U.S. Securities and Exchange Commission

Washington D.C. 20549

Form 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004

Commission File Number 000-23554

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.)**

220 East Central Parkway, Suite 2060
Altamonte Springs, FL 32701
(Address of principal executive offices)

(407) 741-5300
(Issuer's telephone number)

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 ☒ No ☐.

The issuer had 4,800,637 outstanding shares of common stock as of May 12, 2004.

INDEX

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Unaudited)

	March 31, 2004	September 30, 2003
Assets		
Cash	$ 11,194,597	$ 1,755,072
Cash and cash equivalents deposited with brokers, dealers and clearing organization	6,916,755	5,311,500
Receivable from brokers, dealers and clearing organization, net	3,307,515	2,356,431
Other receivables	189,616	427,510
Financial instruments owned, at market value	23,491,202	6,144,899
Deferred income tax asset, net	33,087	329,457
Property and equipment, at cost:		
Equipment, furniture and leasehold improvements	645,639	628,954
Less accumulated depreciation and amortization	(390,902)	(333,274)
Net property and equipment	254,737	295,680
Software development, net of accumulated amortization of $1,035,501 at March 31, 2004 and $979,958 at September 30, 2003	—	55,544
Deposit with clearing organization	500,000	500,000
Debt issuance costs, net of accumulated amortization of $14,545 at March 31, 2004	1,876,283	—
Prepaid expenses and other assets	216,399	159,510
Total assets	$ 47,980,191	$ 17,335,603
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	$ 150,777	$ 130,156
Foreign currency sold, not yet purchased, at market value	687,715	308,031
Financial instruments sold, not yet purchased, at market value	20,887,456	6,195,149
Accrued compensation and benefits	1,502,925	1,177,848
Accrued expenses	231,525	182,452
Income taxes payable	348,132	—
Other liabilities	42,402	43,639
Convertible subordinated notes payable	12,000,000	—
Total liabilities	35,850,932	8,037,275
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock, $.01 par value. Authorized 5,000,000 shares; no shares issued or outstanding	—	—
Common stock, $.01 par value. Authorized 12,000,000 shares; issued and outstanding 4,796,706 shares at March 31, 2004 and 4,702,384 shares at September 30, 2003	47,967	47,024
Additional paid-in capital	12,958,317	11,783,124
Retained deficit	(877,025)	(2,531,820)
Total stockholders' equity	12,129,259	9,298,328
Total liabilities and stockholders' equity	$ 47,980,191	$ 17,335,603

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

For the Six Months Ended March 31, 2004 and 2003

(Unaudited)

	2004	2003
Revenues:		
Net dealer inventory and investment gains	$ 11,208,334	$ 3,631,265
Commissions, net	501,545	—
Interest income	63,771	12,758
Dividend income (expense), net	(80,751)	(5,089)
Other	4,661	4,947
Total revenues	11,697,560	3,643,881
Interest expense	158,122	832
Net revenues	11,539,438	3,643,049
Non-interest expenses:		
Compensation and benefits	$ 4,278,447	$ 1,456,108
Clearing and related expenses	3,399,640	870,021
Wholesale commission expense	4,800	—
Occupancy and equipment rental	235,504	192,277
Professional fees	164,078	254,733
Depreciation and amortization	113,172	180,392
Business development	157,313	170,293
Insurance	148,964	100,092
Other	183,023	198,548
Total non-interest expenses	8,684,941	3,422,464
Income before income taxes	2,854,497	220,585
Income tax expense	1,199,702	93,866
Net income	$ 1,654,795	$ 126,719
Earnings per share:		
Basic	$ 0.35	$ 0.05
Diluted	$ 0.30	$ 0.04
Weighted average number of common shares outstanding:		
Basic	4,738,214	2,763,843
Diluted	5,546,596	2,892,702

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

For the Three Months Ended March 31, 2004 and 2003

(Unaudited)

	2004	2003
Revenues:		
Net dealer inventory and investment gains	$6,158,001	1,594,895
Commissions, net	255,709	—
Interest income	36,824	8,318
Dividend income (expense), net	(87,455)	(3,712)
Other	5,855	3,443
Total revenues	6,368,934	1,602,944
Interest expense	134,054	639
Net revenues	6,234,880	1,602,305
Non-interest expenses:		
Compensation and benefits	2,339,095	724,836
Clearing and related expenses	1,831,995	440,068
Wholesale commission expense	4,000	—
Occupancy and equipment rental	123,286	109,343
Professional fees	69,994	72,996
Depreciation and amortization	29,425	103,236
Business development	76,733	87,626
Insurance	77,633	56,675
Other expenses	104,250	134,632
Total non-interest expenses	4,656,411	1,729,412
Income (loss) before income taxes	1,578,469	(127,107)
Income tax expense (benefit)	696,026	(43,459)
Net income (loss)	$ 882,443	(83,648)
Earnings (loss) per share:		
Basic	$ 0.19	$ (0.03)
Diluted	$ 0.15	$ (0.03)
Weighted average number of common shares outstanding:		
Basic	4,763,724	3,160,831
Diluted	5,740,733	3,160,831

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

For the Six Months Ended March 31, 2004 and 2003

(Unaudited)

	2004	2003
Cash flows from operating activities:		
Net income	$ 1,654,795	126,719
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	113,172	180,392
Amortization of debt issuance costs	14,545	—
Deferred income taxes	296,370	93,866
Amortization of stock option expense for consultant	12,375	—
Loss on disposals of property and equipment	—	10,851
Cash provided by (used in) changes in:		
Receivable from or payable to brokers, dealers and clearing organization, net	(951,084)	1,839,792
Other receivables	237,894	162,916
Financial instruments owned, at market value	(17,346,303)	(3,140,280)
Deposit with clearing organization	—	(500,000)
Prepaid expenses and other assets	(56,889)	(135,786)
Foreign currency sold, not yet purchased, at market value	379,684	4,978
Financial instruments sold, not yet purchased, at market value	14,692,307	(1,105,212)
Accounts payable	20,621	54,648
Accrued compensation and benefits	325,077	(22,799)
Accrued expenses	49,073	63,870
Income taxes payable	348,132	0
Other liabilities	(1,237)	146,970
Net cash used in operating activities	(211,468)	(2,219,075)
Cash flows from investing activities:		
Proceeds from sale of property	—	4,750
Principal collections of loans to officers	—	21,468
Purchase of property, equipment and software development	(16,685)	(272,263)
Net cash used in investing activities	(16,685)	(246,045)
Cash flows from financing activities:		
Issuance of convertible subordinated notes payable, net of debt issuance costs settled in cash of $997,707	11,002,293	—
Sale of preferred stock, net of costs of acquisition	—	3,510,572
Exercise of stock options	270,640	—
Acquisition of common shares related to terminated 401k and RSP participants	—	(8,200)
Net cash provided by financing activities	11,272,933	3,502,372
Net increase in cash and cash equivalents	11,044,780	1,037,252
Cash and cash equivalents at beginning of period	7,066,572	4,483,603
Cash and cash equivalents at end of period	$ 18,111,352	5,520,855
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 80,334	832
Income taxes paid	$ 558,680	—
Supplemental disclosure of noncash financing activities:		
Issuance of warrants for placement agent services	$ 893,121	$ —
Conversion of preferred stock to common stock	$ —	$ 21,875
Issuance of common stock for finders fee services	$ —	$ 75,000
Retirement of 8,208 common shares held in treasury	$ —	$ 8,200

See accompanying notes to condensed consolidated financial statements.

(1) <u>Basis of Presentation</u>

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions and requirements of Form 10-QSB and, therefore, do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. In the opinion of management, such financial statements reflect all adjustments (consisting of normal recurring items) necessary for a fair statement of the results of operations, cash flows and financial position for the interim periods presented. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended September 30, 2003, contained in the Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2003 filed with the Securities and Exchange Commission.

Current Subsidiaries and Operations

As used in this Form 10-QSB, the term "Company" refers, unless the context requires otherwise, to International Assets Holding Corporation and its three wholly owned subsidiaries — INTL Trading, Inc. ("INTL Trading"), INTL Assets, Inc. ("INTL Assets") (known as International Asset Management Corp. prior to a name change on January 17, 2003) and IAHC (Bermuda) Ltd. ("IAHC Bermuda") (known as OffshoreTrader.com Ltd. prior to a name change on February 7, 2003). All significant intercompany balances and transactions have been eliminated in consolidation.

The Company operates as a wholesale international financial firm in three business segments – international equities market-making, international debt capital markets and commodities/foreign exchange trading. The Company acts as a market maker for equity securities, including American Depository Receipts ("ADRs"), issued by non-U.S. issuers, and trades and invests in debt securities issued by non-U.S. issuers. These activities are primarily conducted through INTL Trading. During the quarter ended March 31, 2003, the Company also began to conduct fixed income trading and investing activities through IAHC Bermuda. During the quarter ended September 30, 2003, the Company began to conduct precious metals and foreign currency trading and investing activities through International Assets Holding Corporation.

(2) <u>Stock-Based Employee Compensation</u>

In October 1995, the Financial Accounting Standards Board (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 calculated 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.

If the Company had 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 (loss) and earnings (loss) per share would be reflected in the pro forma amounts indicated below:

For the six months ended March 31,		2004	2003
Net income	As reported	$1,654,795	126,719
	Pro forma	$1,365,520	129,305
Basic earnings per share	As reported	$ 0.35	0.05
	Pro forma	$ 0.29	0.05
Diluted earnings per share	As reported	$ 0.30	0.04
	Pro forma	$ 0.25	0.04

For the three months ended March 31,		2004	2003
Net income (loss)	As reported	$ 882,443	(83,648)
	Pro forma	$ 736,323	(163,289)
Basic earnings (loss) per share	As reported	$ 0.19	(0.03)
	Pro forma	$ 0.15	(0.05)
Diluted earnings (loss) per share	As reported	$ 0.15	(0.03)
	Pro forma	$ 0.13	(0.05)

Pro forma net income (loss) reflects only options granted from 1996 to 2004. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net income (loss) amounts presented above because compensation cost is reflected over the options' expected life ranging from immediate vesting to 8.5 years and compensation cost for options granted prior to October 1, 1995 is not considered.

Pro forma net income is more than the net income reported for the six months ended March 31, 2003 due to the net pro forma compensation benefit arising from the cumulative adjustment for the cancellation of options during the six months ended March 31, 2003 of $132,866. This compensation benefit offset other pro forma compensation expense for the period.

(3) <u>Effects of Recent Accounting Pronouncements and Interpretations</u>

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, Consolidation of Variable Interest Entities (FIN 46), which clarifies the application of Accounting Research Bulletin No. 51, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. Effective July 1, 2003, the Company adopted FIN 46 with no material impact on its condensed consolidated financial statements. In December 2003, FASB issued Interpretation No. 46(R), Consolidation of Variable Interest Entities (FIN 46(R)), which revised and clarified FIN 46. The issuance of FIN 46(R) had no material impact on the Company's condensed consolidated financial statements or on its adoption of FIN 46 effective July 1, 2003.

