:

On March 24, 2000, the Company issued 198,269 shares of common stock in conjunction with a ten percent stock dividend

On March 26, 1999, the Company issued 148,199 shares of common stock in conjunction with a ten percent stock dividend

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of International Assets Holding Corporation (the Company or the parent company) and its six wholly owned subsidiaries, International Assets Advisory Corp. (IAAC), International Assets Management Corp., Global Assets Advisors, Inc., International Financial Products, Inc., INTLTRADER.COM, Inc. (ITCI), and OffshoreTrader.com Ltd. International Assets Advisory Corp. is a registered broker/dealer under the Securities Act of 1934. Its securities transactions are cleared through Wexford Clearing Services Corporation (a wholly owned, guaranteed subsidiary of Prudential Securities Incorporated) on a fully disclosed basis. International Assets Management Corp. was formed to manage the physical assets of the Company. Global Assets Advisors, Inc. provides investment advisory and account management services. International Financial Products, Inc. is inactive but was formed to market products, which were not investments, but were related to the financial industry. INTLTRADER.COM, Inc. is a registered broker under the Securities Act of 1934 and was formed to provide on-line brokerage transactions of foreign and domestic securities using the Internet. OffshoreTrader.com Ltd. was incorporated to explore global internet securities trading for non-U.S. citizens. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Cash and Cash Equivalents

Cash equivalents consist of cash deposits with clearing broker and foreign currency. Cash deposits with clearing broker consist of cash and money market funds stated at cost, which approximate market. The money market funds earn interest at varying rates on a daily basis. For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

(c) Foreign Currency

The value of a foreign currency, including a foreign currency sold, but not yet purchased, is converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the close of business on the balance sheet date.

(Continued)

(d) Financial Instruments

As of September 30, 2000 and 1999, the carrying value of the Company's financial instruments including cash, cash deposits with clearing broker, foreign currency, receivables, accounts payable and accrued expenses approximate their fair values, based on the short-term maturities of these instruments. Additionally, the carrying value of securities owned and any securities and foreign currency sold, but not yet purchased, approximate their fair value at September 30, 2000 and 1999 as they are based on quoted market prices.

(e) Valuation of Securities

Each listed security is valued at the last reported sale price on that day. Listed securities not traded on an exchange that day, and other securities, which are traded in the over-the-counter market, are valued at the market's current bid price for securities owned and current asked price for securities sold, but not yet purchased. The value of a foreign security is determined in its national currency on the exchange on which it is traded, which value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect following the close of the stock exchange in the country where the security is issued and traded.

As of September 30, 2000, securities include a limited partnership ownership interest of $86,992. The limited partnership ownership interest is recorded at fair value, which has been determined by management. This limited partnership ownership interest is held for the Company's investing purposes and is not held for sale to the Company's customers.

(f) Revenue Recognition

The revenues of the Company are derived principally from commissions earned on the sale of securities from realized and unrealized trading income in securities purchased or sold for the Company's account and from management and investment advisory fees. Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur. Interest income is recorded on the accrual basis and dividend income is recognized upon receipt.

(g) Depreciation and Amortization

Depreciation on property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the estimated period of benefit to be received from the assets, which approximates six years.

(Continued)

Intangible assets, included in other assets in the accompanying consolidated balance sheets, are amortized using the straight-line method over the estimated period of benefit to be received from the assets, which approximates five years.

Software development costs that have reached that stage of functionality are amortized using the straight-line method over the estimated period of benefit to be received from these costs, which approximates two years.

(h) Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates as expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to an amount that, in the opinion of management, is more likely than not to be realized.

The Company and its subsidiaries file consolidated federal and state income tax returns.

(i) Advertising

The Company expenses costs of advertising as incurred and have included these expenses in promotion expenses in the accompanying consolidated statements of operations. Advertising costs for the years ended September 30, 2000 and 1999 were $653,161 and $397,090, respectively.

(j) Stock Option Plan

In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation", which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 also allows entities to continue to apply the provisions of APB Opinion No. 25 which provides that compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price and pro forma disclosures as if the fair-value-based method defined in SFAS No. 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure provisions of SFAS No. 123.

(Continued)

(k) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Actual results could differ from these estimates.

(l) Earnings Per Share

Basic earnings per share have been computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share have been computed by dividing net income by the weighted average number of common shares and dilutive potential common shares outstanding.

Option to purchase 77,480 and 10,900 shares of common stock were excluded from the calculation of diluted earnings per share for the years ended September 30, 2000 and 1999, respectively, because their exercise price exceeded the average market price of common stock for the period.

(m) Future Application of Accounting Standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The implementation date of SFAS 133 was amended by SFAS 137 and is now effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Assuming its future use of derivative instruments mirrors its historic usage, the Company does not believe that the implementation of SFAS 133 will have a significant impact on the consolidated financial statements of the Company.

(n) Reclassification

Certain amounts in the 1999 financial statements have been reclassified to conform with 2000.

(Continued)

(2) Related Party Transactions

During November 1999 the Board of Directors of the Company approved a consulting agreement with the former President of the Company, who continues to serve on the Board of Directors of the Company, for a 6 month duration from December 15, 1999 through June 15, 2000, for a fee of $6,000 per month. After June 15, 2000 this director was compensated in the same manner as the Company's other outside Directors.

On January 4, 2000 the Company made a loan to the CEO of the Company including the execution and receipt of a $250,000 promissory note due January 3, 2001. The promissory note includes interest of 6 percent per annum. The loan to officer was previously approved by the Company's Board of Directors. As of September 30, 2000 the remaining principal balance of the promissory note including accrued interest is approximately $139,285.

On August 28, 2000 the Company made a loan to a Vice President of the Company including the execution and receipt of a $66,000 promissory note due August 27, 2001. The promissory note includes interest of 6.27 percent per annum. As of September 30, 2000 the remaining principal balance of the promissory note including accrued interest is approximately $66,386.

The Company has engaged, on a task-by-task basis, a creative design firm that is partially owned by a spouse of an officer of the Company. The Company incurred promotional expense related to this creative design firm totaling approximately $121,000 and $47,000 during the years ended September 30, 2000 and 1999, respectively.

(3) Securities Owned and Securities Sold, But Not Yet Purchased

Securities owned and securities sold, but not yet purchased at September 30, 2000 and 1999 consist of trading and investment securities at market values as follows:

	Owned	Sold, but not yet purchased
2000:		
Obligations of U.S. Government	$ 256,042	--
Common stock and American Depository Receipts	2,615,003	1,093,608
Corporate and municipal bonds	119,370	54,526
Foreign government obligations	91,210	54,525
Unit investment trusts, mutual funds and other investments	234,888	--
	$3,316,513	1,202,659

(Continued)

	Owned	Sold, but not yet purchased
1999:		
Obligations of U.S. Government	$ 241,396	--
Common stock and American Depository Receipts	2,573,717	945,053
Corporate and municipal bonds	209,340	--
Foreign government obligations	257,083	--
Unit investment trusts, mutual funds and other investments	304,030	45,429
	$3,585,566	990,482

(4) Receivable From and Payable to Clearing Organization

Amounts receivable from and payable to clearing organization at September 30, 2000 and 1999 consist of the following:

	Receivable	Payable
2000:		
Commission income receivable	$ 51,943	--
Clearing fee payable	--	7,392
Open transactions, net	--	68,881
	$ 51,943	76,273
1999:		
Commission income receivable	$ 69,465	--
Clearing fee payable	--	9,688
Open transactions, net	--	290,220
	$ 69,465	299,908

As these amounts are short-term in nature, the carrying amount is a reasonable estimate of fair value.

