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

Form 10-QSB

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

For the quarterly period ended December 31, 1998

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

Commission File Number 33-70334-A

INTERNATIONAL ASSETS HOLDING CORPORATION
(Exact name of small business issuer as specified in its charter)

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

250 Park Avenue South, Suite 200
Winter Park, FL 32789
(Address of principal executive offices)

(407) 629-1400
(Issuer's telephone number)

NA

(Former name, former address and former fiscal year, if changed since last report)

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

The number of shares outstanding of Common Stock was 1,476,259 as of February 10, 1999.

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

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INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Unaudited)

Assets	December 31, 1998	September 30, 1998
Cash	$ 355,577	617,628
Cash deposits with clearing broker	3,114,416	2,424,486
Foreign currency	3,955	3,961
Receivable from clearing broker, net	0	791,753
Other receivables	106,043	63,523
Securities owned, at market value	2,826,069	2,014,734
Investment in Joint Venture	18,430	0
Receivable from Joint Venture	5,168	0
Income taxes receivable	0	67,398
Deferred income tax benefit	89,744	127,065
Property and equipment, at cost:		
Leasehold improvements	52,953	52,953
Furniture and equipment	911,831	902,719
	964,784	955,672
Less accumulated depreciation and amortization	(642,686)	(605,059)
Net property and equipment	322,098	350,613
Other assets, net of accumulated amortization of $125,005 in December 1998 and $118,504 in September 1998	179,311	98,920
Total assets	$ 7,020,811	6,560,081

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Unaudited)

Liabilities and Stockholders' Equity	December 31, 1998	September 30, 1998
Liabilities:		
Foreign currency sold, but not yet purchased	$ 7,811	7,206
Securities sold, but not yet purchased, at market value	512,173	290,403
Payable to clearing broker, net	56,519	0
Accounts payable	76,725	72,600
Accrued employee compensation and benefits	359,239	291,536
Accrued expenses	245,135	352,544
Income taxes payable	35,438	0
Deferred income taxes	12,218	16,797
Other liabilities	116,640	117,845
Total liabilities	1,421,898	1,148,931
Stockholders' equity:		
Preferred stock, $.01 par value. Authorized 1,000,000 shares; issued and outstanding -0- shares	-	-
Common stock, $.01 par value. Authorized 3,000,000 shares; issued and outstanding 1,476,259 shares in December 1998 and 1,481,574 shares in September 1998	14,763	14,816
Additional paid-in capital	3,553,163	3,564,648
Retained earnings	2,030,987	1,831,686
Total stockholders' equity	5,598,913	5,411,150
Total liabilities and stockholders' equity	$ 7,020,811	6,560,081

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

For the Three Months Ended December 31, 1998 and 1997

(Unaudited)

	1998	1997
Revenues:		
Commissions	$ 1,488,626	2,063,134
Net dealer inventory and investment gains	914,533	486,041
Management and investment advisory fees	23,976	14,073
Account maintenance fees	28,034	31,278
Interest and dividends	56,153	78,870
Loss from joint venture	(1,570)	0
Other	10,065	12,803
Total revenues	2,519,817	2,686,199
Expenses:		
Commissions and clearing fees	991,334	1,187,301
Employees compensation and benefits	653,378	524,576
Communications	62,273	97,892
Promotion	156,883	359,380
Occupancy and equipment rental	104,559	70,653
Interest	201	479
Professional fees	25,561	210,898
Insurance	46,737	43,300
Depreciation and amortization	44,128	46,957
Other operating expenses	98,526	340,741
Total expenses	2,183,580	2,882,177
Income (loss) before income taxes	336,237	(195,978)
Income tax expense (benefit)	135,578	(61,276)
Net income (loss)	200,659	(134,702)
Earnings (loss) per share:		
Basic	$ .14	(.09)
Diluted	$ .14	(.09)
Weighted average number of common shares outstanding:		
Basic	1,476,596	1,548,962
Diluted	1,482,685	1,548,962