On March 9, 2004, the SEC issued Staff Accounting Bulletin No. 105, “Application of Accounting Principles to Loan Commitments” (“SAB 105”). SAB 105 applies to those loan commitments that are accounted for as derivatives in accordance with paragraph three of SFAS No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities” and contains specific guidance on measuring those loan commitments at fair value. Additionally, it requires registrants to disclose their accounting policies related to loan commitments accounted for as derivatives, including the methods and assumptions used to estimate the fair value of the commitments, as well as any associated hedging strategies. SAB 105 is effective for new loan commitments entered into subsequent to March 31, 2004. The Company does not believe that the adoption of SAB 105 will have a material impact on its consolidated financial statements.

(4) Commission Revenue and Wholesale Commission Expense

Commission revenues of $501,545 and $255,709 reported for the six months and three months ended March 31, 2004, respectively, were related to introducing broker fees that the Company received in connection with its wholesale debt trading activities.

For the six months ended March 31,	2004	2003
Wholesale commission revenue	$ 942,573	—
Amounts paid to wholesale third party	(441,028)	—
Net wholesale commission revenue	501,545	—
Wholesale commission expense	$ 4,800	—

For the three months ended March 31,	2004	2003
Wholesale commission revenue	$ 476,860	—
Amounts paid to wholesale third party	(221,151)	—
Net wholesale commission revenue	255,709	—
Wholesale commission expense	$ 4,000	—

(5) Agreements for Sale of Preferred Stock and Change in Management

On October 22, 2002, the Company entered into three Share Subscription Agreements (the "Subscription Agreements") with three individual investors for the sale of common shares and preferred shares. On December 6, 2002, the Company and three investors amended the Subscription Agreements to provide for the purchase of only shares of Series A preferred stock and the parties completed the transaction on the same date. Under the terms of the amended agreements, the Company sold 2,187,500 Series A preferred shares at a price of $1.70 per share, or an aggregate price of $3,718,750. The Company received $3,510,571 in cash from the transaction, after deducting transaction costs of $208,179 paid in cash. The Company also paid an additional $75,000 in transaction costs through the issuance of 44,117 shares of the Company's common stock. The Subscription Agreements provided that the Series A preferred shares would be converted into shares of the Company's common stock upon the approval of the Company's shareholders. The Company's shareholders approved the conversion on February 28, 2003. On the same day, the 2,187,500 Series A preferred shares were converted into common shares on a one-for-one basis.

Pursuant to the Subscription Agreements, the Company agreed to appoint each of the new investors to its Board of Directors and the Company also agreed to appoint one of the new investors as Chief Executive Officer and another as President. The Company has entered into employment agreements with both of these individuals. In connection with the transactions contemplated by the Subscription Agreements, the shareholders also approved a new stock option plan and an amendment of the Company's Certificate of Incorporation to require the vote of at least 75% of the Company's shareholders to remove or change the Company's Chairman of the Board.

(6) Convertible Subordinated Notes and Debt Issuance Costs

On March 12, 2004 the Company issued $12,000,000 in principal amount of the Company's 7% convertible subordinated notes (the "Notes") due December 31, 2014. The Notes were issued at par. The conversion features of the Notes were approved by the shareholders on March 26, 2004. The Notes are convertible by the holders at any time prior to the maturity date of December 31, 2014 into shares of the Company's common stock at a conversion price of $5.75 per share. The Company may cause the outstanding principal balance of the Notes to be converted, in whole or in part, into shares of common stock at any time during 90 days following the occurrence of all of the following three events: (i) the closing price of the common stock exceeds $8.00 per share (proportionately adjusted to reflect adjustments to conversion price) for 20 consecutive days; (ii) the Company files a registration statement under the Securities Act to register the issuance of the common stock pursuant to the conversion of the Notes; and, (iii) such registration statement is declared effective by the SEC.

Conversion of all of the Notes at $5.75 would result in the issuance of 2,086,956 common shares. The Notes are redeemable, in whole or in part at the option of the Company, at any time on or after December 31, 2009 at a redemption price in cash equal to 115% of the principal balance, plus accrued and unpaid interest to the date of redemption. The Notes are subordinated in right of payment to all of the Company's existing and future senior indebtedness, which includes all indebtedness and other liabilities of the Company except indebtedness evidenced by the Notes, indebtedness of the Company to any subsidiary and other indebtedness which is pari passu, or expressly subordinated or junior to the Notes. The Notes are also effectively subordinated to the existing and future indebtedness and other liabilities of the Company's subsidiaries. The Notes bear interest at the rate of 7% per annum, payable semi-annually on June 30 and December 31 of each year.

Debt issuance costs of $1,890,828 were incurred in connection with the issuance of the Notes. Included in this total is $997,707 of costs settled in cash for commissions, placement agent fees, professional fees and state fees. Also included in this total is $893,121 for the black-scholes valuation ($6.00 strike price, 3 year life, risk free rate 2.27%) for the 200,000 warrants issued to the placement agent for placement agent services. The total debt issuance costs will be amortized over the life of the Notes (through December 31, 2014) and charged to interest expense.

(7) <u>Reclassifications</u>

Certain prior period amounts have been reclassified to conform to current period presentation.

(8) <u>Basic and Diluted Earnings (Loss) Per Share</u>

Basic earnings (loss) per share for the six months and three months ended March 31, 2004 and 2003 have been computed by dividing net income (loss) by the weighted average number of common shares outstanding.

Common stock equivalents (including options, warrants and convertible subordinated notes) were excluded from the calculation of diluted earnings per share when the exercise prices of the common stock equivalents exceeded the average market price of the common stock (anti-dilutive). The number of shares which were excluded for the six months ended March 31, 2004, the six months ended March 31, 2003, and the three months ended March 31, 2004 were 2,307,056 shares, 844,055 shares and 9,200 shares, respectively.

Diluted loss per share for the three months ended March 31, 2003 was the same as basic loss per share because of the anti-dilutive impact of the potential common shares, due to the net loss for the period. No common stock equivalents to purchase shares of common stock were considered in the calculation of diluted loss per share for the three months ended March 31, 2003 because of the anti-dilutive impact of the potential common shares, due to the net loss for the period.

For the six months ended March 31,	2004	2003
Diluted earnings per share		
Numerator:		
Net income	$1,654,795	126,719
Denominator:		
Weighted average number of common shares and dilutive potential common shares outstanding	5,546,596	2,892,702
Diluted earnings per share	$ 0.30	0.04

For the three months ended March 31,	2004	2003
Diluted earnings (loss) per share		
Numerator:		
Net income (loss)	$ 882,443	(83,648)
Denominator:		
Weighted average number of common shares and dilutive potential common shares outstanding	5,740,733	3,160,831
Diluted earnings (loss) per share	$ 0.15	(0.03)

(9) Interest Income and Interest Expense

For the six months ended March 31,	2004	2003
Interest income and interest expense		
Interest income	$ 63,771	12,758
Interest expense		
Short trading position balances and other	80,334	832
Convertible subordinated notes payable	63,243	—
Amortization of debt issuance costs	14,545	—
Total interest expense	158,122	832

For the three months ended March 31,	2004	2003
Interest income and interest expense		
Interest income	$ 36,824	8,318
Interest Expense		
Short trading position balances and other	56,267	639
Convertible subordinated notes payable	63,242	—
Amortization of debt issuance costs	14,545	—
Total interest expense	134,054	639

(10) Dividend Income and Expense

For the six months ended March 31,	2004	2003
Dividend income (expense), net is comprised of the following:		
Dividend income	$ 59,832	30,596
Dividend expense	(140,583)	(35,685)
Dividend expense, net	(80,751)	(5,089)

For the three months ended March 31,	2004	2003
Dividend income (expense), net is comprised of the following:		
Dividend income	$ 28,058	12,543
Dividend expense	(115,513)	(16,255)
Dividend expense, net	(87,455)	(3,712)

(11) Receivable From and Payable to Brokers, Dealers and Clearing Organization, net

Amounts receivable from brokers, dealers and clearing organizations, net at March 31, 2004 and September 30, 2003 of $3,307,515 and $2,356,431, respectively, consist of the following:

	March 31, 2004	
	Receivable	Payable
Open transactions, net	$3,760,335	—
Margin deposits from commodities clients	—	315,795
Clearing fees and related charges payable	—	137,025
	$3,760,335	452,820

	September 30, 2003	
	Receivable	Payable
Open transactions, net	$2,376,168	—
Margin deposits from commodities clients	—	—
Clearing fees and related charges payable	—	19,737
	$2,376,168	19,737

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

(12) Financial Instruments Owned and Financial Instruments Sold, Not Yet Purchased, at Market Value

Financial instruments owned and financial instruments sold, not yet purchased, at March 31, 2004 and September 30, 2003 consisted of trading and investment financial instruments at market values as follows:

	Owned	Sold, not yet purchased
March 31, 2004:		
Common stock and American Depository Receipts	$ 2,253,689	2,244,502
Foreign ordinary stock, paired with its respective American Depository Receipts	16,758,642	16,981,960
Corporate and municipal bonds	2,855,881	752,741
Options and futures	1,323,214	882,976
Commodities	24,491	—
Foreign government obligations	213,764	25,277
Other investments	61,521	—
	$ 23,491,202	20,887,456

	Owned	Sold, not yet purchased
September 30, 2003:		
Common stock and American Depository Receipts	$ 1,395,065	2,223,180
Foreign ordinary stock, paired with its respective American Depository Receipts	2,615,667	2,687,873
Corporate and municipal bonds	1,594,522	813,975
Options and futures	400,342	183,603
Commodities	22,594	—
Foreign government obligations	57,128	276,266
Other investments	59,581	10,252
	$ 6,144,899	6,195,149

(13) Leases

The Company leases approximately 5,100 square feet of office space at 220 E. Central Parkway in Altamonte Springs, Florida. This lease commenced on February 1, 2002 and expires on July 31, 2009. The Company leases approximately 3,700 square feet of office space at 708 Third Avenue in New York, New York. This lease commenced on December 13, 2002, and expires on September 29, 2006. The Company leased approximately 310 square feet of office space at 1111 Brickell Avenue in Miami, Florida. This lease commenced on December 18, 2002, and expired on January 31, 2004.

The Company is obligated under various noncancelable operating leases for the rental of office facilities, service obligations and certain office equipment. The expense associated with operating leases amounted to $290,105 and $206,478 for the three months ended March 31, 2004 and 2003, respectively.

Future minimum lease payments under noncancelable operating leases are as follows:

Fiscal Year (12 month period) Ending September 30,	
2004	$ 600,100
2005	453,800
2006	240,900
2007	136,700
2008	131,400
Thereafter	110,300
Total future minimum lease payments	$1,673,200

(14) Stock Options and Warrants

Stock Options

During the six months ended March 31, 2004, the Company granted incentive stock options covering 125,000 shares of common stock. During six months ended March 31, 2004, incentive stock options covering 63,050 shares of common stock expired unexercised. During the six months ended March 31, 2004, the Company granted nonqualified stock options covering 11,700 shares of common stock to consultants. During this same period, nonqualified stock options covering 8,700 shares of common stock expired unexercised. As of March 31, 2004, the Company had outstanding total options covering 1,298,788 shares of common stock. On March 26, 2004, the shareholders approved an amendment to the 2003 International Assets Holding Corporation Stock Option Plan to increase the total number of shares authorized for issuance under the plan from 750,000 shares to 1,000,000 shares. As of March 31, 2004 the Company has 386,650 shares available for issuance under this plan. During the six months ended March 31, 2004 66,322 incentive stock options were exercised and 28,000 nonqualified stock options were exercised.