(Continued)

(5) Investment in Joint Venture

On September 30, 1998, the Company signed a 50/50 Joint Venture Agreement (JV) with Lakeside Investments, LLC (Lakeside) of New York. On October 1, 1998, the joint venture effected the incorporation of International Assets New York, LLC (IANY) a 50/50 owned entity formed to transact the business for the JV. IANY has elected partnership federal income tax treatment. Each party made an initial contribution of $50,000 during the year ended September 30, 1999. During the years ended September 30, 2000 and 1999, the parties made an equal subsequent capital contribution of $60,000 and $50,000, respectively. Additionally, they committed to contribute an additional optional $90,000 at a later date. A principal of Lakeside actively manages this business. IANY offers a variety of financial strategies to high net worth private investors resident in the United States and certain foreign countries. The Company accounts for this investment under the equity method of accounting.

For the years ended September 30, 2000 and 1999, the Company has recorded a loss of $55,286 and $34,361, respectively for 50 percent of the joint venture's loss for the period. As of September 30, 2000 and 1999, the Company had a payable to the joint venture of $2,027 and $9,384, respectively, which relates to joint venture cash outlays which were made on behalf of the Company.

(6) Financial Instruments with Off-Balance Sheet Risk

The Company is party to certain financial instruments with off-balance sheet risk in the normal course of business as a registered securities broker/dealer. In addition, the Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the consolidated financial statements at September 30, 2000 at market values of the related securities (totaling $1,202,659) and will incur a loss if the market value of the securities increases subsequent to September 30, 2000.

(7) Capital and Cash Reserve Requirements

As of September 30, 2000 and 1999, IAAC is subject to the Securities and Exchange Commission uniform net capital rule (Rule 15c3-1), which requires the maintenance of minimum net capital at an amount equal to the greater of $100,000, 6-2/3 percent of aggregate indebtedness, or $2,500 for each security in which a market is made with a bid price over $5 and $1,000 for each security in which a market is made with a bid price of $5 or less with a ceiling of $1,000,000, and requires that the ratio of aggregate indebtedness to net capital not exceed 15 to 1. As of September 30, 2000, the Company had excess net capital of $2,593,041 and a ratio of aggregate indebtedness to net capital of 0.47 to 1.

(Continued)

As of September 30, 2000, ITCI is subject to the SEC uniform net capital rule (Rule 15c3-1), which requires the maintenance of minimum net capital at an amount equal to the greater of $50,000, 12.5 percent of aggregate indebtedness (for the first year of operations) and 6-2/3 percent of aggregate indebtedness after the first year of operations. At September 30, 2000, the Company had excess net capital of $189,466 and a ratio of aggregate indebtedness to net capital of approximately 0.47 to 1.

IAAC and ITCI are exempt from customer reserve requirements and providing information relating to possession or control of securities pursuant to Rule 15c3-3 of the Securities and Exchange Act of 1934. Both IAAC and ITCI meet the exemptive provisions of Paragraph (k)(2)(ii).

(8) Leases

The Company is obligated under various noncancelable operating leases for the rental of its office facilities and certain office equipment. Rent expense associated with operating leases amounted to $386,900 and $344,900 for the years ended September 30, 2000 and 1999, respectively. Future minimum lease payments under noncancelable operating leases as of September 30, 2000 are as follows:

Year ending September 30,	
2001	$291,000
2002	81,000
2003	50,500
2004	3,300
Total future minimum lease payments	$425,800

During April 2000, IANY, the Company's joint venture, executed an amendment for its leased office facilities. The amendment increases the square footage leased from approximately 1,402 square feet to 1,975 square feet. The amendment extended the lease term for a 36 month period commencing on September 1, 2000. Based on this lease amendment the remaining base rental commitment for IANY is $144,010 (Fiscal year ending: September 30, 2001, $49,375; September 30, 2002, $49,375 and September 30, 2003, $45,260). The Company and Lakeside Investments, LLC, each executed a 100 percent guaranty for the joint venture office lease for IANY. Concurrently, the Company and Lakeside Investments, LLC executed indemnification agreements expressly agreeing to indemnify each other related to this lease guarantee in accordance with each parties proportionate ownership (50/50).

(Continued)

(9) Income Taxes

Income tax expense for the years ended September 30, 2000 and 1999 consists of:

	Current	Deferred	Total
2000:			
Federal	$100,807	107,100	207,907
State	16,964	18,333	35,297
	$117,771	125,433	243,204
1999:			
Federal	$154,065	100,790	254,855
State	26,082	17,253	43,335
	$180,147	118,043	298,190

Total income tax expense for the years ended September 30, 2000 and 1999 differed from the amounts computed by applying the U.S. federal income tax rate of 34 percent to income before income taxes as a result of the following:

	2000		1999	
	Amount	% of pretax income	Amount	% of pretax income
Computed "expected" tax expense	$177,598	34.0%	$236,426	34.0%
Increase in income tax expense resulting from:				
State income taxes, net of federal income tax benefit	23,296	4.5%	28,601	4.1%
Meals and entertainment expense not deductible for tax purposes	31,590	6.0%	27,841	4.0%
Memberships	7,204	1.4%	4,822	0.7%
Other, net	3,516	0.7%	500	0.1%
	$243,204	46.6%	$298,190	42.9%

(Continued)

Deferred income taxes as of September 30, 2000 and 1999 reflect the impact of "temporary differences" between amounts of assets and liabilities for financial statement purposes and such amounts as measured by tax laws. The temporary differences give rise to deferred tax assets and liabilities, which are summarized below as of September 30, 2000 and 1999:

	2000	1999
Gross deferred tax liabilities:		
Accumulated depreciation and amortization	$ (20,803)	(18,843)
Software development costs	(156,846)	(72,964)
Total gross deferred tax liabilities	(177,649)	(91,807)
Gross deferred tax assets:		
Accrued reserves	--	39,696
Investment in Limited Partnership	3,770	3,802
Rent abatement	--	2,410
Amortization of other assets	40,672	35,279
Contributions carryover	--	2,846
Total gross deferred tax assets	44,442	84,033
	$(133,207)	(7,774)

There was no valuation allowance for deferred tax assets as of September 30, 2000 and 1999. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income or the reversal of deferred tax liabilities during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. As of September 30, 2000, based upon the level of historical taxable income and projections for future taxable income, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

(10) Employee Benefit Plans

Effective May 1, 1999, the Company implemented a defined contribution 401(k) Profit Sharing Plan ("401(k) Plan"). The 401(k) Plan amended and restated the Company's employee stock ownership plan ("ESOP"), which was effective December 30, 1992. This plan retains the 401(k) profit sharing features of the December 30, 1992 plan, and effective May 1, 1999, deletes the employee stock ownership plan provisions. Those participants who had account balances in the ESOP portion of the plan, as of May 1, 1999 will retain certain ESOP rights, such as the right to receive distributions in the form of employer common stock.

(Continued)

All Company employees who have completed one year of continuous service and who have attained the age of twenty-one are eligible to participate in the 401(k) Plan. The 401(k) Plan allows employees to elect to defer a portion of their salary into the 401(k). The amount contributed reduces the employee's taxable compensation. IAAC has the option to make a matching contribution at the sole discretion of IAAC.

IAAC implemented a defined contribution Retirement Savings Plan ("RSP") effective January 1, 1995. All employees who have completed one year of continuous service and who have attained the age of twenty-one are eligible for the RSP. The contributions to the RSP are at the sole discretion of IAAC.

IAAC's contributions to these employee benefit plans for the years ended September 30, 2000 and 1999 are summarized as follows:

	2000	1999
RSP	$ 40,000	44,408
401(k) Plan - ESOP	40,000	25,592
	$ 80,000	70,000

Employer contributions gradually vest over seven years, and employee contributions are fully vested at all times, are paid upon death, disability, retirement or termination of employment.

As of September 30, 2000 and 1999, 163,270 and 275,189 common shares of the Company were allocated to ESOP participants, respectively. During the years ended September 30, 2000 and 1999, 0 and 4,283 common shares of the Company were purchased from terminated ESOP participants.