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

For the Three Months Ended December 31, 1998 and 1997

(Unaudited)

	1998	1997
Cash flows from operating activities:		
Net income (loss)	$ 200,659	(134,702)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	44,128	46,957
Deferred income taxes	32,742	(89,180)
Loss from joint venture	1,570	0
Cash provided by (used for) changes in:		
Receivable from clearing broker, net	791,753	405,050
Other receivables	(42,520)	(94,315)
Securities owned, at market value	(811,335)	(46,177)
Receivable from joint venture	(5,168)	0
Income tax receivable	67,398	0
Other assets	(86,892)	20,868
Securities sold, but not yet purchased, at market value	221,770	(396,068)
Payable to clearing broker, net	56,519	360,006
Accounts payable	4,125	128,414
Accrued employee compensation and benefits	67,703	(562,572)
Accrued expenses	(107,409)	111,194
Income taxes payable	35,438	27,904
Other liabilities	(1,205)	815
Net cash provided by (used for) operating activities	469,276	(221,806)
Cash flows from investing activities:		
Investment in joint venture	(20,000)	0
Acquisition of property, equipment and other assets	(9,112)	(38,412)
Net cash used for investing activities	$ (29,112)	(38,412)

(continued)

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows, Continued

For the Three Months Ended December 31, 1998 and 1997

(Unaudited)

		1998	1997
Cash flows from financing activities:			
Acquisition of common shares related to repurchase program		0	(22,822)
Acquisition of common shares related to terminated ESOP and RSP participants		(12,896)	0
Net cash used for financing activities		(12,896)	(22,822)
Net increase (decrease) in cash and cash equivalents		427,268	(283,040)
Cash and cash equivalents at beginning of period		3,038,869	2,962,847
Cash and cash equivalents at end of period	$	3,466,137	2,679,807
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	201	479
Income taxes paid	$	1,100	0

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

December 31, 1998 and 1997

(1) Basis of Presentation

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 generally accepted accounting principles. 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 year ending September 30, 1998, filed on Form 10-KSB (SEC File Number 33-70334-A).

As used in this Form 10-QSB, the term "Company" refers, unless the context requires otherwise, to International Assets Holding Corporation and its five wholly owned subsidiaries; International Assets Advisory Corp. ("IAAC"), Global Assets Advisors, Inc. ("GAA"), International Financial Products, Inc. ("IFP"), International Trader Association, Inc. ("ITA") and International Asset Management Corp. ("IAMC"). All significant intercompany balances and transactions have been eliminated in consolidation.

(2) Reclassifications

Certain prior year amounts have been reclassified to conform to fiscal year end 1998 presentation. These changes had no impact on previously reported results of operations or stockholders' equity.

(3) Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share for the three months ended December 31, 1998 and 1997, have been computed by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted earnings per share for the three months ended December 31, 1998 has been computed by dividing net income by the weighted average number of common shares and dilutive potential common shares outstanding. Diluted loss per share for the three months ended December 31, 1997 is 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.

Notes to Condensed Consolidated Financial Statements, continued

Options to purchase 547,500 shares of common stock were excluded from the calculation of diluted earnings per share for the three months ended December 31, 1998 because their exercise prices exceeded the average market price of common shares for the period. All options were excluded from the calculation of diluted loss per share for the three months ended December 31, 1997, because their inclusion would have been antidilutive.

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

Securities owned and Securities sold, but not yet purchased at December 31, 1998 and September 30, 1998 consist of trading and investment securities at quoted market values as follows:

	Owned	Sold, but not yet purchased
December 31, 1998:		
Obligations of U.S. Government	$ 360,785	-
Common stock and American Depository Receipts	2,022,579	483,663
Corporate and municipal bonds	140,884	20,321
Foreign government obligations	89,108	-
Unit investment trusts, mutual funds and other investments	212,713	8,189
Total	$ 2,826,069	512,173
September 30, 1998:		
Obligations of U.S. Government	$ 373,841	-
Common stock and American Depository Receipts	836,057	290,403
Corporate and municipal bonds	341,066	-
Foreign government obligations	26,713	-
Unit investment trusts, mutual funds and other investments	437,057	-
Total	$ 2,014,734	290,403