Incentive Stock Options (Granted during the six months ended March 31, 2004)

Options Granted	Grant Date	Exercise Price Per Share	Expiration Date	Exercisable
46,100	11/01/03	$ 4.50	12/01/03	(a)
33,500	11/14/03	$ 4.75	11/14/07	(b)
45,400	02/01/04	$ 6.68	03/01/04	(c)
125,000				

Nonqualified Stock Options (Granted during the six months ended March 31, 2004)

Options Granted	Grant Date	Exercise Price Per Share	Expiration Date	Exercisable
8,200	11/01/03	$ 4.50	12/01/03	(d)
3,500	02/01/04	$ 6.68	03/01/04	(e)
11,700				

(a) 100% exercisable on 11/3/2003. 28,450 options were exercised before the expiration date of 12/1/2003 and 17,650 expired unexercised on 12/1/2003.

(b) Exercisable at 33.3% after year one, 33.3% after year two and 33.4% after year three.

(c) 100% exercisable on 02/01/2004. 45,400 expired unexercised on 03/01/04.

(d) 100% exercisable on 11/3/2003. 3,000 options were exercised before the expiration date of 12/1/2003 and 5,200 expired unexercised on 12/1/2003.

(e) 100% exercisable on 02/01/2004. 3,500 expired unexercised on 03/01/04.

The Company did not recognize any compensation expense in connection with the grant of 125,000 incentive stock options and 11,700 of the nonqualified stock options during the six months ended March 31, 2004, because the exercise price on the date of grant for each option was equal to or greater than the fair market value of the common stock on the date of grant. During this same six month period, the Company recognized $12,375 of non-cash expense related to a grant of 50,000 nonqualified stock options made on August 4, 2003to a consultant in accordance with SFAS No. 123, as amended by SFAS No. 148, and Emerging Issues Task Force No. 96-18. The expense of $12,375 was determined by utilizing an amortization period equal to the options' vesting period and calculating the options value based on the Black-Scholes option-pricing model.

Warrants

The Company has issued warrants which are convertible into 200,000 shares of common stock to the placement agent for the Company's $12,000,000 note offering. The warrants are exercisable by the holder at any time prior to June 30, 2007. The Company may, at its option, require the Warrant-holder to exercise all or any of the Warrants in the event that all of the following conditions are fulfilled: (i) the close price of the Company's common stock exceeds $9.00 per share for a period of twenty (20) consecutive trading days; (ii) the Company files a registration statement under the Securities Act of 1993, as amended, to register the resale of the shares of common stock issuable upon the exercise of the Warrants; and (iii) such registration statement is declared effective by the Securities and Exchange Commission. The Warrants will be exercisable at an exercise price equal to $6.00, subject to customary adjustment provisions. The conversion rights of the Warrants were approved by the shareholders on March 26, 2004.

Warrants (Granted during the six months ended March 31, 2004)

Granted	Grant Date	Exercise Price Per Share	Expiration Date	Exercisable
142,083	03/02/04	$ 6.00	06/30/07	(a)
57,917	03/12/04	$ 6.00	06/30/07	(a)
200,000				

(a) 100% exercisable on date of grant.

(15) Commitments and Contingent Liabilities

INTL Trading has entered into a fully disclosed clearing agreement dated November 15, 2002 with Pershing LLC (Pershing). In January 2003, the Company began trading fixed income securities under this agreement. In April 2003, the Company began clearing its equity securities under this agreement. The agreement requires the Company to pay a termination fee if the Company terminates the agreement. The termination fee would be $100,000 if the Company terminates in the first year of the agreement; $50,000 if the Company terminates in the second year; and reasonable and documentable deconversion-related expenses if the Company terminates during the third year or thereafter.

(16) Segment Analysis

During the year ended September 30, 2003, the Company expanded from one operating segment into three operating segments. As a result, the Company's reportable segments are international equity market-making, international debt capital markets, commodities and foreign exchange trading and all other.

International Equity Market-Making:

Through INTL Trading, the Company acts as a wholesale market-maker in select foreign securities including unlisted American Depositary Receipts (ADRs) and foreign ordinary shares. INTL Trading provides execution and liquidity to national broker-dealers, regional broker-dealers and institutional investors.

International Debt Capital Markets:

The Company actively trades a wide variety of international debt instruments including both investment grade and higher yielding emerging market bonds. The Company focuses on smaller issues including emerging market sovereign, corporate and bank bonds that trade worldwide on an over-the-counter basis. Through its client relationships, the Company periodically identifies opportunities to arrange, purchase or sell debt transactions that fall outside the parameters of established financial markets. These transactions generally involve negotiable emerging market debt and may be documented by promissory notes, bills of exchange, loan agreements, accounts receivable and other types of debt instruments.

Commodities and Foreign Exchange Trading:

The Company provides a full range of precious metals trading and hedging capabilities to select producers, consumers, recyclers and investors. Acting as a principal, the Company commits its own capital to buy and sell precious metals on a spot and forward basis. The Company also acts as a principal in buying and selling foreign currencies on a spot basis. Revenue is derived from the difference between the purchase and sale prices. In addition, the Company trades in select illiquid currencies of developing countries. The Company's target foreign exchange clients are financial institutions, multi-national corporations, and governmental and charitable organizations operating in these developing countries.

Other:

All other transactions that do not relate to the operating segments above are classified as other. As of March 31, 2004, certain cash accounts and balances were maintained to support administrative as well as all of the operating segments. These multi-segment assets were allocated to other. Included in the revenue reported for other is net interest income and interest expense.

Segment data includes the profitability measure of net contribution by segment. Net contribution includes revenue less direct clearing and clearing related charges and variable trader compensation. This measure of profitability is a key measure for management reporting at the Company. Inter-segment revenues, charges, receivables and payables are eliminated between segments. Information concerning operations in these segments of business is as follows:

For the six months ended March 31,	2004	2003
Revenues:		
International Equity Market Making	$ 9,704,000	3,439,000
International Debt Capital Markets	1,505,000	180,000
Commodities and Foreign Exchange Trading	421,000	—
Interest Income and Other	68,000	25,000
Total	$ 11,698,000	3,644,000
Net contribution:		
(Revenue less clearing and related and variable trader bonus compensation):		
International Equity Market Making	$ 5,044,000	2,164,000
International Debt Capital Markets	1,106,000	105,000
Commodities and Foreign Exchange Trading	307,000	—
Total	$ 6,457,000	2,269,000
Reconciliation of net contribution to income before income taxes:		
Net contribution allocated to segments	$ 6,457,000	2,269,000
Costs not allocated to operating segments	3,603,000	2,048,000
Income before income taxes	$ 2,854,000	221,000

For the three months ended March 31,	2004	2003
Revenues:		
International Equity Market Making	$5,305,000	1,404,000
International Debt Capital Markets	828,000	180,000
Commodities and Foreign Exchange Trading	193,000	—
Interest Income and Other	43,000	19,000
Total	$6,369,000	1,603,000
Net contribution:		
(Revenue less clearing and related and variable trader bonus compensation):		
International Equity Market Making	$2,767,000	813,000
International Debt Capital Markets	616,000	105,000
Commodities and Foreign Exchange Trading	141,000	—
Total	$3,524,000	918,000
Reconciliation of net contribution to income (loss) before income taxes:		
Net contribution allocated to segments	$3,524,000	918,000
Costs not allocated to operating segments	1,946,000	1,045,000
Income (loss) before income taxes	$1,578,000	(127,000)

	March 31, 2004	March 31, 2003
Total assets:		
International Equity Market Making	$27,997,000	11,770,000
International Debt Capital Markets	3,198,000	4,058,000
Commodities and Foreign Exchange Trading	3,214,000	—
Other	13,571,000	1,225,000
Total	$47,980,000	17,053,000

ITEM 2. 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 thereto appearing elsewhere in this report. This Quarterly Report on Form 10-QSB contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control, including adverse changes in economic, political and market conditions, losses from the Company's market-making and trading activities arising from counter-party failures and changes in market conditions, the possible loss of key personnel, the impact of increasing competition, the impact of changes in government regulation, the possibility of liabilities arising from violations of federal and state securities laws and the impact of changes in technology in the securities and commodities brokerage industries. Although the Company believes that its forward-looking statements are based upon reasonable assumptions regarding its business, future market conditions, there can be no assurances that the Company's actual results will not differ materially from any results expressed or implied by the Company's forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned that any forward-looking statements are not guarantees of future performance.

Results of Operations:

The Company's principal activities include market-making and trading in international financial instruments and commodities. The markets in which the Company operates are highly competitive and volatile. The Company has little or no control over many of the factors which affect its operations. As a result, the Company's earnings are subject to potentially wide fluctuations. The Company seeks to counteract many of these influences by focusing on niche, uncorrelated markets and, when possible, linking the Company's expenses to revenues.

Since September 30, 2002, the Company's activities have changed significantly due to the following developments.

- In the first quarter of the 2003 fiscal year, the Company appointed new management and raised additional capital.
- In the second quarter of the 2003 fiscal year, the Company began trading and related activities in international debt capital markets.
- In the fourth quarter of the 2003 fiscal year, the Company began trading precious metals and foreign exchange.
- In the second quarter of the 2004 fiscal year, the Company raised $12,000,000 from the issuance of the Company's 7% convertible subordinated notes. The proceeds will be utilized to continue to expand the Company's trading businesses.

The Company’s activities are currently divided into international equities market-making, international debt capital markets and commodities/foreign exchange trading. Most of the Company’s revenue over the past two fiscal years were generated from international equity market-making. In the 2003 fiscal year, international debt capital markets also made a positive contribution to revenues. Given the early stage of their development, international debt trading and commodity/foreign exchange trading represented a minority of the Company’s revenues in 2003.

Recent Developments

In May 2004, the Company and an unrelated third party formed INTL Consilium, LLC to provide investment management services to private investment funds and other institutional investors. The firm will focus on emerging market securities. The Company received a 50.1% interest in this entity in exchange for a $500,000 capital contribution.

Six Months Ended March 31, 2004 (“YTD 2004”) Compared to Six Months Ended March 31, 2003 (“YTD 2003”)

The following table reflects the principal components of the Company’s revenues as a percentage of total revenue for YTD 2004 and YTD 2003.

	Percentage of Total Revenues	Percentage of Total Revenues	Percentage Change from YTD 2003 to YTD 2004
	YTD 2004	YTD 2003	
Trading revenues (Net dealer inventory and investment gains)	96%	100%	209%
Commissions, net	4%	0%	Not Meaningful
Interest income	Less than 1%	Less than 1%	Not Meaningful
Dividend income (expense), net	Less than-1%	Less than-1%	Not Meaningful
Other	Less than 1%	Less than 1%	Not Meaningful
Total revenues	100%	100%	221%

The following table reflects the sources of the Company's revenues as a percentage of the Company's total revenue for YTD 2004 and YTD 2003.