As of September 30, 2000 and 1999, 69,694 and 71,173 common shares of the Company were allocated to RSP participants, respectively. During the years ended September 30, 2000 and 1999, 0 and 2,149, respectively, common shares of the Company were purchased from terminated RSP participants.

(11) Stock Options

The International Assets Holding Corporation Stock Option Plan (the "Plan") was adopted by the Board of Directors of the Company and approved by the Company's stockholders during January 1993. The Plan permits the granting of awards to employees and directors of the Company and its subsidiaries in the form of stock options. Stock options granted under the Plan may be "incentive stock options" meeting the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, or nonqualified stock options, which do not meet the requirements of Section 422. As of September 30, 2000, a total of 839,300 shares of the Company's common stock had been reserved for issuance pursuant to options granted under the Plan.

(Continued)

The Plan is administered by the Company's Board of Directors or a committee thereof. The Plan gives broad powers to the Board of Directors to administer and interpret the Plan, including the authority to select the individuals to be granted options and rights and to prescribe the particular form and conditions of each option or right granted. All options are granted at an exercise price equal to the fair market value or 110 percent of the fair market value of the Company's common stock on the date of the grant. Awards may be granted pursuant to the Plan through January 2003. The Board of Directors at its sole discretion may terminate the Plan earlier.

At September 30, 2000, there were 1,482 additional shares available for grant under the Plan. Using the Black Scholes option-pricing model, the per share weighted-average fair value of stock options granted during 2000 and 1999, where exercise price equals the market price of the stock on the grant date, was $5.02 and $0.96, respectively.

The following weighted average assumptions were used:

	2000	1999
Exercise price equal to market price on grant date:		
Expected risk-free interest rate	6.32%	5.16%
Expected life	6.91 years	5.2 years
Expected volatility	73.5%	55.3%
Expected dividend yield	0.00%	0.00%
Exercise price greater than market price on grant date:		
Expected risk free interest rate	--	5.14%
Expected life	--	5 years
Expected volume	--	54.2%
Expected dividend yield	--	0.00%

The Company applies APB Opinion No. 25 in accounting for its Plan and, accordingly, no compensation cost has been recognized for its stock options in the consolidated financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		2000	1999
Net income	As reported	$ 279,143	397,181
	Pro forma	$ 70,965	255,653
Basic earnings per share	As reported	$ 0.13	0.22
	Pro forma	$ 0.03	0.14
Diluted earnings per share	As reported	$ 0.12	0.18
	Pro forma	$ 0.03	0.12

(Continued)

Pro forma net income reflects only options granted from 1996 to 2000. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net income amounts presented above because compensation cost is reflected over the options' expected life ranging from 5 to 8.5 years and compensation cost for options granted prior to October 1, 1995 is not considered.

Stock option activity during the fiscal years ended September 30, 1999 and 2000 is as follows:

	Number of shares	Weighted-average exercise price
Outstanding at September 30, 1998	530,560	$ 2.70
Granted	304,655	1.50
Exercised	(110,698)	2.74
Forfeited	(25,933)	2.95
Expired	--	--
Outstanding at September 30, 1999	698,584	2.16
Granted	152,480	6.84
Exercised	(300,840)	2.28
Forfeited	(129,492)	1.77
Expired	--	--
Outstanding at September 30, 2000	420,732	$ 4.17

At September 30, 2000, the range of exercise prices and weighted-average remaining contractual life of outstanding options was $1.25 - 11.70 and 7.85 years, respectively.

At September 30, 2000 and 1999, the number of options exercisable was 42,513 and 192,494, respectively, and the weighted-average exercise price of those options was $3.62 and $2.95, respectively.

(Continued)

Incentive Stock Options

As of September 30, 2000, options outstanding under qualified incentive stock options, including their grant date, exercise price and expiration date, were as follows:

Options outstanding	Grant date	Exercise price	Expiration date
26,544	January 23, 1993	$ 3.87	January 23, 2003
4,796	August 12, 1994	4.17	August 12, 2004
7,194	December 21, 1995	2.28	December 21, 2005
26,378	December 28, 1995	2.09	December 28, 2005
8,393	December 28, 1995	1.90	December 28, 2005
3,597	March 7, 1996	2.28	March 7, 2006
23,381	December 11, 1996	2.51	December 11, 2006
11,990	August 26, 1997	3.27	August 26, 2007
5,995	October 1, 1998	1.49	October 1, 2008
83,930	November 2, 1998	1.38	November 2, 2008
19,184	November 2, 1998	1.25	November 2, 2008
11,990	January 6, 1999	1.25	January 6, 2009
29,430	December 9, 1999	7.17	December 9, 2009
21,800	January 28, 2000	11.70	January 28, 2010
26,250	March 10, 2000	11.63	March 10, 2010
75,000	April 27, 2000	5.19	April 27, 2010
385,852			

The options granted on January 23, 1993 are exercisable at 25% per year beginning two years from the date of grant. The options granted on August 12, 1994, December 21, 1995, March 7, 1996, December 11, 1996, August 26, 1997, October 1, 1998, January 6, 1999 and December 9, 1999, are exercisable at 20 percent per year beginning three years from the date of grant. The options granted on December 28, 1995, January 28, 2000, March 10, 2000 and the 19,184 options granted on November 2, 1998 are exercisable at 20 percent per year beginning one year from the date of grant. The 83,930 options granted on November 2, 1998 are exercisable at 30 percent, 30 percent, 40 percent over a three-year period beginning a year from the date of grant. The options granted on January 28, 2000 are exercisable at 33 percent, 33 percent and 34 percent over a three-year period beginning a year from the date of grant. The options granted on April 27, 2000 are exercisable at 26 percent, 26 percent, 26 percent, 22 percent over a four-year period beginning on October 1, 2000.

As of September 30, 2000 and 1999, 33,139 and 190,096 options, respectively, were exercisable under qualified incentive stock options. During the year ended September 30, 2000, 300,840 options were exercised with a weighted average exercise price of $2.28.

(Continued)

Nonqualified Stock Options

As of September 30, 2000, options outstanding under nonqualified options, including their grant date, exercise price and expiration date, were as follows:

Options outstanding	Grant date	Exercise price	Expiration date
11,990	July 20, 1998	$ 2.40	July 20, 2008
11,990	January 6, 1999	1.25	January 1, 2009
10,900	June 4, 1999	6.65	June 4, 2009
34,880			

The nonqualified stock options granted July 20, 1998, January 6, 1999 and June 4, 1999 are exercisable at 20 percent per year beginning one year from the date of grant.

As of September 30, 2000 and 1999, 9,374 and 2,398 options, respectively, were exercisable under nonqualified stock options. During the year ended September 30, 2000, none of the nonqualified stock options were exercised.

(12) ITCI Stock Option and Plan

The Board of Directors of ITCI adopted a stock option plan ("ITCI Plan') retroactively as of December 31, 1998. The ITCI Plan is intended to constitute both an "incentive stock option" and a "plan" within the meaning of qualifying under Section 422 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. The ITCI Plan permits the granting of an option of 111 common shares (approximately 10 percent of the total common shares) of ITCI to a sole participant. The ITCI Plan expires on December 31, 2002. Retroactively, as of December 1, 1998 this one incentive stock option was granted to a sole participant. The purchase price of the 111 common shares is $98.95 per common share, being 100 percent of the estimated fair market value per share of common stock as of December 1, 1998.

The right to exercise the options granted and purchase the option shares does not vest unless certain defined ITCI financial benchmarks are met. If the first of these financial benchmarks is met, 55 option shares vest on September 30, 2000. If the second financial benchmark is met, 56 option shares vest on September 30, 2001. Some defined partial vesting is allowed if the defined financial benchmarks are partially achieved.