(5) Investment in Joint Venture

In October 1998, the Company made an initial $20,000 capital contribution to International Assets New York, LLC, a 50/50 joint venture. The Company has recorded this investment under the equity method of accounting. For the three months ended December 31, 1998 the Company has recorded a loss of $1,570, for 50% of the joint venture loss for this period. As of December 31, 1998 the Company has a receivable from the joint venture of $5,168 related to joint venture expenditures incurred by the Company for reimbursement by the joint venture.

(6) Leases

The Company occupies leased office space of approximately 13,815 square feet at 250 Park Avenue South, Winter Park, Florida. The expiration date of the office lease is May 31, 2001. The lease includes an option to renew for an additional three years at a rental rate determined by the landlord.

The Company is obligated under various noncancelable operating leases for the rental of its office facilities and certain office equipment. Rent expense associated with operating leases amounted to $80,253 and $46,189 for the three months ended December 31, 1998, and 1997, respectively. The future minimum lease payments under noncancelable operating leases as of December 31, 1998 are as follows:

Fiscal Year (12 month period) Ending September 30,	
1999	319,100
2000	330,400
2001	236,500
2002	29,700
2003	27,700
Thereafter	3,300
Total future minimum lease payments	$946,700

(7) Stock Repurchase Program

The Board of Directors has authorized the Company to continue its repurchase of up to $500,000 in shares of the Company's common stock in the open market through the year ended September 30, 1999. The stock purchases will be made in the open market from time to time as market conditions permit. The Company is required to comply with Rule 10b-18 and Regulation M of the Securities and Exchange Commission which regulate the specific terms in which shares may be repurchased. Since the inception of the repurchase program on March 13, 1996 the Company has repurchased and retired a total of 35,630 shares in the open market at a total cost of $129,233.

In addition, concurrent with the open market repurchase program, the Company has repurchased and retired an additional 95,072 shares from terminated participants of the Company's Employee Stock Ownership Plan and Retirement Savings Plan for a total cost of $256,893.

In total the Company has repurchased 130,702 shares for a total cost of $386,126 since March 13, 1996.

Notes to Condensed Consolidated Financial Statements, continued

(8) Commitments and Contingent Liabilities

The Company is party to certain litigation as of December 31, 1998 which relates primarily to matters arising in the ordinary course of business. Management of the Company anticipates that the final resolution of these items will not have a material adverse effect on the Company's consolidated financial statements.

(9) New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The Company is currently reviewing SFAS 133 to see what impact, if any, it will have on the Company.

(10) Subsequent Events

On January 6, 1999 two qualified employee incentive stock options for 5,000 shares each, with an exercise price of $1.50 per share were authorized. The two 5,000 share options granted on January 6, 1999 have a 10 year term and vest at 20% per year beginning three years from the date of grant.

On January 6, 1999 one non-qualified incentive stock option for 10,000 shares, with an exercise price of $1.50 per share was authorized. The 10,000 share option granted on January 6, 1999 has a 10 year term and vests at 20% per year beginning one year from the date of grant.

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.

Certain statements in this discussion may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks including, but not limited to, changes in general economic and business conditions, interest rate and securities market fluctuations, competition from within and from outside the investment brokerage industry, new products and services in the investment brokerage industry, changing trends in customer profiles, Year 2000 issues and changes in laws and regulation applicable to the Company. Although the Company believes that its expectations with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurances that the actual results, performance or achievement of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

The Company's assets increased from $6,560,081 at September 30, 1998, to $7,020,811 at December 31, 1998, or an increase of $460,730. The Company's liabilities increased from $1,148,931 at September 30, 1998, to $1,421,898 at December 31, 1998, or an increase of $272,967. The increase in the net assets (assets less liabilities) of $187,763 relates to net income of $200,659 for the three month fiscal period ended December 31, 1998, net of costs related to repurchases of the Company's common stock totaling $12,896 for the same period.