	Percentage of Total Revenues YTD 2004	Percentage of Total Revenues YTD 2003	Percentage Change from YTD 2003 to YTD 2004
Equity market making	83%	94%	182%
Debt capital markets	13%	5%	Not meaningful
Commodities/ foreign exchange trading	4%	0%	Not meaningful
Other	Less than 1%	1%	Not meaningful
Total Revenue	100%	100%	221%

The following table reflects the principal components of the Company's non-interest expenses as a percentage of the Company's total non-interest expenses in YTD 2004 and YTD 2003.

	Percentage of Total Non-Interest Expenses YTD 2004	Percentage of Total Non-Interest Expenses YTD 2003	Percentage Change from YTD 2003 to YTD 2004
Compensation and benefits	49.3%	42.6%	194%
Clearing and related expenses	39.2%	25.4%	291%
Wholesale commission expense	Less than 1%	0%	Not meaningful
Occupancy and equipment rental	2.7%	5.6%	23%
Professional fees	1.9%	7.4%	-36%
Depreciation and amortization	1.3%	5.3%	-37%
Business Development	1.8%	5.0%	-8%
Insurance	1.7%	2.9%	49%
Other expenses	2.1%	5.8%	-8%
Total non-interest expenses	100%	100%	154%

Net Income. The Company reported net income of $1,655,000 for the six months to March 31, 2004 (YTD 2004), which equates to $0.35 per basic share and $0.30 per diluted share. This compares to net income of $127,000, or $0.05 per basic share and $.04 per diluted share, for the six months ended March 31, 2003 (YTD 2003).

Total Revenues. The Company's total revenues increased 221% to $11,698,000 for YTD 2004 compared to $3,644,000 for YTD 2003. Equity market-making revenues grew from $3,439,000 for YTD 2003 to $9,704,000 for YTD 2004. The growth in equity market-making revenue was due to improved equity market conditions worldwide, increased marketing of the Company's market-making capabilities to institutional and other clients and improved management of the Company's equity market-making personnel. Equity market-making revenue decreased from 94% of total revenues for YTD 2003 to 83% of total revenue for YTD 2004, due to additional revenue from new activities. The Company began international debt capital markets in the second quarter of fiscal 2003. International debt capital markets revenues grew from $180,000 for YTD 2003 to $1,505,000 for YTD 2004. The Company's revenues from these activities were supported by the positive market conditions for international debt securities which has prevailed over the last 12 months and a steadily increasing number of wholesale customers establishing relationships with the Company. The Company began trading in foreign exchange and precious metals in the fourth quarter of fiscal 2003. These activities generated revenues of $421,000 (4% of total revenue) for YTD 2004.

Trading Revenues (Net Dealer Inventory and Investment Gains). The Company had trading income of $11,208,000 for YTD 2004, compared to $3,631,000 for YTD 2003. The increase in trading revenues reflected improved market conditions and demand for securities traded by the Company, the continued growth and development of new wholesale equity client relationships and the continued expansion into international debt capital markets and commodities/foreign exchange trading.

Total trading revenue includes the trading profits earned by the Company before the related expense deduction for American Depositary Receipt conversion fees. These ADR fees are included in the statement of operations as clearing and related expenses.

Commission Revenues. The Company generated commission revenues of $502,000 for YTD 2004, compared to $0 in YTD 2003. This increase in commissions was from brokerage of securities at the wholesale level within the debt capital markets segment.

Interest Income The Company's interest income for YTD 2004 was $64,000 compared to $13,000 for YTD 2003. The increase was due to higher cash balances held over the six month period primarily resulting from an increase in financial instruments sold, not purchased due to increased ADR conversion activities. Offsetting the increased interest income was interest expense charge arising from the increased financial instruments sold, not purchased held with the Company's clearing firm.

Dividend Income (Expense). The Company's dividend income (expense), net in YTD 2004 was ($81,000) compared to ($5,000) for YTD 2003. Dividend income (expense) is generated when the Company holds long (short) equity positions over a dividend declaration date.

Interest Expense. The Company's interest expense increased to $158,000 for YTD 2004, compared to a nominal amount in 2003. The expense in 2004 consisted of $78,000 of interest accrued on the Company's $12.0 million in 7% convertible notes issued in March 2004 and $80,000 of interest on financial instruments sold, not yet purchased balances, due to the increase in ADR conversion activity. The quarterly interest charge on the 7% convertible notes, assuming they are not converted, is expected to be $254,000, consisting of $210,000 in stated interest accruing on the principal balance of the Notes and $44,000 accruing from the amortization of debt issuance costs.

Total Non-interest Expenses. The Company's total non-interest expenses increased by approximately 154% to $8,685,000 for YTD 2004, compared to $3,423,000 for YTD 2003. This increase was directly attributable to the expansion of the Company's business, which resulted in higher personnel, clearing, rents and insurance costs.

Compensation and Benefits. The Company's compensation and benefit expense increased 194% from $1,456,000 for YTD 2003 to $4,279,000 for YTD 2004. The increase was a result of both higher staff levels and higher performance based compensation due to increased revenues and profitability.

Clearing and related expenses. Clearing and related expenses increased by 291% from $870,000 for YTD 2003 to $3,400,000 for YTD 2004. The increase was primarily due to the growth in trading activity and the number of trades processed, increased foreign settlement fees and increased American Depositary Receipt conversion fees. The increased foreign settlement fees related to changes in the composition of the equity trading activities. The total ADR fees were $2,014,000 and $188,000 for YTD 2004 and YTD 2003, respectively. The increase in ADR fees includes several large equity trading transactions in Q1 2004.

Occupancy and Equipment Rental. Occupancy and equipment rental expense increased by 23% from $192,000 for YTD 2003 to $236,000 for YTD 2004. This increase in rent expense is primarily due to increased equipment rental, primarily information services, for the additional employees.

Professional Fees. Professional fees principally consist of legal, taxation and accounting fees. These fees decreased 36% from $255,000 for YTD 2003 to $164,000 for YTD 2004 quarter due to the resolution of certain previously pending arbitration and legal proceedings.

Depreciation and Amortization. Depreciation and amortization decreased 37% from $180,000 for YTD 2003, compared to $113,000 in YTD 2004. The decline is due to capitalized software development costs which were fully amortized in Q1 2004. This decline has been partially offset by increased depreciation expense arising from the purchase of fixed assets for the Company's New York and Altamonte Springs offices.

Business Development Expense. Business development expense decreased 8% from $170,000 for YTD 2003 to $157,000 for YTD 2004. Small variances are expected from period to period.

Insurance Expense. Insurance expense increased 49% from $100,000 in YTD 2003 to $149,000 in YTD 2004. The increase was primarily due to increases in the cost of health insurance caused by higher staff levels and increased cost per employee. In addition, the Company acquired key man term life insurance on certain executives.

Other Operating Expenses. Other operating expenses declined 8% from $199,000 in YTD 2003 to $183,000 for YTD 2004. The decline was primarily due to a net change in various office expenses and a reduced loss on the disposition of fixed assets in YTD 2003.

Tax Expense. The Company recognized income tax expense of $1,200,000 for YTD 2004 compared with $94,000 for the YTD 2003. The Company's effective income tax rate was approximately 42% for YTD 2004 compared with 43% for YTD 2003. During Q2 2004, the Company increased its expected state tax provision rate based on its estimated apportionment of state income and an increased blended state rate. The increased effective rate for YTD 2003 was due to the effects of permanent differences on a lower taxable income basis. Income taxes payable as of March 31, 2004 were $348,000 compared to $0 as of March 2003, is the result of the Company having fully utilized its federal net operating loss carryforwards as well as partial utilization of the Company's state net operating loss carryforwards, due to continued ongoing profitability. The net deferred tax asset as of March 31, 2004 was $33,000 and relates to various timing differences and state operating losses carryforwards, compared to $330,000 as of March 31, 2003.

Three Months Ended March 31, 2004 ("Q2 2004") Compared to Three Months Ended March 31, 2003 ("Q2 2003")

The following table reflects the principal components of the Company's revenues as a percentage of total revenue for Q2 2004 and Q2 2003.

	Percentage of Total Revenue Q2 2004	Percentage of Total Revenue Q2 2003	Percentage Change from Q2 03 to Q2 04
Trading revenue (Net dealer inventory and investment gains)	97%	100%	286%
Commissions	4%	0%	Not Meaningful
Interest income	Less than 1%	Less than 1%	343%
Dividend income (expense), net	-1%	Less than-1%	Not Meaningful
Other revenues	Less than 1%	Less than 1%	Not Meaningful
Total revenue	100%	100%	297%

The following table reflects the sources of the Company's revenues as a percentage of the Company's total revenue for Q2 2004 and Q2 2003.

	Percentage of Total Revenues Q2 2004	Percentage of Total Revenues Q2 2003	Percentage Change from Q2 03 to Q2 04
Equity market making	83%	88%	278%
Debt capital markets	13%	11%	Not meaningful
Commodities/ foreign exchange trading	3%	0%	Not meaningful
Other	1%	1%	Not meaningful
Total revenues	100%	100%	297%

The following table reflects the principal components of the Company's non-interest expenses as a percentage of the Company's total non-interest expenses in Q2 2004 and Q2 2003.

	Percentage of Total Non-interest Expenses Q2 2004	Percentage of Total Non-interest Expenses Q2 2003	Percentage Change from Q2 03 to Q2 04
Compensation and benefits	50.2%	41.9%	223%
Clearing and related expenses	39.3%	25.4%	316%
Wholesale commission expense	Less than 1%	0%	Not meaningful
Occupancy and equipment rental	2.7%	6.3%	13%
Professional fees	1.5%	4.2%	-4%
Depreciation and amortization	0.7%	6.0%	-72%
Business Development	1.7%	5.1%	-12%
Insurance	1.7%	3.3%	37%
Other expenses	2.2%	7.8%	-23%
Total non-interest expenses	100%	100%	169%

Net Income. The Company reported net income of $882,000 for the three months ended March 31, 2004 (Q2 2004), which equates to $0.19 per basic share and $0.15 per diluted share. This compares to net loss of $84,000, or $0.03 per basic and diluted share, for the three months ended March 31, 2003 (Q2 2003).

Total Revenues. The Company's total revenues increased 297% to $6,369,000 for Q2 2004 compared to $1,603,000 for Q2 2003. Equity market-making revenue grew from $1,404,000 for Q2 2003 to $5,305,000 for Q2 2004. The growth in equity market-making revenue was due to improved equity market conditions worldwide, increased marketing of the Company's market-making capabilities to institutional and other clients and improved management of the Company's equity market-making personnel. Equity market-making revenues decreased from 88% of total revenue for Q2 2003 to 83% of total revenue for Q2 2004 due to additional revenue from new activities. The Company began international debt capital markets in the second quarter of fiscal 2003. International debt capital markets revenue grew from $180,00 for Q2 2003 to $828,000 for Q2 2004. The Company's revenues from these activities were supported by the positive market conditions for international debt securities which has prevailed over the last 12 months and a steadily increasing number of wholesale customers establishing relationships with the Company. The Company began trading in foreign exchange and precious metals in the fourth quarter of fiscal 2003. These activities generated revenue of $193,000 (3% of total revenue) for Q2 2004.