(Continued)

There has been no vesting as of September 30, 2000, and like the Parent, the Company recognizes compensation expense under APB No. 25 and no such expense would be recognized until the achievement of the financial benchmarks.

(13) Preferred Stock

The Company has authorized 3,000,000 shares of its preferred stock for issuance at a par value of $.01 per share. As of September 30, 2000 and 1999, no shares have been issued and the Board of Directors has not yet determined the specific rights and privileges of these shares.

(14) Stock Dividend

On February 25, 2000, the Company declared a ten percent stock dividend to shareholders of record as of March 10, 2000. On March 24, 2000 the Company issued 198,269 shares of common stock in conjunction with this dividend. Accordingly, amounts equal to the fair market value (based on quoted market prices as adjusted) of the additional shares issued have been charged to retained earnings and credited to common stock and additional paid-in capital.

On February 12, 1999, the Company declared a ten percent stock dividend to shareholders of record as of March 5, 1999. On March 26, 1999 the Company issued 148,199 shares of common stock in conjunction with this dividend. Accordingly, amounts equal to the fair market value (based on quoted market prices as adjusted) of the additional shares issued have been charged to retained earnings and credited to common stock and additional paid-in capital.

Earnings per common share, weighted average shares outstanding, and all stock option activity have been restated to reflect both ten percent stock dividends.

(15) Commitments and Contingent Liabilities

The Company has entered into an employment agreement with its chief executive officer, which expires March 24, 2001. Under the terms of the agreement, the officer will receive specified annual compensation, a bonus, a monthly automobile allowance and reimbursement for personal income tax preparation fees. The bonus is calculated by applying the consolidated return-on-equity percentage for that year to the consolidated pre-tax earnings adjusted before the deduction for officer bonus expense and as adjusted for certain financial transactions. The executive bonus percentage is subject to a minimum of 5 percent and a maximum of 15 percent of adjusted consolidated pre-tax earnings of the Company. In the event of termination of the agreements by the Company other than for cause, as defined, or if the executive resigns as a result of a breach by the Company, the agreements provide for payments to such individual in an amount equal to 100 percent of his total compensation for 24 months following the date of termination.

(Continued)

The Company has entered into an employment agreement with its chief operating officer, which expires September 7, 2002. Under the terms of the agreement, the officer will receive specified annual compensation, a bonus, stock options, a monthly automobile allowance and reimbursement for certain expenses. The bonus is calculated by applying the consolidated return-on-equity percentage for that year to the consolidated pre-tax earnings adjusted before the deduction for officer bonus expense and as adjusted for certain financial transactions. The executive bonus percentage is subject to a minimum of 5 percent and a maximum of 15 percent of adjusted consolidated pre-tax earnings of the Company. In the event of termination of the agreements by the Company other than for cause, as defined, or if the executive resigns as a result of a breach by the Company, the agreements provide for payments to such individual in an amount equal to 100 percent of his total compensation for the remaining term of the agreement.

ITCI, a wholly owned subsidiary of the Company, has entered into an employment agreement with its chief operating officer, which expires September 30, 2001. Under the terms of the agreement, the officer will receive a specified annual compensation to be paid by the Company, an annual bonus, $5,000 moving allowance, and a temporary housing allowance. The annual bonus will be equal to the greater of $20,000 or 10 percent of the Company's net profits before tax for fiscal years 1999 and 2000 and 10 percent of the Company's net profits before tax for fiscal year 2001.

On September 8, 2000, the Company entered into a development agreement for certain software development related to the Company's web site. To date, $117,450 in cash and stock related to software development has been paid and capitalized; the remaining $486,450 will be paid based upon certain milestones and progress of the development of the software.

The Board of Directors has authorized the Company to continue its repurchase of up to $500,000 in shares of the Company's common stock in the open market through the year ended September 30, 2000. The stock purchases may be made in the open market from time to time as market conditions permit. The Company is required to comply with Rule 10b-18 and Regulation M of the Securities and Exchange Commission, which regulate the specific terms in which shares may be repurchased. Since the inception of the repurchase program on March 13, 1996, the Company has repurchased and retired a total of 43,112 shares (as adjusted for the 10 percent stock dividends) in the open market at a total of $129,233. During the fiscal years ended September 30, 2000 and 1999, the Company did not repurchase any Company shares through open market repurchases.

In addition, concurrent with the open market repurchase program, the Company has repurchased and retired an additional 115,038 shares from terminated participants of the Company's 401(k) Plan and RSP for a total cost of $256,893 since the inception of the program.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

The following table lists certain information about the directors, executive officers and significant employees of the Company:

Name	Age	Director Since	Officer Since	Position
Diego J. Veitia	57	1987	1987	Director, Chairman of the Board and Chief Executive Officer
William C. Dennis	57	-	2000	Director, President and Chief Operating Officer
Stephen A. Saker	54	1990	1991	Director, Vice President and Secretary
Jerome F. Miceli	57	1990	-	Director of the Company
Robert A. Miller, PhD	57	1998	-	Director of the Company
Jeffrey L. Rush, M.D.	60	1999	-	Director of the Company
Gregory T. Gerard	40	-	2000	Senior Vice President of Global Business Development
Jonathan C. Hinz	38	-	1995	Chief Financial Officer and Treasurer
Tresa Veitia-Williamson	35	-	1999	Vice President and Director of Marketing

Each of the Company's directors have been elected to serve until the next annual meeting of stockholders and until his respective successor is elected and qualified. Officers are elected annually by the Board of Directors.

Diego J. Veitia founded the Company in 1987 to serve as a holding company for IAAC and other subsidiaries. He has served as Chairman of the Board, director and Chief Executive Officer of the Company since its inception. He also served as President of the Company from 1987 until 1991. Mr. Veitia resumed the role of President of the Company during the interim period of November 1999 through August 2000. Mr. Veitia founded IAAC in 1981 and has served as Chairman of the Board and director since that time. In November 1999 Mr. Veitia resumed the role of President of all of the subsidiaries of the Company. Mr. Veitia is currently serving as Chairman, Chief

Executive Officer and President of GAA, ITCI, IAMC, IFP and OTCL. Mr. Veitia also serves as Chairman and President of Veitia and Associates, Inc., an inactive registered investment advisor. Mr. Veitia served as Chairman of the All Seasons Global Fund, Inc., a publicly held closed-end management investment company from October 1987 until October 1996. During the last five years Mr. Veitia has also served as director of America's All Seasons Income Fund, Inc., an inactive management investment company.

William C. Dennis joined the Company in April 2000 and became a director, President and Chief Operating Officer in September 2000. Prior to joining the Company Mr. Dennis served as Executive Vice President and Chief Financial Officer of Tucker, Anthony Sutro (formerly known as Freedom Securities Corp) in Boston, MA, from 1997 until 2000. From 1996 to 1997 Mr. Dennis was a director and Chief Financial Officer of Rodman and Renshaw Capital Group, Inc., a financial services firm in New York City. Previously, Mr. Dennis was a managing director of MIS, Inc., a database management company, and prior to joining MIS, Inc. he was Chief Financial Officer of the Capital Markets Sector of Merrill Lynch and Co. Earlier in his career, Mr. Dennis was a senior financial executive of Exxon Corporation.

Stephen A. Saker has been a director of the Company since 1990 and has served as Secretary and Vice President of the Company since 1991. Mr. Saker has also served as director, Executive Vice President and Secretary of IAAC since 1985. Mr. Saker currently serves as Vice President, Secretary and Director of GAA, IAMC, OTCL and ITCI. Since November 1991, Mr. Saker has served as Vice President, Treasurer and Secretary of Veitia and Associates, Inc., an inactive registered investment advisor. Mr. Saker also served as Secretary and director of All Seasons Global Fund, Inc. from October 1987 until October 1996.