The Company's condensed consolidated balance sheet at December 31, 1998, reflects a net payable to clearing broker, for trades which had not yet settled for cash, due to the proceeds from the purchase of securities exceeding the cost of securities sold.

Results of Operations:

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

Three Months Ended December 31, 1998, as Compared to
the Three Months Ended December 31, 1997

The Company's revenues are derived primarily from commissions earned on the sale of securities and net dealer inventory and investment gains (trading income) in securities purchased or sold for the Company's account. For the three months ended December 31, 1998 and 1997, 59% and 77%, respectively, of the Company's revenues were derived from commissions earned on the sale of securities, with 36% and 18%, respectively, of revenues coming from net dealer inventory and investment gains. Total revenues decreased by $166,382, or 6% to $2,519,817 for the three months ended December 31, 1998 from $2,686,199 for the same period in 1997. This decrease was primarily attributable to a $574,508 decrease in commission revenue which was offset by a $428,492 increase in net dealer inventory and investment gains.

Commission revenue decreased by 28%, or $574,508 to $1,488,626 for the three months ended December 31, 1998 from $2,063,134 for the same period in 1997. Revenues from commissions are affected by both retail trading volume and the dollar amount of retail trades. Based on the number of retail trades processed, 1998 volume decreased by 33% from 1997 levels. Partially offsetting this 33% decrease in volume is the 8% increase in the dollar average of retail trades for 1998 as compared with 1997. The average number of account executives decreased from an average of 49 for the three months ended December 31, 1997 compared to an average of 31 for the three months ended December 31, 1998, or a decrease of 37%.

Net dealer inventory and investment gains increased by $428,492, or 88% to $914,533 for the three months ended December 31, 1998 as compared to $486,041 for the same period in 1997. The increase in net dealer inventory and investment gains is primarily attributable to a 307% increase in wholesale trading income and a 347% increase in income generated from Company investment portfolio valuations in the three months ended December 31, 1998 as compared to the same three month period in 1997. The increase in wholesale trading is attributable to the ongoing development of new wholesale trading relationships by the Company as well as maintenance of existing wholesale relationships. Partially offsetting the significant increases in wholesale trading is a 43% decrease in retail trading income for the three months ended December 31, 1998 as compared to the same period in 1997. The Company's retail trading department primarily concentrates on global securities which it believes are likely to be traded by the Company's retail clients. By focusing on these types of securities, retail trading income is more directly related to commission income and order flow.

Revenues from management and investment advisory fees increased by $9,903, or 70% to $23,976 for the three months ended December 31, 1998 from $14,073 for the same period in 1997. The increase is primarily due an increase in the dollar amount of fixed fee money under management.

Interest and dividend revenue decreased by $22,717, or 29% to $56,153 for the three months ended December 31, 1998 from $78,870 in the same period in 1997. This decrease is primarily attributable to a lower average dollar amount of interest bearing investments held by the Company for the three month period.

Loss from joint venture of $1,570 for the three months ended December 31, 1998 represents the Company's 50% share of the operating loss from the activity of International Assets New York, LLC, a 50/50 joint venture with Lakeside Investments, LLC of New York which began its operations in December 1998.

Total expenses decreased by $698,597, or 24% to $2,183,580 for the three months ended December 31, 1998 from $2,882,177 in the same period ended December 31, 1997. The major expenses incurred by the Company relate to direct costs of its securities operations such as commissions and clearing fees, employees compensation and benefits, communications and promotion expense.

Commissions and clearing fees decreased by $195,967, or 17% to $991,334 for the three months 1998 from $1,187,301 in the same period in 1997. The decrease in commission expense is directly related to the 28% decrease in commission revenue and the related 37% decrease in the average number of account executives for the three month period.