Trading Revenues (Net Dealer Inventory and Investment Gains). The Company had trading income of $6,158,000 for Q2 2004, compared to $1,595,000 for Q2 2003. The increase in trading revenue reflected improved market conditions and demand for securities traded by the Company, the continued growth and development of new wholesale equity client relationships and the continued expansion into international debt capital markets and commodities/foreign exchange trading.

Total trading revenue includes the trading profits earned by the Company before the related expense deduction for American Depositary Receipt conversion fees. These ADR fees are included in the statement of operations line item labeled clearing and related expenses.

Commission Revenues. The Company generated commission revenue of $256,000 for Q2 2004, compared to $0 in Q2 2003. This increase in commissions was from brokerage of securities at the wholesale level within the debt capital markets segment.

Interest Income. The Company's interest income for Q2 2004 was $37,000 compared to $8,000 for Q2 2003. The increase was due to higher cash balances held over the three month period primarily resulting from an increase in financial instruments sold, not purchased due to increased ADR conversion activities. Offsetting the increased interest income was interest expense arising from the increased financial instruments sold, not purchased held with the Company's clearing firm.

Dividend Income (Expense). The Company's dividend income (expense), net in Q2 2004 was ($87,000) compared to ($4,000) for Q2 2003. Dividend income (expense) is generated when the Company holds long (short) equity positions over a dividend declaration date.

Interest Expense. The Company's interest was $134,000 for Q2 2004, compared to a nominal amount in 2003. The expense in YTD 2004 consisted of $78,000 of accrued interest on the Company's 7% convertible notes issued in March 2004, and $56,000 of interest on financial instruments sold, not yet purchased, due to the increase in ADR conversion activity. The quarterly interest charge on the 7% convertible notes, assuming they are not converted, is expected to amount to $254,000.

Total Non-interest Expenses. The Company's total non-interest expenses increased by approximately 169% to $4,656,000 for Q2 2004, compared to $1,729,000 for Q2 2003. This increase was directly attributable to the expansion of the Company's business, which resulted in higher personnel, clearing, rents and insurance costs.

Compensation and Benefits. The Company's compensation and benefit expense increased 223% from $725,000 for Q2 2003 to $2,339,000 for Q2 2004. The increase was a result of both higher staff levels and higher performance based compensation due to increased revenues and profitability.

Clearing and related expenses. Clearing and related expenses increased by 316% from $440,000 for Q2 2003 to $1,832,000 for Q2 2004. The increase was primarily due to the growth in trading activity and the number of trades processed, increased foreign settlement fees and increased American Depositary Receipt conversion fees. The increased foreign settlement fees related to changes in the composition of the equity trading activities. The total ADR fees were $1,063,000 and $90,000 for Q2 2004 and Q2 2003, respectively.

Occupancy and Equipment Rental. Occupancy and equipment rental expense increased by 13% from $109,000 for Q2 2003 to $123,000 for Q2 2004. This increase in rent expense is primarily due to increased equipment rental, primarily information services, for the additional employees.

Professional Fees. Professional fees principally consist of legal, taxation and accounting fees. These fees decreased 4% from $73,000 for Q2 2003 to $70,000 for Q2 2004 quarter.

Depreciation and Amortization. Depreciation and amortization decreased 72% from $103,000 for Q2 2003, compared to $29,000 in Q2 2004. The decline is due to capitalized software development costs which were fully amortized in Q1 2004. This decline has been partially offset by increased depreciation expense arising from the purchase of fixed assets for the Company's New York and Altamonte Springs offices.

Business Development Expense. Business development expense decreased 12% from $88,000 for Q2 2003 to $77,000 for Q2 2004. Small variances are expected from period to period.

Insurance Expense. Insurance expense increased 37% from $57,000 in Q2 2003 to $78,000 in Q2 2004. The increase was primarily due to increases in the cost of health insurance caused by higher staff levels and increased cost per employee. In addition, the Company acquired key man term life insurance on certain executives.

Other Operating Expenses. Other operating expenses declined 23% from $135,000 in Q2 2003 to $104,000 for Q2 2004. The decline was primarily due to a net change in various office expenses and a reduced loss on the disposition of fixed assets in YTD 2003.

Tax Expense. The Company recognized income tax expense of $696,000 for Q2 2004 compared with a tax credit of $44,000 for Q2 2003. The Company's effective income tax rate for Q2 2004 was approximately 44%, which reflected higher state and city tax rates for the Company's New York City operations.

Liquidity and Capital Resources

A substantial portion of the Company's assets are liquid. The majority of the assets consist of financial instrument inventories, which fluctuate depending on the level of customer business. At March 31, 2004, approximately 94% of the Company's assets consisted of cash, cash equivalents, receivables from brokers, dealers and clearing organization and marketable financial instruments. All assets are financed by the Company's equity capital, convertible subordinated notes, short-term borrowings from financial instruments sold, not yet purchased and other payables.

The Company's ability to receive distributions from INTL Trading, the Company's broker-dealer subsidiary, is restricted by regulations of the SEC and the NASD. The Company's right to receive distributions from its subsidiaries are also subject to the rights of the subsidiaries' creditors, including customers of INTL Trading.

INTL Trading is subject to the net capital requirements of the SEC and the NASD relating to liquidity and net capital levels. At March 31, 2004, INTL Trading had regulatory net capital of $4,310,000, which was $3,800,000 in excess of its minimum net capital requirement on that date. INTL Trading's net capital at March 31, 2004 included a $500,000 subordinated loan made by the Company to INTL Trading on January 31, 2003. This loan had an original scheduled maturity date of February 28, 2004, which has been extended to February 28, 2005, and an interest rate of 3%. INTL Trading is not obligated to repay the loan at scheduled maturity if repayment would cause INTL Trading to violate its net capital requirements. If this occurs, INTL Trading's obligation to repay the loan is deferred until these requirements can be satisfied. This inter-company loan, and the related interest income and income expense, has been eliminated from the consolidated balance sheet and statements of operations of the Company as of March 31, 2004.

The Company's assets and liabilities may vary significantly from period to period because of changes relating to customer needs and economic and market conditions and customer requirements. The Company's total assets at March 31, 2004 and September 30, 2003, were $47,980,000 and $17,336,000, respectively. The Company's operating activities generate or utilize cash resulting from net income or loss earned during each period and fluctuations in its assets and liabilities. The most significant fluctuations arise from changes in the level of customer activity and financial instruments inventory changes resulting from proprietary arbitrage trading strategies dictated by prevailing market conditions.

In addition to normal operating requirements, capital is required to satisfy financing and regulatory requirements. The Company's overall capital needs are continually reviewed to ensure that its capital base can appropriately support the anticipated capital needs of its operating subsidiaries. The excess regulatory net capital of the Company's broker-dealer subsidiary may fluctuate throughout the year reflecting changes in inventory levels and/or composition and balance sheet components.

In March 2004 the Company completed a private placement of $12,000,000 of 7% convertible notes. The proceeds from the sale of the convertible notes will be utilized to support the expansion of the Company’s business. The Company will be obligated to make interest payments of $840,000 in cash to the holders of the convertible notes.

Cash Flows

The Company’s cash and cash equivalents increased from $7,066,000 at September 30, 2003 to $18,111,000 at March 31, 2004.

The major sources of cash were:

- The Company’s receipt of a net $11,002,000 in cash as a result of the private placement of $12,000,000 in convertible subordinated notes.
- The Company’s net income of $1,655,000 for the six months ended March 31, 2004.
- The receipt of $271,000 from the exercise of stock options.
- A $395,000 increase in the Company’s accounts payable, accrued compensation and benefits, accrued expenses and other liabilities.
- A $348,000 increase in the Company’s income taxes payable.
- Significant non-cash expenses included depreciation and amortization of $113,000, amortization of debt issuance costs of $15,000, amortization of stock option expense for consultant of $12,000 and deferred income taxes of $296,000.
- A $181,000 decrease in the Company’s other receivables and pre-paid expenses.

The major uses of cash were:

- A $2,274,000 net increase in the Company’s financial instruments position (financial instruments owned, foreign currency sold, not yet purchased and financial instruments owned, not yet purchased).
- A $951,000 increase in the Company’s net receivables and payables from brokers, dealers and clearing organization. At March 31, 2004 and September 30, 2003 these organizations owed the Company $3,308,000 and $2,357,000, net, respectively.

Critical Accounting Policies

The Company’s Condensed Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles. The Company’s significant accounting policies are described in the Summary of Significant Accounting Policies in the Consolidated Financial Statements set forth in the Company’s 10-KSB for the period ended September 30, 2003. The Company believes that of its significant accounting policies, those described below involve a high degree of judgment and complexity. These critical accounting policies require estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the Consolidated Financial Statements. Due to their nature, estimates involve judgment based upon available information. Actual results or amounts could differ from estimates and the difference could have a material impact on the financial statements. Therefore, understanding these policies is important in understanding the reported results of operations and the financial position of the Company.

Valuation of Financial Instruments. Substantially all financial instruments are reflected in the financial statements at market value or amounts that approximate market value. These financial interests include: cash, cash equivalents, and financial instruments purchased under agreements to resell; deposits with clearing organizations; financial instruments owned; and financial instruments sold but not yet purchased. Unrealized gains and losses related to these financial instruments are reflected in net earnings. Where available, the Company uses prices from independent sources such as listed market prices, or broker or dealer price quotations. Fair values for certain derivative contracts are derived from pricing models that consider current market and contractual prices for the underlying financial instruments or commodities, as well as time value and yield curve or volatility factors underlying the positions. In addition, even where the value of a financial instrument is derived from an independent market price or broker or dealer quote, certain assumptions may be required to determine the fair value. However, these assumptions may be incorrect and the actual value realized upon disposition could be different from the current carrying value.

Deferred Tax Asset and Liability. The Company recognizes deferred tax assets and liabilities 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 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. The Company also establishes valuation allowances when necessary to reduce deferred tax assets to an amount that, in the opinion of management, is more likely than not to be realized. 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 March 31, 2004, based upon the projections for future taxable income, management believes it is more likely than not that the Company will realize the full benefits of these deductible differences and net operating loss carryforward.

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 compensation and benefits, clearing and related expenses, occupancy and equipment rental, due to inflation, may not be readily recoverable from increasing the prices of services offered by the Company. In addition, to the extent that inflation results in rising interest rates or has other adverse effects on the financial markets and on the value of the financial instruments held in inventory, it may adversely affect the Company’s financial position and results of operations.

ITEM 3. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the time period specified in the rules and forms of the Securities and Exchange Commission. Based upon their evaluation of those controls and procedures as of March 31, 2004, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the Company's disclosure controls and procedures were adequate.