Jerome F. Miceli has been a director of the Company since 1990. In November 1999 Mr. Miceli resigned, due to medical reasons, from all of his officer positions with the Company and all of his officer and director positions of the Company's subsidiaries. Mr. Miceli continues to serve as a Director of the Company. Mr. Miceli served as President, Chief Operating Officer and Treasurer of the Company from 1991 to 1999. Mr. Miceli has also served as President, Chief Executive Officer, Treasurer and director of IAAC from 1990 to 1999. Until November 1999 Mr. Miceli also served as President, Treasurer and Director of ITCI, GAA, IAMC, IFP and OTCL. In addition, from December 1990 until October 1996, Mr. Miceli served as Treasurer and director of All Seasons Global Fund Inc., a publicly held closed-end management investment company. Mr. Miceli also served as President of Veitia and Associates, Inc., an inactive registered investment advisor, from 1990 until 1999.

Robert A. Miller, Ph.D. became a director of the Company in February 1998. Dr. Miller has served as President of Nazareth College in Rochester, New York since 1998. In November 2000 Dr. Miller became a Director of Bergmann Associates LLC, a privately owned architectural and engineering firm with headquarters in Rochester, NY. Dr. Miller served as the Academic Vice President of Queens College in Charlotte, North Carolina from 1994 to 1998. In addition, Dr. Miller served as Provost of Antioch University in Ohio from 1991 to 1994. Dr. Miller served as a director of All Seasons Global Fund, Inc. from 1988 until 1996.

Jeffrey L. Rush, M.D. became a director of the Company in February 1999. Dr. Rush is a graduate of Dartmouth and State University New York Medical School in 1966. He has been a Board Certified Radiologist since 1972. Dr. Rush served as Chairman of the Radiology Department at

Alvarado Medical Center, San Diego, CA from 1972 - 1994. In addition, he served on the Advisory Board, National Medical Enterprises (Tenet Health) from 1982 - 1990. Dr. Rush presently serves as Chairman of Pacific Medical Building, LP, a developer and owner of medical office buildings and clinics. He has served in that capacity since 1991.

Gregory T. Gerard joined the Company in January 2000 and currently serves as Senior Vice President of Global Business Development. Mr. Gerard was formerly a Managing Director for Credit Lyonnais Securities in New York from 1998 through 1999 and was responsible for North American Mergers and Acquisitions. Prior to that, Mr. Gerard was a Vice President at Chase Securities Inc., from 1994 through 1998. Mr. Gerard served as a Senior Associate with BANEXI, the mergers and acquisition department of Banque Nationale de Paris from 1991 through 1994. Mr. Gerard received an MBA from Columbia University in 1987.

Jonathan C. Hinz joined the Company in October 1995 and currently serves as Chief Financial Officer and Treasurer for the Company, IAAC, GAA, ITCI, IFP, IAMC and OTCL. Prior to joining the Company, Mr. Hinz served as Chief Financial Officer and Controller of Computer Science Innovations, Inc. from 1987 to 1995. Mr. Hinz is a certified public accountant.

Tresa Veitia-Williamson joined IAAC in September 1995 and currently serves as Vice President and Director of Marketing for the Company, IAAC, GAA, ITCI, IFP and OTCL. Prior to joining the Company, Ms. Veitia was an account supervisor at Ogilvy & Mather in New York. Ms. Veitia received an MBA from Columbia University in 1989.

Compliance with Section 16(a) of the Exchange Act

Pursuant to Section 16(a) of the Exchange Act and the rules issued thereunder, the Company's executive officers, directors and owners of in excess of 10% of the issued and outstanding common stock are required to file with the SEC reports of ownership and changes in ownership of the common stock of the Company. Copies of such reports are required to be furnished to the Company.

Based solely on the review of such reports, the Company is aware of one matter that resulted in late filings under Section 16(a) by three reporting individuals and the Company's 401(k) Profit Sharing Plan (the "Plan"). On November 30, 2000, Diego J. Veitia, Jerome F. Miceli, Stephen A. Saker and the Plan filed Form 5 reports reflecting share ownership changes resulting from a name and structure change whereby the former International Assets Advisory Corporation Employee Stock Ownership Plan was restructured into the Plan. The changes in ownership resulting from these changes to the Plan should have been reported by Messrs. Veitia, Miceli and Saker and the Plan under Section 16(a) when the Plan was originally restated in May, 1999 and subsequently in January, 2000 when the Plan disposed of some of its Company shares.

In addition, Stephen A. Saker, an executive officer and director of the Company, did not report in a timely manner under Section 16(a) a gift of 600shares of the common stock of the Company to a charity on September 28, 2000. Mr. Saker subsequently reported this gift on a Form 5 filed on November 30, 2000. The Company believes that during fiscal year 2000, all other executive officers and directors complied with the Section 16(a) requirements.

ITEM 10. EXECUTIVE COMPENSATION.

Information with respect to this item will be contained in the Proxy Statement for the 2000 Annual meeting of Shareholders, which is incorporated herein by reference.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information with respect to this item will be contained in the Proxy Statement for the 2000 Annual meeting of Shareholders, which is incorporated herein by reference.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with respect to this item will be contained in the Proxy Statement for the 2000 Annual meeting of Shareholders, which is incorporated herein by reference.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

(a) The Company's consolidated financial statements are listed in the index set forth in Item 7 on this Form 10-KSB. Financial statement schedules are not required under the related instructions of the SEC or are inapplicable, and therefore, have been omitted.

(b) The Company filed one report on Form 8-K during the last quarter of the period covered by this report. On September 13, 2000 the Company announced on form 8-K that William C. Dennis had been appointed to the position of President and Chief Operating Officer as of September 7, 2000.

(c) The following exhibits are incorporated by reference herein unless otherwise indicated:

(3.1) The Company's Certificate of Incorporation and amendments are incorporated by reference to Exhibits 3.1, 3.2, and 3.3 of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(3.2) The Company's By-laws are incorporated by reference to Exhibit 3.4, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(4.1) The Company's Form of Common Stock Certificate is incorporated by reference to Exhibit 4.1, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(4.2) The Company's Revised Form of Warrant Certificate is incorporated by reference to Exhibit 4.2, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(4.3) The Company's Warrant Agreement dated January 31, 1994, between the Company and Chemical Bank is incorporated by reference to Exhibit 4.3, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(4.4) The Company's Revised Form of Subscription Agreement is incorporated by reference to Exhibit 4.4, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(10.1) The Company's International Assets Holding Corporation Stock Option Plan is incorporated by reference to Exhibit 10.2, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(10.1.a) The Company's International Assets Holding Corporation Stock Option Plan, Amendment dated December 28, 1995, is incorporated by reference to Exhibit 10.2 (a), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.

(10.2) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP") is incorporated by reference to Exhibit 10.3, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(10.2.a) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP"), First Amendment dated November 4, 1993, is incorporated by reference to Exhibit 10.3(a), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.

(10.2.b) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP"), Amendment 1994-1, dated July 19, 1994, is incorporated by reference to Exhibit 10.3(b), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.

(10.2.c) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP"), Amendment 1994-1, dated December 30, 1994, is incorporated by reference to Exhibit 10.3(c), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.

(10.2.d) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP"), Amendment 1995-1, dated July 21, 1995, is incorporated by reference to Exhibit 10.3(d), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.

(10.2.e) The Company's International Assets Advisory Corporation 401(k) Profit Sharing Plan, entered into as of May 1, 1999 is incorporated by reference to Exhibit 10.2(e) of the Registrant's Form 10-KSB filed with the SEC for the fiscal year ended September 30, 1999.