Employees compensation and benefits expense increased by $128,802, or 25% to $653,378 for the three months ended December 31, 1998 from $524,576 for the same period in 1997. The increase in employees compensation and benefits expense is due to the increase in performance based bonus expense and an increase in the accrual for retirement plan profit sharing expense. The increase in performance based bonus and retirement plan profit sharing expense is based on the $336,237 income before income taxes incurred for the three month period ended December 31, 1998 as compared to the $195,978 loss before income taxes for the same three month period ended December 31, 1997.

Communications expense decreased by $35,619, or 36% to $62,273 for the three months ended December 31, 1998 from $97,892 for the same period in 1997. This decrease is due to decreased telephone and postage expense due to the corresponding decrease in average account executives from 49 for the three months ended December 31, 1997 to 31 for the same period in 1998.

Promotion expense decreased by $202,497, or 56% to $156,883 for the three months ended December 31, 1998 from $359,380 for the same period in 1997. This decrease is primarily due to the planned reduction of promotion expenditures for print media, including newsletter publication, lead generation and the related postage expense.

Occupancy and equipment rental expense increased by $33,906, or 48% to $104,559 for the three months ended December 31, 1998 from $70,653 in the same period in 1997. This increase was due to a negotiated, time specific rent adjustment realized during the three months ended December 31, 1997.

Professional fees decreased by $185,337, or 88% to $25,561 for the three months ended December 31, 1998 from $210,898 in the same period in 1997. This decrease is primarily due to significantly higher 1997 legal fees incurred from a closed 1997 NASD arbitration matter, as discussed in the Company's 10KSB for the period ended September 30, 1998.

Other operating expenses decreased by $242,215, or 71% to $98,526 for the three months ended December 31, 1998 from $340,741 in the same period in 1997. Approximately $100,000 of the decrease in other operating expenses is for the award of the same closed arbitration matter and an additional $100,000 of the decrease is for partial reimbursement of the claimant's legal fees also awarded to the claimant in the same matter. Other operating expenses included various other expenses that decreased from 1997 to 1998.

As a result of the above, the Company is reporting net income of $200,659 for the three months ended December 31, 1998. This is compared to a net loss of $134,702 for the three months ended December 31, 1997. The Company's effective income tax rate was approximately 40% for the three months ended December 31, 1998 compared to the effective income tax benefit of 31% for the same period in 1997.

Liquidity and Capital Resources

Substantial portions of the Company's assets are liquid. At December 31, 1998, approximately 88% of the Company's assets consisted of cash, cash equivalents and marketable securities. All assets are financed by the Company's equity capital, short-term borrowings from securities lending transactions and other payables.

The Company's wholly owned registered securities broker/dealer subsidiary IAAC is subject to the requirements of the SEC and the NASD relating to liquidity and net capital levels. At December 31, 1998, IAAC had net capital of approximately $2,950,000, which was approximately $2,826,000 in excess of its minimum net capital requirement at that date.

In the opinion of management, the Company's existing capital and cash flow from operations will be adequate to meet the Company's capital needs for at least the next twelve months in light of known and reasonably estimated trends. In addition, management believes that the Company will be able to obtain additional short or medium-term financing that may be desirable in the ordinary conduct of its business. The Company has no plans for additional financing and there can be no assurance such financing will be available.

Year 2000 Compliance

The securities industry is, to a significant extent, technologically driven and dependent. In addition to some internally utilized technological applications, the Company's businesses are materially dependant upon the performance of exchanges, market centers, counterparties, customers and vendors (collectively "the Company's material third parties") who, in turn, may be heavily reliant on technological applications. The securities industry is interdependent with each other, strengthened or weakened by the quality and performance of its attendant information and embedded technology.

The Company is aware that the Year 2000 provides potential problems with the programming code in existing computer systems. The Year 2000 problem is extensive and complex as virtually every computer operation will be affected to some degree by the change of the two digit year value to 00. The issue is whether computer systems will properly recognize date-sensitive information when the year changes to 2000. Systems that do not properly recognize such information could generate erroneous data or fail.