PART II - OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

a. Convertible Subordinated Notes Issued

On March 12, 2004 the Company issued $12,000,000 in principal amount of 7% convertible subordinated notes (the "Notes") due December 31, 2014. The Notes were issued to accredited investors in reliance upon Rule 506 of SEC Regulation D. The Notes were issued at par. The conversion features of the notes were approved by the shareholders on March 26, 2004. The Notes are convertible at the option of the holders at any time prior to the maturity date of December 31, 2014 into shares of the Company's common stock at a conversion price of $5.75 per share. The Company may cause the outstanding principal balance of the Notes to be converted, in whole or in part, into shares of common stock at any time during 90 days following the occurrence of all of the following three events: (i) the closing price of the common stock exceeds $8.00 per share (proportionately adjusted to reflect adjustments to conversion price) for 20 consecutive days; (ii) the Company files a registration statement under the Securities Act to register the issuance of the common stock pursuant to the conversion of the Notes; and, (iii) such registration statement is declared effective by the SEC.

If all of the Notes were converted at the current conversion price of $5.75, the Company would be required to issue 2,086,956 common shares. The Notes are redeemable, in whole or in part at the option of the Company, at any time on or after December 31, 2009 at a redemption price in cash equal to 115% of the principal balance, plus accrued and unpaid interest to the date of redemption. The Notes are subordinated in right of payment to all of the Company's existing and future senior indebtedness, which includes all indebtedness and other liabilities of the Company except indebtedness evidence by the Notes, indebtedness of the Company to any subsidiary and other indebtedness which is pari passu, or expressly subordinated or junior to the Notes. The Notes are also effectively subordinated to the existing and future indebtedness and other liabilities of the Company's subsidiaries. The Notes bear interest at the rate of 7% per annum, payable semi-annually on June 30 and December 31 of each year.

In connection with this offering, the Company issued warrants to the placement agent. These warrants are convertible into 200,000 shares of common stock. The warrants are exercisable by the holder at any time prior to June 30, 2007. The Company may, at its option, require the holder to exercise all or any of the warrants in the event that all of the following conditions are fulfilled: (i) the closing price of the Common Stock exceeds $9.00 per share for a period of twenty (20) consecutive trading days, (ii) the Company files a registration statement under the Securities Act of 1933, as amended, to register the resale of the shares of Common Stock issuable upon the exercise of the warrants, and (iii) such registration statement is declared effective by the Securities and Exchange Commission. The Company must exercise this option if at all, during the fifteen (15) day period commencing on the first date on which all of the conditions have been fulfilled, or during any subsequent fifteen (15) day period commencing on any subsequent date on which all of the conditions have been fulfilled. The Warrants will be exercisable at an exercise price equal to $6.00, subject to customary adjustment provisions. The conversion rights of the warrants were approved by the shareholders on March 26, 2004.

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

The Company's annual meeting of shareholders was held on Friday, March 26, 2004. The shareholders re-elected the following six persons to serve as directors: Diego J. Veitia, Sean M. O'Connor, Scott J. Branch, Edward R. Cofrancesco, Robert A. Miller and John Radziwill. The shareholders also ratified the appointment of KPMG LLP to audit the consolidated financial statements of the Company and its subsidiaries for the fiscal year ending September 30, 2004.

The shareholders also approved three additional items:

- An amendment to the International Assets Holding Corporation 2003 Stock Option Plan to increase the total number of shares authorized for issuance under the plan from 750,000 shares to 1,000,000 shares.
- The conversion provisions of the Company's 7% convertible notes and related warrants, pursuant to which the Company may issue up to 2,286,956 shares of common stock upon the conversion or exercise of the notes and warrants, including the issuance of up to 330,435 of these shares to the Company's executive officers and directors.
- An amendment to the Company's Certificate of Incorporation to increase the total number of shares of common stock which the Company is authorized to issue from 8,000,000 shares to 12,000,000 shares.

The number of shares voted with respect to each matter considered at the annual meeting were as follows:

Election of Directors	Votes For	Votes Withheld
Diego J. Veitia	3,914,971	59,277
Sean M. O'Connor	3,934,571	39,677
Scott J. Branch	3,934,571	39,677
Edward R. Cofrancesco, Jr.	3,926,571	47,677
Robert A. Miller	3,945,510	28,738
John Radziwill	3,969,548	4,700

	Votes For	Votes Against	Votes Abstain
Ratification of KPMG LLP as auditors	3,936,016	34,757	3,475
Approval of amendment to 2003 Stock Option Plan to increase total authorized shares from 750,000 shares to 1,000,000 shares	2,782,377	131,260	5,215
Approval of possible issuance of up to 2,286,956 shares of common stock upon conversion or exercise of certain convertible notes and warrants, including the issuance of up to 330,435 of these shares to the Company's executive officers	2,821,265	92,537	5,050
Approval of amendment to Company's Certificate of Incorporation to increase the Company's authorized common stock from 8,000,000 to 12,000,000 shares	2,823,115	90,797	4,940

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

(3.1)	Certificate of Incorporation
(10.1)	Form of Warrant
(31.1)	Certification of Chief Executive Officer, pursuant to Rule 13a – 14(a).
(31.2)	Certification of Chief Financial Officer, pursuant to Rule 13a – 14(a).
(32.1)	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32.2)	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b) Reports on Form 8-K

On January 5, 2004, the Company filed a Current Report in Form 8-K to report on the Company's proposed offering of convertible subordinated notes.

On March 4, 2004, the Company filed a Current Report in Form 8-K to report on the Company's initial issuance of convertible subordinated notes.

On March 15, 2004, the Company filed a Current Report in Form 8-K to report on the Company's completion of issuance of convertible subordinated notes.

On May 13, 2004, the Company filed a Current Report in Form 8-K to report on the Company's formation of an asset management joint venture.

Signatures

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERNATIONAL ASSETS HOLDING CORPORATION

Date 05/14/2004	/s/ SEAN M. O'CONNOR
	Sean M. O'Connor **Chief Executive Officer**
Date 05/14/2004	/s/ JONATHAN C. HINZ
	Jonathan C. Hinz **Chief Financial Officer and Treasurer**

Exhibit Index

Exhibit Number	Description
(3.1)	Certificate of Incorporation
(10.1)	Form of Warrant
(31.1)	Certification of Chief Executive Officer, pursuant to Rule 13a – 14(a).
(31.2)	Certification of Chief Financial Officer, pursuant to Rule 13a – 14(a).
(32.1)	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32.2)	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATE OF INCORPORATION
OF
INTERNATIONAL ASSETS HOLDING CORPORATION

To the Secretary of State of Delaware:

1. The name of the Corporation is International Assets Holding Corporation.

2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, Count of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. The nature of the business or purposes to be conducted or promoted is:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

4. Capital Stock

(a) Number and Class of Shares Authorized: Par Value

(i) Common Stock. The aggregate number of shares of common stock which the Corporation shall have authority to issue is 12,000,000 with a par value of $0.01 per share.

(ii) Preferred Stock. The aggregate number of shares of Preferred Stock which the Corporation shall have authority to issue is 5,000,000 with a par value of $0.01 per share.

(b) Description of Preferred Stock.

The terms, preferences, limitations and relative rights of the Preferred Stock are as follows:

(i) The Board of Directors is expressly authorized at any time and from time to time to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers, full or limited, but not to exceed one vote per share, or without voting powers, and with such designations, preferences and relative participating, optional or other special rights, qualifications, limitations or restrictions, as shall be fixed and determined in the resolution or resolutions providing for the issuance thereof adopted by the Board of Directors, and a are not stated and expressed in this Certificate of Incorporation or any amendment hereto, including (but not without limiting the generality of the foregoing) the following:

(A) The distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors in creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by resolution of the Board of Directors;

(B) The rate of dividends payable on shares of such series, the times of payment, whether dividends shall be cumulative, the conditions upon which and the date from which such dividends shall be cumulative;

(C) Whether shares of such series can be redeemed, the time or times when, and the price or prices at which shares of such series shall be redeemable, the redemption price, terms and conditions of redemption, and the sinking fund provisions, if any, for the purchase or redemption of such shares;

(D) The amount payable on shares of such series and the rights of holders of such shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(E) The rights, if any, of the holders of shares of such series to convert such shares into, or exchange such shares for shares of Common Stock or shares of any other class or series of Preferred Stock and the terms and conditions of such conversion or exchange; and

(F) The rights, if any, of the holders of shares of such series to vote.

(ii) Except in respect of the relative rights and preferences that may be provided by the Board of Directors as hereinbefore provided, all shares of Preferred Stock shall be of equal rank and shall be identical, and each share of a series shall be identical in all respect with the other shares of the same series.

5. The name and mailing address of the incorporator is Steven M. Felsenstein, Esq., 1100 Franklin Plaza, Philadelphia, PA 19102.

6. The Corporation is to have perpetual existence.

7. The number of directors constituting the initial directors of the Corporation shall be 4; and the names and addresses of the directors are as follows:

Diego J. Veitia
422 West Fairbanks Ave.
Suite 300
Winter Park, Florida 32789

Mark Missler
422 West Fairbanks Ave.
Suite 300
Winter Park, Florida 32789

Dennis M. Hardaker
18400 Von Karman
Suite 580
Irvine, California 92715

8. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter or repeal the by-laws of the Corporation.

9. Elections of directors need not be by written ballot unless the by-laws of the Corporation shall so provide.

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the by-laws of the Corporation.

10. A vote of at least seventy-five percent (75%) of the shares of common stock is required to remove or change the Chairman of the Board.

11. (a) No director of the Corporation shall be personally liable to the Corporation or any stockholder for monetary damages for breach of fiduciary duty as a director; provided, however, that this provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for the willful or negligent payment of unlawful dividends or unlawful stock repurchases or redemptions in violation of Section 174 of the Delaware Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

12. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

I, THE UNDERSIGNED, being the incorporator hereinbefore name, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this Certificate, hereby declaring and certifying that it is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 23rd day of October, 1987

/s/ STEVEN M. FELSENSTEIN

Subscribed and sworn to
before me this 23rd day of
October, 1987.

/s/ DONNA J. CHERRY

Notary Public

In and for the County of Philadelphia.
State of Pennsylvania
My Commission Expires: April 11, 1988

(Notarial Seal)

Filed:	October 26, 1987
As amended:	January 25, 1993
	June 30, 1993
	April 07, 2000
	May 07, 2002
	October 1, 2003
	April 16, 2004

Exhibit 10.1

FORM OF WARRANT

NEITHER THE WARRANTS REPRESENTED BY THIS WARRANT CERTIFICATE NOR THE SHARES OF COMMON STOCK OR ANY OTHER SECURITIES ISSUABLE UPON EXERCISE OF SUCH WARRANTS HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SUCH WARRANTS HAVE BEEN ACQUIRED, AND ANY SHARES OF COMMON STOCK OR ANY OTHER SECURITIES ISSUABLE UPON EXERCISE OF SUCH WARRANTS ARE REQUIRED TO BE ACQUIRED, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH WARRANTS AND/OR SUCH SHARES OR OTHER SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF SUCH WARRANTS AND SUCH SHARES OR OTHER SECURITIES TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT AND SUCH STATE SECURITIES LAWS.