(10.6) The Company's Clearing Agreement dated February 29, 1984, between Prudential Securities, Inc. and IAAC, as amended, is incorporated by reference to Exhibit 10.10, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(10.9) The Company's Lease dated November 5, 1993, by and between Barnett Bank of Central Florida and IAAC is incorporated by reference to Exhibit 10.15, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(10.10) The Company's Joint Venture Agreement dated September 30, 1998, by and between the Company and Lakeside Investments, LLC, a limited liability company organized under the laws of Delaware, is incorporated by reference to Exhibit 10.10 of Form 10-KSB, for the fiscal year ended September 30, 1998, as filed with the SEC on December 24, 1998.

(10.11) The Company's Limited Liability Company Agreement dated September 30, 1998, by and between the Company and Lakeside Investments, LLC,. for International Assets

New York, LLC, a limited liability company organized under the laws of Delaware, is incorporated by reference to Exhibit 10.11 of Form 10-KSB, for the fiscal year ended September 30, 1998, as filed with the SEC on December 24, 1998.

(10.12) The Company's Employment Agreement, entered into as of March 24, 1999, between the Company and Diego J. Veitia, is incorporated by reference to Exhibit 10.12 of Form 10-QSB, for the quarterly period ending June 30, 1999, as filed with the SEC on August 12, 1999.

(10.14)* The Company's Employment Agreement, entered into as of September 7, 2000, between the Company and William C. Dennis.

(11)* The Statement of Computation of per share earnings is attached hereto as Exhibit 11.

(21) The Company's list of subsidiaries as filed with the SEC is incorporated by reference to Exhibit 21 of the Registrants Form 10-KSB filed with the SEC for the fiscal year ended September 30, 1999.

(99) The Articles of Incorporation, and amendments thereto, and the By-laws of IAAC are incorporated by reference to Exhibits 99.1,99.2 and 99.3 of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

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* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the under signed, thereunto duly authorized.

INTERNATIONAL ASSETS HOLDING CORPORATION

Dated: December 22, 2000

By: /s/ Diego J. Veitia

Diego J. Veitia,
Chief Executive Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Diego J. Veitia Diego J. Veitia	Chief Executive Officer and Chairman of the Board	December 22, 2000
/s/ William C. Dennis William C. Dennis	President, Chief Operating Officer and Director	December 22, 2000
/s/ Stephen A. Saker Stephen A. Saker	Vice President, Secretary, and Director	December 22, 2000
/s/ Jerome F. Miceli Jerome F. Miceli	Director	December 22, 2000
/s/ Robert A. Miller Robert A. Miller	Director	December 22, 2000
/s/ Jeffrey L. Rush Jeffrey L. Rush	Director	December 22, 2000
/s/ Jonathan C. Hinz Jonathan C. Hinz	Chief Financial Officer and Treasurer	December 22, 2000

EXHIBIT INDEX

EXHIBIT NO.	EXHIBIT DESCRIPTION
10.14	Employment Agreement
11	Statement of Earnings per share
27	Financial Data Schedule

EXHIBIT 10.14

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of the 7th day of September, 2000 (the "Effective Date"), by and between INTERNATIONAL ASSETS HOLDING CORPORATION, a Delaware corporation (the "Company"), and William C. Dennis, Jr. (the "Executive").

R E C I T A L S

A. The Company, directly or through its subsidiaries, operates a financial services company, including a full-service securities brokerage firm specializing in global investing, a registered investment advisor providing clients with investment advisory services, and other securities businesses servicing its clients.

B. The Executive shall be, pursuant to the terms of this Agreement, the President and Chief Operating Officer of the Company, and may hold such offices in its subsidiaries as may be appropriate for the conduct of its business.

C. The Company is a publicly held entity, having previously offered shares of the Company's common stock pursuant to a registration statement, and continues to file reports as to the Company's business.

D. The Board of Directors of the Company (the "Board") considers it essential to the best interests of the Company that the Executive remain with the Company after the completion of the present term of his employment.

E. In order to induce the Executive to accept permanent employment with the Company following the conclusion of his temporary employment by the Company, the Company desires to enter into this Agreement with the Executive.

F. The Executive desires to continue in the employ of the Company, and agrees to commence permanent employment by the Company, and in furtherance thereof agrees to be bound by the covenants herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth hereinafter, the Company and the Executive agree as follows:

1. Recitals. All of the above recitals are true and correct.

2. Term. The term of this Agreement shall be for a period of two years commencing on the Effective Date, subject, however, to prior termination as herein provided. Thereafter, this Agreement may be extended by the mutual written agreement of the Company and the Executive.

3. Duties. During the period of employment (except as otherwise agreed by the Executive), the Executive will be employed as the President and Chief Operating Officer of the Company and shall have powers and duties as may from time to time be delegated to the Executive by the Board. The Executive shall report to the Chairman of the Board of Directors of the Company. The Executive shall devote substantially all of the Executive's business time to the affairs of the Company.

4. Indemnification. The Company agrees to defend, indemnify and hold harmless the Executive ("Indemnified Party") for acts in his capacity as Executive to the fullest extent permitted by Delaware corporate law at the present time (or as such right of indemnity may be increased in the future). The Company agrees to reimburse the Indemnified Party on a monthly basis for any cost of defending any action or investigation (including reasonable attorneys' fees and expenses) subject to an undertaking from the Indemnified Party to repay the Company if the Indemnified Party is determined not to be entitled to such indemnity by a court of competent jurisdiction.

5. Compensation and Related Matters.

(a) Basic Salary. As a compensation for the duties to be performed by the Executive hereunder, the Company will pay the Executive a base salary at an annual rate of $250,000 per fiscal year of the Company through September 30, 2001, and such annual salary shall thereafter increase effective as of the first day of each succeeding fiscal year commencing after September 30, 2001 by the greater of (i) the change in the consumer price index during the last completed fiscal year, or (ii) such other amount as the Board in its discretion determines to be appropriate. The Executive's base salary shall be payable in accordance with the customary payroll practices of the company as in effect from time to time during the period of employment.

(b) Bonus Plan.

(i) In addition to the base salary, the Executive shall be entitled to additional compensation in an amount equal to a percentage of the adjusted consolidated pre-tax earnings of the Company (including its subsidiaries) for each fiscal year which ends during the term hereof.

(ii) For purposes of this Section 5(b), the "consolidated pre-tax earnings of the Company" shall be determined by the independent public accountants then regularly servicing the Company, in accordance with generally accepted accounting principles, consistently applied, based on the audited consolidated financial statements of the Company for such fiscal year, which determination shall be binding on the parties hereto.

(iii) The consolidated Return on Equity (ROE) percentage shall be calculated by dividing the audited fiscal year end net income of the Company by the Average Shareholders Equity. The Average Shareholders Equity for each fiscal year shall be determined by averaging the shareholders' equity reported in the audited financial statements of the Company as of the beginning and the end of that fiscal year.

(iv) The executive bonus percentage for a fiscal year shall be calculated by applying the consolidated ROE percentage for that year to the consolidated pre-tax earnings as adjusted before the deduction for officers bonus expense and as adjusted for certain financial transactions pursuant to Section 5(b)(ii). The executive bonus percentage shall be subject to a minimum of 5% and a maximum of 15% of adjusted consolidated pre-tax earnings of the Company. Notwithstanding the foregoing, however, in no event shall the Executive's bonus be less than $150,000 during the first year of employment.

(v) Such compensation shall be determined and paid within 60 days after delivery by the Company's independent accountants of the audited consolidated financial statements of the Company for such fiscal year.

(c) Stock Options.

(i) The Executive shall be eligible to participate in the Stock Option Plan (the "Plan") and shall be considered by the Company's Board or the Compensation Committee to receive grants of options thereunder at the same times as consideration shall be given by the Board or such committee to the grants of stock options generally to senior executive officers of the Company. If the Plan shall be terminated or if no options remain available for grant thereunder, the Executive shall be entitled to participate in such other incentive program as the Company may substitute for the Plan for its senior executive officers.