The failure or faulty performance of computer systems could potentially have a far ranging impact on the Company's business such as a diminution in its ability to (a) ascertain information vital to strategic decision making by both the Company and its customers; (b) perform interest rate and pricing calculations; (c) execute and settle proprietary and customer transactions; (d) undertake regulatory surveillance and risk management; (e) maintain accurate books and records and provide timely reports; (f) maintain appropriate internal financial operations and accounting; and (g) access credit facilities for both the Company and its customers.

Accordingly it is necessary for the Company, to the extent reasonably practicable, to identify the internal computer systems and software which are likely to have a critical impact on its operations, make an assessment of its Year 2000 readiness and modify or replace information and embedded technology as needed. Some of these critical internal data processing systems include the Company's internal Novel network, sales contact management software, general ledger accounting software, trading income calculation software and retail commission tracking programs. Assessment of these internal programs is primarily completed and final remediation in process and largely completed. In addition, the Company must make a Year 2000 readiness assessment for the Company's material third parties.

Because the Company utilizes the services of Wexford Clearing Services Corporation ("Wexford") in its business, data processing system aspects of the Year 2000 problem related to securities clearing, custody of client securities, back office operations, cashiering and margin and credit will be addressed by Wexford (a wholly owned guaranteed subsidiary of Prudential Securities Incorporated "Prudential"). Although Wexford is the contracting party for the provision of these critical services, Wexford in fact delivers those services through the operations of Prudential, a leading registered broker and dealer. Consequently, it is the readiness of Prudential that is critical when assessing the Year 2000 compliance of the clearing and operations capacity of the Company's active broker-dealer. Prudential has been assessed, by internal industry standards established by the Securities Industry Association, to be within the top tier of Year 2000 readiness. In recent industry-wide testing conducted by the Securities Industry Association, in which Prudential took part, Prudential and other participants were able to input transactions and send them to the appropriate markets for execution, confirmation and clearance under simulated Year 2000 conditions.

Additionally, the Company has assessed the state of readiness of almost all known technologically oriented service vendors and believes, based on letters of certification, that the vast majority of these vendors are Year 2000 compliant with the remainder expected to be compliant before April 1999. This determination does not mean that the vast majority of the Company's material third parties pose no Year 2000 risk to the Company. First, the Company is relying in large measure on these parties' assessments of their readiness. Second, there are several vendors, which account for a substantial portion of the Company's mission critical operations, which may be partially or largely, but not fully, Year 2000 compliant. Finally, certain critical third parties, such as exchanges, clearing houses, depositaries and other service vendors have no direct functional contact with the Company (as they operate directly with Wexford) but may impact the Company's operations.

During fiscal year 1997 the Company began the strategic review process as it relates to the Year 2000 process. The Board of Directors of the Company approved the Company's Year 2000 plan at its meeting on July 17, 1998. This plan includes all phases necessary and budgetary consideration for each fiscal year through the Year 2000.

The Year 2000 remediation plan and process includes (1) identification, modification and testing of non-compliant Year 2000 code; (2) identification, inventory, assessment and, if necessary, modification of internal ad hoc systems or applications that may be material to the Company's operations; (3) with the exception of counterparties and customers, documentation of the assessment of the readiness of the Company's material third parties; and (4) a timetable for completion of all year 2000 plans implementation steps for amendment to the plan as required. Specifically, the Company intends to test the Year 2000 readiness of its major vendor for market data and undertake certain disaster recovery simulations of its systems by April 1999. During the year ended September 30, 1998 the Company incurred approximately $76,000 of costs related to the Year 2000 problem. During the three months ended December 31, 1998 the Company incurred approximately $13,700 in costs related to the Year 2000 problem. The Company has budgeted a total of $193,000 for Year 2000 related costs for the 20 month period from June 1998 through January 2000. These Year 2000 costs include both capital expenditures and period expenses. This Year 2000 budget will be funded from the working capital of the Company. Provided there is an absence of unanticipated critical events, the Company does not expect Year 2000 costs to have a material effect on its operating results, financial condition or cash flows.