VOID AFTER 5:00 P.M. ON JUNE 30, 2007

INTERNATIONAL ASSETS HOLDING CORPORATION

PURCHASE WARRANT
FOR
COMMON STOCK, $.01 PAR VALUE

DATED AS OF MARCH 12, 2004

Warrant No: 1

Holder: CATALYST FINANCIAL LLC

Number of Warrants: 200,000

THIS IS TO CERTIFY THAT, for value received, Catalyst Financial LLC (the “Warrant holder”) is the registered owner of the number of Common Stock Purchase Warrants (each, a “Warrant”) set forth above, each Warrant entitling the owner thereof to purchase from International Assets Holding Corporation, a Delaware corporation (the “Company”), one duly authorized, validly issued, fully paid and non-assessable share (each, a “Warrant Share”) of the common stock, par value $.01 per share (“Common Stock”), of the Company, at a purchase price of $6.00 per share (the “Purchase Price”), at any time on or after the period commencing on the date hereof and terminating at 5:00 p.m., New York City time, on June 30, 2007 (the Expiration Time”), all subject to the terms and conditions contained herein. The number of Warrants evidenced by this Warrant Certificate (and the number and kind of securities which may be purchased upon exercise hereof) set forth above, and the Purchase Price per share set forth above, are as of the date hereof. As provided herein, the Purchase Price and the number of shares of Common Stock or other securities which may be purchased upon the exercise of the Warrants evidenced by this Warrant Certificate are, upon the happening of certain events, subject to modification and adjustment.

This Warrant Certificate, together with any warrant certificate(s) issued in replacement or substitution hereof (as provided for herein) evidencing all or part of the Warrants evidenced hereby, are sometimes collectively referred to herein as the “Warrant Certificates.”

The rights of the registered holder of this Warrant Certificate shall be subject to the following further terms and conditions:

1. Exercise of Warrants.

(a) The Warrants may be exercised, in whole or in part, on or prior to the Expiration Time by surrendering this Warrant Certificate, with the purchase form provided for herein duly executed by the Warrantholder or by the Warrantholder’s duly authorized attorney-in-fact, at the principal office of the Company, presently located at 220 East Central Parkway, Suite 2060, Altamonte Springs, Florida 32701 or at such other office or agency in the United States as the Company may designate by notice in writing to the Warrantholder (in either event, the “Company Offices”), accompanied by payment in full, either in the form of cash, bank cashier’s check or certified check payable to the order of the Company of the Exercise Price payable in respect of the Warrants being exercised. Alternatively, payment of the Exercise Price may be made (A) through the sale of the Shares acquired on exercise of the Warrant through a broker-dealer to whom the Warrantholder has submitted an irrevocable notice of exercise and irrevocable instructions to deliver promptly to the Company the amount of sale or loan proceeds sufficient to pay the exercise price, together with, if requested by the Company, the amount of federal, state, local or foreign withholding taxes payable by the Warrantholder by reason of such exercise, or (B) through simultaneous sale through a broker of Shares acquired upon exercise.

(b) If fewer than all of the Warrants are exercised, the Company shall, upon each exercise prior to the Expiration Time, execute and deliver to the Warrantholder a new Warrant Certificate (dated as of the date hereof) evidencing the balance of the Warrants that remain exercisable.

(c) On the date of exercise of the Warrants, the Warrantholder exercising same shall be deemed to have become the holder of record for all purposes of the Warrant Shares to which the exercise relates.

(d) As soon as practicable, but not in excess of ten days, after the exercise of all or part of the Warrants evidenced by this Warrant Certificate, the Company, at its expense (including the payment by it of any applicable issue taxes), will cause to be issued in the name of and delivered to the Warrantholder a certificate or certificates evidencing the number of duly authorized, validly issued, fully paid and nonassessable Warrant Shares to which the Warrantholder shall be entitled upon such exercise.

(e) No certificates for fractional Warrant Shares shall be issued upon the exercise of any of the Warrants but, in lieu thereof, the Company shall, upon exercise of all the Warrants, round up any fractional Warrant Share to the nearest whole share of Common Stock.

(f) The Company may, at its option, require the Warrantholder to exercise all or any of the Warrants in the event that all of the following conditions are fulfilled: (i) the Closing Price of the Common Stock has exceeded $9.00 per share for a period of twenty (20) consecutive trading days, (ii) the Company has filed a registration statement under the Securities Act of 1933, as amended, to register the resale of the shares of Common Stock issuable upon the exercise of the Warrants, and (iii) such registration statement has been declared effective by the Securities and Exchange Commission. The Company must exercise this option, if at all, during the fifteen (15) day period commencing on the first date on which all of the conditions have been fulfilled, or during any subsequent fifteen (15) day period commencing on any subsequent date on which all of the conditions have been fulfilled. The Company may exercise this option by providing written notice of exercise to the Warrantholder. The Warrantholder will be obligated to complete the exercise of Warrants and to pay the Purchase Price within ninety (90) days after the date of such notice.

2. Issuance of Common Stock; Reservation of Shares.

The Company covenants and agrees that all Warrant Shares which may be issued upon the exercise of all or part of the Warrants will, upon issuance in accordance with the terms hereof, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

3. **<u>Adjustments of Exercise Price, Number and Character of Warrant Shares, and Number of Warrants</u>.**

The Exercise Price the number and kind of securities purchasable upon the exercise of each Warrant shall be subject to adjustment from time to time upon the happening of the events enumerated in this Section 3.

(a) *Stock Dividends, Subdivisions and Combinations.* In case the Company shall at any time on or before the Expiration Time:

(i) pay a dividend in shares of Common Stock or make a distribution in shares of Common Stock or such other stock to holders of all its outstanding shares of Common Stock;

(ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares;

(iii) combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock; or

(iv) issue by reclassification of its shares of Common Stock other securities of the Company (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing corporation);

then the number and kind of Warrant Shares purchasable upon exercise of each Warrant outstanding immediately prior thereto shall be adjusted so that the Warrantholder shall be entitled to receive the kind and number of shares of Common Stock or other securities of the Company which the Warrantholder would have owned or have been entitled to receive after the happening of any of the events described above had such Warrant been exercised in full immediately prior to the earlier of the happening of such event or any record date in respect thereto. In the event of any adjustment of the number of Warrant Shares purchasable upon the exercise of each then outstanding Warrant pursuant to this Paragraph 3(a), the Exercise Price shall be adjusted to be the amount resulting from dividing the number of shares of Common Stock (including fractional shares of Common Stock) covered by such Warrant immediately after such adjustment into the total amount payable upon exercise of such Warrant in full immediately prior to such adjustment. An adjustment made pursuant to this Paragraph 3(a) shall become effective immediately after the effective date of such event retroactive to the record date for any such event. Such adjustment shall be made successively whenever any event listed above shall occur.

(b) *Extraordinary Dividends.* In case the Company shall at any time on or before the Expiration Time fix a record date for the issuance of rights, options, or warrants to all holders of its outstanding shares of Common Stock, entitling them (for a period expiring within 45 days after such record date) to subscribe for or purchase shares of Common Stock (or securities exchangeable for or convertible into shares of Common Stock) at a price per share of Common Stock (or having an exchange or conversion price per share of Common Stock, with respect to a security exchangeable for or convertible into shares of Common Stock) which is lower than the current Market Price per share of Common Stock (as defined in Paragraph 3(d) below) on such record date, then the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, of which (i) the numerator shall be the number of shares of Common Stock outstanding on such record date <u>plus</u> the number of shares of Common Stock which the aggregate offering price of the total number of shares of Common Stock so to be offered (or the aggregate initial exchange or conversion price of the exchangeable or convertible securities so to be offered) would purchase at such current Market Price and (ii) the denominator shall be the number of shares of Common Stock outstanding on such record date <u>plus</u> the number of additional shares of Common Stock to be offered for subscription or purchase (or into which the exchangeable or convertible securities so to be offered are initially exchangeable or convertible). Such adjustment shall become effective at the close of business on such record date; however, to the extent that shares of Common Stock (or securities exchangeable for or convertible into shares of Common Stock) are not delivered after the expiration of such rights, options, or warrants, the Exercise Price shall be readjusted (but only with respect to Warrants exercised after such expiration) to the Exercise Price which would then be in effect had the adjustments made upon the issuance of such rights, options, or warrants been made upon the basis of delivery of only the number of shares of Common Stock (or securities exchangeable for or convertible into shares of Common Stock) actually issued. In case any subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company and shall be described in a statement mailed to the Warrantholder. Shares of Common Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation.

(c) *Extraordinary Distributions.* In case the Company shall at any time after the original date of issuance of the Warrants (the "Date of Issuance") distribute to all holders of its shares of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the surviving corporation) evidences of its indebtedness or assets (excluding cash dividends and distributions payable out of consolidated net income or earned surplus in accordance with Delaware law and dividends or distributions payable in shares of stock described in Paragraph 3(a) above) or rights, options, or warrants or exchangeable or convertible securities containing the right to subscribe for or purchase shares of Common Stock (or securities exchangeable for or convertible into shares of Common Stock), then the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date for such distribution by a fraction, of which (i) the numerator shall be the current Market Price per share of Common Stock (as defined in Paragraph 3(d)) on such record date, less the fair market value (as determined by the Board of Directors of the Company, whose determination shall be conclusive, and described in a notice to the Warrantholders) of the portion of the evidences of indebtedness or assets so to be distributed or of such rights, options or warrants applicable to one share of Common Stock and (ii) the denominator shall be such current Market Price per share of Common Stock. Such adjustment shall be made whenever any such distribution is made, and shall become effective on the date of distribution retroactive to the record date for such transaction.

(d) *Current Market Price Defined.* For the purpose of any computation under Paragraphs 3(b) and/or 3(c), the current Market Price per share of Common Stock at any date shall be deemed to be the average daily Closing Price of the shares of Common Stock for twenty consecutive trading days ending within fifteen days before the date in question. The term "Closing Price" of the shares of Common Stock for a day or days shall mean (i) if the shares of Common Stock are listed or admitted for trading on a national securities exchange, the last reported sales price regular way, or, in case no such reported sale takes place on such day or days, the average of the reported closing bid and asked prices regular way, in either case on the principal national securities exchange on which the shares of the Common Stock are listed or admitted for trading, or (ii) if the shares of Common Stock are not listed or admitted for trading on a national securities exchange, (A) the last transaction price for the Common Stock on The Nasdaq Stock Market ("Nasdaq") or, in the case no such reported transaction takes place on such day or days, the average of the reported closing bid and asked prices thereof quoted on Nasdaq, or (B) if the shares of Common Stock are not quoted on Nasdaq, the average of the closing bid and asked prices of the Common Stock as quoted on the Over-The-Counter Bulletin Board maintained by the National Association of Securities Dealers, Inc. (the "Bulletin Board"), or (C) if the shares of Common Stock are not quoted on Nasdaq nor on the Bulletin Board, the average of the closing bid and asked prices of the common stock in the over-the-counter market, as reported by The Pink Sheets, LLC, or an equivalent generally accepted reporting service, or (iii) if on any such trading day or days the shares of Common Stock are not quoted by any such organization, the fair market value of the shares of Common Stock on such day or days, as determined in good faith by the Board of Directors of the Company, shall be used.