(ii) By a separate instrument dated April 27, 2000, that was executed in connection with previous temporary employment of the Executive by the Company, the Company agreed to grant to the Executive certain qualified stock options to acquire shares of the Company's common stock at a price equal to the closing bid price of the Company's stock as quoted on NASDAQ as of April 27, 2000. Upon the execution of this Agreement, the terms of such previous instrument are incorporated herein by agreement of the parties and are subsumed into this Agreement, except as modified by the terms of Section 5(c)(iii). The Executive has previously been advised that, under applicable requirements of the law, incentive stock options generally cannot be exercised more than three months after the termination of employment with the Company.

(iii) The Company has agreed to grant to the Executive options to acquire 75,000 shares of the Company's common stock at an exercise price of $5.187 per share (the closing bid price of the Company's common stock on NASDAQ as of April 27, 2000). All options shall be for a term of ten years from and after the date on which an option is both vested and exercisable. Under the terms of the issuance: (a) options for the purchase of twenty-five thousand shares vested on October 1, 2000, (b) options for an additional twenty-five thousand shares shall vest on October 1, 2001, and (c) options for another twenty-five thousand shares shall vest on October 1, 2002. The Executive has agreed that the vesting, and the exercise, of the options is conditioned on the continued employment of the Executive on the date of such vesting or exercise. The Company has further agreed that options which have vested in the Executive may be exercised by the Executive on or after the dates, and up to the specified amounts, as set forth in the following table:

EXERCISE DATE	MAY EXERCISE TO ACQUIRE SHARES TOTALING
October 1, 2000	19,275
October 1, 2001	19,275
October 1, 2002	19,275
October 1, 2003	17,175

(iv) The Company has also undertaken to the Executive that it will seek authority to increase the number of shares available for issuance under its incentive stock option plan at the annual stockholder's meeting to be held in 2001. Subject to the Company obtaining such approval, the Board of Directors of the Company will grant to the Executive following the receipt of such approval, qualified stock options evidenced by a separate instrument that will permit the Executive to acquire an additional 25,000 shares of the Company's common stock at a price equal to the closing bid price of the Company's stock as quoted on NASDAQ on the date of grant. Such instrument shall provide that such 25,000 options shall vest on the second anniversary of the date of grant. To the extent such options are vested, they shall be exercisable based on a schedule that shall preserve their status as qualified stock options.

(v) Notwithstanding anything to the contrary contained in this Agreement, all options hereunder shall become fully vested and non-forfeitable in the event that the Executive is terminated by the Company without cause, in the event of the Executive's death or disability, or if a change in control of the Company occurs. To the extent that any options can no longer be treated as qualified options pursuant to the Internal Revenue Code of 1986, as amended, then all such options shall be immediately exercisable to the extent vested.

(d) Additional Compensation. The Company may award additional bonuses to the Executive from time to time in amounts as determined by the Board or a committee of the Board.

(e) Reimbursement of Expenses. During the term of this Agreement, the Company shall promptly pay or reimburse the Executive for all reasonable business expenses actually incurred or paid by the Executive in the performance of his services hereunder (including annual membership dues in connection with the Executive's affiliations with any organizations or clubs) in accordance with the policies and procedures of the Company for the reimbursement of business expenses of its senior executive officers, provided that the Executive properly accounts therefor in accordance with Company policy.

(f) Benefits. The Company shall, at its sole cost, and expense, provide life insurance, medical insurance, disability insurance, retirement and other benefits comparable to those provided by comparable companies to their senior executive officers.

(g) Automobile. During the term of this Agreement, the Company shall furnish the Executive, without cost to him, a Company-owned or leased automobile, of year type, and model to be agreed upon between the Company and the Executive, or provide Executive with a monthly car allowance in the amount of $600.00.

6. Vacation, Days Off. The Executive may take a maximum of 4 weeks vacation, at times to be determined in the manner most convenient for the business of the Company. In addition, the Executive may take time off at such times as may be determined by the Board to attend such meetings and postgraduate courses as may comply with regulatory and licensing requirements of the businesses conducted by the Company, or which otherwise directly advance the interests of the Company. The Company may, in its discretion, reimburse the Executive for some or all of the expenses incurred to register for or attend such training courses.

7. Termination Provisions

(a) Termination

(i) The Executive's employment hereunder shall automatically terminate (A) upon the Executive's death or Disability (as hereinafter defined); (B) upon written notice by the Company for "Cause" (as hereinafter defined); or (C) upon 30 days written notice by either party.

(ii) For purposes of this Agreement, "Disability" shall have the same meaning as that term has under a disability policy maintained for the Executive by the Company. If no such policy exists, or if payment of benefits under the policy is not conditioned on meeting such a definition, then "Disability" shall mean that the Executive is unable to perform his duties hereunder on a full-time basis for three consecutive months after reasonable accommodation by the Company.

(iii) For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder upon (A) the willful failure by the Executive to substantially perform the Executive's duties (other than any such failure resulting by the Executive's Disability) and continuance of such failure for more than 30 days after the Company notifies the Executive in writing of the Executive's failure to perform; (B) the engaging by the Executive in willful misconduct which is injurious to the Company; (C) the conviction of the Executive in a court of proper jurisdiction of a crime which constitutes a felony in respect of the conduct of the business of the Company; or (D) a finding by the National Association of Securities Dealers, Inc. (the "NASD"), another self-regulatory body of competent jurisdiction (the "SRO"), or U.S. Securities and Exchange Commission (the "SEC") that the Executive personally violated its rules or regulations, and such finding or penalty therefor restricts the Executive's ability to perform his obligations under this Agreement. Notwithstanding the foregoing, the Executive shall not be deemed to have personally violated roles or regulations of the NASD, an SRO, or the SEC, if a finding or penalty imposed is based upon a finding that the Executive did not adequately supervise such employee, but was not otherwise a party to the acts constituting the misconduct by such other person.

Further, the Executive shall not be deemed to have been terminated for Cause unless and until there has been delivered to the Executive notice that a resolution has been duly adopted by the Board which finds that the Company has "Cause" to terminate the Executive as contemplated in this Section 7(a), provided, that the Executive is terminated for Cause upon conviction of a felony as identified in clause (C) above, and upon the revocation of any license required under applicable law for the conduct of the business of the Company by the Executive.

(b) Compensation Upon Termination. If either (i) the Company shall terminate the employment of the Executive for Cause pursuant to the provisions of Section 7(a) hereof, or (ii) the Executive shall resign (other than as a result of the violation of this Agreement by the Company), then the Company shall pay the Executive 100% of the compensation set forth in Section 5 hereof for 30 days following the date of the termination of employment. If the Company shall terminate the employment of the Executive without Cause or the Executive resigns as a result of a breach by the Company of its obligations to the Executive, whether set forth herein or otherwise, then the Company shall pay the Executive 100% of the compensation set forth in Section 5 hereof for the remaining term of the Agreement.

8. Nondisclosure and Noncompetition.

During the period of employment hereunder and for a period of one year after termination of this Agreement (for whatever reason), the Executive shall not, without the written consent of the Board or a person authorized thereby, disclose to any person, information, knowledge or data which is not theretofore publicly known and in the public domain, and obtained by the Executive while in the employ of the Company (which for purposes of this Section 8 shall include the Company or any of its subsidiaries), respecting information about the Company, or of any products, improvements, designs or styles, customers, methods of distribution, sales, prices, profits, costs, contracts, suppliers, business prospects, business methods, techniques, research, trade secrets, or know-how of the Company, except as the Executive may, in good faith, reasonably believe to be for the Company's benefit. Notwithstanding the foregoing, for a period of one year following the termination of employment hereunder, the Executive may disclose any information, knowledge or data of the type described to the extent required by law in connection with any judicial or administrative proceeding or inquiry.