At this stage the Company has not developed any substantial Year 2000 contingency plans for the following reasons: (1) the Company has minimal internally generated systems; (2) the Company's vendors have represented that they are either currently Year 2000 compliant or will become so by April 1999; (3) there are no alternatives in the event the exchanges or other market centers fail to perform; and (4) the Company believes it is highly likely that the factors which may present a particular clearing firm from performing would similarly affect all other clearing firms which would either preclude the availability of alternative clearing service providers or overwhelm the resources of surviving alternative clearing services providers. The Year 2000 presents a problem which is not likely to be susceptible to remediation at a future date if it is not fixed in advance. The Company will, however, continue to consider the viability of a contingency plan on a system-by-system basis.

The Company is cautiously optimistic about its current state of readiness and its ability to make any further necessary modifications to internal systems in time for the Year 2000. The Company also believes that its major third party service provider, Prudential/Wexford, has undertaken a systematic approach to the Year 2000 problem and will complete its plan which is designed to achieve a state of readiness. However, there are factors outside the control of the Company which make certainty impossible such as: (1) the inability to assess the readiness of market counterparties and customers; (2) the inability to achieve assurance as to any material third parties' representations of readiness; (3) the global exposure to material third parties to Year 2000 problems outside the United States which have a corresponding effect within the global securities markets, such companies and their operations; and (4) the limitations in anticipating all aspects of a problem with which there is no prior historical experience. The presence of any or all of these and other factors may well have a material adverse effect on the Company's business, operating results, financial condition and cash flows.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is party to certain arbitration and/or litigation matters as of December 31, 1998 which relate primarily to matters arising in the ordinary course of business. Management of the Company anticipates that the final resolution of these additional items will not have a material adverse effect on the Company's consolidated financial statements.

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

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a). Exhibits

(11) The Statements of Computation of Earnings Per Share are attached hereto as Exhibit 11.

(27) Broker-Dealers and Broker Dealer Holding Companies Financial Data Schedule BD is attached hereto as Exhibit 27.

b). Form 8-K

No reports were filed on Form 8-K during the three months ended December 31, 1998.

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 02/11/99

/s/ Jerome F. Miceli
____
Jerome F. Miceli
President and Chief Operating Officer

Date 02/11/99

/s/ Jonathan C. Hinz
____
Jonathan C. Hinz
Chief Accounting Officer

EXHIBIT 11

INTERNATIONAL ASSETS HOLDING CORPORATION
STATEMENT OF COMPUTATION OF EARNINGS PER SHARE

For the Three Months Ended December 31, 1998 and 1997

	1998	1997 (1)
Basic Earnings (Loss) Per Share		
Numerator:		
Net income (loss)	$ 200,659	$ (134,702)
Denominator:		
Weighted average number of common shares outstanding	1,476,596	1,548,962
Basic earnings (loss) per share	$ 0.14	$ (0.09)
Diluted Earnings (Loss) Per Share		
Numerator:		
Net income (loss)	$ 200,659	$ (134,702)
Denominator:		
Weighted average number of common shares outstanding	1,476,596	1,548,962
Weighted average number of net common shares that would be issued upon exercise of dilutive options and warrants assuming proceeds used to repurchase shares pursuant to the treasury stock method (2)	6,089	-
Weighted average number of common shares and dilutive potential common shares outstanding	1,482,685	1,548,962
Diluted earnings (loss) per share	$ 0.14	$ (0.09)

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(1) Diluted loss per share is the same as basic loss per share for 1997 because of the anti-dilutive impact of the dilutive potential common shares due to the net loss for 1997.

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

BD
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3-MOS
SEP-30-1999
DEC-31-1998
3,466,137
111,211
0
0
2,826,069
322,098
7,020,811
0
773,056
0
0
512,173
0
0
0
14,763
5,584,150
7,020,811
914,533
56,153
1,488,626
0
52,010
201
1,302,644
336,237
336,237
0
0
200,659
0.14
0.14