(e) *Minimum Adjustment.* Except as hereinafter provided, no adjustment of the Exercise Price hereunder shall be made if such adjustment results in a change of the Exercise Price then in effect of less than five cents ($.05) per share. Any adjustment of less than five cents ($.05) per share of any Exercise Price shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, together with adjustment or adjustments so carried forward, amounts to five cents ($.05) per share or more. However, upon exercise of this Warrant Certificate, the Company shall make all necessary adjustments (to the nearest cent) not theretofore made to the Exercise Price up to and including the effective date upon which this Warrant Certificate is exercised.

(f) *Notice of Adjustments.* Whenever the Exercise Price shall be adjusted pursuant to this Section 3, the Company shall promptly deliver a certificate signed by the President or a Vice President and by the Chief Financial Officer, Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the

Company, setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated (including a description of the basis on which the Board of Directors of the Company made any determination hereunder), by first class mail postage prepaid to each Warrantholder.

(g) *Capital Reorganizations and Other Reclassifications.* In case of any capital reorganization of the Company, or of any reclassification of the shares of Common Stock (other than a reclassification, subdivision or combination of shares of Common Stock referred to in Paragraph 3(a)), or in case of the consolidation of the Company with, or the merger of the Company with, or merger of the Company into, any other corporation (other than a reclassification of the shares of Common Stock referred to in Paragraph 3(a) or a consolidation or merger which does not result in any reclassification or change of the outstanding shares of Common Stock) or of the sale of the properties and assets of the Company as, or substantially as, an entirety to any other corporation or entity, each Warrant shall, after such capital reorganization, reclassification of shares of Common Stock, consolidation, merger, or sale, be exercisable, upon the terms and conditions specified in this Warrant Certificate, for the kind, amount and number of shares or other securities, assets, or cash to which a holder of the number of shares of Common Stock purchasable (at the time of such capital reorganization, reclassification of shares of Common Stock, consolidation, merger or sale) upon exercise of such Warrant would have been entitled to receive upon such capital reorganization, reclassification of shares of Common Stock, consolidation, merger, or sale; and in any such case, if necessary, the provisions set forth in this Section 3 with respect to the rights and interests thereafter of the Warrantholder shall be appropriately adjusted so as to be applicable, as nearly equivalent as possible, to any shares or other securities, assets, or cash thereafter deliverable on the exercise of the Warrants. The Company shall not effect any such consolidation, merger, or sale, unless prior to or simultaneously with the consummation thereof the successor corporation or entity (if other than the Company) resulting from such consolidation or merger or the corporation or entity purchasing such assets or other appropriate corporation or entity shall assume, by written instrument, the obligation to deliver to the Warrantholder such shares, securities, assets, or cash as, in accordance with the foregoing provisions, such holders may be entitled to purchase and the other obligations hereunder. The subdivision or combination of shares of Common Stock at any time outstanding into a greater or lesser number of shares shall not be deemed to be a reclassification of the shares of Common Stock for purposes of this Paragraph 3(g).

(h) *Adjustments to Other Securities.* In the event that at any time, as a result of an adjustment made pursuant to this Section 3, the Warrantholder shall become entitled to purchase any shares or securities of the Company other than the shares of Common Stock, thereafter the number of such other shares or securities so purchasable upon exercise of each Warrant and the exercise price for such shares or securities shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as possible to the provisions with respect to the shares of Common Stock contained in Paragraphs 3(a) through (e), inclusive.

(i) *Deferral of Issuance of Additional Shares in Certain Circumstances.* In any case in which this Section 3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event issuing to the Warrantholder exercised after such record date the shares of Common Stock, if any, issuable upon such exercise over and above the Warrant Shares, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Company shall deliver as soon as practicable to such holder a due bill or other appropriate instrument provided by the Company evidencing such holder’s right to receive such additional shares of Common Stock upon the occurrence of the event requiring such adjustment.

4. Definition of Common Stock.

The Common Stock issuable upon exercise of the Warrants shall be the Common Stock as constituted on the date hereof except as otherwise provided in Section 3.

5. Replacement of Securities.

If this Warrant Certificate shall be lost, stolen, mutilated or destroyed, the Company shall, on such terms as to indemnity or otherwise as the Company may in its discretion reasonably impose, issue a new certificate of like tenor or date representing in the aggregate the right to subscribe for and purchase the number of shares of

Common Stock which may be subscribed for and purchased hereunder. Any such new certificate shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant Certificate shall be at any time enforceable by anyone.

6. Registration.

This Warrant Certificate, as well as all other warrant certificates representing Warrants shall be numbered and shall be registered in a register (the "Warrant Register") maintained at the Company Offices as they are issued. The Warrant Register shall list the name, address and Social Security or other Federal Identification Number, if any, of all Warrantholders. The Company shall be entitled to treat the Warrantholder as set forth in the Warrant Register as the owner in fact of the Warrants as set forth therein for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such Warrants on the part of any other person, and shall not be liable for any registration of transfer of Warrants that are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary unless made with the actual knowledge that a fiduciary or nominee is committing a breach of trust in requesting such registration of transfer, or with such knowledge of such facts that its participation therein amounts to bad faith.

7. Transfer.

(a) Except as provided in Section 7(b), the Warrantholder may not sell, assign or otherwise transfer any of the Warrants or the rights of the Warrantholder under this Warrant Certificate without the prior written consent of the Company.

(b) Notwithstanding the provisions of Section 7(a), the Warrantholder may transfer all or any of the Warrants to any officer or member of the Catalyst Financial LLC without the prior consent of the Company.

(c) NEITHER THE WARRANTS REPRESENTED BY THIS WARRANT CERTIFICATE NOR THE SHARES OF COMMON STOCK OR ANY OTHER SECURITIES ISSUABLE UPON EXERCISE OF SUCH WARRANTS HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SUCH WARRANTS HAVE BEEN ACQUIRED, AND ANY SHARES OF COMMON STOCK OR ANY OTHER SECURITIES ISSUABLE UPON EXERCISE OF SUCH WARRANTS ARE REQUIRED TO BE ACQUIRED, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH WARRANTS AND/OR SUCH SHARES OR OTHER SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF SUCH WARRANTS AND SUCH SHARES OR OTHER SECURITIES TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT AND SUCH STATE SECURITIES LAWS.

8. Exchange of Warrant Certificates.

This Warrant Certificate may be exchanged for another certificate or certificates entitling the Warrantholder thereof to purchase a like aggregate number of Warrant Shares as this Warrant Certificate entitles such Warrantholder to purchase. A Warrantholder desiring to so exchange this Warrant Certificate shall make such request in writing delivered to the Company, and shall surrender this Warrant Certificate therewith. Thereupon, the Company shall execute and deliver to the person entitled thereto a new certificate or certificates, as the case may be, as so requested.

9. Notices.

All notices and other communications hereunder shall be in writing and shall be deemed given when delivered in person, against written receipt therefor, or two days after being sent, by registered or certified mail, postage prepaid, return receipt requested, and, if to the Warrantholder, at such address as is shown on the Warrant Register or as may otherwise may have been furnished to the Company in writing in accordance with this Section 9 by the Warrantholder and, if to the Company, at the Company Offices or such other address as the Company shall give notice thereof to the Warrantholder in accordance with this Section 9.

10. Registration Rights.

The Warrant holder will be entitled to the benefits of the Registration Rights Agreement, dated of even date herewith, between the Company and Catalyst Financial LLC, to the extent provided in such agreement.

11. Miscellaneous.

This Warrant Certificate and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought. This Warrant Certificate is deemed to have been delivered in the State of New York and shall be construed and enforced in accordance with and governed by the laws of such State. The headings in this Warrant Certificate are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof.

Dated: As of March 12, 2004

INTERNATIONAL ASSETS HOLDING CORPORATION

By: /S/ SEAN M. O'CONNOR

Name: **Sean M. O'Connor**
Title: **Chief Executive Officer**
Date: March 12, 2004

ATTEST:

Name: Date
Title:

EXERCISE FORM

Dated:__________, ____

TO: INTERNATIONAL ASSETS HOLDING CORPORATION:

The undersigned hereby irrevocably elects to exercise the within Warrants, to the extent of purchasing __________ shares of Common Stock, and hereby makes payment of __________ in payment of the Exercise Price thereof.

INSTRUCTIONS FOR REGISTRATION OF STOCK

Name: ______________________________

(Please type or print in block letters)

Taxpayer Identification Number: ______________________________

Address: ______________________________

____

____

Signature: ______________________________

(Signature must conform in all respects to the name of the Warrantholder as set forth on the face of this Warrant Certificate.)

ASSIGNMENT FORM

Dated:__________, ____

TO: INTERNATIONAL ASSETS HOLDING CORPORATION:

FOR VALUE RECEIVED, ____

(Please type or print in block letters)

hereby sells, assigns and transfers unto:

Name: ____

(Please type or print in block letters)

Taxpayer Identification Number: ____

Address: ____

____

____

this Warrant Certificate and the Warrants represented by this Warrant Certificate to the extent of __________ Warrants and does hereby irrevocably constitute and appoint __________ Attorney-in-Fact, to transfer the same on the books of the Company with full power of substitution in the premises.

Dated: ____

Signature: ____

(Signature must conform in all respects to the name of the Warrantholder as set forth on the face of this Warrant Certificate.)

SECTION 302 CERTIFICATION

I, Sean M. O'Connor, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of International Assets Holding Corporation (the "Issuer");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The Issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the Issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the Issuer's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting; and

5. The Issuer’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Issuer’s auditors and the audit committee of the Issuer’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Issuer’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have significant role in the Issuer’s internal control over financial reporting.

Date: May 14, 2004

/s/ SEAN M. O’CONNOR

Sean M. O’Connor
Chief Executive Officer

SECTION 302 CERTIFICATION

I, Jonathan C. Hinz certify that:

1. I have reviewed this Annual Report on Form 10-QSB of International Assets Holding Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer as of, and for, the periods presented in this report;
4. The Issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have significant role in the issuer's internal control over financial reporting.

Date: May 14, 2004

/s/ JONATHAN C. HINZ

Jonathan C. Hinz
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of International Assets Holding Corporation (the “Company”) on Form 10-QSB for the period ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sean M. O’Connor, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: May 14, 2004

/s/ SEAN M. O’CONNOR

Sean M. O’Connor
Chief Executive Officer

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to International Assets Holding Corporation and will be returned by International Assets Holding Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of International Assets Holding Corporation (the "Company") on Form 10-QSB for the period ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan C. Hinz, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: May 14, 2004

/s/ JONATHAN C. HINZ

Jonathan C. Hinz
Chief Financial Officer

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to International Assets Holding Corporation and will be retained by International Assets Holding Corporation and furnished to the Securities and Exchange Commission or its staff upon request.