In addition to the foregoing and in the interest of protecting the Company's trade secrets, during the term of this Agreement and for a period of one year after termination of this Agreement for any reason, the Executive shall not, without the written consent of the Board or a person authorized thereby, directly or indirectly, do any business with respect to, or solicit any business similar to the business of the Company from, any of the Company's customers, clients, or accounts without the consent of the Company. In addition, Executive shall not directly, or through any company of which Executive is an officer, employee, or more than 5% owner, hire any employee of the Company, or attempt to solicit any employee of, or independent contractor used by, the Company to leave the service of the Company.

Executive agrees that the restrictions of this Section 8 are reasonable as to time, area, subject matter and otherwise due to the confidential nature of the information and trade secrets of the Company, and the unique role and substantial compensation of the Executive. The Executive acknowledges that he entered into the covenants imposed by this Section 8 in connection with a prior employment agreement, and that such restrictions are continued without interruption under this Agreement. The covenants contained in this Section 8 shall survive the termination of the Executive's employment pursuant to this Agreement. The foregoing provisions of this Section 8 shall be binding upon the Executive's heirs, successors and legal representative.

9. Repurchase of Stock. It is agreed that within fifteen days following the termination of this Agreement by virtue of the death or Disability of the Executive; or by action of the Company other than for Cause; or at the time of the resignation of the Executive as a result of a breach by the Company of its obligations under this Agreement, then the Executive may give notice to the Company (a "Section 9 Notice") that the Company shall repurchase from the Executive a specified number of shares of stock of the Company then owned by the Executive. For the purpose of this determination, shares which arc not vested in the Executive, and shares which are the subject of options which have not been exercised by the Executive, shall not be deemed to be shares "then owned by the Executive."

The giving of such notice shall constitute a revocable offer of such shares to the Company. Upon the receipt of a Section 9 Notice, the Company shall be obligated to purchase on or about the first business day of each of the next twenty months thereafter, a number of shares equal to five percent of the number of shares identified in the notice given hereunder, to the extent such shares are tendered for delivery to the Company, and to the extent that such purchase may be made under applicable law. If the Executive shall fail to tender in any month the number of shares which the Company is obligated to purchase during such month, then the offer to the Company of such number of shares (but not other shares covered by the Section 9 Notice during future months), shall be deemed to have been waived.

In the event that a change in control of the Company occurs, or is proposed to occur, during the period the Company is obligated to purchase shares pursuant to this Section 9, then the duty of the Company to acquire from the Executive any shares covered in the Executive's Section 9 Notice is hereby accelerated, and such purchase (including full payment for such shares) must be completed on or before the date of a proposed change of control, or within twenty days after a change of control which occurs other than with the cooperation of the Company. If the Executive would be entitled to deliver a Section 9 Notice to the Company in connection with events arising from a proposed change of control event involving the Company, then such Section 9 Notice may provide for the offer and purchase of such shares concurrently with the triggering change of control event.

Each purchase of shares under this Section 9 shall be made at current market price per share of the stock in effect at the time such purchase are made. The Company shall not be obligated to purchase any shares, and the Executive is not empowered to offer his shares to the Company pursuant to this provision upon the expiration of this Agreement by the passage of time.

10. Tax Returns. During the term of this Agreement, the Company shall promptly pay or reimburse the Executive for all costs and expenses associated with the preparation of the Executive's personal income tax returns. The Executive represents and warrants that he will file all tax returns he is required by law to file, as and when due on the original due date or a lawfully extended filing date.

11. Other Directorships. The Company acknowledges and understands that the Executive may be offered the opportunity to sit on the Board of Directors of other public and private companies not in competition with the Company and its affiliates. The Executive agrees that he will not accept any appointment to another Board without the prior written consent of the Company, which consent shall not be unreasonably withheld. The Company may determine that the Executive shall not serve as a director, officer, or in any other position with an entity that does not maintain liability insurance in an amount deemed to be adequate by the Company. The Company agrees that the Executive shall be entitled to any fees or salary received for his participation on the Boards of Directors of such companies.

12. Attorneys' Fees. In the event a proceeding is brought to enforce or interpret any part of this Agreement or the rights or obligations or any party to this Agreement, the prevailing party shall be entitled to recover as an element of such party's costs of suit, through all appeals, and not as damages, reasonable attorneys' fees and paralegal's fees to be fixed by the arbitrator(s) or court. The prevailing party shall be the party who is entitled to recover his costs of suit or proceeding whether or not the action proceeds to final judgment. A party not entitled to recover his costs shall not recover attorneys' fees.

13. Successors and Assigns. This Agreement and the benefits hereunder are personal to the Company and are not assignable or transferable by the Executive without the written consent of the Company. The services to be performed by the Executive hereunder may not be assigned by the Company, without the written consent of the Executive, to any person, firm, corporation or other entity, with the exception of a parent or subsidiary of the Company. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Company and the Executive and the Executive's heirs and legal representatives, and the Company's successors and permitted assigns.

14. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of Delaware, without regard to the application of principles of conflict of laws.

15. Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given if delivered personally or sent by certified mail, return receipt requested, postage prepaid, to the parties to this Agreement shall specify by notice to the other:

If to the Company:	International Assets Holding Corporation Suite 200 250 Park Avenue South Winter Park, Florida 32789
With a copy to:	Steven M. Felsenstein, Esq., Greenberg, Traurig LLP 2050 One Commerce Square Philadelphia, Pennsylvania 19103
If to the Executive:	Mr. William C. Dennis, Jr. Ocala, FL

All notices and communications shall be deemed to have been received on the date of delivery or on the third business day after the mailing thereof.

16. Modification: Waiver. No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is approved by the Board or a person authorized thereby, and is agreed to in a writing signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at the time of any breach by the other party hereto of any condition or provision of this Agreement, or compliance therewith, by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time, or at any prior or subsequent time.

17. Complete Understanding. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement supercedes all prior agreements and understandings between the Company and the Executive concerning his employment by the Company as well as his compensation, including stock options, in connection therewith.

18. Headings. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of this Agreement.

19. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and if any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

21. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Orlando, Florida, in accordance with the rules of the American Arbitration Association then in effect.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

COMPANY:

INTERNATIONAL ASSETS HOLDING
CORPORATION, a Delaware corporation

By: /s/ Diego J. Veitia
Name: Diego J. Veitia
Title: Chairman and CEO

EXECUTIVE:

/s/ William C. Dennis

William C. Dennis, Jr.

INTERNATIONAL ASSETS HOLDING CORPORATION
STATEMENT OF COMPUTATION OF EARNINGS PER SHARE

For the Twelve Months Ended September 30, 2000 and 1999

	2000	1999
Basic Earnings Per Share		
Numerator:		
Net income	$ 279,143	$ 397,181
Denominator:		
Weighted average number of common shares outstanding	2,123,064	1,835,696
Basic earnings per share	$ 0.13	$ 0.22
Diluted Earnings Per Share		
Numerator:		
Net income	$ 279,143	$ 397,181
Denominator:		
Weighted average number of common shares outstanding	2,123,064	1,835,696
Weighted average number of net common shares that would be issued upon exercise of dilutive options assuming proceeds used to repurchase shares pursuant to the treasury stock method (1)	247,910	384,339
Weighted average number of common shares and dilutive potential common shares outstanding	2,370,974	2,220,035
Diluted earnings per share	$ 0.12	$ 0.18

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(1) The treasury stock method recognizes the use of proceeds that could be obtained upon exercise of options in computing diluted earnings per share. It assumes exercise of options as of the beginning of the period or when issued, if later, and that any proceeds would be used to purchase common stock at the average market price during the period.

BD

YEAR
SEP-30-2000
OCT-01-1999
SEP-30-2000
5,271,859
542,147
0
0
3,316,513
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.13
.12